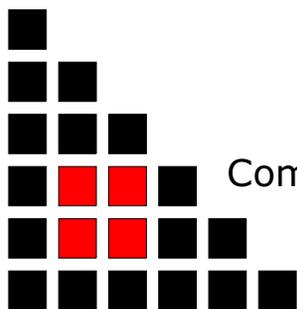


Deadwood/Lead HOUSING STUDY

April 2016

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



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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 Deadwood, Lead and the Deadwood/Lead Market Area are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Deadwood-Lead Economic Development Corporation to conduct a study of the housing needs and conditions in the Cities of Deadwood and Lead.

Goals

The multiple goals of the study include:

- ▶ Provide current demographic data
- ▶ Provide an analysis of the existing housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide 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 November 2015, to March 2016. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri, a private data company
- Records and data from the Cities
- Records and data maintained by Lawrence County
- South Dakota State Data Center
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner survey

Limitations

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

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Demographic Data Overview

Sources of Data

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

The 2010 Census has been used, however, the Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2014 estimates were derived from sampling that was done over a five-year period, between 2010 and 2014. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates and projections are included in this demographic data section.

Population Data and Trends

Table 1 Population Trends - 1980 to 2015						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2015 Esri Estimates
Lead	3,632	3,027	-16.7%	3,124	3.2%	3,219
Deadwood	1,830	1,380	-24.6%	1,270	-8.0%	1,316
Market Area	7,740	6,702	-13.4%	6,545	-2.3%	6,713
Lawrence Co.	20,655	21,802	5.6%	24,097	10.5%	24,951

Source: U.S. Census; Esri, Inc.

- ▶ According to the 2010 U.S. Census, Lead’s population was 3,124 people in 2010. When compared to the 2000 Census, the City had a population gain of 97 people from 2000 to 2010. The 97-person gain from 2000 was a population increase of 3.2%.
- ▶ Deadwood’s population was 1,270 in 2010. This was a decrease of 110 people from 2000, which is a population loss of 8.0%.
- ▶ The Market Area’s population was 6,545 in 2010, which is a loss of 157 people from 2000, for a population decrease of 2.3%.
- ▶ Lawrence County’s population was 24,097 in 2010. This was an increase of 2,295 people from 2000, for a population gain of 10.5%.
- ▶ Lawrence County experienced a population gain in the 1990s. Lawrence County’s population increased by 1,147 people from 1990 to 2000. Lead, Deadwood and the Market Area all had population losses in the 1990s. Lead had a loss of 605 people, Deadwood had a loss of 450 people and the Market Area had a loss of 1,038 people.
- ▶ Esri, a private data reporting service, has released 2015 population estimates. The estimate for the City of Lead is 3,219, an increase of 95 people from 2010 to 2015. Esri’s 2015 estimate for Deadwood is 1,316, a gain of 46 people since 2010. Esri’s 2015 estimate for the Market Area is 6,713, a gain of 168 people since 2010. Esri’s 2015 estimate for Lawrence County is 24,951, an increase of 854 people since 2010.

- ▶ The Census Bureau has also released population estimates, effective July 1, 2014. The Census estimates show that Lead's population was 3,030, a loss of 94 people from 2010 to 2014. The 2014 estimate for Deadwood was 1,261 people, which is a loss of nine people after the 2010 Census. The 2014 estimate for the Market Area was 6,713, a gain of 168 people from 2010 to 2014. The estimate for Lawrence County was 24,657, a gain of 560 people since 2010.
- ▶ There is a difference in the available estimating sources. While Esri believes that Deadwood and Lead have added residents after 2010, the Census Bureau has been tracking population losses in both Cities.
- ▶ There is also some numeric difference in the estimates for Lawrence County, but both sources show population growth, although Esri shows greater growth than the Census Bureau.
- ▶ Lead's population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 94.6% of the City's residents were White, 0.3% were Black or African American, 2.0% were American Indian and 0.4% were Asian. Additionally, 0.4% of the population identified themselves as some other race and 2.3% of the population identified themselves as two or more races. Approximately 2.9% of the City's population was identified as Hispanic/Latino.
- ▶ Deadwood's population is also primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 94.9% of the City's residents were White, 0.2% were Black or African American, 1.8% were American Indian, and 0.5% were Asian. Additionally, 0.6% of the population identified themselves as some other race, and 2% identified themselves as two or more races. Approximately 3.4% of the City's population was identified as Hispanic/Latino.

Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Lead			Market Area		
	2000	2010	Change	2000	2010	Change
0-14	623	601	-22	1,172	948	-224
15-19	249	193	-56	669	481	-188
20-24	175	159	-16	330	321	-9
25-34	369	419	50	704	679	-25
35-44	545	370	-175	1,152	712	-440
45-54	439	525	86	1,083	1,169	86
55-64	234	459	325	686	1,192	506
65-74	226	198	-28	562	566	4
75-84	116	139	23	261	358	97
85+	51	61	10	83	119	36
Total	3,027	3,124	97	6,702	6,545	-157

Source: U.S. Census

Population Change by Age Between 2000 and 2010

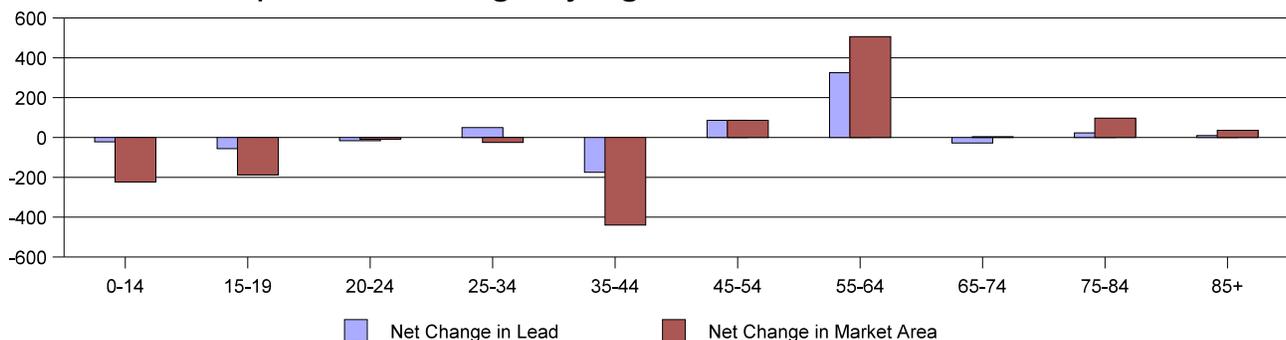
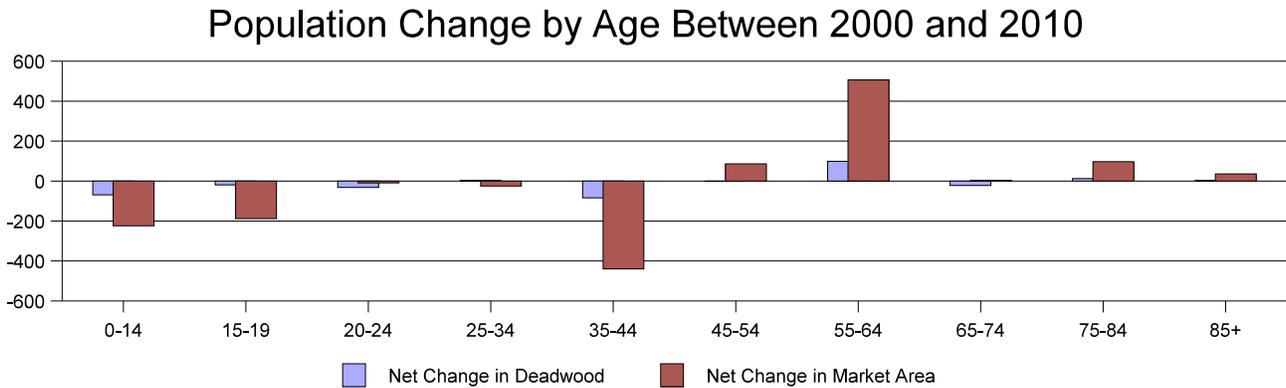


Table 3 Population by Age - 2000 to 2010						
Age	Deadwood			Market Area		
	2000	2010	Change	2000	2010	Change
0-14	216	147	-69	1,172	948	-224
15-19	93	74	-19	669	481	-188
20-24	78	46	-32	330	321	-9
25-34	145	148	3	704	679	-25
35-44	232	148	-84	1,152	712	-440
45-54	242	240	-2	1,083	1,169	86
55-64	142	241	99	686	1,192	506
65-74	132	110	-22	562	566	4
75-84	78	91	13	261	358	97
85+	22	25	3	83	119	36
Total	1,380	1,270	-110	6,702	6,545	-157

Source: U.S. Census



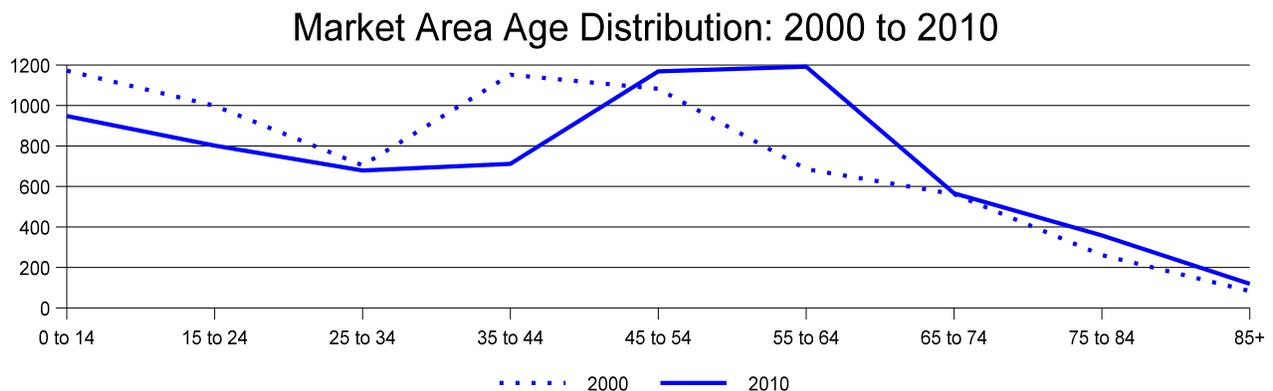
For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Lead, Deadwood and the Market Area. Between 2000 and 2010, Lead had a gain of 411 people, Deadwood had a net gain of 97 people and the Market Area had a gain of 592 people in the 45 to 64 age ranges. In 2010, nearly all of the baby boomers were within these age ranges.

Lead also had growth of 50 people in the 25 to 34 age range and a gain of 33 people in the 75 and older age ranges. Lead had a loss of 94 people in the 0 to 24 age ranges, a loss of 175 people in the 35 to 44 age range and a loss of 28 people in the 65 to 74 age range.

In addition to net population growth in the 45 to 64 year old age groups, Deadwood also experienced a population gain of three people in the 25 to 34 and a gain of 16 people in the 75 and older age ranges. Deadwood had a loss of 120 people in the 24 and younger age ranges, a loss of 84 people in the 35 to 44 age range and a loss of 22 people in the 65 to 74 age range.

In addition to the population gain in the 45 to 64 age ranges, the Market Area had an increase of 137 people in the 65 and older age ranges. From 2000 to 2010, the Market Area had a loss of 886 people in the 44 and younger age ranges.

The aging trends present in the Market Area can be traced back over the previous decades to see the movement of the baby boom generation.



Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued Lawrence County population projections for the year 2020. The other set of estimates and projections includes Lead, Deadwood, the Market Area and Lawrence County has been created by Esri, and spans the five-year period from 2015 to 2020.

Table 4 Population Projections Through 2020				
	2010 US Census	2015 Esri Estimate	2020 Esri Estimate	2020 Projection State Data Center
Lead	3,124	3,219	3,353	N/A
Deadwood	1,270	1,316	1,378	N/A
Market Area	6,545	6,713	6,963	N/A
Lawrence Co.	24,097	24,951	26,437	25,780

Source: U.S. Census; Esri; State Data Center

- ▶ Esri’s 2015 estimate for Lead shows a population gain of 95 people from 2010 to 2015. Esri projects that Lead will gain an additional 134 people from 2015 to 2020.
- ▶ Esri’s 2015 estimate for Deadwood is 1,316, which is an increase of 46 people since the 2010 Census. Esri projects that Deadwood will gain 62 people from 2015 to 2020.
- ▶ Esri’s 2015 estimate for the Market Area is 6,713, which is a gain of 168 people from 2010 to 2015. Esri projects that the Market Area will add 250 people from 2015 to 2020.
- ▶ Esri’s population estimate for Lawrence County is 24,951, a gain of 854 people since the 2010 Census. Esri projects that Lawrence County will add an additional 1,486 people from 2015 to 2020.
- ▶ The State Data Center projects that Lawrence County’s population will be 25,780 people in 2020. When compared to the County’s population in 2010, this projection assumes an increase of 1,683 people during the current decade. The State Data Center’s projection is more than 650 lower the Esri’s projection for the year 2020.

Household Data and Trends

Table 5 Household Trends - 1990 to 2015						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2015 Esri Estimate
Lead	1,477	1,279	-13.4%	1,420	11.0%	1,476
Deadwood	800	669	-16.4%	661	-1.2%	691
Market Area	3,047	2,806	-7.9%	3,001	6.9%	3,107
Lawrence Co.	7,926	8,881	12.0%	10,536	18.6%	10,995

Source: U.S. Census; Esri, Inc.

- ▶ According to the 2010 U.S. Census, Lead, the Market Area and Lawrence County all had household gains from 2000 to 2010. Lead had 1,420 households in 2010, an increase of 141 households from 2000, for a household gain of 11.0%.
- ▶ Deadwood had 661 households in 2010, down by nine households from 2000, or a loss of 1.2%
- ▶ The Market Area had 3,001 households in 2010, which was a gain of 195 households since 2000, or 6.9%.
- ▶ Lawrence County had 10,536 households in 2010. This was a significant increase of 1,655 households, or a household gain of 18.6%.
- ▶ Lead, Deadwood and the Market Area had household losses in the 1990s. Lead had a loss of 198 households, Deadwood had a loss of 131 households and the Market Area had a loss of 241 households. Lawrence County had an increase of 955 households from 1990 to 2000.
- ▶ Esri estimates that Lead gained 56 households, Deadwood gained 30 households, the Market Area gained 106 households and Lawrence County added 459 households from 2010 to 2015.

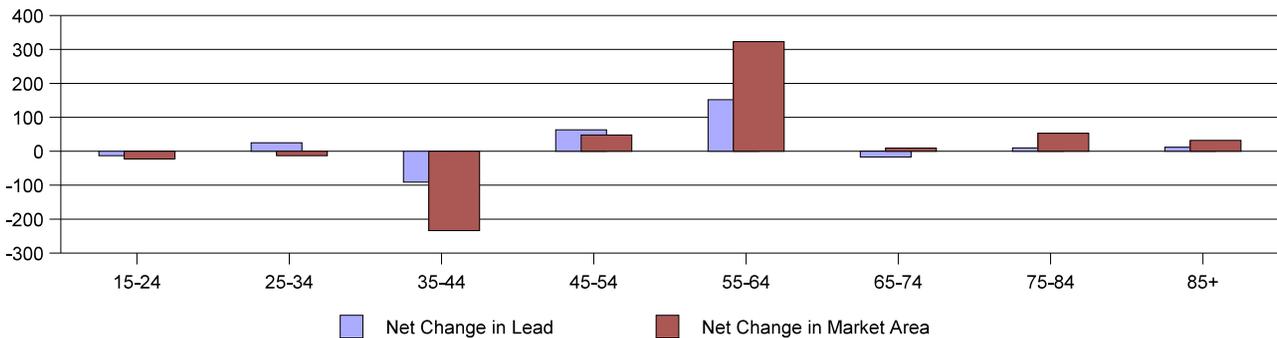
Household by Age Trends: 2000 to 2010

The 2010 Census allows for some analysis of Lead, Deadwood and the Market Area’s changing household by age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 6 Households by Age - 2000 to 2010						
Age	Lead			Market Area		
	2000	2010	Change	2000	2010	Change
15-24	80	67	-13	128	105	-23
25-34	195	220	25	358	345	-13
35-44	308	217	-91	622	388	-234
45-54	266	329	63	645	693	48
55-64	146	298	152	424	747	323
65-74	156	139	-17	370	379	9
75-84	92	102	10	196	249	53
85+	36	48	12	63	95	32
Total	1,279	1,420	141	2,806	3,001	195

Source: U.S. Census

Household Change by Age Between 2000 and 2010



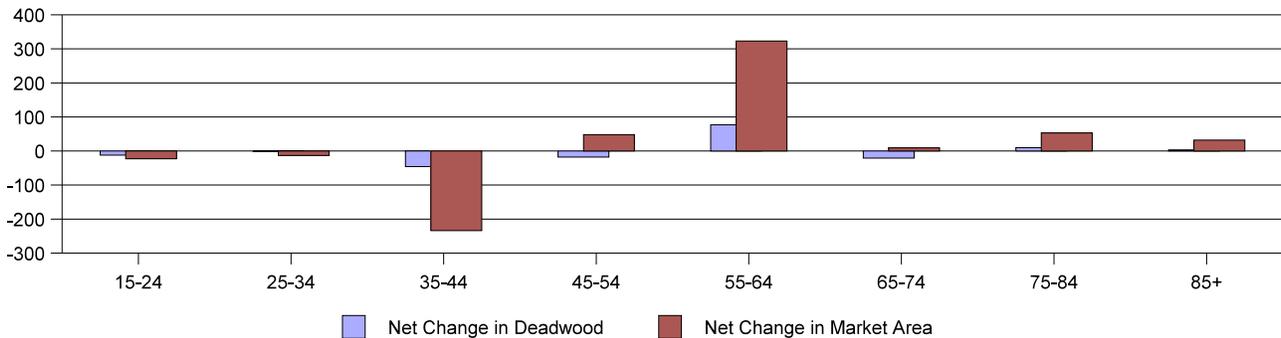
From 2000 to 2010, Lead added 25 households in the 25 to 34 year old age range, 215 households in the 'baby boom' 45 to 64 age ranges and 22 households in the age 75 and older age ranges.

Lead had a decrease of 13 households in the 15 to 24 age range, a loss of 91 households in the 35 to 44 age range and a loss of 17 households in the 65 to 74 age range.

Table 7 Households by Age - 2000 to 2010						
Age	Deadwood			Market Area		
	2000	2010	Change	2000	2010	Change
15-24	44	32	-12	128	105	-23
25-34	81	80	-1	358	345	-13
35-44	122	76	-46	622	388	-234
45-54	161	143	-18	645	693	48
55-64	89	166	77	424	747	323
65-74	95	74	-21	370	379	9
75-84	57	67	10	196	249	53
85+	20	23	3	63	95	32
Total	669	661	-8	2,806	3,001	195

Source: U.S. Census

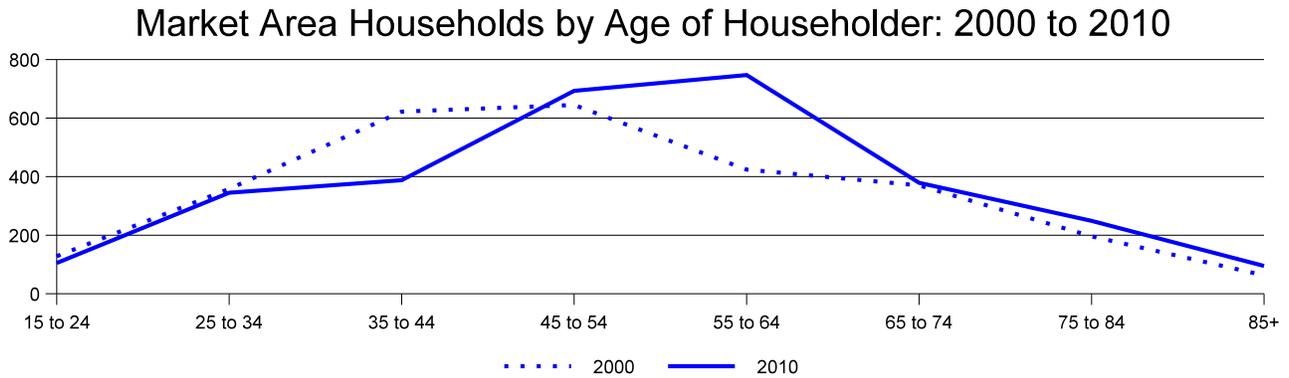
Household Change by Age Between 2000 and 2010



From 2000 to 2010, Deadwood had a gain of 77 households in the 55 to 64 age range and an increase of 13 households in the 75 and older age ranges. Deadwood had a loss of 77 households in the 54 and younger age ranges and a decrease of 21 households in the 65 to 74 age range.

The Market Area experienced a gain of 465 households in the 45 and older age ranges and a loss of 270 households in the 44 and younger age ranges.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 20 years in the Market Area using Census information for households by the age of householder.



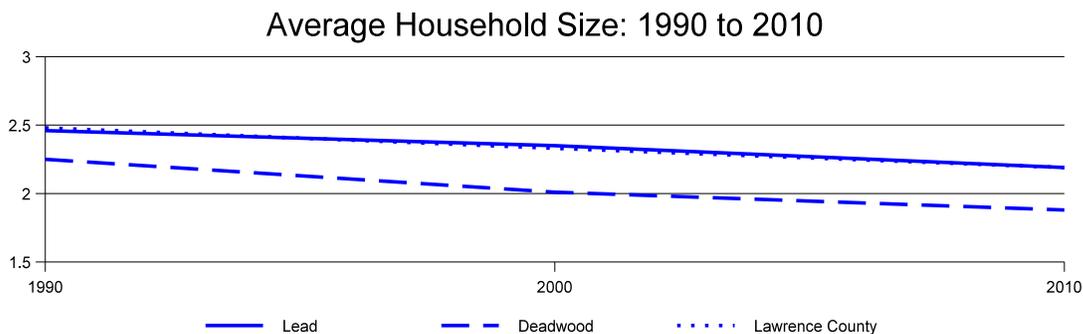
Average Household Size

The following table provides decennial Census information on average household size. The 2015 estimates from Esri are also provided.

Table 8 Average Number of Persons Per Household: 1990 to 2015				
	1990 Census	2000 Census	2010 Census	2015 Estimate
Lead	2.46	2.35	2.19	2.16
Deadwood	2.25	2.01	1.88	1.87
Market Area	N/A	N/A	N/A	2.08
Lawrence County	2.48	2.33	2.19	2.17
South Dakota	2.59	2.50	2.42	N/A

Source: U.S. Census; Esri, Inc.

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



The average household size in Lead, Deadwood and Lawrence County decreased over the past two decades, from 1990 and 2010. In Lead, the average household size decreased from 2.46 persons per household in 1990 to 2.19 in 2010. Deadwood’s average household size decreased from 2.25 persons in 1990 to 1.88 persons in 2010. Lawrence County’s average household size decreased from 2.48 in 1990 to 2.19 in 2010. In 2010, Lead, Deadwood and Lawrence County’s average household size was smaller than the Statewide average. Esri estimates that Lead, Deadwood and Lawrence County’s average household size has continued to decrease from 2010 to 2015.

Household Projections

The following table presents Esri’s 2015 household estimates and 2020 household projections for Lead and Lawrence County.

Table 9 Household Projections Through 2020			
	2010 Census	2015 Estimate Esri	2020 Projection Esri
Lead	1,420	1,476	1,548
Deadwood	661	691	729
Market Area	3,001	3,107	3,249
Lawrence County	10,536	10,995	11,796

Source: U.S. Census; Esri

- ▶ The growth projections calculated by Esri expect household growth in Lead, Deadwood, the Market Area and Lawrence County from 2015 to 2020.
- ▶ Esri estimates that Lead added 56 households from 2010 to 2015 and projects that the City will add 72 households from 2015 to 2020.
- ▶ Esri estimates that Deadwood added 30 households from 2010 to 2015 and projects that the City will gain an additional 38 households from 2015 to 2020.
- ▶ Esri estimates that the Market Area gained 106 households from 2010 to 2015 and Esri projects that the Market Area will gain 142 households from 2015 to 2020.
- ▶ Esri’s 2015 estimate for Lawrence County is 10,995 households, an increase of 459 households from 2010. Esri projects that Lawrence County will add an additional 801 households from 2015 to 2020.

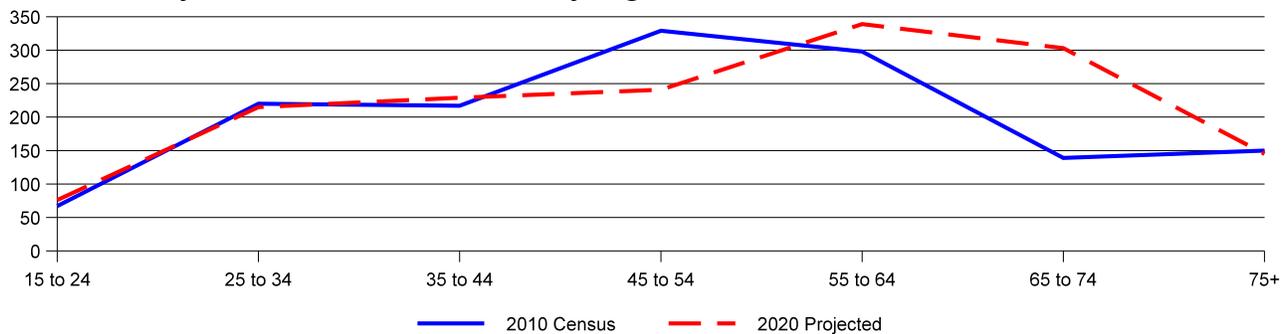
Household by Age Projections: 2010 to 2020

Esri has released household by age projections to the year 2020. The following tables present Esri’s 2020 by age projections for Lead, Deadwood and the Market Area, and the household changes from 2010 to 2020.

Table 10 Lead Projected Households by Age - 2010 to 2020			
Age Range	2010 Census	Esri	
		2020 Projection	Change from 2010
15-24	67	76	9
25-34	220	215	-5
35-44	217	229	12
45-54	329	241	-88
55-64	298	339	41
65-74	139	303	164
75+	150	145	-5
Total	1,420	1,548	128

Source: U.S. Census; Esri

City of Lead Households by Age of Householder: 2010 to 2020



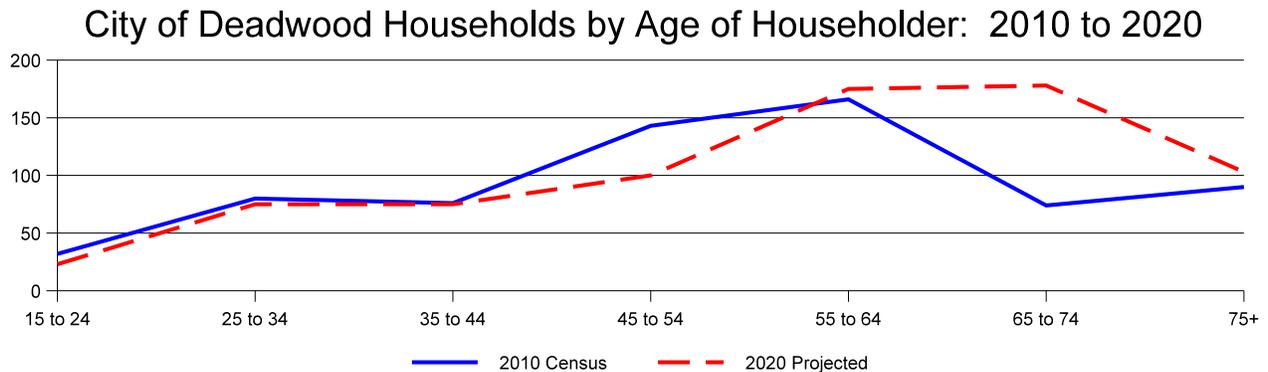
Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City of Lead’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 205 households in Lead from 2010 to 2020 in the 20-year age group between 55 and 74 years old.

Lead is also expected to add nine households in the 15 to 24 age range and 12 households in the 35 to 44 age range.

Esri’s projections for Lead from 2010 to 2020 expect a loss of five households in the 25 to 34 age range, a loss of 88 households in the 45 to 54 age range and a loss of five households in the 75 and older age range.

Table 11 Deadwood Projected Households by Age - 2010 to 2020			
Age Range	2010 Census	Esri	
		2020 Projection	Change from 2010
15-24	32	23	-9
25-34	80	75	-5
35-44	76	75	-1
45-54	143	100	-43
55-64	166	175	9
65-74	74	178	104
75+	90	103	13
Total	661	729	68

Source: U.S. Census; Esri

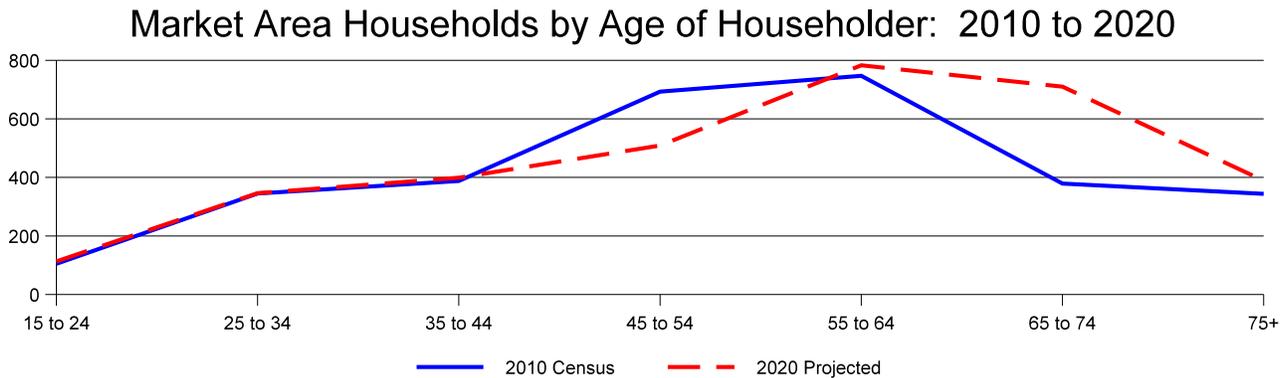


Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City of Deadwood’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 113 households in Deadwood from 2010 to 2020 in the 20-year age group between 55 and 74 years old.

Deadwood is also expected to add 13 households in the 75 and older age range. Esri’s projections expect Deadwood to lose 58 households in the 54 and younger age ranges.

Table 12 Market Area Projected Households by Age - 2010 to 2020			
Age Range	2010 Census	Esri	
		2020 Projection	Change from 2010
15-24	105	113	8
25-34	345	346	1
35-44	388	399	11
45-54	693	509	-184
55-64	747	783	36
65-74	379	710	331
75+	344	389	45
Total	3,001	3,249	248

Source: U.S. Census; Esri



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the Market Area’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 367 households in the Market Area from 2010 to 2020 in the 20-year age group between 55 and 74 years old.

The Market Area is also expected to add 20 households in the 15 to 44 age ranges and 45 households in the 75 and older age range.

Esri’s projections expect a loss of 184 households in the Market Area in the 45 to 54 age range.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following tables look at household trends within the Cities of Lead and Deadwood.

Table 13 Lead Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	267	197	-70
Single Parent with own children	158	167	9
Married Couple without own children	344	379	35
Family Householder without spouse	63	85	22
Total Families	832	828	-4
Non-Family Households			
Single Person	374	498	124
Two or more persons	73	94	21
Total Non-Families	447	592	145

Source: U.S. Census

Between 2000 and 2010, Lead experienced an overall net decrease of four “family” households. There was a decrease of 70 married couple families with children. The City gained 35 married couples without children, nine single parent families with children and 22 family householder without spouse households.

The City of Lead had a gain of 145 “non-family” households. There was an increase of 124 one-person households and an increase of 21 households that had unrelated individuals living together.

Table 14 Deadwood Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	80	51	-29
Single Parent with own children	57	55	-2
Married Couple without own children	172	170	-2
Family Householder without spouse	33	26	-7
Total Families	342	302	-40
Non-Family Households			
Single Person	268	295	27
Two or more persons	59	64	5
Total Non-Families	327	359	32

Source: U.S. Census

Between 2000 and 2010, Deadwood experienced a decrease of 40 “family” households. There was a loss of 29 married couples with children, a loss of two single parent with children families, a loss of two married couples without children, and a decrease of seven family householder without spouse households.

The City of Deadwood had a gain of 32 “non-family” households. There was an increase of 27 one-person households and an increase of five households with unrelated people living together.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

Table 15 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Lead	886	62.4%	534	37.6%
Deadwood	354	53.6%	307	46.4%
Market Area	2,070	69.0%	931	31.0%
Lawrence County	6,772	64.3%	3,764	35.7%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Lead was 62.4%, Deadwood’s ownership rate was 53.6%, the Market Area’s ownership rate was 69.0% and Lawrence County’s ownership rate was 64.3%.

Lead, Deadwood and Lawrence County’s rental tenure rates were higher than the Statewide renter household rate of 31.9%.

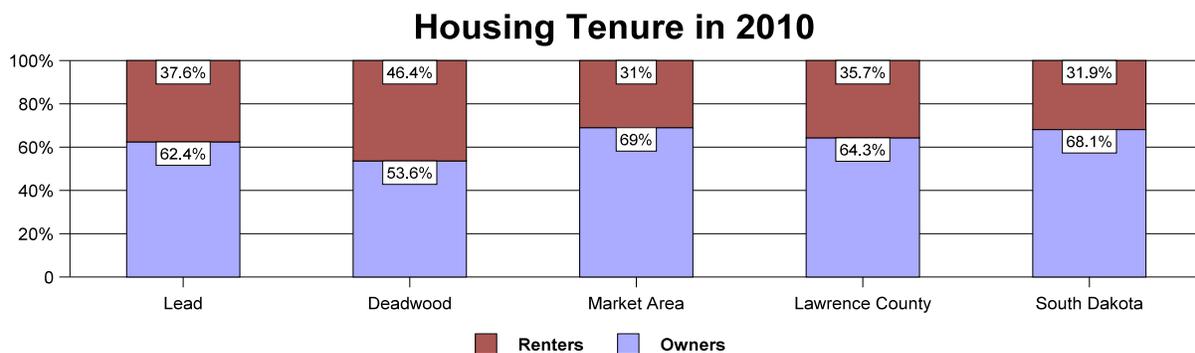


Table 16 Lead Households by Housing Tenure - 2000 to 2010						
Tenure	Lead			Market Area		
	2000	2010	Change	2000	2010	Change
Owners	875/68.4%	886/62.4%	11	1,958/69.8%	2,070/69.0%	112
Renters	404/31.6%	534/37.6%	130	848/30.2%	931/31.0%	83
Total	1,279	1,420	141	2,806	3,001	195

Source: U.S. Census

The City of Lead’s ownership tenure rate decreased from 68.4% in 2000 to 62.4% in 2010. For the Market Area, the ownership tenure rate decreased slightly from 69.8% in 2000 to 69.0% in 2010.

Table 17 Deadwood Households by Housing Tenure - 2000 to 2010						
Tenure	Deadwood			Market Area		
	2000	2010	Change	2000	2010	Change
Owners	332/49.6%	354/53.6%	22	1,958/69.8%	2,070/69.0%	112
Renters	337/50.4%	307/46.4%	-30	848/30.2%	931/31.0%	83
Total	669	661	-8	2,806	3,001	195

Source: U.S. Census

The City of Deadwood’s ownership tenure rate increased from 49.6% in 2000 to 53.6% in 2010.

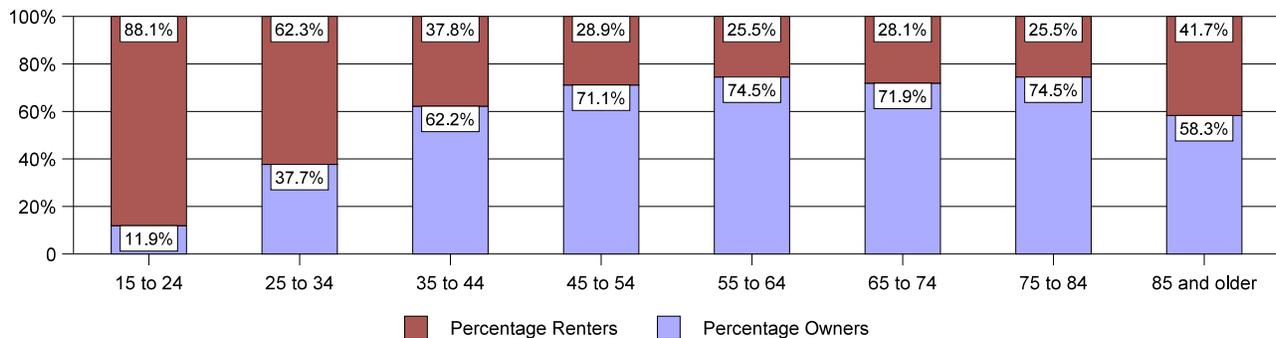
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of Lead and Deadwood households within each defined age range. The following tables examine the number and percentage of renters and owners in each age group in Lead and Deadwood.

Table 18 Lead Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	8	11.9%	59	88.1%
25-34	83	37.7%	137	62.3%
35-44	135	62.2%	82	37.8%
45-54	234	71.1%	95	28.9%
55-64	222	74.5%	76	25.5%
65-74	100	71.9%	39	28.1%
75-84	76	74.5%	26	25.5%
85+	28	58.3%	20	41.7%
Total	886	62.4%	534	37.6%

Source: U.S. Census

City of Lead Housing Tenure Patterns by Age in 2010

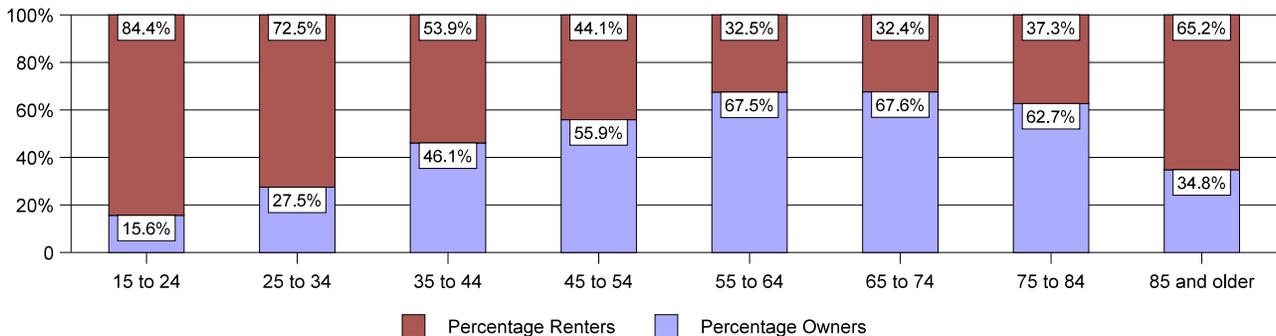


Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 88% of households age 24 and younger, 62% of the households in the 25 to 34 age range, and 42% of the households age 85 and older rented their housing. Home ownership rates for each of the 10-year age cohorts between 35 and 84 years old were above 62%.

Table 19 Deadwood Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	5	15.6%	27	84.4%
25-34	22	27.5%	58	72.5%
35-44	35	46.1%	41	53.9%
45-54	80	55.9%	63	44.1%
55-64	112	67.5%	54	32.5%
65-74	50	67.6%	24	32.4%
75-84	42	62.7%	25	37.3%
85+	8	34.8%	15	65.2%
Total	354	53.6%	307	46.4%

Source: U.S. Census

City of Deadwood Housing Tenure Patterns by Age in 2010



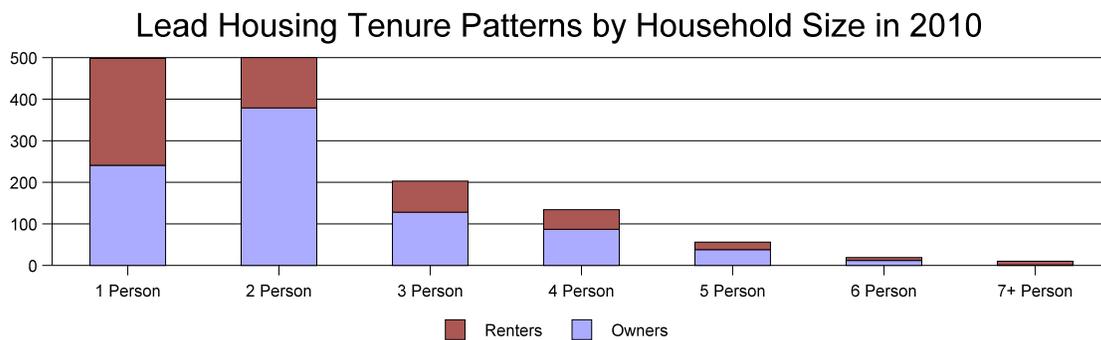
Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while adult households in the 45 to 84 age ranges were primarily homeowners. However, all of the age ranges had a significant percentage of renters in comparison to other cities the size of Deadwood. Approximately 84% of households age 24 and younger, 73% of the households in the 25 to 34 age range, 54% of the households in the 35 to 44 age range and 65% of households age 85 and older, rented their housing. Home ownership rates for each of the 10-year age cohorts between 45 and 84 years old were approximately 56% or higher.

Tenure by Household Size

The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following tables provide information for Lead and Deadwood.

Table 20 Lead Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	204	241	37	170	257	87
2-Person	339	379	40	107	121	14
3-Person	145	128	-17	63	75	12
4-Person	120	87	-33	47	47	0
5-Person	51	38	-13	10	18	8
6-Person	11	12	1	6	7	1
7-Persons+	5	1	-4	1	9	8
Total	875	886	11	404	534	130

Source: U.S. Census

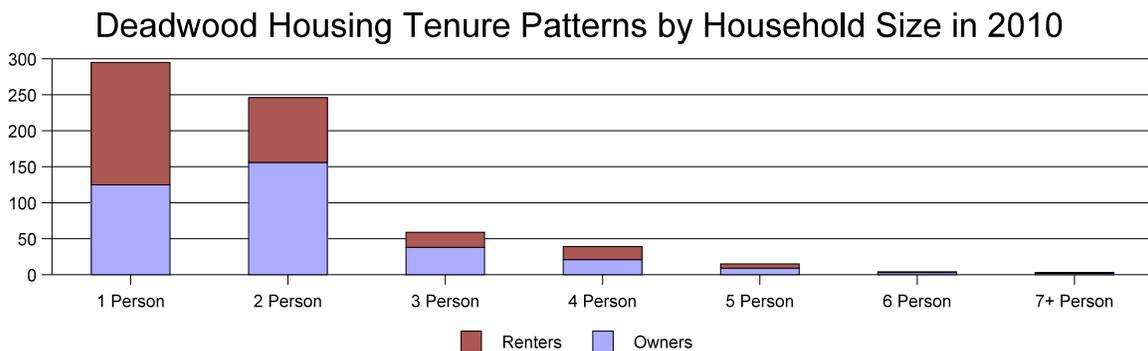


From 2000 to 2010, there was an increase in the number of owner and renter households in Lead. There was an increase of 77 owner households with one or two household members. There was a net decrease of 66 owner households with three or more household members.

From 2000 to 2010, Lead had a gain of 113 renter households with one, two or three household members. There was a gain of 17 renter households with five or more household members. Approximately 71% of the renter households in Lead were one or two person households in 2010.

Table 21 Deadwood Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	93	125	32	175	170	-5
2-Person	142	156	14	98	90	-8
3-Person	40	38	-2	42	21	-21
4-Person	38	21	-17	17	18	1
5-Person	14	9	-5	0	6	6
6-Person	4	3	-1	3	1	-2
7-Persons+	1	2	1	2	1	-1
Total	332	354	22	337	307	-30

Source: U.S. Census



From 2000 to 2010, there was an increase in the number of owner households and a decrease of renter households in Deadwood. There was an increase of 46 owner households with one or two household members and a gain of one owner household with seven or more people. There was a decrease of 25 owner households with three to six household members.

From 2000 to 2010, Deadwood had a gain of seven renter households with four or five household members. Deadwood had a loss of 34 households with one to three household members and a loss of three households with six or more household members. Approximately 85% of the renter households in Deadwood were one or two-person households in 2010.

2014 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2014 American Community Survey. Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 22 Median Household Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Lead	\$29,485	\$41,087	39.4%
Deadwood	\$28,641	\$36,250	26.6%
Lawrence County	\$31,755	\$44,267	39.4%
South Dakota	\$35,271	\$52,535	48.9%

Source: U.S. Census; 2014 ACS 5-year survey

Table 23 Median Family Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Lead	\$35,855	\$44,476	24.1%
Deadwood	\$37,132	\$67,000	80.4%
Lawrence County	\$40,501	\$66,897	65.2%
South Dakota	\$43,237	\$66,936	54.8%

Source: U.S. Census; 2014 ACS 5-year survey

Information contained in the 2014 American Community Survey shows that the median household and family incomes have increased significantly from 2000 to 2014 in Lead, Deadwood and Lawrence County.

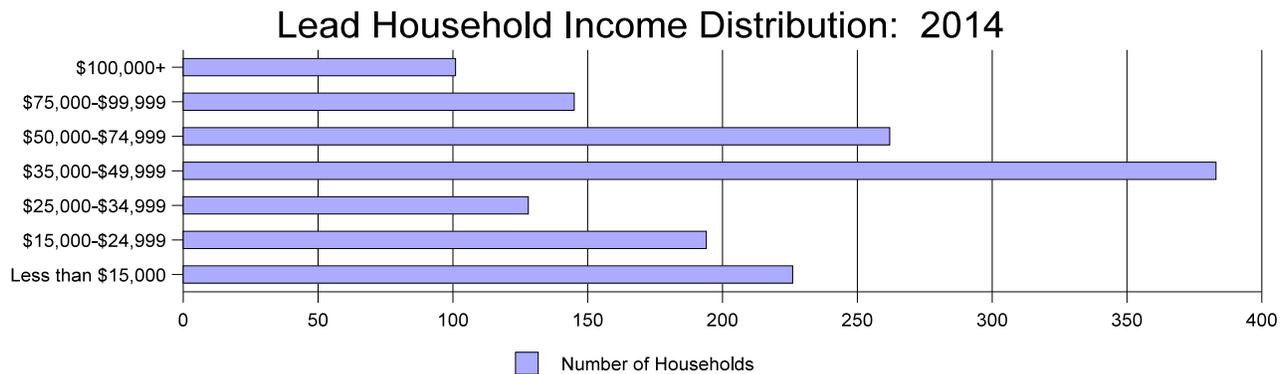
Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, the median income household in Lead in 2014 could afford approximately \$1,027 per month and the median income household in Deadwood could afford approximately \$906 per month. The median income family household in Lead could afford \$1,111 per month for ownership or rental housing and the median income family household in Deadwood could afford approximately \$1,675 per month.

Household Income Distribution

The 2014 American Community Survey household income estimates for Lead and Deadwood can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Table 24 Lead Household Income Distribution - 2000 to 2014			
Household Income	Number of Households 2000	Number of Households in 2014	Change 2000 to 2014
\$0 - \$14,999	266	226	-40
\$15,000 - \$24,999	258	194	-64
\$25,000 - \$34,999	215	128	-87
\$35,000 - \$49,999	221	383	162
\$50,000 - \$74,999	249	262	13
\$75,000 - \$99,999	27	145	118
\$100,000+	24	101	77
Total	1,260	1,439	179

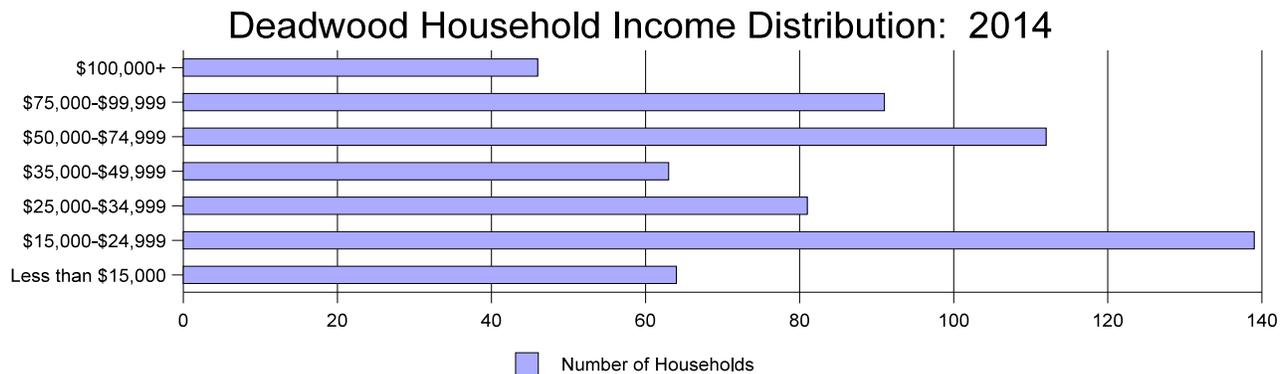
Source: 2000 Census; 2014 ACS



According to income estimates contained in the 2014 American Community Survey, household incomes have improved in Lead in the highest income ranges. When compared to the 2000 Census (1999 income), there was an increase of 370 households with an income of \$35,000 or more. Conversely, there was a decrease of 191 households with annual incomes less than \$35,000. Although there was a decrease in the number of households in the lower income ranges, there were still 420 Lead households with an annual income below \$25,000 in 2014, which represented 29.2% of all households.

Table 25 Deadwood Household Income Distribution - 2000 to 2014			
Household Income	Number of Households 2000	Number of Households in 2014	Change 2000 to 2014
\$0 - \$14,999	107	64	-43
\$15,000 - \$24,999	164	139	-25
\$25,000 - \$34,999	128	81	-47
\$35,000 - \$49,999	115	63	-52
\$50,000 - \$74,999	93	112	19
\$75,000 - \$99,999	29	91	62
\$100,000+	15	46	31
Total	651	596	-55

Source: 2000 Census; 2014 ACS



The American Community Survey estimated that there were 596 households in Deadwood in 2014, compared to 651 households counted in the 2010 Census. Esri’s 2015 estimate for Deadwood is 691 households. Therefore, it is our opinion that the American Community Survey has undercounted the number of households in Deadwood. However, the table is still a good indicator of Deadwood’s income distribution in 2014.

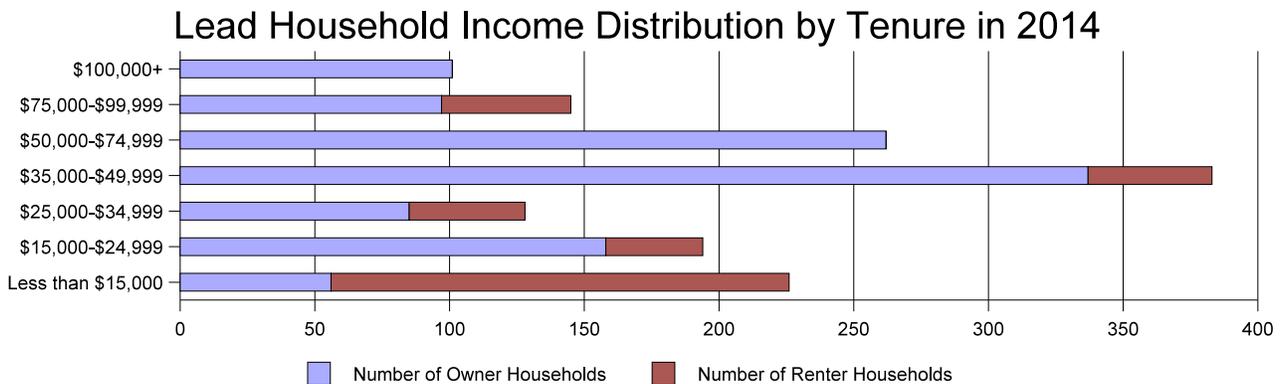
Household incomes have improved in Deadwood in the highest income ranges. When compared to the 2000 Census (1999 income), there was an increase of 112 households with an income of \$50,000 or more. Conversely, there was a decrease of 167 households with annual incomes less than \$50,000. Although, there was a decrease in the number of households in the lower income ranges, there were still 203 Deadwood households with an annual income below \$25,000 in 2014, which represented 34.1% of all households.

Income Distribution by Housing Tenure

The 2014 American Community Survey provides income data by owner and renter status. The following tables examine income distribution by tenure in Lead. The American Community Survey is an estimate, based on limited sampling data, and there are some minor differences when compared to the 2010 Census. The American Community Survey appears to have over-counted the number of owner households and undercounted the renter households in Lead in 2014. However, the table is still an indicator of income distribution in Lead in 2014.

Table 26 Lead Household Income Distribution by Tenure - 2014			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	56/24.8%	170/75.2%	226
\$15,000 - \$24,999	158/81.4%	36/18.6%	194
\$25,000 - \$34,999	85/66.4%	43/35.6%	128
\$35,000 - \$49,999	337/88.0%	46/12.0%	383
\$50,000 - \$74,999	262/100%	0/0%	262
\$75,000 - \$99,999	97/66.9%	48/33.1%	145
\$100,000+	101/100%	0/0%	104
Total	1,096	343	1,439

Source: 2014 American Community Survey



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

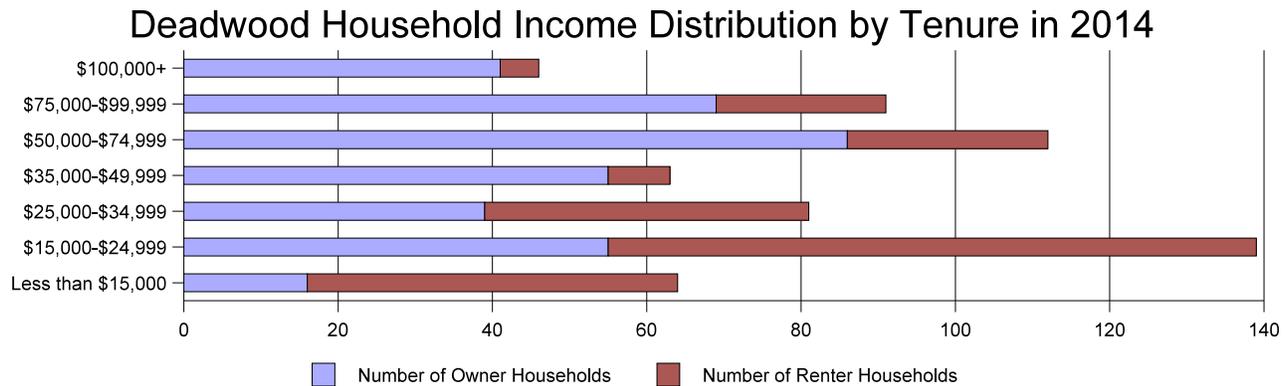
In 2014, approximately 73% of all renter households in Lead had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$15,179 in 2014. At 30% of income, a renter at the median level could afford approximately \$380 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 42% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owner households could afford \$1,250 or more each month for housing. The estimated median household income for owners in 2014 was approximately \$42,975. At 30% of income, an owner at the median income level could afford approximately \$1,075 per month for housing costs.

The following table examines income distribution by tenure in Deadwood. The American Community Survey is an estimate, based on limited sampling data, and there are some minor differences when compared to the 2010 Census. The number of renter households appears to have been undercounted in the 2014 American Community Survey. However, the table is still an indicator of income distribution in Deadwood in 2014.

Table 27 Deadwood Household Income Distribution by Tenure - 2014			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	16/25.0%	48/75.0%	64
\$15,000 - \$24,999	55/39.6%	84/60.4%	139
\$25,000 - \$34,999	39/48.1%	42/51.9%	81
\$35,000 - \$49,999	55/87.3%	8/12.7%	63
\$50,000 - \$74,999	86/76.8%	26/23.2%	112
\$75,000 - \$99,999	69/75.8%	22/24.2%	91
\$100,000+	41/89.1%	5/10.9%	46
Total	361	235	596

Source: 2014 American Community Survey



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

In 2014, approximately 74% of all renter households in Deadwood 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 was approximately \$22,135 in 2014. At 30% of income, a renter at the median level could afford approximately \$553 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owner households could afford \$1,250 or more each month for housing. The estimated median household income for owners in 2014 was approximately \$57,537. At 30% of income, an owner at the median income level could afford approximately \$1,398 per month for housing costs.

2014 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 Lead and Deadwood.

Table 28 Gross Rent as a Percentage of Household Income in Lead			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	68/25.9%	0/0%	68/19.8%
20% to 29.9%	73/27.9%	0/0%	73/21.3%
30% to 34.9%	6/2.3%	25/30.9%	31/9.0%
35% or more	104/39.7%	56/69.1%	160/46.7%
Not Computed	11/4.2%	0/0%	11/3.2%
Total	262/100%	81/100%	343/100%

Source: 2014 American Community Survey

According to the American Community Survey, approximately 56% of all renters in the City of Lead were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. 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”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Lead it was primarily due to low income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Senior citizen renters (age 65 and older) represented approximately 42% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 58% of all households with a rental cost burden.

Table 29 Gross Rent as a Percentage of Household Income in Deadwood			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	47/27.5%	20/31.3%	67/28.5%
20% to 29.9%	44/25.7%	15/23.4%	59/25.1%
30% to 34.9%	22/12.9%	9/14.1%	31/13.2%
35% or more	37/21.6%	17/26.5%	54/23.0%
Not Computed	21/12.3%	3/4.7%	24/10.2%
Total	171/100%	64/100%	235/100%

Source: 2014 American Community Survey

According to the American Community Survey, approximately 36% of all renters in the City of Deadwood were paying 30% or more of their income for rent. The majority of these households were actually paying 35% or more of their income for housing. 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”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Lead it was primarily due to low income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Senior citizen renters (age 65 and older) represented approximately 31% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 69% of all households with a rental cost burden.

2014 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 Lead and Deadwood that are paying different percentages of their gross household income for housing costs.

Table 30 Ownership Costs as a Percentage of Income in Lead		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	570	52.0%
20% to 29.9%	322	29.4%
30% to 34.9%	9	0.8%
35% or more	195	17.8%
Not Computed	0	0%
Total	1,096	100%

Source: 2014 ACS

Most owner-occupants in Lead, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 19% of all home owners reported that they paid more than 30% of their income for housing. A large majority of these households were paying more than 35% of income for housing costs.

Table 31 Ownership Costs as a Percentage of Income in Deadwood		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	176	48.7%
20% to 29.9%	95	26.3%
30% to 34.9%	21	5.8%
35% or more	67	18.6%
Not Computed	2	0.6%
Total	361	100%

Source: 2014 ACS

Most owner-occupants in Deadwood, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 24% of all home owners reported that they paid more than 30% of their income for housing. A large majority of these households were paying more than 35% of income for housing costs.

Occupancy Status of Housing Units - 2010

Table 32 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Lead	886	534	69	47	81	77
Deadwood	354	307	29	16	68	29
Market Area	2,070	931	123	83	872	156
Lawrence Co.	6,772	3,764	358	171	1,382	309

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 1,382 seasonal housing units in Lawrence County. This included 81 seasonal units in Lead and 68 seasonal units in Deadwood. The Market Area, which includes Lead, Deadwood, Central City and the South Lawrence Unorganized Territory, had a total of 872 seasonal units.
- ▶ In addition to the seasonal units in 2010, there were 838 vacant housing units in Lawrence County, including 193 units in Lead and 74 units in Deadwood. The Market Area, in addition to seasonal units, had 362 vacant units in 2010.

Existing Home Sales

This section examines houses that have been sold since 2010 in the Cities of Lead and Deadwood. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Lawrence County Equalization Office.

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

The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some sales in the County's sample may have been sales that could be considered distressed, such as houses that were previously bank-owned, but were sold by the bank back into private ownership. While it can be argued that sales of bank-owned properties acquired through foreclosure are not fair market transactions, they may be included in the County data if the bank openly placed them for sale in the public market.

The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the County's sales ratio analysis. The sales file identified the 150% rule sales if they otherwise represent open market transactions. In the sales sample that follows, 150% rule sales have been included when they were open market transfers.

The County's 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. The 2015 information has not yet been audited by the State, and it is possible that some sales could eventually be rejected.

Table 33 Lead Residential Sales Activity - 2010 through 2015

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2015	60	\$73,250	\$524,000	\$5,000
2014	74	\$73,500	\$295,000	\$15,000
2013	41	\$72,500	\$469,000	\$22,100
2012	52	\$75,000	\$435,000	\$11,700
2011	40	\$95,500	\$385,000	\$10,000
2010	41	\$78,000	\$230,000	\$12,000

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

Over the time period from 2010 to 2015, the median home sale price in Lead has generally remained in a relatively consistent range between \$72,500 and \$78,000. The exception was in 2011, when the median sale price reached \$95,500, but this may have been an atypical year for home sales.

In each of the years, there was at least one house in Lead that sold for less than \$23,000, and at least one sale was for \$230,000 or more.

Median Home Sale Price in Lead: 2010 to 2015

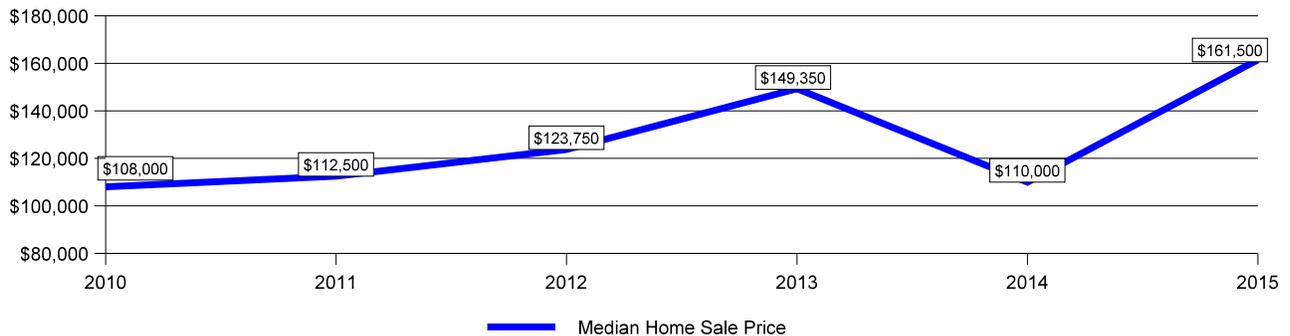
Table 34 Deadwood Residential Sales Activity - 2010 through 2015

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2015	33	\$161,500	\$263,000	\$62,900
2014	35	\$110,000	\$1,400,000	\$15,000
2013	23	\$149,350	\$437,000	\$10,000
2012	18	\$123,750	\$215,000	\$35,000
2011	19	\$112,500	\$345,000	\$18,100
2010	17	\$108,000	\$194,950	\$35,000

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

Over the time period from 2010 to 2015, the median home sale price in Deadwood has varied greatly, from a low of \$108,000 in 2010, to a high of \$161,500 in 2015. In any single year, only 35 or fewer sales have been recorded in Deadwood, and the variation in the median price may reflect the limited number of annual sales.

In most of the years there was at least one house in Deadwood that sold for \$35,000 or less, and at least one sale was for \$194,000 or more.

Deadwood Median Home Sale Price: 2010 to 2015

One final source of information on home values is available from the American Community Survey for 2014, which asked home owners about the value of their house. In Lead, the estimated home value was \$108,600. This estimate was well above the median home sale price in recent years.

In Deadwood, the American Community Survey median home value estimate was \$140,700. This estimate was somewhat consistent with recent sales, especially in 2013, when the median price was \$149,350.

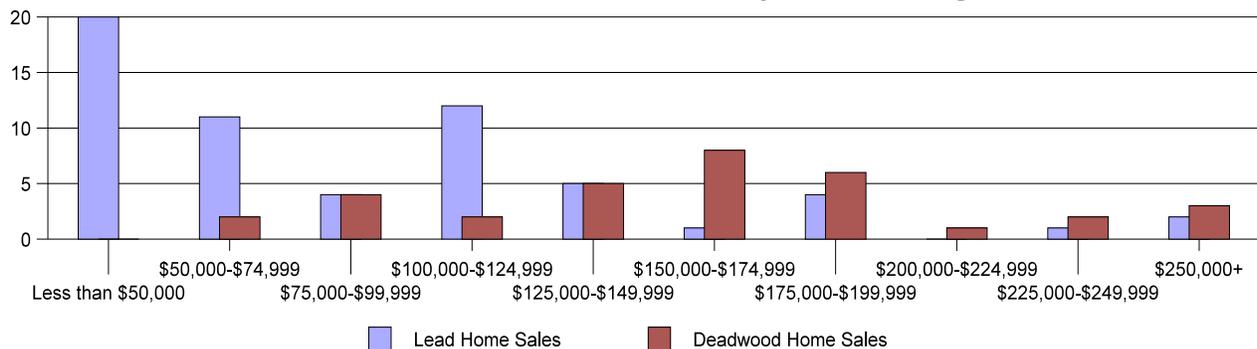
Home Sales by Price Range

The following table looks at single family houses that sold in Lead and Deadwood within defined price ranges in a 12-month period, starting in November 1, 2014 and ending October 31, 2015. This represents the County's sales ratio year, and is the most recent 12-month sales sample available to the analysts.

Table 35 12-Month Home Sales by Price Range		
Sale Price	Number/Percent of Sales in Lead	Number/Percent of Sales in Deadwood
Less than \$49,999	20 / 33.3%	0 / 0%
\$50,000 - \$74,999	11 / 18.3%	2 / 6.1%
\$75,000 - \$99,999	4 / 6.7%	4 / 12.1%
\$100,000 - \$124,999	12 / 20.0%	2 / 6.1%
\$125,000 - \$149,999	5 / 8.3%	5 / 15.2%
\$150,000 - \$174,999	1 / 1.7%	8 / 24.2%
\$175,000 - \$199,999	4 / 6.7%	6 / 18.2%
\$200,000 - \$224,999	0 / 0%	1 / 3.0%
\$225,000-\$249,999	1 / 1.7%	2 / 6.1%
\$250,000 +	2 / 3.3%	3 / 9.1%
Total	60 / 100%	33 / 100%

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

Lead and Deadwood Home Sales by Price Range: 2015



Recent home sales in Lead have primarily been in the lower and moderate price ranges. Overall, more than 58% of the home sales in 2015 were for less than \$100,000. Only 5% of Lead's sales were for \$200,000 or more.

Conversely, home sale prices in Deadwood were higher. Approximately 18% of the sales in 2015 were for less than \$100,000. More than 36% of the Deadwood sales in 2015 were for \$175,000 or more.

Deadwood Building Permit Trends

Deadwood has experienced some new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2015.

Table 36 Deadwood Housing Unit Construction Activity: 2000 to 2015			
Year	Single Family	Two or More Units	Total Units Constructed
2015	2	0	2
2014	6	0	6
2013	5	0	5
2012	10	0	10
2011	1	0	1
2010	3	0	3
2009	4	0	4
2008	6	0	6
2007	0	0	0
2006	1	0	1
2005	0	4	4
2004	1	7	8
2003	2	0	2
2002	0	0	0
2001	1	0	1
2000	0	0	0
TOTAL	42	11	53

Source: City of Deadwood; Census Bureau

Over the past 16 years from 2000 to 2015, 53 new housing units have been constructed in Deadwood, based on Census Bureau reports and information obtained from the City of Deadwood. Forty-two of the units are single family homes, and an 11-unit town home project was constructed in 2004/05.

During the eight-year period from 2000 to 2007, the City averaged two new housing units per year. After 2007, from 2008 to 2015, the City averaged five to six new housing units annually. The increased level of new construction after 2007 was partially due to the development of the Stage Run Subdivision.

Lead Building Permit Trends

Lead has experienced some new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2015.

Table 37 Lead Housing Unit Construction Activity: 2000 to 2015			
Year	Single Family	Two or More Units	Total Units Constructed
2015	0	0	0
2014	1	0	1
2013	3	0	3
2012	0	0	0
2011	2	0	2
2010	1	0	1
2009	3	0	3
2008	2	0	2
2007	11	2	13
2006	6	0	6
2005	8	0	8
2004	5	2	7
2003	4	2	6
2002	4	0	4
2001	7	0	7
2000	3	32	35
TOTAL	60	38	98

Source: City of Lead; Census Bureau

Over the past 16 years from 2000 to 2015, 98 new housing units have been constructed in Lead, based on Census Bureau reports and information obtained from the City of Lead. Sixty units are single family homes, and 38 units are in multifamily structures, including a 32-unit senior housing project that offers services, and three duplex structures.

During the eight-year period from 2000 to 2007, the City averaged between 10 and 11 new housing units per year. After 2007, housing construction slowed and the City averaged only one to two new housing units annually from 2008 to 2015.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 307 occupied rental units and 30 unoccupied rental units in Deadwood, for a total estimated rental inventory of 337 units. The City's rental tenure rate in 2010 was 46.4%. In 2010, Lead had 534 occupied rental units and 79 unoccupied rental units, for a total estimated rental inventory of 613 units. The City's rental rate in 2010 was 37.6%. Deadwood's 2010 rental rate of 46.4% and Lead's 2010 rental rate of 37.6% were higher than the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Deadwood had 337 occupied rental units, and 31 vacant rental units, for a total estimated rental inventory of 368 units. Deadwood's rental tenure rate in 2000 was 50.4%. In 2000, Lead had 404 occupied rental units and 132 vacant rental units, for a total estimated rental inventory of 536 units. Lead's rental tenure rate in 2000 was 31.6%.

Based on a Census comparison, the City of Deadwood had a loss of 30 renter-occupancy households, and a decrease of 31 rental units from 2000 to 2010. The City of Lead had a gain of 130 renter-occupancy households and a gain of 77 rental units from 2000 to 2010.

From 2010 to 2015, we are not aware of any rental units constructed in Deadwood or Lead.

Rental Housing Survey

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

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

The units that were successfully contacted include:

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

Market Rate Summary

Information was obtained on 195 market rate rental units in Lead and Deadwood, including 125 units in eight multifamily projects, and 70 units in single family homes.

Unit Mix

We obtained the bedroom mix on the 125 market rate units in the multi-family projects. The bedroom mix of the units is:

- ▶ efficiency/studio - 12 (9.6%)
- ▶ one-bedroom - 72 (57.6%)
- ▶ two-bedroom - 38 (30.4%)
- ▶ three-bedroom - 2 (1.6%)
- ▶ four-bedroom - 1 (0.8%)

There were only two three-bedroom units and one four-bedroom unit in the eight market rate multi-family rental units we surveyed. However, there are a significant number of three and four-bedroom single family homes being rented in Lead and Deadwood.

Occupancy / Vacancy

At the time of the survey, there were eight vacancies in the 195 market rate units that provided vacancy rate information. This is a vacancy rate of 4.1%. Four of the eight vacancies were in Sander Apartments in Lead. Caledonia Condos in Lead and Kopper Key Apartments in Deadwood each had one vacancy. There were two vacant single family homes of 70 homes surveyed. Three rental projects reported no vacancies. All of the rental managers and property owners reported high occupancy rates and a good demand for 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 in the multi-family projects, inclusive of an estimate for tenant-paid utilities. The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Efficiency	\$300-\$500
One-bedroom	\$380-\$775
Two-bedroom	\$540-\$875
Three-bedroom+	\$850-\$900

Only a small number of units with three or more bedrooms were identified in multifamily structures so the rent structure for these units may not be an accurate representation of prevailing rents.

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

Tax Credit Summary

Kopper Key and Gilmore Apartments received tax credit assistance, however, both projects have met their Tax Credit contract obligations and have converted to market rate projects

Subsidized Summary

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

The six subsidized rental projects in Lead and Deadwood include:

- ▶ **Gold Mountain Apartments** - Gold Mountain Apartments is a 20-unit Section 8 senior/disabled project located in Lead. All apartments in this project have one bedroom.
- ▶ **Timberland Apartments** - Timberland Apartments is a 24-unit HUD Section 8 general occupancy project located in Lead. The units include 16 two-bedroom and eight three-bedroom units.

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

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

Unit Mix

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

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

Occupancy / Vacancy

Four vacancies were identified in the 127 subsidized units, which is a 3.1% vacancy rate. All four vacancies were in Hills Apartments.

The manager reported that all of the vacancies were in three-bedroom units, on the fourth floor of the building. Since these units are often occupied by younger families with children, the need to walk up four flights of stairs was viewed as a primary reason that the units were not occupied. In this case, the vacancies are attributed to building design, rather than lack of demand.

The other five projects had no vacancies. Several projects have waiting lists.

Subsidized Housing Gains/Losses

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

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

Senior Housing with Services

Unit Inventory

There is one senior with services project in Lead. There are no senior with services projects in Deadwood. However, there are nine senior with services projects in Spearfish with capacity for up to 350 people, and five senior with services projects with 79 units/beds in Sturgis.

The senior with services project in Lead is Golden Ridge Regional Senior Care. The facility has 22 assisted living and 10 independent living units. The independent units include efficiency, one and two-bedroom units. The assisted living units include meals, laundry service, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. The Director reports that there are both assisted living and independent living vacant units, and there have been ongoing vacancies.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate - Lead					
School House Condominiums Lead	1 - 1 bedroom 5 - 2 bedroom <u>1 - 3 bedroom</u> 7 total units	\$700 \$700-\$850 (2 & 3 bed)	No vacant units	General Occupancy	School House Condominiums include seven rental units and one owner-occupied unit. The rental units are fully occupied. Rent ranges from \$700 to \$850 plus electricity.
Sander Apartments Lead	<u>15 - 1 bedroom</u> 15 total units	\$500	4 vacant units	General Occupancy	Sander Apartments includes 15 1-bedroom units in a downtown Lead building. Rent is \$500 plus electricity. The manager reports four vacancies.
Caledonia Condos	1 - 1 bedroom <u>6 - 2 bedroom</u> 7 total units	\$525 \$600	1 vacant unit 1 - 2 Bdrm	General Occupancy	Caledonia Condos includes one 1-bedroom unit and six 2-bedroom units. Tenants pay heat and electricity in addition to rent. The manager reports one two-bedroom vacancy.
Mother-lode Apartments Lead	11 - studio 12 -1 bedroom <u>3 - 2 bedroom</u> 26 total units	\$300-\$330 \$380 \$530-\$550	No vacant units	General Occupancy	Mother-lode Apartments is located in a downtown Lead building that was constructed in 1926. There are 26 units including 11 studio, 12 one-bedroom and three two-bedroom units. Rent includes all utilities. The owner reports no vacancies.
Sheets Rentals Deadwood/Lead Area	70 single family homes <u>1 to 5-bedroom</u> 70 total	Range from \$500 to \$2,000 plus utilities	2 vacant units	General Occupancy	Sheets Property Management manages approximately 70 single rental family homes in the Deadwood/Lead Area. At the time of the survey, there were two vacancies. The manager reports very high ongoing occupancy rates. Rents vary based on the size and quality of the homes. Renters typically pay utilities in addition to rent.
TRL Properties Lead	1 - studio 7 - 1 bedroom 4 - 2 bedroom 1 - 3 bedroom <u>1 - 4 bedroom</u> 14 total units	Rents range from \$450-\$700 plus utilities	No vacant units	General Occupancy	The 14 TRL Properties units include 11 units in mixed-use buildings and three single family homes. Rent on the 14 units ranges from \$450 to \$700 plus utilities. The owner reports no vacancies and the units are usually fully occupied.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate - Deadwood					
Smith Apartments Deadwood	6 - 1 bedroom <u>16 - 2 bedroom</u> 22 total units	\$400 \$650	No vacant units	General Occupancy	Smith Apartments is a 22-unit market rate project. There are six one-bedroom and 16 two-bedroom units. The project is approximately 100 years old. The tenants pay electricity in addition to rent. The owner reports that the units are all fully occupied.
Gilmore Apartments Deadwood	10 - 1 bedroom <u>4 - 2 bedroom</u> 14 total units	\$345 \$450	No vacant units	General Occupancy	Gilmore Apartments is a 14-unit market rate project. There are 10 one-bedroom and four two-bedroom units. Tenants pay electricity in addition to rent. The owner reports that the units are fully occupied.
Kopper Key Apartments Deadwood	<u>20 - 1 bedroom</u> 20 total units	\$525	1 vacant unit	General Occupancy	Kopper Key Apartments was constructed in 1980 as a senior Rural Development Project. The project met its contractual obligations and has converted to a market rate project. There are 20 one-bedroom units. Rent is \$525 and includes heat, water, sewer, garbage and two garage stalls. The owner reports one vacancy, however, the units are usually fully occupied.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Lead					
Timberland Apartments Lead	16 - 2 bedroom <u>8 - 3 bedroom</u> 24 total units	\$705 \$830 30% of income	No vacant units	General Occupancy	Timberland Apartments is a HUD Section 8 general occupancy project. There are 16 two-bedroom and eight three-bedroom units in the project. Tenants pay 30% of their income up to a maximum rent. The manager reports no vacancies.
Gold Mountain Apartments Lead	<u>20 - 1 bedroom</u> 20 total units	\$644 max. 30% of income	No vacant units	Seniors age 62+/people with disabilities	Gold Mountain Apartments is a HUD Section 8 Senior/Disabled project with 20 one-bedroom units. Tenants pay 30% of their income up to the maximum rent. The manager reports no vacancies.
Bender Park Apartments Lead	4 - 1 bedroom <u>9 - 2 bedroom</u> 13 total units	\$584 max. \$605 max. 30% of income	No vacant units	General Occupancy	Bender Park Apartments is a 13-unit USDA Rural Development General Occupancy Project with four one-bedroom units and nine two-bedroom units. Nine units have rent assistance, thus, tenants pay 30% of their income up to the maximum rent. Four units do not have rent assistance and tenants pay up to the maximum rent. The manager reports no vacancies, however, they are continuing to take applications for the waiting list.
Mile High Apartments Lead	4 - 1 bedroom <u>9 - 2 bedroom</u> 13 total units	\$823 max. \$843 max.	No vacant units	General Occupancy	Mile High Apartments is a 13-unit USDA Rural Development Project constructed in the early 1970s. The project includes four one-bedroom and nine two-bedroom units. Twelve units have rent assistance, thus, tenants pay 30% of their income up to a minimum rent. One unit does not have rent assistance and the tenant pays rent up to a maximum rent. The manager reports no vacancies.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Deadwood					
Hills Apartments Deadwood	2 - 1 bedroom 19 - 2 bedroom <u>6 - 3 bedroom</u> 27 total units	\$335 \$428-\$435 \$552	4 vacant units 4 - 3 Bdrm	General Occupancy	Hills Apartments includes 27 units constructed in 1997. Home funds assisted with financing the construction of the project, thus, there are income limits and the rents are affordable. The manager reports four vacant three-bedroom units. Two of the units have been vacant for over four months.
McKinley Street Apartments Deadwood	9 - 1 bedroom <u>21 - 2 bedroom</u> 30 total units	\$340-\$550 \$390-\$579 30% of income	No vacant units, waiting list	General Occupancy	McKinley Street Apartments is a 30-unit general occupancy USDA Rural Development project constructed in 1991. There are nine 1-bedroom and 21 2-bedroom units. Eighteen units have rent assistance, with tenants paying rent based on 30% of their income. The remaining tenants pay 30% of income but not less than basic or more than market rent listed. Currently, five tenants are paying maximum rent. The manager reports no vacancies and a waiting list.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Deadwood/Lead					
Housing Choice Vouchers	88 - Lead <u>28 - Deadwood</u> 116 total units	30% of income	4 to 6-month waiting list	General Occupancy	The Housing Choice Voucher Program is administered by the Meade/Butte/Lawrence County Housing and Redevelopment Commission. The Housing Choice Voucher Program provides portable, tenant-based assistance to lower income households. Tenants lease a suitable rental unit in the community. The Housing Commission has approximately 245 Vouchers available for Lawrence County. Currently, 88 Lead households and 28 Deadwood households are utilizing a Voucher. Currently, there is a 4 to 6-month waiting list for a Voucher.

Table 38 Lead/Deadwood Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Lead					
Golden Ridge Regional Senior Care Lead	22 Assisted Living <u>10 Independent</u> 32 total units	Based on level of services	Several vacancies	Senior housing with services	Golden Ridge Regional Senior Care includes 22 assisted living and 10 independent living units. The independent units include studio, one and two-bedroom units. The assisted living units include meals, laundry, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. The Director reports that there are both assisted living and independent vacant units and there have been ongoing vacancies.

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.

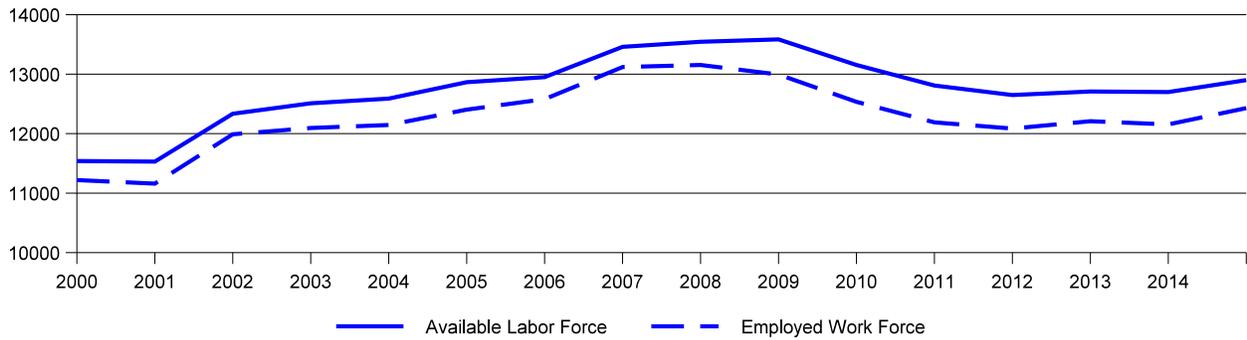
Table 39 Lawrence County Average Annual Labor Force: 2000 to 2015

Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	11,540	11,220	320	2.8%	2.5%	4.0%
2001	11,530	11,160	370	3.2%	3.1%	4.7%
2002	12,335	11,990	345	2.8%	3.2%	5.8%
2003	12,510	12,095	415	3.3%	3.5%	6.0%
2004	12,590	12,145	445	3.5%	3.7%	5.6%
2005	12,865	12,405	460	3.6%	3.8%	5.1%
2006	12,950	12,580	370	2.9%	3.1%	4.6%
2007	13,460	13,120	340	2.5%	2.8%	4.6%
2008	13,545	13,155	390	2.9%	3.1%	5.8%
2009	13,585	12,995	590	4.4%	4.9%	9.3%
2010	13,155	12,535	620	4.7%	5.0%	9.6%
2011	12,810	12,190	620	4.8%	4.7%	8.9%
2012	12,650	12,085	565	4.5%	4.3%	8.1%
2013	12,710	12,210	500	3.9%	3.8%	7.4%
2014	12,700	12,155	445	3.5%	3.4%	6.2%
2015	12,900	12,430	470	3.6%	3.4%	5.5%

Source: South Dakota Department of Labor

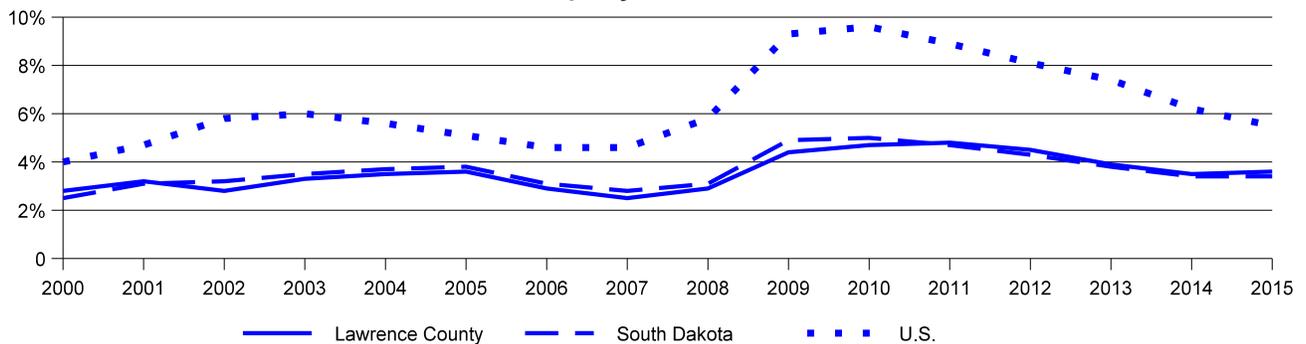
The labor force statistics for Lawrence County show some long-term growth in the size of the County’s available resident labor force. However, the labor force actually peaked between 2007 and 2009, and has decreased in size somewhat since that time. There was some growth between 2014 and 2015 in the number of County residents that are in the labor force.

Lawrence County Labor Force and Employed Work Force



Throughout the entire time period reviewed, the unemployment rate in Lawrence County has stayed well below the national rate. The County's unemployment rate has remained generally similar to the Statewide rate over the past 16 years.

Unemployment Rates



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2014, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in Lawrence County.

Industry	2014 Employment	2014 Average Annual Wage
Total All Industry	11,294	\$31,830
Natural Resources, Mining	266	\$63,795
Construction	606	\$36,811
Manufacturing	499	\$39,088
Trade, Transportation, Utilities	1,769	\$29,410
Information	130	\$31,386
Financial Activities	409	\$41,096
Professional and Business Services	662	\$38,290
Education and Health Services	1,498	\$40,971
Leisure and Hospitality	3,495	\$19,961
Other Services	256	\$27,496
Government	1,704	\$38,327

Source: South Dakota Department of Labor

The average annual wage for all industry in 2014 was \$31,830. The highest paying wage sector was Mining, with an annual wage above \$63,000. However, this sector was relatively small, with only 266 covered workers.

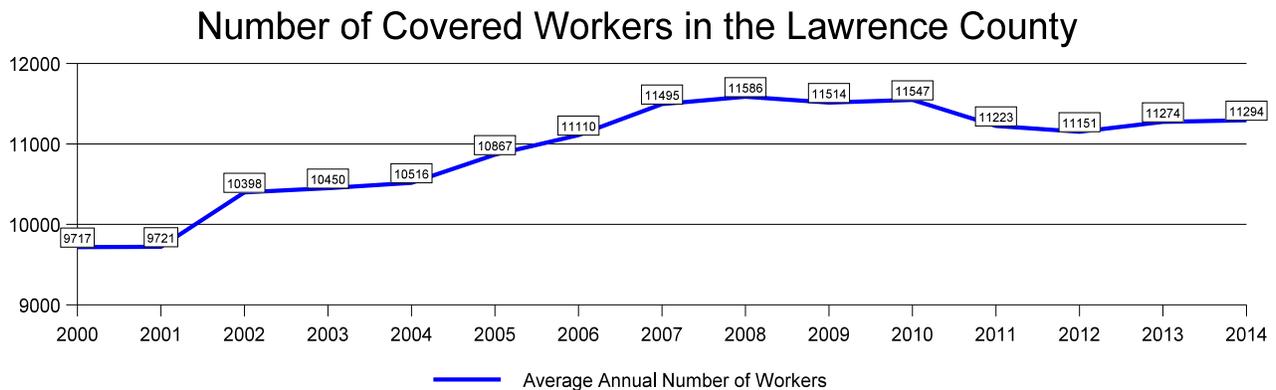
The lowest paying wage sector was Leisure and Hospitality, with an average annual wage below \$20,000. Leisure and Hospitality was also the largest industry sectors for total employment in the County.

Annual Covered Employment

Using the Quarterly Census of Covered Workers (QCEW) it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County from 2000.

Table 41 Lawrence County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	9,717	2008	11,586
2001	9,721	2009	11,514
2002	10,398	2010	11,547
2003	10,450	2011	11,223
2004	10,516	2012	11,151
2005	10,867	2013	11,274
2006	11,110	2014	11,294
2007	11,495	2015	N/A

Source: QCEW - SD Department of Labor



When viewed over a longer-term there has been solid growth in the number of covered employees working in Lawrence County. If 2014 is compared to the year 2000, there has been an increase of 1,577 workers covered by unemployment insurance, or an increase of more than 16%. However, the number of covered workers actually peaked in 2008, and has decreased by 2.5% since that time.

Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2014 American Community Survey, and has been examined for the Cities of Lead and Deadwood. The first table examines City residents that traveled to work and excludes people that work at home.

Table 42 Commuting Times for Residents - 2014				
	Lead		Deadwood	
Travel Time	Number	Percent	Number	Percent
Less than 10 minutes	372	29.2%	325	53.5%
10 to 19 minutes	556	43.6%	162	26.6%
20 to 29 minutes	108	8.5%	60	9.9%
30 minutes +	240	18.8%	61	10.0%
Total	1,276	100%	608	100%

Source: 2014 American Community Survey

The large majority of Lead’s residents were traveling 10 minutes or more to work in 2014, and were presumably employed outside of the Lead city limits. However, most of the commuters were traveling less than 20 minutes and were employed within the immediate area. Fewer than 19% of Lead residents were traveling 30 minutes or more.

Conversely, most Deadwood residents were working closer to their home, as nearly 54% had a travel time that was less than 10 minutes. Fewer than 20% of Deadwood’s residents were traveling 20 minutes or more for employment.

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

Table 43 Commuting Times for Residents - 2014				
	Lead		Deadwood	
Travel Time	Number	Percent	Number	Percent
Less than 10 minutes	211	33.5%	540	28.2%
10 to 19 minutes	152	24.1%	741	38.7%
20 to 29 minutes	29	4.6%	293	15.3%
30 minutes +	238	37.8%	342	17.8%
Total	630	100%	1916	100%

Source: 2014 American Community Survey

Most of the people that were employed within the City of Lead in 2014 lived either within the community, or within the immediate area. Overall, approximately 58% of city-based workers had a travel time of 19 minutes or less to their primary job. However, approximately 38% of workers did commute for 30 minutes or more to work in Lead.

Deadwood had even a larger percentage of commuters into the City, with nearly 72% of city-based workers traveling 10 minutes or more. However fewer than 18% of Deadwood’s workers were long-distance commuters, with a travel time of 30 minutes or more.

Census On the Map

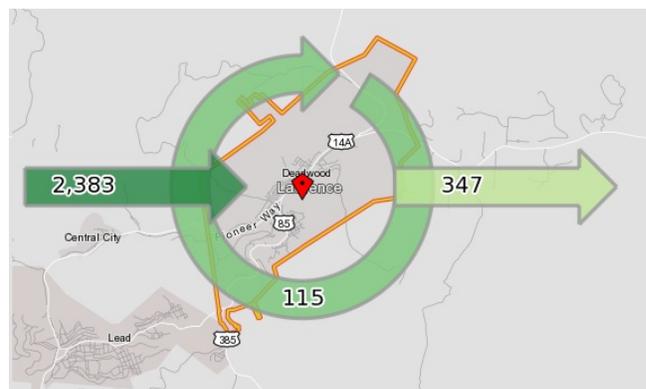
The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2013 and provides a further breakdown of worker movement.

According to the report for Lead, there were 650 people that were employed within the City in 2013. Only 24.8% of these city-based employees also lived in Lead. The remaining 75.2% of employees lived outside the City and commuted in for their job.

For Deadwood, there were 2,498 people that were employed within the City in 2013. Only 4.6% of these city-based employees also lived in Deadwood. The remaining 95.4% of employees lived outside the City and commuted in for their job.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 1,201 Lead residents that were employed. Most of these City residents worked outside the community, as nearly 87% traveled to other locations.

For Deadwood, there were 462 residents that were employed. Most of these City residents did work outside the community, as approximately 75% traveled to other locations.



Findings on Growth Trends

Deadwood's population decreased by 24.6% from 1990 to 2000. The population decreased from 1,830 in 1990 to 1,380 in 2000. From 2000 to 2010, Deadwood had a loss of 110 people, which was a population decrease of 8.0%. Deadwood's population was 1,270 in 2010.

Lead's population decreased from 3,632 in 1990 to 3,027 in 2000, which was a population loss of 16.7%. Lead's population increased in the 2000s from 3,027 in 2000 to 3,124 in 2010, which is a population gain of 3.2%.

Lawrence County's population increased from 20,655 in 1990 to 21,802 in 2000, which was an increase of 5.6%. The population continued to increase in the 2000s from 21,802 in 2000 to 24,097 in 2010, which was a gain of 10.5%.

The Market Area's population decreased from 7,740 in 1990 to 6,702 in 2000, which is a population loss of 13.4%. The Market Area's population continued to decrease in the 2000s from 6,702 in 2000 to 6,545 in 2010, a loss of 2.3%.

Deadwood had a loss of 131 households from 1990 to 2000, followed by a slight loss of six households from 2000 to 2010. Lead had a significant loss of 198 households from 1990 to 2000. However, from 2000 to 2010 Lead had a significant gain of 141 households. Lawrence County had household gains in both decades, with an increase of 955 households from 1990 to 2000 and a strong gain of 1,655 households from 2000 to 2010. The Market Area had a loss of 241 households in the 1990s, but gained 195 households from 2000 to 2010.

Esri estimates that Deadwood, Lead, Lawrence County and the Market Area all gained population and households from 2010 to 2015. Esri estimates that Deadwood gained 46 people and 30 households, Lead gained 95 people and 56 households, Lawrence County gained 854 people and 459 households and the Market Area had an increase of 168 people and 106 households from 2010 to 2015.

Findings on Projected Growth

This Study has examined Esri's projections for Deadwood, Lead, Lawrence County and the Market Area. Esri projects that from 2015 to 2020, Deadwood will gain 62 people and 38 households, Lead will gain 134 people and 72 households, Lawrence County will gain 1,486 people and 801 households and the Market Area will increase by 250 people and 142 households.

Market Area’s Growth Projections by Age Group

The Demographic section of this Study presented the Market Area projection information on anticipated changes by age group from 2010 to 2020. This information can be informative in determining the housing that may be needed due to age patterns of the Market Area’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the Market Area’s growth in households in the age ranges between 55 and 74 years old. Esri’s age projections expect the Market Area to add approximately 367 households in the 55 to 74 age ranges from 2010 to 2020.

The Esri age-based projections also expect an increase of 20 households in the 15 to 44 age ranges and a gain of 45 households in the 75 and older age ranges.

The Market Area is projected to lose households in only one age range from 2010 to 2020. The 45 to 54 age range is projected to have a significant loss of 184 households.

It is important to note that the actual level of change is probably too high, although growth or losses within the defined age ranges are still probable, while at a more limited scale.

<u>Age Range</u>	<u>Projected Change in Households</u> <u>2010 to 2020</u>
15 to 24	8
25 to 34	1
35 to 44	11
45 to 54	-184
55 to 64	36
65 to 74	331
75 and older	45
Total	248

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a gain of eight households in the 15 to 24 age range through the year 2020. Past tenure patterns indicate that a majority of the households in the Market Area will rent their housing. A slight increase in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show a gain of one household in this age range by 2020. Within this age range households often move from rental to ownership housing. An estimated household gain of only one household within this age range indicates no change in the demand for both first-time home buyer and rental opportunities during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of 11 households between 2010 and 2020 in the Market Area. Households within this range often represent both first-time buyers and households looking to trade-up, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2020, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For the Market Area, the projections show a significant loss of 184 households in this age range. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. A loss in the number of households in this age group, indicates that the demand for trade-up housing will decrease during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an approximate increase of 36 households in this 10-year age range by the year 2020 in the Market Area. This age range has traditionally a very high rate of home ownership. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A strong gain of 331 households is expected by the year 2020 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, a very high percentage of the households in this age range owned their housing in the Market Area. Once again, preferences for age-appropriate units will increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of 45 households in the Market Area in this age range between 2010 and 2020. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect Lead, Deadwood, Lawrence County and the Market Area to add households from 2015 to 2020. Household growth will yield demand for new housing production in Lead and Deadwood.

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

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

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

Lead/Deadwood Strengths and Barriers for Housing Development

Strengths for Housing Development

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

- ▶ **Lead/Deadwood serves as a small regional center** - The Cities of Lead and Deadwood provide employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a geographical area that surrounds the Cities.
- ▶ **Affordable priced housing stock in Lead** - The City of Lead has a stock of affordable, existing houses. Our analysis shows that Lead's median home value based on 2015 sales is approximately \$73,240. This existing stock, when available for sale, provides a relatively affordable option for home ownership. In Deadwood, the median home value is relatively high at \$161,500, but some more affordable houses also exist.
- ▶ **Educational system** - Lead and Deadwood have an excellent public K-12 school system.
- ▶ **Health facilities** - Lead and Deadwood have excellent health facilities including a hospital, medical clinic and senior with services facilities.
- ▶ **Infrastructure** - Lead/Deadwood's water and sewer infrastructure can accommodate future expansion. However, Lead's infrastructure is aging and needs improvements.
- ▶ **Commercial development** - Lead and Deadwood's commercial districts combined are adequate to meet daily needs. Also, Lead and Deadwood have experienced commercial development over the past several years. Deadwood's Downtown has also been renovated and revitalized and is a tourism attraction. However, Deadwood does lack some essential commercial services.
- ▶ **Tax deferment programs** - Lead and Deadwood have property tax deferment programs for households to rehabilitate their homes, or to construct a new home.
- ▶ **Historical and architectural significance** - The Lead/Deadwood Area is known for its history, historic sites and historic and architecturally significant buildings.

- ▶ **Deadwood-Lead Economic Development Corporation** - The Deadwood-Lead Economic Development Corporation is active in promoting economic and industrial development, job creation and housing.
- ▶ **Employers** - Lead and Deadwood have several large employers that provide job opportunities for local residents. Deadwood also has a significant number of gaming establishments.
- ▶ **Population and household growth** - Lead and Deadwood are projected to add people and households over the next five years.
- ▶ **Commuters** - Nearly 500 of the city-based employees in Lead and nearly 2,400 employees in Deadwood are commuting into each City daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location of seniors and retirees** - Lead and Deadwood are attractive communities for empty nesters and seniors as a retirement location. As providers for health, retail and government services, housing options and many recreational opportunities, these Cities have amenities that are attractive for seniors as they age.
- ▶ **Black Hills recreational area** - Lead and Deadwood are in the Black Hills, a prime, nationally known recreational and tourism area.
- ▶ **Proximity to Rapid City** - Lead and Deadwood are located approximately 40 miles from Rapid City, the area's Regional Center. Rapid City provides employment opportunities, retail/services options, educational opportunities, health care facilities and recreational opportunities.
- ▶ **Historic preservation funds** - Deadwood offers an array of programs that provide funds for housing and commercial rehabilitation.
- ▶ **Downtown housing** - Deadwood and Lead's downtown areas have additional capacity to create housing units on the upper floors of commercial buildings.
- ▶ **Sanford Underground Research Facility** - The Sanford Underground Research Facility is located in the former Homestake Gold Mine, and has created a significant number of jobs in the area.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While some of the existing stock is affordable, some of this housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2015 residential sales, we estimate that the median priced home in Lead is valued at approximately \$73,250. This is below the comparable cost for new housing construction, which will generally be above \$180,000 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.
- ▶ **Lower paying jobs** - Although Lead and Deadwood have job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Proximity to Spearfish, Sturgis and Rapid City** - Although it is a strength to be close to these Cities, it is also a barrier as Lead and Deadwood must compete with these Cities, which offer attractive residential opportunities and other amenities and services.
- ▶ **Homestake Mine closing** - In 2002, the Homestake Gold Mine in Lead was closed, and mining jobs were lost. However, the Sanford Underground Research Facility has now opened in the former mine, which has replaced some of the lost jobs.
- ▶ **Competition with rural lots** - The Lead/Deadwood area has many rural lot opportunities, which compete with available lots within the City limits of Lead and Deadwood.
- ▶ **Shortage of buildable lots** - Currently, there is a limited supply of residential lots for sale in Lead and Deadwood. This limits opportunities for new housing construction.

- ▶ **Land for development** - Lead and Deadwood have limited land available for both residential and commercial/industrial development. Also, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Additional costs for lot development and new housing construction** - Because of Lead and Deadwood's terrain and unique features, infrastructure and construction costs are higher than areas that don't have these barriers.

Lead-Deadwood Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

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

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

Summary of Findings/Recommendations

The findings/recommendations for the City of Deadwood have been formulated through the analysis of the information provided in the previous sections and include 20 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 26 to 30 general occupancy tax credit/moderate rent housing units
2. Develop a downtown mixed-use commercial/housing project in Lead
3. Promote the development/conversion of 14 to 16 affordable market rate rental housing units
4. Develop 32 to 36 general occupancy market rate rental units
5. Monitor the need for additional senior with services units/beds
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 Lead/Deadwood
11. Promote twin home/town home development
12. Coordinate housing agencies and nonprofit groups to construct affordable housing

Housing Rehabilitation

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

Other Housing Initiatives

17. Promote commercial rehabilitation and development
18. Develop home ownership and new construction marketing programs and strategies
19. Encourage employer involvement in housing
20. Create a plan and a coordinated effort among housing agencies/utilize SDHDA's Rural Housing Playbook

Lead/Deadwood Rental Housing Development

Rental Housing Development

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

Over the past 16 years from 2000 to 2016, no new rental units have been constructed in Deadwood. In 2000, a 32-unit senior project with services, Golden Ridge Regional Senior Care, was constructed in Lead. However, some single family homes were converted from owner-occupied to rental use in both cities.

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

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

The household projections for Lead and Deadwood expect household growth over the next five years. From 2015 to 2020, Esri projects that there will be a gain of 72 households in Lead and a gain of 38 households in Deadwood. It is projected that approximately 40% of these households will be renter households, thus, there will be a demand for approximately 42 additional rental units in the two cities due to household growth over the next five years from 2016 to 2021.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the two cities will lose as many as three to four units per year. As a result, approximately 15 to 20 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 in Lead and Deadwood. The survey found a 4.1% vacancy rate in general occupancy market rate units and a 3.1% vacancy rate in subsidized units. There were several vacancies reported in the senior with services project, Golden Ridge Regional Center Care.

We identified pent-up demand for high quality market rate rental units, affordable tax credit and subsidized rental units.

These three demand generators, after factoring current occupancy rates, show a need for 72 to 82 rental units over the next five years, which is an average of 14 to 17 units annually. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2016 to 2021.

▶ General Occupancy Market Rate	32-36 units
▶ Conversions	14-16 units
▶ Tax Credit/Moderate Rent	26-30 units
▶ Senior with Services	<u>0 units/beds</u>
Total	72-82 units

1. Develop 26 to 30 general occupancy tax credit/moderate rent housing units

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

Five projects, with 107 units, are general occupancy subsidized housing. One project, with 20 units, is a senior/disabled project.

Most of the area’s subsidized units serve very low income people and charge rent based on 30% of the tenant's household income. In some cases, tenant households pay 30% of income, but not less than a basic rent level established for the unit. In these cases, it is possible that a very low income household pays more than 30% of income, if the basic rent is higher.

In addition to these subsidized projects, Lead and Deadwood have approximately 116 households utilizing the HUD Housing Choice Vouchers (formerly Section 8 Existing Program). Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

Between the tenant-based assistance and project-based subsidized housing, there are approximately 243 renter households in Lead/Deadwood that had access to some form of subsidized housing in 2015. This represents approximately 29% of all renters in the two cities.

Despite the existing supply of subsidized units in Lead and Deadwood, the American Community Survey still identified that approximately 276 renter households in Lead and Deadwood had a housing cost burden, with 30% or more of their income going to housing costs. A significant majority of these households were actually paying 35% or more of their income for housing, which is defined as a severe cost burden.

This large number of renters with a housing cost burden is reflected in the demand for subsidized units. Our rental survey found four vacancies in the subsidized developments, which represented a vacancy rate of 3.1%.

All four vacancies were in one project, Hills Apartments. The manager reported that all of the vacant units were in three-bedrooms, on the fourth floor of the building. Since these units are often occupied by younger families with children, the need to walk up four flights of stairs was viewed as a primary reason that the units were not occupied. In this case, the vacancies are attributed to building design, rather than lack of demand. Several subsidized projects maintain waiting lists.

Recommendation: We would recommend the development of 26 to 30 subsidized/tax credit rental housing units for low/moderate income people over the next five years. At this time, it is difficult to produce new subsidized units to serve low/moderate income people. One option is to utilize the federal tax credit program.

We recommend the development of a tax credit project in Lead or Deadwood during the next five years based on the following:

- ▶ The Cities of Lead or Deadwood have no tax credit units and a high occupancy rate in the subsidized units.
- ▶ Esri estimated that Lead and Deadwood added 86 households from 2010 to 2015 and are projected to gain an additional 110 households from 2015 to 2020.
- ▶ Some Lead and Deadwood renter households cannot afford a market rate unit, but also do not qualify to live in a subsidized unit.

- ▶ Approximately 56% of the renter households in Lead and 36% of the renter households in Deadwood are paying more than 30% of their income for rent. A significant majority of these households are actually paying more than 35% of their income for rent.
- ▶ Lead and Deadwood are experiencing industrial and commercial growth and adding employees. The gaming industry in Deadwood has created a significant number of moderate income jobs. Additionally, the Sanford Underground Research Facility is adding up to 180 permanent and temporary jobs over the next several years, some of which may have a more moderate pay rate. A tax credit rental project would address the housing needs of some of these low and moderate income workers.
- ▶ A new rental project has not been constructed in Lead or Deadwood for 15 years.
- ▶ Approximately 2,400 workers are commuting into Deadwood and nearly 500 people are commuting into Lead daily for work. Some of these workers would move to Deadwood or Lead if housing was available.

Tax credits alone do not produce 'deep subsidy' rental units that can serve very low income households, but tax credits do provide a 'shallow subsidy' that allows for the construction of units that can serve households at or below 60% of the median income established for the County. When other resources are combined with tax credits, even lower income households can be served.

If tax credit units are constructed, a portion of the unit rents will need to be at or below the Payment Standards for Housing Vouchers, thus, a low income household in a tax credit unit can also receive a Housing Voucher, which will enable the household to pay 30% of their income for their unit.

The City of Lead or the City of Deadwood should work with a private developer or area housing agency to apply for tax credits and to develop a tax credit project. The City could assist with lowering rents by providing Tax Increment Financing and land at a reduced cost.

The State of South Dakota awards tax credits based on a point system, thus, it would be necessary for one of the Cities to work with a developer or housing agency to successfully develop a competitive tax credit project.

The majority of the units should be two-bedroom units. Also, town home style would be the preferred design for the new units.

2. Develop a Downtown Mixed-Use Commercial/Housing Project in Lead

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

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

Recommendation: We recommend the development of a mixed-use building in the downtown area, which includes commercial space on the first floor and six to eight 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 six to eight rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

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

We are not recommending a new construction mixed-use project in downtown Deadwood, because of the extensive development/redevelopment that has already occurred. Deadwood has the opportunity to use existing buildings to create housing options.

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

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

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

Recommendation: We encourage the Cities of Lead and Deadwood to promote the development/conversion of more affordable rental units. A goal of 14 to 16 units over the next five years would help to replace affordable housing that has been lost.

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

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

The estimated prevailing rent range for older rental units in Lead/Deadwood is typically between \$400 and \$600 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of Lead and Deadwood's renter households.

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

4. Develop 32 to 36 general occupancy market rate rental units

Findings: Approximately 85% of the rental housing units in the City of Lead and 83% of the rental units in Deadwood can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the total 195 market rate rental units surveyed, we found eight vacancies, which is a 4.1% vacancy rate, within the healthy vacancy rate of 3% to 5%. The owners and managers of rental properties reported high occupancy rates and good demand for rental housing. Four of the eight vacancies were in one rental project.

There is a wide rental rate variation in the market rate segment in the Cities of Lead and Deadwood. The existing rent range in the multi-family rental projects including utilities is \$380 to \$775 for a one-bedroom unit, \$540 to \$875 for a two-bedroom unit, and \$850 to \$900 for the limited number of units surveyed that had three or more bedrooms.

The rents in the single family homes surveyed ranged from \$650 to \$2,250 based on the size and quality of the home.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for the production of a combined total of between 32 to 36 market rate rental units over the next five years.

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

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

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

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

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. During the interview process, several rental property owners expressed interest in constructing rental housing in Lead or Deadwood if it was economically feasible.

If private developers do not proceed, the Deadwood-Lead Economic Development Corporation or a regional housing agency could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Deadwood-Lead Economic Development Corporation or a regional housing agency could partner with private developers to construct additional units. The Cities could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, 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 Payment Standards. The Housing Voucher Payment Standards are at \$530 for a one-bedroom, \$669 for a two-bedroom and \$953 for a three-bedroom unit.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	8-9	700 - 850	\$700 - \$850
Two Bedroom	16-18	900 - 1,000	\$775 - \$1,100
Three Bedroom	8-9	1,100 - 1,200	\$900 - \$1,275
Total	32-36		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2016 dollars.

5. Monitor the need for additional senior housing with services units/beds

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

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

The only senior with services project is Golden Ridge Regional Senior Care, located in Lead. The facility has 22 assisted living and 10 independent living units. The independent units include efficiency, one and two-bedroom units. The assisted living units include meals, laundry service, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. The Director reports that there are both assisted living and independent vacant units and there have been ongoing vacancies.

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

Recommendation: In 2010, the Market Area had 379 people between the age of 65 and 74, and 344 people over the age of 75. The growth projections show some continued growth in the Market Area's senior population from 2010 to 2020. The Market Area is projected to add 31 people between the age of 65 and 74, and 45 people over the age of 75.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Although a nursing home is not located in Lead or Deadwood, Spearfish and Sturgis have well-established providers that serve this segment of the market.
- ▶ **Memory Care Housing** - There are no designated memory care beds in Golden Ridge Regional Senior Care. However, the facility is capable of providing services for residents in the early stage of dementia. Typically, 2% of the residents over the age of 75 in the Market Area represent a normal capture rate for memory care beds. Therefore, by the year 2020, there will be a need for seven to eight designated memory care beds. Discussions with housing providers point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to a reluctance to enter this very specialized housing segment.

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

- ▶ **Assisted Living** - There is one assisted living facility in the Market Area. Golden Ridge Senior Care has 22 assisted living units. At the time of the survey, there were several vacancies.

A capture rate of 5% to 6% of the seniors over the age of 75 is typical for assisted living, which would yield approximate demand for 17 to 21 beds in the Market Area. With 22 units in Golden Ridge, there appears to be an adequate number of assisted living beds in the Market Area.

Also, there currently are vacant units in Golden Ridge and the Director reports ongoing vacancies. Therefore, we recommend that the need for additional assisted living beds in Lead/Deadwood should continue to be monitored, but no additional units should be developed at this time.

- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in the Market Area. Golden Ridge Regional Senior Care has 10 units. The units include studio, one-bedroom and two-bedroom. The Director reports several ongoing vacancies. Typically, a 3% to 3.5% capture rate could be achieved among older senior households, therefore, approximately 10 to 12 units of market rate independent lighter services housing could be supported in the Market Area. More units could be justified if a higher capture rate could be achieved within the primary target market. With 10 units in Golden Ridge and several ongoing vacancies, we do not recommend the development of additional independent/light services at this time. However, the need for additional units in the future should continue to be monitored.

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

6. Continue to Utilize the Housing Choice Voucher Program

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

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

The Housing Choice Voucher Program is administered in Lead and Deadwood by the Butte-Meade-Lawrence County Housing and Redevelopment Commission. The Butte-Meade-Lawrence County Housing and Redevelopment Commission has been allocated funds to issue approximately 245 Vouchers in Lawrence County. At the time of the research for this Study, 28 Deadwood households and 88 Lead households were utilizing the Housing Voucher Program.

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

The Voucher Program currently has a waiting list of approximately four to six months.

Lead/Deadwood 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 Lead is estimated to be approximately \$73,250, and Deadwood’s median owner-occupied home value is as high as \$161,500, based on sales activity in 2015. The home values in Lead and Deadwood provide some opportunities for first time buyers and households seeking moderately priced homes. This is especially true in Lead.

Our analysis of Lead and Deadwood demographic trends projects a substantial increase over the next five years in the number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. Also, the 35 to 44 age range is projected to add households over the next five years in Lead. Some of these households are first-time home buyers. Some households in the age ranges that are expected to grow, as well as other age ranges that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first 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 Lead and Deadwood in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

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

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

Recommendation: The Cities of Lead and Deadwood should continue to work with NeighborWorks Dakota Home Resources, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

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

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

8. Develop a Purchase/Rehabilitation Program

Findings: The Cities of Lead and Deadwood have a stock of older, lower valued homes, some of which need repairs. 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 recommend that Lead and Deadwood 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 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. Additionally, in Deadwood, Historic Preservation funds could be utilized for the rehabilitation.

Also, based on our interviews, some private individuals on a limited basis have purchased homes in Lead and Deadwood, rehabbed the homes and have then sold 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.

Lead/Deadwood Single Family Housing Development

Single Family Housing Development

Findings: Based on City and Census Bureau reports, Lead and Deadwood have experienced some single family housing development from 2000 to 2015. Over the past 16 years, approximately 66 single family owner-occupied units have been constructed in Lead, and 53 owner-occupied single family homes have been built in Deadwood. This is an average of approximately four to five owner-occupied units constructed annually in Lead, and three to four units annually in Deadwood.

In Lead, from 2000 to 2007, approximately six to seven new owner-occupied housing units were constructed annually. New housing construction slowed from 2008 to 2015, partially due to the recession. An average of only one or two homes were constructed annually over this period.

In Deadwood, from 2000 to 2007, approximately two new owner-occupied units were constructed annually. From 2008 to 2015, new housing construction increased, partially due to the development of a new subdivision, and five to six units were constructed annually.

It is our opinion that if the Cities of Lead and Deadwood, the Deadwood-Lead Economic Development Corporation, housing agencies, builders and developers are proactive, four to five owner-occupied units can be constructed in Lead annually and six to seven owner-occupied units can be constructed in Deadwood from 2016 to 2021.

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

	<u>Lead</u>	<u>Deadwood</u>
▶ Higher and Median priced homes	9-11	12-14
▶ Affordable Homes	5-6	8-9
▶ Twin homes/Town homes	<u>6-8</u>	<u>10-12</u>
Total	20-25	30-35

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 Cities of Lead and Deadwood.

Currently, Lead has six vacant lots in the Hearst Subdivision, and three lots in the Thunder Ridge subdivision. There are also in-fill lots in the City, although we do not know how many of the infill lots are actually for sale. Lots in Lead are priced in the \$25,000 to \$68,000 range. There is some land available that could be used to develop two additional phases at Thunder Ridge, which could provide approximately 30 to 35 lots in the future.

In Deadwood, the Stage Run Subdivision has 14 available lots. The lots in Stage Run are priced in the \$40,000 range. Also, there are several in-fill lots available. The City is promoting the development of in-fill lots. The City of Deadwood has annexed more than 700 acres of bare land into the City. Some of this land could be for residential use.

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

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

Deadwood has approximately 14 lots available, plus in-fill lots. With the projection that six to seven houses will be constructed annually, 15 to 18 lots will be needed over the next 2 ½ years. Deadwood will also have a shortage of lots in two to three years. Therefore, it is our recommendation that an additional 16 to 20 lots be developed in each City within the next two to five years. The lots could be in one or more subdivisions, and should include the following:

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

10. Strategies to encourage residential lot sales and new home construction in Lead/Deadwood

Findings: New home construction has been limited over the past 16 years with an average of four to five owner-occupied units constructed annually in Lead and three to four owner-occupied units constructed in Deadwood annually. Also, only a limited number of owner-occupancy twin homes or town homes have been constructed in Lead and Deadwood since 2000.

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

Our recommendations to promote lot sales and housing development include:

- ▶ ***Continue competitive pricing*** - The current lot prices in Lead and Deadwood are competitive. To encourage new home construction, lots must remain competitively priced.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in Lead and Deadwood. We are projecting the construction of six to seven new units per year in Deadwood and the construction of four to five units in Lead annually. It is necessary to view the development and sale 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 a set time period. 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 may be more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if price concessions are required.

- ▶ ***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. Also, City regulations should be fair, reasonable and necessary.
- ▶ ***Spec home development*** - Although spec home construction is a risk, there are also financial risks associated with holding unsold lots. Also, spec houses could potentially 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 could be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the up-front 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, cash incentives, etc. Incentives should be considered to promote new home construction. Currently, both Cities have a tax deferment program for new construction. Also, we recommend that the use of Historic Preservation funds for new in-fill construction in Deadwood should be investigated.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development.

- ▶ **Marketing** - The Cities of Lead and Deadwood, the Deadwood-Lead Economic Development Corporation, the Lead and Deadwood Chambers of Commerce, employers, builders and developers should create a comprehensive marketing strategy to sell the available lots. In addition to marketing the lots, the Cities of Lead and Deadwood and its amenities should be promoted.

11. 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 Lead and Deadwood, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes. In Lead, since 2000, only six new owner-occupied housing units have been constructed as twin homes/town homes and in Deadwood, 11 attached owner-occupied units have been constructed.

In 2010, the Lead/Deadwood Market Area had 1,126 households in the 55 to 74 age ranges. These age ranges are expected to increase by 367 households in the Market Area from 2010 to 2020. 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 six to eight new owner-occupied twin homes or town homes could be constructed in Lead and 10 to 12 twin home/town home units can be constructed in Deadwood over the next five years. Our projection is based on the availability of ideal locations for twin home/town home development as well as high quality design and workmanship.

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

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

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

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

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

12. Coordinate with housing agencies and nonprofit groups to construct affordable housing

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

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

As the housing economy continues to improve and home values increase, new affordable home construction production in Lead/Deadwood will continue to be more feasible.

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

Lead/Deadwood Housing Rehabilitation

Housing Rehabilitation

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

It is our opinion that Lead and Deadwood 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 Lead and Deadwood households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

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

13. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of Lead had approximately 613 rental units and Deadwood had approximately 368 units in 2010. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mobile homes and mixed-use buildings. Many of these rental structures could benefit from rehabilitation as a significant number of these rental structures are more than 35 years old and some rental units may be in poor condition. Lead has approximately 281 rental units more than 35 years old, which is 49% of Lead's total rental housing stock. Deadwood has approximately 199 rental units more than 35 years old, which is 54% of Deadwood's total rental housing stock.

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

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

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

14. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability and quality of the existing housing stock in Lead and Deadwood will continue to be an attraction for families that are seeking housing in Lead and Deadwood. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities. Lead has more than 800 owner-occupied units and Deadwood has more than 300 owner-occupied units more than 45 years old. Some of these units need rehabilitation. Without rehabilitation assistance, the affordable housing stock will shrink in Lead and Deadwood.

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

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

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

15. Develop a Neighborhood Revitalization Program

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

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

Redevelopment strategies and opportunities should be identified including:

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

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

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

16. Develop a Rental Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of a City's rental housing. In 2010, there were approximately 613 rental units in Lead and 368 rental units in Deadwood, many of which are more than 35 years old. There are also a significant number of single family homes that have converted from owner-occupied to rentals. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection and Registration program is successfully implemented.

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

Health and Safety

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

Age of Housing Stock

- ▶ Much of the existing rental housing stock in Lead and Deadwood is more than 35 years old.
- ▶ Older housing needs continued rehabilitation and maintenance.
- ▶ Older housing often has difficulty complying with current codes.

Conversions

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

Trends of Conversions

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

Maintenance Efforts

- ▶ A large number of landlords are providing standard housing and reinvesting in their rental properties. However, some landlords 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 Landlords

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

Neighborhood Stabilization

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

Zoning and Codes

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

Coordination

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

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

Lead/Deadwood Other Housing Initiatives

Other Housing Initiatives

17. Promote Commercial Rehabilitation and Development

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

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

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

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

18. Develop home ownership and new construction marketing programs and strategies

Findings: With the downturn in the housing economy, the competition among cities for households looking to buy or build a home had been greater than past years.

However, 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.

Also, it is important for the home buying or home building process to be user-friendly.

Recommendation: The Cities of Lead and Deadwood, the Deadwood-Lead Economic Development Corporation, realtors, developers and builders have been active in promoting and marketing housing, and we recommend the continuation or initiation of the following activities:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including the internet, TV, radio, newspapers, etc.)
- ▶ Work closely with area employers to provide employees (especially new employees) with housing opportunities that are available in the two cities
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Continue to work with builders and developers to make the construction of a new home a very user friendly process
- ▶ In Deadwood, continue to market the opportunities offered through the historic preservation programs

19. Encourage employer involvement in housing

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

Recommendation: We recommend an ongoing effort to continue to involve employers as partners in addressing Lead and Deadwood's housing needs. Several funding sources have finance programs that include employers.

Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

20. Create a plan and a coordinated effort among housing agencies/Utilize SDHDA's Rural Housing Playbook

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

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

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

Also, to develop new housing, the Cities should utilize SDHDA's Rural Housing Playbook.

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

Agencies and Resources

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

Butte-Meade-Lawrence County Housing and Redevelopment Commission

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

NeighborWorks Dakota Home Resources (Main Office)

795 Main St.
Deadwood, SD 57732
(605) 578-1405
* NeighborWorks also has offices in Box Elder and Wall.

South Dakota Housing Development Authority

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

USDA Rural Development

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

Western South Dakota Community Action Agency

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

Black Hills Council of Local Governments

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