



2022 South Dakota Legislature

House Concurrent Resolution 6002

Introduced by: **Representative** Odenbach

1 **A CONCURRENT RESOLUTION, recommending private sector housing solutions.**

2 WHEREAS, the construction of sufficient housing to attract or retain an adequate number
 3 of workers to fill open positions has been identified as an important issue all across South
 4 Dakota; and

5 WHEREAS, from 1889 to the present, South Dakota has claimed a long and proud history
 6 of seeking to maintain a favorable tax and regulatory environment meant to encourage private
 7 individuals and companies to undertake the construction of both single-family and multi-
 8 family residential housing; and

9 WHEREAS, the South Dakota Legislature's workforce housing 2021 summer study
 10 committee conducted four meetings around the state examining housing issues and hearing
 11 testimony from a wide variety of housing experts; and

12 WHEREAS, housing experts testified to the committee about multiple state and federal
 13 programs that are currently available, including at least 15 programs dedicated to financing
 14 or assisting those seeking to build affordable housing that are administered by the South
 15 Dakota Housing Development Authority; and

16 WHEREAS, South Dakota inmates currently build hundreds of "Governor's houses" and
 17 "Dakota-plex" buildings annually that are sold and delivered across the state; and

18 WHEREAS, the committee also heard from Habitat for Humanity, CommonBond
 19 Communities, Rapid City Strategic Housing Trust fund, and several other non-profits who
 20 leverage donor funds and existing government programs to construct or finance affordable
 21 housing; and

22 WHEREAS, other innovators testified about plans to make housing affordable through
 23 cutting edge building techniques like 3D printing of tiny homes in pocket neighborhoods; and

1 WHEREAS, the committee further identified that cities and counties have additional ways
2 to incentivize affordable housing by reducing development and infrastructure costs through
3 maximizing the discretionary tax formula for new construction or the use of tax increment
4 financing districts; and

5 WHEREAS, the committee received information on how use of the discretionary tax
6 formula substantially lowers the cost of housing development, but that it is underutilized, with
7 less than half of South Dakota's sixty-six counties making any use of the discretionary tax
8 formula, and only two maximizing the allowable tax reduction; and

9 WHEREAS, the committee also found that permit fees, drainage fees, plan review fees,
10 excavation fees, drainage studies, zoning changes, platting costs and infrastructure design
11 requirements of cities and counties have grown significantly over recent decades, slowing the
12 construction timeline and adding to the cost of housing; and

13 WHEREAS, the State of South Dakota imposes a two percent excise tax on all new
14 construction, thereby adding thousands of dollars to the cost of a new home; and

15 WHEREAS, some have responded to all this by suggesting new or expanded state
16 programs that encourage an ever-greater role for government in meeting the demand for
17 housing; and

18 WHEREAS, examples from American and world history have taught us repeatedly that
19 increasing government involvement disrupts the natural free market forces that inspire
20 ingenuity to solve problems, and causes market distortions, increased costs, and
21 inefficiencies;

22 NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Ninety-
23 Seventh Session Legislature of the State of South Dakota, the Senate concurring therein, that
24 the Legislature supports and encourages the free market system, in conjunction with an active
25 reduction in governmental burden, as the most effective solution to meet the need for
26 affordable and sustainable workforce housing in South Dakota.