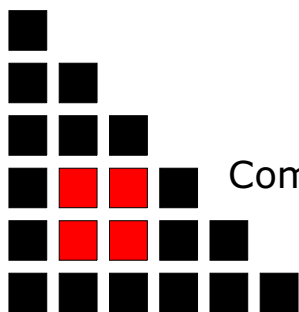


Alpena HOUSING STUDY

April 2023

An analysis of the overall housing needs
of the Town of Alpena, SD



Community Partners Research, Inc.
Faribault, MN

List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	23
Rental Housing Inventory	29
Employment and Local Economic Trends Analysis	31
Findings and Recommendations	37
Summary of Findings/Recommendations	47
Rental Housing Development Recommendations	49
Home Ownership Recommendations	56
New Housing Construction Recommendations	60
Housing Rehabilitation Recommendations	64
Other Housing Initiatives	67
Agencies and Resources	71

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 Alpena and Jerauld County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Town of Alpena to conduct a study of the housing needs and conditions in the community.

Goals

The multiple goals of the study include:

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

Methodology

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

- U.S. Census Bureau
- American Community Survey
- Applied Geographic Solutions, a private data company
- Esri, a private data company
- Records and data from the Town
- Records and data maintained by Jerauld County
- Interviews with Town 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.

During the course of the research for this project, the global pandemic was ending, but in previous years it had widespread impacts, including on economic, housing and educational conditions. The longer-term impacts of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

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Section Table of Contents

	<u>Page</u>
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2010 to 2022	8
Population Projections	10
Household Data and Trends	11
Household by Age Trends: 2010 to 2022	12
Average Household Size	14
Household Projections	15
Household Projections by Age	16
Housing Tenure	18
Median Income Data	19
Household Income Distribution by Tenure	20
Estimated Income and Housing Costs - Renters	21
Estimated Income and Housing Costs - Owners	22

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the Town of Alpena and Jerauld County.

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

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

With the absence of some data from the 2020 Census, this Update has proceeded with the best available estimates from secondary sources, including the Census Bureau's American Community Survey, an annual sampling of households. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The American Community Survey estimates have an effective date in 2021. The estimates were derived from five-year sampling, obtained between 2017 and 2021.

This Update has also utilized demographic estimates and projections that have been generated by private data providers. The South Dakota Governor's Office of Economic Development contracts with Applied Geographic Solutions (AGS) to provide community profiles for each community in the State. The estimates and projections from AGS were generated after the release of 2020 Census totals and generally have been adjusted to reflect this new demographic benchmark.

Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have also utilized estimates and projections from Esri. Esri produced its estimates and projections after the release of the 2020 Census, and the information is also generally consistent with Census totals. Both of these private data services are widely used by financial and government entities.

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Alpena	251	265	5.6%	286	7.9%	212
Jerauld Co.	2,425	2,295	-5.4%	2,071	-9.8%	1,663

Source: U.S. Census Bureau

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ At the time of the 2020 Census, Alpena had 212 permanent residents. When compared to the 2010 Census, the Town had a population loss of 74 people over the decade, for a decrease of 25.9%.
- ▶ The decreasing population identified in the 2020 Census reversed a longer-term pattern in Alpena as the Town had been adding population in prior decades. While the numeric increase was not large, Alpena added 14 people in the 1990s, and 21 people between 2000 and 2010.
- ▶ Jerauld County’s population was 1,663 in 2020, down by 408 people from 2010, or -19.7%. The County has lost population over the past three decades and the rate of loss has been increasing over time.
- ▶ Applied Geographic Solutions (AGS), has produced 2022 population estimates for jurisdictions in South Dakota. Their population estimate for Alpena is 217 people, up slightly from the 2020 Census count of 212 people with a 2-year time difference in the effective dates.
- ▶ Esri’s population estimate for 2022 showed 199 people living in the Town, lower than the 2020 Census count of 212 people, but two years forward in the effective date.
- ▶ The 2022 AGS estimate for Jerauld County is 1,638, slightly lower than the 2020 Census count of 1,663 people.

Population Characteristics: Race and Ethnic Origin

- ▶ According to the 2020 Census, nearly 73% of the Town’s residents listed their race as “White”. Approximately 16% of residents listed “Some Other Race Alone”, and more than 10% listed “Two or More Races”.
- ▶ More than 23% of the Town’s residents were of Hispanic/Latino ethnic origin.

Population Characteristics: Group Quarters

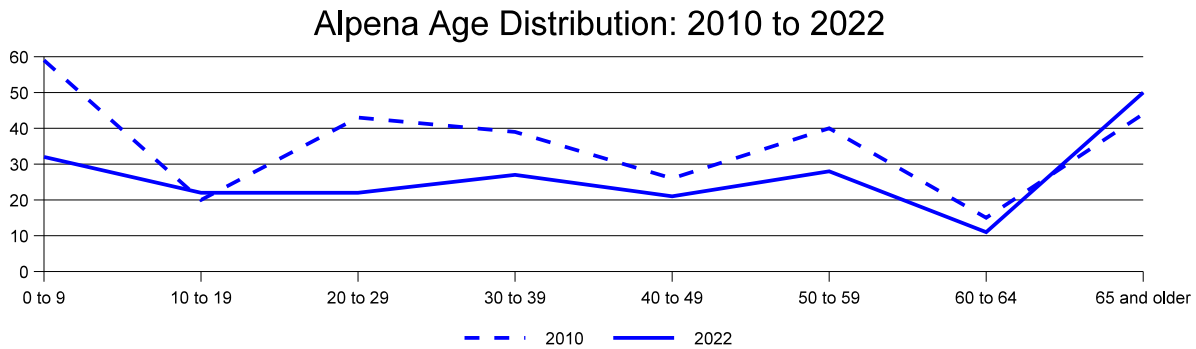
- ▶ At the time of the 2020 Census, there were no residents of Alpena that were living in “group quarters” housing, such as a nursing home or group home facility.

Population by Age Trends: 2010 to 2022

Age-based population estimates are available from Applied Geographic Solutions. These estimates can also be compared to the 2010 Census to examine the area’s changing age patterns over time. This information is for the Town of Alpena.

Table 2 Alpena Population by Age - 2010 to 2022			
Age	2010 Census	2022 AGS	Change
0-9	59	32	-27
10-19	20	22	2
20-29	43	22	-21
30-39	39	27	-12
40-49	26	21	-5
50-59	40	28	-12
60-64	15	11	-4
65+	44	50	6
Total	286	213	-73

Source: U.S. Census; AGS



- ▶ Between 2010 and 2022, Alpena lost 73 residents, according to AGS. With this large-scale loss, the Town also saw decreases in most of the defined age ranges.

- ▶ The largest estimated decrease was from fewer young children, age nine and under. In 2010, Alpena had a relatively large number of children, but by 2022, AGS estimates that there were 27 fewer residents in this youngest age range.
- ▶ There was stability within the next age group, between 10 and 19 years old. The AGS estimate showed an increase of two residents in this age group, but this was the only age range below 65 years old that showed an increase in size.
- ▶ There was a large estimated loss in the 20 to 29 year old age group. The other younger adult ranges also decreased in size. In total, these estimates show Alpena with 50 fewer residents in the age groups between 20 and 59 years old.
- ▶ A slight decrease was estimated in the near senior age group between 60 and 64 years old. Despite some growth among senior citizens, age 65 and older, Alpena had a net increase of only two residents age 60 and older between 2010 and 2022.

Population Projections

Population projections are available from both Applied Geographic Solutions and Esri. Community Partners Research, Inc., has also generated projections based on locally collected data. The base-year estimates from each source have been provided, along with projections to 2027. The 2020 Census is also presented for comparison.

Table 3 Population Projections Through 2027				
	2020 Census	2022 Estimate	2027 Projection	Change
Alpena - AGS	212	217	222	5
Alpena - Esri	212	199	194	-5
Alpena - CPR, Inc.	212	212	220	8
Jerauld County - AGS	1,663	1,638	1,611	-27

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

- ▶ Applied Geographic Solutions is projecting a minor population increase in Alpena with the expected addition of five people over the 5-year time period, or an annual average of approximately one resident per year. This projection would not be consistent with past patterns, as Alpena lost a significant number of residents over the previous decade.
- ▶ Esri is projecting a minor loss of residents in the Town between 2022 and 2027, with the expected reduction of five people, or an average of one less resident per year.
- ▶ Community Partners Research, Inc., believes that some minor growth is possible in Alpena over the next-five years, and the addition of approximately eight residents is an achievable forecast.
- ▶ Applied Geographic Solutions is projecting a decreasing population Countywide, with the expected reduction of 27 people between 2022 and 2027, or an annual average loss of approximately five or six residents per year. Between 2010 and 2020, the County had an average annual loss of nearly 41 people per year.

Household Data and Trends

Table 4 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Alpena	98	113	15.3%	110	-2.7%	86
Jerauld County	966	987	2.2%	870	-11.9%	747

Source: U.S. Census

- ▶ At the time of the 2020 U.S. Census, Alpena had 86 permanent resident households. When compared to 2010, the Town had lost 24 households over the decade for a decrease of 21.8%.
- ▶ The household loss for Alpena over the last decade was a continuation of the trend that had been present in the prior decade, as the Town also lost a few households between 2000 and 2010. Alpena did add households in the 1990s, but with losses after the year 2000, Alpena had fewer households in 2020 than had been living in the community in 1990.
- ▶ Although the decennial Census is usually viewed as the most reliable demographic data source available, there have been questions raised about the 2020 Census due to the timing of the Covid pandemic.
- ▶ Jerauld County had 747 permanent households according to the 2020 Census, down by 123 households from 2010. While some of the Countywide reduction was due to the decrease in Alpena, the remainder of the County represented most of the lost households.
- ▶ The AGS estimate showed 90 households in Alpena in 2022, up slightly from the Census count of 86 households in 2020 with a 2-year difference in the effective date.
- ▶ The Esri estimate showed 86 households in the Town in 2022, unchanged from the 2020 Census count.
- ▶ The AGS estimate for Jerauld County showed 738 households in 2022, slightly lower than the Census count of 747 households in 2020. With some possible loss between 2020 and 2022, this estimate is viewed as reasonably accurate.

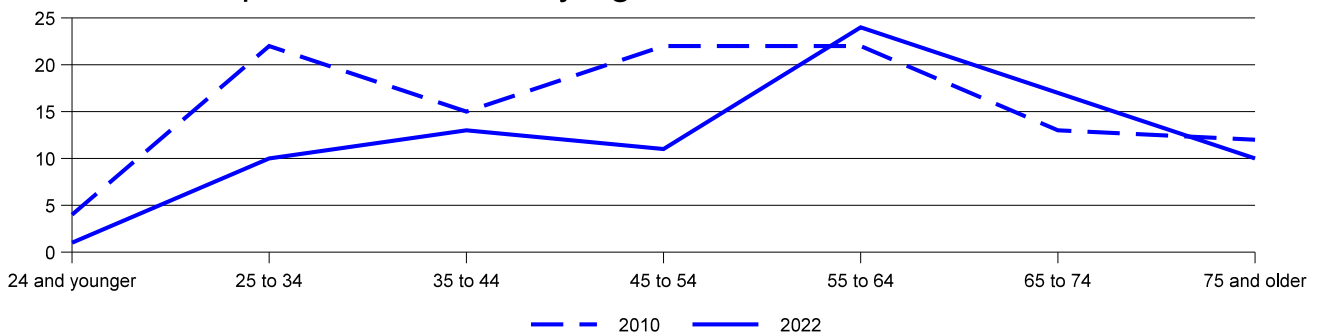
Household by Age Trends: 2010 to 2022

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

Table 5 Alpena Households by Age - 2010 to 2022			
Age	2010 Census	2022 Esri	Change
Under 25	4	1	-3
25-34	22	10	-12
35-44	15	13	-2
45-54	22	11	-11
55-64	22	24	2
65-74	13	17	4
75 and older	12	10	-2
Total	110	86	-24

Source: U.S. Census; Esri

Alpena Households by Age of Householder: 2010 to 2022



- ▶ As estimated by Esri, Alpena had a loss of 24 households between 2010 and 2022. Most of this reduction was due to fewer households in the age ranges 54 years old and younger.
- ▶ The largest estimated reductions were among households age 25 to 34 years old, and in the 45 to 54 year old age group. If all of the ranges age 54 and younger are aggregated, there was an estimated decrease of 28 households between 2010 and 2022.

- ▶ Some minor growth was estimated in the near-senior and young senior age groups, between 55 and 74 years old. Based on Esri's estimates, there was an addition of six households in this 20-year range.
- ▶ A minor reduction of two households occurred in the older senior range, age 75 and above.

Average Household Size

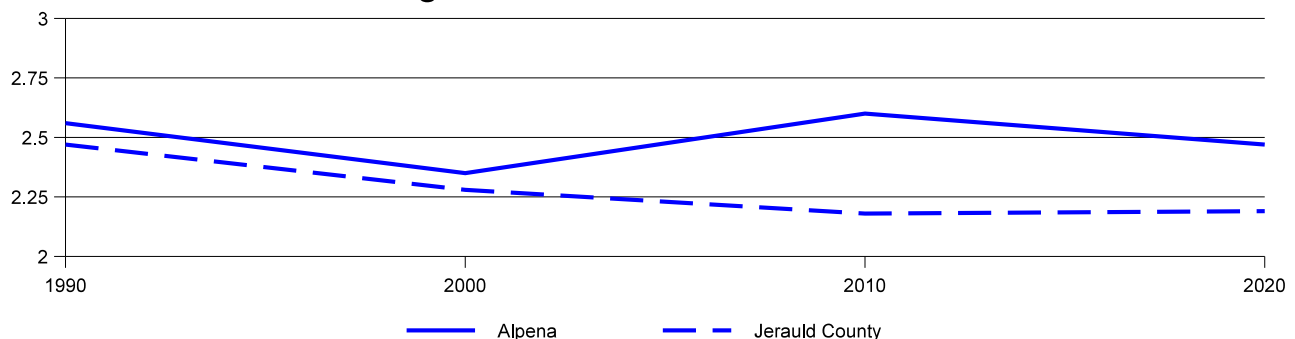
The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Alpena	2.56	2.35	2.60	2.47
Jerauld County	2.47	2.28	2.18	2.19
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census

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

Average Household Size: 1990 to 2020



- ▶ However, Alpena has experienced both upward and downward movement in the average household size over the past three decades. Although the Town’s average household size had decreased to 2.47 persons in 2020, Alpena’s average was still slightly greater than the Statewide average of 2.44 people.
- ▶ The average household size for all of Jerauld County had been decreasing between 1990 and 2010, but after 2010 was largely unchanged. The County’s average household has remained well below the South Dakota average since 1990.

Household Projections

Household projections are available to the year 2027 from Applied Geographic Solutions and Esri. Community Partners Research, Inc., has also generated its own estimates and projections using locally generated data. The base-year estimate from each source has been provided to track the expected change in households over the 5-year time period. The 2020 Census count is also provided for comparison.

Table 7 Household Projections Through 2027				
	2020 Census	2022 Estimate	2027 Projection	Change
Alpena - AGS	86	90	84	-6
Alpena - Esri	86	86	86	0
Alpena - CPR, Inc.	86	86	90	4
Jerauld County - AGS	747	739	650	-89

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

- ▶ Applied Geographic Solutions starts with a slightly higher base-year estimate for 2022 but projects that Alpena will lose six households between 2022 and 2027, or an average of approximately one household per year.
- ▶ Esri is projecting stability for the community, with no change in the number of resident households between 2022 and 2027. If accurate, this would be a reversal of longer-term patterns for the Town as Alpena has lost households over the past two decades.
- ▶ In the opinion of the analysts, both AGS and Esri have an overly conservative view of the Town’s growth potential. In the recommendations that follow, Community Partners Research, Inc., has proceeded with a forecast that the Town will add approximately three or four households by 2027.
- ▶ Applied Geographic Solutions believes that Jerauld County will lose 89 households between 2022 and 2027. The projected rate of loss, at approximately 18 households per year, would be greater than the reduction that was experienced between 2010 and 2020, when the County had an annual average loss of 12 households per year. Although AGS believes that Alpena will contribute to the household losses Countywide, most of the reduction would be from other jurisdictions.

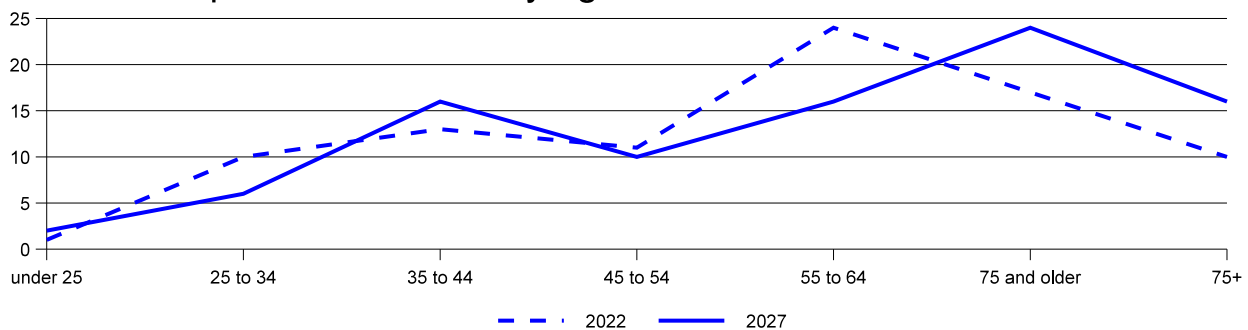
Alpena Household by Age Projections: 2022 to 2027

Esri has also produced age-based household projections, although overall, Esri expects no change in the total household count between 2022 and 2027. In the following table, Esri’s base projections have been adjusted upward to better reflect some probable household growth in the community. The adjustment to the total household count is less than 5%.

Table 8 Alpena Projected Households by Age - 2022 to 2027			
Age Range	2022 Estimate	2027 Projection	Change
24 and younger	1	2	1
25-34	10	6	-4
35-44	13	16	3
45-54	11	10	-1
55-64	24	16	-8
65-74	17	24	7
75 and older	10	16	6
Total	86	90	4

Source: Esri; Community Partners Research, Inc.

Alpena Households by Age of Householder: 2022 to 2027



- ▶ Esri’s age-based projections show limited change in many of the younger age ranges, age 54 and younger. Most of the expected change will occur among households age 55 and older between 2022 and 2027.
- ▶ The largest projected increases are expected in the senior age groups, with growth of seven households in the 65 to 74 year old range, and six households in the age groups 75 years old and older. By 2027, nearly all of the large “baby boom” generation will be age 65 or older.

- ▶ However, the largest loss is expected from households in the 55 to 64 year old range, as the cohort trailing behind the baby boom was not as large and will not replace the advancing generation.
- ▶ Although some decrease is projected in the 25 to 34 year old age group, most of the other younger adult ranges are expected to remain relatively stable. Overall, Esri is projecting a net decrease of only one household age 54 and younger over the next five years.

Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The American Community Survey does provide an estimate of the tenure distribution patterns, however, these appear to be inaccurate. In the following table, the 2010 Census has been presented as the most reliable data on this topic.

Table 9 Households by Tenure - 2010 and 2020				
	Owner		Renter	
	Number	Percent	Number	Percent
Alpena	77	70.0%	33	30.0%
Jerauld County	624	71.7%	246	28.3%

Source: U.S. Census

- ▶ At the time of the 2010 Census, the home ownership tenure rate was at 70%, with the remaining 30% of households renting their unit. The Statewide ownership rate was at 68.1% in 2010.
- ▶ In 2010, the home ownership rate for all of Jerauld County was at 71.7%, with 28.3% of households in a rental unit.

Median Income Data

Information on median income levels is available at the town and county level through the American Community Survey. These estimates are for 2021.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living together. Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

Table 10 Median Household Income - 2010 to 2021			
	2010 Median	2021 Median	% Change
Households			
Alpena	\$43,047	\$66,250	53.9%
Jerauld County	\$40,607	\$58,375	43.8%
South Dakota	\$46,369	\$63,920	37.9%
Families			
Alpena	\$43,571	\$78,214	79.5%
Jerauld	\$44,717	\$81,989	83.4%
South Dakota	\$58,958	\$81,756	38.7%

Source: ACS

- ▶ According to the American Community Survey, the median household income in Alpena was relatively high in 2021 at \$66,250, and had increased by nearly 54% between 2010 and 2021. The Town’s estimated median household income was above the Statewide median in 2021.
- ▶ The median family income for Alpena was estimated at \$78,214 in 2021, up by nearly 80% from 2010. Despite the rapid increase in recent years, the median family income for Alpena was below the comparable medians for the County and the State by 2021.
- ▶ Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, the high median incomes in Alpena yield an amount of \$1,656 for households and \$1,955 for families at the medians that could be applied to monthly costs for ownership or rental housing in 2021.

Alpena Household Income Distribution

The American Community Survey provides income data by owner and renter status. For Alpena, the 2021 American Community Survey over estimated the total number of households when compared to the 2020 Census count, and also over estimated the number of home owners. As a result, only the percentage distributions have been provided.

Table 11 Alpena Household Income Distribution - 2021			
Household Income	Percent of Owner Households	Percent of Renter Households	Percent Total
\$0 - \$14,999	2.5%	0%	2.4%
\$15,000 - \$24,999	4.5%	0%	4.1%
\$25,000 - \$34,999	7.6%	66.7%	11.8%
\$35,000 - \$49,999	21.7%	16.7%	21.3%
\$50,000 - \$74,999	15.3%	8.3%	14.8%
\$75,000 - \$99,999	22.3%	8.3%	21.3%
\$100,000+	26.1%	0%	24.3%
Total	100%	100%	100%

Source: ACS

- ▶ Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.
- ▶ In 2021, two-thirds of all renter households in Alpena had an annual income below \$35,000. The estimated median income level for all renter households was \$34,375.
- ▶ Most owner households had a higher income level, with nearly 64% having an annual income of \$50,000 or more in 2021. The estimated median household income for home owners was \$73,438.
- ▶ It is important to note that a margin of error applies to all American Community Survey estimates and in a small community, the number of households surveyed each year would be small.

Estimated Income and Housing Costs - Renters

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

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

Table 12 Gross Rent as a Percentage of Household Income - 2021	
Percent of Income for Housing	Percent of Renter Households
Less than 20%	8.3%
20% to 29.9%	75.0%
30% to 34.9%	0%
35% or more	0%
Not Computed	16.7%
Total	100%

Source: American Community Survey

- ▶ According to the 2020 American Community Survey, all of the renter households in Alpena had an affordable rent and were paying less than 30% of their income for rent.
- ▶ Given the small size of the community, and the limited number of surveys conducted in a single year, it is possible that some renter households in Alpena do have a rent burden but are not included in the random sampling.

Estimated Income and Housing Costs - Owners

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

Table 13 Alpena Ownership Costs as a Percentage of Income - 2021	
Percentage of Household Income for Housing Costs	Percent of All Owner Households
0% to 19.9%	84.7%
20% to 29.9%	8.3%
30% or more	7.0%
Total	100%

Source: ACS

- ▶ Approximately 93% of owner-occupants in Alpena, which would include households with and without a mortgage, reported paying less than 30% of their income for housing in 2021.
- ▶ Approximately 7% of all home owners reported that they paid more than 30% of their income for housing.

Building Permit Trends

Alpena does not report building permit information to the Census Bureau.

According to local information, there were two houses built in Alpena between 2010 and 2020. There have also been seven mobile homes placed in the community, with some of these after 2020.

Jerauld County does submit annual reports, but the exact location of the newly constructed units is not identified. Countywide, there were 27 single family houses and one duplex/twin home structure permitted between 2010 and 2021.

2020 Census Housing Data

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

Table 14 Housing Units, Occupancy and Vacancy - 2010 to 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Alpena	124	114	-10	110	86	-24	14	28	14
Jerauld Co.	1,070	952	-118	870	747	-123	200	205	5

Source: U.S. Census

- ▶ Comparing the Census housing totals from 2010 and 2020 for Alpena showed a net loss of 10 total housing units over the decade.
- ▶ Based on new houses and mobile homes that can be tracked in Alpena, it is probable that six new units were added to the community between 2010 and 2020. However, the Census still reported a net loss of 10 housing units.
- ▶ As reported previously, there were 24 fewer households/occupied units in 2020 than had been counted in 2010. The number of vacant or otherwise unoccupied housing units increased in Alpena 2010 and 2020. In 2010 there were 14 vacant units while in 2020, there were 28 unoccupied units.
- ▶ There was an even larger loss of housing units in Jerauld County. Based on the Census counts, the entire County had 118 fewer housing units in 2020 than in 2010. As reported on a previous page, there were some new units constructed in the County after 2010, but the Census showed fewer units by 2020.
- ▶ The decrease in housing units in the County was generally similar to the reported reduction in households, as the Census showed 124 fewer households between 2010 and 2020.

American Community Survey Housing Data

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

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units an estimated median year of construction is provided. In Alpena, the estimated median year of construction was 1947. More than 66% of the owner-occupied houses in the Town were constructed before 1960.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Alpena, the estimated median year of construction was 1939, the oldest median issued by the American Community Survey. According to this source, all of the rental units in the Town were constructed before 1960. However, it is known that seven mobile homes are used as rentals in Alpena, and these have a more recent date of construction.

Existing Home Sales

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

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

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

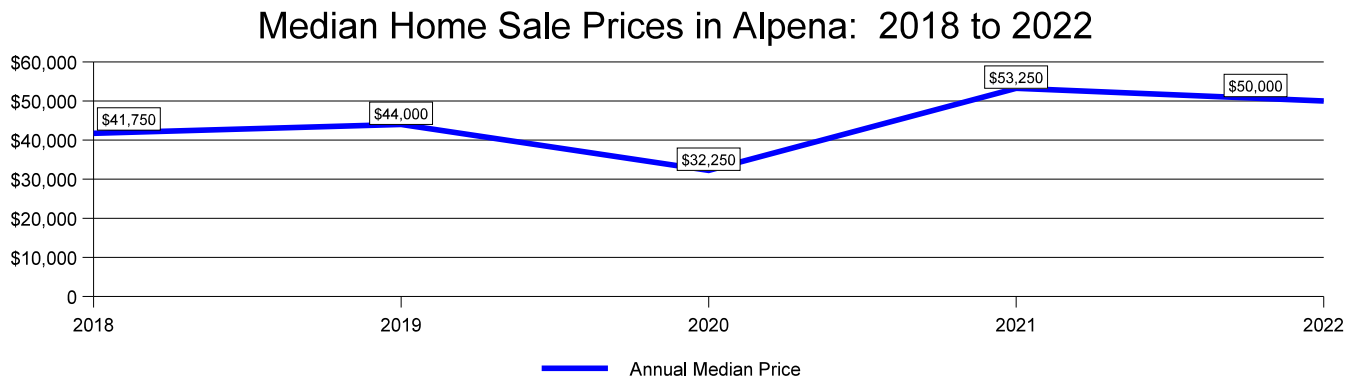
The time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year.

Table 15 Median Value of Recent Sales - 2018 to 2022				
Sales Year	Number of Good Sales	Median Sale Price	Highest Valued Sale	Lowest Valued Sale
2022	3	\$50,000	\$290,000	\$11,000
2021	6	\$53,250	\$84,000	\$7,500
2020	4	\$32,250	\$40,000	\$25,000
2019	4	\$44,000	\$67,000	\$20,000
2018	4	\$41,750	\$80,000	\$15,000

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

- ▶ With only a limited number of home sales within any 12-month time period, there can be year-to-year variation in the annual median sale price.
- ▶ For 2022, the median price was \$50,000. However, there were only three good sales recorded in 2022. In both 2022 and 2021, the annual median price was \$50,000 or higher.

- ▶ If the nine good sales in 2021 and 2022 are reviewed, the median price over the 24-month time period was \$50,000.
- ▶ Since 2018, only one sale has been recorded for more than \$100,000. In 2022, a sale was recorded for \$290,000.



- ▶ An alternate estimate of home values exists in the American Community Survey. In 2021, the estimated median value for all owner-occupied housing in Alpena was \$46,300. This estimate was similar to the median sale price recorded in 2021/22 of \$50,000.

Alpena Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 105 single family/duplex structures in Alpena. Mobile homes and structures that appeared to contain three or more residential units were excluded from the survey.

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 16 Windshield Survey Condition Estimate - 2023					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Alpena	25 / 23.8%	31 / 29.5%	28 / 26.7%	21 / 20.0%	105

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Alpena is generally in need of repair. Fewer than 24% of all houses were rated as Sound, the highest rating given. Nearly 30% of the houses were rated in the Minor Repair category and nearly 27% were in the Major Repair category. Major Repair houses may require a significant investment to return to better condition.
- ▶ There were 21 houses (20% of all structures) that were judged to be Dilapidated, the lowest rating given. Dilapidated houses may be beyond the point of economically feasible repair.

Rental Housing Data

Census Bureau Rental Inventory

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

At the time of the 2010 Census there were 33 occupied rental units and two unoccupied rental units in Alpena, for a total estimated rental inventory of 35 units. The Town's rental tenure rate in 2010 was 30.0%, below the Statewide rental rate of 31.9%.

Recent Rental Construction

Based on available reporting, there were seven mobile homes placed in Alpena after 2010 that provide rental housing. Any additional changes in the rental inventory would have been the result of tenure conversion, if houses that had formerly been used for owner-occupancy switched to rental use, or vice versa.

Rental Housing Survey

As part of this housing study, a telephone survey was completed for rental housing in Alpena. Although no multifamily rental structures could be identified in the Town, seven rental mobile homes were surveyed.

All seven of the mobile homes were occupied on the date of the survey, and a waiting list exists. Each of these units have three bedrooms and two bathrooms. Rents range from \$800 for the older units to \$1,000 for the newer units. Rent includes utilities.

American Community Survey Rent Data

Due to the small inventory of rental housing in Alpena, the American Community Survey does not generate estimates for most housing variables. An estimate does exist for the median gross rent level for all rental housing in the community. In 2021, the estimated median rent was \$731 per month.

Tenant-Based Rent Assistance

Although there are no federally subsidized rental projects in Alpena, renter households do have access to tenant-based rent assistance through the U.S. Department of Housing and Urban Development (HUD), primarily through the Housing Choice Voucher program. The Voucher program is administered by the Mitchell Housing Authority, which serves a multi-county service area. Currently, no Alpena households are utilizing the Housing Choice Voucher Program. There is a waiting list of approximately two months to obtain a Voucher through the multi-county program.

HUD Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

To use the Voucher assistance, the participating household must live in an eligible rental unit. There are maximum rent limitations that apply, and the unit must meet certain housing quality standards.

Senior Housing with Services

There are no specialized senior housing projects in Alpena. There are housing with services options in Jerauld County in Wessington Springs. Huron also has a number of senior housing options.

Employment and Local Economic Trends

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

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

Alpena has two large employers located in the community:

- ▶ Jack Link's
- ▶ Stan's Inc.

Labor Force and Unemployment

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

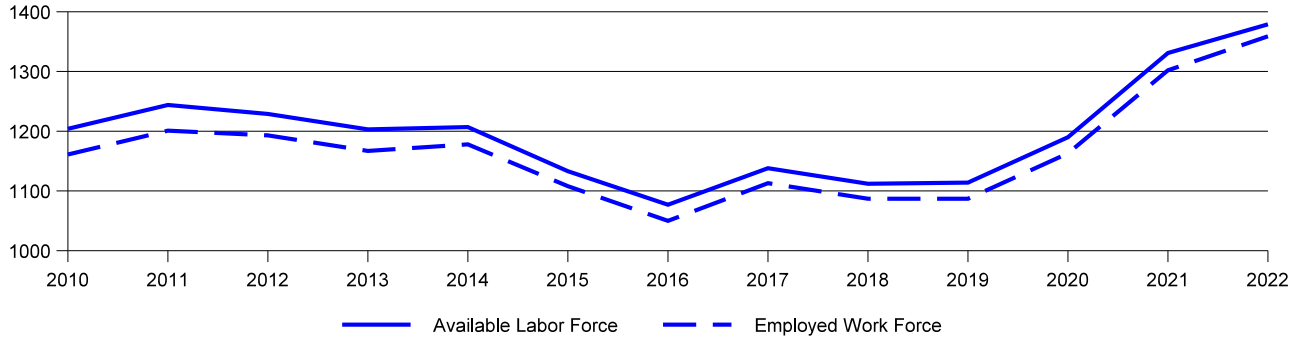
Table 17 County Average Annual Labor Force: 2010 to 2022						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	1,204	1,161	43	3.6%	5.0%	9.6%
2011	1,244	1,201	43	3.5%	4.7%	8.9%
2012	1,229	1,193	36	2.9%	4.3%	8.1%
2013	1,203	1,167	36	3.0%	3.8%	7.4%
2014	1,207	1,178	29	2.4%	3.4%	6.2%
2015	1,133	1,108	25	2.2%	3.1%	5.3%
2016	1,077	1,050	27	2.5%	3.0%	4.9%
2017	1,138	1,113	25	2.2%	3.2%	4.4%
2018	1,112	1,087	25	2.2%	3.0%	3.9%
2019	1,114	1,087	27	2.4%	3.0%	3.7%
2020	1,190	1,163	27	2.3%	4.6%	8.1%
2021	1,331	1,302	29	2.2%	2.8%	5.3%
2022	1,379	1,359	20	1.5%	2.3%	3.7%

Source: South Dakota Department of Labor

Over the past decade there has been both upward and downward movement in the size of the County’s resident labor force. If 2022 is compared to 2010, the labor force increased by 175 people, or 14.5%. However, the labor force had generally been decreasing in size between 2010 and 2020, before growing rapidly between 2020 and 2021.

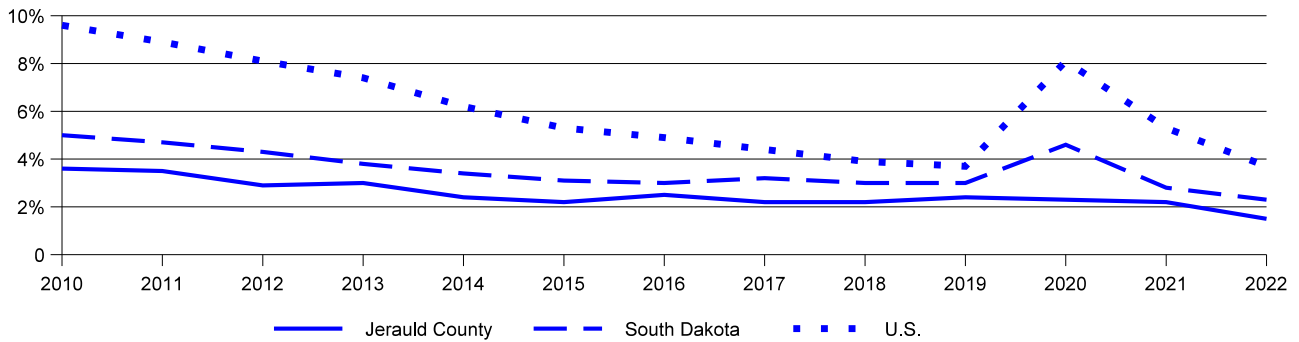
The employed work force has generally followed a somewhat similar pattern. From 2010 to 2020, the number of employed County residents had decreased slightly, but then increased after 2020. If 2022 is compared back to 2010, the County has added nearly 200 employed residents.

Jerauld County Labor Force and Employed Work Force



The size of the employed work force does not appear to have been negatively impacted by the global health pandemic in 2020. After 2019, the resident labor force and the employed work force have both increased in size.

Unemployment Rates



Throughout the time period reviewed, the County’s unemployment rate has remained low. Even at its highest level, the County’s unemployment rate was below 4.0%, and since 2014 has been at 2.5% or less.

Average Annual Wages by Industry Sector

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

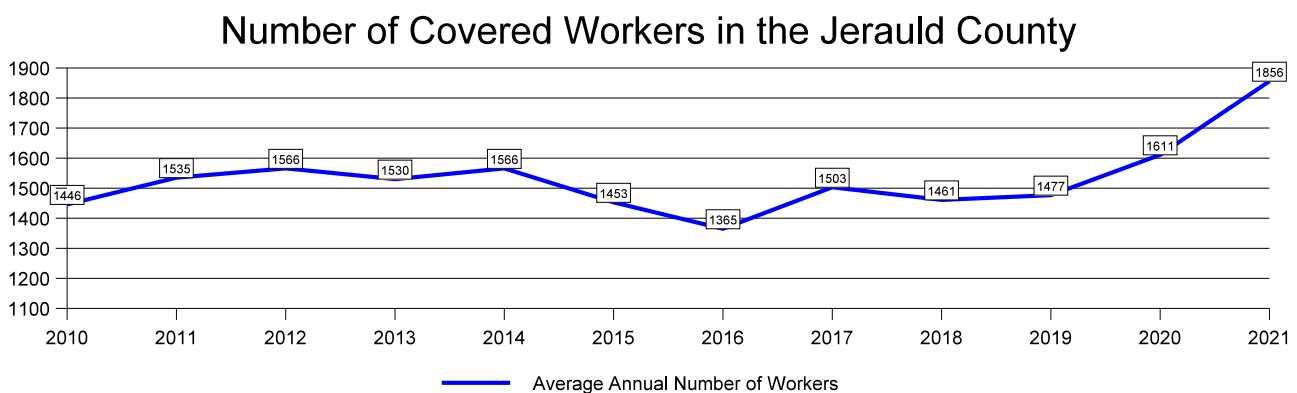
Table 18 County Average Weekly Wage: 2021		
Industry	Employment	Average Weekly Wage
Total All Industry	1,856	\$789

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2021 was \$789. At full-time employment this would equate to an annual wage of approximately \$41,028.

Statewide the average weekly wage in 2021 was \$986, higher than the average wage in Jerauld County. The Statewide average wage would equate to approximately \$51,272 at full-time employment.

Using the QCEW it is possible to examine longer-term patterns in the local employment level. The following chart displays the total number of workers reported in the County from 2010.



After reaching a recent low for employment in the County in 2016, there has been a significant increase in the number of covered workers. If 2021 is compared back to 2016, there have been nearly 500 workers added in Jerauld County.

Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2021 American Community Survey, and has been examined for Alpena. This table only examines people that commuted, and excludes people that work at home.

Table 19 Commuting Times for Residents - 2021		
Travel Time	Number	Percent
Less than 10 minutes	108	63.9%
10 to 19 minutes	16	9.5%
20 to 29 minutes	34	20.1%
30 minutes +	11	6.5%
Total	169	100%

Source: American Community Survey

Most Alpena residents were able to work locally in 2021, with more than 73% commuting less than 20 minutes to work. Fewer than 7% of the Town’s residents were longer-distance commuters and traveling 30 minutes or more.

A large number of jobs are based in Alpena and estimates were also provided for people that worked in the community. It does appear that the estimate for local employment is too low.

Table 20 Commuting Times for Alpena-based Employees - 2021		
Travel Time	Number	Percent
Less than 10 minutes	117	23.1%
10 to 19 minutes	48	9.5%
20 to 29 minutes	175	34.5%
30 minutes +	167	32.9%
Total	507	100%

Source: American Community Survey

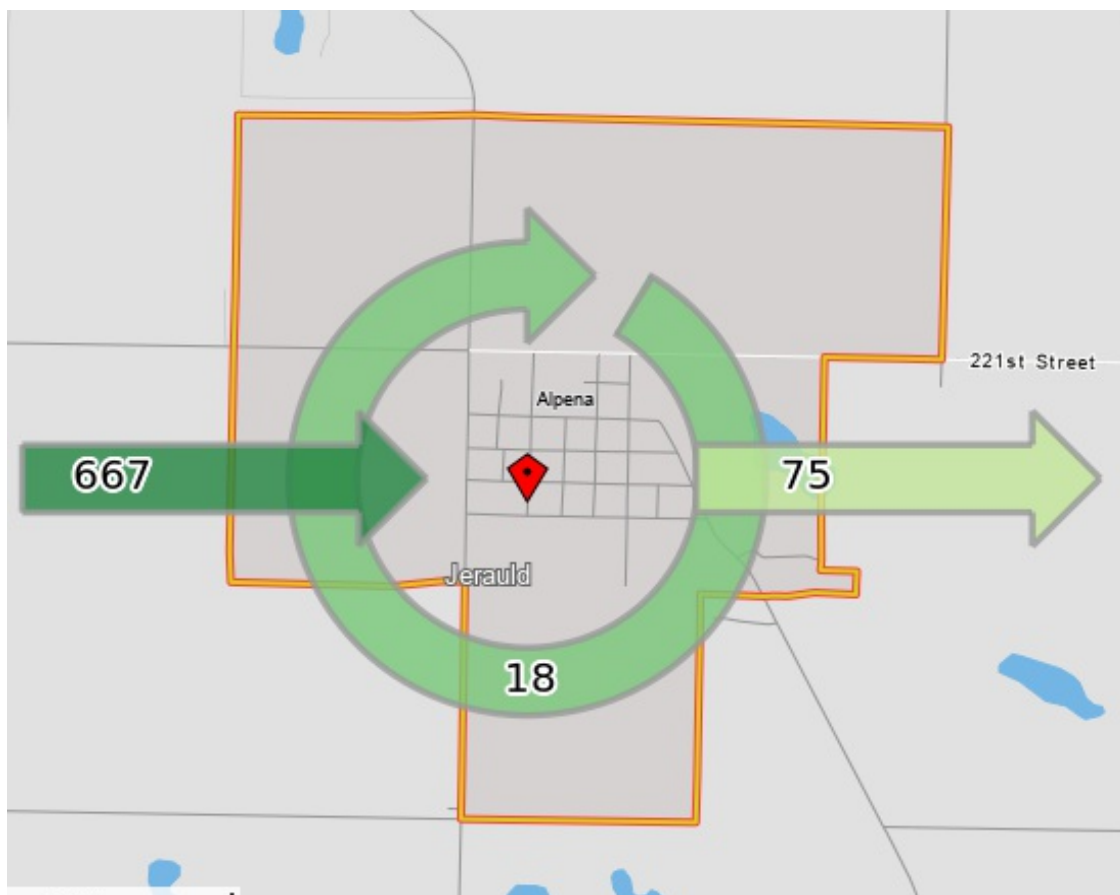
Most of the people that worked in Alpena traveled 20 minutes or more in 2021, with more than 67% coming from greater distances. This included nearly 33% of all workers that were traveling 30 minutes or more for their job.

Census On the Map

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

According to the report for Alpena, there were 685 people that were employed within the community in 2019. Only 18 of these Alpena-based employees also lived within the Town, while more than 667 employees were commuting in to work. The primary jurisdiction supplying workers to Alpena was Huron, with more than half of all commuting workers coming from this City. Other locations supplying workers to Alpena were Wessington Springs and Custer Township.

There were 93 people living in Alpena that were employed and 75 of these Alpena residents left their home community to work elsewhere. The primary locations listed for outbound commuters were Wessington Springs and Huron.



Findings on Growth Trends

The Demographic section of this report has presented information on the recent estimates and past trends for the Town of Alpena and Jerauld County. In general, both the Town and the County have been losing population and households in recent decades.

Based on the 2020 Census, Alpena experienced a significant outflow of residents after 2010, losing 74 residents and 24 households over the decade. Even larger losses were recorded Countywide, as Alpena was not the only jurisdiction in Jerauld County that had a decreased population and household count.

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

Despite the large number of job opportunities that exist in Alpena, the community has not added households for more than 20 years. As recorded by the decennial Census, the Town's housing inventory has decreased in size over time. While the decade-to-decade reduction in housing unit availability has not been large, it appears that more older housing has been removed from the usable inventory since the year 2000 than has been added through new construction or development.

A visual housing conditions survey completed as part of this Housing Study found that a significant percentage of Alpena's single family housing stock is in deteriorated condition, possibly indicating a further loss of housing units in the future.

There is no evidence that many housing units have been constructed in recent decades, although seven mobile homes and two houses have been added since 2010. The estimated median age of all housing in the Town dates to the 1940s, highlighting the fact that new construction activity has been very limited for several decades.

Findings on Projected Growth

This Study has examined projections from established national sources, including both Applied Geographic Solutions (AGS) and Esri. For Alpena, these sources show relative stability or a possible minor loss of households going forward. Consistent with household patterns for recent decades, no growth is being projected by these sources.

In the opinion of the analysts, the Town does have the potential for some minor growth by 2027. An achievable forecast would be for Alpena to add up to four households and approximately eight people. However, it is unlikely that Alpena will add households in the near future unless housing options are improved or added. Over time, the Town's housing inventory has gradually been getting smaller, often due to deterioration of older housing units that have been removed from the habitable housing stock.

While better quality housing options are needed, constructing new housing in the Town will also be difficult, given the significant value gap that may be present. Based on a review of existing home sales over the past five years, the home values in Alpena are low, and only one home has sold for more than \$100,000 since 2018. With a large disparity between the estimated costs for new home construction and the possible re-sale value in the future, any new development activity may need to be subsidized in order to be economically feasible.

In the opinion of the analysts, the most likely scenario for adding households and population in Alpena would be based on significant preservation and repair of the older housing stock in the community. According to the 2020 Census, there were 28 vacant housing units in Alpena. The visual housing conditions survey for this Study recorded 49 houses in the lowest condition categories used, and some of these probably represent the vacant units identified by the last Census.

For the Town to experience any significant growth going forward, an effort to improve the quality of older housing, combined with limited new unit construction, could help the community to remain stable or add a few households over the next five years.

Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information for Alpena on anticipated household changes by age group from 2022 to 2027. This information can be informative in determining the housing that may be needed due to age patterns of the area’s residents. The projections on expected changes by age are taken from Esri but adjusted upwards by less than 5% to better reflect the total household count that is probable in 2027.

<u>Age Range</u>	<u>Projected Change in Households 2022 to 2027</u>
24 and younger	1
25 to 34	-4
35 to 44	3
45 to 54	-1
55 to 64	-8
65 to 74	7
75 and older	<u>6</u>
Total change	4

Overall, these adjusted projections expect Alpena to add four households by 2027. Some limited changes are likely within each of the defined age groups over the 5-year time period.

The movement of the large “baby boom” generation through the aging cycle should generate much of the Town’s positive change in households over the next five years. The projections show an increase of 13 households age 65 and older between 2022 and 2027.

However, a decrease of eight households is projected in the near-senior range, age 55 to 64, resulting in only a limited increase of older adult households, age 55 and above.

Within most of the younger adult groups, relative stability is expected. All of the age groups are projected to change by four or fewer households. As a result, the number of households age 54 and younger should experience only a very small decrease by 2027.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Alpena'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 no real change in the number of households age 24 and younger through the year 2027. Past tenure patterns indicate that most younger households will rent their housing. Relative stability in the number of households in this age range should mean that rental demand from younger households will also remain stable during the projection period.

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

35 to 44 Years Old - The projections for this 10-year age cohort expect a small increase of three households through 2027 in Alpena. In the past, this age group has had a relatively high rate of home ownership. Households within this range often represent both first-time buyers and households looking to trade-up, selling their starter home for a more expensive house.

45 to 54 Years Old - The projections show relative stability in the number of households in this age range by 2027. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. Stability within this age range indicates demand for trade-up housing will remain stable during the projection period.

55 to 64 Years Old - By 2027, this age cohort will largely represent the age group that trailed behind the baby boom generation. This group was not as large demographically and will not fully replace the advancing baby boomers. The age-based projections for Alpena expect a decrease of eight households in this age range. This group has traditionally a high rate of home ownership, and age-appropriate housing, such as town house or twin home units, should have increasing appeal for the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. However, some decrease in demand should be expected from this age range.

65 to 74 Years Old - A gain of seven households is expected by the year 2027 in the 65 to 74 age range. While this group will begin moving to life-cycle rental housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

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

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

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 Alpena to gain approximately four households and Jerauld County to decrease by approximately 89 households from 2023 to 2027. Therefore, there will be a limited demand for new housing production in Alpena 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 Alpena, 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. 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 Town of Alpena were identified through statistical data, local interviews, research and onsite review of the local housing stock.

- ▶ **Alpena serves the surrounding area** - Alpena provides employment opportunities, governmental services and recreational facilities and other amenities for a small geographical area that surrounds the Town.
- ▶ **Infrastructure** - Alpena's water and sewer infrastructure can accommodate future expansion.
- ▶ **Employers** - Alpena has several employers that provide job opportunities for local residents, including Jack Links which employs more than 800 people.
- ▶ **Commuters** - More than 660 employees are commuting into Alpena daily for work. These commuters form a potential market for future housing development.
- ▶ **Small town atmosphere** - Alpena has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Affordable Housing Stock** - The Town of Alpena has a stock of affordable existing homes. Our analysis shows that the Town's median home value, based on 2021 and 2022 sales, is \$50,000. This existing housing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Residential lots** - Several infill lots may be available for new housing construction or for new homes to be moved into the community.

- ▶ **Community Center** - The Town of Alpena has a community center, which provides space for meetings, social activities, recreational activities, etc.
- ▶ **Recreational opportunities** - The Alpena area provides recreational activities including hunting, fishing, etc.
- ▶ **Population and household growth** - Community Partners Research, Inc., is projecting that Alpena will have minimal population and household growth over the next five years.
- ▶ **Education Opportunities** - Although a public school is not located in Alpena, students have five area school districts to choose from that offer preschool through grade 12 options.
- ▶ **Alpena is located near regional centers** - Alpena is approximately 20 miles from Huron and 48 miles from Mitchell. Also, there are several smaller cities within commuting distance of Alpena. The regional centers and some of the smaller communities provide employment opportunities, retail/service options, governmental services, health and professional services, and entertainment opportunities. Some households prefer to live near, but not in, a larger city.

Barriers or Limitations to Housing Activities

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

- ▶ **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. Alpena also has a number of dilapidated homes.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from recent residential sales, we estimate that the median priced home in Alpena is valued at approximately \$50,000. This is well below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of new housing construction.
- ▶ **Lower paying jobs** - Although Alpena 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** - Alpena has a limited number of commercial and retail opportunities compared to larger cities.
- ▶ **Proximity to regional centers and larger cities** - Some households desire or need to be in close proximity to larger cities for health care, job opportunities, recreational facilities, etc.
- ▶ **Educational system** - There is not a public school located in Alpena, although several educational options exist for Alpena students.
- ▶ **Staff capacity limitations** - Although the Town has access to several housing agencies, it is difficult to develop and/or implement housing initiatives with limited resources.
- ▶ **Lack of medical and senior housing facilities** - The Town of Alpena does not have a medical clinic or senior housing with services options.

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 Alpena. 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 Alpena if there is proactive support from the Town, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Alpena will be heavily dependent on the Town's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the Town'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** - Alpena has several assets including large employers and an affordable housing stock. These are assets that make Alpena a desirable community to live in, and are key components to the Town's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - The Town of Alpena 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 Town has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Mitchell Housing Authority, Planning and Development District III, the Rural Office of Community Services, 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 Town of Alpena have been formulated through the analysis of the information provided in the previous sections and include 16 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 10 to 12 general occupancy affordable market rate rental units
2. Promote the development/conversion of four to six affordable rental housing units
3. Monitor the need for additional subsidized rental housing units
4. Monitor the need for senior housing with services units
5. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

8. Lot availability and development
9. Strategies to encourage residential lot sales and new home construction in Alpena

Housing Rehabilitation

- 10. Promote rental housing rehabilitation
- 11. Promote owner-occupied housing rehabilitation efforts

Other Housing Initiatives

- 12. Encourage employer involvement in housing
- 13. Continue to acquire and demolish dilapidated structures
- 14. Create a plan and a coordinated effort among housing agencies
- 15. Continue to promote commercial rehabilitation and development
- 16. Develop home ownership and new construction marketing programs and strategies

Alpena - 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. However, from 2010 to 2022, seven rental mobile homes were moved into Alpena.

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

Additionally, Alpena has a fourth factor which generates the need for rental housing. There is a major employer in Alpena, Jack Links Beef Jerky, which has more than 800 employees. Stan’s is also a large employer located in Alpena.

Our household projections for Alpena expect some limited household growth over the five-year projection period. From 2023 to 2027, Alpena is projected to gain approximately four households. Based on projected growth in Alpena, there will be a demand for approximately two to three additional rental units due to household growth over the next five years in Alpena.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the Town will lose four to five units over the next five years. As a result, approximately four to five 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. We identified pent-up demand for affordable market rate rental units over the next five years.

There is also a market for additional rental housing over the next five years in Alpena due to the large number of people employed in Alpena.

These four demand generators show a need for 15 to 18 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2023 to 2027.

▶ General Occupancy Market Rate	10-12 units
▶ Subsidized	0 units
▶ Affordable/Conversions	5-6 units
▶ <u>Senior with Services</u>	<u>0 units</u>
Total	15-18 units

1. Develop 10 to 12 affordable general occupancy market rate rental units

Findings: All of the rental housing in the Town of Alpena 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.

From 2010 to 2022, seven rental mobile homes have been moved into Alpena. The gross rents range from \$800 to \$1,000. The mobile homes are fully occupied and there is a waiting list.

Approximately 30% of the occupied housing units in Alpena are rentals. This is an average percentage of rental housing for a town the size of Alpena.

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. We are also basing rental housing demand on the high number of employees that are commuting into Alpena daily for work.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 10 to 12 affordable market rate rental units over the next five years. The new units should be primarily two and three-bedroom units.

The recommendation of 10 to 12 market rate rental units in a very small town is not typical. This recommendation is based primarily on potential tenants generated from the large number of employees that work in Alpena.

Town home or twin home-style units are the most ideal options in addressing the need for affordable market rate units. However, a high quality apartment building or mobile homes are viable options.

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, the Town of Alpena or a regional housing agency could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. Also, the Town could partner with a private developer to construct units. The Town could assist rental housing development with land donations, tax increment financing, tax abatement, tax deferral, reduced water and sewer hookup fees, etc.

Additionally, the South Dakota Housing Development Authority may have programs that will assist Alpena with rental housing development including the DakotaPlex Program. Additionally, Alpena employers could assist with rental housing development.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One bedroom	2	650 - 800	\$750 - \$850
Two bedroom	6-7	900 - 1,000	\$850 - \$950
Three bedroom	<u>2-3</u>	1,100 - 1,200	\$1,000 - \$1,200
Total	10-12		

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

It may be possible to utilize Housing Choice Vouchers if the tenant meets income requirements and the rents are at or below the applicable Payment Standards. The current Payment Standards are:

- ▶ One bedroom - \$804
- ▶ Two bedroom - \$906
- ▶ Three bedroom - \$1,291

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

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Alpena. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Alpena’s renter households have an annual income below \$35,000 and need a rental unit at \$875 per month or less.

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

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

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

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

The estimated prevailing rent range for older rental units in Alpena is typically below \$875. Creating some additional units with contract rents below \$875 per month would help to expand the choices available to a majority of the Town’s renter-occupancy 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 Town and other financial resources from funding agencies such as the South Dakota Housing Development Authority.

3. Monitor the need for 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 no subsidized rental projects in Alpena. The 2021 American Community survey reported that no renters in Alpena were paying 30% or more of their income for rent.

Recommendation: We do not recommend the development of subsidized rental housing in Alpena at this time. The rent structure of market rate units in Alpena is relatively 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 and towns.

In previous recommendations in this section we have recommended the construction of 10 to 12 affordable market rate units and five to six affordable/conversion market rate units. We also recommend that the Town monitor the need for the production of subsidized housing in the future.

4. Monitor the need for senior housing with services units

Findings: Currently, there are no senior housing projects offering services in Alpena.

Based on 2022 estimates from the Esri, Inc., there are 27 Alpena households with seniors, age 65 and above. The projections contained in this Study anticipate a gain of 11 households in the 65 and older age range from 2023 to 2027.

There are typically different types of senior with services housing that can serve seniors, including independent/light services housing, assisted living (full array of senior services), memory care and skilled nursing care.

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services units in Alpena through the year 2027. The Town of Alpena does not have a sufficiently large population of seniors to support housing with services units, and the Town does not have the support services that older seniors would typically need.

We do recommend that the Town continue to monitor the need for senior housing in the future.

5. 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 approximately 30% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides 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 Alpena and Jerauld County by the Mitchell Housing Authority. The Mitchell Housing Authority administers the program in a multi-county area. Currently, no Alpena households are utilizing the Housing Choice Voucher Program. There is a waiting list of approximately two months to obtain a Voucher in the multi-county program.

Recommendation: The Town of Alpena should work with the Mitchell Housing Authority to assure that renter households in Alpena are aware of the Housing Choice Voucher Program and have an opportunity to apply for assistance.

Alpena - 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 Alpena is estimated to be approximately \$50,000, based on sales activity in 2021 and 2022. The home values in Alpena provide a good opportunity for first time buyers and households seeking moderately priced homes.

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:

6. 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, gap financing, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. The Town of Alpena has a 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 Town of Alpena should work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development, area housing agencies and financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The Town of Alpena 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.

7. Develop a Purchase/Rehabilitation Program

Findings: Alpena 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 Alpena are valued less than \$50,000. 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 Town 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 often 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 Town of Alpena 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 Town'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 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.

Alpena - Single Family Housing Development

Single Family Housing Development

Findings: Based on information from the Town of Alpena, two single family owner-occupancy housing units have been constructed in Alpena from 2010 to 2022.

It is our opinion that if the Town of Alpena, housing agencies, and builders are proactive, two to three owner-occupied housing units can be constructed or moved into Alpena from 2023 to 2027.

The value gap between the value of existing homes (approximately \$50,000) and the cost of constructing a new home (minimum \$250,000) makes it difficult to construct a new home in Alpena.

8. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the available residential lots for single family housing construction in the Town of Alpena.

Based on interviews with Town officials, there may be several residential lots and parcels in the Town that could be utilized for housing development. Also, dilapidated homes are being demolished in Alpena. Some of the cleared lots may be potential sites for new construction.

Recommendation: With projections that two to three new owner-occupied housing units could be constructed in Alpena over the next five years, the Town appears to have an adequate number of in-fill residential lots available to meet the expected demand.

To achieve the level of new home construction potential that has been identified, we would recommend the following:

- ▶ The Town should determine the availability and viability of vacant in-fill lots and parcels for new residential construction.
- ▶ A lot inventory should be maintained and available for future buyers.
- ▶ The lots should accommodate a variety of home designs and home prices.
- ▶ To be successful, the lots must be available to households with as wide an income range as possible.

- ▶ If the lots are owned by the Town and sold at a reduced price, the lot buyer should be obligated to build a home on the lot within a specified time period.

9. Strategies to encourage residential lot sales and new home construction in Alpena

Findings: There may be lots and parcels available in the Town of Alpena that are available for new residential construction.

Recommendation: We recommend that the Town of Alpena coordinate efforts with the private sector to promote lot sales and housing development in Alpena.

Our recommendations to promote lot sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the area. Lot prices in Alpena will need to be competitive.
- ▶ ***Generate construction activity*** - To stimulate new construction, proactive efforts, such as the sale of 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 homes, information on quality homes that could be moved into the community and Town 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 be available for affordable homes.
- ▶ ***Incentives*** - Many cities and towns throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, tax deferments, cash incentives, etc. Incentives should be considered to promote new home construction.

- ▶ ***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.

Alpena - Housing Rehabilitation

Housing Rehabilitation

Findings: The Town of Alpena 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 Alpena and funding agencies will need to make housing rehabilitation a priority in the future. New housing construction is in a price range that is beyond the affordability level for many Alpena 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.

10. Promote rental housing rehabilitation

Findings: Based on U.S. Census and local data, the Town of Alpena has approximately 35 rental units. These rental units are in single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as a large majority are more than 60 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 Town of Alpena 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.

11. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Alpena will continue to be an attraction for families that are seeking housing. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities. According to American Community Survey data, more than 66% of the owner-occupied housing units in Alpena were constructed prior to 1960. Many of these units need rehabilitation.

Our housing condition survey of 105 homes in Alpena found 31 homes that need minor repairs and 28 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Alpena.

Recommendation: We recommend that the Town of Alpena, 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 and Grow South Dakota 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 Rural Office of Community Services administers the Weatherization Program in Jerauld 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 Alpena households to utilize these housing rehabilitation programs.

Alpena - Other Housing Initiatives

Other Housing Initiatives

12. Encourage employer involvement in housing

Findings: The Town of Alpena has two large 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.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Alpena’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 community project, such as a rental housing project or the development of affordable owner-occupied homes. A local employer has moved seven rental mobile homes into the community.

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

13. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 21 single family houses in Alpena that are dilapidated and may be too deteriorated to rehabilitate. This is approximately 20% of the Town’s single family housing stock. We also identified 28 single family houses in Alpena 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 Town, dilapidated structures should be demolished, when feasible.

Recommendation: We recommend that the Town of Alpena work with property owners to demolish dilapidated structures. The appearance of the Town 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 Town of Alpena 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.

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

Findings: Alpena will continue to need staff resources in addition to existing Town staff to plan and implement many of the housing recommendations advanced in this Study. The Town of Alpena has access to Dakota Resources, Planning and Development District III, the Rural Office of Community Services, the Mitchell 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: Alpena has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the Town 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 Town of Alpena 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 town 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.

15. Continue to promote commercial rehabilitation and development

Findings: The Town of Alpena has a limited number of commercial buildings. When households are selecting a community to purchase a home in, they often determine if the commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

Recommendation: We recommend that the Town of Alpena and the private sector continue to work with commercial property and business owners to maintain and/or rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Alpena.

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

Findings: Cities and towns 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, availability of 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.

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

- ▶ Determine the Town’s strengths and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers (Alpena and the area) to provide employees (especially new employees) with housing opportunities in Alpena
- ▶ Work with housing agencies to provide down payment and closing cost assistance, low interest loans, gap financing, 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
- ▶ Provide lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Rehabilitate substandard housing and demolish dilapidated structures that are beyond repair
- ▶ Develop new housing choices, including single family homes and rental housing
- ▶ Develop a coordinated housing plan with all the Town’s housing stakeholders

Agencies and Resources

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

Planning and Development District III

1808 Summit St.
Yankton, SD 57078
(605) 665-4408

Rural Office of Community Services

106 West Ave. SW
Wagner, SD 57380
(605) 384-3883

Grow South Dakota

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

South Dakota Housing Development Authority

3060 E. Elizabeth Street
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

Mitchell Housing Authority

200 E. 15th Ave.
Mitchell, SD 57301
(605) 996-6811