

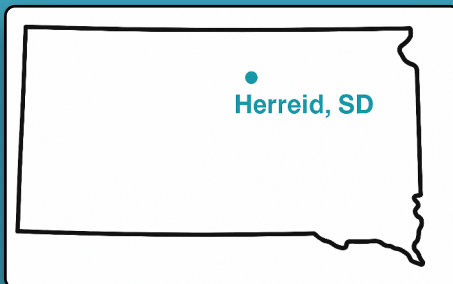
CASE STUDY:

Herreid Area Housing Development

THE CHALLENGE

When Dick Werner moved back to Herreid, SD, in 2016, he saw what many had felt for years—this small town was in declining. The population had been shrinking since the 1960s and had dipped to just 413 people from a peak at 767. The local school, once a hub of community life, was hanging on by a thread with only about 100 students enrolled in K-12.

A conversation with the county's biggest employer shed even more light on the problem: most of their 60 employees didn't live in Herreid—or even in the county. It wasn't because they didn't want to. There were simply no houses available for people to move into.



Herreid's population was declining largely because there were no homes for people to move into.

That's when things clicked. If Herreid was going to turn things around, it needed more housing—and community leaders needed to do something about it. That spark led to the formation of a new nonprofit: Herreid Area Housing Development (HAHD).

THE SOLUTION

To get organized, community leaders hosted a series of three community meetings in 2016. These gatherings gave residents a chance to see the problem clearly and commit to doing something about it—together.

At the final meeting, 30 residents stepped up. Each pledged at least \$5,000 in the form of a three-year loan to the new nonprofit, with an IRS interest rate of just 0.67%. It was clear: these folks weren't in it for the ROI—they were in it to help Herreid thrive.

Altogether, they raised \$180,000 to build a stick built spec home. The house sold—before it was even finished—to a 21-year-old agronomist for \$185,000.



"HAHD's mission is to create a family friendly workforce community. That includes housing and outdoor recreational development"

*Dick Werner,
President, HAHD*

Some residents were initially unsure about selling the home to a single buyer with no children, especially since one of the goals was to bring more students to the local school. But leaders like Dick reminded them housing work is a marathon, not a sprint.

Since buying the home in 2017, that young man got married, had three kids, sold the house for \$250,000, and built a new one next door. Now his family of five lives right beside the original house.

That first spec house has changed hands again—this time selling for \$300,000. It's now home to a family of four. In a town where home values had been flat for decades, that's no small thing.

THE RESULTS

Let's do a little math. That first spec house, made possible by \$180,000 in community loans, led to nine new residents moving to Herreid. Its a great testament to what can be done when community leaders are committed and get organized to solve address housing challenges.

And that was just the beginning.

Since that original project in 2017, HAHD has continued to build and develop workforce housing. Among their accomplishments, they have:

- Developed 4 additional spec houses.
- Developed two Twin Home projects.
- Acquired a 4-plex.
- Acquired a 1970s era Rural Development 8-plex.
- Helped 18 families take advantage of existing grant/loan to rehab their homes.
- Acquired and cleaned up numerous abandoned and dilapidated properties.
- Acquired and developed 10 lots on the north end of town for future housing development, enabling two residents already building two new houses on those lots
- Used the organization's 501(c)(3) status to support fundraising efforts for new playground equipment, and pickleball courts at the city park, upgraded Sports Complex facilities, and swimming pool improvements.
- These projects brought in a combined \$1,494,000 in quality-of-life investments, including \$1,133,000 raised through grants and donations.

Connecting Housing to Population Growth

Finally, this work is producing the desired impact on the number of community residents and students in the school. The school's enrollment, projected to have dropped to around 90 students, has grown to 138. And the city's population has grown from 413 to 452.

All this, in just eight years.



HAHD also helps connect residents to existing rehab grant & loan programs.

Local Contact Info.

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Herried Area Housing Development: A Timeline

2017

- Purchased 3 vacant lots.
- Developed first spec home.
- Worked with city to implement discretionary tax formula
- Purchased and remodeled 8-plex.
- Completed 2nd spec home.
- New playground at city park.



2018

- Purchased a lot for a 3-bedroom Governors House and built third spec house
- Purchased ag land and developed 7 lots for future home development.



2019

- Purchased a Governors House for 4th spec home.
- Completed a local housing study identifying 225 homes. 30 projects were identified for potential rehab.
- Initial HAHD loans were renewed for another 3 years.



2020

- Acquired a 4-plex apartment complex. Financial restructuring allowed for cash flow at 50% occupancy.
- Assisted with sports complex and updates
- Completed engineering study on pool project.



2021

- Acquired and demolished two homes on adjacent lots that had delinquent property taxes and were in code violation.
- Began work on pool renovations.



2022

- Completed twin house project and immediately rented them.
- Completed pool project. HAHD assisted with fundraising efforts.



2023

- Accepted challenge from SDCF to raise \$80,000 in two years.
- Completed the challenge in one year and received additional \$20,000 from SDCF for a housing development endowment fund.
- Acquired a lot for a Dakota Plex twin home.



2024

- Acquired a lot from Herried Economic Development for future twin home development.
- Remodeled 8-plex and 4-plex units.

