

# Brookings Affordable Housing Task Force

## Final Report

October 12, 2017

## Task Force Members

Patty Bacon – Chair

Kelan Bludorn

Angie Boersma

Connie Bridges

Al Heuton

Ryan Krogman

Mike Lockrem

Jacob Mills

Mary Jo Minor

## City Staff

Jeff Weldon, City Manager

Kevin Catlin, Assistant City Manager

Mike Struck, Community Development Director

Staci Bungard, City Planner

## EXECUTIVE SUMMARY

### NEED FOR AFFORDABLE HOUSING

Every resident of the City of Brookings deserves a decent, safe, sound and affordable place to live, in a neighborhood that provides opportunities to succeed. The market alone is not always able to meet that need, and, accordingly, governments at all levels must work together to help. The City's shortage of affordable housing has reached a breaking point. Much of the housing in the City is not affordable to low- and moderate-income households and working families oftentimes cost burdened by 30% or more in their housing costs.

This task force report has been developed as a means of increasing awareness of the need for affordable housing, generating support of affordable housing projects, and encouraging public/private partnerships in the identification and implementation of affordable housing solutions. The Brookings Affordable Housing Task Force (BAHTF) analyzed the current housing market, examined trends in the housing market and economic opportunities of the City, identified shortcomings in affordable housing countywide, and proposes strategies to address affordable housing.

The BAHTF focused on the status and interaction of four (4) fundamental conditions within the community:

- The rental and homeowner housing market;
- Economic trends, specifically in terms of household income;
- The provision of financial assistance for dwellings;
- Public policies and actions affecting affordable housing;

The methodology employed to undertake the BAHTF Report includes research of best practices, tax programs, and examples from comparable university communities related to affordable housing. Statistical data was compiled from the U.S. Census Bureau, American Community Survey, HUD Comprehensive Housing Affordability Strategy, and local real estate and mortgage professionals. The task force had opportunities to learn about special programs from guests related to housing trust funds and land trusts, energy efficiency programs for manufactured housing, and smart growth initiatives.

### GOALS AND PRIORITIES

- Adopt an agreed-upon definition of "affordable" to be used as a mainstay for the Task Force's work around owner-occupied and rental housing.
- Evaluate the affordable housing needs at all levels by developing an understanding of the community's housing situation with a global focus on workforce housing, first time home buyers, low and moderate income individuals & families, veterans, disabled, and elderly for owner-occupied and rental housing.
- Investigate the various tools, policies, procedures, means, and methods that could be employed by the City of Brookings to alleviate the challenges of affordable housing including but not limited to modified zoning policies, higher density incentives, public/private partnerships and the utilization of affordable housing trust funds.
- Develop a comprehensive plan to address the housing affordability challenges of the community.

- Make a recommendation to the City Council based on a comprehensive plan addressing the housing affordability challenges of the community for governing body action by submitting a final report which may include draft resolutions or ordinances for subsequent action.

#### AFFORDABLE HOUSING NEEDS:

Demographic and socio-economic characteristics of the county were evaluated as a basis for determining and identifying affordable housing issues in the City. Approximately 43% of Brookings households earn less than \$35,000 per year. In an effort to account for the SDSU student influence on housing in Brookings, the task force looked into more detailed income and housing data for families. One out of four family households have a gross annual income of less than \$35,000. An annual income of \$35,000 equates to a maximum of \$875 available for monthly housing costs utilizing 30% of gross income. The task force determined spending more than 30% of gross household income means a household is housing cost burdened. It is important to note that affordable housing should address both owner-occupied and rental occupied housing opportunities. Some of the findings as presented in the tables, maps, data and analyses of the BAHTF are summarized below and include the following:

##### Income and Poverty

- The BAHTF reviewed information contained in the 2015 Research on Brookings Poverty Rates and Availability of Affordable Housing conducted by the Brookings Sustainability Council.
- The report, under the principle of regional economy, determined that an indicator that measured the percent of residents to be living in poverty was 22.4%. The benchmark report also determined 33% of homeowners and more than 50% of renters are living beyond their means.
- The Sustainability Council's report articulated South Dakota State University students influence the community but did not have an adverse impact on the poverty rating. People who live in group settings, such as care facilities, nursing homes, jails and first and second year SDSU students, who live on campus, are not part of the poverty figures by the U.S. Census Bureau.

##### Rental and Owner Occupied Housing Stock and Housing Costs

- 54% of Brookings renter occupied housing units spend more than 30% of their household income on housing costs, 13% higher than the South Dakota average.
- 18% of Brookings owner occupied housing units spend more than 30% of their household income on housing costs slightly less than the state average of 18.4%

#### RECOMMENDATIONS:

The BAHTF recommendations are divided into a tiers, with Tier I representing strategies implemented within 12 to 18 months. Tier II recommendation would require more time for implementation, however, it should be noted these strategies could begin the exploratory phase at any time. Tier I recommendations primarily revolve around a review of existing City policies (ordinances) and procedures (permitting) and changing those negatively impacting the creation of more affordable housing. Additional Tier I recommendations focus on educational components, whether it be consumer expectations, awareness of housing programs, or identifying the correlation between tax policy and housing costs.

Tier II recommendations involve incentives and may take a little longer to implement as programs and budgeting will need to be developed. These recommendations range from hiring independent consultants to analyze the housing market and regional storm water management solutions to incentives for subdivision design, employee bounty programs, infill development, and concepts untested in the Brookings market.

## CHARTER/MISSION

Created in November 2015, the role of the Brookings Affordable Housing Task Force (BAHTF) is to advise the City Council, City Manager, and City Boards on housing-related issues; help advance the creation and availability of affordable housing for middle and low income residents of Brookings; and deliver proposals to the City Council on potential incentives for the creation of affordably priced single family dwellings and affordable rental units for middle income residents of Brookings.

## BAHTF OBJECTIVES

- Adopt an agreed-upon definition of “affordable” to be used as a mainstay for the Task Force’s work around owner-occupied and rental housing.
- Evaluate the affordable housing needs at all levels by developing an understanding of the community’s housing situation with a global focus on workforce housing, first time home buyers, low and moderate income individuals & families, veterans, disabled, and elderly for owner-occupied and rental housing.
- Investigate the various tools, policies, procedures, means, and methods that could be employed by the City of Brookings to alleviate the challenges of affordable housing including but not limited to modified zoning policies, higher density incentives, public/private partnerships and the utilization of affordable housing trust funds.
- Develop a comprehensive plan to address the housing affordability challenges of the community.
- Make a recommendation to the City Council based on a comprehensive plan addressing the housing affordability challenges of the community for governing body action by submitting a final report which may include draft resolutions or ordinances for subsequent action.

## WHAT IS AFFORDABLE HOUSING?

BAHTF was tasked with defining “affordable housing”. After much deliberation, the group agreed to use the following definition as our starting point:

**AFFORDABLE HOUSING:** Families who pay more than 30 percent of their gross income for housing (principal/rent, interest, taxes, insurance, and utilities) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

[\(https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/\)](https://www.hud.gov/program_offices/comm_planning/affordablehousing/)

This definition is consistent with the HUD definition and lender policy. While the definition of affordable housing utilizes 30 percent of gross income, it is equally important to acknowledge there are people who choose to spend more than 30 percent of their income on housing-related costs due to personal priorities.

## ESTABLISHING NEEDS IN THE BROOKINGS MARKET

The City of Brookings had 8,369 occupied housing units in 2015. Brookings is unique for South Dakota in that 51.4% of occupied housing units are renter-occupied compared to 48.6% owner-occupied. The first assumption often made is this number is skewed based upon the SDSU student influence on the rental

market. While this may certainly be true, it may not be the only reason why Brookings has a higher renter-occupied than owner-occupied real estate market.

The median household income for Brookings is \$41,061, which means half of the households make more than \$41,061 and half make less. Another way to view median household income data is to calculate the costs available monthly for housing based upon the affordable housing definition. Applying the thirty percent figure to median household income and then dividing it by twelve months equates to \$1,026 available to meet monthly housing expenses.

The Census Bureau defines a household as all the people who occupy a housing unit (such as a house or apartment) as their usual place of residence. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

The Census Bureau further breaks down the type of household into family and non-family. For purposes of this report, the task force focused on the definition of a family household as defined by the Census Bureau. A family household includes one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in census tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

Table 1 is a representation of owner-occupied households currently spending 30% or more of their income on housing. Estimating taxes, insurance, and utilities at \$442 per month, provides a monthly range based upon income available for housing. When comparing the affordable home price range to the Brookings Multiple Listing Service (MLS), it is clear there are few ownership options available in the market to households earning less than \$35,000. Homeownership becomes more realistic in the \$35,000 - \$49,999 income range, however, even in this income bracket, homeownership can strain a household budget based upon the available options within the price range.

**Table 1. Brookings Affordable Housing Range (owner-occupied household spending 30% or more of gross income on housing costs)**

Household Income	# Owner occupied Households	HH spending 30% or more of income on housing		Affordable Payment at 30% of HH Income less \$442/month for taxes, insurance and utilities		Affordable Home Price Range, 10% down, 4% interest, 30 years	
		#	%	Low	High	Low	High
< \$20,000	236	106	45%	n/a	58	n/a	n/a
20,001 - 34,999	423	195	46%	59	433	n/a	101,000
35,000 - 49,999	578	195	34%	434	808	101,000	187,000
50,000 - 74,999	1,131	207	18%	809	1,433	187,000	330,000
75,000+	1,700	27	2%	1,434	n/a	330,000+	n/a
Total Households	4,068	(margin of error included in total households)					

Source: U.S. Census Bureau

While the percentage of total owner-occupied (18%) households spending 30% or more on housing is significant, the data portrays an alarming trend on the total renter-occupied households. Fifty-one (51%) percent of renter-occupied households spend 30% or more of their income on housing. Once again, the influence of SDSU students on the rental market is assumed to be a contributing factor, especially at the lowest income level. The interesting data pertains to an affordable rent range when factoring out expenses such as insurance and utilities. An individual making \$14.42 per hour, or \$30,000 annually, could afford a monthly rent of \$450 based upon the assumptions outlined in Table 2.

**Table 2. Brookings Affordable Housing Ranges (Renter-Occupied)**

Household Income	# Renter-occupied Households	HH spending 30% or more of income on housing		Affordable Rent Range at 30% of HH Income less \$300/month for insurance and utilities	
		#	%	Low	High
< \$20,000	1,561	1,398	90%	n/a	200
20,001 - 34,999	1,221	731	60%	201	575
35,000 - 49,999	688	77	11%	576	950
50,000 - 74,999	512	0	0%	951	1,575
75,000+	159	8	5%	1,576	
Total Households	4,301	(margin of error included in total households)			

Source: U.S. Census Bureau

Brookings' workforce issues are projected to continue over the next decade. Nearly 4,600 employees will be eligible to retire in the next 10 years. The ability to fill those openings as well as any business expansions will be directly related to the availability of housing. Utilizing the median earnings from Table 3. and applying those hourly earnings into the appropriate annual income in Tables 1 and 2 provides a snapshot of what future housing needs will be just to fulfill the needs of business and industry today.

An example scenario is provided with the following assumptions:

Household includes two production workers making \$16.36 per hour.

$\$16.36 \times 2080 = \$34,028.80 \times 2 = \$68,057.60$

$\$68,057.60 \times 30\% = \$20,417.28 / 12 \text{ months} = \$1,701.44$  available monthly housing expenses

Based upon the scenario, the two income household would fall within the affordable housing price range of \$187,000 to \$330,000. There were 45 homes for sale in Brookings ranging in price from \$151,000 to \$300,000 as shown in Table 9. The number of annual openings for production workers is 106 with 436 eligible for retirement within the next 10 years. Assuming all the homes in this price range were purchased by production workers earning the median income, the existing housing stock would accommodate ninety of the production workers.

**Table 3. Brookings County 10 Year Workforce Need**

Description	2011 Jobs	2015 Jobs	2011 - 2015 Change	Annual Openings	Median Hourly Earnings	Age 55-64	Age 65+	Retirement Eligible Next 10 Years
Office and Administrative Support Occupations	3,104	3,166	62	105	\$13.17	558	195	753
Management Occupations	1,551	1,471	(80)	40	\$24.95	326	241	568
Education, Training, and Library Occupations	1,570	1,660	90	59	\$23.29	358	145	503
Production Occupations	2,499	2,553	54	106	\$16.36	377	57	434
Sales and Related Occupations	1,595	1,721	126	94	\$14.82	271	108	379
Transportation and Material Moving Occupations	1,132	1,250	118	64	\$14.58	216	101	317
Building and Grounds Cleaning and Maintenance Occupations	856	909	53	36	\$10.94	181	79	260
Healthcare Practitioners and Technical Occupations	622	651	29	28	\$26.96	120	53	173
Food Preparation and Serving Related Occupations	1,800	1,876	76	100	\$9.54	114	50	164
Installation, Maintenance, and Repair Occupations	680	708	28	37	\$19.87	124	31	155
Business and Financial Operations Occupations	608	637	29	25	\$26.77	123	32	155
Construction and Extraction Occupations	919	964	45	55	\$17.07	108	37	146
Personal Care and Service Occupations	688	734	46	43	\$10.53	85	49	134
Farming, Fishing, and Forestry Occupations	326	355	29	20	\$12.94	45	33	79
Community and Social Service Occupations	214	222	8	10	\$18.14	44	22	65
Life, Physical, and Social Science Occupations	317	358	41	23	\$21.23	50	12	62
Healthcare Support Occupations	340	371	31	17	\$10.84	40	19	60

Description	2011 Jobs	2015 Jobs	2011 - 2015 Change	Annual Openings	Median Hourly Earnings	Age 55-64	Age 65+	Retirement Eligible Next 10 Years
Arts, Design, Entertainment, Sports, and Media Occupations	389	405	16	22	\$16.34	41	19	59
Architecture and Engineering Occupations	268	288	20	14	\$29.93	43	<10	43
Protective Service Occupations	215	219	4	9	\$16.75	27	14	41
Computer and Mathematical Occupations	286	293	7	8	\$25.81	36	<10	36
<b>Total</b> (Columns may not add due to disclosure provisions)	<b>19,980</b>	<b>20,812</b>	<b>832</b>	<b>912</b>		<b>3,288</b>	<b>1,299</b>	<b>4,586</b>

Source: Bureau of Labor Statistics

Reviewing data for selected monthly owner costs as a percentage of household income revealed Brookings households with a mortgage spending 30% or more of their household income is comparable to the state of South Dakota. Approximately twenty-six percent of household with mortgages in Brookings spend 30% or more of their income on housing costs compared to 23.5% for South Dakota. The percentage reverse when comparing housing costs for owners without a mortgage as only 4.4% of Brookings owners spend more than 30% of their income on housing costs. Statewide, 11.4% of owner households without a mortgage spend 30% or more on housing costs. Analyzing the data regardless of the status of a mortgage reveals Brookings is very consistent with the rest of the state as 19% of owners expend 30% or more on housing costs compared to 18.4% statewide. The question that remains unanswered is whether 30% of a household income spent on housing is really affordable. This comes down to individual choice or circumstance.

**Table 4. Selected Monthly Owner Costs as a Percentage of Household Income (SMOCAPI)**

	SD	SD	Brookings City	Brookings City
Housing units with a mortgage (excluding units where SMOCAPI cannot be computed)	127,761	127,761	2,702	2,702
Less than 20.0 percent	58,908	46.1%	979	36.2%
20.0 to 24.9 percent	23,799	18.6%	524	19.4%
25.0 to 29.9 percent	14,985	11.7%	487	18.0%
30.0 to 34.9 percent	8,860	6.9%	392	14.5%
35.0 percent or more	21,209	16.6%	320	11.8%
Not computed	468	(X)	0	(X)
<hr/>				
Housing unit without a mortgage (excluding units where SMOCAPI cannot be computed)	93,522	93,522	1,366	1,366
Less than 10.0 percent	43,330	46.3%	678	49.6%
10.0 to 14.9 percent	18,878	20.2%	343	25.1%
15.0 to 19.9 percent	10,404	11.1%	151	11.1%
20.0 to 24.9 percent	6,360	6.8%	120	8.8%
25.0 to 29.9 percent	3,880	4.1%	14	1.0%
30.0 to 34.9 percent	2,611	2.8%	23	1.7%
35.0 percent or more	8,059	8.6%	37	2.7%
Not computed	838	(X)	0	(X)

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

**Table 5. Selected Monthly Housing Costs as a Percentage of Household Income**

	SD	SD	Brookings City	Brookings City
Owner	221,283		4,068	
Less than 20.0 percent	131,520	59.4%	2,151	52.9%
20.0 to 24.9 percent	30,159	13.6%	644	15.8%
25.0 to 29.9 percent	18,865	8.5%	501	12.3%
30.0 to 34.9 percent	11,471	5.2%	415	10.2%
35.0 percent or more	29,268	13.2%	357	8.8%

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Renter-occupied housing portrays a different picture of housing cost burden in Brookings. Fifty-four percent of Brookings renters are considered cost burdened compared to 41% statewide. The most significant observation is 46.5% of renters spend 35% or more of their household income on rent. An assumption can be made this number is inflated due to the influence of South Dakota State University students in the Brookings rental market.

**Table 6. Gross Rent as a Percentage of Household Income (GRAPI)**

	SD	SD	Brookings City	Brookings City
Renter	94,422		4,141	
Less than 15.0 percent	17,061	18.1%	473	11.4%
15.0 to 19.9 percent	14,359	15.2%	492	11.9%
20.0 to 24.9 percent	12,987	13.8%	470	11.3%
25.0 to 29.9 percent	11,355	12.0%	475	11.5%
30.0 to 34.9 percent	7,821	8.3%	306	7.4%
35.0 percent or more	30,839	32.7%	1,925	46.5%
Not computed	10,090	(X)	160	(X)

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Table 7 represents the total number of households by income ranges and the adjusted monthly income available for housing based upon utilizing 30% of gross income. Roughly forty-three percent of Brookings households have a gross income of less than \$35,000, which equates to a maximum monthly income available for housing of \$875. Table 8 provides a slightly better picture of housing affordability in Brookings by evaluating household income by families. Approximately twenty-eight percent of Brookings family households have a gross income of less than \$35,000, which equates to a maximum monthly income available for housing of \$875. Household income by families may provide a more accurate portrayal of the housing needs in the community. The Task Force acknowledges South Dakota State University students are spending a disproportionately higher amount of their income on housing while pursuing a degree and therefore may be over-inflating the percentages associated with total households by household income and benefits.

**Table 7. Household Income and Benefits by Total Households**

City of Brookings	Estimate	Percent	30% of Gross Income	Monthly Income Available for Housing
Total households	8,369	8,369		
Less than \$10,000	641	7.7%	\$3,000	\$250
\$10,000 to \$14,999	577	6.9%	\$4,500	\$375
\$15,000 to \$24,999	1,391	16.6%	\$7,500	\$625
\$25,000 to \$34,999	957	11.4%	\$10,500	\$875
\$35,000 to \$49,999	1,265	15.1%	\$15,000	\$1,250
\$50,000 to \$74,999	1,656	19.8%	\$22,500	\$1,875
\$75,000 to \$99,999	732	8.7%	\$30,000	\$2,500
\$100,000 to \$149,999	842	10.1%	\$45,000	\$3,750

City of Brookings	Estimate	Percent	30% of Gross Income	Monthly Income Available for Housing
\$150,000 to \$199,999	153	1.8%	\$60,000	\$5,000
\$200,000 or more	155	1.9%		
Median household income (dollars)	41,061			
Mean household income (dollars)	55,978			

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

**Table 8. Household Income and Benefits by Total Families**

	Estimate	Percent	30% of Gross Income	Monthly Income Available for Housing
<b>Total Families</b>	4,397	4,397		
Less than \$10,000	103	2.3%	\$3,000	\$250
\$10,000 to \$14,999	111	2.5%	\$4,500	\$375
\$15,000 to \$24,999	500	11.4%	\$7,500	\$625
\$25,000 to \$34,999	522	11.9%	\$10,500	\$875
\$35,000 to \$49,999	671	15.3%	\$15,000	\$1,250
\$50,000 to \$74,999	869	19.8%	\$22,500	\$1,875
\$75,000 to \$99,999	491	11.2%	\$30,000	\$2,500
\$100,000 to \$149,999	822	18.7%	\$45,000	\$3,750
\$150,000 to \$199,999	153	3.5%	\$60,000	\$5,000
\$200,000 or more	155	3.5%		
Median family income (dollars)	54,532	(X)		
Mean family income (dollars)	76,458	(X)		

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Table 9 references the available homes for sale in the Brookings market at a specific date. Generally speaking, this is a reasonable monthly average of available homes on an annual basis.

**Table 9. Homes for Sale in Brookings Market**

Price Range	Brookings	Outside Brookings	Total
\$10,000 - \$50,000	2	6	8
\$50,001 - \$100,000	0	11	11
\$100,001 - \$150,000	3	7	10
\$151,001 - \$200,000	15	6	21
\$200,001 - \$250,000	18	2	20
\$250,001 - \$300,000	12	1	13
\$300,001 - \$400,000	10	2	12
400000+	4	8	12
Total	64	43	107

Source: Brookings Multiple Listing Service on June 7, 2016

## AFFORDABLE HOUSING BARRIERS

The Task Force brainstormed barriers to constructing affordable housing in Brookings, whether perceived or real. The idea was simply to list as many issues that affect the cost of housing and then further evaluate the ideas for validity. Upon completion of the list, the Task Force identified the responsible party or parties that have the most influence over the issue and could most likely influence change.

**Table 10. Barriers to Constructing Affordable Housing in Brookings**

Barriers to Constructing Affordable Housing In Brookings					
Issue	Responsible Party				
	Gov't	Developer	HOA	Individual	Market
Covenants & Restrictions		X	X		
Cost Undeveloped Land	X				X
Minimum Lot Sizes	X	X			X
Development Costs - Carrying	X	X			X
Infrastructure Cost - curb, gutter, sidewalk, water, sewer, storm sewer	X	X			X
Brookings County - building eligibility (35 acre)	X				
Drainage Studies/Ponds - Requirements/Costs	X				X
Street Widths	X	X			X
Front Yard Setbacks	X	X			
Fronting Costs of Utility Extensions	X	X			
Mark Up/Profits of Dev, Contractors, Subs		X			X
Land Availability					X
Inventory of Existing Housing Stock		X		X	X
Homebuyer Standards				X	X
Availability of Homes		X		X	X
Construction Costs					X
Holding Costs of Developer		X			X
Buyer Mentality towards Townhomes/Condos				X	
Lack of Utility Incentive vs free market	X				
Student Impact					X
Wages					X
Housing Program Educational component				X	
Educated Housing Authority	X				X
Planning Commission Meeting Schedule	X				
Lack of skilled labor in Trades Industry					X
Interest Rates					X

Upon identifying potential barriers to constructing affordable housing, the Task Force began to identify potential solutions. These solutions are identified in Table 11, Affordable Housing Strategies. Table 11 is formatted to identify the activity or solution and then provide a description of what the intent of the activity is trying to accomplish. Each activity also identifies obstacles that would need to be overcome as well as potential adverse impacts of implementing the activity. In some scenarios, an estimated cost was associated with the activity while others remained blank or simply referenced by the need for money as it was difficult to associate a dollar amount to an unfamiliar program. Finally, each activity was assigned a governmental entity that would have administrative oversight on implementing the program.

**Table 11. Affordable Housing Strategies**

Activity	Purpose	Obstacles	Potential Adverse Impacts	Incentives	Cost	Funding Sources	Administrative Responsibility
<b>Policy/Ordinance (local)</b>							
Minimum Lot Sizes	Increase growth density as we expand which helps to spread out the cost of adding utilities across a larger group	Builder/developer risk to try something new; buyer expectations; public education	Aesthetics, unless garage is in the back	Discretionary Tax Formula	\$0	N/A	Community Development
Regional Detention & Water Management Strategies	Minimize overall cost of storm water management, prevent multiple overlapping individual engineering studies by creating regional studies and facilities and then assessing the cost over the entire basin that benefits	Policy changes; assessed costs; landowner cooperation; cash	Increase costs; Lack of cooperation stalls project; Developer flexibility; Time	Maintenance; comprehensive approach vs individual;	\$1M Study	Assessment; Drainage Fees, SRF	Engineering Dept
Parking Reduction Trade-offs	Encourage certain types of developments by offering reduced parking requirements in exchange for building housing that meets certain types of density or demographic desires of the city	Perception of congestion; potential for more on-street parking if not demanding lots	On-street parking congestion; Higher density than desired	Higher density; less impervious surfaces; public transit/multi-modal options in vicinity	\$0	N/A	Community Development
Street Widths/Front Yard Setbacks	Encourage new development concepts and/or higher density by reviewing street widths and setback requirements in conjunction with higher density neighborhoods to possibly allow incentives (narrower streets or smaller setbacks), perhaps with parking only on one side and with development type targets.	Public perception, parking policies, snow removal;	Aesthetics unless garage is in the back; parking capacity issues; Eliminate front yard driveways	Density; reduced street construction costs; pedestrian friendly based upon street/building scale	\$0	N/A	Community Development, Engineering, Street
Implement/Incentivize Use of Alleys	Encourage this type of development if desired by the city through some type of grant/low interest loan/infrastructure cost share to test market desire for this increased density style of development.	Developer risk; aversion to new concepts that haven't been proven; rear access requirement	Increased maintenance costs; Rear yard loss;	Decrease utility/street maintenance costs with utilities located in the alley	TBD	City	BMU, Community Development, Street, Engineering
Utility Extension / Infrastructure	Review current practice and study possibilities/cost impacts of utilizing local utility to front cost of new utilities in an effort to encourage more infrastructure completion which helps in the availability of housing land.	Costs; public perception of everyone paying for new development; public perception of developer profits;	Deferred utility maintenance; defer other capital projects; increases housing costs throughout community	Reduces risk to developer; affordability for development	\$\$\$\$\$	BMU	BMU, City Council

**Table 11. Affordable Housing Strategies**

Activity	Purpose	Obstacles	Potential Adverse Impacts	Incentives	Cost	Funding Sources	Administrative Responsibility
Deed Restrictions for Owner-occupied Structure with Accessory Dwelling Units (ADU's)	To create mixed use neighborhoods (single family occupied and rentals) in a more dense neighborhood and prevent some areas from becoming only rental housing by offering single family owners to build accessory dwelling units on their property in exchange for a deed restriction on the property that the main residence must perpetually be owner occupied.	Coordination with historic preservation where alleys are available and ADU's may work; zoning change (overlay?)	Enforcement challenges? Public perception / receptivity; impact of deed restrictions on future sales; density challenges; increase impervious surfaces	Density, neighborhood "policing"	\$0		Community Development, BMU, Historic Preservation
Assessment Practices	Review assessment practices of impacting only adjoining landowners versus assessing across the larger region or entire city	Does it meet statutory requirements for assessments?	Increases housing costs throughout community	Reduces risk to developer; affordability for development	\$\$	City	City, SD Legislature
<b>Policy (state-level)</b>							
Property tax category for multi-family vs commercial	Encourage state legislature to review impacts of higher commercial taxes placed on multifamily housing and/or consider some type of renter property tax rebate program where this added tax is rebated back directly to the individual renters.	Legislative changes at state level;	Lower tax revenue impacts community bottom line		\$0		SD Legislature
<b>Incentive Programs</b>							
Property Tax - discretionary formula (new construction)	To encourage existing homeowners or longer term renters to build a new house which helps free up inventory of lower and mid tier price homes. Incentive would be in some type of form of property tax deferral (example from Iowa - Zero property tax for 3 years or phased in over 10 years).	Loss of property tax revenue; perception wealthy benefit from property tax relief		Expand housing supply; create additional property tax base	Research Additional Info	Property Tax Abatement	City, County, School District, Legislature
Rehabilitation incentives	To encourage existing homeowners of older homes to improve the outward appearance of their property, new siding, paint, windows, roofs landscaping etc which helps improve market desire for these more moderate priced older homes and neighborhoods with higher density.	Cash; Income-based qualifications?	Competing with private financing	Aesthetics	\$75,000 annually	City, SDHDA	City, SDHDA

**Table 11. Affordable Housing Strategies**

Activity	Purpose	Obstacles	Potential Adverse Impacts	Incentives	Cost	Funding Sources	Administrative Responsibility
Consider fronting utility costs & implementing discretionary formula as a trade-off for developers to include a minimum % of moderate-income & affordable units	Geared toward encouraging certain affordable types of housing by providing a grant/loan or help in fronting the cost of utilities/street for a new project that has a specified percentage and type/size of housing unit and density that the city would like.	Cash	Deferred maintenance, deferred capital projects	Broader range of housing types		City, BMU	City, County, School District, BMU
Energy-efficiency tax credits & incentives? (Combine with other State & Fed programs)	To incentivize new energy efficient buildings and upgrades to existing housing in order to improve utility costs for low and moderate level housing (lowers overall housing costs).	Cash, Qualifying / Pre-Approved Constructors				BMU, Northwestern Energy	BMU
<b>Revolving Funding Structures</b>							
Housing Trust Fund	Housing Trust Funds use a dedicated source of governmental funding to ensure that affordable housing remains an important part of a locality's priorities. Priorities can be established through qualifiers such as income or other housing needs in the community. A variety of revenue sources are used. A few include but are not limited to: document recording fees, real estate transfer fee, hotel/motel taxes, building permit fees, tax increment revenues.					Document recording fees, real estate transfer fee, hotel/motel taxes, building permit fees, tax increment financing revenues	City, County, Non-Profit
<b>Financing Structures</b>							
TIF	Utilized for infrastructure and land development costs.	Cannot be used for residential structures; loss of revenue to taxing entities	Value of increment not sufficient to cover TIF;	Infrastructure costs covered by TIF		City, Developer	City
Tax-exempt Bond	Income based Multi-family housing			Permanent & construction loan financing for developer		SDHDA; Developer	SDHDA

**Table 11. Affordable Housing Strategies**

Activity	Purpose	Obstacles	Potential Adverse Impacts	Incentives	Cost	Funding Sources	Administrative Responsibility
<b>Organizational/Educational Efforts</b>							
Create Brookings Area Housing Organization	Create a 1 or 2 year trial position, possibly through the BEDC with a grant from the City to have a housing development coordinator working to apply for other grants and help new housing projects utilize programs and designs for more affordable housing	TBD	TBD	TBD	\$\$\$	City, County	TBD
Educational Programs for HS & College Students	Create free educational classes for the public on housing costs, responsible use of debt, income vs. housing expense, etc. Encourage responsible homeowner choices (prevent people from choosing to be housing cost burdened when they have other choices).	TBD	TBD	TBD	TBD	TBD	TBD
Educational Programs through Lending Institutions	Address home-buyer expectations, wise decision-making to look for housing solutions that may be more cost-effective.	TBD	TBD	TBD	TBD	TBD	TBD
<b>Non-profit sector / Public Awareness</b>							
Gather Data on Homelessness in Brookings	Create public awareness on homelessness and begin to address the issue.	Lack of homeless services.	Many social impacts.	Services to assist, reduce public costs.	TBD	Grants, Local Donations	Local Social Service Agencies
Create Housing Solutions for Lower Income Special Needs Populations	Build affordable housing for special populations.	Lack of affordable land in City limits.	Increased transportation costs.	Homeownership opportunities and affordable rentals for lower income families has many advantages.	TBD	Public private partnerships provide the opportunity for affordable land.	Interlakes Community Action Program (ICAP), Brookings Area Habitat for Humanity, Section 8, Private Developers
Assist Nonprofit Developers with Creating Higher Density Homeownership Opportunities	Educate the community about ownership opportunities in higher density settings. Promote higher density development options.	NIMBY, perception of density/new product, homeowner expectations.	Public perception.	Density, lower per unit costs.	TBD	Public private partnerships, grants, local donations.	ICAP, Brookings Area Habitat for Humanity
Address Energy Efficiency Issues for Families in Older Mobile Homes	Implement energy efficiency programs in older mobile homes. Increase disposable income of household by decreasing utility costs.	Forming partnerships.	None.	Lower utility bills, healthier families, higher disposable income.	TBD	Grants, local donations, utility companies	HFH-South Dakota, Brookings Area Habitat for Humanity, ICAP

## RECOMMENDATIONS

Affordable housing is not a one size fits all solution. Housing solutions will need to be developed across multiple categories of housing to address the affordability issues in Brookings. It should be noted the following recommendations are intended to be utilized across multiple categories of housing and include, but are not limited to rental housing, owner-occupied, single-family, multi-family, low density, high density, subsidized and unsubsidized. All types of housing should be able to utilize one or more of the following recommendations as a means of diversifying the housing stock through the community. Some of the following recommendations are deemed to be short term initiatives that can begin to show progress towards impacting affordable housing while longer term strategies will require more detailed conversations to occur on much more in-depth opportunities. Some of the solutions we discussed will be specific to some of the above categories (parking reduction and high density housing for example) while others will be applicable across many categories (storm water retention for example).

### Tier 1 (12 – 18 months)

- Implement parking reductions when alternative transportation infrastructure is provided. This could be expanded to provide further reductions if a certain percentage of the units are maintained in an affordable price range.
- Reduce minimum lot size and height restrictions in the zoning ordinance.
- Improve educational programs on affordable housing and styles (i.e. condominium).
- Support concentrated neighborhoods with housing, retail, and service mix in key locations of the community.
- Evaluate fee structure for permits and provide waivers for affordable housing.
- Explore opportunities to leverage state and federal programs.
- Evaluate Accessory Dwelling Units (ADU's) as an affordable housing option.
- Explore creation of Brookings Housing Program/Position.
- Lobby Legislature in property tax reforms addressing multi-family rate, platted lots, etc.
- Explore private sector partnerships to increase housing density above public parking lots (income based vs. market).
- Initiate a creative subdivision design competition with a monetary incentive (SDSU School of Design).
- Communication amongst various stakeholders (Government, Non-Profit, Private Sector).

### Tier II

- Incentivize subdivision design incorporating mixed-incomes and housing varieties.
- Incentivize infill/redevelopment projects incorporating affordable housing.
- Explore a Brookings Housing Trust Fund.
- New house tax deferrment program whereby property taxes are phased in over a period of time.
- Explore lease-to-own financing models for homeownership.
- Explore a housing rehab program to ensure older housing stock is maintained as a viable housing solution.
- Employee bounty program whereby new Brookings employees are provided a stipend based upon each completed year of employment while maintaining residency in Brookings (Ex. 3 year program at \$1,000 per year).
- Hire a consultant to study regional storm water solutions.

- Hire an independent consultant to study infrastructure costs and policies and provide a comparative analysis of how Brookings rates to other Midwest cities.
- Create small task force to address specific housing issues:
  - a. Post graduate transitional housing.
  - b. Is Brookings housing overpriced in middle to upper price ranges?
- Create opportunities for small acreages in the County to help free up existing housing stock within the community (upward mobility).
- Collaboration with outlying communities on housing development with an emphasis on affordable housing.

## CONCLUSION

What started out as a task force simply trying to address affordable housing opportunities in Brookings, morphed into a much larger, more complex, issue than intended. Affordable housing has a different meaning for different individuals, thus emphasizing the need to look at the issue from a wholistic perspective. The recommendations range from zoning policy to legislative review to financial incentives. Regardless of strategy, the key component to a successful implementation is establishing public-private partnerships.

The Task Force feels strongly that the community, with leadership from City Council, begin a concerted, organized effort to address affordable housing needs in our community. We ask the Brookings City Council to take action on this issue by making impactful policy decisions that address the solutions outlined in this document and have measurable outcomes for the benefit of the Brookings Community. Those actions can be as simple as proclaiming Affordable Housing Month, tasking staff and/or the Task Force to launch a public awareness campaign, and as complex as determining the need for a Housing staff position for the City to implement the recommendations of the Task Force.

## ADDITIONAL RESOURCES

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/affordablehousing/](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/)

Pivo, Gary. (2013) The Definition of Affordable Housing: Concerns and Related Evidence. Referenced 02-11-2016 from

[http://www.fanniemae.com/resources/file/fundmarket/pdf/hoytpivo\\_mfhousing\\_affordablehousingdef\\_122013.pdf](http://www.fanniemae.com/resources/file/fundmarket/pdf/hoytpivo_mfhousing_affordablehousingdef_122013.pdf)

Buntin, John. (2017, May) "The Missing Middle," *Governing*, 25-31.

Ehrenhalt, Alan. (2016, June) "Why Affordable Housing is Hard to Build," *Governing*, 14-15.

Stone, Michael E. (2004) "Shelter Poverty: The Chronic Crisis of Housing Affordability," *New England Journal of Public Policy*: Vol. 20 : Iss. 1 , Article 16.

Available at <http://scholarworks.umb.edu/nejpp/vol20/iss1/16/>

Schwartz, Mary & Wilson, Ellen. "Who Can Afford to Live in a Home? A Look at data from the 2006 American Community Survey," US Census Bureau.

"Housing for All," *On Common Ground*: Summer 2016. Available at

<https://www.nar.realtor/publications/on-common-ground/summer-2016-housing-for-all>

Small-Town America Is Facing Big-City Problems (shared by Kevin Catlin):

From Portland, Maine, to Traverse City, Michigan, many smaller U.S. cities are struggling with densification, NIMBY politics and housing affordability. <https://nextcity.org/features/view/traverse-city-small-cities-growth-planning>

New York City Council Backs Affordable Housing Plan (shared by Kevin Catlin):

[http://www.nytimes.com/2016/03/15/nyregion/housing-plan-gains-new-york-councils-backing-with-expanded-affordability-rules.html?WT.mc\\_id=SmartBriefs-Newsletter&WT.mc\\_ev=click&ad\\_keywords=smartbriefsnl&\\_r=0](http://www.nytimes.com/2016/03/15/nyregion/housing-plan-gains-new-york-councils-backing-with-expanded-affordability-rules.html?WT.mc_id=SmartBriefs-Newsletter&WT.mc_ev=click&ad_keywords=smartbriefsnl&_r=0)

[https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/)

[2015 Research on Brookings Poverty Rates and Availability of Affordable Housing](#)