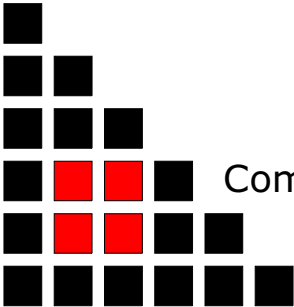


Timber Lake HOUSING STUDY

November 2020

An analysis of the overall housing needs
of the City of Timber Lake, 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 Timber Lake and Dewey 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., has been hired by Timber Lake and Area Development, Inc., and the Cities of Timber Lake and Isabel to complete a Comprehensive Housing Study for the communities. This document is focused on Timber Lake, with a separate document for Isabel.

Goals

The multiple goals of the study include:

- ▶ Provide current demographic data
- ▶ 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 May to September 2020. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographical Solutions, Inc., a private data service
- Records and data from each community
- Records and data maintained by Dewey County
- South Dakota State Data Center
- Interviews with municipal officials, community leaders, housing stakeholders, etc.

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

Limitations

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the Cities of Timber Lake, Isabel and Dewey County. A primary data source is the U.S. Census Bureau, through the decennial census, the annual American Community Survey, and the annual population estimate program.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. This provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Community Survey is based on sampling data, there is a margin of error that exists for each estimate. Some of the following tables incorporate the 2018 American Community Survey data, when viewed as reliable.

In addition to the detailed tables in the American Community Survey, the Census Bureau also issues a separate population estimate for cities, towns and counties. However, this is limited to total population, with no additional demographic details. These population estimates are for 2019.

The Governor's Office of Economic Development provides demographic profile information for cities, towns and counties supplied by Applied Geographic Solutions (AGS), a private company. The analysts have used this source in some of the tables that follow for current-year estimates and future projections.

In addition to providing demographic information for Timber Lake and Isabel, comparative information has often been provided for all of Dewey County.

Population Data and Trends

Table 1 Population Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Timber Lake	517	443	-14.3%	443	0%	498
Isabel	319	239	-25.1%	135	-43.5%	164
Dewey Co.	5,523	5,972	8.1%	5,301	-11.2%	5,926

Source: U.S. Census; AGS

- ▶ There are two available population estimates for **Timber Lake** in 2019. Both of these show recent growth in the number of people living in the City. Applied Geographic Solutions (AGS), a private reporting service, showed the City with 498 residents in 2019, an increase of 55 people since the 2010 Census. The Census Bureau's annual estimate shows a nearly identical total, with 499 City residents.
- ▶ For **Isabel**, both of these estimating sources also show growth since 2010. According to AGS the Town had 164 permanent residents, up by 29 people from 2010. The Census Bureau estimate showed 152 people living in Isabel, up by 17 people from 2010.
- ▶ For both of these communities, the recent growth estimates are a reversal of longer-term demographic patterns. **Timber Lake** lost a significant number of residents in the 1990s, and then added no people between 2000 and 2010. **Isabel** lost permanent residents in both prior decades, as tracked by the decennial censuses.
- ▶ The estimating sources show recent population growth for all of **Dewey County**. AGS placed the County's population at 5,926 people in 2019, up by 625 residents from the 2010 Census. The Census Bureau's 2019 estimate showed 5,892 people, up by 591 people countywide.
- ▶ Although there has been strong population growth for all of Dewey County, this has primarily been located outside of the three jurisdictions of Timber Lake, Eagle Butte and Isabel. Presumably, most of the population growth has occurred on Tribal lands in the Cheyenne River Reservation.

- ▶ The AGS estimate shows that the three combined communities added 107 people between 2010 and 2019, while the rural portions of the County added 518 residents. The Census Bureau's distribution was similar, with the three communities adding 71 people and the remainder of the County adding 520 people.

Group Quarters

- ▶ At the time of the 2010 Census there were no residents in either Timber Lake or Isabel that were living in group quarters housing. Countywide, there were 19 group quarters' residents, living in a juvenile facility and a noninstitutional group home.

Racial and Ethnic Population Data

The following tables compare population by race for Timber Lake and Isabel. The information was obtained from the 2019 Applied Geographic Solutions estimates.

Table 2 Racial Populations - 2019					
	White	Native American	Two or More Races	Other Race	Total
Timber Lake	212	135	147	4	498
Isabel	70	43	47	4	164
Dewey County	1,172	2,296	2,260	198	5926

Source: AGS

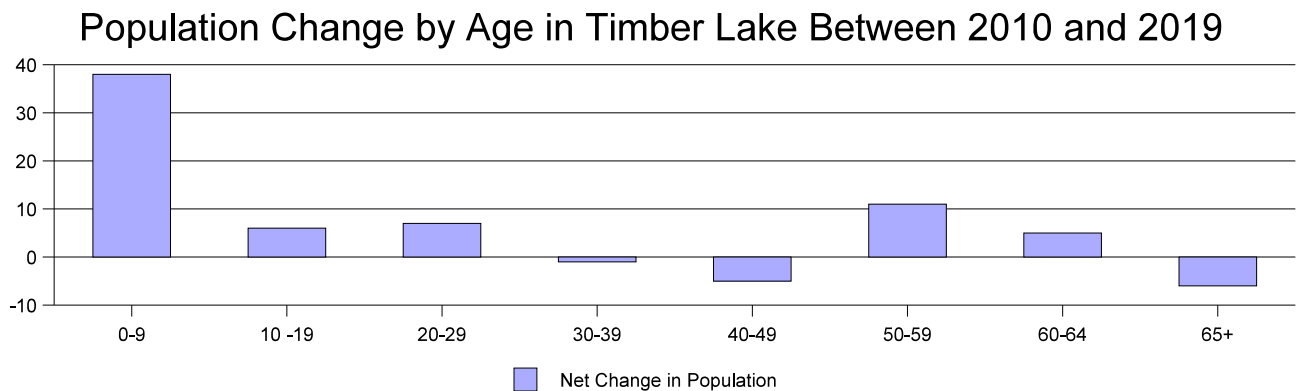
- ▶ According to AGS, the City of **Timber Lake** is racially diverse. Nearly 43% of the City's residents are listed as White for race, while 27% are Native American. People that are a mix of two or more races represented nearly 30% of the City's residents.
- ▶ The distribution by race was generally similar in **Isabel**, with approximately 40% of the residents listed as White, 26% as Native American, and 29% identified as two or more races.
- ▶ For all of **Dewey County**, Native Americans represented the largest single racial group, with nearly 39% of County residents. People identified as two or more races represented 38% of all residents, and the White population accounted for nearly 20% of the County's population.

Population by Age Trends in Timber Lake: 2010 to 2019

The 2019 population estimate from Applied Geographic Solutions included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census.

Table 3 Population by Age - 2010 to 2019			
Age	Timber Lake		
	2010	2019	Change
0-9	70	108	38
10-19	70	76	6
20-29	53	60	7
30-39	55	54	-1
40-49	46	41	-5
50-59	51	62	11
60-64	26	31	5
65+	72	66	-6
Total	443	498	55

Source: U.S. Census; AGS



The age-based population estimates from Applied Geographic Solutions show only limited changes in the age distribution patterns for **Timber Lake** over the past decade. The most significant change has occurred primarily in the youngest age groups, including children and young adults.

It is important to note making estimates in a small community can be difficult, and a relatively large margin of error could apply. The 2020 Census count, which will be released in 2021 will establish a new demographic benchmark for cities and towns.

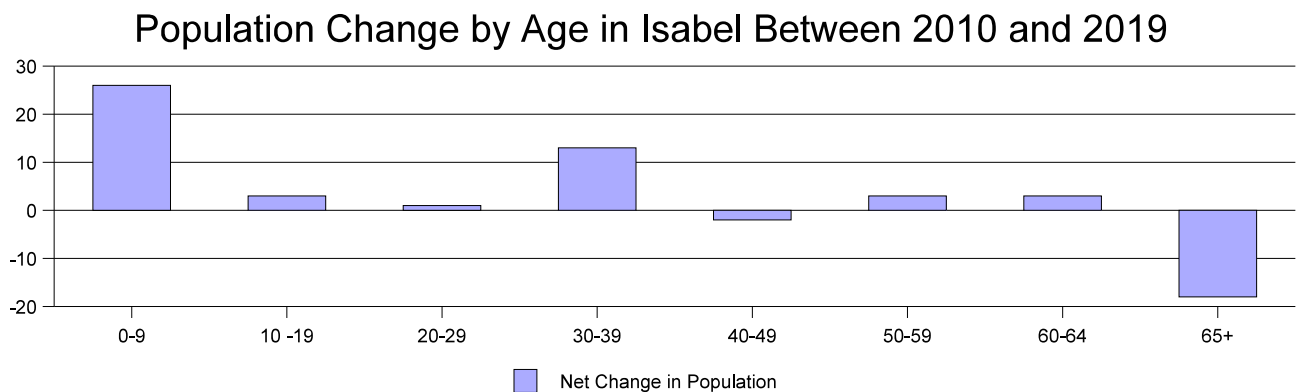
As estimated by AGS, Timber Lake had a net increase of only 10 residents age 50 and older, while adding 45 people age 49 and younger. Most of the gain in the younger groups was among children, especially under the age of 10.

Population by Age Trends in Isabel: 2010 to 2019

The 2019 population estimate from Applied Geographic Solutions included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census.

Table 4 Population by Age - 2010 to 2019			
Age	Isabel		
	2010	2019	Change
0-9	11	37	26
10-19	22	25	3
20-29	19	20	1
30-39	5	18	13
40-49	15	13	-2
50-59	18	21	3
60-64	7	10	3
65+	38	20	-18
Total	135	164	29

Source: U.S. Census; AGS



The age-based population estimates from Applied Geographic Solutions also show only limited changes in most of the age ranges for **Isabel** over the past decade. Similar to Timber Lake, the most significant changes have occurred primarily in the youngest age groups, including children and young adults.

It is important to note making estimates in a small community can be difficult, and a relatively large margin of error could apply. The 2020 Census count, which will be released in 2021 will establish a new demographic benchmark for cities and towns.

As estimated by AGS, ***Isabel*** had a net decrease of 12 residents age 50 and older, but added 41 people age 49 and younger. Most of the gain in the younger groups was among children, especially under the age of 10.

Population Projections

The following table presents population projections to the year 2024. The projections were provided by Applied Geographic Solutions, and have been compared to their 2019 estimate for each community.

Table 5 Population Projections Through 2024			
	Applied Geographic Solutions		
	2019 Estimate	2024 Projection	Change 2019-2024
Timber Lake	498	532	34
Isabel	164	175	11
Dewey Co.	5,926	6,260	134

Source: Applied Geographic Solutions

- ▶ AGS is projecting some population growth for **Timber Lake** over the next five years. This source shows the City adding 34 people between 2019 and 2024, or nearly 7 people in an average year.
- ▶ The annual pace of numeric population growth for **Timber Lake**, as projected by AGS, would be very similar to the recent past. The best estimates that exist for the past decade would show the City adding between 6 and 7 people per year from 2010 to 2019.
- ▶ AGS is also projecting limited population growth for **Isabel** over the next five years. This source shows the Town adding 11 people between 2019 and 2024, or approximately two people in an average year.
- ▶ The annual pace of numeric population growth for **Isabel**, as projected by AGS, would generally be similar to the recent past. The best estimates that exist for the past decade would show the Town adding between 2 and 3 people per year from 2010 to 2019.
- ▶ AGS is also showing continued population growth for all of **Dewey County**, with an expected increase of 134 people from 2019 through 2024. On an average basis, this would be approximately 27 people per year. This rate of growth would be slower than in the past, as the most recent estimates showed the County averaging approximately 66 to 69 people per year between 2010 and 2019.

Household Data and Trends

Table 6 Household Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Timber Lake	212	183	-13.7%	179	-2.2%	173
Isabel	116	89	-23.3%	55	-38.2%	57
Dewey Co.	1,721	1,863	8.3%	1,730	-7.1%	1,836

Source: U.S. Census; AGS

- ▶ The AGS estimate for **Timber Lake** in 2019 was 173 households, down by 6 households when compared to the 2010 Census. Although AGS has reported population growth in the community, they are estimating fewer households. AGS does believe that the average household size for the City has continued to increase, accounting for the population growth.
- ▶ A minor loss of households has been a consistent pattern in **Timber Lake** in recent decades. In the 1990s the City lost 29 households, followed by a reduction of four households between 2000 and 2010.
- ▶ The AGS estimate for **Isabel** in 2019 was 57 households, up by two households when compared to the 2010 Census. Although AGS shows some minor increase in households since 2010, the longer-term pattern for Isabel shows a substantial decrease in occupied housing units. The estimated household count in 2019 is less than half the number recorded in the 1990 Census.
- ▶ AGS estimates that **Dewey County** had 1,836 households in 2019, a gain of 106 households from 2010 to 2019, or an average increase of nearly 12 households per year. Despite this increase, the County's household level in 2019 was still lower than counted by the 2000 Census.
- ▶ While AGS does show household growth Countywide, they have largely attributed this increase to the rural portions of the County. Approximately 10% of the net household growth is placed in Timber Lake, Isabel or Eagle Butte, and nearly 90% in the remainder of Dewey County.

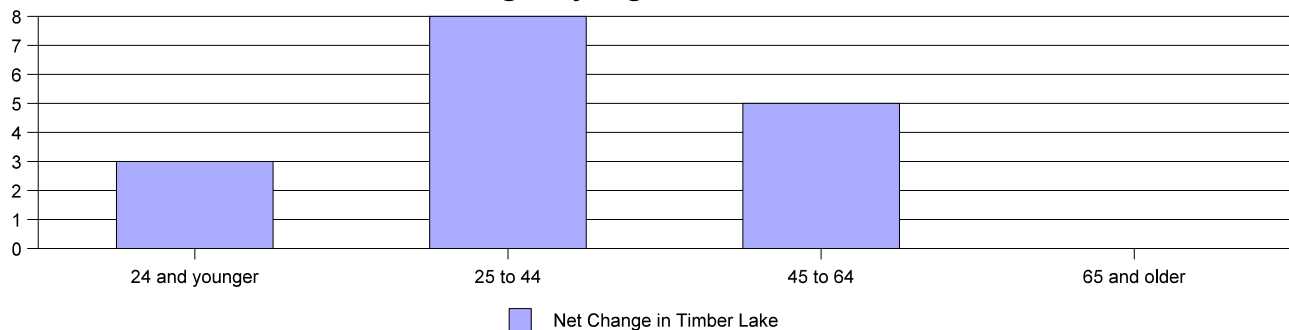
Household by Age Trends in Timber Lake: 2010 to 2018

The demographic data profile that is available from AGS does not provide information on households by age. The 2018 American Community Survey did include age-based estimates, although these are not for specific 10-year age ranges. It is important to note that the American Community Survey has a higher total estimated household count for Timber Lake than the AGS estimate presented earlier. However, the 2018 estimate can be compared to the 2010 Census to examine age progression patterns.

Table 7 Households by Age - 2010 to 2018			
Age	Timber Lake		
	2010	2018	Change
24 and younger	5	8	3
25-44	61	69	8
45-64	60	65	5
65+	53	53	0
Total	179	195	16

Source: U.S. Census; American Community Survey

Household Change by Age Between 2010 and 2018



When comparing 2010 to 2018, there have been limited changes in the age distribution of households in Timber Lake. The 2018 estimate from the American Community Survey does show some growth in the age ranges below 65 years old. This would generally be consistent with other demographic data including an increasing number of children and an increase in the average household size over since 2010. Based on the 2018 estimate, there has been no change in the number of senior-headed households.

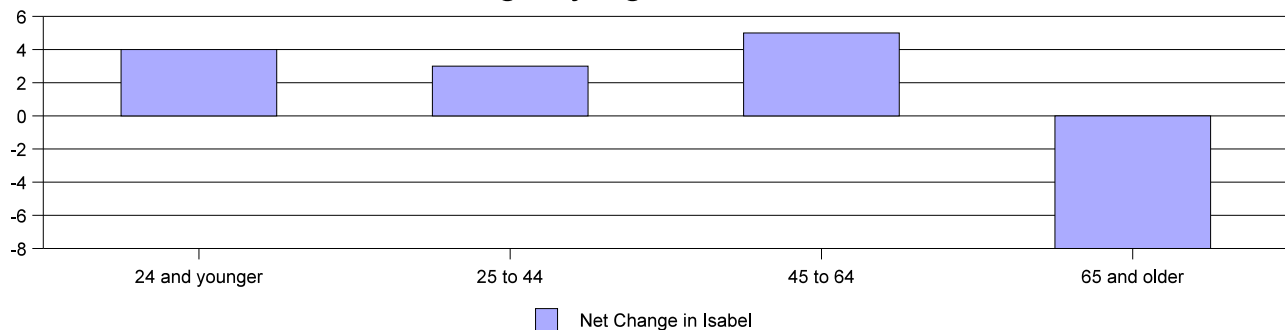
Household by Age Trends in Isabel: 2010 to 2018

The demographic data profile that is available from AGS does not provide information on households by age. The 2018 American Community Survey did include age-based estimates, although these are not for specific 10-year age ranges. It is important to note that the American Community Survey has a higher total estimated household count for Isabel than the AGS estimate presented earlier. However, the 2018 estimate can be compared to the 2010 Census to examine age progression patterns.

Table 8 Households by Age - 2010 to 2018			
Age	Isabel		
	2010	2018	Change
24 and younger	1	5	4
25-44	12	15	3
45-64	18	23	5
65+	24	16	-8
Total	55	59	4

Source: U.S. Census; American Community Survey

Household Change by Age Between 2010 and 2018



When comparing 2010 to 2018, there have been limited changes in the age distribution of households in Isabel. The 2018 estimate from the American Community Survey does show some growth in the age ranges below 65 years old. This would generally be consistent with other demographic data including an increasing number of children and an increase in the average household size over since 2010. Based on the 2018 estimate, there has been a decrease in senior-headed households.

Average Household Size

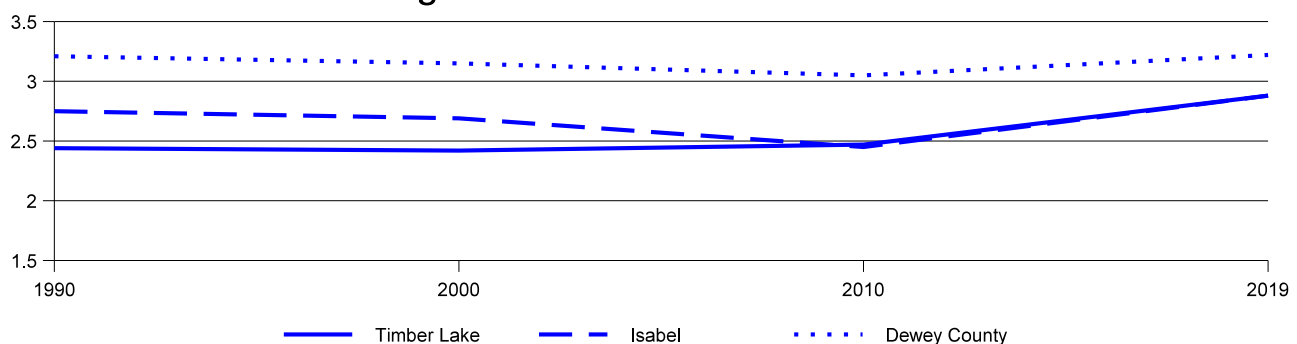
The following table provides decennial Census information on average household size, along with the 2019 estimate from AGS.

Table 9 Average Number of Persons Per Household: 1990 to 2019				
	1990 Census	2000 Census	2010 Census	2019
Timber Lake	2.44	2.42	2.47	2.88
Isabel	2.75	2.69	2.45	2.88
Dewey Co.	3.21	3.15	3.05	3.22

Source: U.S. Census; AGS

In most jurisdictions there has been a steady decrease in average household size over the past several decades. This has often been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans. However, based on data from Applied Geographic Solutions, this pattern of smaller household sizes has not been present in Dewey County, Timber Lake or Isabel, as all have seen the number of people living in the average household increase over the past decade.

Average Household Size: 1990 to 2019



The AGS estimates for 2019 show that the average household size in both Timber Lake and Isabel had increased to 2.88 persons. This was consistent with their earlier estimate that showed much of the population increase being due to a growing number of younger people, including children.

AGS also showed a very large household size in all of Dewey County, at 3.22 persons in 2019. The County has consistently maintained an average above three persons per household.

Household Projections

Household projections for the five-year time period spanning the years 2019 through 2024 are available from AGS. Household growth directly impacts the demand for housing.

Table 10 Household Projections Through 2024			
	AGS		
	2019 Estimate	2024 Projection	Change
Timber Lake	173	179	6
Isabel	57	59	2
Dewey Co.	1,836	1,873	37

Source: AGS

- ▶ AGS is projecting that **Timber Lake** will add 6 households from 2019 to 2024, or an annual average of approximately one household per year over the 5-year period. While modest, growth at this level would reverse a longer-term trend, as the City has consistently been losing households over the past three decades.
- ▶ AGS is projecting that **Isabel** will add 2 households from 2019 to 2024. The Town has largely remained stable since 2010, and this pattern expects relative stability over the next five years.
- ▶ The AGS projection for **Dewey County** expects the addition of 37 households, or approximately seven to eight households per year over the 5-year time period. If accurate, this pace of growth would be slower than the recent past, as AGS believes that the County was adding an average of nearly 12 households per year between 2010 and 2019.

Household by Age Projections: 2019 to 2024

The projection source used for this Study, Applied Geographic Solutions, does not provide estimates or projections for households based on the age of the householder. However, AGS does issue population forecasts based on age, and these can be used to predict age changes for households.

The following analysis has been completed by Community Partners Research, Inc., to project age-based changes to the year 2024.

Timber Lake		Isabel	
<u>Age Range</u>	<u>Change</u>	<u>Age Range</u>	<u>Change</u>
15 to 24	+2	15 to 24	+1
25 to 34	+2	25 to 34	0
35 to 44	+2	35 to 44	+1
45 to 54	-3	45 to 54	-2
55 to 64	+1	55 to 64	+1
65 and older	<u>+2</u>	65 and older	<u>+1</u>
Total	+6	Total	+2

Given the small size of both communities, only very limited change is expected in the age-based distribution of households over the five-year projection period.

For **Timber Lake**, the greatest positive changes would be expected in the younger adult age groups under the age of 45. Some growth would also be expected from households age 55 and older. Overall, a net gain of only six households is expected between 2019 and 2024.

For **Isabel**, the changes within any given age range would be projected at only one or two households. Overall, a net gain of only two households is expected between 2019 and 2024.

Households by Type in Timber Lake

The American Community Survey contains estimates on household composition. Since these are based on sampling, there is a margin of error that applies, but this information does allow for some comparison of changes that may have occurred since the 2010 Census was completed. The following table looks at household information for Timber Lake.

Table 11 Timber Lake Household Composition - 2010 to 2018			
	2010 Census	2018 ACS	Change
Family Households			
Married Couple with own children	28	40	12
Single Parent with own children	26	24	-2
Married Couple without own children	52	52	0
Family Householder without spouse	4	18	14
Total Families	110	134	24
Non-Family Households			
Single Person	62	56	-6
Two or more persons	7	5	-2
Total Non-Families	69	61	-8

Source: U.S. Census; American Community Survey

Based on the 2018 estimates contained in the American Community Survey, Timber Lake has had an increase of family households in recent years, while the number of non-family households has decreased. Between 2010 and 2018, the City had an increase in the number of families with children, as well as other families without children.

On a previous page, an estimate was presented that the average household size in the City has been increasing. More families with children and fewer one-person households would be consistent with a larger average household size.

Households by Type in Isabel

The American Community Survey contains estimates on household composition. Since these are based on sampling, there is a margin of error that applies, but this information does allow for some comparison of changes that may have occurred since the 2010 Census was completed. The following table looks at household information for Isabel.

Table 12 Isabel Household Composition - 2010 to 2018			
	2010 Census	2018 ACS	Change
Family Households			
Married Couple with own children	8	5	-3
Single Parent with own children	8	9	1
Married Couple without own children	18	10	-8
Family Householder without spouse	4	9	5
Total Families	38	33	-5
Non-Family Households			
Single Person	15	22	7
Two or more persons	2	4	2
Total Non-Families	17	26	9

Source: U.S. Census; American Community Survey

Based on the 2018 estimates contained in the American Community Survey, Isabel has had a decrease of family households in recent years, while the number of non-family households increased. Between 2010 and 2018, the Town had a small decrease in the number of married families, both with and without children.

Housing Tenure

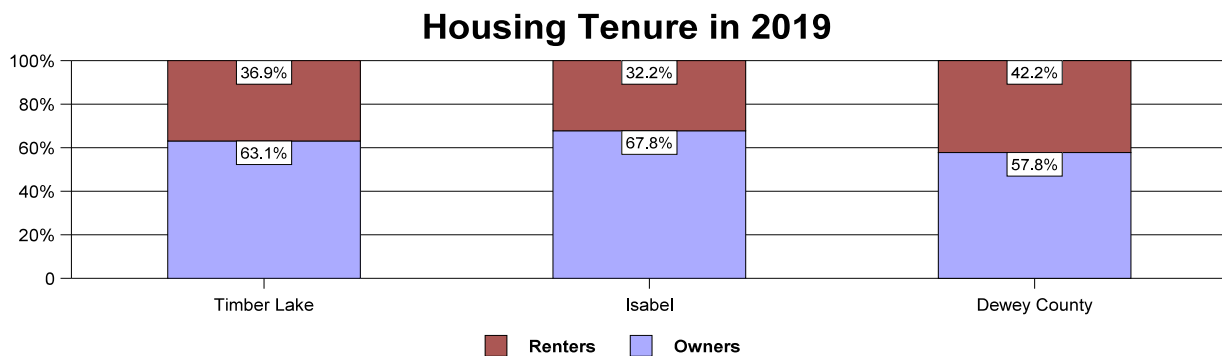
The 2018 estimates from the American Community Survey contain housing tenure information for each jurisdiction.

Table 13 Household Tenure - 2019				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Timber Lake	123	63.1%	72	36.9%
Isabel	40	67.8%	19	32.2%
Dewey County	964	57.8%	703	42.2%

Source: American Community Survey

According to the ACS, **Timber Lake** had a home ownership rate of 63.1% in 2018. For comparison, the ownership rate at the time of the 2010 Census was nearly 65%. If the 2018 estimate was accurate, the City has seen some housing units shift from owner use to renter-occupancy over the past decade.

The ACS estimate for **Isabel** showed an ownership rate of nearly 68% in 2018. For comparison, the ownership rate at the time of the 2010 Census was approximately 87%. If the American Community Survey was accurate in their 2018 estimate, Isabel has also seen some housing units shift from owner-occupancy to rental use over the past decade.



The 2018 estimate for **Dewey County** showed a home ownership rate of 57.8%. This has decreased from the ownership rate of 59.4% that was recorded by the 2010 Census.

Household Tenure by Race/Ethnicity

The American Community Survey includes estimates on housing tenure by race/ethnicity. These estimates are for 2018.

It is important to note that the American Community Survey data may differ from the Applied Geographic Solutions estimates provided earlier.

Race/Ethnicity	Timber Lake		Isabel	
	Owner	Renter	Owner	Renter
White	88 / 72.1%	34 / 27.9%	31 / 77.5%	9 / 22.5%
Native American	33 / 47.1%	37 / 52.9%	8 / 44.4%	10 / 55.6%
All Other Races	2 / 66.7%	1 / 33.3%	1 / 100%	0 / 0%
Total All Races	123 / 63.1%	72 / 36.9%	40 / 67.8%	19 / 32.2%

Source: American Community Survey

The estimates contained in the American Community Survey show that nearly all of the households in the two communities are either White or Native American for race. This source also shows a somewhat lower rate of home ownership than the AGS estimates provided previously.

The American Community Survey also indicated that nearly all of the people living in both communities were either White or Native American, while Applied Geographic Solutions had identified many people as Two or More Races.

In both **Timber Lake** and **Isabel**, the home ownership rate for White households was higher than for Native Americans. In both communities, a majority of the renter households were Native Americans.

In **Timber Lake**, the home ownership rate was approximately 72% for White households, but at 47% for Native Americans.

In **Isabel**, the home ownership rate was nearly 78% for White households, but approximately 44% for Native Americans

2018 Median Income Data

The American Community Survey provides median income estimates. The following table provides 2018 American Community survey data for Timber Lake, Isabel, Dewey County and the State of South Dakota for comparison.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 15 Median Household Income - 2010 to 2018			
	2010 Median	2018 Median	% Change
Median Household Income			
Timber Lake	\$32,708	\$47,625	45.6%
Isabel	\$22,500	\$42,813	90.3%
Dewey County	\$33,255	\$43,954	32.2%
South Dakota	\$46,369	\$56,499	21.8%
Median Family Income			
Timber Lake	\$47,083	\$54,167	15.0%
Isabel	\$46,875	\$44,688	-4.7%
Dewey County	\$40,500	\$49,479	22.2%
South Dakota	\$58,958	\$72,706	23.3%

Source: American Community Survey

It is important to note that estimates for a small community can have a large margin of error, based on the limited sampling that is completed.

Information contained in the 2018 American Community Survey shows that the median household and family incomes have increased for **Timber Lake** from 2010 to 2018. However, both medians are lower than the comparable Statewide medians.

The estimates for **Isabel** showed strong growth to the median household income, but a small decrease in the median family income between 2010 and 2018. While the decrease in the family income level could be a data flaw, it could also indicate that some families have moved from earned income to fixed retirement income during the decade.

The median income levels for all of Dewey County did increase between 2010 and 2018, but were still well below the comparable Statewide levels.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in **Timber Lake** could afford approximately \$1,190 per month for ownership or rental housing in 2018, while a median income family could afford approximately \$1,355 per month for housing.

A median income household in **Isabel** could afford approximately \$1,070 per month for ownership or rental housing in 2018, while a median income family could afford approximately \$1,115 per month for housing.

However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

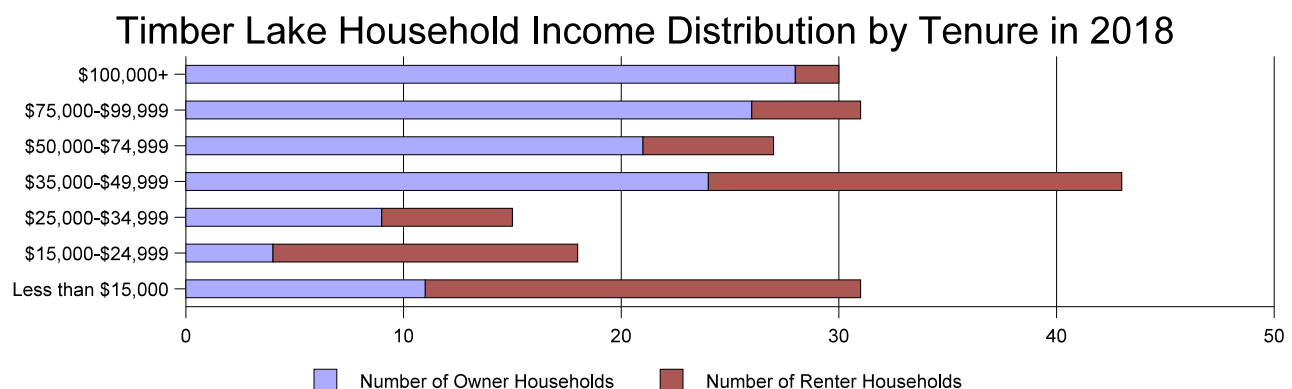
Timber Lake Income Distribution by Tenure

The 2018 American Community Survey provides income data within specific income ranges. This is also provided by housing tenure status. Based on other data, it appears that the American Community Survey has over estimated the total number of households in the City, especially for the number of renter-occupancy households, but the percentage distribution is assumed to be relatively accurate.

Table 16 Timber Lake Household Income Distribution - 2018			
Household Income	Home Owners	Renters	Total
\$0 - \$14,999	11 / 35.5%	20 / 64.5%	31
\$15,000 - \$24,999	4 / 22.2%	14 / 77.8%	18
\$25,000 - \$34,999	9 / 60.0%	6 / 40.0%	15
\$35,000 - \$49,999	24 / 55.8%	19 / 44.2%	43
\$50,000 - \$74,999	21 / 77.8%	6 / 22.2%	27
\$75,000 - \$99,999	26 / 83.9%	5 / 16.1%	31
\$100,000+	28 / 93.3%	2 / 6.7%	30
Total	123	72	195

Source: American Community Survey

As indicated by the median income estimates provided previously, Timber Lake has a majority of households with an annual income below \$50,000. Overall, nearly 55% of all households were within these lower to moderate income ranges. A majority of these households were renters.



Approximately 25% of all households in the City had an annual income below \$25,000 in 2018, and more than 31% had an annual income of \$75,000 or more.

According to the American Community Survey, there was a significant difference in the median income level for home owners versus renters. The estimated median income for home owners in Timber Lake was \$64,750, compared to \$33,333 for renters.

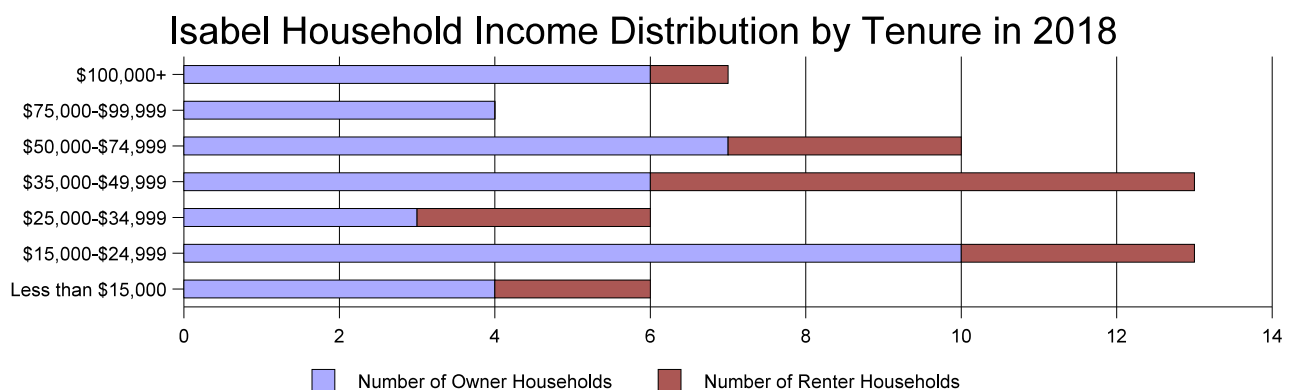
Isabel Income Distribution by Tenure

The 2018 American Community Survey provides income data within specific income ranges. This is also provided by housing tenure status. Based on other data, it appears that the American Community Survey has a relatively accurate of the total number of households in the Town. However, given the small size of the community, there is a fairly large margin of error that applies to each estimate.

Table 17 Isabel Household Income Distribution - 2018			
Household Income	Home Owners	Renters	Total
\$0 - \$14,999	4 / 66.7%	2 / 33.3%	6
\$15,000 - \$24,999	10 / 76.9%	3 / 23.1%	13
\$25,000 - \$34,999	3 / 50.0%	3 / 50.0%	6
\$35,000 - \$49,999	6 / 46.2%	7 / 53.8%	13
\$50,000 - \$74,999	7 / 70.0%	3 / 30.0%	10
\$75,000 - \$99,999	4 / 100%	0 / 0%	4
\$100,000+	6 / 85.7%	1 / 14.3%	7
Total	40	19	59

Source: American Community Survey

As indicated by the median income estimates provided previously, Isabel has a majority of households with an annual income below \$50,000. Overall, more than 64% of all households were within these lower to moderate income ranges.



Approximately 32% of all households in the City had an annual income below \$25,000 in 2018, and nearly 19% had an annual income of \$75,000 or more.

According to the American Community Survey, there was only a limited difference in the median income level for home owners versus renters. The estimated median income for home owners in Isabel was \$43,750 in 2018, compared to \$39,375 for renters.

While the estimated median income for renter households in Isabel may be accurate, it is the opinion of the analysts that this is probably too high. With the small number of renter households, only limited sampling would be completed by the American Community Survey.

2018 Estimated Income and Housing Costs - Renters

The American Community Survey collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross income for housing in Timber Lake and Isabel. The American Community Survey appears to have over estimated the number of renter households in Timber Lake, when compared to other estimating sources, but the percentage for housing costs are viewed as the best available data on this topic.

Table 18 Gross Rent as a Percentage of Household Income - 2018		
Percent of Income for Housing	Timber Lake	Isabel
Less than 20%	31 / 43.1%	3 / 15.8%
20% to 29.9%	11 / 15.3%	7 / 36.8%
30% to 34.9%	9 / 12.5%	0 / 0%
35% or more	14 / 19.4%	3 / 15.8%
Not Computed	7 / 9.7%	6 / 31.6%
Total	72	19

Source: American Community Survey

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”.

According to the American Community Survey, a majority of renter households could find an affordable housing option in **Timber Lake**. More than 58% of all renters were applying less than 30% of income to housing costs in 2018. Nearly 32% of all renters were spending 30% or more of their income for housing, and most of these households were in the severe rent burden category, with 35% or more of their income needed for housing each month.

In **Isabel**, nearly 53% of all renters were applying less than 30% of income to housing costs in 2018. Fewer than 16% of all renters were spending 30% or more of their income for housing although all of these households were in the severe rent burden category, with 35% or more of their income needed for housing each month.

2018 Estimated Income and Housing Costs - Owners

The American Community Survey provided housing cost estimates for owner-occupants. The following table examines estimates for the number of households in Timber Lake and Isabel that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - 2018		
Percentage of Income for Housing	Timber Lake	Isabel
0% to 19.9%	100 / 81.3%	25 / 62.5%
20% to 29.9%	11 / 8.9%	12 / 30.0%
30% or more	12 / 9.8%	3 / 7.5%
Not Computed	0 / 0%	0 / 0%
Total	123	40

Source: American Community Survey

Mortgage lending practices generally attempt to keep monthly payments below 30% of household income.

In **Timber Lake**, most home owners were able to secure very affordable housing in 2018. More than 90% of owner-occupants in the City, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Most of these households were actually able to apply less than 20% of their income to home ownership.

A similar pattern was present in **Isabel**, where more than 92% of home owners reported paying less than 30% of income for housing costs in 2018.

Building Permits - Timber Lake

Timber Lake has experienced some new housing construction activity in recent years. The following table identifies the units that have been constructed from 2010 to 2019.

Table 20 Timber Lake Housing Unit Construction Activity: 2010 to 2019			
Year	Single Family	Two or More Units	Total Units Constructed
2020*	3	0	3
2019	0	0	0
2018	0	0	0
2017	0	0	0
2016	0	0	0
2015	2	0	2
2014	2	0	2
2013	1	0	1
2012	2	0	2
2011	0	0	0
2010	0	0	0
TOTAL	10	0	10

Source: Census Bureau CenStats; City of Timber Lake

Over the past 11 years, based on building permit annual reports from the City and the Census Bureau, there were 10 new houses constructed in Timber Lake. Three of these homes were built in 2020.

No multifamily construction has occurred in Timber Lake over the past decade.

Existing Home Sales

This section examines houses that have been sold in Timber Lake from 2015 through 2019. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the community. However, this sample does provide some insight into those units that have turned-over during this time period.

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

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

The County's sale year differs slightly from a calendar year, and begins on November 1st and extends to October 31st. No information is yet available for the 2020 sales year.

Table 21 Timber Lake Median Value of Recent Sales - 2015 to 2019

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2019	4	\$37,250*	\$80,000	\$20,400
2018	5	\$35,000	\$205,000	\$10,500
2017	3	\$40,000	\$42,500	\$28,000
2016	4	\$28,445*	\$70,000	\$15,000
2015	1	\$40,800	-	-
5-year Total	17	\$40,000	\$205,000	\$3,000

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

* Median calculated from two nearest sales

Despite the limited number of sales within any 12-month time period, there has been limited variation in the annual median price in Timber Lake since 2015. Over all of the years reviewed, the annual median has been below \$41,000. If all five years are aggregated, the median was \$40,000.

From 2015 through 2019, there was only one house that sold for more than \$80,000. In 2018 there was one sale recorded for \$205,000.

An alternate estimate of home values exists in the American Community Survey. In 2018, the estimated median value for all owner-occupied housing in Timber Lake was \$59,100. This estimate was well above the median sale price over the past five years.

Timber Lake Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 171 single family/duplex houses in Timber Lake. Houses that appeared to contain three or more residential units were excluded from the survey. The City was divided into two neighborhoods: houses east of Main Street and 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 22 Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
East of Main St.	27 / 42.2%	22 / 34.4%	8 / 12.5%	7 / 10.9%	64
West of Main St.	40 / 37.4%	36 / 33.6%	14 / 13.1%	17 / 15.9%	107
Timber Lake	67 / 39.2%	58 / 33.9%	22 / 12.9%	24 / 14.0%	171

Source: Community Partners Research, Inc.

- ▶ While most of the houses in Timber Lake were rated as Sound or Minor Repair, there were some houses in the lowest condition categories. In the combined neighborhoods, nearly 27% of all houses were rated in the Major Repair or Dilapidated condition categories.

- ▶ In the neighborhood east of Main Street there were eight houses rated in the Major Repair category, and seven houses that were viewed as Dilapidated, and probably beyond repair.
- ▶ In the neighborhood west of Main Street there were 14 houses rated in the Major Repair category, and 17 houses that were viewed as Dilapidated, and probably beyond repair.
- ▶ Citywide, there were 24 houses given the lowest condition rating, and a program to remove these structures may be needed.

Mobile Home Condition

A visual survey of 29 mobile homes in Timber Lake was also completed.

Table 23 Mobile Home Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Timber Lake	8 / 27.6%	11 / 37.9%	9 / 31.0%	1 / 3.5%	29

Source: Community Partners Research, Inc.

- ▶ Nearly 66% of the mobile homes in the City were rated in the two highest condition categories.
- ▶ There were nine mobile homes that were deteriorated and rated as needing Major Repair. There was one additional mobile home rated as Dilapidated, and probably beyond the point of repair.

Rental Housing Data

Census Bureau Rental Inventory

According to the American Community Survey, there were approximately 72 occupied rental units in Timber Lake in 2018. We are not aware of any rental units that have been constructed since 2018.

Since 2010, there may have been minor changes in occupancy rates and homes converting from owner-occupied to rental or vice versa. However, it is estimated that currently there are still approximately 72 occupied rental units in 2020.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Timber Lake. Information was tallied separately for different types of rental housing, including market rate, subsidized rental and Tribal housing.

There were 48 rental housing units contacted in the survey. The survey was conducted in July and August, 2020.

The units that were successfully contacted include:

- ▶ 12 market rate units
- ▶ 7 federally subsidized units
- ▶ 29 Tribal housing units

There are no tax credit or senior with services rental housing units in Timber Lake.

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 12 market rate rental units in one eight-plex and four single family homes.

Unit Mix

We obtained the bedroom mix on the 12 market rate units. The 12 units include:

- ▶ one bedroom - 4 units (33.3%)
- ▶ two bedroom - 6 units (50.0%)
- ▶ three bedroom - 2 units (16.7%)

Occupancy / Vacancy

At the time of the survey, there was one single family home that was vacant. However, there was a strong probability that a school district employee would rent the unit in the near future.

Rental Rates

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

Community Partners Research, Inc., has attempted to estimate the gross rents being charged, which includes an estimate for tenant-paid utilities. Gross rents for the rental units that were surveyed were \$575 for a one-bedroom unit, \$650 to \$700 for a two-bedroom unit and \$825 for a three-bedroom unit.

Tax Credit Summary

There are no tax credit rental projects in Timber Lake.

Subsidized Summary

There is one federally subsidized project in Timber Lake, Timber Lake Apartments. Timber Lake Apartments is a seven-unit General Occupancy USDA Rural Development Project. The seven units all have one-bedroom. The project was constructed in the 1970s.

Rental Rates

Tenants in Timber Lake Apartments pay rent based on 30% of their household income. The project has a market rent and tenants do not pay more than the market rent.

Occupancy / Vacancy

There were no vacant units at the time of the survey. The manager reported that this project typically maintains a high occupancy rate.

Subsidized Housing Gains/Losses

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

In Timber Lake, Sky View Apartments, an eight-unit general occupancy HUD-subsidized project, was purchased by Timber Lake and Area Development, Inc., and was converted to market rate rental housing.

Senior Housing with Services

There are no senior housing with services rental projects in Timber Lake.

Tribal Rental Housing

Timber Lake Manor

There is one Tribal rental housing project in Timber Lake, Timber Lake Manor. Timber Lake Manor is owned and managed by the Cheyenne River Housing Authority.

Income eligible tenants pay a minimum rent of \$25 up to a ceiling rent of \$265, based on household income. Preference is given to elders, however, non-elders can rent a unit. At the time of the survey, there were two vacant units.

Single Family Homes

There are 29 Tribal rental single family homes in Timber Lake. There were several vacancies at the time of the survey. The single family homes are owned and managed by the Cheyenne River Housing Authority.

Table 24 Timber Lake Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Sky View Apartments	4 - 1 bedroom 4 - 2 bedroom 8 total units	\$450 \$550	No vacancies	General occupancy	Sky View Apartments is an eight-unit market rate general occupancy project. The project was a HUD subsidized project, but was purchased by TLAD and converted to market rate. There are four one-bedroom units and four two-bedroom units. Rents is \$450 for a one-bedroom unit and \$550 for a two-bedroom unit. Tenants also pay heat and electricity. At the time of the survey, the manager reported no vacancies.
Timber Lake School District Rentals	2 - 2 bedroom 2 - 3 bedroom 4 total units	\$550 \$550-\$650	1 vacancy	General occupancy	The School District Rentals include two two-bedroom homes and two three-bedroom homes. Three of the homes are governors homes. The School District's preference is to rent the homes to School District employees. Rent is \$550 and \$650 for the three-bedroom homes. Tenants also pay water and electricity. At the time of the survey, there was one vacant home.
Subsidized					
Timber Lake Apartments	7 - 1 bedroom 7 total units	\$415 max. 30% of income	No vacancies	General occupancy	Timber Lake Apartments is a seven-unit USDA Rural Development general occupancy project. The project was constructed in the 1970s. All seven units have one-bedroom. An additional unit is being utilized as a fitness center. Tenants pay 30% of their income up to the maximum rent of \$415. Tenants that do not meet income requirements can rent a unit, but must pay the maximum rent. At the time of the survey, the manager reported no vacancies. The project is owned and managed by TLAD.

Table 24 Timber Lake Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Timber Lake Manor	<u>12 - 1 bedroom</u> 12 total units	\$25-\$265 \$516 Market	Two vacancies	Tribal members	Timber Lake Manor is a 12-unit rental project owned and managed by the Cheyenne River Housing Authority. All of the units are one-bedroom. Preference is given to elder tenants. Income eligible tenants pay a minimum of \$25 up to a ceiling rent of \$265. The market rent is \$516. There were two vacancies at the time of the survey.
Cheyenne River Housing Authority	29 single family homes	based on income	Several vacancies	Tribal households	The Cheyenne River Housing Authority owns and manages 29 single family homes. Rent is based on a percentage of household income. Several vacancies were reported at the time of the survey.

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 afford housing is severely limited.

Work Force and Unemployment Rates

Employment information is available for Dewey County. Information has been reviewed back to the year 2010. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

Table 25 County Annual Labor Statistics 2010 to 2020*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	2,356	2,006	350	14.9%	5.0%	9.6%
2011	2,410	2,019	391	16.2%	4.7%	8.9%
2012	2,414	2,027	387	16.0%	4.3%	8.1%
2013	2,413	2,039	374	15.5%	3.8%	7.4%
2014	2,366	2,022	344	14.5%	3.4%	6.2%
2015	2,291	2,028	263	11.5%	3.1%	5.3%
2016	2,251	2,049	202	9.0%	3.0%	4.9%
2017	2,248	2,027	221	9.8%	3.2%	4.4%
2018	2,226	2,029	197	8.8%	3.1%	3.9%
2019	2,228	2,044	184	8.3%	3.3%	3.7%
2020*	2,182	1,982	200	9.2%	6.3%	8.8%

Source: South Dakota Department of Labor; Community Partners Research, Inc.

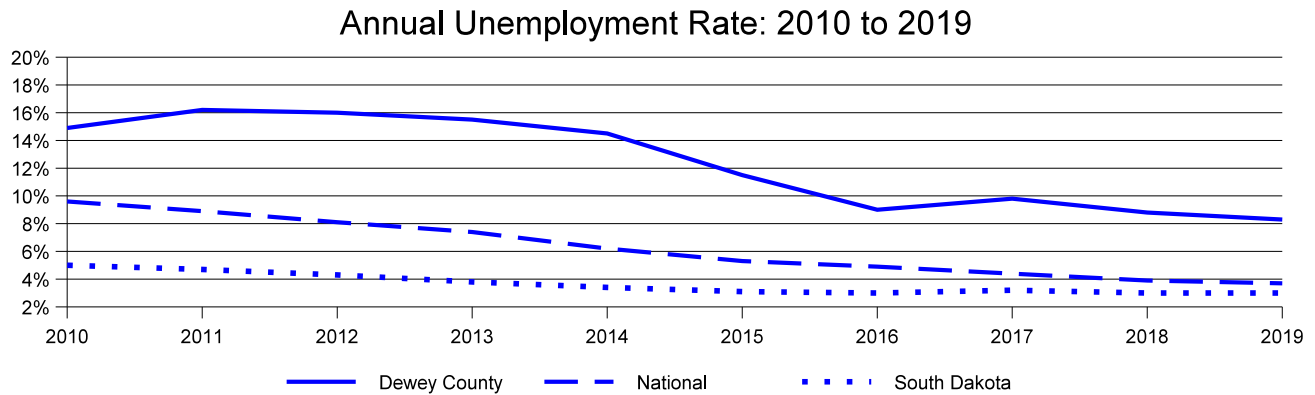
Not seasonally adjusted

* 2020 is through July

From 2010 through 2019, there had been a gradual reduction in the County’s resident labor force. During this time the labor force decreased by 128 people or -5.4%.

However, the County’s employed work force increased by 38 people from 2010 to 2019, up by 1.9%.

With the labor force decreasing but the employed work force increasing, the County's unemployment rate decreased over the decade. For 2019, the unemployment rate was 8.3%, down from 14.9% in 2010. Despite the decrease, the unemployment rate in Dewey County has been higher than the Statewide or national rates.



Employment and Wages

The Quarterly Census of Employment and Wages (QCEW) tracks annual employment and average annual wage data. The QCEW reporting is for unemployment compensation. It is important to note that the reporting does not represent all employment, as some classifications such as self-employed workers are not included. This information is for all of Dewey County and tracks the location of the job.

Table 26 County Average Annual Wages - 2019		
Industry	2019 Employment	Average Annual Wage
Total All Industry	2,225	\$40,664

Source: South Dakota Department of Labor & Regulation

The average weekly gross wage for all industry in 2019 was \$782 in Dewey County. At full-time employment, this would yield an annual average wage of \$40,664.

Commuting Patterns of Workers

Information is available on workers that commute for employment. The best information is from the 2018 American Community Survey, and has been examined for the City of Timber Lake. The first table only examines travel time for City residents, and excludes people that work at home.

Table 27 Commuting Times for Timber Lake Residents - 2018		
Travel Time	Number	Percent
Less than 10 minutes	54	21.7%
10 to 19 minutes	113	45.4%
20 to 29 minutes	6	2.4%
30 minutes +	76	30.5%
Total	249	100%

Source: American Community Survey

A large majority of the City’s residents were working locally in 2018, although most were probably employed outside of Timber Lake. Overall, more than 67% were commuting less than 20 minutes to work. However, most of these people were traveling between 10 and 19 minutes, and apparently working in nearby communities or townships. Nearly 31% were traveling 30 minutes or more.

The American Community Survey also identifies travel time by location of the job. For people that worked in the City, the following travel times were listed.

Table 28 Commuting Times for Timber Lake Employees - 2018		
Travel Time	Number	Percent
Less than 10 minutes	58	22.4%
10 to 19 minutes	127	49.0%
20 to 29 minutes	45	17.4%
30 minutes +	29	11.2%
Total	259	100%

Source: American Community Survey

Most people that worked in Timber Lake traveled less than 20 minutes in 2018. However, approximately 74 people traveled from greater distances requiring a drive time of 20 minutes or more.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Timber Lake and Dewey County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

Timber Lake's population decreased by 14.3% from 1990 to 2000. The population decreased from 517 in 1990 to 443 in 2000. From 2000 to 2010, Timber Lake's population did not change and remained at 443 people.

Dewey County's population increased from 5,523 in 1990 to 5,972 in 2000, which was an increase of 8.1%. The population decreased in the 2000s from 5,972 in 2000 to 5,301 in 2010, which was a population loss of 11.2%.

Timber Lake experienced a loss of 29 households from 1990 to 2000 and a loss of four households from 2000 to 2010. Dewey County had an increase of 142 households from 1990 to 2000 and a loss of 133 households from 2000 to 2010.

Applied Geographic Solutions estimates that Timber Lake had a gain of 55 people and a loss of six households and the U.S. Census estimates that Timber Lake had a gain of 56 people from 2010 to 2019. AGS estimates that Dewey County's population increased by 625 people and 106 households from 2010 to 2019. The U.S. Census estimates that Dewey County gained 591 people during this time period.

Findings on Projected Growth

This Study has utilized AGS's projections for Timber Lake and Dewey County. AGS projects that Timber Lake will gain 34 people and six households from 2019 to 2024.

AGS projects that Dewey County is expected to gain approximately 134 people from 2019 to 2024. Dewey County's household projection expects a gain of 37 households from 2019 to 2024.

Summary of Timber Lake’s Growth Projections by Age Group

The Demographic section of this Study presented Timber Lake projection information on anticipated changes by age group from 2019 to 2024. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

The movement of the “baby boom” generation through the aging cycle should generate household growth in the 65 and older age range. Age projections expect the City to add approximately two households in the 65 and older age ranges from 2019 to 2024.

The projections also expect an increase of six households in the 15 to 44 age ranges and a one-household gain in the 55 to 64 age range.

Timber Lake is projected to lose three households in the 45 to 54 age range.

The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Timber Lake adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2019 to 2024</u>
15 to 24	+2
25 to 34	+2
35 to 44	+2
45 to 54	-3
55 to 64	+1
65 and older	+2
Total	+6

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a gain of two households in the 15 to 24 age range from 2019 to 2024. Typically households in this age range rent their housing. A slight increase in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show a gain of two households in this age range by 2024. Within this age range households often move from rental to ownership housing. A gain of two households within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will remain stable during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of two households between 2019 and 2024 in Timber Lake. Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive house.

45 to 54 Years Old - The projections show a loss of three households in Timber Lake in this age range during the projection period. This age group will often look for trade-up housing opportunities. A slight change in the number of households in this age group indicates that the demand for trade-up housing from this age range will remain relatively stable during the projection period.

55 to 64 Years Old - The projections show a one household-increase in this 10-year age range by the year 2024 in the City. Age-appropriate housing, such as City house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 Years and Older - There is a projected gain of two households in Timber Lake in this age range between 2019 and 2024. An expansion of housing options for seniors, including high quality rental housing and housing with services should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect Timber Lake to gain six households Dewey County to gain 37 households from 2019 to 2024. Therefore, there will be a demand for new housing production in Timber Lake based on household growth.

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

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

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

Strengths for Housing Development

The following strengths for the City of Timber Lake were identified through statistical data, local interviews, research and onsite review of the local housing stock.

- ▶ **Timber Lake serves the surrounding area** - Timber Lake provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Educational system** - Timber Lake has a public K-12 school system.
- ▶ **Infrastructure** - Timber Lake's water and sewer infrastructure can accommodate future expansion, although ongoing improvements will be needed.
- ▶ **Commercial development** - Timber Lake's commercial district is adequate to meet most daily needs.
- ▶ **Employers** - Timber Lake has a limited number of employers that provide job opportunities for local residents.
- ▶ **Commuters** - Approximately 200 employees are commuting into Timber Lake daily for work. These commuters form a potential market for future housing construction.
- ▶ **Timber Lake and Area Development, Inc. (TLAD)** - TLAD has been active in promoting commercial development, economic development and housing opportunities.
- ▶ **Small City atmosphere** - Timber Lake has the real and perceived amenities of a small City. Small City living is attractive for some households.
- ▶ **Cheyenne River Housing Authority** - The Cheyenne River Housing Authority provides ownership and rental housing opportunities for Tribal members.

- ▶ **Affordable Housing Stock** - The City of Timber Lake has a stock of affordable existing homes. Our analysis shows that the City's median home value based on sales over the past five years is \$40,000. This existing housing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Land for residential lot development** - Several parcels of land in the City are available for lot development.
- ▶ **Proactive community development** - The City and TLAD are actively involved in improving the community.
- ▶ **New housing construction** - Over the past 11 years, 10 new homes have been constructed in Timber Lake.
- ▶ **City Amenities** - The City of Timber Lake has several amenities including day care, a new playground, a community center, etc.
- ▶ **Medical clinic** - Timber Lake has a medical clinic.
- ▶ **Population and household growth** - Timber Lake and Dewey County are projected to have population and household growth over the next several years.
- ▶ **Recreational opportunities** - The Timber Lake area provides recreational activities, including hunting, fishing, etc.
- ▶ **Governors Homes** - Several governors homes have been moved into the community.

Barriers or Limitations to Housing Activities

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

- ▶ **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. Timber Lake also has a number of dilapidated homes.
- ▶ **Low rent structure** - The area's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from residential sales over the past five years, we estimate that the median priced home in Timber Lake is valued at approximately \$40,000. This is below the comparable cost for new housing construction, which will generally be above \$175,000 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.
- ▶ **Lower paying jobs** - Although Timber Lake 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** - Timber Lake has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Proximity to larger cities and regional centers** - The nearest larger City with a population more than 3,000 is Mobridge, which is approximately 40 miles from Timber Lake. The nearest City with more than 50,000 people is Bismarck, which is approximately 98 miles from Timber Lake. Some households desire or need to be in close proximity to a regional center for health care, job opportunities, recreational facilities, etc.
- ▶ **Staff capacity limitations** - Although the City has access to several housing agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Limited employment opportunities** - Although there are job opportunities in Timber Lake, they are limited.

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 Timber Lake. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the 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 Timber Lake if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Timber Lake will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is a major asset, however, rehabilitation efforts are needed to continue to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Timber Lake has several assets including a K-12 school, a commercial district, a clinic, a community center, etc. These are assets that make Timber Lake a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - The City of Timber Lake should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Mobridge Housing and Redevelopment Commission, the Western SD Community Action Agency, Dakota Resources, and Grow South Dakota. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Timber Lake 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 four to six general occupancy market rate rental units
2. Promote the development/conversion of two to three affordable market rate rental housing units
3. Monitor the need for additional subsidized rental housing units
4. Preserve the existing supply of subsidized housing
5. Develop six to eight senior independent/light services units
6. Develop a downtown mixed-use commercial/housing project
7. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

10. Lot availability and development
11. Strategies to encourage residential lot sales and new home construction in Timber Lake
12. Coordinate with agencies/nonprofits that develop affordable housing
13. Promote twin home/town home development

Housing Rehabilitation

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

Other Housing Initiatives

16. Encourage employer involvement in housing
17. Continue to acquire and demolish dilapidated structures
18. Create a plan and a coordinated effort among housing agencies
19. Strategies for downtown redevelopment
20. Develop home ownership and new construction marketing programs and strategies
21. Tribal Housing

Timber Lake - Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities. From 2000 to 2020, we are not aware of any rental units that were constructed in Timber Lake.

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 Timber Lake and Dewey County expect some limited household growth over the five-year projection period. From 2019 to 2024, based on AGS projections, there will be a gain of approximately six households in Timber Lake and a gain of 37 households in Dewey County. Therefore, we are projecting that there will be a demand for approximately five to seven additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as one to two units per year. As a result, approximately five to ten 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 for some rental housing segments. As part of this study, a rental survey was conducted. The survey found only one vacant unit in the general occupancy market rate units that were surveyed and the rental housing owner/managers reported high occupancy rates. The rental subsidized project was fully occupied.

We identified pent-up demand for affordable market rate rental units and additional senior independent/light services projects.

These three demand generators, after factoring current vacancy rates, show a need for 12 to 17 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units/beds over the next five years from 2020 to 2025.

▶ General Occupancy Market Rate	4-6 units
▶ Subsidized	0 units
▶ Affordable/Conversions	2-3 units
▶ <u>Senior (Independent/Light Services)</u>	<u>6-8 units</u>
Total	12-17 units

1. Develop four to six general occupancy market rate rental units

Findings: Based on American Community Survey data, approximately 49% of the rental housing in the City of Timber Lake 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.

In the market rate rental units that were surveyed, we found one vacancy. The rental property manager reported high occupancy rates and an ongoing demand for market rate rental housing.

The rental rates are low in the City of Timber Lake. The existing rent range, based on the size of the unit, including utilities, is approximately \$450 to \$650.

Over the past 20 years, we are not aware of any market rate rental units that were constructed in Timber Lake. However, an 8-unit subsidized rental project was converted to market rate housing.

Based on AGS household projections, Timber Lake and Dewey County are projected to gain households over the next several years.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of four to six market rate rental units over the next five years. The new units should include one, two and three-bedroom units.

Town home-style units, a high quality apartment building and the DakotaPlex units are all options in addressing the need for market rate units. The project, to be successful, should have 'state of the art' amenities.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, TLAD could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. Also, TLAD could partner with private developers to construct units. The City could assist rental development with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, etc.

Additionally, the South Dakota Housing Development Authority may have programs, such as the DakotaPlex program, that could assist Timber Lake with rental housing development.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1	700 - 800	\$650 - \$750
Two Bedroom	2-4	900 - 1,000	\$850 - \$900
Three Bedroom	1	1,100 - 1,200	\$950 - \$1,050
Total	4-6		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2020 dollars.

It may be possible to utilize Housing Choice Vouchers if some of the tenants meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2020 FMRs are:

- ▶ One Bedroom - \$605
- ▶ Two Bedroom - \$800
- ▶ Three Bedroom - \$1,002

2. Promote the development/conversion of two to three market rate rental housing units

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

Timber Lake has lost some rental housing over the years due to deterioration and demolition. Part of the need for additional rental units in Timber Lake 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, applications for tax credits are very competitive, and few awards are made to small cities for small rental projects.

Recommendation: We encourage the City of Timber Lake to promote the development/conversion of more affordable rental units. A goal of two to three 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 commercial buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in Timber Lake is typically between \$450 and \$650. Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Monitor the need for additional 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 subsidized project, Timber Lake Apartments, with a total of seven units. The tenants in these projects pay 30% of their income up to a maximum rent. At the time of the rental survey, the manager reported no vacancies. Timber Lake Manor, a 12-unit Tribal housing project, which gives preference to Tribal elders, is also located in the City.

According to the American Community Survey, the 2018 American Community survey estimated that approximately 23 renters in Timber Lake were paying 30% or more of their income for rent.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. There currently are seven subsidized rental units and 12 units of Tribal rental housing in Timber Lake. Also, the rent structure of market rate units in Timber Lake is low, which provides affordable housing for low income households. Additionally, it is currently difficult to obtain funding for subsidized rental housing especially in small cities. However, we do recommend that the City monitor the need for the production of subsidized housing in the future.

We have recommended the construction of four to six market rate units. We also recommended two to three affordable/conversion market rate units.

4. Preserve the existing supply of subsidized housing

Findings: Timber Lake has one “deep subsidy” rental housing project, Timber Lake Apartments, that allows tenants to pay rent based on 30% of income. This project is more than 40 years old and was constructed when the federal government was actively involved in producing low income housing.

Subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford deep subsidy housing.

Privately-owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today. One subsidized project in Timber Lake, with eight units, has converted from subsidized to market rate. The one remaining subsidized project in Timber Lake is owned by TLAD.

Recommendation: In some communities, public or nonprofit agencies have been able to purchase projects that are at-risk of being lost, to preserve their affordable housing resources. This appears to be the situation in Timber Lake as TLAD purchased the two subsidized projects in Timber Lake. One project was converted to market rate, however, the other project has remained subsidized.

We recommend that TLAD continue to operate Timber Lake Apartments as a subsidized Rural Development project as long as there is a demand for affordable rental housing for low income households in Timber Lake.

5. Develop six to eight senior independent/light services market rate units

Findings: There are no senior independent/light services market rate rental projects in Timber Lake.

In 2019, there were approximately 53 households age 65 or older in Timber Lake, and 452 households 65 and older in Dewey County. It is projected that there will be an additional two households age 65 and older in Timber Lake and 24 additional households age 65 and older in Dewey County by the year 2025.

Recommendation: We are recommending a six to eight-unit independent/light services senior project in Timber Lake. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one-level apartment building or a town house-style. The project will attract tenants from the City of Timber Lake and the area surrounding Timber Lake.

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:

- ▶ 6 to 8 units
 - ▶ 2 to 3 one-bedroom
 - ▶ 4 to 5 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

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

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

Tax increment financing, tax abatement, 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 additional unit will be rented each following month for an absorption period of three to four 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.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Timber Lake.

New mixed-use projects have been developed in several smaller cities. 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 Timber Lake area. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or potentially a dilapidated structure or structures could be demolished to provide a site.

We recommend commercial space on the first floor and two to three 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 main floor space could also be a governmental space.

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

The City of Timber Lake and TLAD may have a role in the project by providing tax increment financing, tax abatement, land at a reduced price or other local funds.

7. Utilize the Housing Choice Voucher Program

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

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

The Housing Choice Voucher Program is administered in Timber Lake and Dewey County by the Mobridge Housing and Redevelopment Commission. The Mobridge Housing and Redevelopment Commission administers approximately 140 vouchers in a multi-county area. Currently, one Timber Lake household is utilizing the Housing Choice Voucher Program. There is a waiting list to obtain a voucher.

Recommendation: The City of Timber Lake and TLAD should work with the Mobridge Housing and Redevelopment Commission to assure that renter households in Timber Lake are aware of the Housing Choice Voucher Program and have an opportunity to apply for assistance.

Timber Lake - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Timber Lake is estimated to be approximately \$40,000 based on home sales activity over the past five years. The home values in Timber Lake provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Timber Lake’s demographic trends shows a slight increase in the number of households in most age ranges. Some households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase a home.

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

8. Utilize and promote all programs that assist with home ownership

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

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

Recommendation: The City of Timber Lake and TLAD should work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Timber Lake should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

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

9. Develop a Purchase/Rehabilitation Program

Findings: Timber Lake has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Timber Lake are valued less than \$40,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with a low 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 Timber Lake and TLAD work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

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

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

Additionally, there may be an opportunity for local and regional 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.

Timber Lake - Single Family Housing Development

Single Family Housing Development

Findings: Based on City information, 10 single family owner-occupancy housing units have been constructed or moved into Timber Lake in the past 11 years, from 2010 to 2020.

It is our opinion that if the City, TLAD, housing agencies, and builders are proactive, six to eight owner-occupied housing units can be constructed or moved into Timber Lake from 2021 to 2025.

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

▶ Higher and medium priced homes	2
▶ Affordable homes	2-4
▶ Twin homes/town homes	<u>2</u>
Total	6-8

10. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Timber Lake. Buildable lots are defined as having sewer and water available to the lots. Based on our interviews, it appears that there are several buildable infill parcels in Timber Lake. We do not know the availability of these parcels for new home construction. Also, there are dilapidated houses throughout the City that could be demolished and some of these lots could be suitable for new construction. Additionally, TLAD has identified a site for future lot development.

Recommendation: Using our projections that six to eight owner-occupied houses will be constructed or moved into Timber Lake over the next five years and with only a few in-fill lots available in Timber Lake, it is projected that there will be a need for additional lots in the future.

The City of Timber Lake and TLAD should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need for additional lots over the next five years. Therefore, we recommend the development of an eight to 10-lot subdivision. New lot/subdivision development should include the following:

- ▶ If feasible, the lots should be developed in phases as demand dictates.
- ▶ A site(s) for lot development, if possible, should have current access to existing utilities.
- ▶ The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The lots should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the lots.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Some lots should be available for twin home/ town home development.
- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, the City of Timber Lake and TLAD. Financial assistance such as tax increment financing, tax abatement, and assistance from area housing agencies and the South Dakota Housing Development Authority will be needed.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The City and TLAD should plan on a long absorption time period to sell the lots.
- ▶ If the lots are sold at a reduced price, the lot buyer should be obligated to build a home on the lot within a specified time period.

Additionally, an inventory of existing infill lots that are buildable and for sale, should be maintained and available to future buyers.

11. Strategies to encourage residential lot sales and new home construction in Timber Lake

Findings: There are some lots and parcels in the City of Timber Lake that are available for new residential construction. We are also recommending the development of a new subdivision.

Recommendation: We recommend that the City of Timber Lake and TLAD coordinate efforts with the private sector to promote lot sales and housing development in Timber Lake.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - There are lots that are available in communities throughout the area. Lot prices in Timber Lake will need to be competitive.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in Timber Lake over the next five years. It is necessary to view the lot sales and housing development as a long-term plan.
- ▶ **Generate construction 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 should be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create some momentum for houses to be built.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ **Lot Availability for affordable homes** - Lots should continue to be available for affordable homes.

- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, 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. Lots should be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Timber Lake and TLAD should develop a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Timber Lake and its amenities should be marketed.
- ▶ ***Governors Homes*** - Governors Homes are an affordable option and SDHDA has initiated a program that enables developers to participate in the 'Governor's Home Program.'
- ▶ ***South Dakota Housing Development Authority Programs (SDHDA)***
- SDHDA has housing programs available to assist developers, builders and home buyers.
- ▶ ***Manufactured and Modular Homes*** - Manufactured and modular homes can provide affordable opportunities for moderate income households.
- ▶ ***Cheyenne River Housing Authority*** - The Cheyenne River Housing Authority may have housing programs available to assist with new housing development for home ownership.

12. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to moderate income households, it is important to take advantage of opportunities presented by housing agencies and nonprofit groups. Private developers may also have an interest in constructing affordable housing in Timber Lake. These sources can help generate new homes for moderate income families in Timber Lake.

Recommendation: We recommend that the City of Timber Lake and TLAD coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for moderate income ownership. The City may be able to contribute to the project through land donations, tax increment financing (TIF), tax abatement, or project coordination activities. The Governors Home Program could also be utilized to reduce the cost of a new affordable home. Also, modular homes may be an affordable option.

13. Promote twin home/town house development

Findings: Many communities over the past two decades have seen attached housing take an increasingly large share of new construction for owner-occupants.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. Attached housing may also be an affordable option for younger households. In 2018, based on American Community Survey estimates, there were approximately 53 households in Timber Lake with a head of household in the 65 and older age range. It is estimated that the 65 and older age range will increase by two households in Timber Lake from 2019 to 2024.

It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that one twin home (two units) could be constructed over the next five years with the potential to develop additional twin homes after the five-year projection period.

We recommend twin home/town home construction, and to be successful, the following should be considered:

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

The public sector's role in any owner-occupancy attached housing development should include assuring that adequate land is available for development and that zoning allows for attached housing development. The City and TLAD could also provide tax increment financing, tax abatement or other financial incentives.

Timber Lake - Housing Rehabilitation

Housing Rehabilitation

Findings: Timber Lake has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of its 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 Timber Lake and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Timber Lake households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

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

14. Promote rental housing rehabilitation

Findings: Based on 2018 American Community Survey data, the City of Timber Lake had approximately 72 rental units. These rental units are in multi-family projects, single family homes, mobile homes and mixed-use buildings. Many of these rental structures could benefit from rehabilitation as approximately 75% of these rental structures are more than 40 years old, and some rental units are in poor condition.

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 Timber Lake 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 and the Federal Home Loan Bank.

15. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability and quality of the existing housing stock in Timber Lake will continue to be an attraction for families that are seeking housing in Timber Lake. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities. According to 2018 American Community Survey data, approximately 89% of the owner-occupied housing units in Timber Lake are more than 40 years old. Many of these units need rehabilitation.

Our housing condition survey of 171 homes in Timber Lake found 58 homes that need minor repairs and 22 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Timber Lake.

Recommendation: We recommend that the City of Timber Lake and TLAD 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, and the Cheyenne River Housing Authority are potential funding sources.

Grow South Dakota and USDA Rural Development currently have several housing programs to assist households with the rehabilitation of their homes. Also, the Western SD Community Action Agency administers the Weatherization Program in Dewey County.

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

Timber Lake - Other Housing Initiatives

Other Housing Initiatives

16. Encourage employer involvement in housing

Findings: The City of Timber Lake has several employers. The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, some 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. The Timber Lake School District has developed housing for employees.

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

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

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 Timber Lake.

17. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 24 single family houses in Timber Lake that are dilapidated and too deteriorated to rehabilitate. This is approximately 14% of the City's single family housing stock. We also identified 22 single family houses in Timber Lake as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Over the past several years, some dilapidated homes have been demolished in Timber Lake.

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

The City of Timber Lake should maintain an inventory of structures that may be candidates for future acquisition and demolition. Additionally, an inventory of in-fill lots for future development should be maintained.

18. Create a plan and a coordinated effort among housing agencies

Findings: Timber Lake will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City of Timber Lake has access to Dakota Resources, the Western SD Community Action Agency, the Mobridge Housing and Redevelopment Commission, the Cheyenne River Housing Authority, Grow South Dakota, the South Dakota Housing Development Authority and USDA Rural Development. These agencies all have experience with housing and community development programs.

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

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

19. Strategies for Downtown Redevelopment

Findings: Downtown Timber Lake has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue to redevelop the 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 vibrant 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 Timber Lake:

- ▶ Interview downtown property owners 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

- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Timber Lake
 - ▶ TLAD
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ Funds from South Dakota State Agencies

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Timber Lake
 - ▶ TLAD
 - ▶ State of South Dakota agencies

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

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

The City of Timber Lake, TLAD, and the private sector have been active in promoting the City, including housing opportunities.

Recommendation: We recommend that the stakeholders continue to promote and market housing in Timber Lake as follows:

- ▶ Determine the City’s strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Timber Lake and the area) to provide employees (especially new employees) with housing opportunities in Timber Lake
- ▶ Work with housing agencies to provide down payment and closing cost assistance, low interest loans, home owner education and home owner counseling and other housing 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
- ▶ Continue to 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, such as new single family homes, rental housing, twin homes, senior housing, etc.
- ▶ Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for builders and households.
- ▶ Develop a coordinated housing plan with all the City’s housing stakeholders

21. Tribal Housing

Findings: The Cheyenne River Housing Authority owns and/or manages Tribal housing in the City of Timber Lake. This housing includes:

- ▶ Timber Lake Manor - Timber Lake Manor is a 12-unit rental project primarily occupied by elders.
- ▶ 29 single family rental occupied homes
- ▶ Four owner-occupied single family homes

The Housing Authority has identified the need for the following:

- ▶ Additional affordable rental housing
- ▶ Home ownership opportunities
- ▶ Housing rehabilitation

Recommendation: The Housing Authority has identified the following activities that would address the housing needs of its Tribal members:

- ▶ Develop more mortgage lending opportunities and increase participation among area lenders.
- ▶ Develop an acquisition/rehabilitation program which provides the financing to purchase older homes and to rehabilitate the homes.
- ▶ Continue to develop and implement down payment assistance programs.
- ▶ Explore the opportunity and feasibility of developing an additional mixed-(ownership/rental) subdivision in the Timber Lake area.
- ▶ Address the need for qualified local contractors for new home construction and housing rehabilitation.

Agencies and Resources

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

Western SD Community Action Agency, Inc.

1844 Lombardy Drive
Rapid City, SD 57703
(800) 327-1703

Cheyenne River Housing Authority

401 Owohe Napa Drive
P.O. Box 480
Eagle Butte, SD 57625
(605) 964-4265

Grow South Dakota

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

South Dakota Housing Development Authority

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

USDA Rural Development

1717 N. Lincoln Ave.
Pierre, SD 57501
(605) 224-8870

Dakota Resources

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

Mobridge Housing and Redevelopment Commission

202 1st Ave. E.
Mobridge, SD 57601
(605) 845-2560