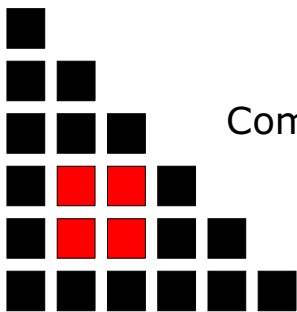


# City of Murdo HOUSING STUDY UPDATE

September 2023

An updated analysis of the overall housing needs  
of the City of Murdo, SD



Community Partners Research, Inc.  
Faribault, MN

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# Introduction

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

Community Partners Research, Inc., was originally hired by the City of Murdo in 2013 to conduct a study of the housing needs and conditions in the community. In 2023, an update to this Housing Study was initiated.

## Goals

The multiple goals of the study include:

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

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from April to August, 2023. Data sources included:

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

## **Limitations**

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

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# Demographic Data Overview

## Sources of Data

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

At the time that research was completed for this Study, the Census Bureau had provided two releases of demographic and housing information from the 2020 decennial Census. However, some additional detailed tables are not scheduled for release until later in 2023.

The global pandemic that began in 2020 resulted in a delay in the Census release schedule. It also affected the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

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

The American Community Survey estimates have an effective date in 2021. The estimates were derived from five-year sampling, obtained between 2017 and 2021.

This Update has also utilized demographic estimates and projections that have been generated by private data providers. The South Dakota Governor's Office of Economic Development contracts with Applied Geographic Solutions (AGS) to provide community profiles for each city in the State. The AGS estimates are effective for 2023 with projections to 2028.

Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have also utilized 2023 estimates and 2028 projections from Esri. Both of these private data reporting services are widely used by financial and government entities.

Both AGS and Esri had access to the 2020 Census totals when preparing their estimates and projections, and in general, the demographic forecasts have been reconciled with the benchmark that was established by the Census.

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Murdo	679	612	-10.9%	488	-25.4	475
Jones Co.	1,324	1,193	-11.0%	1,006	-18.6%	917

Source: U.S. Census

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Murdo was 475 people. When compared back to the 2010 Census, the City had lost 13 permanent residents, for a population change of -2.7%.
- ▶ The population loss for Murdo over the most recent decade was a continuation of a longer-term pattern. However, the level of population loss over the most recent decade was lower than in prior decades. In the 1990s, the City had lost 61 residents, followed by a reduction of 124 people between 2000 and 2010.
- ▶ In 2020, the population level for all of Jones County was 917, down by 89 people, or -8.8%, from 2010. This was also the continuation of longer-term patterns, as Jones County has had a reduced population in each of the past three decades.
- ▶ There are population estimates available for 2023 which were released after the 2020 Census.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor’s Office of Economic Development, estimates that the City of Murdo had 415 residents in 2023. This estimate was down significantly from the 2020 Census count of 475 people.
- ▶ Esri’s 2023 population estimate for Murdo shows 434 residents, also down significantly from the 2020 Census count of 475 residents.
- ▶ The AGS estimate for Jones County showed 856 residents in 2022, down by 61 people from the 2020 Census count.

## **Population Characteristics**

- ▶ Murdo's population was primarily White for race, according to the 2020 Census. More than 77% of the residents identified their race as White, with more than 10% identified as Native American. Nearly 12% of Murdo's residents were identified as "Two or More Races", with most of these people being identified as Native American and White.
- ▶ At the time of the 2020 Census, only 1.7% of the City's residents were of Hispanic/Latino ethnic origin.
- ▶ There were no residents in "group quarters" housing in Murdo in 2020. Typical group quarters housing types include nursing home, college dormitories, correctional facilities or group homes.

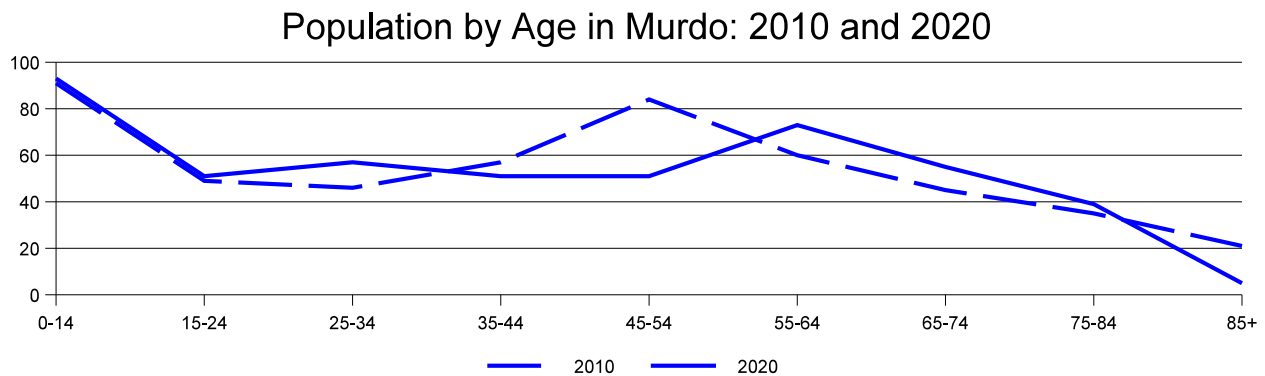


## Population by Age Trends: 2010 to 2020

The 2020 Census included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census. The following table is for the City of Murdo.

<b>Table 2 Population by Age - 2010 to 2020</b>			
Age	2010	2020	Change
0-14	91	93	2
15-19	22	33	11
20-24	27	18	-9
25-34	46	57	11
35-44	57	51	-6
45-54	84	51	-33
55-64	60	73	13
65-74	45	55	10
75-84	35	39	4
85+	21	5	-16
<b>Total</b>	<b>488</b>	<b>475</b>	<b>-13</b>

Source: U.S. Census



- ▶ Between the 2010 Census and the 2020 Census, the City’s population decreased by only 13 people. However, some of the defined age ranges experienced larger changes.

- ▶ The largest numeric gain by age range occurred among people age 55 to 64 years old. This age range added 13 people between 2010 and 2020. The next oldest range, between 65 and 74 years old added 10 people. This 20-year age group would generally reflect the movement of the baby boom generation through the aging cycle.
- ▶ The City also added children and young adults, especially in the 15 to 19 year old age range. Overall, the City added 13 residents age 19 and younger.
- ▶ There was an increase of 11 people in the 25 to 34 year old age range, but this was the only younger adult range to increase in size. If all of the age ranges between 20 and 54 years old are combined, there was a net decrease of 37 people in Murdo.
- ▶ The largest numeric decrease occurred in the 45 to 54 year old age group, as the age cohort trailing behind the baby boom was much smaller in size and did not replace the advancing generation.
- ▶ There was also a decrease of 16 older senior residents, age 85 and above. Murdo has few housing options specifically addressing the needs of older seniors, and it is probable that most people leave the community as their care needs increase.
- ▶ If all of the senior citizen age ranges are combined, the City had a net decrease of two residents age 65 and older between 2010 and 2020.

## Population Projections

Population projections are available from both Applied Geographic Solutions (AGS) and Esri. However, in the opinion of the analysts, these projections are not reliable, and Community Partners Research, Inc., has also generated growth projections using information collected on the community through the research process.

<b>Table 3 Population Projections Through 2028</b>				
	2020 Census	2023 Estimate	2028 Projection	Change
Murdo - AGS	475	415	374	-41
Murdo - Esri	475	434	409	-25
Murdo - CPR, Inc.	475	470	480	10
Jones Co. - AGS	917	856	772	-84

Source: U.S. Census; Applied Geographic Solutions; Esri

- ▶ AGS is projecting that Murdo will lose 41 residents over the 5-year period from 2023 to 2028. The AGS projections for the City are viewed by the analysts as unreliable.
- ▶ Esri is projecting that the City will lose 25 people over the 5-year period. Once again, this is viewed as an unreliable forecast as the rate of loss would be much greater than the City experienced between 2010 and 2020.
- ▶ Based on some probable household growth in Murdo over the next five years, Community Partners Research, Inc., believes that the City will add approximately 10 residents, or an annual average of approximately two people per year.
- ▶ AGS is also projecting a reduced population for all of Jones County by 2028, with a reduction of 84 people over the 5-year time period. Although more rural portions of the County will probably lose some residents, the AGS forecast is impacted by their overly conservative view of the future change in Murdo.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Murdo	277	271	-2.2%	237	-14.3%	221
Jones Co.	519	509	-2.0%	458	-11.1%	399

Source: U.S. Census

- ▶ According to the 2020 Census, Murdo had 221 permanent resident households in 2020, down by 16 households, or -6.8%, from 2010.
- ▶ The most recent decade represented a continuation of longer-term household loss patterns for Murdo. In the 1990s the City had lost six households, followed by a reduction of 34 households between 2000 and 2010.
- ▶ The 2020 Census showed 399 households in Jones County, down by 59 households from 2010.
- ▶ Jones County has also experienced a longer-term pattern of fewer households, losing 10 households in the 1990s, followed by a reduction of 51 households between 2000 and 2010. While some of the Countywide losses can be attributed to changes in Murdo, the remainder of the County has also had some decrease in resident households in each of the past three decades.
- ▶ Household estimates for 2023 are also available from Applied Geographic Solutions and Esri.
- ▶ According to AGS there were 184 households in Murdo in 2023, down by 37 households from the 2020 Census count.
- ▶ Esri’s 2023 estimate for Murdo shows 208 households, down by 13 households from the 2020 Census count.
- ▶ The AGS estimate for Jones County showed 379 households in 2023, down by 20 households from the 2020 Census count. The estimate loss of households in Murdo was greater than the Countywide household loss, according to AGS.

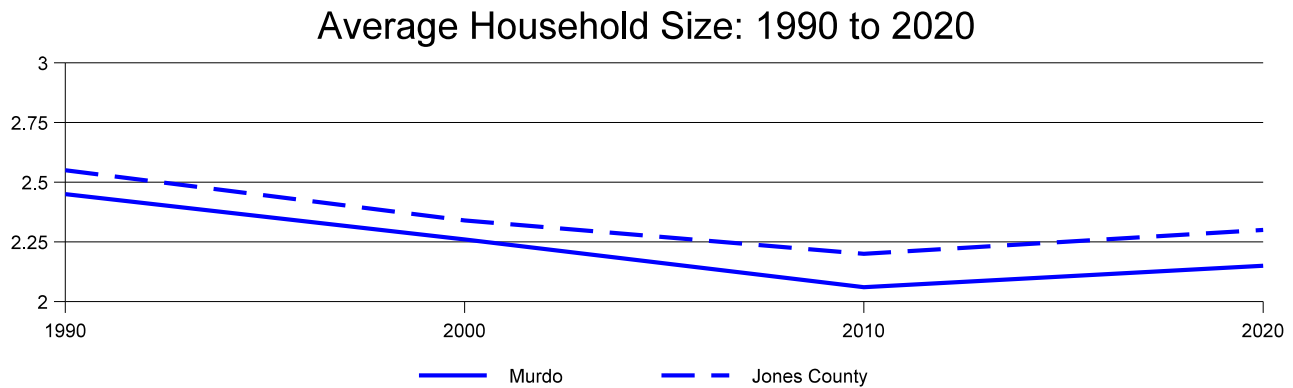
## Average Household Size

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

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

<b>Table 5 Average Number of Persons Per Household: 1990 to 2020</b>				
	1990 Census	2000 Census	2010 Census	2020 Census
Murdo	2.45	2.26	2.06	2.15
Jones Co.	2.55	2.34	2.20	2.30

Source: U.S. Census



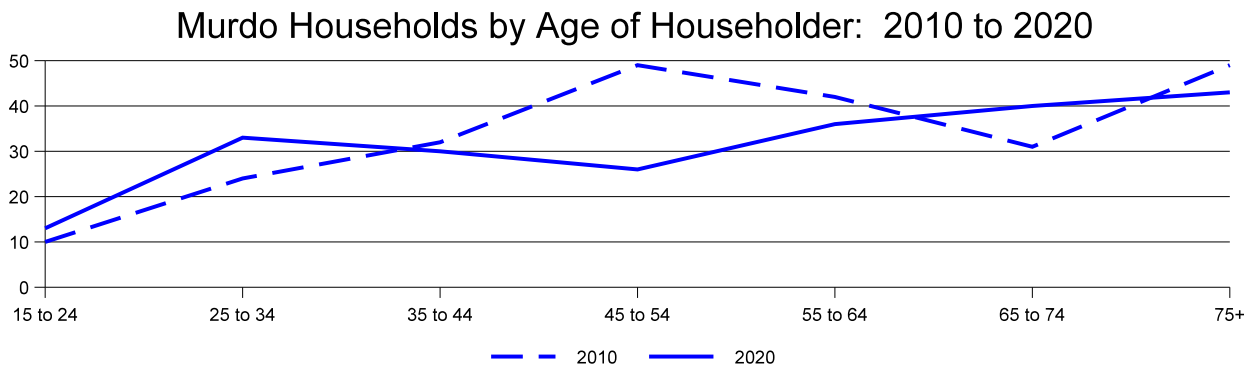
- ▶ After decreasing steadily between 1990 and 2010, the average household size in Murdo rebounded somewhat, and was at 2.15 persons in 2020. Despite the increase in the average number of people per household, the City’s average in 2020 was still relatively small by comparative standards. For all of South Dakota in 2020 the average household size was 2.44 persons.
- ▶ The average household size in all of Jones County had also been decreasing between 1990 and 2010, before increasing between 2010 and 2020. The County’s average household size of 2.30 persons in 2020 was still below the Statewide average.

## Household by Age Trends: 2010 to 2020

The following table compares households by age in Murdo using data from the Census for 2010 and 2020.

<b>Table 6 Households by Age - 2010 to 2020</b>			
Age	2010	2020	Change
24 and under	10	13	3
25-34	24	33	9
35-44	32	30	-2
45-54	49	26	-23
55-64	42	36	-6
65-74	31	40	9
75 and older	49	43	-6
Total	237	221	-16

Source: U.S. Census



- ▶ The household patterns reported in the 2020 Census show the City losing a total of only 16 households between 2010 and 2020. As a result, most of the defined age ranges had a change of fewer than 10 households over the decade.
- ▶ The City added some younger households between 2010 and 2020, with a gain of nine households in the 25 to 34 year old range, and three households age 24 and younger. Growth of younger adult households is consistent with some increase in the number of children in the City, and an increase in the average household size.

- ▶ Despite some growth in the younger adult age ranges, there were decreases in each of the other non-senior age groups. As a result, there was a net decrease of 19 households age 64 and younger.
- ▶ The City did see an increase of younger senior households, age 65 to 74 years old. However, there was a decrease of six households age 75 and older. As a result, the City had a net increase of only three senior-headed households, age 65 and older.

## Household Projections

The following table presents household projections from AGS and Esri for 2028. However, in the opinion of the analysts, these sources are overly conservative for the City’s growth potential, and Community Partners Research, Inc., has also generated growth projections based on other data collected through the research process.

<b>Table 7 Household Projections to 2028</b>				
	2020 Census	2023 Estimate	2028 Projection	Change
Murdo - AGS	221	184	153	-31
Murdo - Esri	221	208	196	-12
Murdo - CPR, Inc.	221	220	227	7
Jones Co. - AGS	399	379	315	-64

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

- ▶ AGS is projecting a loss of 31 households in Murdo between 2023 and 2028. A reduction of this scale is not consistent with past patterns for the community and is viewed as unreliable.
- ▶ Esri’s projection for Murdo expects a reduction of 12 households over the 5-year time period, or an annual average loss of more than two households per year. While this change is somewhat consistent with the pattern in the City between 2010 and 2020, in the opinion of the analysts, the City does have some growth potential going forward.
- ▶ Based on other data collected for this Housing Study project, Community Partners research, Inc., believes that an achievable projection for Murdo would be the addition of between one and two households per year in Murdo between 2023 and 2028, for a 5-year total of approximately seven households.
- ▶ The AGS projection for all of Jones County shows a reduction of 64 households between 2023 and 2028. Nearly half of the Countywide reduction would be attributable to AGS’s forecast for Murdo.
- ▶ Although the analysts have reviewed the projections available from Esri, in the recommendations that follow later in this document, the Murdo projection from Community Partners Research, Inc., has been used.



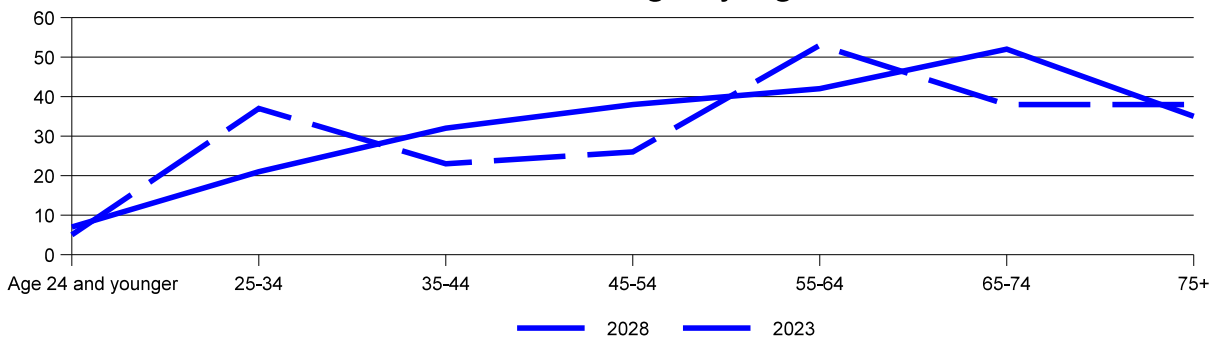
## Projected Households by Age

Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. However, Esri’s total household estimate for 2023 and projection for 2028 are viewed as low by the analysts. In the following table, the base Esri information has been adjusted upward slightly to better match expected current and future household levels. These adjustments are less than 16% and have been made by Community Partners Research, Inc.

<b>Table 8 Murdo Projected Households by Age: 2023 to 2028</b>			
Age Range	2023 Estimate	2028 Projection	Change
15-24	5	7	2
25-34	37	21	-16
35-44	23	32	9
45-54	26	38	12
55-64	53	42	-11
65-74	38	52	14
75+	38	35	-3
<b>Total</b>	<b>220</b>	<b>227</b>	<b>7</b>

Source: Esri; Community Partners research, Inc.

**Murdo Household Change by Age: 2023 and 2028**



- ▶ The adjusted age-based projections expect Murdo to add approximately seven households between 2023 and 2028.

- ▶ By 2028, the largest positive numeric change within any age range would be expected from senior households age 65 to 74 years old. These projections expect an increase of 14 younger senior households in the City. By 2028, nearly all of the large baby boom generation will be age 65 or older and their impact will be evident in the age patterns for the City.
- ▶ Although the younger senior age range is expected to grow, a minor loss would be projected in the older senior range, age 75 and above. As a result, there is a projected net increase of 11 senior-headed households in Murdo between 2023 and 2028.
- ▶ Trailing behind the baby boomers was a smaller demographic cohort, and an expected decrease will occur among households age 55 to 64 years old. This age group will not fully replace the advancing age cohort resulting in fewer near-senior households by 2028.
- ▶ The adjusted projections show expected growth of 21 households in the 20-year range between 35 to 54 years old. However, a fairly large reduction is expected in the 25 to 34 year old range. If all of the age ranges 54 and younger are combined, these projections expect a net increase of only seven households age 54 and younger by 2028.

## Household Characteristic: Households by Type

The 2020 Census can be compared to statistics from 2010 to examine changes in household composition over the prior decade. The following table looks at household trends within the City of Murdo.

<b>Table 9 Murdo Household Composition - 2010 to 2020</b>			
	2010 Census	2020 Census	Change
Family Households			
Married couple with children under 18	42	32	-10
Married couple without children under 18	60	58	-2
Other families with children under 18	17	19	2
Other families without children under 18	9	12	3
<b>Total Families</b>	<b>128</b>	<b>121</b>	<b>-7</b>
Non-Family Households			
Single Person	102	88	-14
Two or more persons	7	12	5
<b>Total Non-Families</b>	<b>109</b>	<b>100</b>	<b>-9</b>

Source: U.S. Census

- ▶ Between 2010 and 2020, Murdo experienced a small decrease in the number of both family and non-family households.
- ▶ The largest decrease for any household type occurred from fewer people living alone between 2010 and 2020. There was some increase in other non-family households, where two or more unrelated people lived together, but overall there was a decrease of nine non-family households.
- ▶ The second largest decrease of any household type occurred from married couples with children under the age of 18. There was a small increase of single parent families with children, but overall there were fewer families with children by 2020.
- ▶ While the overall number of married couple families in Murdo declined, there was some increase in non-married family households. However, the City had seven fewer family households in 2020 when compared to 2010.

## Household Tenure Information

Housing occupancy tenure information from the 2020 Census can be compared back to 2010 to track housing preference patterns over the prior decade.

<b>Table 10 Murdo Housing Tenure: 2010 to 2020</b>					
Owners			Renters		
2010 Census	2020 Census	Change	2010 Census	2020 Census	Change
156 / 65.8%	143 / 64.7%	-13	81 / 34.2%	78 / 35.3%	-3

Source: U.S. Census

- ▶ Between 2010 and 2020, the City of Murdo had a reduction of 13 owner-occupancy households and three renter-occupancy households. With a slightly larger reduction in owner-occupants, the rate of home ownership dropped slightly, from 65.8% in 2010 to 64.7% in 2020.
- ▶ In both 2020 and 2010, the home ownership rate was slightly below average in Murdo by comparative standards. For all of South Dakota, the home ownership rate was 67% in 2020.
- ▶ In 2020, the rental occupancy tenure rate was 35.3%. Statewide in 2020 the rental tenure rate was 33%.

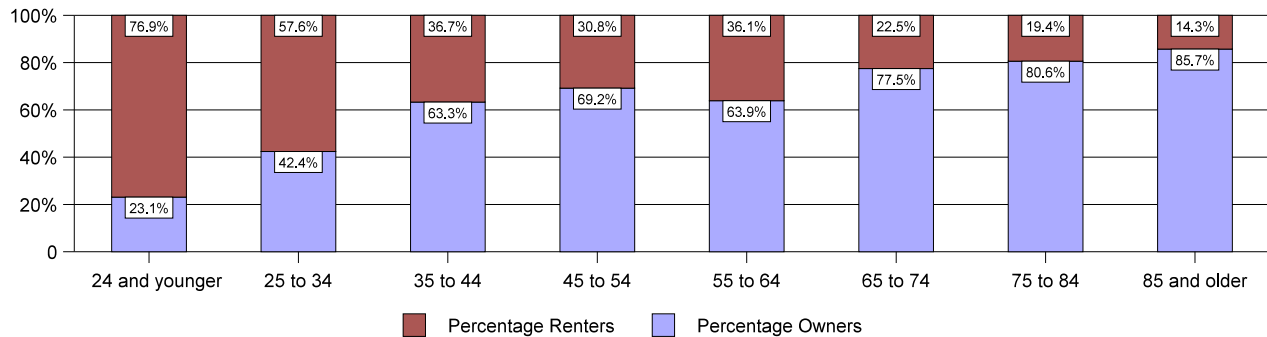
## Tenure by Age of Householder

The 2020 Census provided details on the distribution of owner and renter households within defined age ranges. The following table examines the percentages of renters and owners in each age group for Murdo.

<b>Table 11 Housing Occupancy Tenure by Age of Householder: 2020</b>				
Age	Home Owners		Renters	
	Number	% in age range	Number	% in age range
24 and younger	3	23.1%	10	76.9%
25-34	14	42.4%	19	57.6%
35-44	19	63.3%	11	36.7%
45-54	18	69.2%	8	30.8%
55-64	23	63.9%	13	36.1%
65-74	31	77.5%	9	22.5%
75-84	29	80.6%	7	19.4%
85 and older	6	85.7%	1	14.3%
Total	143	64.7%	78	35.3%

Source: U.S. Census

**Murdo Housing Tenure Patterns by Age in 2020**



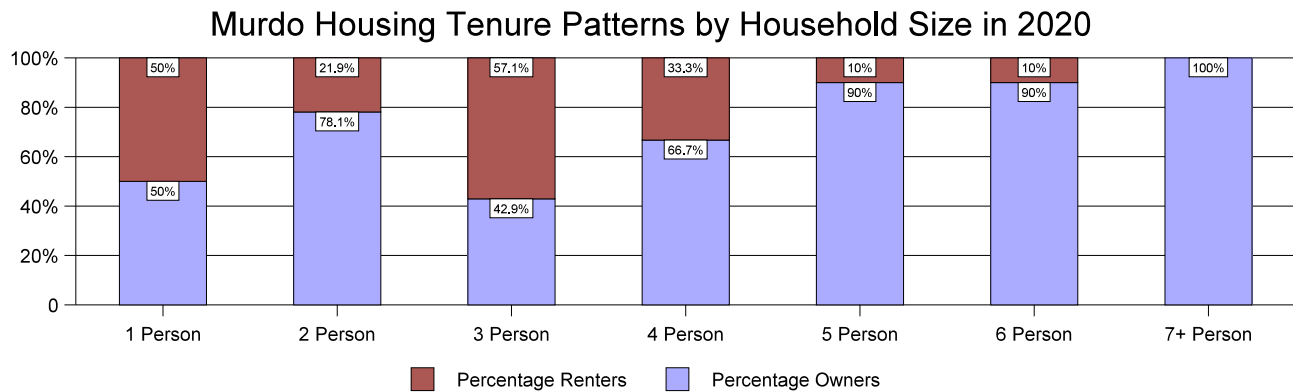
- ▶ Household tenure by age patterns show a preference for home ownership in each of the defined age ranges 35 years old and older. Most households age 34 and younger rent their housing.
- ▶ The highest rates of home ownership actually existed in the older senior age groups, with an ownership rate of nearly 86% for households age 85 and older, and nearly 81% for households in the 75 to 84 year old range.

## Tenure by Household Size

The Census includes information on housing occupancy tenure by household size. The 2020 data can be compared to the 2010 Census distribution to better understand changing household trends for housing unit demand. The following tables provide information for renter and owner households in Murdo.

<b>Table 12 Murdo Tenure by Household Size: 2010 to 2020</b>						
Household Size	Home Owners			Renters		
	2010	2020	Change	2010	2020	Change
1-Person	50	44	-6	52	44	-8
2-Person	57	57	0	10	16	6
3-Person	24	9	-15	12	12	0
4-Person	19	8	-11	3	4	1
5-Person	3	9	6	3	1	-2
6-Person	1	9	8	1	1	0
7-Persons+	2	7	5	0	0	0
Total	156	143	-13	81	78	-3

Source: U.S. Census



- ▶ Over the past decade, there were some changes in the distribution of households by size. The City had a decrease in one person households that both owned or rented their housing unit. In 2020, the tenure distribution was equally split at 50% of one person households.

- ▶ The City had a small increase in two person households, but all of the growth was due to an increase in renter households. However, a high percentage of two person households still owned their housing in 2020.
- ▶ The City had a decrease in three person households, with fewer home owners. In 2020, most of the three person households were renters.
- ▶ The City also had a decrease of four person households, due to fewer home owners in this household size. Despite the reduction, most four person households owned their housing in 2020.
- ▶ The City did see growth among large households with five or more members between 2010 and 2020. The home ownership rates in 2020 were very high for large families and households with five or more members.

## Median Income Data

Income estimates are available at the city and county level through the Census Bureau’s American Community Survey. There is a data lag for income with the most recent estimates effective for 2021.

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. Family incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

<b>Table 13 Median Income - 2010 to 2021</b>			
	2010 Median	2021 Median	% Change
Households			
Murdo	\$37,500	\$53,125	41.7%
Jones County	\$49,464	\$52,321	5.8%
South Dakota	\$46,369	\$63,920	37.9%
Families			
Murdo	\$55,795	\$78,750	41.1%
Jones County	\$56,589	\$75,625	33.6%
South Dakota	\$58,958	\$81,756	38.7%

Source: ACS

- ▶ According to the American Community Survey, the median household income for the City of Murdo was \$53,125 in 2021. The City’s median had increased by nearly 42% fro 2010, and had moved higher than the median for all of Jones County. However, the City’s median was still more than \$10,000 lower than the comparable median for the State.
- ▶ The median family income in Murdo was higher, at \$78,750 in 2021, and had increased by more than 41% from 2010. The City’s median family income was above the Countywide median and approximately \$3,000 below the median family income for the entire State.
- ▶ Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, the 2021 medians in Murdo yield an amount of \$1,328 for households and \$1,969 for families that could be applied to monthly housing costs.



## Household Income Distribution by Tenure: 2021

The American Community Survey contains household income distribution estimates. This information is available by ownership or renter status.

When compared to the 2020 Census, the 2021 American Community Survey estimates for Murdo over estimated the number of both owner and renter households living in the City. However, the percentage distribution of households by income is the best available information on this topic.

<b>Table 14 Murdo Income Distribution by Tenure: 2021</b>			
Household Income	Owner Households	Renter Households	Total Households
\$0 - \$14,999	5.3%	7.9%	6.2%
\$15,000 - \$24,999	2.9%	0%	1.9%
\$25,000 - \$34,999	15.9%	29.2%	20.5%
\$35,000 - \$49,999	18.2%	24.7%	20.5%
\$50,000 - \$74,999	15.9%	18.0%	16.6%
\$75,000 - \$99,999	28.2%	10.1%	22.0%
\$100,000+	13.5%	10.1%	12.4%
Total	100%	100%	100%

Source: American Community Survey

- ▶ Within the moderate to higher income ranges, there was a greater frequency for home ownership. Nearly 58% of all home owners in Murdo in 2021 had an annual income of \$50,000 or more.
- ▶ Most renter households had more moderate income levels. In 2021, nearly 62% of all renter households in the City had an annual income below \$50,000.
- ▶ For home owners, the estimated median household income in 2021 was \$57,115.
- ▶ For all renter households, the estimated median income level in 2021 was \$45,481.

## Renter Housing Cost Burden

The American Community Survey includes information on housing costs for renter households. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending.

When more than 30% is applied, this is often referred to as a “housing cost burden”. When 35% or more of income is required, this may represent a “severe housing cost burden”.

The following table examines the percentage of income required by renter households for monthly housing costs. Since the American Community Survey over estimated the number of renter households in 2021, only percentage distributions have been provided.

<b>Table 15 Murdo Renter Household Cost Burden - 2020</b>	
Percent of Income for Housing	Percent of all Renter Households
Less than 20%	59.6%
20% to 29.9%	12.4%
30% to 34.9%	13.5%
35% or more	0%
Not Computed	14.6%
Total	100%

Source: American Community Survey

- ▶ Using a standard at 30% of income, most renter households in Murdo did not have a cost burden for rental housing in 2021. However, 13.5% of all renters did need to apply 30% or more of their income to housing costs. All of the cost burdened households were applying less than 35% of their income to housing.
- ▶ The American Community Survey includes an estimate of the median percentage of income that was applied to rental housing costs in 2021. For renter households in Murdo, the estimated median was 15.3% of income.

## Owner Housing Cost Burden

The American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Murdo owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home. Percentages are calculated for each column. Since the American Community Survey over estimated the number of home owners in 2021, percentage distributions have been presented.

<b>Table 16 Alexandria Owner Household Cost Burden - 2021</b>			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	39.7%	74.8%	61.8%
20% to 29.9%	28.6%	25.2%	26.5%
30% or more	31.7%	0%	11.8%
Not Computed	0%	0%	0%
Total	100%	100%	100%

Source: American Community Survey

- ▶ Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income.
- ▶ Fewer than 12% of all home owners reported that they paid 30% or more of their income for housing in 2021. All of the cost-burdened households had a mortgage on their home.
- ▶ The American Community Survey provides an estimate of the median percentage of income paid by home owners in Murdo for housing. In 2021, the median required for home ownership was 16.7%.

## Building Permit Trends

Murdo has experienced limited new housing construction activity since the 2013 Housing Study. Specific annual permit information was obtained from the City.

<b>Table 17 Murdo Housing Unit Construction Activity: 2010 to 2022</b>			
Year	Single Family	Two or More Units	Total Units Constructed
2022	0	0	0
2021	0	0	0
2020	0	0	0
2019	0	0	0
2018	0	0	0
2017	1	0	1
2016	0	0	0
2015	0	0	0
2014	1	0	1
2013	2	4	6
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>8</b>

Source: City of Murdo; Community Partners Research, Inc.

- ▶ Over the 10-year time period spanning 2013 through 2022, City records show eight new housing units permitted in Murdo. Four of these units were identified as single family houses and four units were in a multifamily building that was moved into the City.
- ▶ There were also three mobile homes that were placed in the City during this time period that are not reflected in the table above. We believe that these units replaced older mobile homes and did not represent a net addition to the City's housing stock.

## 2020 Census Housing Unit Data

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

<b>Table 18 Housing Units, Occupancy and Vacancy - 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Murdo	291	263	-28	237	221	-16	54	42	-12

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, Murdo had a decreased housing inventory between 2010 and 2020. During the decade there was a net decrease of 28 housing units in the City.
- ▶ On the previous page, information was presented on building permit issuance. Between 2010 and 2019 there were at least eight new housing units added to the City based on available records. With the Census reporting a net loss of 28 units, it would imply that as many as 36 older housing units were lost over the decade due to demolition or other causes.
- ▶ The City of Murdo has a relatively large number of vacant housing units, which may include housing that is used for seasonal/recreational occupancy.

## **American Community Survey Housing Age Data**

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

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

For owner-occupancy units in Murdo, the estimated median year of construction is 1964. Nearly 45% of all owner-occupancy houses in the City were constructed prior to 1960, and nearly 69% were constructed before 1980.

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

For renter-occupancy units in Murdo, the estimated median year of construction is 1963. More than 75% of all renter-occupancy units in the City were constructed prior to 1980.

## Existing Home Sales

This section examines houses that have been sold in Murdo from 2018 through 2022. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

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

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

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

**Table 19 Median Value of Recent Residential Sales - 2018 to 2022**

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2022	2	-	\$104,000	\$68,000
2021	14	\$63,000*	\$179,000	\$6,000
2020	3	\$110,000	\$184,800	\$40,000
2019	5	\$56,000	\$90,900	\$35,000
2018	5	\$50,000	\$192,500	\$15,000

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

- ▶ Based on sales over the past five years, home values in Murdo are in a very moderate price range. If the 16 good sales in 2021 and 2022 are combined, the midpoint sale price was \$66,500.

- ▶ In most years, only a small number of open market sales are recorded, but in 2021 there were 14 good transactions. However, in 2022, only two open market sales occurred.
- ▶ Over the 5-year time period reviewed there were no home sales for \$200,000 or more in Murdo.
- ▶ There were some low valued home sales. In four of the past five years at least one house was sold for \$40,000 or less.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2021, the estimated median value for all owner-occupied housing in Murdo was \$91,000. This estimate was well above the median sale price recorded in 2021 of \$63,000.

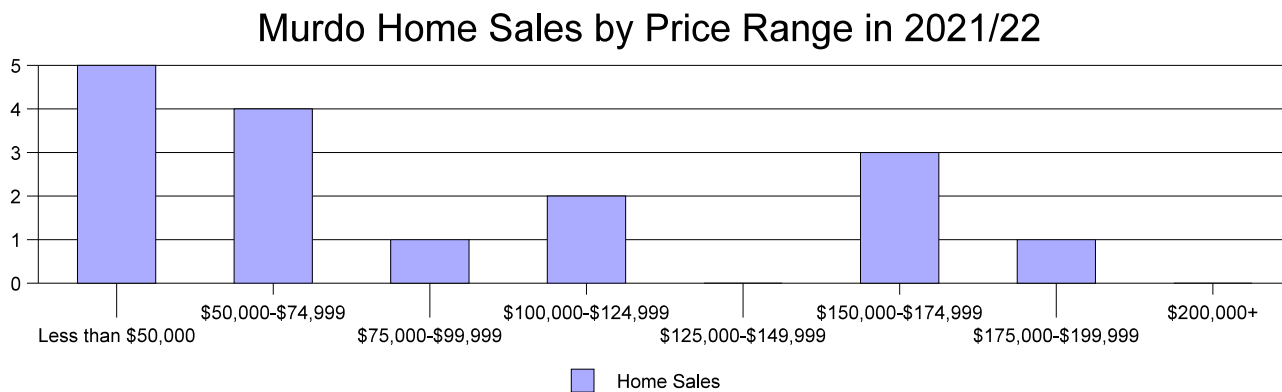


## Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges over a 24-month period for the 2021/22 sales years. There were 59 good “arms length” sales over this period.

Table 20 Murdo Home Sales by Price Range: 2021/22		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	5	31.3%
\$50,000 - \$74,999	4	25.0%
\$75,000 - \$99,999	1	6.3%
\$100,000 - \$124,999	2	12.5%
\$125,000 - \$149,999	0	0%
\$150,000 - \$174,999	3	18.8%
\$175,000 - \$199,999	1	6.3%
\$200,000+	0	0%
Total	16	100%

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



- ▶ While recent home sales in Murdo were distributed in different price ranges, the majority of homes were sold for less than \$75,000.
- ▶ Overall, only 25% of recent home sales were for \$150,000 or more.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2020 Census, there were 78 occupied rental units and 8 unoccupied rental units in Murdo, for a total estimated rental inventory of approximately 86 units. The City's rental tenure rate was 35.3%, based on renter-occupancy households. For comparison, the Statewide rental tenure rate in 2020 was 33.0%.

At the time of the 2010 U.S. Census, there were 81 occupied rental units, and 14 unoccupied rental units in Murdo, for a total estimated rental inventory of approximately 95 units. The City's rental tenure rate, was 34.2%, based on renter-occupancy households, well above the Statewide rental tenure rate in 2010 of 31.9%.

Between 2010 and 2020, Murdo lost 3 renter-occupancy households and 9 rental housing units from the local inventory, based on the reported Census totals.

At the time of the 2013 Housing Study there were nine mobile homes in the CB Trailer Court that were used as rental housing. In 2019, the rental units in the park were sold to their tenants, and converted to owner-occupancy, which would explain most of the change in the City's rental inventory between 2010 and 2020.

### **Rental Construction 2010 to 2019**

Based on available reports, there was a 4-unit rental building that was moved into the City between 2010 and 2019.

### **Rental Construction 2020 to 2023**

Since 2020, no additional rental housing construction has been identified in Murdo. Any tenure changes in Murdo after the 2020 Census would probably be due to tenure conversion, as housing units formerly used for owner-occupancy may have changed to rental use, or vice versa.

### **Pending Rental Projects**

Our research identified no planned rental projects in Murdo.

## **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Murdo. The 2023 survey was conducted in July. Information was tallied separately for different types of rental housing, including market rate units and subsidized housing.

Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

There were 52 housing units of all types that were contacted in the survey. This represents nearly 55% of the City's total rental housing units, based on the Census total.

The units that were successfully contacted include:

- ▶ 20 conventional market rate units
- ▶ 32 federally subsidized units

The findings of the survey are provided below.

## **Market Rate Summary**

Information was obtained on 20 rental units from three market rate rental property managers or owners. The three projects that were contacted were two 8-unit properties and a 4-unit building. There are no conventional market rate rental buildings in Murdo that are larger than an eight-plex.

## **Occupancy / Vacancy**

Within the market rate multifamily segment, there was only one unoccupied unit reported of the 20 units surveyed, and the open unit was intentionally vacant for repairs. Owners/managers contacted in the survey generally reported that there was good demand for rentals and they are almost always fully occupied.

## **Rental Rates**

One of the contacted projects did not disclose rental rates, but in general, very modest rents are charged in Murdo. All of the two-bedrooms that were surveyed had an estimated gross rent less than \$600 per month, including tenant-paid utilities.

The 2021 American Community Survey included an estimate of the median gross rent in Murdo of \$673, higher than any of the market rate units that were contacted in the survey. There are some single family homes in Murdo that are used as rental housing but no information was collected from this segment of the market. It is possible that a high rent structure exists for single family rentals.

## **Tax Credit Summary**

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

## **Subsidized Summary**

The research completed for this Update identified only one subsidized rental project that remains in Murdo in 2023.

Prairie View Apartments is a 32-unit HUD Public Housing project that was constructed in 1974 and 1979. The units are in two locations and the project is designated for general occupancy.

At the time of the 2013 Housing Study there had also been a USDA Rural Development subsidized project operating in the City. However, Murdo Townhouse Apartments, with eight units, has ended its subsidy contract and was converted to conventional market rate housing. The year of the conversion from subsidized housing was not known.

## **Bedroom Mix**

Although Prairie View Apartments is designated as general occupancy housing, it was originally designed for senior/disabled tenant occupancy and 30 of the 32 units in the project have one-bedroom, along with 2 two-bedroom units.

## **Occupancy/Vacancy**

The manager reported seven unoccupied units at the time of the survey, including three that were intentionally vacant to allow for modernization. The manager reported that there had been above-average turnover along with some damage in units that resulted in the current vacancies.

A waiting list is maintained for the project and some new applications had been requested. The manager was hopeful that a higher occupancy rate could be reached in the near future.

## **Rental Rates**

All of the units in Prairie View have access to project-based subsidy assistance that allows tenants to pay rent based on 30% of their household income, up to a maximum rent of \$423 for a one-bedroom.

## **Senior Housing with Services**

There are no licensed senior housing with services units in the City of Murdo or in Jones County.

<b>Table 21 Murdo Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Convey Apartments	<u>8 - 2 bedroom</u> 8 total units	\$450 +heat, electric	One unit intentionally vacant for repairs	Mix of tenants	An 8-unit market apartment building constructed in the mid-1990s. Tenant pays electric heat and electricity in addition to rent. One unit was intentionally vacant at time of survey for repairs, but an application to fill the unit was in process.
Chamblis Four-plex	<u>2 - 1 bedroom</u> <u>2 - 2 bedroom</u> 4 total units	N/A +heat, electric	No vacant units	Mix of tenants	Four-plex that was moved into Murdo from Ft. Pierre in 2013 and renovated. Tenant pays electric heat and electricity in addition to rent. Rents not disclosed. Owner reported full occupancy and good demand for rentals.
Murdo Town Homes (formerly Murdo Townhouse Apartments) 110 Garfield	<u>1 - 1 bedroom</u> <u>7 - 2 bedroom</u> 8 total units	\$450 \$500 +heat, electric	No vacant units	Mix of tenants	Former USDA Rural Development subsidized project general occupancy that was constructed in 1998 but completed contract and was converted to conventional market rate housing in recent years. Eligible tenants at time of conversion were given tenant-based rent assistance and one tenant still remains in occupancy. Some HUD Vouchers also in use. Building is 2-level walkup. Tenant pays electric heat and electricity in addition to rent. Current owner reported full occupancy at time of survey but small community results in less rental demand.
<b>Subsidized</b>					
Prairie View Apartments East and West	<u>30 - 1 bedroom</u> <u>2 - 2 bedroom</u> 32 total units	\$423 \$560 30% of income	7 vacant units including 3 intentionally vacant for modernization	General occupancy	HUD Public Housing project in two locations constructed in 1974 and 1979. Projects were originally developed for senior/disabled occupancy but later HUD rule change made units available for general occupancy. Most tenants in 2023 are non-senior. Project-based subsidy allows tenants to pay rent based on 30% of income up to maximum rents listed. Recent turnover and damage has resulted in 7 open units at time of survey including 3 for repairs. Applications are being requested and manager hopes to fill the open units in the near future.

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.

Larger employers in Jones County include the following:

- ▶ Jones County School District
- ▶ Pilot Travel Center
- ▶ West Central Electric
- ▶ West River Lyman/Jones Rural Water
- ▶ Murdo Car Sales
- ▶ First Fidelity Bank
- ▶ Pioneer Auto Museum

There may be additional large employers that are not listed.



## Labor Force and Unemployment

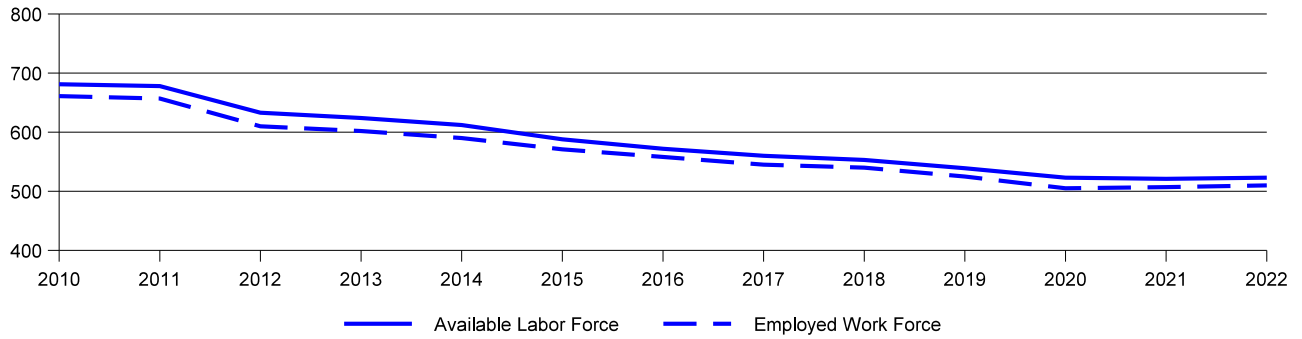
Employment information is available at the county-level, and has been analyzed for Jones County. The labor force statistics track people by place of residence, rather than place of employment.

<b>Table 22 Jones County Average Annual Labor Force: 2010 to 2022</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	681	661	20	2.9%	5.0%	9.6%
2011	678	657	21	3.1%	4.7%	8.9%
2012	633	610	23	3.6%	4.3%	8.1%
2013	624	602	22	3.5%	3.8%	7.4%
2014	612	590	22	3.6%	3.4%	6.2%
2015	588	571	17	2.9%	3.1%	5.3%
2016	572	558	14	2.4%	3.0%	4.9%
2017	560	545	15	2.7%	3.2%	4.4%
2018	553	540	13	2.4%	3.0%	3.9%
2019	539	525	14	2.6%	3.0%	3.7%
2020	523	505	18	3.4%	4.6%	8.1%
2021	521	507	14	2.7%	2.8%	5.3%
2022	523	510	13	2.5%	2.3%	3.7%

Source: South Dakota Department of Labor

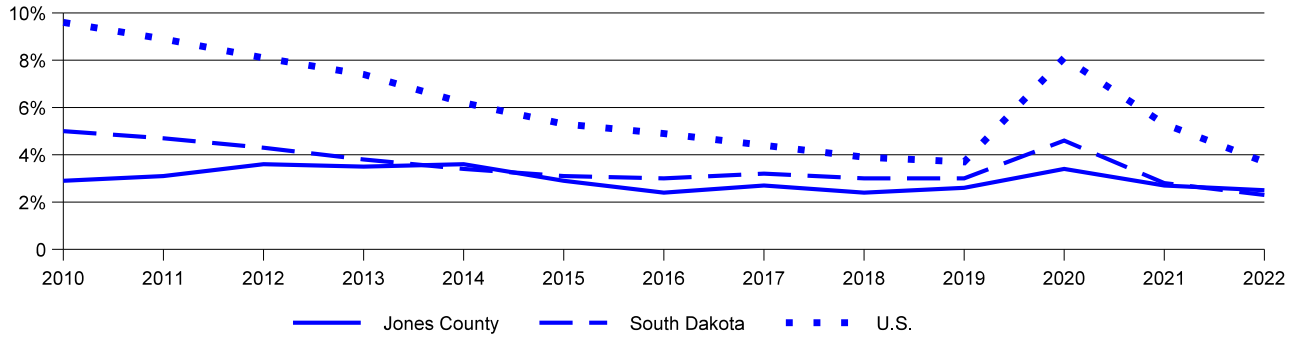
- ▶ Since 2010 there has been a general downward trend in the size of the County’s resident labor force. If 2022 is compared to 2010, the labor force had decreased by 158 people, or -23.2%.
- ▶ The employed work force has generally followed a similar pattern. From 2010 to 2022, the number of employed County residents had decreased by 151 people, or -22.8%.

### Jones County Labor Force and Employed Work Force



- ▶ Throughout the time period reviewed, the County’s unemployment rate has remained very low and for most years was below the Statewide unemployment rate.

### Unemployment Rates



## Average Annual Wages by Industry Sector

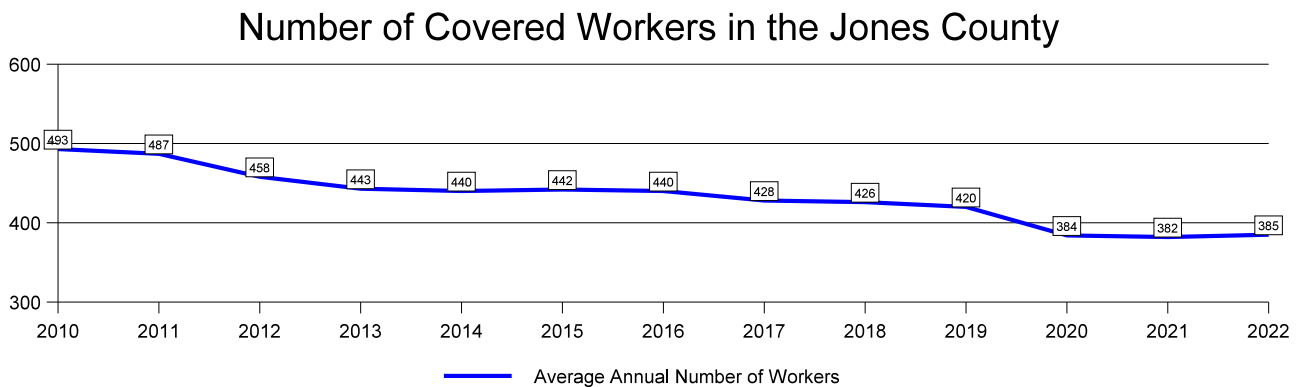
The following table shows the annual employment and average annual wages in 2022, the last full year of data. This information is for all of Jones County. It is important to note that the major employment sectors listed do not represent all employment in the County.

<b>Table 23 Jones County Average Weekly Wage: 2022</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	385	\$641

Source: South Dakota Department of Labor

- ▶ The average weekly wage for all industry in 2022 was \$641. At full-time employment this would equate to an annual wage of approximately \$33,540. Statewide the average weekly wage in 2022 was \$1,039, higher than the average wage in Jones County. The Statewide average wage would equate to approximately \$54,000 at full-time employment.

Using the QCEW it is possible to examine longer-term patterns in the local employment level. The following chart displays the total number of workers reported in the County from 2010.



- ▶ The number of covered workers in Jones County has generally been decreasing over the past 13 years. If 2022 is compared back to 2010, the number of covered workers had declined by 108 jobs, or -21.9% over the longer time period.

## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2021 American Community Survey, and has been examined for Murdo. This table only examines people that commuted, and excludes people that work at home.

<b>Table 24 Commuting Times for Murdo Residents - 2021</b>		
Travel Time	Number	Percent
Less than 10 minutes	134	61.2%
10 to 19 minutes	28	12.8%
20 to 29 minutes	22	10.0%
30 minutes +	35	16.0%
Total	219	100%

Source: American Community Survey

- ▶ Most Murdo residents were able to work locally in 2021, with approximately 74% commuting less than 20 minutes to work. Approximately 16% of the City’s residents were longer-distance commuters and traveling 30 minutes or more for work.

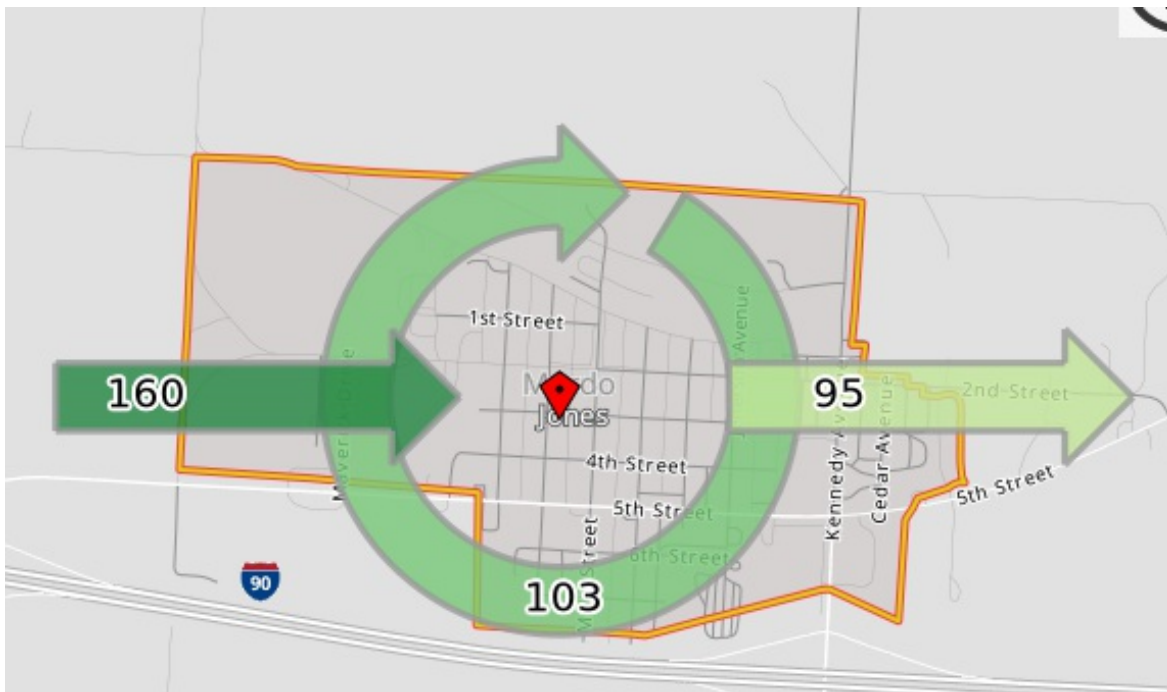
The American Community Survey did not provide travel time information for workers employed in Murdo.

## 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 2020, but provides a further breakdown of worker movement patterns.

According to the report for Murdo, there were 263 people that were employed within the city limits in 2020. Approximately 39%, or 103 people, both lived and worked in Murdo, while 160 employees were commuting in to work. The primary identified jurisdictions supplying workers to Murdo were Central Jones UT, Buffalo Township, Williams Creek Township, Grandview UT and North Jones UT.

There were 198 people living in Murdo that were employed and 95 of these Murdo residents left their home community to work elsewhere. The primary locations listed for outbound commuters were Pierre, Mission, Rapid City and West Todd UT.



## **Findings on Growth Trends**

The Demographic section of this report has presented information on the recent estimates and past trends for the City of Murdo and Jones County.

Based on the recent Census, Murdo lost 16 households between 2010 and 2020, but only 13 people. The more limited reduction in population was due to an increase of large households, with five or more household members. As a result the City's average household size increased over the decade.

Although the numeric loss has often been small, the City has experienced an ongoing reduction of households over the past three decades. If viewed over a longer-term, back to the year 1990, Murdo has had an average annual decrease of nearly two households per year.

Demographic patterns for all of Jones County have generally followed a similar pattern, as the County has seen a continued decrease of both households and population over the past 30 years. Between 2010 and 2020, the County lost 59 households and 89 residents.

## Findings on Projected Growth

This Update has examined projections from established national sources, including both Applied Geographic Solutions (AGS) and Esri. However, in the opinion of the analysts, these forecasts are overly conservative and have not been used in the recommendations that follow.

Community Partners Research, Inc., has generated its own forecast which expects the City of Murdo to add approximately one to two households in an average year, or up to seven households over the 5-year projection period.

Although some growth potential exists for the City, it is likely that the more rural portions of Jones County will continue to see population and household losses in the future. Some of the households in rural jurisdictions may elect to relocate into Murdo to access services and amenities. Aging patterns show an increasing number of senior citizens going forward, and these older residents will look for residential locations and housing options that are age-appropriate. As a result, some increased demand for housing may be present in Murdo even if the County sees an overall reduction in households.

Murdo does have a supply of vacant or underutilized housing that potentially could be used to add more households in the future without the need for new unit construction. However, the City has an older housing stock and some of these housing units may be in poor condition, as a number of vacant units have been present in the City for many years. There have been very few new housing units constructed in Murdo since the 2013 Murdo Housing Study was completed, so unit replacement will be needed as older housing is removed from the usable inventory.

Constructing new housing in the City may be difficult, given the value gap that may be present. Based on a review of existing home sales, the median home value in Murdo is low by comparative standards, and well below the value level typical for a newly built house. With a disparity between the estimated costs for new home construction and the possible resale value in the future, any new development activity may need to be subsidized in order to be economically feasible.

## Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information for Murdo on anticipated household changes by age group from 2023 to 2028. This information can be informative in determining the housing that may be needed due to age patterns of the area’s residents.

The age-based projections generated by Esri were adjusted by Community Partners Research, Inc., to better reflect the City’s growth potential going forward. The adjustments to the 2028 totals were less than 5%.

<u>Age Range</u>	<u>Projected Change in Households 2023 to 2028</u>
24 and younger	2
25 to 34	-16
35 to 44	9
45 to 54	12
55 to 64	-11
65 to 74	14
75 and older	<u>-3</u>
Total change	7

Overall, the adjusted projections expect up to 7 households to be added in Murdo by 2028.

The movement of the large “baby boom” generation through the aging cycle should generate much of the City’s positive change in households over the next five years. The projections show an increase of 14 households age 65 to 74 years old between 2023 and 2028.

Trailing behind the baby boomers was a small demographic cohort, and these projections expect a decrease of 11 households in the 55 to 64 year old range. The reduction in this age group along with older seniors, age 75 and above, will result in no expected numeric growth among households age 55 and older in Murdo.

While most of the younger adult age groups are expected to increase in size, a projected reduction of households in the 25 to 34 year old range will result in limited net overall growth from younger households. However, an addition of 21 households is projected in the 20-year range between 35 and 54 years old.

If all of the age groups 54 and younger are combined, these projections expect a net increase of seven households over the 5-year time period.



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

Based on the household by age projections presented earlier, the changing age composition of Murdo'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 small increase of two households age 24 and younger through the year 2028. Past tenure patterns show a very high rate of renter occupancy among younger households in Murdo. Relative stability in the number of households in this age range should mean that rental demand from younger households will also remain stable during the projection period.

**25 to 34 Years Old** - The projections also significant decrease of 16 households in this age range by 2028. Within this age range households often begin moving from rental to ownership housing, although in Murdo most of these households were renters in 2020. A decrease within this age range indicates demand for both rental opportunities and first-time home buyers will also decrease during the projection period.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect an increase of nine households through 2028 in Murdo. In 2020, more than 63% of the households in this age group owned their housing. Ownership 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. Growth within this younger adult age range will result in increased demand for ownership and rental options.

**45 to 54 Years Old** - The projections show an increase of 12 households in this age range by 2028. In 2020, more than 69% of the households in this age group owned their housing. Ownership households within this range often represent people looking to trade-up, selling their starter home for a more expensive house. An increase within this age range indicates future demand for trade-up housing and some rental options during the projection period.

**55 to 64 Years Old** - By 2028, this age cohort will largely represent the age cohort that trailed behind the baby boom generation. This group was not as large demographically and will not fully replace the advancing baby boomers. The age-based projections for expect a decrease of 11 households in this age range. In 2020 this group had a home ownership rate above 63%. Although age-appropriate housing, such as town house or twin home units, should have increasing appeal for this age group, a decrease in both ownership and rental demand should be expected from this age range.

**65 to 74 Years Old** - A gain of 14 households is expected by the year 2028 in the 65 to 74 age range. While this group will begin moving to life-cycle rental housing options as they age, the younger seniors have had a high rate of home ownership in the past in Murdo. Preferences for age-appropriate units should increase from household growth within this age cohort.

**75 Years and Older** - A minor reduction of households is projected from older seniors by 2028. In Murdo, a very high percentage of older seniors still owned their home in 2020, due in part to few alternative options that were age-appropriate. If other housing choices are available, this group should increasingly look for life-cycle housing choices.

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 Community Partners Research household projections used for this Study expect limited household gains for the City of Murdo. However, ongoing household losses are projected for all of Jones County, continuing a trend that dates back to at least 1980. Anticipated household growth in Murdo will yield some limited demand for new housing production.

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

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

***Pent-Up Demand*** - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Although there has not been any significant growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in the City. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

## **Strengths for Housing Development**

The following strengths of the community were identified through statistical data, local interviews, research and on-site review of the local housing stock and strengths identified in the 2013 Murdo Comprehensive Housing Study.

- ▶ **Murdo serves as a small regional center** - Murdo provides employment opportunities, retail/service options, health, governmental and professional services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Tourism** - The City attracts many tourists who are traveling to and from the Badlands, the Black Hills and other destinations west of Murdo.
- ▶ **Pioneer Auto Museum** - The Pioneer Auto Museum is a famous auto museum that attracts many tourists.
- ▶ **Affordable-priced housing stock** - The City has a large stock of affordable, existing houses. Our analysis shows that the City's median home value based on sales in 2021/22 is approximately \$66,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - There is land available for potential residential and/or commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits, if it is economically feasible for development.
- ▶ **Educational system** - The City has a public K-12 school system.
- ▶ **Health facilities** - The City has a medical clinic.
- ▶ **Commercial development** - Murdo's commercial options are adequate to meet most daily needs. However, it does not have the commercial options that would be available in regional centers in the area.
- ▶ **Murdo Housing Authority** - The Murdo Housing Authority owns and manages rental units.
- ▶ **Murdo Development Corporation** - The Murdo Development Corporation has been involved in economic development issues.
- ▶ **Small-town atmosphere** - Murdo is a small town, with the real and perceived amenities of a small community. This small-town living is attractive to some households.

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

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on recent residential sales, we estimate that the median priced home in Murdo is valued at approximately \$66,500. This is well below the comparable cost for new housing construction, which will generally be above \$300,000 for a stick-built home with commonly expected amenities. This creates a value gap between new construction and existing homes which 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. A value gap can also make it difficult to secure financing for new home construction.
- ▶ **Lack of available residential lots** - Murdo only has only a few improved residential lots available for new construction. However, vacant land does exist that could potentially be improved for residential use.
- ▶ **Infrastructure** - The City's water system is nearly at full capacity and may need to be upgraded to allow for future expansion in the community.
- ▶ **Distance from a major regional center** - The nearest regional centers are Pierre, which is 60 miles from Murdo, and Rapid City, which is 100 miles from Murdo. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.
- ▶ **Limited commercial options** - Murdo has commercial/retail options to meet daily needs. However, it does not have the commercial opportunities that would be available in regional centers in the area.
- ▶ **Lower-paying jobs** - Although Murdo has job opportunities, some are at the lower end of the pay scale and employees may have limited housing choices.
- ▶ **Lack of new housing construction** - There has been limited new housing construction in Murdo over the past several years.

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

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

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

## **Summary of Findings/Recommendations**

The findings/recommendations for the City of Murdo have been formulated through the analysis of the information provided in the previous sections and include 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 8 to 10 general occupancy market rate rental units
2. Promote the development of three to four affordable rental units
3. Develop eight to 10 senior designated market rate rental units
4. Monitor the need for subsidized rental housing
5. Apply for access to the Housing Choice Voucher Program
6. Develop a mixed-used commercial/housing project

### **Home Ownership**

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

### **Single Family Housing Development**

9. Develop a six to eight lot subdivision
10. Strategies to encourage residential lot sales and new home construction in Murdo

11. Coordinate with housing agencies and nonprofit groups to construct affordable housing
12. Promote twin home development
13. Develop a 'Gap Financing' Mortgage Program

**Housing Rehabilitation**

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

**Other Housing Issues**

16. Acquire and demolish dilapidated structures
17. Create a plan and a coordinated effort among housing agencies
18. Strategies for downtown redevelopment and commercial development
19. Develop and promote home ownership and new construction programs
20. Develop a time of sale/rent inspection program



# **Murdo - Recommendations Rental Housing Development**

## **Rental Housing Development**

### **Overview**

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

Based on available building permit reporting, no rental housing construction has occurred in the City of Murdo from 2010 to 2022. However, a building with four market rate units was moved into the City in 2013. Also, an eight-unit subsidized USDA Rural Development project has converted from subsidized to market rate.

Also, some changes in the City's rental stock may have occurred due to tenure conversion, such as rental houses changing to owner-occupancy, or vice versa.

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

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

Community Partners Research, Inc., household projections for Murdo expect some limited household growth. From 2023 to 2028, Community Partners Research, Inc., forecasts that there will be a gain of approximately seven households in Murdo. We are projecting that approximately three households will be seeking new rental housing over the 5-year projection period.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose approximately four to six total rental units from 2023 to 2028. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in some cases, the unit replacement will be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this Study, a rental survey was conducted. There were 52 market rate and subsidized rental units contacted and surveyed. The survey found no vacancies in conventional market rate units, but several vacancies were recorded in subsidized units. Most rental property owners and managers reported a high demand for rental units.

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

These three demand generators, after factoring current occupancy rates, show a need for 17 to 22 rental units in Murdo over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2023 to 2028.

▶ General Occupancy Market Rate	8-10 units
▶ Affordable Conversions	3-4 units
▶ Senior (Independent/Light Services)	<u>6-8 units</u>
Total	17-22 units

For 17 to 22 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City must continue to develop amenities that make Murdo an attractive residential option for households.

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

**Findings:** The City of Murdo has a limited number of conventional market rate units. There are only three market rate rental projects with four or more units, which are Convey Apartments (8 units), Chamblis Apartments (4 units) and Murdo Townhomes (8 units).

All of the units in Convey Apartments have two bedrooms. The Chamblis Apartments has two 1-bedroom units and two 2-bedroom units. Murdo Townhomes has one 1-bedroom and seven 2-bedroom units.

The rent range in these three projects is \$450 to \$500 for both one and two-bedroom units, with tenants paying for heat and electricity. All of the units are fully occupied and there is a waiting list.

There are several other smaller rental market rate projects, single family homes and mobile homes being rented in Murdo.

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

Although Murdo is projected to gain only a limited number of households over the next five years, our interviews and rental surveys identified a need for market rate rental units in Murdo by 2028. There has been no new rental housing constructed in Murdo for many years.

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

In the 2013 Murdo Comprehensive Housing Study, we recommended the construction of eight to 10 market rate rental units. No units have been constructed.

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

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

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

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

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

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1-2	650-800	\$725-\$825
Two Bedroom	6-7	850-1,000	\$900-\$1,050
Three Bedroom	<u>1</u>	1,100-1,300	\$1,000-\$1,200
Total	8-10		

Note: Rents are quoted in 2023 dollars and include utilities.

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

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

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

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

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

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

The estimated prevailing rent range for older rental units in Murdo is typically between \$500 and \$700 per month. Creating some additional units with contract rents below \$750 per month would help to expand the choices available to a majority of the City's renter households.

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

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

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

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

Based on the household by age estimates presented earlier, Murdo has approximately 95 households age 65 and over. We estimate that approximately 5% to 6% of the people age 65 and over would prefer senior-designated market rate units. With some additional demand from the rural portions of Jones County, there is an estimated need for approximately eight to 10 senior-designated market rate units.

In the 2013 Murdo Comprehensive Housing Study, we recommended the construction of eight to 10 senior independent/light services rental units. No senior rental units have been constructed.

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

The project's amenities and features should include:

- ▶ A community room including a community dining room and kitchen
- ▶ 24-hour call system
- ▶ A limited access security system

- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a street scape design

Apartment features should include:

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

Services should include:

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

We are not recommending a full-scale assisted living project with a high level of services as it is our opinion that the market does not support a full scale assisted living project in Murdo. This project is intended to be senior independent living supplemented with limited services and community support.

The location of the project should be close to services as the project will be primarily occupied by older seniors.

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

#### **4. Monitor the need for subsidized rental housing**

**Findings:** The City of Murdo has one subsidized rental project, Prairie View Apartments East and West. Prairie View Apartments is a 32-unit general occupancy Public Housing Project. The project has two locations and the units were constructed in 1974 and 1979. The 32 units include 30 one-bedroom and two 2-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$423 to \$560. Most of the tenants are non-seniors. The manager reported seven vacancies at the time of the survey, although some of the open units were undergoing renovation.

At the time of the 2013 Murdo Housing Study, the City had a second subsidized project. Murdo Townhouse Apartments was an eight-unit USDA Rural Development project. However, since 2013, Murdo Townhouse Apartments was converted from subsidized to market rate housing.

**Recommendation:** We do not recommend the development of additional subsidized rental housing at this time. Murdo has a total of 32 subsidized units, which is a significant number of units for a City of its size.

We have recommended eight to 10 market rate units. Rents can be affordable in these units if a Housing Voucher Program is initiated in the County and utilized. We also recommended three to four affordable market rate units. Additionally, funds for the development of subsidized rental housing are very limited, especially in small cities.

We do recommend that the City continue to monitor the need for the production of subsidized housing in the future.

#### **5. Apply for access to the Housing Choice Voucher Program**

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

Although the federal government provides limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last three decades.



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

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

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

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

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

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

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

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

The rental units should be primarily two-bedroom units. Please note that these units are not in addition to the units recommended in the first recommendations of this section. If a mixed use building or buildings were constructed, the number of units recommended previously should be reduced.

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

# **Murdo - Home Ownership Recommendations**

## **Home Ownership**

**Findings:** Expanding home ownership opportunities is a goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Murdo is estimated to be approximately \$66,500 based on 2021/22 sales activity. The home values in Murdo provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Murdo demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 35 and 54, and 65 to 74 year old age ranges by 2028. The other age ranges are projected to lose households or will remain relatively stable. Some households in these age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

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

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

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

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

The City should work with housing agencies to access programs that provide financial assistance for households to purchase a home and to assure the City of Murdo is receiving its share of resources that are available in Jones County and the region.

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

## **8. Develop a Purchase/Rehabilitation Program**

**Findings:** The City of Murdo has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately half of the homes in Murdo are valued less than \$66,500. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, private sector individuals are purchasing homes and then rehabilitating and reselling the homes in Murdo. There may be an opportunity to assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that can be economically purchased, rehabilitated and sold.

# **Murdo - Single Family Housing Development**

## **Single Family Housing Development**

**Findings:** Based on City and U.S. Census Bureau information, Murdo has experienced limited single family housing development since the 2013 Murdo Comprehensive Study. Over the past 10 years, from 2013 to 2022, four single family homes have been constructed in or moved into Murdo. Three mobile homes were also moved into Murdo during this time period.

Household growth projections for Murdo indicate limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Murdo households in the 65 to 74 year old age range. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing or town homes/twin homes.

Growth projections estimate that households in the 35 to 54 year old age ranges will be relatively stable from 2023 to 2028. Some households in these age ranges are first-time home buyers and may be in the market for new affordable homes. Also, some of these households may be moving up to higher priced new homes.

It is our opinion that if the City, the Murdo Development Corporation, housing agencies, and builders are proactive, five to seven owner-occupied housing units can be constructed or moved into Murdo from 2023 to 2028. However, residential lots must be available for new housing construction to come to fruition. In the 2013 Murdo Housing Study, we projected that seven to eight new homes would be constructed over the five-year projection period. Four homes were constructed. However, no lots were developed over this time period.

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

▶ Higher and Medium priced homes (over \$300,000)	1-2
▶ Affordable Homes (under \$300,000)	2-3
▶ Twin homes units	<u>2</u>
Total	5-7

## **9. Develop a six to eight-lot subdivision**

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

**Recommendation:** Using our projections that five to seven houses will be constructed or moved into Murdo over the next five years, an adequate supply of lots only exists if the buyer pro-actively seeks to purchase a lot that may not be currently on the market or if the buyer purchases a home for demolition. Although it should be a priority to redevelop neighborhoods by demolishing dilapidated housing, we are recommending that the City of Murdo coordinate with an area housing agency or private developer to plan and develop a six-lot to eight-lot subdivision. In the 2013 Murdo Housing Study, we also recommended the development of a six to eight-lot subdivision. No lots have been developed.

A six to eight-lot subdivision, along with in-fill lots, will provide an adequate number of lots for the five-year projection period, and will also provide lots for two to three years beyond the projection period.

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

- ▶ The subdivision should be no more than six to eight lots, but the subdivision and infrastructure should be planned and developed to accommodate future phases, if possible.
- ▶ The subdivision must be as aesthetically acceptable as possible.
- ▶ The subdivision should accommodate a variety of home designs and home prices.
- ▶ The development process should be user-friendly and as streamlined as possible.
- ▶ To be successful, the homes must be available to as wide an income range as possible.



- ▶ The subdivision should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ A successful subdivision will need the cooperation of local housing agencies, funding agencies, employers, the City of Murdo and the Murdo Development Corporation.
- ▶ Some lots should be available for twin home development.

During our interview process, the old campground was identified as a potential site for future residential lot development.

We are estimating a seven to eight-year lot absorption time frame.

## **10. Strategies to encourage residential lot sales and new home construction in Murdo**

**Findings:** Over the past 10 years, four owner-occupied new single family housing units have been constructed in the City of Murdo. To construct new single family owner-occupied housing units at an increased rate, we recommend several strategies.

**Recommendation:** We recommend that the City of Murdo, the Murdo Development Corporation, the Murdo Housing Authority, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ **Competitive pricing** - There are lots available in communities throughout the region. To continue to attract new home construction in Murdo, lots should be competitively priced in comparison to other options in the area.
- ▶ **User-Friendly** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.

- ▶ ***Long-term planning*** - The City of Murdo, the Murdo Development Corporation and private developers should continue long-term development planning to assure lots are available to meet demand for all types and pricing of new housing on an ongoing basis.
- ▶ ***Promote spec home construction*** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.
- ▶ ***Lot availability for twin home development*** - Residential lots should be available for twin home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivision. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Murdo will need a marketing strategy to sell available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should to be included in marketing strategies. In addition to marketing the lots, the City of Murdo and its amenities should be marketed.
- ▶ ***Covenants*** - New lots in Murdo may have covenants that assure quality development. The covenants should assure that they protect the integrity of the subdivision, but are not a barrier to new construction and do not prevent the target markets from constructing homes.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and Governor’s Homes that provide affordable ownership options for moderate income households.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, tax deferments, cash incentives, etc.
- ▶ ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.

- ▶ **Housing Programs** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers.

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

**Findings:** There are several housing agencies and nonprofit groups that may have the capacity to construct new housing for moderate income households including NeighborWorks Dakota Home Resources and the Murdo Development Corporation.

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

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

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

## **12. Promote twin home development**

**Findings:** Since the 2013 Murdo Housing Study, no owner occupied twin homes or town homes have been constructed in Murdo. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options.

In 2020, there were 119 households in Murdo 212 households in Jones County households in the 55 and older age ranges. The number of empty-nester and senior households should result in some demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market.

**Recommendation:** It is our projection that one new owner-occupied twin home could be constructed in Murdo over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship. The old campground parcel is a potential site for twin home construction.

Also, we are projecting that additional twin homes could be constructed after the five-year projection period.

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

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

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

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

### **13. Develop a 'Gap Financing' Mortgage Program**

**Findings:** The home values in the Murdo area are low compared to the cost of constructing a new home. Based on market values for recent residential sales, we estimate that the median priced home in Murdo is valued at approximately \$66,500. This is well below the comparable cost for new housing construction, which will generally be above \$300,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This value gap makes it difficult for households to obtain financing to construct a new home or to move a new home into the area. Financial institutions have difficulty identifying comparable properties at a value equal to the cost of constructing a new home.

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

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

# **Murdo - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

### **14. Promote rental housing rehabilitation**

**Findings:** Based on the U.S. Census data, the City of Murdo had approximately 86 rental units in 2020. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. More than 75% of all rental units in Murdo are more than 40 years old. Some of these rental structures are in poor condition and could benefit from rehabilitation.

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

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

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

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

Approximately 45% of the owner-occupied homes in the City of Murdo are more than 60 years old. Some of these older homes need rehabilitation to continue to be viable housing options. Without rehabilitation assistance, the affordable housing stock will shrink in Murdo.

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

Currently, NeighborWorks Dakota Home Resources and the Rural Office of Community Services, Inc., are implementing owner-occupied housing rehabilitation and weatherization programs in Murdo and Jones County. Households that meet program requirements are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the household lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Murdo and Jones County households to utilize these programs.

# **Murdo - Other Housing Initiatives**



## **Other Housing Initiatives**

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

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

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

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

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

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

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

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

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

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

**Findings:** The City of Murdo has a limited number of commercial buildings. There are buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue to redevelop the commercial areas, to maximize the usage of commercial buildings and to promote new downtown businesses.

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

**Recommendation:** We are recommending the initiation or continuation of the following actions for Murdo’s commercial area:

- ▶ Interview commercial property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)

- ▶ Develop a mini-plan for each commercial property and each commercial block. This may include:
  - ▶ Commercial building rehab and renovations
  - ▶ Facade work
  - ▶ Building demolition
  - ▶ New construction
  - ▶ Recruiting new businesses
  - ▶ Housing development
  
- ▶ Identify funding sources
  - ▶ Property owner funds
  - ▶ City of Murdo
  - ▶ Federal Home Loan Bank
  - ▶ Special tax districts
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Tax deferments
  - ▶ Funds from South Dakota State Agencies
  - ▶ Murdo Development Corporation
  - ▶ Murdo Housing Authority
  
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Murdo
  - ▶ Murdo Development Corporation
  - ▶ South Central RC & D

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

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

**Recommendation:** The City of Murdo and the Murdo Development Corporation have been active in promoting and marketing housing and we recommend the initiation or continuation of the following:

- ▶ Determine the City’s strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in Murdo
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Work with developers and builders to make lot development and the construction of new homes as user-friendly as possible
- ▶ Continue to work on the creation of jobs and the development of retail, service, medical and recreational opportunities that can make the City a “full service” community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

## **20. Develop a Time of Sale/Rent Inspection Program**

**Findings:** Based on housing inventory we completed in 2013, nearly 20% of the City’s housing units were in mobile homes. At that time we counted 45 mobile homes in Murdo, although some may have been removed since that time.

Based on a visual review in 2023, some of these mobile homes are still substandard and need repairs. Some of the substandard and/or dilapidated mobile homes may be rentals while others are owner-occupied.

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

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

## **Agencies and Resources**

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

### **Murdo Housing Authority**

HC 74 Box 52  
Murdo, SD 57559  
(605) 669-2681

### **Murdo Development Corporation**

404 Main St.  
Murdo, SD 57559  
(605) 516-9080

### **NeighborWorks Dakota Home Resources**

795 Upper Main Street  
Deadwood, SD 57732  
(605) 578-1401

### **South Central RC & D**

107 W. 5<sup>th</sup> St.  
PO Box 461  
Murdo, SD 57559

### **USDA Rural Development**

1717 North Lincoln Avenue  
Pierre, SD 57501  
(605)224-8870, Ext. 4

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

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

### **Central South Dakota Enhancement District**

3431 Airport Rd.  
Pierre, SD 57501  
(605) 773-2780