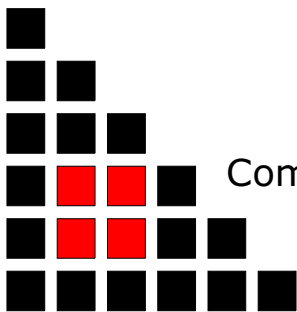


Onida HOUSING STUDY

June 2023

An analysis of the overall housing needs
of the City of Onida, 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 Onida and Sully 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 hired by the City of Onida to conduct a study of the housing needs and conditions in the community.

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2022 to April 2023. Data sources included:

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

- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing conditions survey

Limitations

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

This study was prepared by:

Community Partners Research, Inc.
Faribault, MN
(507) 838-5992
cpartners@charter.net

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Demographic Data Overview

Sources of Data

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

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

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

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

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

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

Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have also utilized estimates and projections from Esri.

Both AGS and Esri produced their estimates and projections after the release of the 2020 Census, and the information is generally consistent with Census totals. Both of these private data reporting services are widely used by financial and government entities.

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Onida	761	740	-2.8%	658	-11.1%	666
Sully County	1,589	1,556	-2.1%	1,373	-11.8%	1,446

Source: U.S. Census Bureau

- ▶ 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.
- ▶ At the time of the 2020 Census, Onida had 666 permanent residents. When compared to the 2010 Census, the City had added eight people over the decade, for an increase of 1.2%.
- ▶ The increase in population identified in the 2020 Census reversed a longer-term pattern in Onida, as the City had been losing population in prior decades. In the 1990s Onida lost 21 people, and between 2000 and 2010 the City’s population decreased by 82 people.
- ▶ Sully County’s population was 1,446 in 2020, up by 73 people from 2010, an increase of 5.3%. The County had lost population in the 1990s and between 2000 and 2010, but after 2010 it recovered some of the previous losses.
- ▶ Applied Geographic Solutions (AGS), has produced 2022 population estimates for jurisdictions in South Dakota. Their population estimate for Onida is 672 people, up slightly from the 2020 Census count of 666 people with a 2-year time difference in the effective dates.
- ▶ Esri’s population estimate for 2022 shows 650 people living in the City, slightly lower than the 2020 Census count of 666 people, but two years forward in the effective date.
- ▶ The 2022 AGS estimate for Sully County is 1,505, higher than the 2020 Census count of 1,446 people.

Population Characteristics: Race and Ethnic Origin

- ▶ According to the 2020 Census, nearly 91% of the City’s residents listed their race as “White”. Approximately 6% of residents listed “Two or More Races”.
- ▶ Approximately 3.3% of the City’s residents were of Hispanic/Latino ethnic origin.

Population Characteristics: Group Quarters

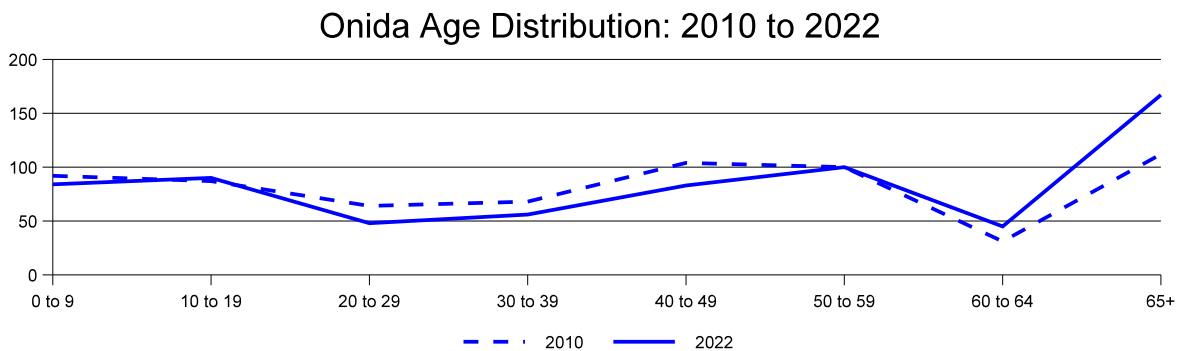
- ▶ At the time of the 2020 Census, there were no residents of Onida that were living in “group quarters” housing, such as a nursing home or group home facility.

Onida Population by Age Trends: 2010 to 2022

Age-based population estimates for 2022 are available from Applied Geographic Solutions. The estimates for Onida can be compared to the 2010 Census examine the changing age patterns over time.

Table 2 Onida Population by Age - 2010 to 2022			
Age	2010 Census	2022 AGS	Change
0-9	92	84	-8
10-19	87	90	3
20-29	64	48	-16
30-39	68	56	-12
40-49	104	83	-21
50-59	100	100	0
60-64	31	45	14
65+	112	167	55
Total	658	673	15

Source: U.S. Census; AGS



- ▶ Based on the estimates from AGS, there was a net addition of 15 residents in Onida between 2010 and 2022.
- ▶ The largest increase of any group was growth in the City’s senior citizen population, age 65 and older. AGS combines all seniors into a single range and shows that Onida added 55 people age 65 and older.

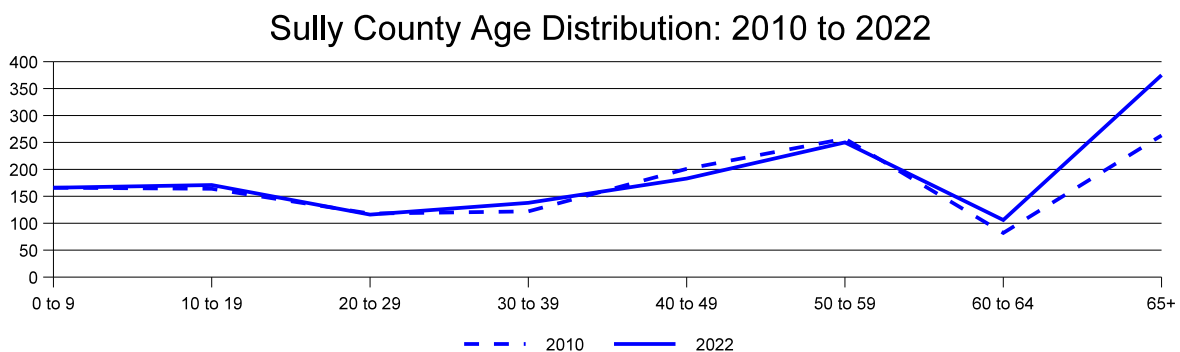
- ▶ Onida also added 14 residents in the near-senior range, age 60 to 64 years old.
- ▶ Most of the remaining age ranges either remained relatively stable or decreased in size. This included children and young adults age 19 and younger. This group is estimated to have had a net decrease of only five people.
- ▶ There were larger estimated losses within the other younger age groups. If the age ranges between 20 and 49 years old are combined, there was a decrease of 49 people between 2010 and 2022.

Sully County Population by Age Trends: 2010 to 2022

Age-based population estimates for Sully County are also available from Applied Geographic Solutions.

Table 3 Sully County Population by Age - 2010 to 2022			
Age	2010 Census	2022 AGS	Change
0-9	166	166	0
10-19	164	171	7
20-29	118	116	-2
30-39	122	138	16
40-49	201	183	-18
50-59	257	250	-7
60-64	82	106	24
65+	263	375	112
Total	1,373	1,505	132

Source: U.S. Census; AGS



- ▶ Based on the estimates from AGS, there were limited changes in many of the defined age groups in Sully County between 2010 and 2020. However, the population of senior citizens in the County did increase substantially, with the estimated addition of 112 residents. This would largely reflect the movement of the “baby boom” generation through the aging cycle.

- ▶ The next largest increase occurred among near-seniors, as the County's population in the 60 to 64 year old range increased by an estimated 24 people.
- ▶ The County's largest population decreases were estimated in the 40 to 49 year old group and in the 50 to 59 year old range. The demographic cohorts trailing behind the baby boom were often not as large and did not replace the advancing age groups.
- ▶ There were very limited changes in the County's population of children and young adults, age 19 and under.
- ▶ There was some growth within the 30 to 39 year old range, and only minor losses in the 20 to 29 year old group. As a result, the County did see a small increase of younger adults between 2010 and 2022.

Population Projections

Population projections are available from both Applied Geographic Solutions and Esri. The base-year estimates from these sources have been provided, along with projections to 2027. The 2020 Census totals are also presented for comparison.

Table 4 Population Projections Through 2027				
	2020 Census	2022 Estimate	2027 Projection	Change
Onida - AGS	666	672	635	-37
Onida - Esri	666	650	664	14
Sully County - AGS	1,446	1,505	1,465	-40

Source: U.S. Census; AGS; Esri

- ▶ Applied Geographic Solutions is projecting a decrease in the City’s population, with the expected loss of 37 people over the 5-year time period, or an annual average of approximately seven fewer residents per year. This projection would not be consistent with recent patterns as Onida experienced some population growth over the past decade.
- ▶ Esri is projecting minor growth for the City between 2022 and 2027, with the expected addition of 14 residents, or an average of three people per year.
- ▶ Applied Geographic Solutions is also projecting a decreasing population Countywide, with the expected reduction of 40 people between 2022 and 2027. This equates to an annual average loss of approximately 8 residents per year. Between 2010 and 2020, the County’s population had increased by an average of approximately seven people per year.

Household Data and Trends

Table 5 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Onida	301	299	-0.7%	280	-6.4%	274
Sully County	621	630	1.4%	610	-3.2%	635

Source: U.S. Census

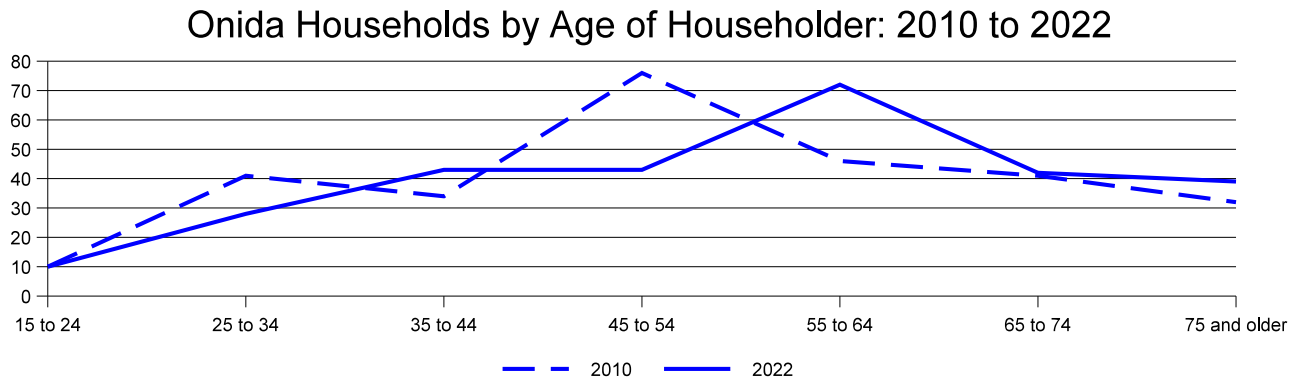
- ▶ At the time of the 2020 Census, Onida had 274 permanent resident households. When compared to 2010, the City had lost six households over the decade for a decrease of 2.1%. The City had added some population, despite the reduction in households, as the average number of people per household increased during this time.
- ▶ The household loss for Onida over the last decade was a continuation of long-term patterns, as the City has had a decreasing household count since at least 1990. However, the decade-to-decade decrease has been small. Between 1990 and 2020, the City has lost an average of less than one household per year.
- ▶ Although the decennial Census is usually viewed as the most reliable demographic data source available, there have been questions raised about the 2020 Census due to the timing of the Covid pandemic. It is possible that the reported loss of six permanent resident households in the community may represent an under estimate of the household count.
- ▶ Sully County had 635 permanent households according to the 2020 Census, up by 25 households from 2010. While Onida had a reduction of households over the decade, the remainder of the County added households.
- ▶ The AGS estimate showed 273 households in Onida in 2022, very similar to the Census count of 274 households in 2020 with a 2-year difference in the effective dates.
- ▶ The Esri estimate shows 277 households in the City in 2022, slightly above the 2020 Census count of 274 households but with an effective date that is two years forward.
- ▶ The AGS estimate for Sully County showed 664 households in 2022, up from the Census count of 635 households in 2020.

Onida Household by Age Trends: 2010 to 2022

Esri provides age-based household estimates for the year 2022 which can be compared to the 2010 Census to track aging patterns. This information is for the City of Onida.

Table 6 Onida Households by Age - 2010 to 2022			
Age	2010 Census	2022 Esri	Change
Under 25	10	10	0
25-34	41	28	-13
35-44	34	43	9
45-54	76	43	-33
55-64	46	72	26
65-74	41	42	1
75+	32	39	7
Total	280	277	-3

Source: U.S. Census; Esri



- ▶ As estimated by Esri, the City of Onida lost three total households between 2010 and 2022.
- ▶ The largest increase occurred among households in the 55 to 64 year old age group, which added an estimated 26 households. This would largely reflect the baby boom generation moving through the aging cycle.

- ▶ The greatest estimated loss occurred in the 45 to 54 year old range, as the age cohort trailing behind the baby boom was not as large and did not replace the advancing age group.
- ▶ The younger adult range between 25 and 34 years old was also estimated to decrease in size, with 13 fewer households by 2022.
- ▶ Despite some increase in the 35 to 44 year old range, overall Onida had a decrease of younger and middle-aged households. If all of the age groups 54 years old and younger are combined, the City had an estimated net loss of 37 households between 2010 and 2022.
- ▶ While each of the age ranges 55 and older increased in size, most of this was attributable to the 55 to 64 year old range. Based on Esri's estimates, the City added only eight senior-headed households between 2010 and 2022, age 65 and older.

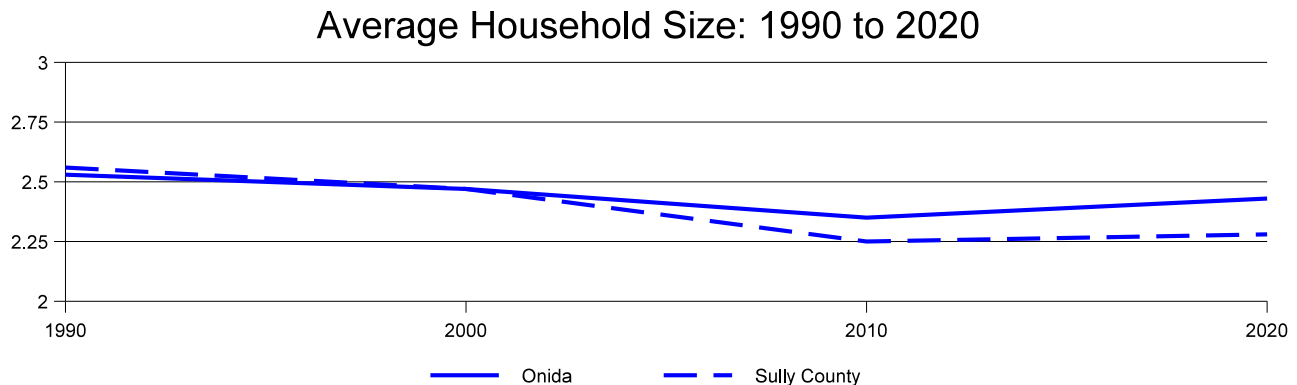
Average Household Size

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

Table 7 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Onida	2.53	2.47	2.35	2.43
Sully County	2.56	2.47	2.25	2.28
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census

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



- ▶ After experiencing a decrease in household size from 1990 to 2010, Onida’s average household size increased in the most recent decade, from 2.35 persons in 2010 to 2.43 persons in 2020. With the increase, the City’s household size in 2020 was very similar to the Statewide average of 2.44 persons.
- ▶ The average household size for all of Sully County was also decreasing between 1990 and 2010, before increasing slightly between 2010 and 2020. However, the County’s average was still well below the Statewide average in 2020.

Household Projections

Household projections are available to the year 2027 from Applied Geographic Solutions and Esri. However, in the opinion of the analysts, these projections for Onida are overly conservative. As a result, Community Partners Research, Inc., has also generated a household growth projection for the 5-year time period from 2022 to 2027. The 2020 Census count is provided for comparison.

Table 8 Household Projections Through 2027				
	2020 Census	2022 Estimate	2027 Projection	Change
Onida - AGS	274	273	250	-23
Onida - Esri	274	277	285	8
Onida - CPR, Inc.	274	274	294	20
Sully County - AGS	635	664	633	-31

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

- ▶ Applied Geographic Solutions starts with a base-year estimate for 2022 that is very similar to the 2020 Census but projects that Onida will lose a substantial number households between 2022 and 2027. In the opinion of the analysts, this is an overly conservative forecast when compared to past patterns for the community.
- ▶ Esri is projecting a minor level of growth, with the addition of eight households between 2022 and 2027, or approximately one to two households per year. In the opinion of the analysts, this is a conservative forecast and the City does have even greater growth potential.
- ▶ After examining the available data used for this Housing Study, Community Partners Research, Inc., believes that the City has the potential to add approximately four households in an average year, or a total of up to 20 households over the 5-year projection period. While this would require a greater level of growth than the City has been experiencing in the recent past, it is an achievable forecast for the community.
- ▶ Applied Geographic Solutions believes that Sully County will lose 31 households between 2022 and 2027. The projected rate of loss, at approximately six households per year, would not be consistent with recent patterns as the County added households between 2010 and 2020.

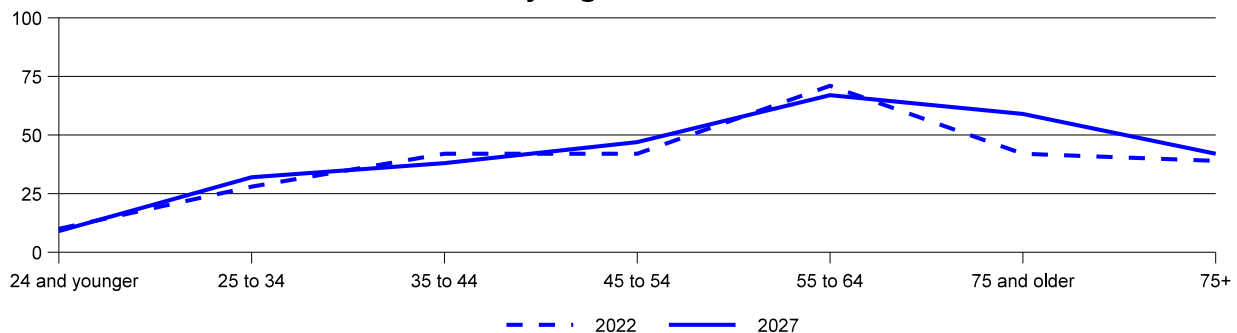
Onida Household by Age Projections: 2022 to 2027

Esri has also produced age-based household projections. However, in the opinion of Community Partners Research, Inc., Esri has an overly conservative view of the City’s growth potential. In the following table, the base estimates and projections from Esri have been adjusted slightly to better reflect the probable household count in the City by 2027.

Table 9 Onida Projected Households by Age - 2022 to 2027			
Age Range	2022 Estimate	2027 Projection	Change
24 and younger	10	9	-1
25-34	28	32	4
35-44	42	38	-4
45-54	42	47	5
55-64	71	67	-4
65-74	42	59	17
75 and older	39	42	3
Total	274	294	20

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

Onida Households by Age of Householder: 2022 to 2027



- ▶ The adjusted age-based projections show limited change in most of the defined age ranges between 2022 and 2027, with upward or downward movement of five or fewer households.
- ▶ The only age group expected to see larger change is the 65 to 74 year old group, with a projected increase of 17 households. This would largely represent the movement of the baby boom generation through the aging cycle.

- ▶ In broader terms, these projections expect an overall increase in households age 65 and older, but stability in the number of households in the combined age ranges 64 and younger.

Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The American Community Survey does provide an estimate of the tenure distribution patterns. However, these do not appear to be accurate and the 2010 Census has been used as the best available information on this topic.

Table 10 Households by Tenure - 2010				
	Number Owned	Percent Owned	Number Rented	Percent Rented
Onida	219	78.2%	61	21.8%
Sully County	477	78.2%	133	21.8%

Source: U.S. Census; ACS

- ▶ At the time of the 2010 Census, the home ownership tenure rate in Onida was high, at 78.2%. The remaining 21.8% of households were renters, below the Statewide rental rate of 31.9%.
- ▶ The same tenure distribution percentage was present in all of Sully County, with a home ownership rate at 78.2% in 2010.

Median Income Data

Information on median income is available at the city and county level through the American Community Survey. The most recent estimates are 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 together. Generally, family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners.

Table 11 Median Household Income - 2010 to 2021			
	2010 Median	2021 Median	% Change
Households			
Onida	\$48,750	\$56,250	15.4%
Sully County	\$48,958	\$59,688	21.9%
South Dakota	\$46,369	\$63,920	37.9%
Families			
Onida	\$60,250	\$87,813	45.7%
Sully County	\$58,875	\$78,750	33.8%
South Dakota	\$58,958	\$81,756	38.7%

Source: ACS

- ▶ According to the American Community Survey, the median household income in Onida was \$56,250 in 2021, lower than the comparable medians for Sully County and the State. The City’s median income had also been increasing at a slower rate when compared back to 2010. Sully County’s median household income was also below the Statewide level.
- ▶ The median family income for Onida was much higher, at \$87,813 in 2021, and had increased by nearly 46% from 2010. The median for families in Onida was estimated to be above the comparable medians for Sully County and South Dakota. The median family income for all of Sully County was lower than the Statewide median.
- ▶ Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, the median incomes in Onida yield an amount of \$1,406 for households and \$2,195 for families that could be applied to monthly costs for ownership or rental housing in 2021.

Onida Household Income Distribution

The American Community Survey provides income data by owner and renter status. For Onida, the 2021 American Community Survey appears to have underestimated the number of renter households in the community. As a result, only the percentage distributions have been presented.

Table 12 Onida Household Income Distribution - 2020			
Household Income	Percentage of Owner Households	Percentage of Renter Households	Total
\$0 - \$14,999	4.9%	20.6%	7.0%
\$15,000 - \$24,999	12.5%	0%	10.9%
\$25,000 - \$34,999	5.8%	11.8%	6.6%
\$35,000 - \$49,999	19.6%	29.4%	20.9%
\$50,000 - \$74,999	15.6%	8.8%	14.7%
\$75,000 - \$99,999	15.6%	5.9%	14.3%
\$100,000+	25.9%	23.5%	25.6%
Total	100%	100%	100%

Source: ACS

- ▶ Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.
- ▶ In 2021, nearly 62% of renter households in Onida had an annual income below \$50,000. The estimated median income level for all renter households was \$41,500. The estimated median income for renter households in Onida was relatively high when compared to other small communities in South Dakota. However, due to the limited number of renter households in the City, there is a margin of error that applies to this income estimate.
- ▶ Most owner households had a higher income level. Approximately 57% of owner households had an annual income of \$50,000 or more in 2021. The estimated median household income for home owners was \$59,583.

Estimated Income and Housing Costs - Renters

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

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Table 13 Gross Rent as a Percentage of Household Income - 2021	
Percent of Income for Housing	Percent of Renter Households
Less than 20%	47.1%
20% to 29.9%	23.5%
30% to 34.9%	0%
35% or more	20.6%
Not Computed	8.8%
Total	100%

Source: American Community Survey

- ▶ According to the 2021 American Community Survey, most renter households in Onida had an affordable rent. Nearly 71% of all renters in the City reported that they were paying less than 30% of their income for rent.
- ▶ Nearly 21% of all renter households were paying 30% or more and had a cost burden in 2021. All of these households were applying 35% or more of their income and had a severe cost burden.
- ▶ While a housing cost could be caused by high housing costs, in Onida it was primarily due to lower income levels. All of the City’s renter households with a cost burden had an annual income below \$35,000 in 2021.

Estimated Income and Housing Costs - Owners

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

Table 14 Salem Ownership Costs as a Percentage of Income - 2021	
Percentage of Household Income for Housing Costs	Percent of All Owner Households
0% to 19.9%	72.3%
20% to 29.9%	7.1%
30% or more	20.5%
Not Computed	0%
Total	100%

Source: ACS

- ▶ More than 79% of owner-occupants in Onida, which would include households with and without a mortgage, reported paying less than 30% of their income for housing in 2021.
- ▶ More than 20% of all home owners reported that they paid more than 30% of their income for housing.

Building Permit Trends

Onida has experienced limited new housing construction activity since 2010.

Table 15 Onida Housing Unit Construction Activity: 2010 to 2022			
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	1	0	1
2015	2	0	2
2014	0	0	0
2013	2	0	2
2012	1	0	1
2011	1	0	1
2010	0	0	0
Total	8	0	8

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

- ▶ Over the 13-year period from 2010 to 2022, there were eight new housing units added to the City through new construction. However, all of these permits were issued between 2010 and 2017. After 2017, no new housing construction can be tracked from available reporting.
- ▶ No multifamily structures were permitted based on Census Bureau reports.

2020 Census Housing Data

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

Table 16 Housing Units, Occupancy and Vacancy - 2010 to 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Onida	331	335	4	280	274	-6	51	61	10
Sully Co.	845	892	47	610	635	25	235	257	22

Source: U.S. Census

- ▶ Comparing the Census housing totals from 2010 and 2020 for Onida showed a net gain of four total housing units over the decade. As reported on a previous page, there were eight new houses constructed in the City after 2010. A net gain of four housing units implies that a small number of older housing units were lost over the decade.
- ▶ There were six fewer households/occupied units in 2020 than had been counted in 2010. The number of vacant or otherwise unoccupied housing units increased in Onida between 2010 and 2020. In 2010 there were 51 vacant units while in 2020, there were 61 vacant/unoccupied units.
- ▶ Although the 61 vacant units in 2020 may appear to be a high number, there is a larger apartment building, East Haven Apartments, that is not being offered for rent in 2023. This project has a reported 28 units of housing that would be included in the vacant housing count.
- ▶ There was a larger gain of housing units in Sully County. Based on the Census counts, the entire County had 47 more housing units in 2020 than in 2010.
- ▶ The increase in housing units in the County was greater than the reported growth in households, as the Census showed that 25 households were added between 2010 and 2020.

American Community Survey Housing Data

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

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units in Onida, the estimated median year of construction is 1963. Nearly 79% of all owner-occupancy houses in the City were constructed prior to 1980.

Based on the American Community Survey data, Onida's single family housing stock is older than average for South Dakota. Statewide, the median year of construction for owner-occupancy housing was estimated at 1979.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Onida, the estimated median year of construction is 1977. Nearly 71% of all renter-occupancy units in the City were constructed prior to 1980.

Statewide, the median year of construction for renter-occupancy housing was estimated at 1983.

Existing Home Sales

This section examines houses that have been sold since 2018 in Onida. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Sully County Equalization Office.

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

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

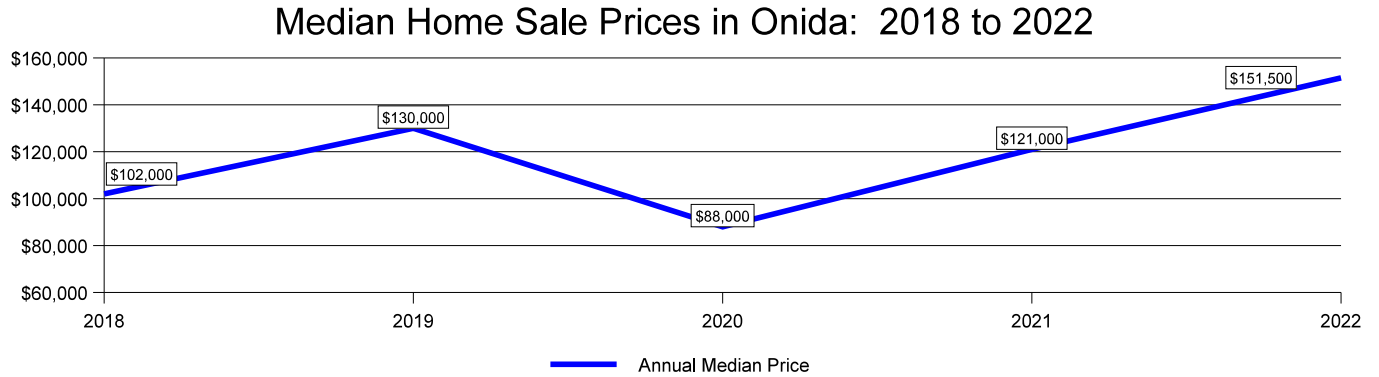
The time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year.

Table 17 Median Value of Recent Sales - 2018 to 2022				
Sales Year	Number of Good Sales	Median Sale Price	Highest Valued Sale	Lowest Valued Sale
2022	12	\$151,500	\$297,000	\$26,000
2021	17	\$121,000	\$295,000	\$20,000
2020	8	\$88,000	\$252,000	\$15,500
2019	10	\$130,000	\$239,000	\$50,000
2018	8	\$102,000	\$195,000	\$80,000

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

- ▶ With only a limited number of home sales within any 12-month time period, there can be significant year-to-year variation in the annual median sale price.
- ▶ For 2022, the median price was \$151,500, the highest median over the five years reviewed.

- ▶ In 2021 and 2022 there were 27 good sales. The median price over the 24-month time period was \$121,000.



- ▶ An alternate estimate of home values exists in the American Community Survey. In 2021, the estimated median value for all owner-occupied housing in Onida was \$130,000. This estimate was higher than the median sale price recorded in 2021/22 of \$121,000.

Onida Housing Condition

Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 278 single family/duplex structures in Onida. Structures that appeared to contain three or more residential units were excluded from the survey. Mobile homes are reported separately.

The City was divided into two neighborhoods:

- ▶ Houses east of Main Street
- ▶ Houses west of Main Street

Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure’s interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, ‘move-in’ condition. Sound houses may contain minor code violations and still be considered Sound.

Table 18 Windshield Survey Condition Estimate - 2023					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Main	38 / 38.0%	43 / 43.0%	13 / 13.0%	6 / 6.0%	100
East of Main	91 / 51.1%	71 / 39.9%	14 / 7.9%	2 / 1.1%	178
Total	129 / 46.4%	114 / 41.0%	27 / 9.7%	8 / 2.9%	278

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Onida is generally in good condition, with more than 46% of all houses in the City rated as Sound, the highest rating given. An additional 41% of the houses were rated in the Minor Repair category. In total, more than 87% of all houses in Onida were in the two highest ratings groups.
- ▶ There were 27 houses that were in the Major Repair category. Major Repair houses may require a significant investment to return to better condition.
- ▶ There were 8 houses that were judged to be Dilapidated, the lowest rating given. Dilapidated houses may be beyond the point of economically feasible repair.

Mobile Homes

Mobile homes in Onida were also viewed and rated based on the scale presented earlier.

Table 19 Mobile Home Windshield Survey Condition Estimate - 2023					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	3 / 15.0%	10 / 50.0%	5 / 25.0%	2 / 10.0%	20

Source: Community Partners Research, Inc.

- ▶ Although most of the mobile homes in Onida were rated in one of the top two condition categories, most of these were rated as needing Minor Repair. Only three mobile homes were rated as Sound.
- ▶ There were five mobile homes in the Major Repair group and 2 units rated as Dilapidated. It is often difficult to rehabilitate older mobile homes.

Rental Housing Data

Census Bureau Rental Inventory

The 2020 Census has not yet released any of the more detailed tables on housing occupancy patterns, including owner versus renter status. Estimates for 2021 do exist in the American Community Survey, but these do not appear to be accurate for Onida.

At the time of the 2010 Census there were 61 occupied rental units and 16 unoccupied rental units in Onida, for a total estimated rental inventory of 77 units. The City's rental tenure rate in 2010 was 21.8%, well below the Statewide rental rate of 31.9%.

Recent Rental Construction

Based on available reporting, no rental housing development occurred after 2010 in Onida. Any change in the rental inventory would have been the result of tenure conversion, if houses that had formerly been used for owner-occupancy switched to rental use, or vice versa.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Onida. 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.

The telephone survey was conducted in February and March 2023. Information was tallied separately for different types of rental housing, including market rate units, subsidized housing and specialized senior housing.

There were 20 rental housing units of all types that were contacted in the survey. The units that were successfully contacted include:

- ▶ 12 conventional market rate units
- ▶ 8 federally subsidized units

The findings of the survey are provided on the following pages.

Market Rate

There were two conventional market rate projects that were contacted with a combined 12 rental units. One of these projects was a collection of eight rental units, with three in downtown buildings and five rental houses that have a single owner. The other project was a rental four-plex.

The largest apartment building in the City, with more than 20 units, has been offline for the past few years. According to local reports, the building is in need of extensive repairs if it were to be put back into the useable housing inventory.

Unit Mix

Specific bedroom information was not obtained from the five single family rental houses, but in the remaining seven units there were four one-bedrooms and three two-bedrooms.

Occupancy/Vacancy

At the time of the survey there was a vacant one-bedroom unit in one of the downtown rental units, but this was attributed to recent turnover and the unit was expected to refill quickly.

Rental Rates

There was a wide range of rental rates reported, with 1-bedroom gross rents from \$450 to \$800, including utilities. Two-bedroom units ranged from \$600 to \$1,000, including utilities.

The rental single family houses had a monthly rent of \$900, including utilities.

Tax Credit

There are no rental projects in Onida that have received federal assistance through the low income housing tax credit program.

Subsidized

Onida has one subsidized rental project serving low income people. Onida Enterprises is subsidized through USDA Rural Development and provides general occupancy housing.

Unit Mix

All of the apartments in Onida Enterprises have two bedrooms.

Occupancy/Vacancy

At the time of the survey, six of the eight units were occupied. The remaining two units were intentionally vacant to allow for repairs.

The project had a 4-name waiting list and the units were expected to lease quickly after repairs were completed.

Rental Rates

Four of the eight units in Onida Enterprises have access to project-based rental assistance allowing tenants to pay rent based on 30% of income. In the remaining units, a base rent of \$475 is charged even if it exceeds 30% of the tenant's income.

Tenant-Based Rent Assistance

The City of Onida is not served by the HUD Housing Choice Voucher Program, which provides tenant-based rent assistance to income eligible households.

Senior Housing with Services

There are no specialized senior housing projects in Onida or Sully County. There are housing with services options in Pierre/Fort Pierre to the south and in Gettysburg to the north of Onida.

Table 20 Onida Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
East Haven Apartments 1000 E Dogwood	estimated 23 total units	N/A	N/A	N/A	Conventional market rate apartment building that has not been made available for occupancy for past two or three years. Information obtained in the research process indicates that extensive repairs are required. No information available on future status.
Four-plex	2 - 1 bedroom <u>2 - 2 bedroom</u> 4 total units	\$450-\$500 \$600-\$650	No vacant units	Mix of tenants	Former hospital building that is more than 100 years old that was converted to rental housing many years ago. Rent includes all utilities. Owner reported full occupancy and good demand. Mix of tenants including local work force.
Miles Downtown rentals	2 - 1 bedroom 1 - 3 bedroom <u>5 sf houses</u> 8 total units	\$800 \$1000 \$900	1 vacant unit 1 - 1 bdrm	Mix of tenants	Apartment units in a mixed-use building in the downtown area; owner also has 5 rental houses in the community with specific details not obtained. Rent includes utilities. One downtown apartment was vacant on date of survey due to turnover but adequate demand to maintain high occupancy rate.
Subsidized					
Onida Enterprises 609 S 8 th St	<u>8 - 2 bedroom</u> 8 total units	\$475 30% of income	2 units intentionally vacant for renovation	General occupancy	USDA Rural Development subsidized project for general occupancy constructed in 1971. Four units have access to project-based rent assistance that allows tenants to pay 30% of income for rent; remaining tenants pay basic rent listed plus some utilities. Manager reported that 2 units were undergoing renovation on date of survey but 4 name waiting list exists and units will fill when work is completed.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends

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

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

Labor Force and Unemployment

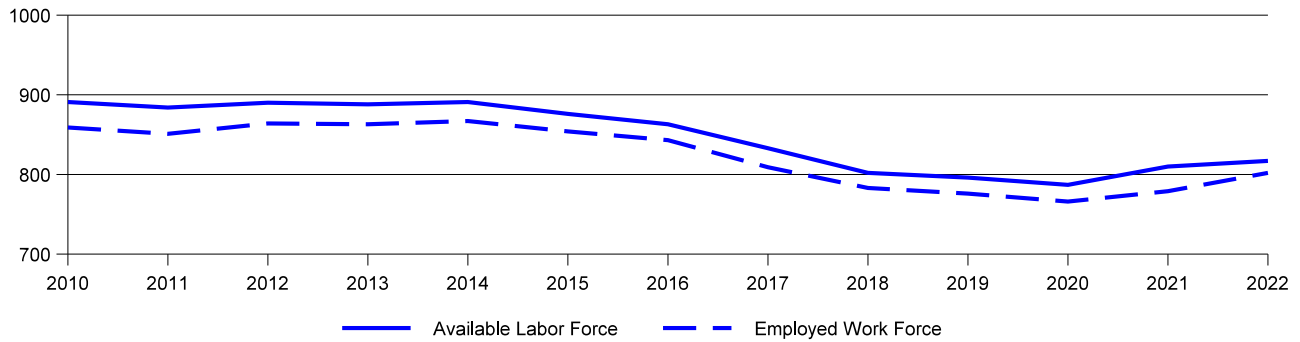
Employment information is only available at the county-level, and has been analyzed for Sully County. The labor force statistics track people by place of residence, rather than place of employment.

Table 21 County Average Annual Labor Force: 2010 to 2022						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	891	859	32	3.6%	5.0%	9.6%
2011	884	851	33	3.7%	4.7%	8.9%
2012	890	864	26	2.9%	4.3%	8.1%
2013	888	863	25	2.8%	3.8%	7.4%
2014	891	867	24	2.7%	3.4%	6.2%
2015	876	854	22	2.5%	3.1%	5.3%
2016	863	843	20	2.3%	3.0%	4.9%
2017	833	809	24	2.9%	3.2%	4.4%
2018	802	783	19	2.4%	3.0%	3.9%
2019	796	776	20	2.5%	3.0%	3.7%
2020	787	766	21	2.7%	4.6%	8.1%
2021	810	779	31	3.8%	2.8%	5.3%
2022	817	802	15	1.8%	2.3%	3.7%

Source: South Dakota Department of Labor

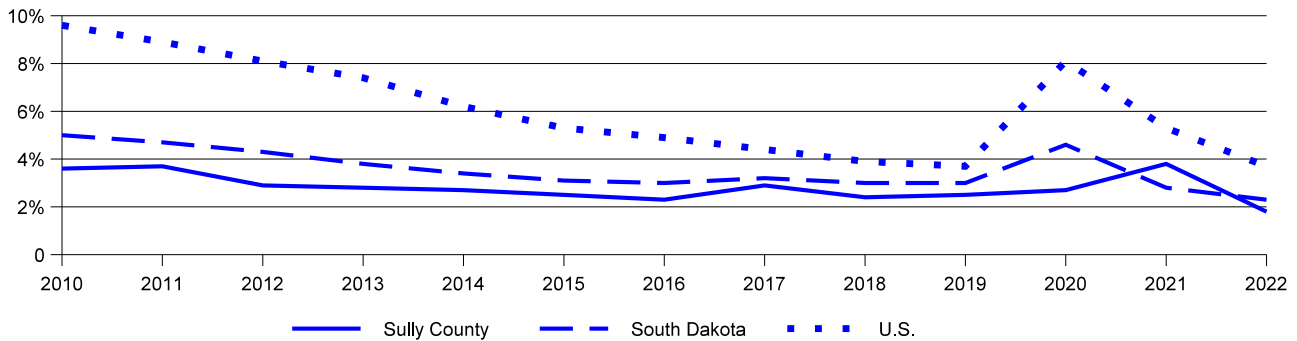
- ▶ Since 2010 there has been both downward and upward movement in the size of the County’s resident labor force. If 2022 is compared to 2010, the labor force decreased by 74 people, or -8.3%. However, the labor force had reached a recent low in 2019 and 2020, and has then increased since that time.
- ▶ The employed work force has generally followed a somewhat similar pattern. From 2010 to 2022, the number of employed County residents had decreased by 57 people. But after reaching a low point in 2019 and 2020, there has been some employment increase by the end of 2022.

Sully County Labor Force and Employed Work Force



- ▶ The size of the employed work force does not appear to have been overly impacted by the global health pandemic in 2020, as labor force statistics for 2020 were generally similar to 2019. By 2021, there had been growth in both the resident labor force and the employed work force in Sully County.

Unemployment Rates



- ▶ Throughout the time period reviewed, the County’s unemployment rate has remained low. Even at its highest level, the County’s unemployment rate was below 4.0%. In 2022, the County’s unemployment rate was extremely low at 1.8%.

Average Annual Wages by Industry Sector

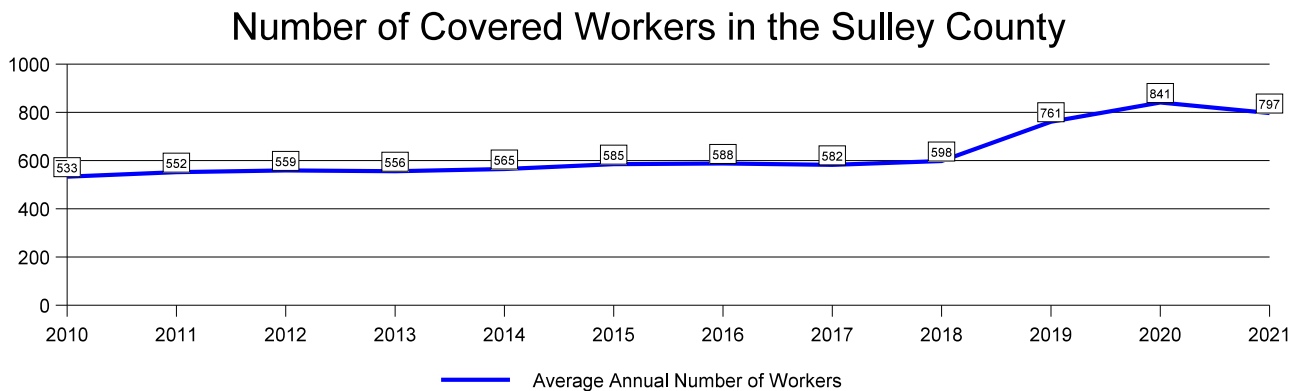
The following table shows the annual employment and average annual wages in 2021, the last full year of data. This information is for all of Sully County. It is important to note that the major employment sectors listed do not represent all employment in the County.

Table 22 County Average Weekly Wage: 2021		
Industry	Employment	Average Weekly Wage
Total All Industry	797	\$1,001

Source: South Dakota Department of Labor

- ▶ The average weekly wage for all industry in 2021 was \$1,001. At full-time employment this would equate to an annual wage of approximately \$52,000. Statewide the average weekly wage in 2021 was \$986, slightly lower than the average wage in Sully County. The Statewide average wage would equate to approximately \$51,272 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.



- ▶ After increasing slightly between 2010 and 2018, the number of covered workers in Sully County increased by more than 160 people between 2018 and 2019. Employment then reached a recent peak in 2020, before decreasing slightly in 2021. Annual information for 2022 is not yet available.

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 Onida. This table only examines people that commuted, and excludes people that work at home.

Table 23 Commuting Times for Residents - 2021		
Travel Time	Number	Percent
Less than 10 minutes	158	59.4%
10 to 19 minutes	36	13.5%
20 to 29 minutes	3	1.1%
30 minutes +	69	25.9%
Total	266	100%

Source: American Community Survey

- ▶ Most Onida residents were able to work locally in 2021, with nearly 73% commuting less than 20 minutes to work. However, approximately 26% of the City’s residents were longer-distance commuters and traveling 30 minutes or more for work.

A large number of jobs are based in Onida and estimates were also provided for people that worked in the community.

Table 24 Commuting Times for Onida-based Employees - 2021		
Travel Time	Number	Percent
Less than 10 minutes	157	66.8%
10 to 19 minutes	57	24.3%
20 to 29 minutes	5	2.1%
30 minutes +	16	6.8%
Total	235	100%

Source: American Community Survey

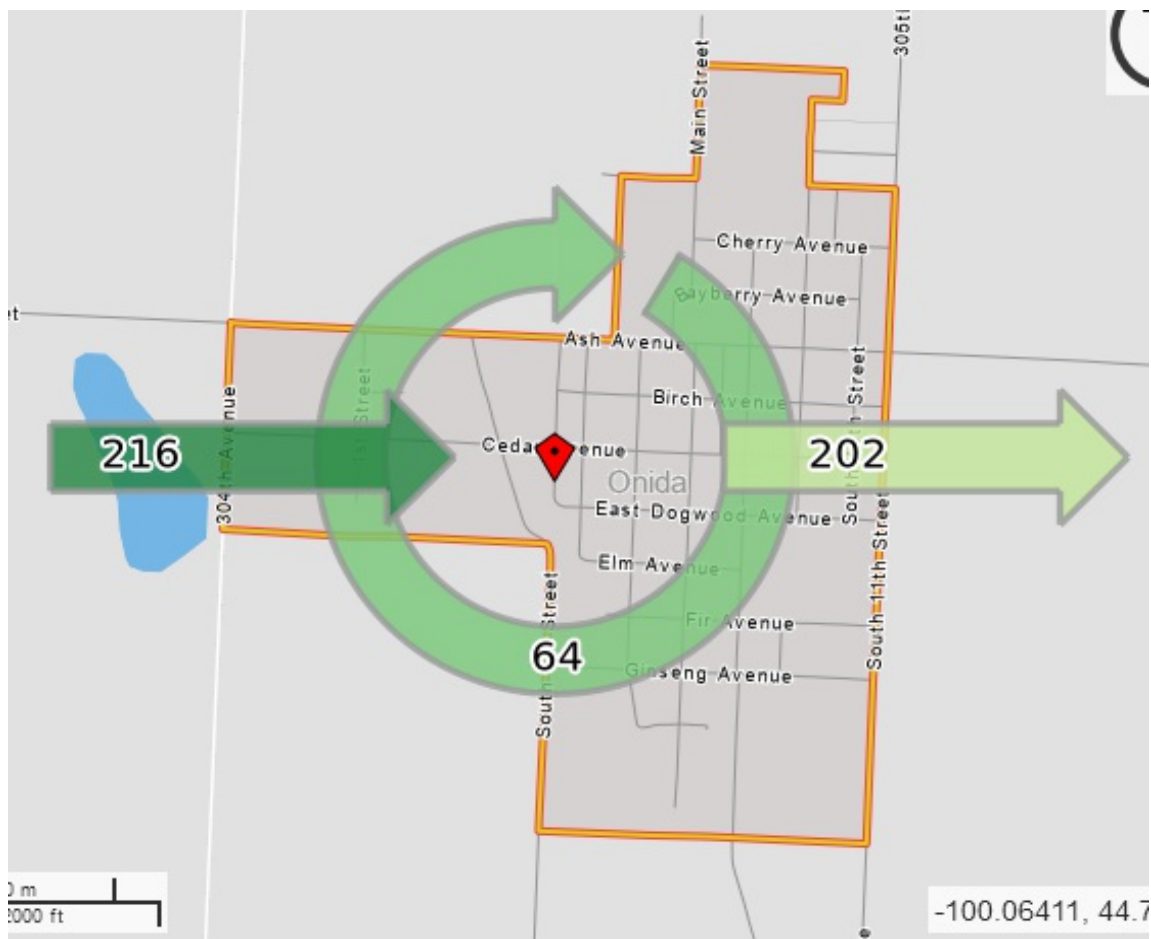
- ▶ Most of the people that worked in Onida lived locally and traveled less than 20 minutes in 2021. Overall, fewer than 9% of the work force came from greater distances and traveled 20 minutes or more for their job.

Census On the Map

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

According to the report for Onida, there were 280 people that were employed within the city limits in 2019. Only 64 of these Onida-based employees also lived in the City, while 216 employees were commuting in to work. The primary identified jurisdictions supplying workers to Onida were West Sully UT, Pierre, West Hughes UT and East Sully UT.

There were 266 people living in Onida that were employed and 202 of these Onida residents left their home community to work elsewhere. The primary locations listed for outbound commuters were Pierre, West Sully UT and East Sully 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 Onida and Sully County. After a longer-term pattern of losing both population and households, some rebound has occurred after 2010.

Based on the 2020 Census, Onida did lose a few households between 2010 and 2020, but added some population, as the City's average household size increased. The household decrease was limited, but the City did have six fewer households by 2020. If viewed over a longer-term, back to the year 1990, Onida has had an average annual reduction of approximately one household per year.

Sully County added both population and households between 2010 and 2020, although the level of increase was limited. Based on the 2020 Census, Sully County had average annual growth of between two and three households and approximately seven people per year after 2010. However, looking back to the year 1990, the County's average annual growth has been approximately one new household every two years.

There have been questions that have been raised about the overall accuracy of the 2020 Census, which was directly impacted by the Covid pandemic. However, this source still represents the best demographic available.

Findings on Projected Growth

This Study 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 Onida to add approximately four households in an average year, or up to 20 households over the 5-year projection period.

Some growth potential also exists in the remainder of Sully County, although it is also possible that some of the households in more rural portions of the County will elect to relocate into Onida or other cities in the area to access services and amenities. Aging patterns show an increasing number of senior citizens going forward, and these older residents will look for age-appropriate housing options in the future.

Onida 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, 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 fewer than 10 new homes constructed in Onida since 2010 based on available reporting.

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 may have reached \$150,000, but are well below the level typically required 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 Onida on anticipated household changes by age group from 2022 to 2027. 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 2027 totals were approximately 3%.

<u>Age Range</u>	<u>Projected Change in Households 2022 to 2027</u>
24 and younger	-1
25 to 34	4
35 to 44	-4
45 to 54	5
55 to 64	-4
65 to 74	17
75 and older	<u>3</u>
Total change	20

Overall, the adjusted projections expect up to 20 households to be added in Onida by 2027. However, limited changes, of five households or less, are likely within most of the defined age groups.

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 20 households age 65 and older between 2022 and 2027. By 2027, nearly all of the baby boomers will be age 65 or older.

While the younger adult age groups will experience some change, most age groups should remain relatively stable. As a result, no net change is being projected among the combined age groups age 64 and younger 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 Onida'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 relative stability in the number of households age 24 and younger through the year 2027. Past tenure patterns indicate that most younger households will rent their housing. Relative stability in the number of households in this age range should mean that rental demand from younger households will also remain stable during the projection period.

25 to 34 Years Old - The projections also show a possible increase of four households in this age range by 2027. Within this age range households often move from rental to ownership housing. A slight increase within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will also increase slightly during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a slight decrease of four households through 2027 in Onida. In the past, this age group has had a relatively high rate of home 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. A decreased number of households will result in somewhat reduced demand for ownership options.

45 to 54 Years Old - The projections show growth of five households in this age range by 2027. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. A moderate increase within this age range indicates demand for trade-up housing should increase slightly during the projection period.

55 to 64 Years Old - By 2027, 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 Onida expect a decrease of four households in this age range. This group has traditionally a high rate of home ownership, and age-appropriate housing, such as town house or twin home units, would have increasing appeal for the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. However, a slight decrease in demand should be expected from this age range.

65 to 74 Years Old - A gain of 17 households is expected by the year 2027 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 are still predominantly home owners. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - There is also some slight growth projected from older seniors, with three households added in this age range by 2027. In Onida, most older seniors still own their home but this group may increasingly look for more age-appropriate options. Onida does not have any specialized senior housing with services and seniors needing care options with their housing will probably leave for choices that existing in larger surrounding communities.

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

Strengths for Housing Development

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

- ▶ **Onida serves as a small regional center** - Onida provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities and opportunities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Onida has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2021 and 2022 sales is approximately \$121,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Land for development** - Onida has land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Onida has a public preschool through grade 12 school system.
- ▶ **Medical clinic** - A medical clinic is located in Onida.
- ▶ **Infrastructure** - Onida's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Onida's commercial district is adequate to meet most daily needs.
- ▶ **Onida Area Development Corporation** - The Onida Area Development Corporation is active in promoting economic and industrial development, job creation and housing.
- ▶ **Employers** - Onida has employers that provide job opportunities for local residents.

- ▶ **Commuters** - Approximately 216 Onida employees are commuting into the City daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location for area seniors and retirees** - Onida is an attractive community for seniors as a retirement location. As the providers for the area's health, retail and government services and recreational opportunities, the City has amenities that are attractive for seniors as they age.
- ▶ **Population and households** - Based on our projections, Onida will add population and households over the next five years.
- ▶ **Median family income** - The City of Onida's median family income is higher than the statewide median family income. Therefore, there are a significant number of households in Onida that have the financial resources to purchase new housing.
- ▶ **Agriculture economy** - The agriculture economy in Onida and Sully County is a strong and vital part of the area's overall economy.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it more difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2021 and 2022 residential sales, we estimate that the median priced home in Onida is valued at approximately \$121,000. This is below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Distance from a larger regional center** - Some households need or desire to be close to a larger regional center, which offers additional health services, retail/commercial opportunities, recreational and cultural options, etc. The nearest large regional center is Pierre, which is 30 miles from Onida.
- ▶ **Lower paying jobs** - Although Onida has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail options** - Onida has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Available residential lots** - There are only a few miscellaneous residential lots available in Onida for new housing construction.
- ▶ **Lack of new housing construction** - There have been only eight new houses constructed in Onida since 2010.

Recommendations, Strategies and Housing Market Opportunities

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

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Onida if there is proactive support from the City, the Onida Area Development Corporation, regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Onida will be heavily dependent on their appeal as residential locations. The condition of the existing housing stock is a major factor in determining each community's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Onida has many assets including a preschool through grade 12 school system, employers, a downtown commercial district, an agricultural economy, recreational opportunities, etc. These are strong assets that make Onida a desirable community to live in, and are key components to its long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past, Onida has been involved in housing issues. The community should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, Onida has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Central South Dakota Enhancement District, Grow South Dakota, Homes Are Possible, Inc., and Dakota Resources. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for Onida have been formulated through the analysis of the information provided in the previous sections and include 21 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 20 to 24 general occupancy market rate and moderate rent rental units
2. Promote the development/conversion of four to six affordable market rate rental housing units
3. Develop 10 to 12 subsidized rental housing units
4. Senior with a high level of services recommendation
5. Develop 12 to 14 senior independent/light services market rate units
6. Develop a downtown mixed-use commercial/housing project
7. Develop a Housing Choice Voucher Program
8. Evaluate the potential renovation of East Haven Apartments

Home Ownership

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

Single Family Housing Development

11. Lot availability and development
12. Strategies to encourage residential lot sales and new home construction in Onida
13. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
14. Promote twin home/town home/condominium development

Housing Rehabilitation

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

Other Housing Initiatives

17. Acquire and demolish dilapidated structures
18. Strategies for downtown redevelopment
19. Develop and promote home ownership and new construction programs
20. Encourage employer involvement in housing
21. Create a plan and coordination among housing agencies

Onida - Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities. We are not aware of any rental units that have been constructed in Onida from 2010 to 2022.

Based on available data, there were approximately 75 to 85 rental units in Onida.

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

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

Our household projections for Onida expect some household growth over the next five years. From 2022 to 2027, AGS is projecting that there will be a gain of up to 20 households in Onida. It is estimated that approximately 50% of these households will be rental households, thus, there will be a demand for up to 10 additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City of Onida will lose as many as two to three units per year. As a result, approximately 10 to 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units may also be lost due to rental units converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found no vacancies in conventional general occupancy market rate units or in the subsidized rental units, except for units that were intentionally vacant due to ongoing renovations. The owners and managers reported high ongoing occupancy rates.

We identified pent-up demand for market rate rental units, including workforce units, subsidized rental units and senior independent/light services units.

These three demand generators, after factoring current occupancy rates, show a need for 46 to 56 rental units in Onida over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2023 to 2027.

▶ General Occupancy Market Rate	20-24 units
▶ Affordable/Conversions	4-6 units
▶ Subsidized	10-12 units
▶ Senior Independent/Light Services	<u>12-14 units</u>
Total	46-56 units

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

1. Develop 20 to 24 general occupancy market rate and moderate rent rental units

Findings: Approximately 90% of the rental housing in the City of Onida can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

We found no vacancies in the market rate rental units we surveyed in Onida. The owners and managers of rental properties reported very high ongoing occupancy rates and strong demand for rental housing.

There is a variation in rental rates in the market rate segment in Onida. The existing rent range including utilities ranges from \$600 to \$1,050 based on the quality and size of the units.

From 2010 to 2022, we are not aware of any market rate rental units that were constructed in Onida. However, some single family homes have converted from owner-occupied to rental units and vice versa.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 20 to 24 market rate units over the next five years, including luxury, moderate rent and workforce housing.

Based on our research, there is a lack of all sizes of rental units, thus, new construction over the next five years should include one, two and three-bedroom units. However, the majority should be two-bedroom units.

Town home style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities.

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

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

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. Also, the Onida Area Development Corporation or a regional housing agency could partner with private developers to construct additional units. However, financial assistance, including the resources listed above, may still be needed.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	4-5	650 - 800	\$700 - \$900
Two Bedroom	13-15	850 - 1,050	\$850 - \$1,200
Three Bedroom	3-4	1,100 - 1,250	\$1,000 - \$1,400
Total	20-24		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2023 dollars.

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

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Onida. Unfortunately, these units would tend to be beyond the financial capability of many area renters. All of the renter households in Onida that reported a rental cost burden reported an annual income below \$35,000. These households would need a rental unit at \$875 per month or less.

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

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

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

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

The estimated prevailing rent range for older rental units is typically between \$500 and \$800 per month. Creating some additional units with contract rents below \$875 per month would help to expand the choices available to a majority of the area's renter households.

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

3. Develop 10 to 12 subsidized rental housing units

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

The research completed for this Study found one federally subsidized rental project in Onida that offers housing with rent based on income. Onida Enterprises is an eight-unit USDA Rural Development general occupancy project. All of the units have two bedrooms.

At the time of the survey, Onida Enterprises reported no vacancies. However, two units were unoccupied due to renovations.

Approximately 10% of the City of Onida’s rental housing stock is in the subsidized category.

The 2021 American Community survey estimated that approximately 21% of all renters in the City were paying 30% or more of their income for rent. All of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had very low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the cost burden data contained in the American Community Survey and the high occupancy rate in the existing subsidized project, we recommend that the City expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we recommend that the City and housing agencies attempt to construct 10 to 12 units that achieve a rent level that would be affordable to low income households earning less than \$35,000 per year. Some of the units should be three-bedroom units to serve larger households.

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

An area housing or economic development agency may have the staff resources to assist the City of Onida with developing a new subsidized rental project.

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

4. Senior housing with a high level of services recommendation

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

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. The City of Onida currently has no senior housing with services projects. However, Pierre/Fort Pierre and Gettysburg have a variety of senior housing with services options.

Recommendation: It is our opinion that currently, Onida does not have an adequate senior population or amenities to support a senior housing with services project that provides a high level of services. However, in the next recommendation we are recommending the development of an independent/light services senior project.

Also, the need for future senior housing that provides a high level of services should continue to be monitored. If a senior independent/light services project is developed in Onida, a future phase could potentially include assisted living, which provides a higher level of services.

5. Develop 12 to 14 senior independent/light services market rate units

Findings: To determine the need for senior independent/light services market rate units in Onida, we have analyzed data for the City of Onida and Sully County.

Currently, there are approximately 81 households age 65 or older in Onida and 277 households age 65 and older in Sully County. We are estimating that approximately 5% of senior households age 65 and older in Sully County would move into a senior independent/light services rental project.

Also, some additional senior households would be expected to move into a senior independent/light services project from locations outside of Sully County.

Recommendation: We are recommending a 12 to 14-unit independent/light services market rate senior project in the City of Onida. The project should be designed to allow seniors to live in a unit independently and for seniors who need minimal services. The senior project could be a one-level apartment building or town home-style.

The project's amenities and features should include:

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

Apartment features should include:

- ▶ 12 to 14 units
 - ▶ 3 to 4 one-bedroom
 - ▶ 9 to 10 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

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

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

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

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

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases. We also recommend monitoring the future demand for a 2nd phase project that includes assisted living units.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to downtown Onida.

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

Recommendation: We recommend the development of a mixed-use building in the downtown Onida area. Potential sites in the downtown area for a mixed-use project could include vacant lots or the demolition of existing substandard buildings which would provide a cleared space for a new building.

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

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

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

7. Develop a Housing Choice Voucher Program

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

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

Currently, we are not aware of any housing agency that is administering the Housing Choice Voucher Program in Onida or Sully County.

Recommendation: We recommend that the City of Onida and the Onida Area Development Corporation work with area housing agencies and SDHDA to determine the feasibility of developing a Housing Choice Voucher Program in Onida.

8. Evaluate the potential renovation of East Haven Apartments

Findings: East Haven Apartments is a 23-unit building that has been vacant for several years. The financial feasibility of renovating and reopening the units for occupancy is not known at this time. The building and units would be a major asset to the community, if renovation is viable.

Recommendation: It is our recommendation that the City of Onida and the Onida Area Development Corporation work with the owner of East Haven Apartments to determine options including the sale of the building, renovation of the building or demolishing the building if renovation is not financially feasible.

Onida - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value is estimated to be approximately \$121,000 in the City of Onida based on sales activity from 2021 and 2022. The home values in Onida provide a good opportunity for first time buyers and households seeking moderately priced homes.

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

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

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

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

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

Recommendation: We recommend that the City of Onida and the Onida Area Development Corporation work with area housing agencies, such as Grow South Dakota and Homes Are Possible, Inc., the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Onida and the Onida Area Development Corporation should also work with housing agencies to assure that Onida residents are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, Grow South Dakota, Homes Are Possible, Inc. and the Federal Home Loan Bank.

10. Develop a Purchase/Rehabilitation Program

Findings: The City of Onida has a stock of older, lower valued homes, some of which need repairs. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the 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, there are private individuals purchasing homes in Onida, then rehabilitating and selling these homes. There may be an opportunity for local housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Onida - Single Family Housing Development

Single Family Housing Development

Findings: Based on local and Census Bureau reports, Onida has experienced limited single family housing development from 2010 to 2022. Over the past 13 years, approximately eight single family owner-occupancy units have been constructed in Onida. No single family houses have been constructed over the past five years, from 2018 to 2022.

It is our opinion that if the City of Onida, the Onida Area Development Corporation, housing agencies, builders and developers are proactive, 12 to 16 homes can be constructed or moved into Onida from 2023 to 2028.

The breakdown of our projection of 12 to 16 new owner-occupied housing units is as follows:

▶ Higher and Medium priced homes (over \$340,000)	4-6
▶ Affordable Homes (under \$340,000)	4-6
▶ Twin homes/Town homes	<u>4</u>
Total	12-16

11. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Onida. There are a few miscellaneous infill lots scattered around the City that we did not attempt to count. We do not know the availability of these infill lots. Also, dilapidated houses may be acquired and demolished over the next six years. Some of the cleared lots may be sites for new construction.

However, the City of Onida and a private developer are jointly planning the development of a 23-lot residential subdivision. Land is currently available for this development. Additional land is also available for future development.

Recommendation: With projections that 12 to 16 new owner-occupied housing units will be constructed over the next six years, Onida should have approximately 15 to 20 available residential lots over the six-year projection period to meet expected demand.

With only a few miscellaneous residential lots available in the City in 2023, Onida will need additional lots over the next six years if the new housing construction that is projected comes to fruition. The proposed 23-lot residential subdivision will address near-term demand over the next six years and provide some additional lot options for the years beyond the six-year projection period.

Future lots/subdivision development should include the following:

- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The subdivision(s) should have covenants that assure high quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The subdivision(s) should accommodate a variety of home designs and home prices.
- ▶ Employers should be involved in promoting and publicizing the subdivision.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Successful subdivisions will need the cooperation of housing agencies, financial institutions, funding agencies, employers, developers, builders, the Onida Area Development Corporation and the City of Onida. Financial assistance such as tax increment financing, tax deferment/abatement, and state and federal funding may be necessary to make the development of lots feasible.
- ▶ The lots should expand the market by providing an attractive, affordable product.
- ▶ Some lots should be available for twin home/town home development.
- ▶ The development process should be as user-friendly and streamlined as possible.

12. Strategies to encourage residential lot sales and new home construction in Onida

Findings: Over the past 13 years from 2010 to 2022, approximately eight owner-occupancy single family houses have been constructed in Onida.

Recommendation: We recommend that the City of Onida, the Onida Area Development Corporation, housing agencies, employers, builders and developers coordinate efforts to promote lot sales and housing development in Onida.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - The current lot prices in Onida are competitive. To encourage new home construction, lots must be competitively priced.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in Onida. We are projecting the construction of two to three new units per year. It is therefore necessary to view the construction of homes on the developed lots as a long-term plan.
- ▶ **Generate activity** - To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives could be provided if the buyer agrees to build a home of a certain quality and style within a stipulated time frame. This creates momentum for more houses to be built.
- ▶ **Consider developing an exclusive builder(s) relationship** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to constructing a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes the availability of buildable lots, builders are readily available to build custom homes, information on quality homes that could be moved into the City and City regulations that are fair and reasonable.

- ▶ ***Spec home development*** - Spec houses can attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, some developers have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is to waive any water/sewer hookup fees and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivision(s). This broadens the lot buyer market.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct homes including reduced lot prices, reduced water and sewer hookup fees, tax abatement, tax deferral, cash incentives, etc. Incentives should be considered to promote new home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Onida, the Onida Area Development Corporation, employers, builders and developers should create a comprehensive marketing strategy to sell the available lots. In addition to marketing the lots, the City of Onida and its amenities should continue to be promoted.
- ▶ ***Covenants*** - Subdivisions often 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.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and governor's homes.
- ▶ ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.

- ▶ **Housing Programs** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers. Also, the South Dakota Housing Development Authority and the Governors Office of Economic Development may have funds available for subdivision development.

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

Findings: There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Onida.

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

Also, Governor's and modular homes are an affordable housing option that should be encouraged and supported.

14. Promote twin home/town home development

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

In many cities the size of Onida, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes/condominiums. From 2010 to 2022, we are not aware of any owner-occupied units constructed in Onida that were attached housing such as twin homes or condominiums.

In 2022, Onida has approximately 153 households in the 55 and older age ranges. Empty-nester and senior households are increasing demand for attached single family units such as twin homes, town houses and condominiums. It is likely that there will be a demand for attached housing units over the next six years.

Recommendation: It is our projection that two new owner-occupancy twin home (four units) could be constructed in Onida over the next six years. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship.

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

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

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

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

Onida - Housing Rehabilitation

Housing Rehabilitation

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

It is our opinion that the City of Onida, the Onida Area Development Corporation and regional housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Onida 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.

15. Promote rental housing rehabilitation

Findings: Based on available data, there were approximately 75 to 85 rental units in Onida. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mobile homes and mixed-use buildings. Some of these rental structures could benefit from rehabilitation as approximately 71% of the rental units in Onida were constructed prior to 1980 and are more than 40 years old.

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

Recommendation: The City of Onida should work with housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include USDA Rural Development, Grow South Dakota, the South Dakota Housing Development Authority, Homes Are Possible, Inc., and the Federal Home Loan Bank.

16. Promote owner-occupied housing rehabilitation efforts

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

According to the American Community Survey, approximately 79% of the single family houses in Onida are more than 40 years old. Some of the homes in Onida's older neighborhoods need minor or major repair. In Onida, we conducted a housing condition survey of 278 single family homes and duplexes in the City of Onida. There were 114 homes identified as needing minor repair and 27 homes needing major repair. Without rehabilitation assistance, the affordable housing stock will shrink in Onida.

Recommendation: We recommend that Onida and the Area Development Corporation seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, Grow South Dakota, Homes Are Possible, Inc., and the Central South Dakota Enhancement District are potential funding sources.

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

Onida - Other Housing Initiatives

Other Housing Initiatives

17. Acquire and demolish dilapidated structures

Findings: There are single family houses in Onida that are dilapidated and too deteriorated to rehabilitate. We identified eight homes that are dilapidated and beyond repair. There are also 27 single family houses in Onida that we identified as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the communities, dilapidated structures should be demolished, when feasible.

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

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

18. Strategies for downtown redevelopment and commercial development

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

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

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

- ▶ Interview all downtown property owners and tenants to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
 - ▶ Housing development
 - ▶ Upper floor renovations
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Onida
 - ▶ Onida Area Development Corporation
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement and deferment
 - ▶ Funds from the South Dakota Housing Development Authority
 - ▶ Funds from the Governors Office of Economic Development
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Onida
 - ▶ Onida Area Development Corporation

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 Onida, the Onida Area Development Corporation and other stakeholders have been active in promoting and marketing housing in the communities. We recommend the continuation or consideration of the following:

- ▶ Determine the community'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 (Onida and the entire region) to provide employees with housing opportunities
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Work with builders and developers to make the construction of new homes or rental units a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- ▶ 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 with services housing, etc.
- ▶ Review the local 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. Encourage employer involvement in housing

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

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

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

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

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

21. Create a plan and coordination among housing agencies

Findings: The City of Onida needs staff resources in addition to local staff and volunteers to plan and implement many of the housing recommendations advanced in this Study. Onida has access to the Central South Dakota Enhancement District, USDA Rural Development, the South Dakota Housing Development Authority, Grow South Dakota, Homes Are Possible, Inc., and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

Agencies and Resources

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

Grow South Dakota

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

Central South Dakota Enhancement District

2310 Patron Parkway
Pierre, SD 57501
(605) 224-1025

South Dakota Housing Development Authority

South Dakota Housing Development Authority
PO Box 1237
3060 E. Elizabeth Street
Pierre, SD 57501
(605) 773-3181

USDA Rural Development

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

Dakota Resources

25795 475th Ave.
Suite #1
Renner, SD 57055
(605) 978-2804

Homes Are Possible, Inc.

320 S. Main
Aberdeen, SD 57401
(605) 226-4274