Community RESEARCH Services, LLC

**A Housing Needs
Assessment of
Alpena County, MI**

Final Report

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Prepared for:

Target Alpena/Alpena Housing Task Force
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I. INTRODUCTION

Community Research Services, LLC has been commissioned by the Alpena Housing Task Force to investigate housing market potential within Alpena and across Alpena County. The county is located within the northeast section of northern lower Michigan, and is bisected by US 23, M-65, and M-32. Alpena is the largest community within this section of northern lower Michigan, and serves as a commercial and service destination point for residents from across the area. Alpena is also an increasingly popular destination for retirees and tourists, with an attractive downtown district and various public and private community assets. The city is approximately 70 miles from Gaylord, 130 miles from Traverse City, and 250 miles from Detroit.

Community Research has been tasked to investigate the viability of various housing options, based on current and projected market conditions, identified target market segments, and the status of prevailing and projected economic conditions. Additional considerations regarding the viability of specific housing options will also be included within this report.

Alpena was incorporated in March of 1871, and was mostly destroyed by the Great Fire of 1871 later that fall. The city was rapidly populated over the next decade, despite additional fires that led to much of the city being redeveloped over the next two decades. The Alpena region's economy was based in lumber, cement, and industrial operations, which led to the rapid population gains in the 1880s and 1890s. While some of these industries are no longer prominent features of the local economy, recent shifts toward tourism and leisure/hospitality options have allowed Alpena to remain a prominent destination point within northern lower Michigan.

Today's local economy exhibits slightly greater concentrations of blue-collar employment compared to most Michigan communities, but most residents are employed within service-oriented and leisure/tourism occupations, along with professional, managerial, and sales positions across the region. As a county seat and regional retail destination point, the city will continue to exhibit professional and administrative employment. Prevailing population trends reflect a combination of an increasingly aging population, along with generally stable family concentration.

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This analysis will attempt to quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the local housing marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data as well as Tapestry information provided by ESRI (Environmental Systems Research Institute, Inc.), a leading provider of demographic and economic data and forecasts throughout the United States and worldwide. Tapestry data examines local population segments within a series of generalized categories based on prevailing incomes, educational attainment, employment levels, and other factors. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment. Key or notable figures within the demographic and economic sections will be notated with a red circle, or highlighted within a separate text box.

II. EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and primary research of the community:

- The analysis uses Alpena and the two surrounding townships as the market area for much of the statistical and demographic analysis, called the Alpena Area. In addition, the balance of Alpena County was separated as the Rural Alpena area. The various market areas are appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely expand the market area beyond the city and two townships. This is of course dependent upon assumptions regarding location and accessibility.

- A number of identifiable target market categories are present within the Alpena/Alpena County area. While many target market categories overlap in terms of age, educational attainment, housing status, and incomes, the analysis will focus on the general categories, including:

  o Senior housing – for those persons or couples age 65 and older, that are able to live an independent lifestyle, and are primarily retired or work on a part-time basis.

  o Couples/families with moderate incomes, seeking homeownership options – for families of all ages, typically with some specialized training/education, within a wide range of occupational backgrounds.

  o Singles, couples, and small families seeking rental housing options - with moderate income levels, including both entry level and unskilled occupations, employed within retail trade, services, or leisure/hospitality positions.

- Findings within the analysis include the following:

  o The city and Alpena Area exhibit generally stable demographic trends with a slight decline in population and household totals from 2020. The community is aging, and exhibits notably higher senior concentrations as compared to statewide levels. Seniors will reflect an increasing segment of the city and county's overall population, and exhibit the strongest growth patterns of any age segment.

  o Alpena features both federal and state primary highways, providing necessary transportation linkages to destinations across the region, excellent community assets, and is recognized as a tourism and retirement destination point. Alpena is the home of the Thunder Bay National Marine Sanctuary. All of these features are positive assets for the Alpena area.

  o Alpena County exhibits a higher-than-average blue-collar component in terms of local employment composition. The area's employment base is much more diverse than many northern Michigan communities, providing job opportunities for both unskilled and trained occupations, across nearly all industries.

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o The county's residential employment base is very much employed locally, within Alpena and other sections of Alpena County, at approximately 91 percent. Remaining employment options are located within adjacent counties.

o Information on commuting into Alpena indicates that the city's average daily daytime population approaches 150 percent of the city's permanent resident total. While a positive indication of retail and service opportunities, these daily commuting totals are below other nearby population centers such as Gaylord and Traverse City. This indicates that the Alpena economy is somewhat more insular and localized as compared to other parts of northern Lower Michigan. Much of this is simply the distance from other population centers, but is also an indication of the Alpena area's competitiveness across the region. This data does not include tourism/related visitors or other travelers that frequent the community, as these figures are much more competitive with other nearby areas.

o Migration trends from the U.S. Census Bureau reflect a slightly positive movement into Alpena County from adjacent counties, but a net negative migration total for the balance of Michigan as well as across the United States. These migration totals represent approximately two percent of the county's total population. As nearly all sections of Michigan are losing population, these trends are not surprising.

o County employment trends for 2021 demonstrate a nearly complete recovery from the economic impacts of the pandemic. A few employment segments are still not quite back to pre-pandemic levels, such as leisure/hospitality and education/healthcare jobs. It is hoped that by the end of 2023 these separate sectors will demonstrate continued improvements.

o The number of senior households age 55+ will continue to increase over the balance of the decade, and is now estimated as the largest single household category within Alpena and across Alpena County.

o Most renter households within the Alpena area are one-person units, either occupied by seniors or single-person households. Conversely, the community's rental housing stock exhibits a small concentration of family-oriented rentals.

o Median gross rents for Alpena and Alpena County exhibit growth over the past decade, but are at generally the same levels of increase as median income. Such trends are somewhat rare, as housing prices typically exceed prevailing income levels. In this case, median income trends across Alpena County demonstrate growth rates that maintain pace with prevailing rental rate increases.

o A review of the Alpena area's distribution of incomes by tenure indicate that a broad range of income levels is present for both renters and especially homeowners. Such trends indicate that demand potential for both tenure types would extend across a wider than average range of household incomes.

o Poverty levels within Alpena are slightly elevated, while Alpena County's poverty rate is essentially similar to statewide levels. Such trends are not unexpected, as extremely-low-income singles and families are concentrated within the city as compared to rural sections of the county.

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o Tapestry segmentation by ESRI identifies one out of ten segments that reflect the most desirable target market segments, as mentioned previously. This points to a somewhat moderate degree of target market segment households demonstrating demand for additional housing options. It also indicates that additional demand for Alpena-area households would need to come from households outside of the defined market area.

o Home sales data for the past three months demonstrates decreasing numbers of homes sold and for sale, with a shift toward a buyer's marketplace. Considering the increase in inflation and interest rates across the nation, these trends are not unexpected. However, the lack of supply for most housing options within Alpena County will remain, resulting in continued housing deficiencies for most residential alternatives.

o Existing apartments within the Alpena area are present for low-income, affordable, and market rate segments. Because of the degree of subsidy or income targeting within low-income and affordable facilities, affordability and price points are not problematic.

o Seasonal/vacation homes are present throughout Alpena County, with many found on individual lots within recreational areas, as well as part of resort communities. More than 600 such structures are present across the county. Short-term rentals are also present within the Alpena area, but not at a concentration that exists within resort-oriented communities that are negatively impacting the overall housing stock.

o Similar to many other areas of Michigan, the prior decade experienced a significant drop in regard to housing development activity, reflective of the long-term impacts of the 2008 housing crisis, which resulted in the removal of housing development capacity across the state. Ultimately, such trends have led to an increasing lack of housing supply, particularly within the homeowner segment.

o The city features a higher-than-average rental household concentration, with a portion of these rentals consisting of single-family homes, or former single-family homes that have converted into multiple-unit structures.

o Continued demand potential is present for assisted-living and memory care options within the Alpena community. Continued demographic growth within the senior segment, future migration by seniors from outside of the region, and aging in place by local residents that are no longer to maintain an independent living lifestyle all point to continued market potential for the balance of the decade.

o An insufficient number of homes are available for purchase across Alpena County, and the number of options at the key purchase range of $175,000 to $250,000 is especially inadequate. Homes within this segment of the housing market are rapidly sold, and the lack of such homes will have an increasingly unfavorable impact upon the local economy, school district, and labor force. Any opportunity for local housing development needs to place a strong emphasis on increasing the availability of these moderately-priced homes.

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- Primary findings for this analysis include:

    o The Alpena area and Alpena County's ability to attract entry level households across the moderate-income and upper-income ranges is limited by a lack of supply of moderate and upper-moderate homes for purchase, despite generally reasonable price points across the community. These factors negate the strong level of placemaking assets found within Alpena and the surrounding area. Eventually, an increasing senior household segment and declining birthrates will lead a shift in the community's characteristics which will eventually negatively impact the school system, tax base, employment base, and retail/service availability. If the Alpena community does not find methods to attract additional families to the market area, by the early 2030s the region will rapidly age, face a shift in the local economy away from younger persons and families, and ultimately realize an unfortunate reduction in the size and earning potential of the local labor force.

    o The rental market within Alpena appears stable, with additional demand factors present, such as strong occupancy levels, reasonable price points, and a lack of new product. While economic and inflationary patterns would clearly influence the strength of the rental marketplace, the long-term pattern for this housing segment indicates ongoing market potential.

    o The placement of additional rental housing options within the downtown district of Alpena would be an ideal alternative, considering the likely characteristics of additional market rate rental housing and the various placemaking features found within the city's central business district.

    o Existing senior rental housing options are present within the Alpena area, serving both affordable and moderate-income levels. These facilities appear to adequately serve the current market demands of the community, so the demand for senior rental housing options should not be considered a primary need at this time. Future development plans for additional senior housing may become more prominent toward the end of the 2020s, and ongoing investigation of senior housing needs is encouraged, but such needs are clearly secondary to the lack of homeownership opportunities and workforce housing needs. This ongoing senior demand for housing includes both independent living and assisted living options, which should continue to demonstrate market potential over the balance of the decade within the moderate-income and higher-income segments.

    o Homelessness across Alpena County, based on Point In Time (PIT) counts conducted in January of each year, indicate a decline in overall homelessness within the community. Ongoing funding for programs and services that are impactful for individuals and families that face homelessness need to continue, and should be strongly encouraged.

    o An evaluation of two specific housing opportunities was also requested within the assessment. One was an evaluation of cargo container conversions into residential options. Available evidence from other such examples across the nation indicates that containers can be reconstituted for residential use, with a

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wide range of unit sizes, amenities, and styles. Assuming containers can be successfully renovated to reflect the realities of a northern climate, that the container conversions reflect popular and inviting architectural designs, and that development characteristics reflect the numerous target markets a container conversion development may serve, from a marketing outlook (and ignoring any financial feasibility considerations) such a housing proposal would be in demand, and would generally reflect the demand potential described for non-specific housing types as outlined within this report. From a purely market standpoint, it is assumed that container conversions would primarily consists of owner-occupied structures, but it is also conceivable to develop a rental facility under a container conversion scenario.

o The other examination was a review from a market standpoint of "Tiny Homes", that are generally described as single-story structures approximately 400 to 600 square feet maximum, built on a slab, with minimal surrounding landscaping and no garage/storage units included. As this type of housing is limited by size, is perhaps more dependent on a strong location as compared to other housing options, and does not include a wide range of possible target market segments, the likely demand for such units is minimal. This was demonstrated in both an open (non-senior designated) and senior-targeted demand forecast, which illustrated somewhat limited market potential. Also, the Alpena area's overall size may also represent a mismatch in terms of likely market response, assuming a Tiny Home development is better suited for a more suburban/urban marketplace.

A need for additional homeownership options within the community for moderate income and higher income households is a primary recommendation from this analysis. Suggested features for such a proposal would include:

Project Type:	Single family or duplex structures with attached garage, targeted for couples and small families
Unit Mix:	Primarily 3BR/2bth structures
Targeted Incomes:	$60,000 - $150,000
Preliminary Pricing:	$175,000 - $275,000
Amenities/Features:	Commensurate with modern owner-occupied housing found across the community

Additional considerations:
• Collaboration with local employers to help streamline financing options, refer possible homebuyers to possible home alternatives, and streamline the introduction of new households into the Alpena area

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- Development of additional community features or parks, assuming sufficient land/resources are present, proximate to any new housing opportunities

- Possible reduction in development-oriented costs, fees, or other barriers to the addition of new housing by local governments

- A portion of this housing demand could include some type of condominium-type development; while perhaps ideal in a downtown location, such development may not ideally fit the primary target market segments

A need for additional market rate rental housing is an additional recommendation from this analysis. This would address a combination of "workforce" housing and missing middle segments that are generally used for this segment's target market description. Suggested features for such a proposal would include:

Project Type:	Traditional garden-style apartments or townhome-style units, targeted for singles, couples and small families
Unit Mix:	Ranging between one-bedroom and two-bedroom options
Targeted Incomes:	$40,000 - $120,000
Preliminary Pricing:	Ranging between $950 to $1,600, depending on unit type
Suggested Features:	Full kitchens with refrigerator, range, dishwasher, disposal, and microwave; central heat/air conditioning, private patio, washer/dryer units, and ample closet space. Premium kitchen fixtures and appliances. Some garage units are recommended, with available storage space. Project features to include multiple community rooms with flexible uses found throughout the site (including gaming area, theater, and exercise room), green space/walking paths, dog park, and on-site office/management. Wi-fi availability in all public areas.
Additional Considerations:	Location within the downtown district would be an ideal location, but such a location would utilize a multi-story structure on a smaller footprint or rehabilitated building.

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These recommendations are preliminary only. A positive recommendation for a more specific proposal would be dependent upon the utilization of a specific targeting plan, inclusion of amenities and building design that reflects the market, availability of on-site services (if applicable), and professional preleasing and management. Assumptions also include a positive location with ample visibility and strong access from across the region, as well as no delays during the eventual development process.

Recommendations Summary Matrix

Target Market Segments – Open & Senior

Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Subsidy/Affordable Rental	$18,000 to $45,000	40 units	Assumed that such units would be developed through MSHDA or a LIHTC allocation; Targeted between 40% and 60% AMI. Focus should be upon two-bedroom units; Ideal location is on west side of city, near employment & retail outlets
Workforce Housing Rental	$28,000 to $60,000	50 – 60 units	Units could be included in mixed-income property with affordable options, or options such as "Missing Middle" program; one-bedroom and two-bedroom unit mix, with community features; Ideal sites are near retail outlets
Market Rate Rental	$38,000 to $120,000	60 – 80 units	Combination of one-bedroom and two-bedroom units, perhaps studios depending on location; price points begin around $950; Focus on community features and options for work-at-home residents. Locations within the city's downtown district would be ideal. Consider covered/garage parking options, on-site gym/recreation room, media center, ample community space, and services targeted for working singles.

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Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Subsidy/Affordable Rental – Senior	$18,000 to $35,000	16 – 20 units	Demand for affordable senior units is primarily within the lower income bands (less than 50% AMI); a combination of affordable and market-rate units would ideally serve this market; a downtown location would be well-received; Existing properties are currently serving this target market.
Market Rate Rental - Senior	$31,500 to $100,000	24 – 32 units	Price points would begin above $1,000, with added consideration for larger unit sizes, unit location/view, and the inclusion of various personal care or in-unit services; combination of one-bedroom and two-bedroom units; a downtown location would maximize rent potential; target market would focus on independent living seniors, but those will minimal personal care needs are also of interest.
Assisted Living – Senior	Exhibits sufficient resources/wealth for assisted living residency	18 – 24 units	Base rental rate would begin at approximately $2,500, with added fees based on degree of personal care services needed, unit size, and single/double occupancy choices; Existing assisted living developments are currently meeting this segments' needs; Increasing market potential as population ages in place/migration trends continue.

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Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Homeownership Options	Varies depending upon type of home, financial characteristics of the buyer, and other household or home purchase specific factors	Variable – dependent upon pricing, product, location, and target market – but the Alpena housing market does exhibit a clear lack of moderately-priced homes intended for both entry level workers or moderate-income families. This is most impactful for those households seeking to relocate to the Alpena area.	The Alpena area is shifting into a buyers' market, based on recent sales volume trends and the short time most properties remain on the market. What is discernable is the lack of new construction for homeowners since 2008, which has led to a decreasing market volume as compared to prior decades, regardless of yearly economic factors, the pandemic, or permanent changes in the local employment base. In today's home sales marketplace, only high-end luxury-oriented homes are being produced, due to the combination of market and cost factors facing the Alpena area and much of Michigan overall. Moderate-sized homes priced between $180,000 to $245,000 would represent a significant introduction to the local market that would be immediately absorbed by a wide range of household types. As such price points for homeownership development are quite difficult to create, this represents a sizable barrier in regard to increasing in-migration and positive movership trends by young adults and families – which represent the future of any community.

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Specific Project Options

Project Type	Income Eligibility Range	Demand Potential	Recommendation
Cargo Container Conversions – Rental	$38,000 - $120,000	Similar to overall market rate rental housing reported previously	Assuming a wide range of housing styles and options are available, this project option should serve a significant portion of the overall market rate demand. Potential target markets could include singles/couples/small families of all ages. Such units could be developed within a neighborhood, or on individual lots.
Tiny Homes – Open Rental	$31,500 - $50,000	12-16 units	Tiny homes are by definition intended for single person occupancy, thus reducing the size of the potential market. Pricing would also be similarly restricted to some degree. Concerns about the diversity of such a housing option, the small market potential, and appropriateness of a site for such housing are all key concerns. The relatively small size of the Alpena market may also prohibit the large-scale development of tiny homes. CRS, based on our findings, would question to viability of a larger-sized tiny home development within the Alpena area at this time.

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Project Type	Income Eligibility Range	Demand Potential	Recommendation
Tiny Homes – Seniors Rental	$19,500 - $50,000	10-12 units	In addition to the Open Rental comments regarding tiny homes, senior tiny homes would rely on a small subset of the senior housing market to maintain interest in such a development. Concerns regarding the sufficient size of the Alpena senior housing market, the lack of available features that senior typically desire, and location-related considerations (such as proximity to medical/pharmacy/services/retail) are also notable concerns.

Rankings – Housing Recommendations

A summary ranking of each housing recommendation discussed within the assessment:

Housing Option	Summary Comments
1) Homeownership Options	The Alpena community cannot progress economically, become more diverse demographically, or attract/maintain high-wage positions within the area without additional homeownership options, serving primarily moderate to upper-moderate income families. At this time, this represents the primary challenge from a housing standpoint for the Alpena community.
2) Workforce Rental Housing	The introduction of new workforce housing will help to stabilize the local labor force and encourage long-term residency among moderate-income households
3) Market Rate Rental Housing	Such market rate options will serve new residents to the community, provide active empty nesters a new alternative, and (assuming a downtown location) encourage continued development of the downtown district
4) Affordable Rental Housing	Demand potential is present for additional units, but such options are present within the community, with future development dependent on continued economic stability
5) Market Rate Senior Rental Housing	Market potential for this segment will increase over time, with current demand indicative of the area's aging in place and migration by seniors from other parts of Michigan
6) Assisted Living Housing	Existing assisted living properties appear to have met demand levels, but future needs will point to added attention for this segment
7) Affordable Senior Rental Housing	Existing affordable developments are adequate for current needs, but future growth within the senior segment will necessitate additional units in the near future

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Map: Alpena County

III. MARKET PROFILE

Target Market Identification

By dividing households within Alpena and across Alpena County by various categories based on a combination of various factors, such as age, income, educational attainment, or employment segments, we can refine the research for this assessment with a focus on those categories that exhibit the greatest housing needs, or provide the strongest housing demand potential. Most target markets are similar across the state and nation, but identification of the specific characteristics of the Alpena area may point to any factors that result in the community's potentially unique housing needs.

Across Alpena County from a demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for non-adults (children), younger adults, older adults, and senior citizens is generally the same. Trends within each primary age cohort, however, are different, with notable declines forecast for younger adults and non-adults, as compared to significant gains within the senior segment. As for socio/economic categories, as a rural community Alpena County exhibits somewhat greater concentrations of service and retail employment, with somewhat smaller concentrations of professional/managerial occupations (as compared to the more suburban/urban sections of Michigan). Prevailing incomes are a reflection of the region's industries and occupations, and outside of the Traverse City region, are generally similar to most sections of northern lower Michigan.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the Alpena area, an imbalance appears present regarding the types of housing available as compared to the characteristics of the local/regional population. Available choices are mismatched as compared to those household segments that exhibit housing needs. This mismatch also appears present regarding the ideal household segments that would potentially relocate to the Alpena area. Given the limited degree of migration and commuting exhibited by the Alpena area, this lack of housing options is perhaps more impactful as compared to other northern Michigan communities.

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From a local employment standpoint, a majority of the potential residents that are employed locally and currently commute from outside of the Alpena area cannot find local residential options. This is a particularly acute problem for higher-skilled, managerial, or professional individuals/families that may wish to permanently relocate to Alpena. A lack of housing diversity will also further complicate housing shortages, ultimately impacting the local economy and the viability of the community's labor force.

For this assessment, Community Research has narrowed the list of applicable target market segments to the following groups, based on the size, depth, or strength of the individual housing segment:

- Young adults with unskilled occupations in need of rental options

- Young couples/families with seeking first time home purchase

- Established couples/families interested in "move-up" homes

- Single-parent families seeking affordable housing options

- Empty nester couples seeking to downsize

- Moderate income households moving from rentals to homeownership options

- Working class households seeking non-subsidy rental housing options

- Senior citizens seeking independent living alternatives

- Senior citizens unable to live independently that are seeking a residential option

The likely market demand for housing types that may match the primary target market segments is evident to community leaders based on interviews conducted for this report. Correspondingly, the primary target market segments for this analysis will include:

- Lower-income to moderate-income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the services sector (such as retail or office positions) and leisure/hospitality sectors (hotel and resort positions), potentially seeking workforce housing options

- Moderate income households (all ages, and including singles, couples, and small families), with a wide range of backgrounds and educational attainment, many of which are relocating to the community, and feature either strong educational attainment or

workforce experience that results in higher-than-average income potential. This is the "missing middle" most communities are lacking

- Moderate income to higher income senior households (age 55 and older), with minimal or no participation within the labor force, able to live an independent lifestyle, potentially seeking a rental housing option designated for senior occupancy

- Moderate-income and higher-income seniors that are no longer able to live independently, are seeking to relocate to an assisted-living residential option, and are willing to utilize both income and wealth to support such a relocation

While vacation and second-home purchases are a definitive segment of the county's housing stock, such options are perhaps most available within the current housing market, and will not be a primary focus of this analysis.

Primary and Secondary Market Area Determination

Alpena is the only city within the county, and no organized towns or villages are present. As a result, the analysis will focus on the city and immediately surrounding townships. The most conservative measure of the local housing market includes Alpena and the two surrounding townships – Alpena Township and Sanborn Township. This will be the baseline measure for most demographic data, and will be utilized for statistical demand purposes. Within the analysis this will be referred to as the Alpena Market Area (or just Alpena Area).

To broadly measure various housing statistics and make comparisons between the Alpena Market Area and more rural sections of Alpena County, using township boundaries we separate the balance of the county from the Alpena Market Area. We will refer to this separate section of the county as Rural Alpena Market Area (or just Rural Alpena).

Secondary Market considerations may be somewhat more broadly defined, and at a minimum include adjacent sections of nearby counties, along with most of Alpena County. Contributions from outside of the county are also much more likely, given the proximity of other northern Michigan communities from which senior housing options are also somewhat lacking. While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. As a result, the focus for senior housing will be a combination of the Alpena Market Area and Alpena County as a whole.

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Map: City of Alpena
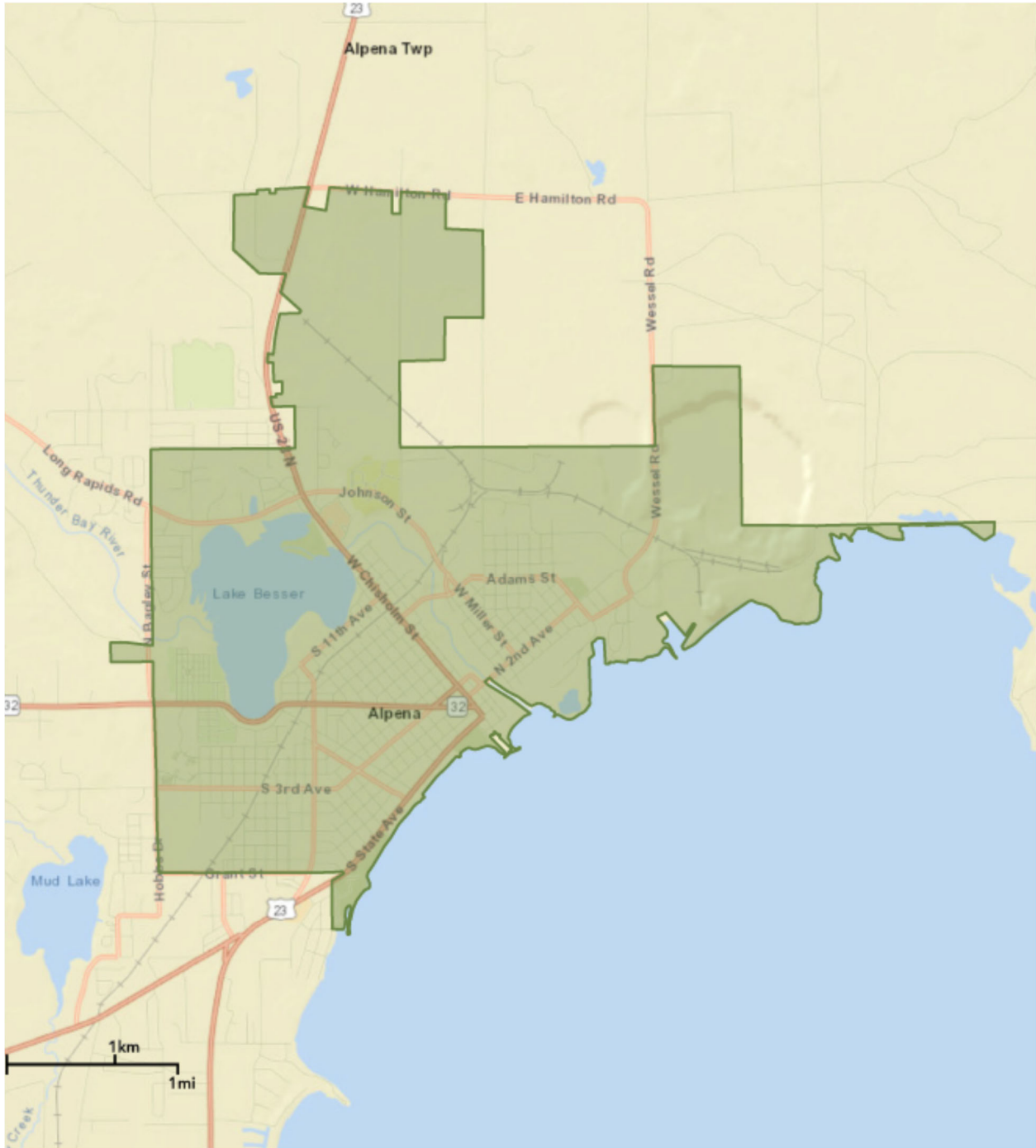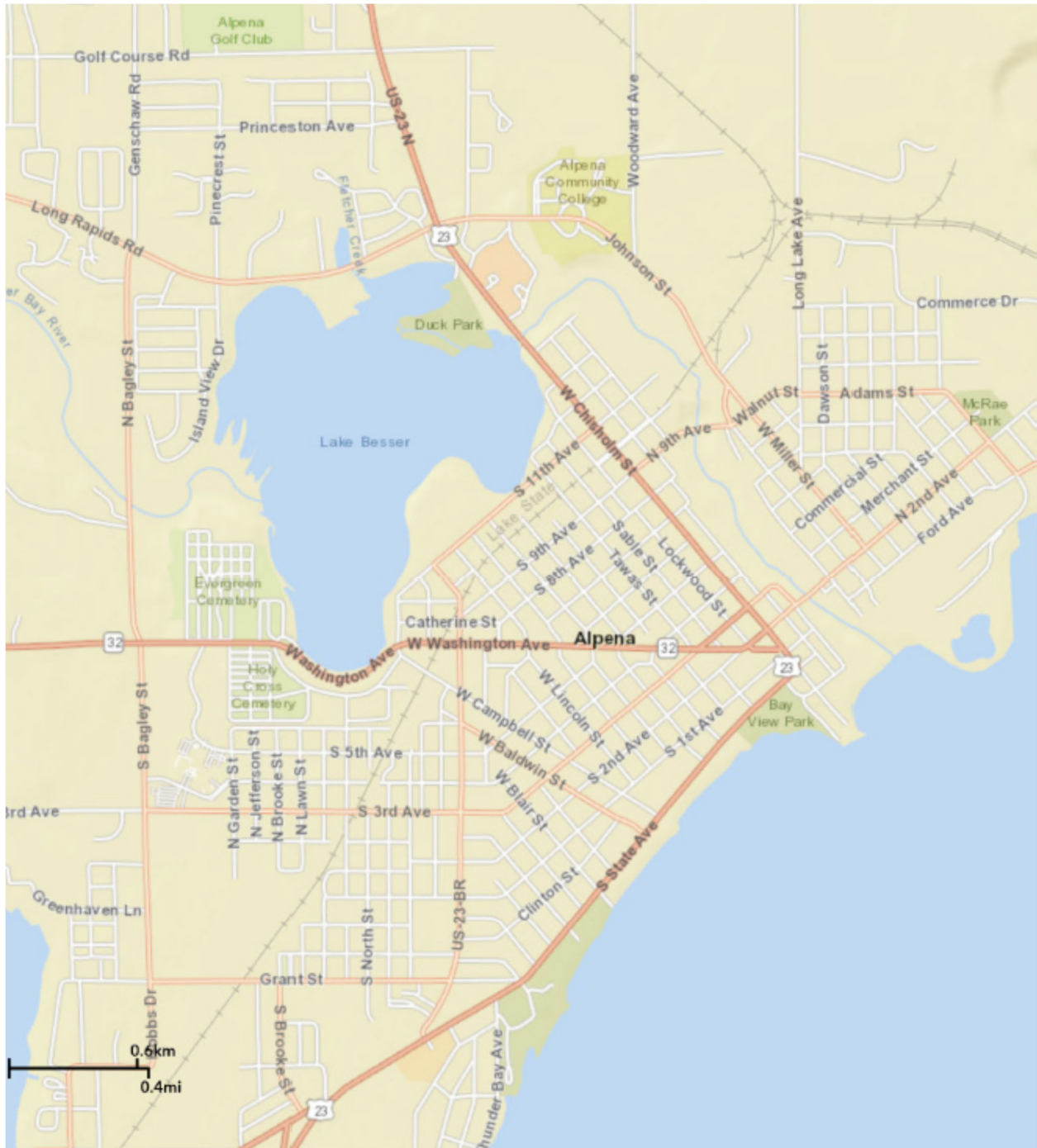
Map: Alpena Market Area

Map: Rural Alpena Market Area

IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Federal employment data can be categorized by the type of industry each position is based. Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented approximately 50 percent of local workers throughout Alpena County. With the city this percentage was slightly higher, at 52 percent, reflective of a combination of concentrated service jobs and professional options within the city. Retail trade positions represented 13 percent of the county's labor force, while manufacturing jobs accounted for nearly 14 percent of the county's labor force. The percentage of public administration positions is approximately four percent.

Table: Employment by Industry

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Agriculture and Mining	**19**	**106**	**167**	**273**
Percent	0.4%	1.2%	5.4%	2.3%
Construction	**232**	**553**	**190**	**743**
Percent	5.2%	6.1%	6.2%	6.1%
Manufacturing	**680**	**1,239**	**395**	**1,634**
Percent	15.4%	13.7%	12.8%	13.5%
Wholesale Trade	**96**	**205**	**68**	**273**
Percent	2.2%	2.3%	2.2%	2.3%
Retail Trade	**604**	**1,146**	**443**	**1,589**
Percent	13.6%	12.7%	14.4%	13.1%
Transportation & Utilities	**148**	**479**	**137**	**616**
Percent	3.3%	5.3%	4.4%	5.1%
Information	**75**	**113**	**26**	**139**
Percent	1.7%	1.2%	0.8%	1.1%
Finance, Insurance, & Real Estate	**195**	**362**	**139**	**501**
Percent	4.5%	4.1%	4.5%	4.2%
<u>**Services**</u>	**2,255**	**4,562**	**1,384**	**5,946**
Percent	51.8%	51.0%	44.9%	49.6%
Professional & Mangerial Serv	**284**	**539**	**269**	**808**
Percent of All Services	12.6%	11.8%	19.4%	13.6%
Educational & Healthcare Serv	**1,132**	**2,457**	**682**	**3,139**
Percent of All Services	50.2%	53.9%	49.3%	52.8%
Arts/Entertainment Services	**600**	**997**	**221**	**1,218**
Percent of All Services	26.6%	21.9%	16.0%	20.5%
Other Services	**239**	**569**	**212**	**781**
Percent of All Services	10.6%	12.5%	15.3%	13.1%
Public Administration	**125**	**285**	**134**	**419**
Percent	2.9%	3.2%	4.3%	3.5%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

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The Alpena Area exhibits a slightly higher than typical level of "blue collar" and manufacturing employment as compared to most other sections of northern Michigan.

Another way to categorize employment is by occupation categories, which reflect the type of job that a worker maintains, regardless of what type of industry it may arise. For example, a managerial or sales occupation/position may be found within a manufacturing entity. Employment by occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled 73 percent of the county's labor force, and 76 percent within Alpena. The area's concentration of "blue collar" positions represented approximately 27 percent of the labor force within the Alpena Area, with a larger concentration for the county, at 28 percent. These blue-collar concentrations are higher than most nearby communities, and reflect positively upon the Alpena area with a diverse employment base for a wide range of educational backgrounds and experience levels.

A diverse employment base is an ideal goal from an economic standpoint, as no one sector of the local or regional labor force is vulnerable to downturns or other shocks to the economy. Within the Alpena area, a higher than typical concentration of blue-collar employment is clearly a positive attribute, as these manufacturing and construction positions are likely the highest wage positions within the community. It is important to differentiate these high-wage blue-collar occupations from low-skilled service-oriented positions, most of which feature lower wage levels and often are within part-time employment arrangements.

Table: Employment by Occupation

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Managerial and Professional	**1,309**	**2,826**	**778**	**3,604**
Percent	29.6%	31.2%	25.2%	29.7%
Service	**1,171**	**1,997**	**613**	**2,610**
Percent	26.4%	22.1%	19.9%	21.5%
Sales and Office	**873**	**1,814**	**730**	**2,544**
Percent	19.7%	20.0%	23.7%	21.0%
Natural Resources and Construction	**331**	**829**	**447**	**1,276**
Percent	7.5%	9.2%	14.5%	10.5%
Production and Transportation	**745**	**1,584**	**515**	**2,099**
Percent	16.8%	17.5%	16.7%	17.3%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

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Graphic: Employment by Occupation Breakdown – Alpena Area
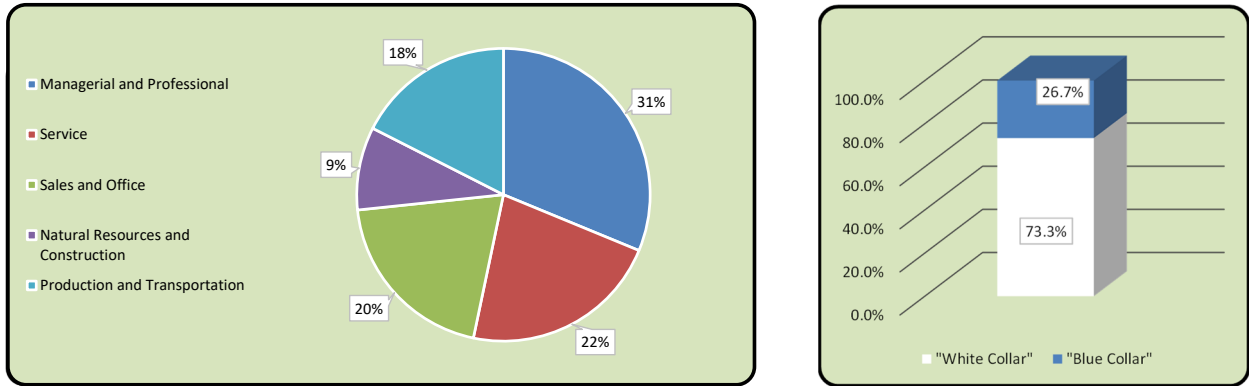
Commuting Patterns

The Alpena area's residential labor force is highly local, with more than 91 percent of residential workers employed within Alpena County. The size of the county's job base, the distance to other sizable employment centers/cities, and the relative diversity of the county's labor force have resulted in this high degree of local employment. Traverse City, Gaylord, and Tawas reflect nearby employment options for local workers with a varying degree of distance. The data within the following table reflects employed persons age 16 and older that reside within the referenced geographic area.

Graphic: Employment by Place of Work Breakdown – Alpena Area
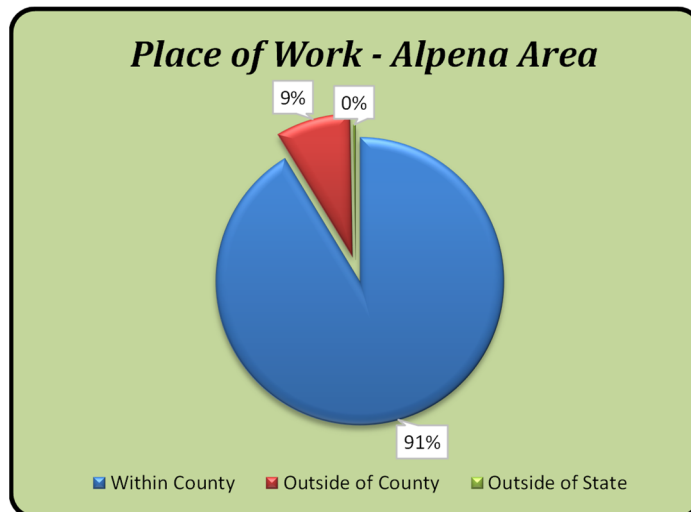
Table: Employment by Place of Work

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Place of Work within County	**4,126**	**8,031**	**2,584**	**10,615**
Percent	95.3%	91.3%	85.3%	89.8%
Place of Work Outside of County	**205**	**739**	**432**	**1,171**
Percent	4.7%	8.4%	14.3%	9.9%
Place of Work Outside of State	**0**	**25**	**12**	**37**
Percent	0.0%	0.3%	0.4%	0.3%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Detailed commuting data from the American Community Survey provide an indication of Alpena's influx of workers on a daily basis, with total daytime population totals reflective of approximately 150 percent of the city's residential population. The data also provides an indication of how concentrated employment options are within the city as compared to Alpena County overall. Among those that daily commute into Alpena County employment options, approximately 62 percent are found within the city. Residential workforce totals for the county are also concentrated within the city, as indicated within the following table and map.

Map: Daily Commuting Patterns by Minor Civil Division – Alpena County
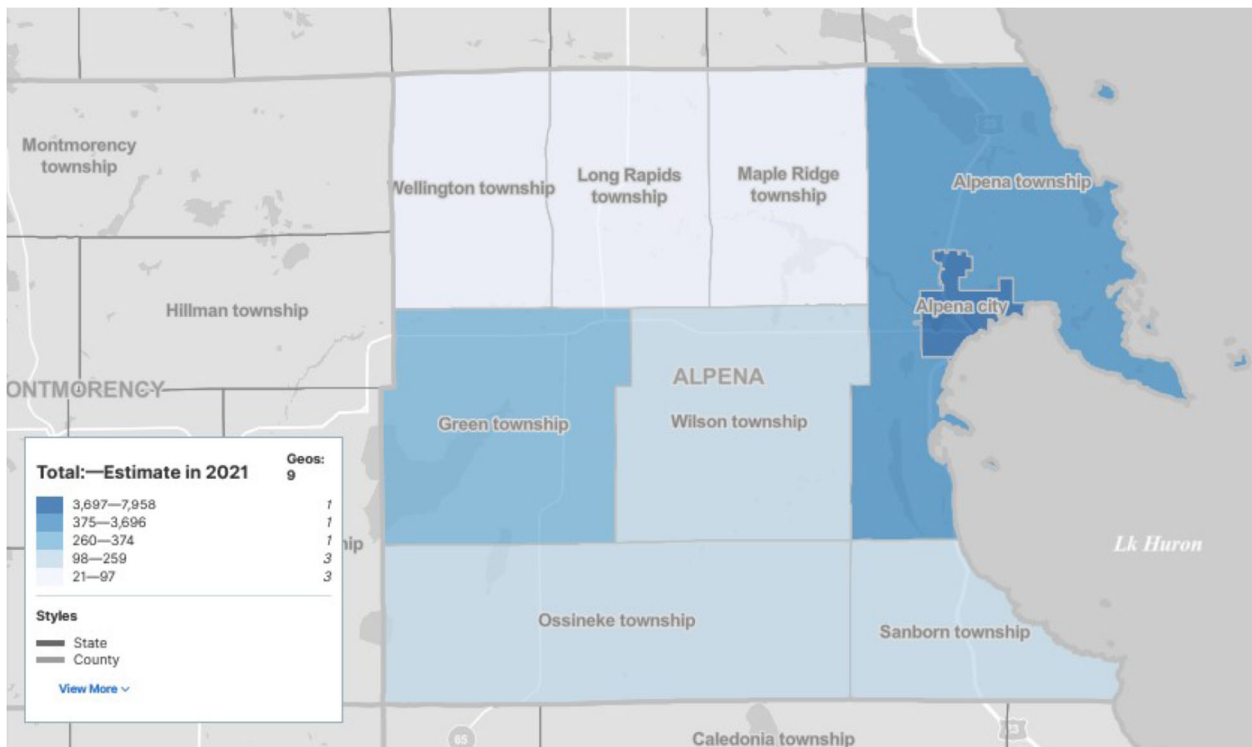
Table: Daily Commuting Patterns

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Total Population - ACS Estimate	**10,181**	**21,261**	**7,652**	**28,913**
Total Daytime Population	**15,334**	**29,031**	**8,253**	**37,284**
Percent of Total Population	150.6%	136.5%	107.9%	129.0%
Commuting Population	**5,153**	**7,770**	**601**	**8,371**
Percent of Total Population	50.6%	36.5%	7.9%	29.0%
Resident Workforce	**2,805**	**4,137**	**387**	**4,524**
Percent of Total Workforce	64.8%	47.0%	38.3%	38.3%
SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau				

Trends for commuting totals over the past decade reflect a stable pattern of residential and commuting workforce totals. The ratio of daytime population to residential population has varied between 146 percent and 154 percent, with the ratio declining slightly since the pandemic. However, residential employment totals have increased slightly in 2021 (by two percent), which may reflect increased local employment totals and a shrinking reliance upon commuters to occupy local jobs. Such a trend would prove beneficial to the local economy, providing a slowly decreasing reliance upon out-of-county workers.

Graphic: Residential and Commuting Population Trends – City of Alpena
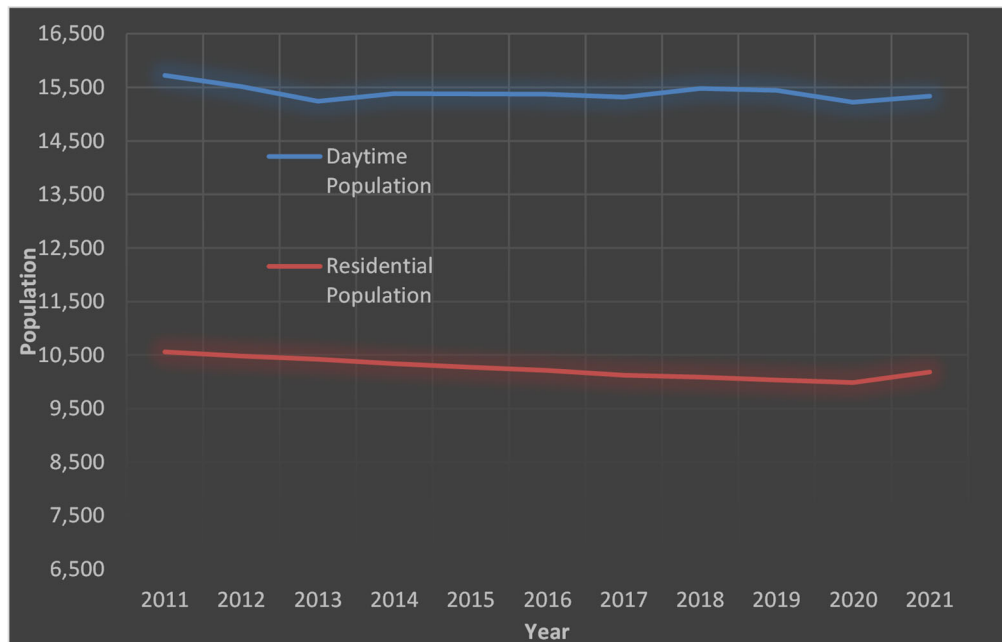
Migration Trends

Migration patterns for persons within the City of Alpena reflect mostly movement within Alpena County, with a few exceptions. These include a loss of population to the Port Huron area, along with a smaller decline to Saginaw and Ann Arbor. These losses are likely due to job relocations, and are offset by movement into the city from other sections of Alpena County, as well as migration from Detroit into the city. It is likely the in-migration patterns are a combination of retirees and job relocations.

Overall movement within Michigan reflects a slight loss of population to other sections of the state, but reflect a relatively small percent of the city's total population (less than one percent). More than 550 persons are estimated to have left the city within 2020, including other parts of Michigan and nationwide. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error. Trends regarding migration have reflected a declining degree of movement over the past decade, and post-pandemic trends are likely to demonstrate continued trends with reduced migration. For the city, however, these migration totals are a minimal portion of the city's population, and indicate a notably lower degree of movement as compared to other cities across Michigan.

An examination of migration patterns across Alpena County provides a more complete picture of movership patterns across the region. At the county level, migration patterns are somewhat more moderate, with net positive trends for many of the adjacent counties, as well as

> *Migration patterns are slightly positive for Alpena County in comparison to adjacent counties, with a slight loss of population to other sections of Michigan. Local migration reflect mostly movement within the county, rather than across the region.*

the State of Michigan overall. These trends are exhibited within the following data and chart. Positive migration flows are found from Montmorency, Alcona, and Iosco Counties, while slight migration losses are estimated from Presque Isle and Otsego Counties. Overall migration across the State of Michigan is slightly negative, despite in-migration from the Detroit MSA (offset by losses to the Grand Rapids area).

Considering the level of migration on an annual basis is relatively low (representing less than three percent of the county's overall population), the influence of migration patterns is also

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low. What is also notable is that the degree of out migration is significantly lower on a percentage basis compared to most other northern Michigan communities, which are losing a higher percentage of local population. Such stability reflects upon the Alpena area's economic vitality, diverse employment base, and placemaking/community assets. In terms of housing market potential, a lack of housing supply would inhibit more positive migration patterns that may be possible.

The connection between commuting and migration patterns is telling, with generally muted levels of both commuting and migration within the Alpena region as compared to other communities across northern lower Michigan. Such trends are long-term trends within the Alpena region in terms of the temporary and permanent movement of households. The city's daily daytime population totals on average approach 150 percent of the city's permanent population; while positive, these Alpena trends lag behind Gaylord and Traverse City in terms of commuting patterns. The area's physical characteristics, distance to other population centers, and available positions have all contributed to this employment/commuting/migration pattern over time. Thus, the importance of new housing opportunities to spur historically minimal migration patterns and encourage the permanent relocation of new individuals and families cannot be overstated.

It should be reiterated that the migration data is at the MCD and county level, with a high error rate. Even with this consideration, migration trends are only a small portion of the overall population base, but any trend that may impact housing demand potential requires examination.

Graphic: Annual Net Migration – City of Alpena
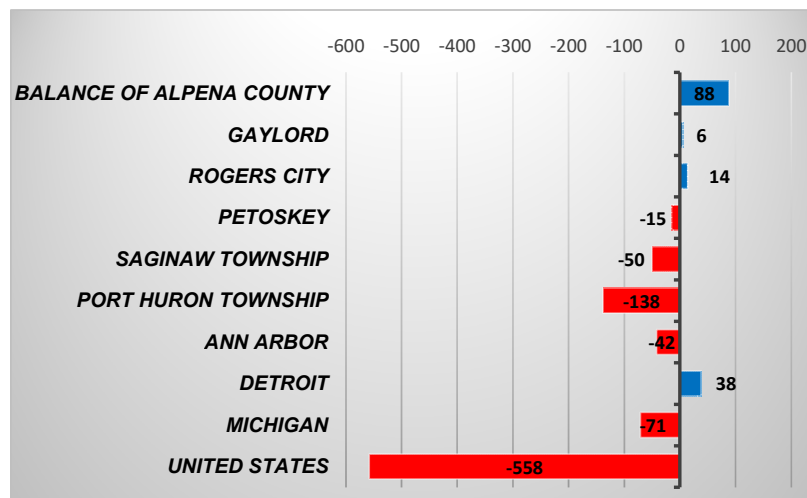
Table: Annual Migration Patterns – City of Alpena

	Flow Into City of Alpena	Flow Out of City of Alpena	Net Migration City of Alpena
Balance of Alpena County	**385**	**297**	**88**
Percent of Total	40.1%	19.6%	---
Gaylord	**38**	**32**	**6**
Percent of Total	4.0%	2.1%	---
Rogers City	**14**	**0**	**14**
Percent of Total	1.5%	0.0%	---
Petoskey	**0**	**15**	**-15**
Percent of Total	0.0%	1.0%	---
Saginaw Township	**0**	**50**	**-50**
Percent of Total	0.0%	3.3%	---
Port Huron Township	**0**	**138**	**-138**
Percent of Total	0.0%	9.1%	---
Ann Arbor	**0**	**42**	**-42**
Percent of Total	0.0%	2.8%	---
Detroit	**38**	**0**	**38**
Percent of Total	4.0%	0.0%	---
Michigan	**907**	**978**	**-71**
Percent of Total	94.6%	64.5%	---
United States	**959**	**1,517**	**-558**
Percent of Total	100.0%	100.0%	---

SOURCE: 2015/2019 American Community Survey, U.S. Census Bureau

Graphic: Annual Net Migration – Alpena County

County/Region	Net Migration
PRESQUE ISLE COUNTY	-33
MONTMORENCY COUNTY	71
ALCONA COUNTY	67
OTSEGO COUNTY	-2
IOSCO COUNTY	49
KENT COUNTY	-73
DETROIT MSA	163
MICHIGAN	-215
UNITED STATES	-771

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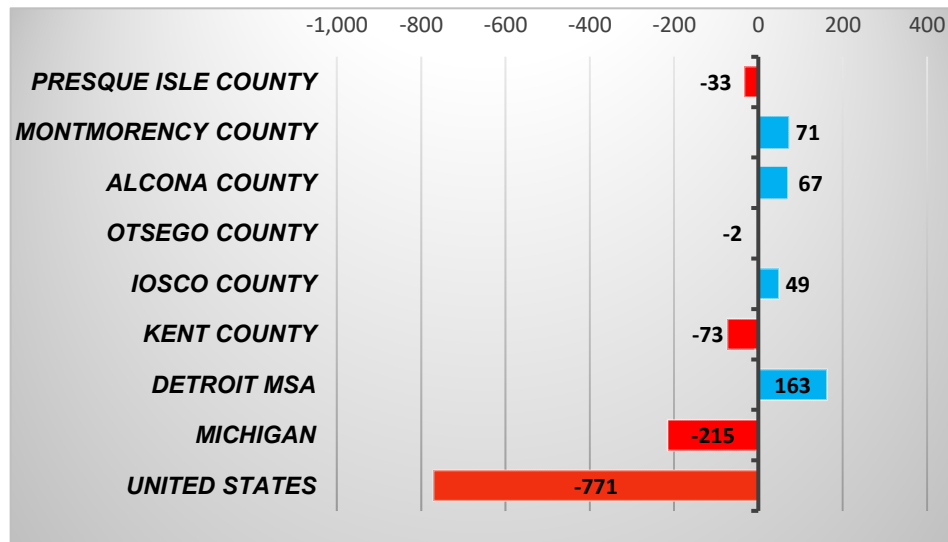
Table: Annual Migration Patterns – Alpena County

	Flow Into Alpena County	Flow Out of Alpena County	Net Migration Alpena County
Presque Isle County	29	62	-33
Percent of Total	2.4%	3.1%	---
Montmorency County	108	37	71
Percent of Total	8.9%	1.9%	---
Alcona County	131	64	67
Percent of Total	10.8%	3.2%	---
Otsego County	51	53	-2
Percent of Total	4.2%	2.7%	---
Iosco County	49	0	49
Percent of Total	4.0%	0.0%	---
Kent County	47	120	-73
Percent of Total	3.9%	6.0%	---
Detroit MSA	166	3	163
Percent of Total	13.6%	0.2%	---
Michigan	1,005	1,220	-215
Percent of Total	82.5%	61.3%	---
United States	1,218	1,989	-771
Percent of Total	100.0%	100.0%	---

SOURCE: 2015/2019 American Community Survey, U.S. Census Bureau

Employment Trends

Labor and employment data collected by the Bureau of Labor Statistics reflects residential employment, regardless of location (inside or outside of Alpena County). The county has exhibited mostly stable employment trends over the past decade, but the data does reflect a decline from employment totals in the early 2000s. From the residential employment data collected from the US Bureau of Labor Statistics, a recovery from the pandemic-related decline in 2020 is reflected in the next year's information. Since the 2008 recession, the county's employment totals have declined by eight percent, with much of these employment losses from the early part of the 2010s. By the 2023 or 2024, assuming trends remain similar to last year's data, the county's employment levels should reflect the recent highpoint for the Alpena area.

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Alpena's employment base is slightly larger than the Gaylord area, but does lag behind the Grand Traverse region in terms of jobs and overall employment growth. However, trends within Gaylord/Otsego County are somewhat more stable than the trends illustrated within Alpena County over the past decade. However, compared to statewide and national levels, the percentage of unemployed for Alpena County is preferable to most other northern Michigan counties, including Otsego and most other neighboring areas. The county's unemployment rate for 2021 was recorded at 5.5 percent, much improved from the high level of 13.5 percent recorded in 2009. Since 2012 the annual unemployment rate has remained at or below approximately 10 percent, including the pandemic year of 2020. The county also has demonstrated declining levels of unemployment over the past nine years (except for 2020). Michigan's unemployment rate was 5.9 percent for 2021; the national rate was 5.3 percent.

For 2021, the Alpena County employment base totaled 12,458 persons. This level is an increase of more than 300 jobs from 2020, reflecting an increase of nearly three percent. The pandemic year of 2020 wiped out more than 400 jobs, so the overall gain in employment is somewhat muted as compared to the prior trend for the decade. As with other sections of Michigan, the post-pandemic trends reflect a recovery of professional and most service-sector positions, with the leisure/hospitality and other unskilled jobs initially lagging in terms of recovery to pre-pandemic levels, but even this sector has improved from 2020. Monthly trends point to a likely full recovery from pandemic-related job losses by the end of 2022.

Graphic: Unemployment Rate Comparison
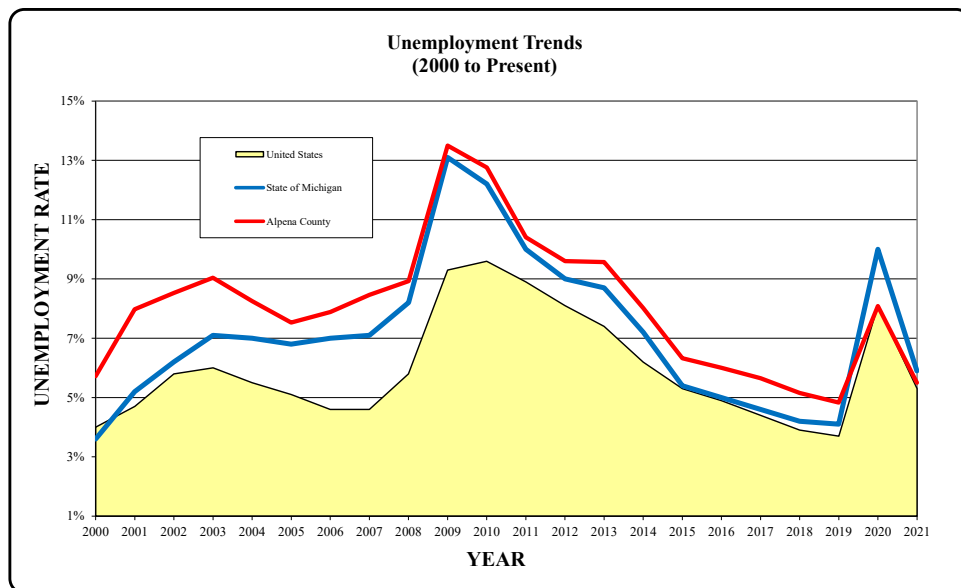
Graphic: Area Employment Trends – Alpena County
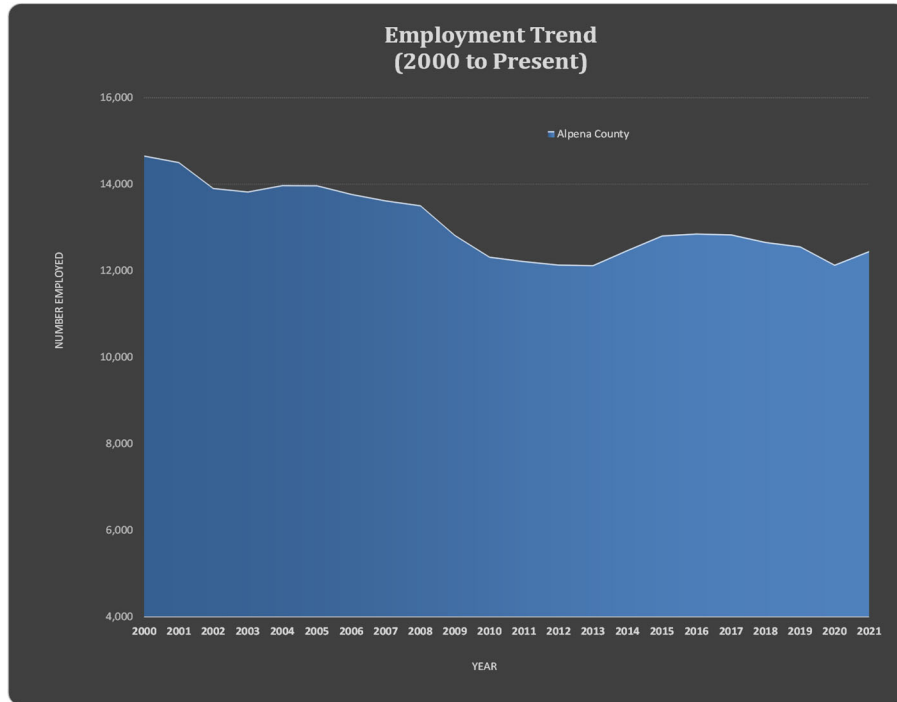
Graphic: Annual Change in Employment
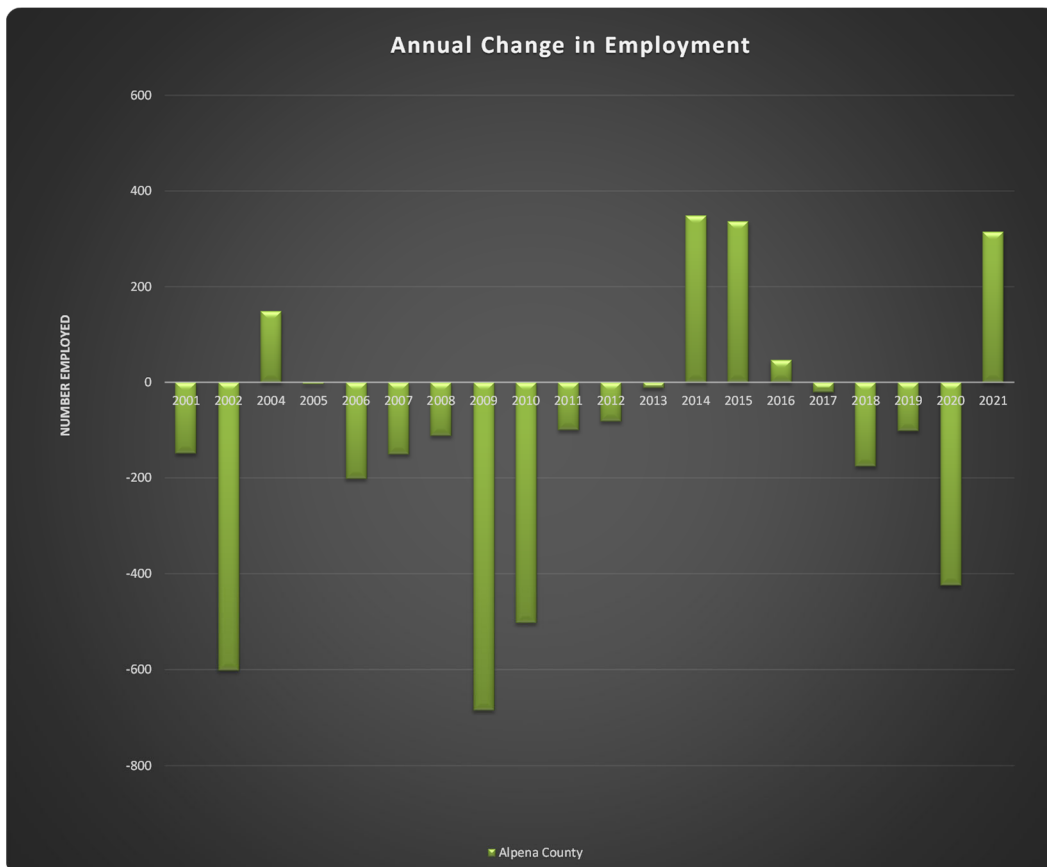
Graphic: Unemployment Rate Comparison
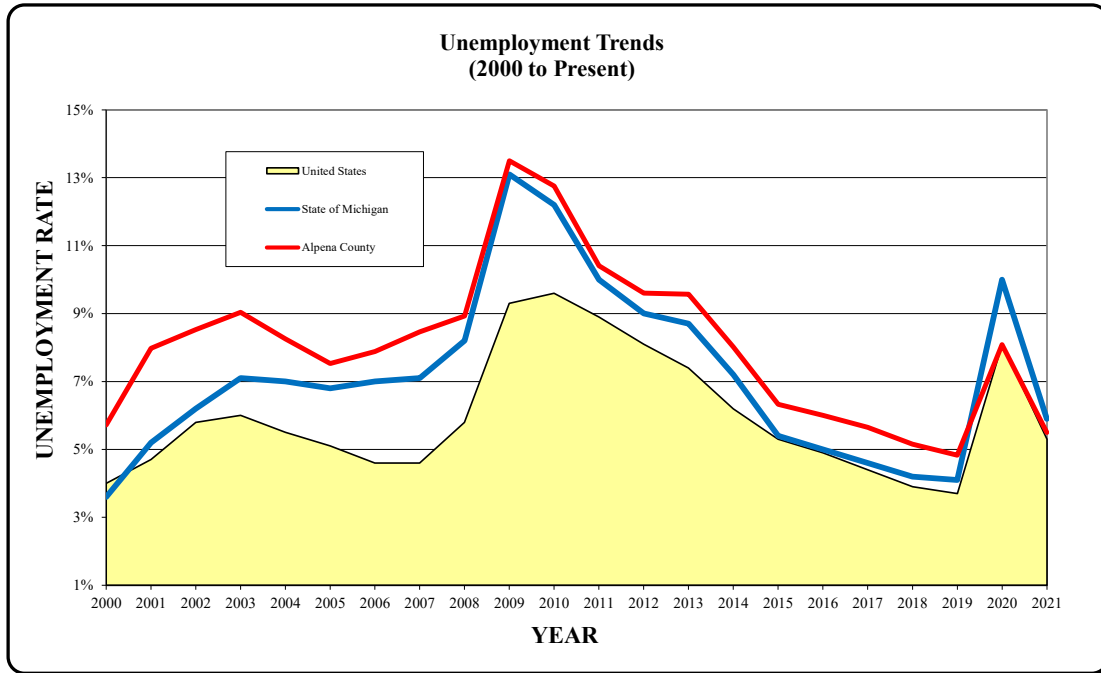
Table: Employment Trends (2000 to Present)

Year	Alpena County				State of Michigan	United States
	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
2000	15,556	14,666	---	5.7%	3.6%	4.0%
2001	15,775	14,517	(149)	8.0%	5.2%	4.7%
2002	15,212	13,915	(602)	8.5%	6.2%	5.8%
2003	15,211	13,836	(79)	9.0%	7.1%	6.0%
2004	15,243	13,985	149	8.3%	7.0%	5.5%
2005	15,119	13,981	(4)	7.5%	6.8%	5.1%
2006	14,958	13,779	(202)	7.9%	7.0%	4.6%
2007	14,888	13,628	(151)	8.5%	7.1%	4.6%
2008	14,841	13,516	(112)	8.9%	8.2%	5.8%
2009	14,833	12,831	(685)	13.5%	13.1%	9.3%
2010	14,130	12,328	(503)	12.8%	12.2%	9.6%
2011	13,648	12,228	(100)	10.4%	10.0%	8.9%
2012	13,436	12,146	(82)	9.6%	9.0%	8.1%
2013	13,418	12,134	(12)	9.6%	8.7%	7.4%
2014	13,571	12,483	349	8.0%	7.2%	6.2%
2015	13,686	12,820	337	6.3%	5.4%	5.3%
2016	13,689	12,867	47	6.0%	5.0%	4.9%
2017	13,615	12,846	(21)	5.6%	4.6%	4.4%
2018	13,359	12,670	(176)	5.2%	4.2%	3.9%
2019	13,206	12,568	(102)	4.8%	4.1%	3.7%
2020	13,211	12,143	(425)	8.1%	10.0%	8.1%
2021	13,183	12,458	315	5.5%	5.9%	5.3%
Oct-21	13,339	12,836	---	3.8%	4.5%	4.5%
Oct-22	13,429	12,870	34	4.2%	3.7%	3.7%

	Number	Percent
Change (2000-Present):	(2,208)	-15.1%
Change (2000-2008):	(1,150)	-7.8%
Change (2008-Present):	(1,058)	-7.8%

SOURCE: Bureau of Labor Statistics.

The Alpena County employment base is increasingly diverse, with notable concentrations of manufacturing, retail services, professional occupations, and unskilled positions. Lafarge features the world's largest cement plant, producing 2.4 million metric tons of product each year. Besser manufactures cement block machinery. Both entities are possible due to the limestone quarry in nearby Rogers City. Two separate wall paneling firms are located within the Alpena area, employing a significant number of manufacturing staff. Big box retailers include Meijer, Walmart, and Home Depot.

Seasonal tourism positions are also present and represent an increasing employment opportunity for local residents, including hotels, destination locations, and recreational sites. This is due, in part, to regularly scheduled visits by two Viking Cruise USA ships from May to September, and the increasing popularity of the Thunder Bay National Marine Sanctuary and Underwater Preserve. The city's downtown district is a regional retail and services destination point, with specialty stores, restaurants, and professional services. These characteristics of Alpena provide a wide range of employment opportunities for local residents. A summary of the county's largest employers includes the following:

Table: Largest Local Employers – Alpena County

Company/Organization	Approx. # of Employees	Product/Service
MYMiHealth	750	Healthcare
Alpena Public Schools	500	Education
Omni Corporation	200	Manufacturing
Besser Company	300	Manufacturing
Lafarge	200	Natural Resources/Manufacturing
Decorative Panels International	185	Manufacturing
Panel Processing, Inc.	300	Manufacturing
Meijer	250	Retail Trade
Walmart	150	Retail Trade
Alpena/Alcona Area Credit Union	100	Finance
Northland Area Credit Union	150	Finance

Source: Alpena Area Chamber of Commerce/individual corporate sources

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Wages and Income Data

At-Place employment and wage data obtained from the U.S. Census Bureau's Quarterly Census of Employment and Wages (QCEW) provides a current picture of employment distribution within Alpena County (data is only available at the county level). This data measures both public and private sector employment trends that take place within a given county, regardless of the residence of the labor force. This is a different survey as compared to the Bureau of Labor Statistics information presented previously, and reflects local jobs within

Comparisons between the residential labor force and at-place labor force reflect the county's minimal degree of commuting patterns

Alpena County, regardless of the residence of the worker. As can be seen within the figures on the following pages, over the past ten years Education/Health Care positions remain the largest industry sector for the county, despite a 15 percent decline in the number of jobs between 2011 and 2021. In 2021, this sector represented nearly 26 percent of

the county's labor force. Trade/Transportation/Utilities jobs represented 23 percent of 2021 employment, reflecting a sizable 31 percent increase from 2011. Manufacturing employment accounted for 16 percent of the job total, while Leisure/Hospitality jobs represented nine percent of employment for 2021, thanks to a 47 percent gain in positions within this sector. Four sectors reported declines in employment, but outside of Education/Healthcare, these losses were not significant. Remaining categories demonstrated notable gains on a percentage basis, as indicated within the following table. The level of diversity in regard to local employment options is desirable, as such trends result in a wide degree of economic stability, wage gains, and employment growth across all industries and occupations, rather than just specific job sectors. Overall, public and private employment has increased by a combined four percent between 2011 and 2021 – reflecting little change in among services categories and sizable gains among production-oriented categories (27 percent over the ten-year period). These trends do reflect a recovery from employment dips across most sectors due to the pandemic in 2020.

An alternative way to illustrate employment trends within Alpena County is a comparison of residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are organized through separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment jobs, regardless of location (12,458 jobs, as of 2021) as compared to at-place employment

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(11,274 jobs, also as of 2021) shows the relatively small degree of commuting and the presence of local jobs for local residents. These trends were discussed previously, and are long-term patterns indicative of the Alpena area's characteristics regarding the proximity of other employment centers and the availability of local jobs.

Leisure/Hospitality positions currently offer the lowest average wages within the county ($17,739 in 2021). The highest average annual wages within Alpena County are found within the manufacturing sector ($63,897). Overall private-sector wages have increased over the past seven years, as the private sector average annual wage in 2021 was $42,867. Since 2011 this reflects an average annual rate of increase of 2.5 percent, which until recently was similar to prevailing inflationary patterns across much of Michigan.

For housing market trends to address the most attractive target market segments, the identification of gaps within the housing stock need to be identified and addressed, with the goal of providing the widest range possible of housing choices that will attract potential residents from across the region. The employment data suggests that both blue collar and white collar occupations are likely inclusive of those households/families that exhibit unmet housing needs, particularly those that reflect new residents to the community. The identification of such gaps in the housing stock will then provide local housing leaders/developers with potential pricing and amenities that would make the housing stock ideally competitive with neighboring communities.

Table: Alpena County - Employment by Industry – 2011 to 2021

Employment Categories by Industry	2011		2021		% Change
	Number Employed	Percent	Number Employed	Percent	
Construction	395	3.6%	467	4.1%	18.2%
Manufacturing	1,358	12.5%	1,772	15.7%	30.5%
Natural Resources and Mining	80	0.7%	93	0.8%	16.3%
Total Production:	1,833	16.9%	2,332	20.7%	27.2%
Education and Health Services	3,411	31.5%	2,901	25.7%	-15.0%
Financial Activities	521	4.8%	511	4.5%	-1.9%
Information	178	1.6%	107	0.9%	-39.9%
Leisure and Hospitality	689	6.4%	1,011	9.0%	46.7%
Other Services	406	3.7%	482	4.3%	18.7%
Professional and Business Services	414	3.8%	542	4.8%	30.9%
Trade, Transportation, and Utilities	2,516	23.2%	2,634	23.4%	4.7%
Public Administration	862	8.0%	754	6.7%	-12.5%
Total Services:	8,997	83.1%	8,942	79.3%	-0.6%
Overall Total:	10,830	100%	11,274	100%	4.1%

SOURCE: Bureau of Labor Statistics.

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TOTAL AT-PLACE EMPLOYMENT TRENDS - 2011-2021

Employment by Industry Trends 2011-2021
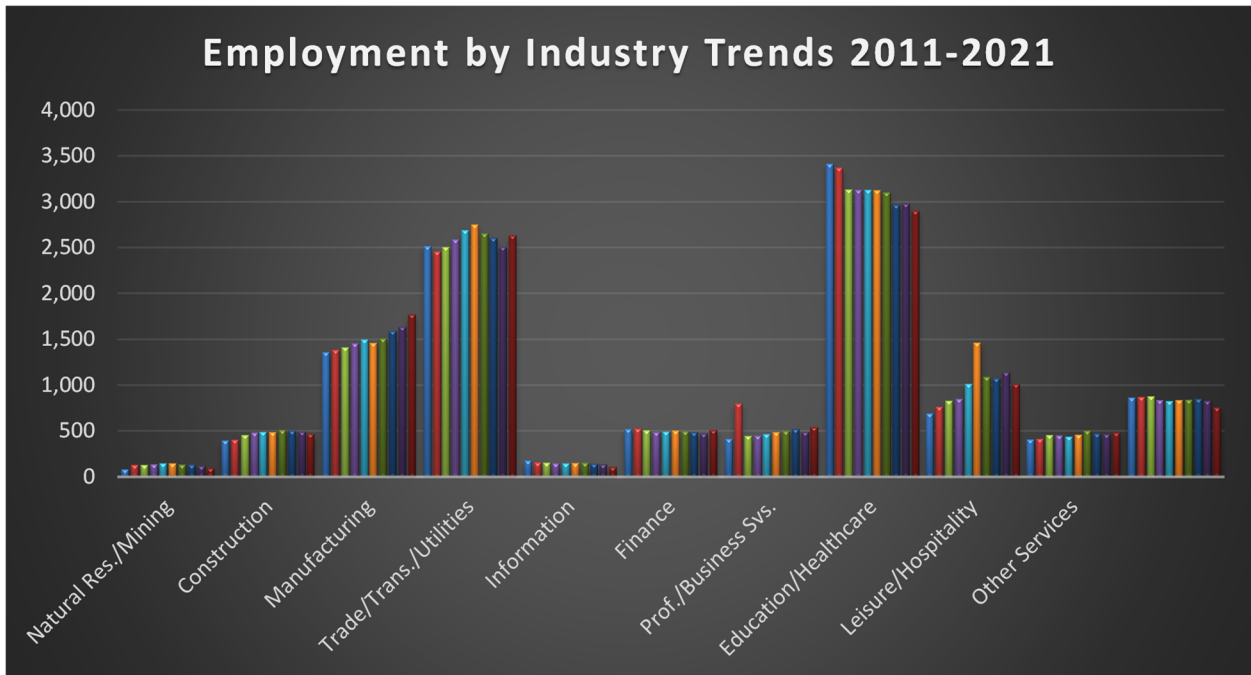
Graphic: Employment by Industry Breakdown – Alpena County

Employment by Industry - 2021

Legend:
- Construction
- Manufacturing
- Natural Resources and Mining
- Education and Health Services
- Financial Activities
- Information
- Leisure and Hospitality
- Other Services
- Professional and Business Services
- Trade, Transportation, and Utilities

4.1%, 15.7%, 0.8%, 25.7%, 4.5%, 0.9%, 9.0%, 4.3%, 4.8%, 23.4%
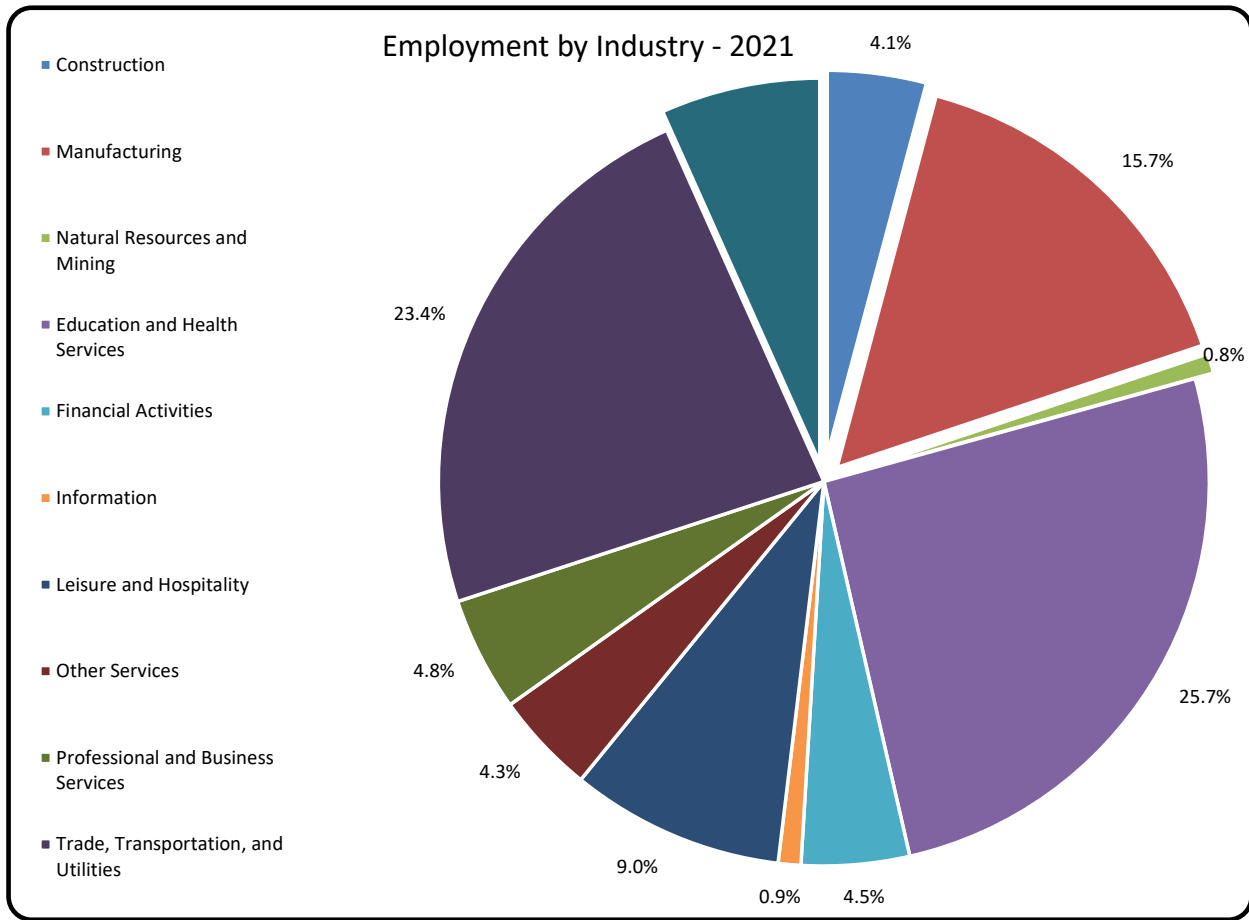
Table: Alpena County Wage Trends by Industry – 2011 to 2021

Private Employment Categories by Industry	*Average Annual Pay - 2011*	*Average Annual Pay - 2021*	*% of Overall Average - 2021*	*Total % Change - 2011-2021*	*Average Annual % Change - 2011-2021*
Construction	$41,164	$48,334	*12.8%*	*17.4%*	*1.6%*
Education and Health Services	$31,534	$35,695	*-16.7%*	*13.2%*	*1.2%*
Financial Activities	$33,801	$54,078	*26.2%*	*60.0%*	*4.8%*
Information	$36,398	$41,717	*-2.7%*	*14.6%*	*1.4%*
Leisure and Hospitality	$11,317	$17,739	*-58.6%*	*56.7%*	*4.6%*
Manufacturing	$58,314	$63,897	*49.1%*	*9.6%*	*0.9%*
Natural Resources and Mining	$50,924	$46,547	*8.6%*	*-8.6%*	*-0.9%*
Other Services	$15,937	$30,849	*-28.0%*	*93.6%*	*6.8%*
Professional and Business Services	$30,558	$47,756	*11.4%*	*56.3%*	*4.6%*
Trade, Transportation, and Utilities	$28,807	$40,272	*-6.1%*	*39.8%*	*3.4%*
Overall Average	**$33,542**	**$42,867**	*---*	*27.8%*	*2.5%*

SOURCE: Bureau of Labor Statistics.

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Wage Trends by Sector - 2011-2021

Wage Trends by Production Industries - 2011-2021
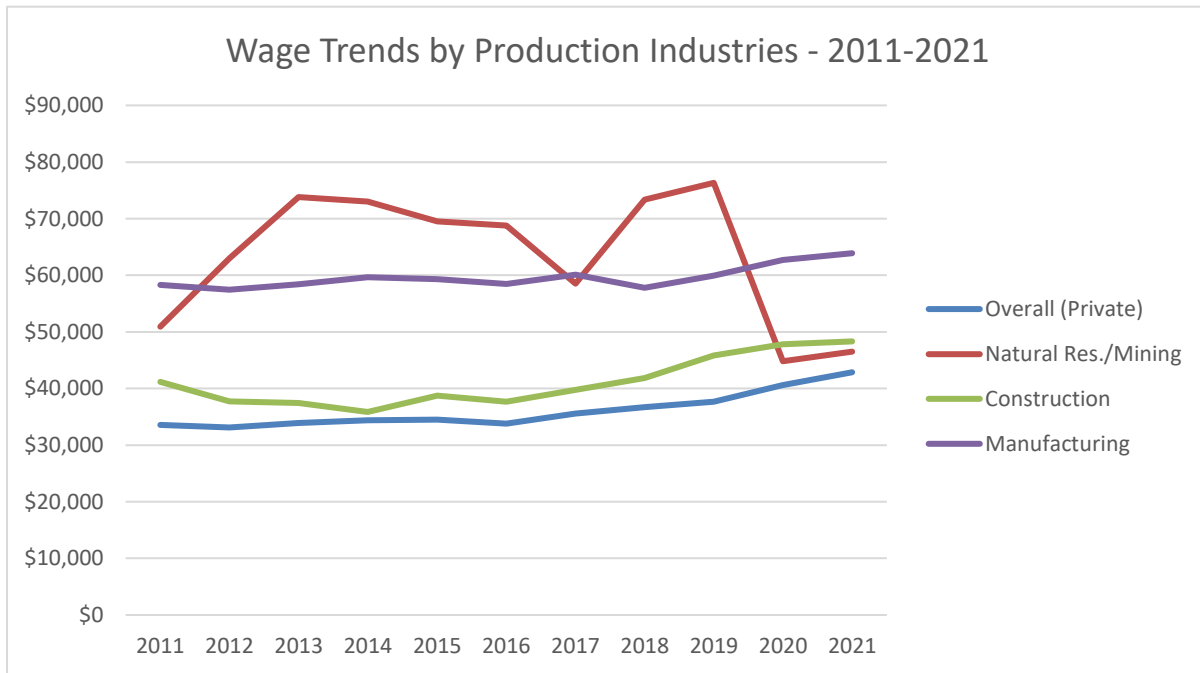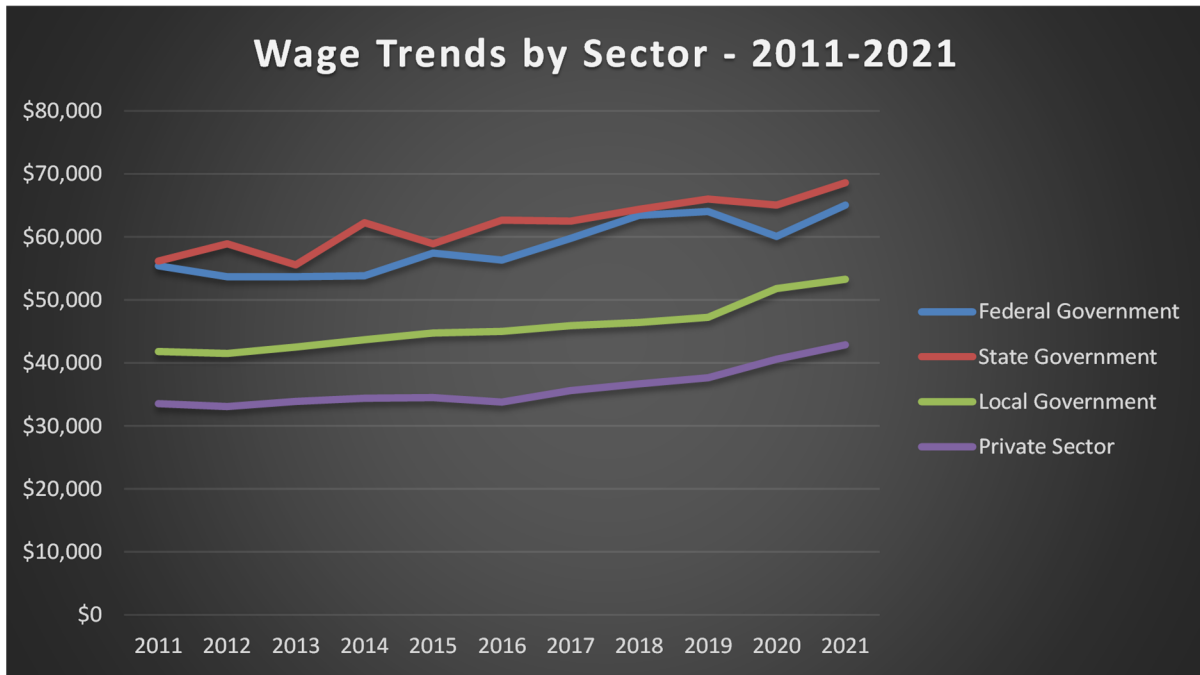
The most sizable increases in wage levels were found within the lower-skilled services and leisure/hospitality segments, along with financial activities and professional/business services. These wage gains within the leisure/hospitality sector were coupled with sizable increase in the number of jobs, which indicates a high degree of demand for such positions. The

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size of the financial services segment is notably smaller by comparison. All but one employment category has demonstrated continued wage/income appreciation, particularly over the past three years.

Wage Trends by Service Industries - 2011-2021
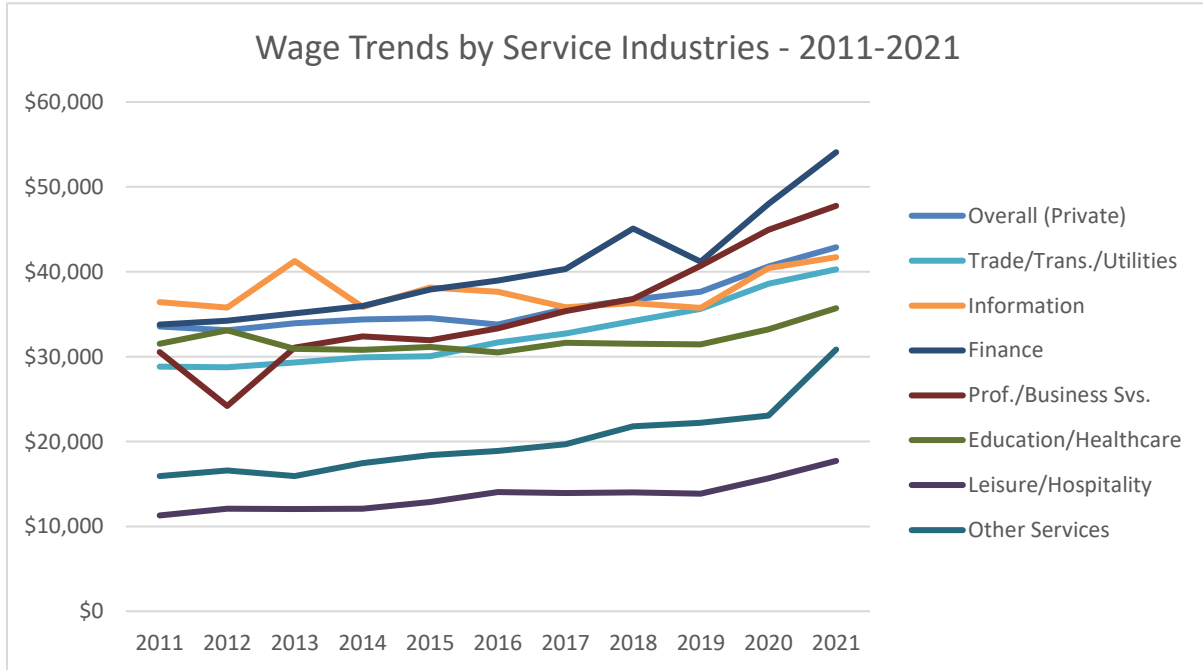
Population Trends

Population trends within the Alpena area and across most of the county are forecast to decline slightly, according to projections from ESRI. By 2027, the Alpena area's population is projected to total 20,851 persons, reflecting a decline of nearly three percent from 2020. Across the county, population totals will decline slightly by 2027, to a total of 28,385 persons. The Rural Alpena area will maintain population stability, with little change from 2020 totals.

Table: Population Trends (2000 to 2023)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Population	11,304	23,244	8,070	31,314
2010 Population	10,515	21,671	7,927	29,598
Percent Change (2000-2010)	-7.0%	-6.8%	-1.8%	-5.5%
Average Annual Change (2000 to 2010)	-0.7%	-0.7%	-0.2%	-0.6%
2020 Population	10,197	21,397	7,510	28,907
Percent Change (2010-2020)	-4.2%	-3.3%	-5.3%	-3.8%
Average Annual Change (2010 to 2020)	-0.3%	-0.1%	-0.5%	-0.2%
2022 Population Estimate	10,133	21,087	7,519	28,606
Percent Change (from 2020)	-0.6%	-1.4%	0.1%	-1.0%
Average Annual Change (2020 to 2022)	-0.3%	-0.7%	0.1%	-0.5%
2025 Population Forecast	10,075	20,945	7,528	28,473
Percent Change (from 2020)	-1.2%	-2.1%	0.2%	-1.5%
Average Annual Change (2020 to 2025)	-0.2%	-0.4%	0.0%	-0.3%
2027 Population Forecast	10,037	20,851	7,534	28,385
Percent Change (from 2020)	-1.6%	-2.6%	0.3%	-1.8%
Average Annual Change (2020 to 2027)	-0.2%	-0.4%	0.0%	-0.3%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

For this type of housing analysis, it is common to separate population totals into various age cohorts that reflect key age segments. In this analysis, this has been done as well, and include four key cohorts – Less than Age 20 (children), Age 20 to 44 (young adults), Age 45 to 65 (older adults), and Age 65 and older (seniors).

The ideal distribution of age within a community has the largest concentrations among the younger adults and non-adult populations, which transition into increasing household totals and family creation, while allowing older adults to age in place. Within the Alpena area, the older adult segment was the largest segment, followed by young adults, both ranging between 26 percent and 31 percent, as of 2010 (the most recent data available for population by age). Non-

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Growth in senior population, due to both aging in place and migration, represents the primary demographic change in the Alpena area.

adults (less than age 20) also represented a sizable portion of the area's total, at 23 percent. Seniors within the area in 2010 accounted for 20 percent of the local population, the smallest segment at that time, but reflective of a higher than typical concentration for the time.

According to ESRI forecasts, by 2027 the size of each age cohort will be much more similar. Across the Alpena area, the three adult cohorts will be generally similar in concentration due to a sharp increase in seniors, while the number of children across the Alpena area is forecast to decline by 18 percent. This shift in population is a combination of locals aging in place and an influx of seniors of various ages and degrees of living. The concentration of seniors projected for 2027 is actually greater across Rural Alpena and Alpena County, reflective of an anticipated influx of seniors to the area along with sizable aging in place by the local population.

Correspondingly, the non-senior population will continue to decline for the county overall, along with each geographic component. Within Alpena city, the concentration of non-seniors is forecast to decline by nearly 12 percent between 2010 and 2027, projected to represent 75 percent of the 2027 population – primarily due to a slight gain in young adults within the city; By comparison, in 2010 the non-senior population was 80 percent of the total population.

The ideal trend would be a decline or actual reversal of this aging trend within the city and Alpena area, reflecting the city's ability to attract the most desirable household and family types that would ideally become permanent residents of the Alpena area. What is taking place is a combination of seniors aging in place and in-migration of retirees from other sections of the state. Such trends in terms of the senior age cohort are certainly welcome, but continued pattens over time will result in the Alpena community transforming into a primarily retirement community, with associated shifts in terms of healthcare, retail outlets, and community services that primarily reflects older adults; corresponding declines and shifts for younger adults, families with children, and the workforce overall will ultimately weaken the tax base, reduce the variety of retail/commercial outlets, decrease the size and impact of the local school district, and negatively impact the size and composition of the Alpena area's labor force. Balance and growth/stability for all age cohorts would be preferrable over the next decade and beyond.

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Graphic: Alpena Area - Age Distribution (2010 to 2027)
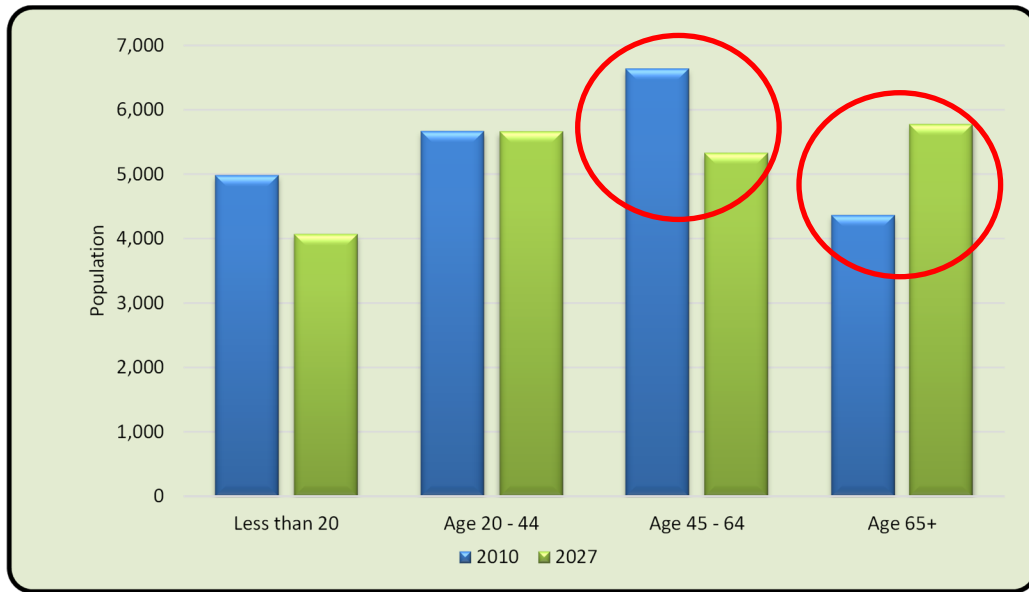
Table: Age Distribution (2010 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Age Less than 20 - 2010	**2,502**	**4,987**	**1,938**	**6,925**
Percent of total 2010 population	23.8%	23.0%	24.4%	23.4%
Age Between 20 and 44 - 2010	**3,026**	**5,673**	**1,920**	**7,593**
Percent of total 2010 population	28.8%	26.2%	24.2%	25.7%
Age Between 45 and 64 - 2010	**2,997**	**6,640**	**2,675**	**9,315**
Percent of total 2010 population	28.5%	30.6%	33.7%	31.5%
Age 65 and Over - 2010	**1,987**	**4,367**	**1,398**	**5,765**
Percent of total 2010 population	18.9%	20.2%	17.6%	19.5%
Age Less than 20 - 2027	**2,046**	**4,072**	**1,504**	**5,576**
Percent of total 2027 population	20.4%	19.5%	20.0%	19.6%
Percent change (2010 to 2027)	-18.2%	-18.3%	-22.4%	-19.5%
Average Annual Change (2010 to 2027)	-1.2%	-1.2%	-1.5%	-1.3%
Age Between 20 and 44 - 2027	**3,101**	**5,667**	**1,758**	**7,425**
Percent of total 2027 population	30.9%	27.2%	23.3%	26.2%
Percent change (2010 to 2027)	2.5%	-0.1%	-8.4%	-2.2%
Average Annual Change (2010 to 2027)	0.1%	0.0%	-0.5%	-0.1%
Age Between 45 and 64 - 2027	**2,376**	**5,331**	**2,120**	**7,451**
Percent of total 2027 population	23.7%	25.6%	28.1%	26.2%
Percent change (2010 to 2027)	-20.7%	-19.7%	-20.7%	-20.0%
Average Annual Change (2010 to 2027)	-1.4%	-1.3%	-1.4%	-1.3%
Age 65 and Over - 2027	**2,510**	**5,780**	**2,153**	**7,933**
Percent of total 2027 population	25.0%	27.7%	28.6%	27.9%
Percent change (2010 to 2027)	26.3%	32.4%	54.0%	37.6%
Average Annual Change (2010 to 2027)	1.4%	1.7%	2.6%	1.9%

SOURCE: 2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

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Table: Senior Population Trends (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Senior Population (55 years and Over)	**3,216**	**6,665**	**2,115**	**8,780**
Percent of total 2000 population	30.6%	30.8%	26.2%	29.7%
2010 Senior Population (55 years and Over)	**3,349**	**7,423**	**2,637**	**10,060**
Percent of total 2010 population	33.1%	35.2%	33.3%	35.2%
Percent change (2000 to 2010)	4.1%	11.4%	24.7%	14.6%
Average Annual Change (2000 to 2010)	0.4%	1.1%	2.2%	1.4%
2022 Senior Population (55 years and Over)	**3,792**	**8,677**	**3,179**	**11,856**
Percent of total 2022 population	37.6%	41.4%	42.3%	41.6%
Percent change (2010 to 2022)	13.2%	16.9%	20.6%	17.9%
Average Annual Change (2010 to 2022)	1.0%	1.3%	1.6%	1.4%
2025 Senior Population (55 years and Over)	**3,778**	**8,693**	**3,279**	**11,972**
Percent of total 2025 population	37.5%	41.5%	43.6%	42.0%
Percent change (2010 to 2025)	12.8%	17.1%	24.3%	19.0%
Average Annual Change (2010 to 2025)	0.8%	1.1%	1.5%	1.2%
2027 Senior Population (55 years and Over)	**3,768**	**8,704**	**3,345**	**12,049**
Percent of total 2027 population	37.5%	41.7%	44.4%	42.4%
Percent change (2010 to 2027)	12.5%	17.3%	26.8%	19.8%
Average Annual Change (2010 to 2027)	0.7%	0.9%	1.4%	1.1%
2000 Senior Population (65 years and Over)	**2,214**	**4,169**	**1,188**	**5,357**
Percent of total 2000 population	21.1%	19.2%	14.7%	18.1%
2010 Senior Population (65 years and Over)	**1,987**	**4,367**	**1,398**	**5,765**
Percent of total 2010 population	19.6%	20.7%	17.6%	20.2%
Percent change (2000 to 2010)	-10.3%	4.7%	17.7%	7.6%
Average Annual Change (2000 to 2010)	-1.1%	0.5%	1.6%	0.7%
2022 Senior Population (65 years and Over)	**2,306**	**5,265**	**1,823**	**7,088**
Percent of total 2022 population	22.9%	25.1%	24.2%	24.9%
Percent change (2010 to 2022)	16.1%	20.6%	30.4%	22.9%
Average Annual Change (2010 to 2022)	1.2%	1.6%	2.2%	1.7%
2025 Senior Population (65 years and Over)	**2,428**	**5,574**	**2,021**	**7,595**
Percent of total 2025 population	24.1%	26.6%	26.8%	26.7%
Percent change (2010 to 2025)	22.2%	27.6%	44.6%	31.7%
Average Annual Change (2010 to 2025)	1.3%	1.6%	2.5%	1.9%
2027 Senior Population (65 years and Over)	**2,510**	**5,780**	**2,153**	**7,933**
Percent of total 2027 population	25.0%	27.7%	28.6%	27.9%
Percent change (2010 to 2027)	26.3%	32.4%	54.0%	37.6%
Average Annual Change (2010 to 2027)	1.4%	1.7%	2.6%	1.9%
2000 Senior Population (75 years and Over)	**1,203**	**2,039**	**489**	**2,528**
Percent of total 2000 population	10.6%	8.8%	6.1%	8.1%
2010 Senior Population (75 years and Over)	**1,114**	**2,208**	**579**	**2,787**
Percent of total 2010 population	10.6%	10.2%	7.3%	9.4%
Percent change (2000 to 2010)	-7.4%	8.3%	18.4%	10.2%
Average Annual Change (2000 to 2010)	-0.8%	0.8%	1.7%	1.0%
2022 Senior Population (75 years and Over)	**1,081**	**2,388**	**672**	**3,060**
Percent of total 2022 population	10.7%	11.3%	8.9%	10.7%
Percent change (2010 to 2022)	-3.0%	8.2%	16.1%	9.8%
Average Annual Change (2010 to 2022)	-0.3%	0.7%	1.2%	0.8%
2025 Senior Population (75 years and Over)	**1,135**	**2,541**	**771**	**3,312**
Percent of total 2025 population	11.3%	12.1%	10.2%	11.6%
Percent change (2010 to 2025)	1.9%	15.1%	33.2%	18.8%
Average Annual Change (2010 to 2025)	0.1%	0.9%	1.9%	1.2%
2027 Senior Population (75 years and Over)	**1,171**	**2,643**	**837**	**3,480**
Percent of total 2027 population	11.7%	12.7%	11.1%	12.3%
Percent change (2010 to 2027)	5.1%	19.7%	44.6%	24.9%
Average Annual Change (2010 to 2027)	0.3%	1.1%	2.2%	1.3%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

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Graphic: Senior/Non-Senior Population – Alpena Area
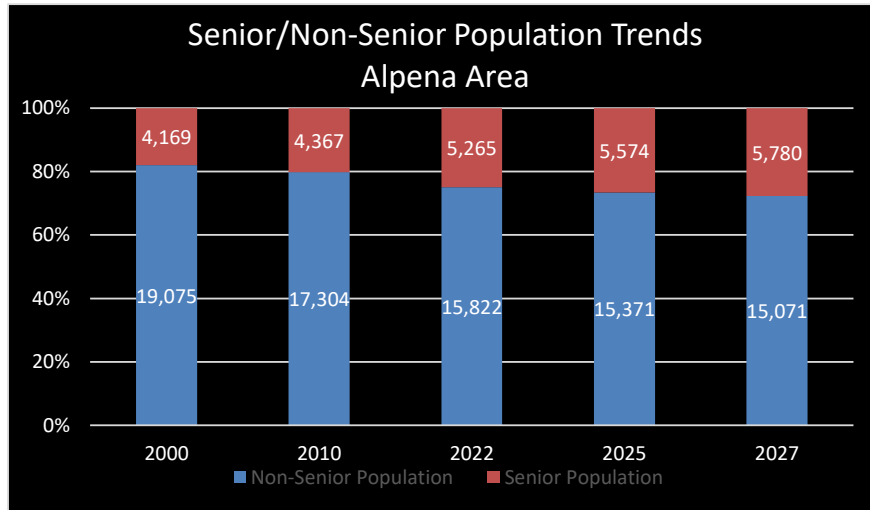
Table: Senior/Non-Senior Population Trends (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Non-Senior Population	**9,090**	**19,075**	**6,882**	**25,957**
Percent of total 2000 population	78.9%	80.8%	85.3%	81.9%
2010 Non-Senior Population	**8,528**	**17,304**	**6,529**	**23,833**
Percent of total 2010 population	80.4%	79.3%	82.4%	79.8%
Percent change (2000 to 2010)	-6.2%	-9.3%	0.6%	-8.2%
2022 Non-Senior Population	**7,827**	**15,822**	**5,696**	**21,518**
Percent of total 2022 population	77.1%	74.9%	75.8%	75.1%
Percent change (2010 to 2022)	-8.2%	-8.6%	-12.8%	-9.7%
2025 Non-Senior Population	**7,647**	**15,371**	**5,507**	**20,878**
Percent of total 2025 population	75.9%	73.4%	73.2%	73.3%
Percent change (2010 to 2025)	-10.3%	-11.2%	-5.0%	-12.4%
2027 Non-Senior Population	**7,527**	**15,071**	**5,381**	**20,452**
Percent of total 2027 population	75.0%	72.3%	71.4%	72.1%
Percent change (2010 to 2027)	-11.7%	-12.9%	-17.6%	-14.2%
2000 Senior Population (65 years and Over)	**2,214**	**4,169**	**1,188**	**5,357**
Percent of total 2000 population	21.1%	19.2%	14.7%	18.1%
2010 Senior Population (65 years and Over)	**1,987**	**4,367**	**1,398**	**5,765**
Percent of total 2010 population	19.6%	20.7%	17.6%	20.2%
Percent change (2000 to 2010)	-10.3%	4.7%	17.7%	7.6%
2022 Senior Population (65 years and Over)	**2,306**	**5,265**	**1,823**	**7,088**
Percent of total 2022 population	22.9%	25.1%	24.2%	24.9%
Percent change (2010 to 2022)	16.1%	20.6%	30.4%	22.9%
2025 Senior Population (65 years and Over)	**2,428**	**5,574**	**2,021**	**7,595**
Percent of total 2025 population	24.1%	26.6%	26.8%	26.7%
Percent change (2010 to 2025)	22.2%	27.6%	44.6%	31.7%
2027 Senior Population (65 years and Over)	**2,510**	**5,780**	**2,153**	**7,933**
Percent of total 2027 population	25.0%	27.7%	28.6%	27.9%
Percent change (2010 to 2027)	26.3%	32.4%	54.0%	37.6%

SOURCE: 2000-2010 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

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Another way to illustrate population shifts is to use a population pyramid, to reflect individual age group concentrations and shifts in how these groups move over time. The pyramid below is for Alpena County, with sizable segments that reflect both the Baby Boom generation and the Millennials. As you can see, over time nearly all of the Baby Boom generation ages in place locally; the Millennials, however, appear to dissipate as the pyramid shifts from 2010 to 2027. This visualization also illustrates the increasing imbalance within the market area (along with most other sections of Michigan) in regard to increasing burdens placed upon a shrinking workforce population.

While these trends are not ideal for the Alpena area, please note that the prevailing population trends are still much more favorable than many northern Michigan communities, in which the number of seniors and households headed by a senior citizen are to the point that school districts are rapidly depopulating, tax base issues are becoming prevalent, and the number of retail/service outlets and their composition/target market is shifting toward the senior segment. The implications for those communities are very serious into the next two decades in regard to local labor force, the availability of certain services, and the community's ability to provide public services. Without a change in such trends, Alpena County's demographic composition in the coming decades will be heavily influenced by the senior population segment, to the detriment of other age cohorts. It is therefore important to recognize that a balanced and more diverse housing stock that would ideally stabilize the local population around a combination of families, singles, and seniors cannot be transformed quickly, but will take planned, time, and resources dedicated to the change.

Graphic: Population Pyramids by Sex – Alpena County

Alpena County 2010			Alpena County 2022			Alpena County 2027		
Age	Male	Female	Age	Male	Female	Age	Male	Female
85+	244	566	85+	291	551	85+	316	563
80 - 84	340	500	80 - 84	379	490	80 - 84	447	556
75 - 79	508	629	75 - 79	640	709	75 - 79	762	836
70 - 74	652	713	70 - 74	884	966	70 - 74	988	1,045
65 - 69	780	833	65 - 69	1,081	1,097	65 - 69	1,189	1,231
60 - 64	1,003	979	60 - 64	1,207	1,243	60 - 64	1,099	1,151
55 - 59	1,148	1,165	55 - 59	1,141	1,177	55 - 59	929	937
50 - 54	1,326	1,348	50 - 54	907	931	50 - 54	846	831
45 - 49	1,159	1,187	45 - 49	811	787	45 - 49	826	832
40 - 44	816	877	40 - 44	747	773	40 - 44	782	787
35 - 39	769	771	35 - 39	753	773	35 - 39	828	774
30 - 34	729	740	30 - 34	821	746	30 - 34	823	833
25 - 29	728	719	25 - 29	862	857	25 - 29	709	645
20 - 24	763	681	20 - 24	720	662	20 - 24	630	614
15 - 19	1,014	955	15 - 19	758	733	15 - 19	746	681
10 - 14	922	870	10 - 14	727	682	10 - 14	773	713
5 - 9	837	819	5 - 9	725	669	5 - 9	721	672
0 - 4	786	722	0 - 4	674	632	0 - 4	658	612

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The average household size across the Alpena area is currently estimated at 2.14 persons – notably lower than statewide estimates. The city's average household size is smaller, at 2.06 persons for 2022. In the future, household sizes will vary little from the current estimates.

Among seniors, the average household size is slowly rising across Alpena County, indicative of increased senior lifespans and more senior couples continuing to reside as an independent household. Such trends should continue into the next decade and beyond.

Table: Average Household Size (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Average Household Size	**2.24**	**2.33**	**2.62**	**2.40**
2010 Average Household Size	**2.14**	**2.21**	**2.46**	**2.27**
Percent Change (2000-2010)	-4.7%	-5.2%	-6.0%	-5.4%
2020 Average Household Size	**2.05**	**2.14**	**2.37**	**2.20**
Percent Change (2010-2020)	-4.1%	-3.1%	-3.7%	-3.2%
2022 Average Household Size Estimate	**2.06**	**2.14**	**2.36**	**2.19**
Percent Change (2020-2022)	0.3%	-0.1%	-0.2%	-0.1%
2025 Average Household Size Forecast	**2.05**	**2.13**	**2.35**	**2.19**
Percent Change (2020-2025)	0.0%	-0.5%	-0.6%	-0.5%
2027 Average Household Size Forecast	**2.04**	**2.12**	**2.35**	**2.18**
Percent Change (2020-2027)	-0.3%	-0.8%	-0.8%	-0.8%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Average Household Size - Age 65+	**1.34**	**1.38**	**1.51**	**1.41**
2010 Average Household Size - Age 65+	**1.38**	**1.43**	**1.49**	**1.45**
Percent Change (2000-2010)	2.6%	3.8%	-0.9%	2.8%
2022 Average Household Size Estimate - Age 65+	**1.36**	**1.45**	**1.56**	**1.48**
Percent Change (2010-2022)	-0.8%	1.3%	4.3%	2.1%
2025 Average Household Size Forecast - Age 65+	**1.37**	**1.45**	**1.57**	**1.48**
Percent Change (2010-2025)	-0.8%	0.1%	5.2%	0.5%
2027 Average Household Size Forecast - Age 65+	**1.37**	**1.45**	**1.58**	**1.48**
Percent Change (2010-2027)	-0.8%	0.1%	5.7%	0.5%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

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Household Trends

Households across Alpena County follow trends similar to that of the population, with slight declines within most sections of the area. By 2027 the county is projected to contain 12,806 households, reflecting a decrease of one percent from 2020. A slight increase within the Rural Alpena area reflects the only gains in households, at a projected one percent by 2027.

Table: Household Trends (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Households	4,874	9,749	3,069	12,818
2010 Households	4,743	9,575	3,216	12,791
Percent Change (2000-2010)	-2.7%	-1.8%	4.8%	-0.2%
Average Annual Change (2000 to 2010)	-0.3%	-0.2%	0.5%	0.0%
2020 Households	4,787	9,732	3,169	12,901
Percent Change (2010-2020)	0.9%	1.6%	-1.5%	0.9%
Average Annual Change (2010 to 2020)	0.1%	0.2%	-0.1%	0.1%
2022 Household Estimate	4,746	9,643	3,177	12,820
Percent Change (2020-2022)	-0.9%	-0.9%	0.3%	-0.6%
Average Annual Change (2020 to 2022)	-0.4%	-0.5%	0.1%	-0.3%
2025 Household Forecast	4,736	9,620	3,192	12,812
Percent Change (2020-2025)	-1.1%	-1.2%	0.7%	-0.7%
Average Annual Change (2020 to 2025)	-0.2%	-0.2%	0.1%	-0.1%
2027 Household Forecast	4,730	9,604	3,202	12,806
Percent Change (2020-2027)	-1.2%	-1.3%	1.0%	-0.7%
Average Annual Change (2020 to 2027)	-0.2%	-0.2%	0.1%	-0.1%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

> *Alpena's rental housing stock is a combination of subsidy units, senior-designated apartments, mobile homes, market rate units, and single-family homes for rent. It is highly likely that the available supply of rentals does not match the characteristics of the market demand.*

Alpena features an estimated occupied renter household percentage of 33 percent, with a total of 1,584 units, as estimated by ESRI for 2022. Across the Alpena area, rental units represent an estimated 27 percent of all households in 2022 (2,637 units). This concentration of rentals is typical of most communities the size and characteristics of Alpena, and under normal conditions should be more than sufficient to meet the needs of the area. However, the lack of new housing supply over the past decade has resulted in an increasingly limited housing market across all types and price points; from a rental standpoint such trends result in longer residency within existing units, and a slower than typical turnover of units available for new households to the community.

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Also, the community's rental housing stock reflects a number of senior-designated units or subsidy units that are not available for alternative target market segments, such as moderate-income families, newly-relocated families to the Alpena area, younger singles or couples, among others.

Without a specific count and survey of all available rental units of all types, it is not possible to definitively qualify how many units are available for persons at various income levels, but this does correspond with the most current American Community Survey data. It is highly likely, however, based on field reviews, interviews with local housing leaders, and available data on the local rental market, that an insufficient number of these rental homes are available for moderate and higher-income households. This lack of housing options for the most sought-after population segments inhibits the community's ability to compete with nearby cities such as Traverse City or Gaylord that may have a greater degree of housing options available. As a result, despite a large number of rental units within the community, an insufficient number of rental units are likely present for renters within key target market segments.

Graphic: Household Tenure Breakdown – Alpena Area
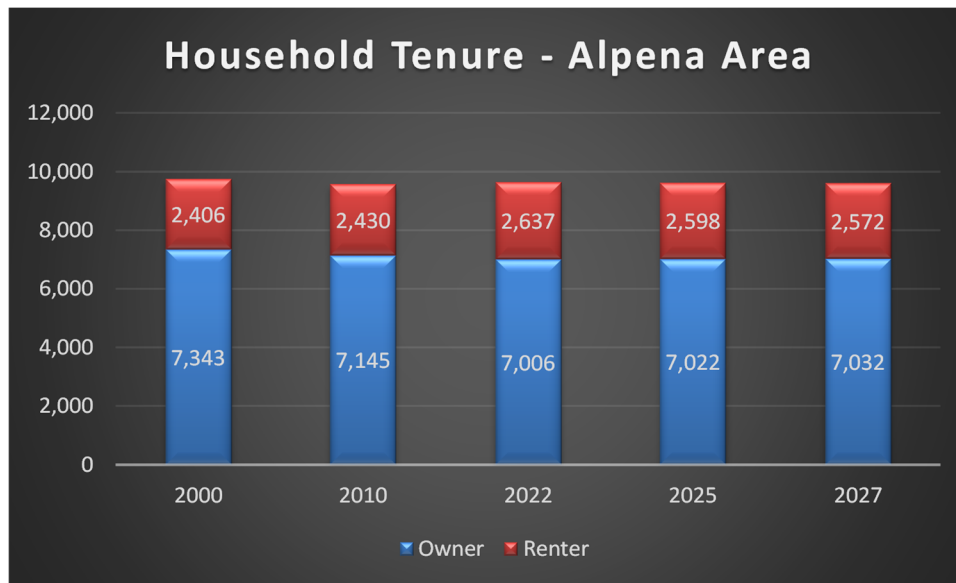
Table: Households by Tenure (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Renter-Occupied Households	**1,587**	**2,406**	**267**	**2,673**
Percent of total 2000 households	32.6%	24.7%	8.7%	20.9%
2010 Renter-Occupied Households	**1,447**	**2,430**	**285**	**2,715**
Percent of total 2010 households	30.5%	25.4%	8.9%	21.2%
Percent change (2000 to 2010)	-8.8%	1.0%	6.7%	1.6%
2022 Renter-Occupied Households	**1,584**	**2,637**	**293**	**2,930**
Percent of total 2022 households	33.4%	27.3%	9.2%	22.9%
Percent change (2010 to 2022)	9.5%	8.5%	2.8%	7.9%
2025 Renter-Occupied Households	**1,557**	**2,598**	**288**	**2,886**
Percent of total 2025 households	32.9%	27.0%	9.0%	22.5%
Percent change (2010 to 2025)	7.6%	6.9%	1.1%	6.3%
2027 Renter-Occupied Households	**1,539**	**2,572**	**285**	**2,857**
Percent of total 2027 households	32.5%	26.8%	8.9%	22.3%
Percent change (2010 to 2027)	6.4%	5.8%	0.0%	5.2%
2000 Owner-Occupied Households	**3,287**	**7,343**	**2,802**	**10,145**
Percent of total 2000 households	67.4%	75.3%	91.3%	79.1%
2010 Owner-Occupied Households	**3,296**	**7,145**	**2,931**	**10,076**
Percent of total 2010 households	69.5%	74.6%	91.1%	78.8%
Percent change (2000 to 2010)	0.3%	-2.7%	4.6%	-0.7%
2022 Owner-Occupied Households	**3,162**	**7,006**	**2,884**	**9,890**
Percent of total 2022 households	66.6%	72.7%	90.8%	77.1%
Percent change (2010 to 2022)	-4.1%	-1.9%	-1.6%	-1.8%
2025 Owner-Occupied Households	**3,179**	**7,022**	**2,904**	**9,925**
Percent of total 2025 households	67.1%	73.0%	91.0%	77.5%
Percent change (2010 to 2025)	-3.5%	-1.7%	-0.9%	-1.5%
2027 Owner-Occupied Households	**3,191**	**7,032**	**2,917**	**9,949**
Percent of total 2027 households	67.5%	73.2%	91.1%	77.7%
Percent change (2010 to 2027)	-3.2%	-1.6%	-0.5%	-1.3%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau: ESRI

Graphic: Household Tenure Breakdown – City of Alpena

Table: Owner Households by Size

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Total Occupied Owner Units	3,130	7,121	2,759	9,880
1 Unit	3,059	6,773	2,519	9,292
% of Total	97.7%	95.1%	91.3%	94.0%
2 to 4 Units	59	117	3	120
% of Total	1.9%	1.6%	0.1%	1.2%
5 to 19 Units	12	12	0	12
% of Total	0.4%	0.2%	0.0%	0.1%
20 to 49 Units	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%
50 or more Units	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%
Mobile Home/Boat/Other	0	219	237	456
% of Total	0.0%	3.1%	8.6%	4.6%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Table: Renter Households by Size

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Total Occupied Rental Units	1,659	2,372	332	2,704
1 Unit	400	706	208	914
% of Total	24.1%	29.8%	62.7%	33.8%
2 to 4 Units	608	779	15	794
% of Total	36.6%	32.8%	4.5%	29.4%
5 to 19 Units	264	368	5	373
% of Total	15.9%	15.5%	1.5%	13.8%
20 to 49 Units	244	272	0	272
% of Total	14.7%	11.5%	0.0%	10.1%
50 or more Units	130	186	10	196
% of Total	7.8%	7.8%	3.0%	7.2%
Mobile Home/Boat/Other	13	61	94	155
% of Total	0.8%	2.6%	28.3%	5.7%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

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As with the senior population, senior households will exhibit the most robust gains across all geographic levels within Alpena County for the foreseeable future. By 2027, the number of senior households age 65+ across the county will total 3,713 units, accounting for 39 percent of all households. The younger senior segment (age 55 and older) will represent a majority of the Alpena area's households by 2027, with 5,569 units

Senior households age 55+ across Alpena County will represent 59 percent of all occupied units by 2027. Continued increasing concentrations of seniors will ultimately negatively impact the tax base and employment pool.

(58 percent of all households within the Alpena area). The 2027 concentration of younger senior households within the city will also represent more than half of all households, at 53 percent.

These trends are not unique to Alpena, and the impacts of such trends can be observed within other northern Michigan communities, such as declining school enrollment, shrinking labor force, reduced retail and commercial market potential, and an inevitable and necessary emphasis on healthcare-related outlets and occupations. The implications regarding schools, the local tax base, the labor force, and the future of the community overall are quite evident within this statistic. Trends beyond 2030 from various demographic projections point to an increasingly elderly household count, decreased family concentrations, and greater dependence on outside economic/social inputs to maintain economic stability.

Across Alpena County, rental units occupied by a senior, including those designated for senior occupancy or undesignated options, represented 19 percent of all rental units in 2010, and accounted for 14 percent of all senior households in 2010. These concentrations are notably larger within the city and two market areas, as indicated within the following table.

Alpena reflects an increasingly population retirement destination for seniors across the state, with most of these retirees exhibiting moderate-income or higher-income levels. Affordable and subsidized properties primarily serve local residents, or those from immediately adjacent sections of Alpena County. These households would include those within independent living developments, conventional apartment units, and rental homes of any type. It should be noted that assisted living and nursing care residents are considered group quarters population, and are not counted individually as a senior household.

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Graphic: Senior Household Trends – Alpena Area
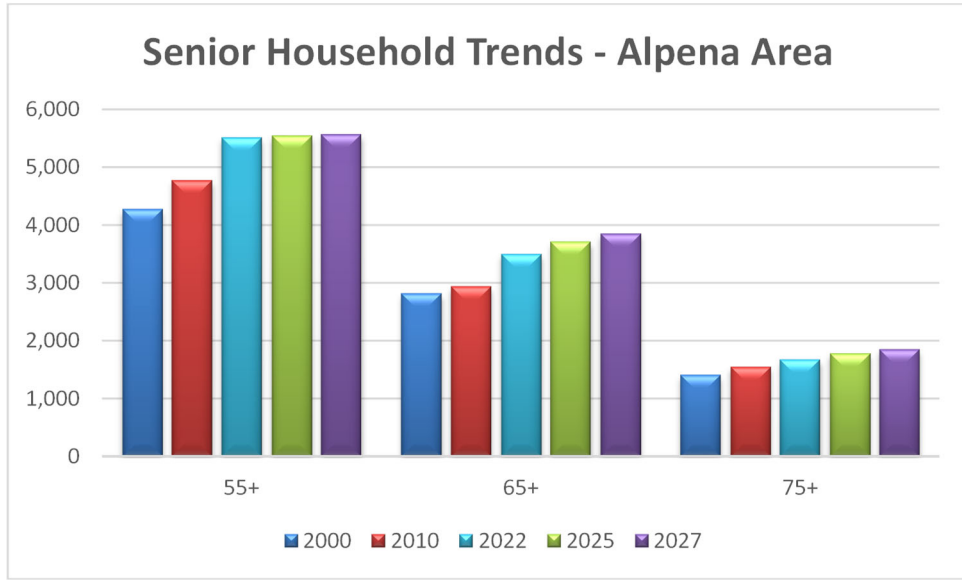
Table: Senior Household Trends (2000 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Senior Households (55 years and Over)	**2,133**	**4,276**	**1,308**	**5,584**
Percent of total 2000 households	43.8%	43.9%	42.6%	43.6%
2010 Senior Households (55 years and Over)	**2,233**	**4,778**	**1,648**	**6,426**
Percent of total 2010 households	47.1%	49.9%	51.2%	50.2%
Percent change (2000 to 2010)	4.7%	11.7%	26.0%	15.1%
2022 Senior Households (55 years and Over)	**2,504**	**5,514**	**1,930**	**7,444**
Percent of total 2022 households	52.8%	57.2%	60.7%	58.1%
Percent change (2010 to 2022)	12.1%	15.4%	17.1%	15.8%
Average Annual Change (2010 to 2022)	1.0%	1.2%	1.3%	1.2%
2025 Senior Households (55 years and Over)	**2,509**	**5,547**	**1,985**	**7,532**
Percent of total 2025 households	53.0%	57.7%	62.2%	58.8%
Percent change (2010 to 2025)	12.4%	16.1%	20.5%	17.2%
Average Annual Change (2010 to 2025)	0.8%	1.0%	1.2%	1.1%
2027 Senior Households (55 years and Over)	**2,512**	**5,569**	**2,022**	**7,591**
Percent of total 2027 households	53.1%	58.0%	63.1%	59.3%
Percent change (2010 to 2027)	12.5%	16.6%	22.7%	18.1%
Average Annual Change (2010 to 2027)	0.7%	0.9%	1.2%	1.0%
2000 Senior Households (65 years and Over)	**1,533**	**2,819**	**778**	**3,597**
Percent of total 2000 households	31.5%	28.9%	25.4%	28.1%
2010 Senior Households (65 years and Over)	**1,371**	**2,940**	**930**	**3,870**
Percent of total 2010 households	28.9%	30.7%	28.9%	30.3%
Percent change (2000 to 2010)	-10.6%	4.3%	19.5%	7.6%
2022 Senior Households (65 years and Over)	**1,584**	**3,501**	**1,168**	**4,669**
Percent of total 2022 households	33.4%	36.3%	36.8%	36.4%
Percent change (2010 to 2022)	15.5%	19.1%	25.6%	20.6%
Average Annual Change (2010 to 2022)	1.2%	1.5%	1.9%	1.6%
2025 Senior Households (65 years and Over)	**1,673**	**3,713**	**1,284**	**4,997**
Percent of total 2025 households	35.3%	38.6%	40.2%	39.0%
Percent change (2010 to 2025)	22.1%	26.3%	38.0%	29.1%
Average Annual Change (2010 to 2025)	1.3%	1.6%	2.2%	1.7%
2027 Senior Households (65 years and Over)	**1,733**	**3,854**	**1,361**	**5,215**
Percent of total 2027 households	36.6%	40.1%	42.5%	40.7%
Percent change (2010 to 2027)	26.4%	31.1%	46.3%	34.8%
Average Annual Change (2010 to 2027)	1.4%	1.6%	2.3%	1.8%
2000 Senior Households (75 years and Over)	**865**	**1,412**	**350**	**1,762**
Percent of total 2000 households	17.7%	14.5%	11.4%	13.7%
2010 Senior Households (75 years and Over)	**788**	**1,553**	**422**	**1,975**
Percent of total 2010 households	16.6%	16.2%	13.1%	15.4%
Percent change (2000 to 2010)	-8.9%	10.0%	20.6%	12.1%
2022 Senior Households (75 years and Over)	**776**	**1,677**	**478**	**2,155**
Percent of total 2022 households	16.4%	17.4%	15.0%	16.8%
Percent change (2010 to 2022)	-1.5%	8.0%	13.3%	9.1%
Average Annual Change (2010 to 2022)	-0.1%	0.6%	1.0%	0.7%
2025 Senior Households (75 years and Over)	**817**	**1,785**	**542**	**2,327**
Percent of total 2025 households	17.2%	18.6%	17.0%	18.2%
Percent change (2010 to 2025)	3.7%	14.9%	28.3%	17.8%
Average Annual Change (2010 to 2025)	0.2%	0.9%	1.7%	1.1%
2027 Senior Households (75 years and Over)	**844**	**1,857**	**584**	**2,441**
Percent of total 2027 households	22.3%	21.4%	18.2%	20.4%
Percent change (2010 to 2027)	7.1%	19.6%	38.4%	23.6%
Average Annual Change (2010 to 2027)	0.4%	1.1%	1.9%	1.3%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

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Table: Senior Renter Household Trends (2000 to 2010)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2000 Senior Renter Households (65 years and Over)	**347**	**502**	**36**	**538**
Percent of total 2000 senior households	22.6%	17.8%	4.6%	15.0%
2010 Senior Renter Households (65 years and Over)	**246**	**486**	**42**	**528**
Percent of total 2010 senior households	17.9%	16.5%	4.5%	13.6%
Percent change (2000 to 2010)	-29.1%	-3.2%	16.7%	-1.9%
Percent of Total 2010 Renter Households	17.0%	20.0%	15.7%	19.4%
2000 Senior Renter Households (55 years and Over)	**471**	**697**	**55**	**752**
Percent of total 2000 senior households	22.1%	24.7%	4.2%	20.9%
2010 Senior Renter Households (55 years and Over)	**452**	**818**	**79**	**897**
Percent of total 2010 senior households	20.2%	17.1%	4.8%	14.0%
Percent change (2000 to 2010)	-4.0%	17.4%	43.6%	19.3%
Percent of Total 2010 Renter Households	31.2%	33.7%	27.7%	33.0%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau

The division of renter households by size appears to be a function of the subsidy/affordable units, along with the somewhat higher than average concentration of senior rental units, as indicated by data reporting rental households by the number of occupants. Based on the most recent data from the American Housing Survey, 59 percent of the renter-occupied households in Alpena city were one-person households. Within the Alpena area, this ratio is 54 percent of all rental units, while two-person households accounted for 23 percent. Three-and four-person renter households totaled 15 percent as well, while five or more-person renters represented just six percent of renter households within the Alpena area.

The city exhibits a somewhat lower concentration of family-oriented rental units, particularly those units for larger-sized families. The balance of Alpena County features a greater percentage concentration of single-family rentals, which is reflected within the larger-person rental units found within the following table. Overall percentages exhibit an imbalance of rental units, with insufficient options for larger-sized households.

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Table: Rental Unit Size Distribution

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
One Person	976	1,282	99	1,381
Percent of total renter households	58.8%	54.0%	29.8%	51.1%
Two Persons	336	556	83	639
Percent of total renter households	20.3%	23.4%	25.0%	23.6%
Three or Four Persons	329	488	116	604
Percent of total renter households	19.8%	20.6%	34.9%	22.3%
Five or More Person	18	46	34	80
Percent of total renter households	1.1%	1.9%	10.2%	3.0%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Graphic: Rental Unit Size Distribution – Alpena Area
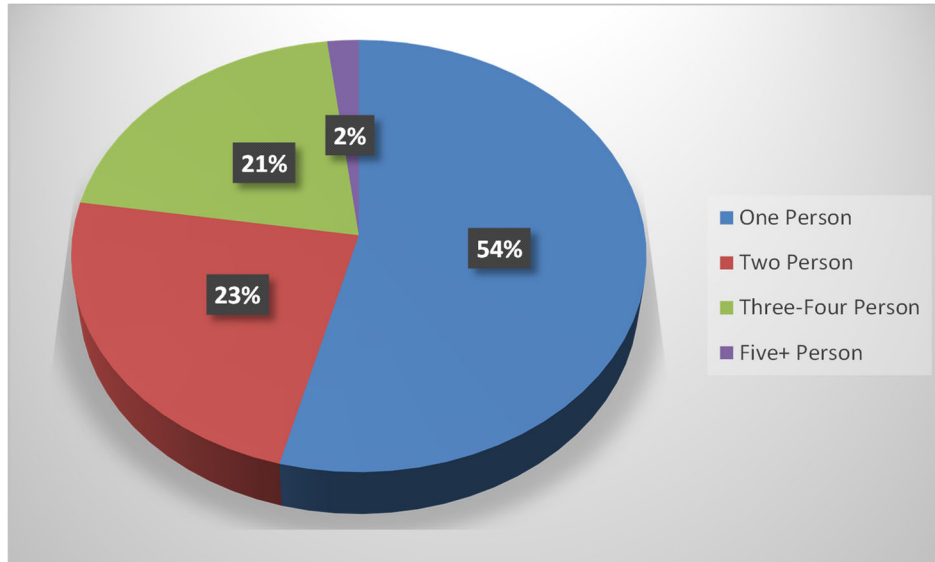
The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. These trends appear to indicate that most rental units are found within the city, with similar pricing trends outside of the city, exhibiting similar growth patterns. Average annual growth rates across the various geographic levels are surprisingly moderate, typically around two percent as indicated within the following table. Such trends are impactful in terms of reducing rent-overburden, and also reflect the number of subsidy and affordable units that exist within the community.

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Table: Median Gross Rent Trends

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2010 Median Gross Rent Estimate	**$461**	**$474**	**$495**	**$479**
2020 Median Gross Rent Estimate	**$589**	**$591**	**$601**	**$606**
2024 Median Gross Rent Estimate	**$640**	**$638**	**$643**	**$657**
Total percent change (2010 to 2024)	38.9%	34.7%	30.0%	37.1%
Annual percent change (2010 to 2024)	2.4%	2.2%	1.9%	2.3%

SOURCE: American Community Survey, U.S. Census Bureau; CRS.

Graphic: Median Gross Rent Trends – Alpena & Alpena County
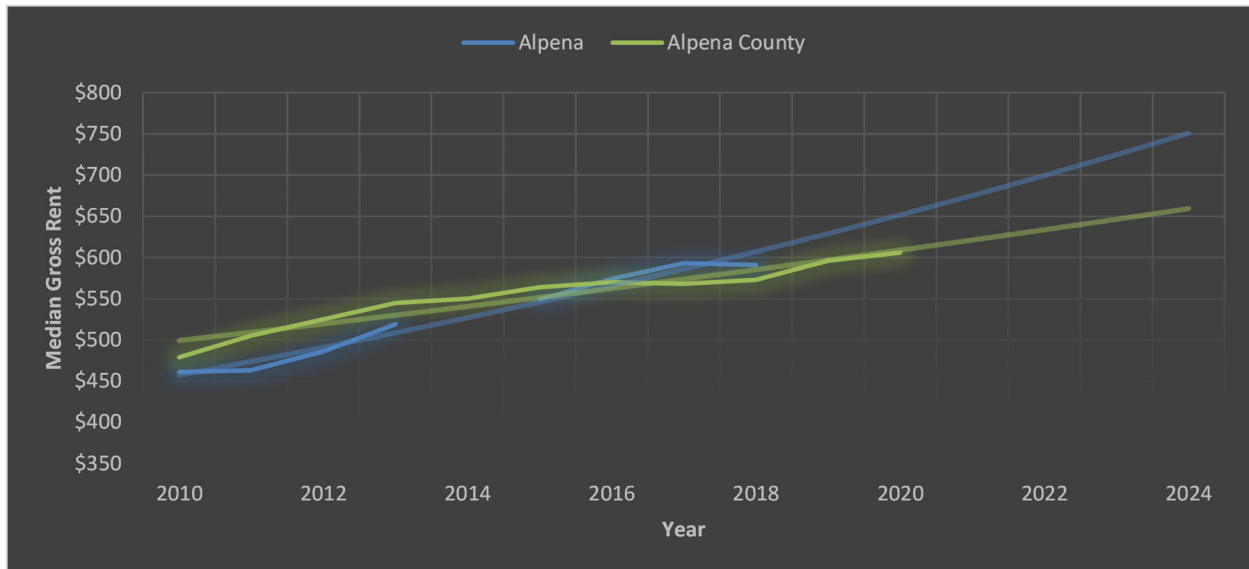
Household Income Trends

The median household income figures for Alpena exhibit the strongest percentage increases, but still lag behind the balance of the county overall. This is due to a combination of subsidy rental developments concentrated within Alpena, and the prevalence of higher income households and a greater concentration of single-family structures as compared to apartments/rental units found mostly within Alpena. This is evident from the overall rate of growth for the various geographic levels found within the following table. Prevailing income appreciation trends are modest within the Alpena area,

> *Alpena features the lowest prevailing incomes across the county, but demonstrates the strongest percentage growth potential for the foreseeable future*

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and outside of specific categories has until recently maintained pace with inflationary patterns. The increase in inflationary pressure since 2020 has not yet been impactful upon wage/income projections for the next few years. If such trends continue, significant price-point pressure upon the existing housing market will further impact affordability for both homeowners and renters. Given the lack of new housing supply available within the Alpena area, the local housing marketplace is being squeezed from both sides of the demand equation.

At $45,911, the 2022 median household income estimate for Alpena County is just 25 percent greater than the 2010 median, over a 12-year period. For the city, the 2022 median income estimate is $42,174 – somewhat lower than the county median, but reflective of a 34 percent increase from 2010. The highest prevailing incomes within the county are found within the Rural Alpena area – with a 2022 median estimate of $46,023.

ESRI forecasts predict that incomes across the county will continue to increase, with slowly increasing growth rates continuing across the county. By 2027, the city's median household income is forecast at $48,350, reflecting an average annual increase of 2.6 percent from 2010 totals. Median income projected for Alpena County is forecast at $51,948 for 2027, an average annual increase of 2.1 percent. While positive, with projected inflation levels between seven and nine percent over the next year – these income gains in a real sense will be negative, with decreasing affordability and reduced asset accumulation within the housing marketplace.

The rate of growth and actual median income levels are notably below both the Gaylord region and the Traverse City region. It should be noted, however, that the Alpena area's prevailing housing costs are also below those found within these other two regions of northern lower Michigan.

Median income data separated by age provides a unique measure of the stability of various segments of the local demographic. Within Alpena city (and to a slightly lesser extent, all of Alpena County), a sharp increase in young adult incomes was indicated (in this case young adults include those age 25 and younger) – a trend quite rare within most rural portions of Michigan, and likely an indication of increased retention of younger persons/families within Alpena (as well as all of Alpena County), as compared to migration to other parts of the state and nation. The overall increase in median incomes over this 10-year period is 22 percent; for the

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young adult segment is over 100 percent. Whether this trend is the result of new business creation (the most likely reason), increased employee retention, or a greater degree of entrepreneurial successes across the Alpena region for younger adults (another likely reason), further encouragement of such trends is absolutely vital to the future viability of the Alpena community, and can hopefully expand across a wide range of industries and occupations.

While these younger adult median income figures only represent a portion of the overall household total, they are clearly statistically significant to be included within these totals, and have an evident impact upon overall median income gains for the Alpena area.

Graphic: Median Household Income by Age – 2010 to 2021 – Alpena County
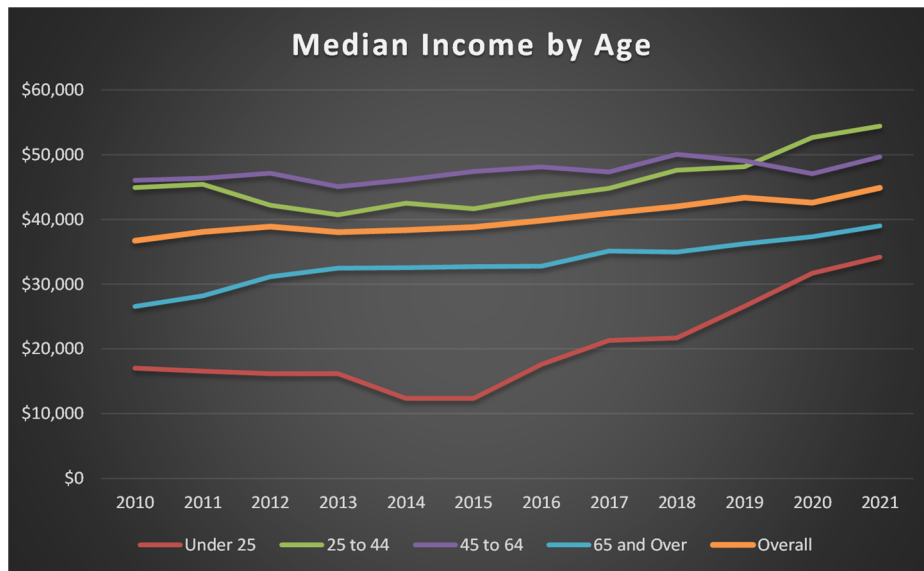
Graphic: Median Household Income by Age – 2010 to 2021 – City of Alpena
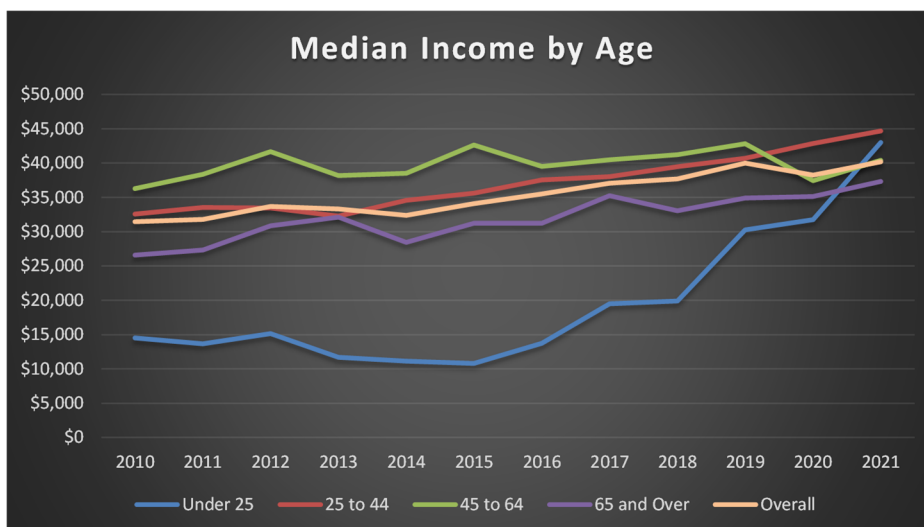
Table: Median Household Incomes (2010 to 2027)

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
2010 Median Household Income	$31,463	$35,968	$36,761	$36,695
2022 Estimated Median Household Income	**$42,174**	**$43,938**	**$46,023**	**$45,911**
Total percent change (2010 to 2022)	34.0%	22.2%	25.2%	25.1%
Annual percent change (2010 to 2022)	2.5%	1.7%	1.8%	1.9%
2025 Forecast Median Household Income	**$45,880**	**$48,151**	**$49,851**	**$49,533**
Total percent change (2010 to 2025)	45.8%	33.9%	35.6%	35.0%
Annual percent change (2010 to 2025)	2.5%	2.0%	2.0%	2.0%
2027 Forecast Median Household Income	**$48,350**	**$50,960**	**$52,112**	**$51,948**
Total percent change (2010 to 2027)	53.7%	41.7%	41.8%	41.6%
Annual percent change (2010 to 2027)	2.6%	2.1%	2.1%	2.1%

SOURCE: 2010 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Graphic: Median Household Incomes – 2010 to 2027
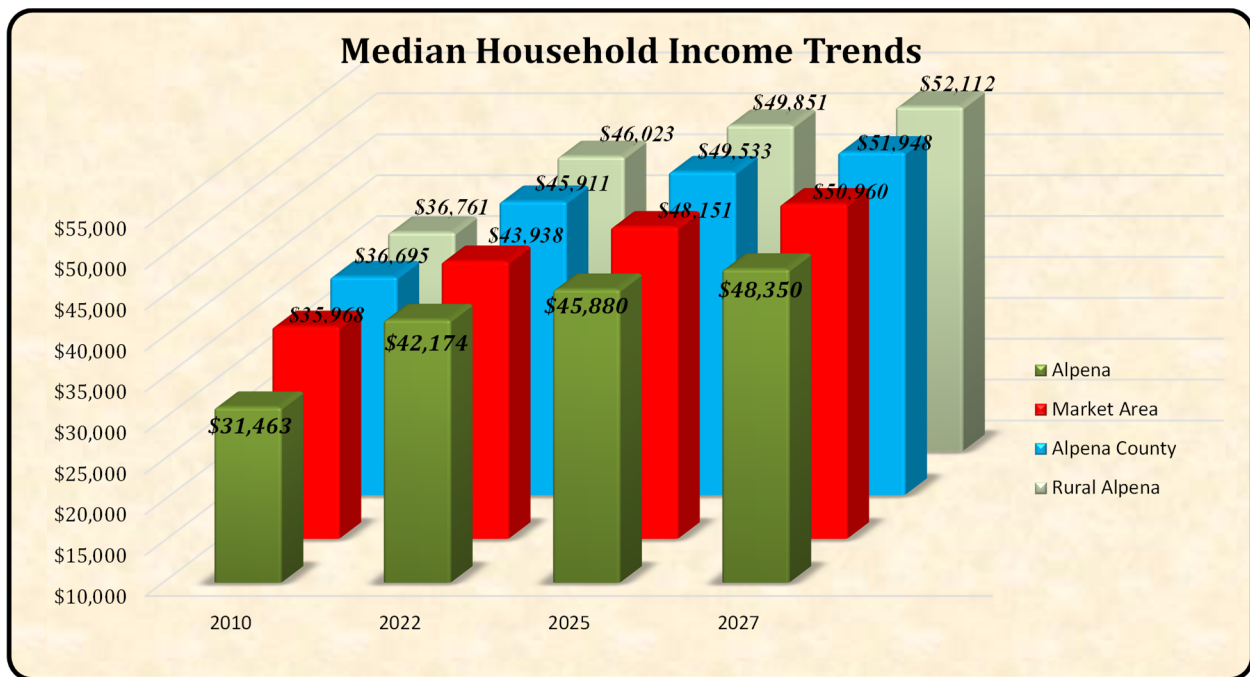
Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data exhibits the types of housing options present across the Alpena area. This would include a range of rental unit types, ranging from subsidy units to higher priced apartments and single-family rentals, along with a homeownership segment that is concentrated among moderate-income and higher-income households. Comparing this data to

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the available housing options across the Alpena area, it is likely that single family rentals and other non-apartment units represent a significant part of the community's rental housing stock.

Also, the community's owner households exhibit an evident upper-income component – not necessarily unexpected, but indicative of a market rate potential for renter households by residents that may prefer a shift away from homeownership. Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. The pandemic has likely exacerbated such trends, based on the most available housing information. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive, despite uncertain economic conditions and increasing price points for both owner and rental options.

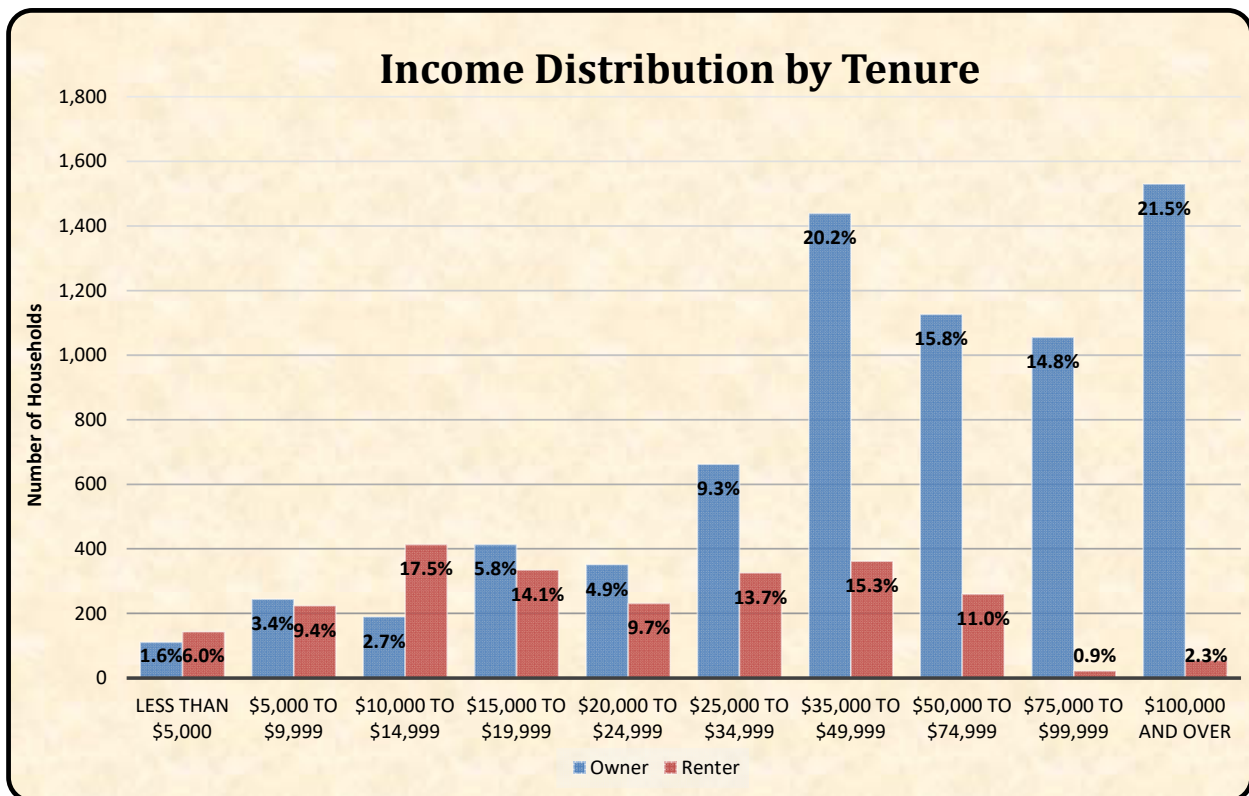**Graphic: Household Income Distribution by Tenure – Alpena Area (2020)**

Table: Household Income Distribution by Tenure – Alpena Area (2021)

	Total Households	Owner Households	Renter Households
Less than $5,000	**254**	**111**	**143**
Percent of 2021 Households	2.7%	1.6%	6.0%
$5,000 to $9,999	**468**	**244**	**224**
Percent of 2021 Households	4.9%	3.4%	9.4%
$10,000 to $14,999	**604**	**190**	**414**
Percent of 2021 Households	6.4%	2.7%	17.5%
$15,000 to $19,999	**749**	**414**	**335**
Percent of 2021 Households	7.9%	5.8%	14.1%
$20,000 to $24,999	**582**	**351**	**231**
Percent of 2021 Households	6.1%	4.9%	9.7%
$25,000 to $34,999	**988**	**662**	**326**
Percent of 2021 Households	10.4%	9.3%	13.7%
$35,000 to $49,999	**1,800**	**1,438**	**362**
Percent of 2021 Households	19.0%	20.2%	15.3%
$50,000 to $74,999	**1,386**	**1,126**	**260**
Percent of 2021 Households	14.6%	15.8%	11.0%
$75,000 to $99,999	**1,077**	**1,055**	**22**
Percent of 2021 Households	11.3%	14.8%	0.9%
$100,000 and Over	**1,585**	**1,530**	**55**
Percent of 2021 Households	16.7%	21.5%	2.3%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

A distribution of senior household income (age 65 and older) for Alpena County is illustrated within the following table. The spread of households across various income levels is indicative of the high number of subsidy rental units. The movement of senior owners into a rental option is increasingly observed across much of Michigan and regionally, and has been a common aspect of the senior housing segment within the Alpena area. As mentioned previously, senior growth reflects a combination of aging in place within a historically senior-oriented community and movement by retirees from across other portions of Michigan.

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Table: Senior Household Income Distribution by Tenure – Alpena County (2020)

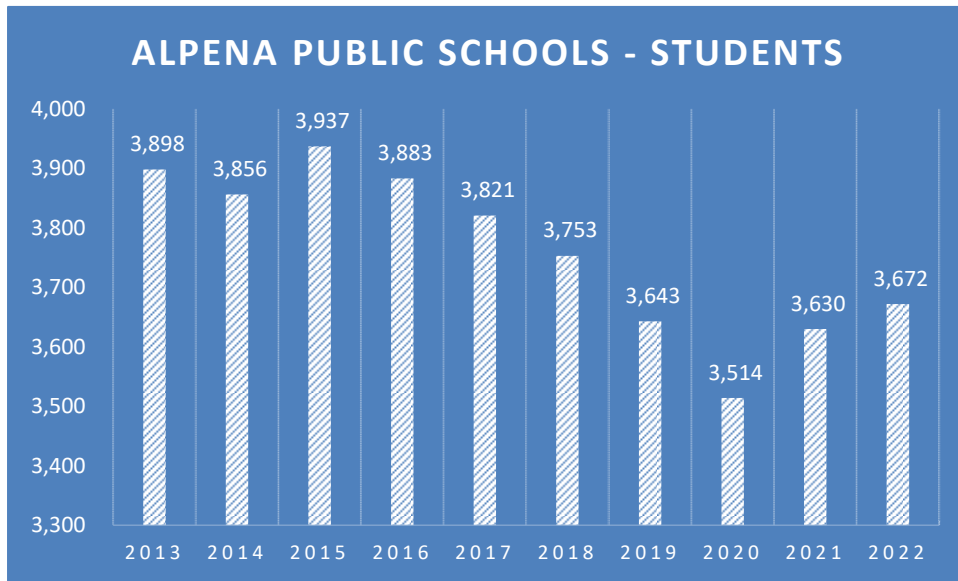|	Senior Owner	Senior Renter	Senior Total
Less than $10,000	**240**	**90**	**330**
Percent of Total	5.1%	16.4%	6.3%
$10,000 to $19,999	**625**	**270**	**895**
Percent of Total	13.3%	49.1%	17.0%
$20,000 to $29,999	**640**	**60**	**700**
Percent of Total	13.6%	10.9%	13.3%
$30,000 to $39,999	**775**	**75**	**850**
Percent of Total	16.5%	13.6%	16.2%
$40,000 to $49,999	**565**	**15**	**580**
Percent of Total	12.0%	2.7%	11.0%
$50,000 to $59,999	**360**	**0**	**360**
Percent of Total	7.7%	0.0%	6.9%
$60,000 to $74,999	**435**	**20**	**455**
Percent of Total	9.2%	3.6%	8.7%
$75,000 to $99,999	**480**	**5**	**485**
Percent of Total	10.2%	0.9%	9.2%
$100,000 to $125,000	**205**	**10**	**215**
Percent of Total	4.4%	1.8%	4.1%
$125,000 and Over	**380**	**5**	**385**
Percent of Total	8.1%	0.9%	7.3%

Source: US Census Bureau, HUDuser.org

Graphic: Senior Household Income Distribution by Tenure – Alpena County (2020)
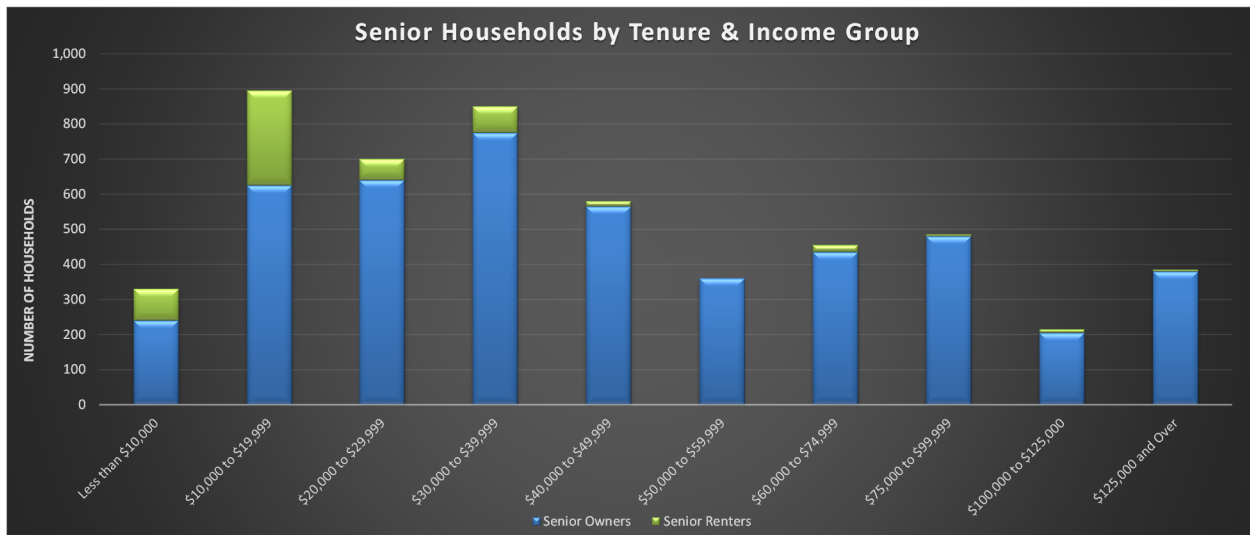
Other Demographic Factors

      As indicated by both US Census data and ESRI forecasts, non-adult population totals within Alpena and across the county are projected to slowly decline over the balance of this decade, similar to most other northern Michigan communities. Based on data from the Alpena Public Schools, enrollment trends are generally declining, but student totals since the pandemic have increased somewhat. Total enrollment within the school district over the past ten years is as follows:

ALPENA PUBLIC SCHOOLS - STUDENTS

Year	Students
2013	3,898
2014	3,856
2015	3,937
2016	3,883
2017	3,821
2018	3,753
2019	3,643
2020	3,514
2021	3,630
2022	3,672

The ten-year trend reflects a decline of nearly six percent from 2013, with a reversal of trends since the pandemic. The data does exclude information from All Saints Catholic School (Pre-K through 8th grade – current enrollment 128 students) and Immanuel Lutheran School (Pre-K through 8th grade – 145 students), but the trend does demonstrate stability after the pandemic's impacts.

      With two alternative religious schools within the city and considering the increasing popularity of homeschooling, these trends are not unusual, and are actually somewhat preferrable to other rural school districts that are experiencing significantly more acute declines in enrollment. The pandemic has impacted traditional enrollment, but many northern Michigan communities are facing significant declines over the coming decades due to prevailing demographic trends, declining family sizes, and reduced fertility ratios.

A summary of key demographic and economic statistics is presented within the following pages in an infographic format. While much of the information was previously presented, other considerations of note are worthy of mention. One is the prevailing poverty rate for Alpena is higher than anticipated, but reflective of the number of subsidy units found within the city. Across the county the poverty rate is notably lower.

The infographics for each area also include a more detailed population pyramid (among other statistics of note), which illustrates a somewhat larger number of young adults on a percentage basis within Alpena and to a lesser extend the Alpena area, as compared to other smaller northern Michigan cities. This concentration does reflect at least a portion of two key target market segments, as described within the prior section of this report, and represents a likely underserved housing segment.

Also, median home values are listed within the ESRI data, based in ACS surveys from the Census Bureau. Figures from Alpena reflect a combination of various housing options, ages, and occupancy. Within the surrounding townships and overall county data, prevailing home values are notably higher, reflective of mostly homeowners, larger structures, and the inclusion of high-end vacation/retirement homes found within sections of Alpena County, especially along waterfront lots.

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Infographics: Key Demographic/Economic Data

City of Alpena
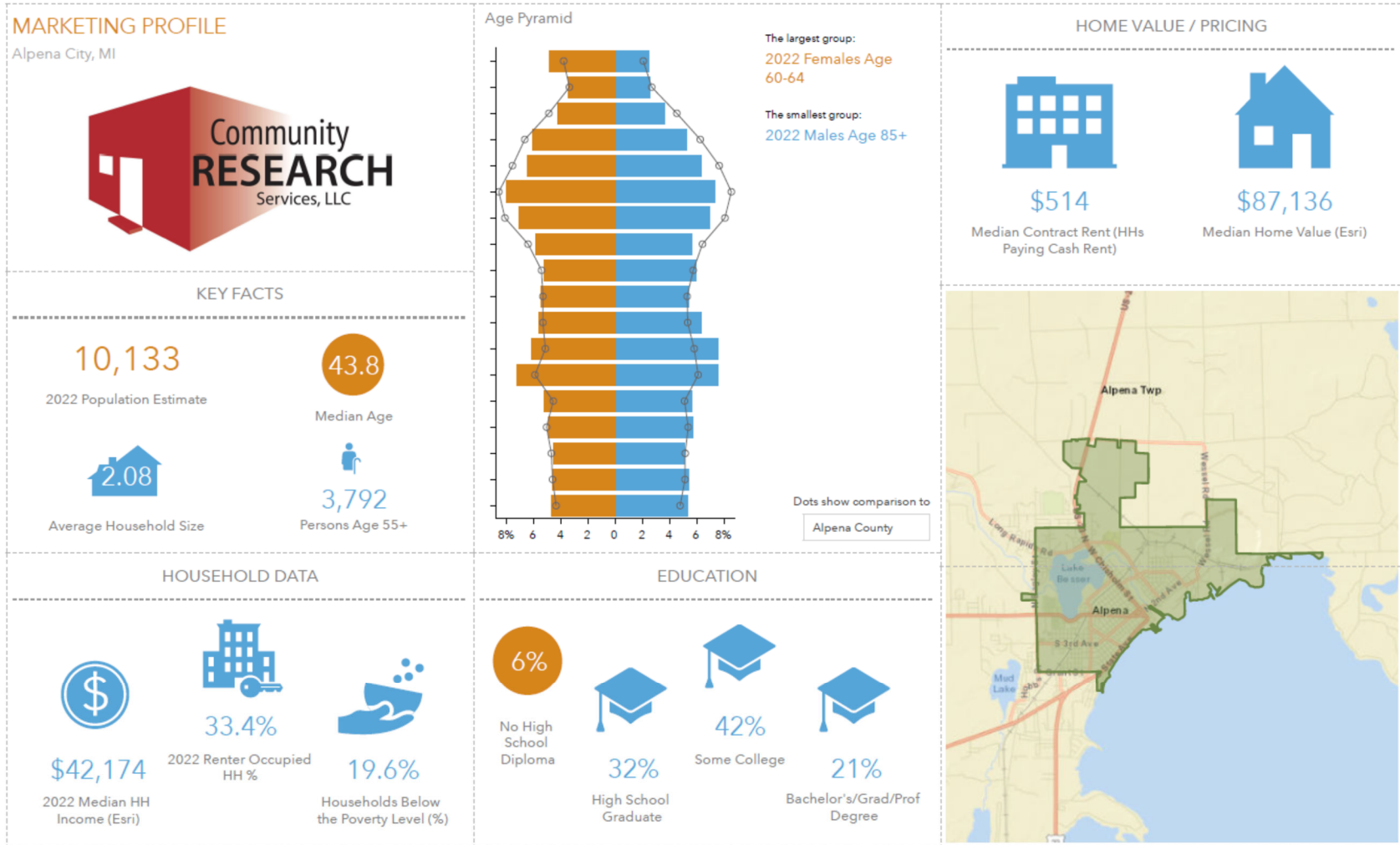
Alpena Market Area

MARKETING PROFILE
Alpena Area

KEY FACTS

21,087
2022 Population Estimate

47.7
Median Age

2.13
Average Household Size

8,677
Persons Age 55+

HOUSEHOLD DATA

$43,938
2022 Median HH Income (Esri)

27.4%
2022 Renter Occupied HH %

16.9%
Households Below the Poverty Level (%)

Age Pyramid

The largest group:
2022 Females Age 60-64

The smallest group:
2022 Males Age 85+

8% 6 4 2 0 2 4 6 8%

Dots show comparison to
Alpena County

EDUCATION

6%
No High School Diploma

34%
High School Graduate

39%
Some College

21%
Bachelor's/Grad/Prof Degree

HOME VALUE / PRICING

$500
Median Contract Rent (HHs Paying Cash Rent)

$103,965
Median Home Value (Esri)

Alpena

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Rural Alpena Market Area

MARKETING PROFILE
Rural Alpena Area

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KEY FACTS

7,519
2022 Population Estimate

49.3
Median Age

2.36
Average Household Size

3,182
Persons Age 55+

HOUSEHOLD DATA

$51,991
2022 Median HH Income (Esri)

9.3%
2022 Renter Occupied HH %

12.3%
Households Below the Poverty Level (%)

Age Pyramid
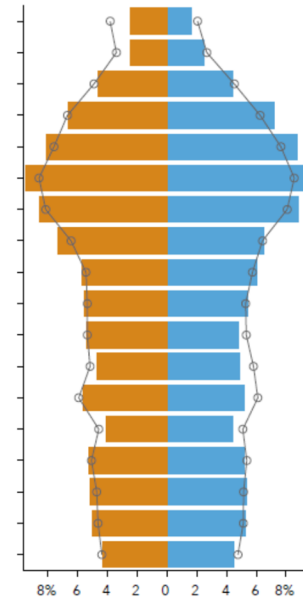
The largest group:
2022 Males Age 60-64

The smallest group:
2022 Males Age 85+

Dots show comparison to
Alpena County

8% 6 4 2 0 2 4 6 8%

EDUCATION

8%
No High School Diploma

37%
High School Graduate

37%
Some College

17%
Bachelor's/Grad/Prof Degree

HOME VALUE / PRICING

N/A
Median Contract Rent (HHs Paying Cash Rent)

$130,279
Median Home Value (Esri)

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Alpena County

MARKETING PROFILE
Alpena County, MI

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KEY FACTS

28,606
2022 Population Estimate

48.1
Median Age

2.19
Average Household Size

11,856
Persons Age 55+

HOUSEHOLD DATA

$45,911
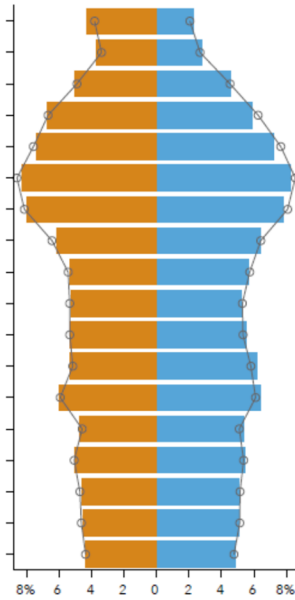2022 Median HH
Income (Esri)

22.9%
2022 Renter Occupied
HH %

15.8%
Households Below
the Poverty Level (%)

Age Pyramid

The largest group:
2022 Females Age
60-64

The smallest group:
2022 Males Age 85+

Dots show comparison to

Michigan

8% 6   4   2   0   2   4   6   8%
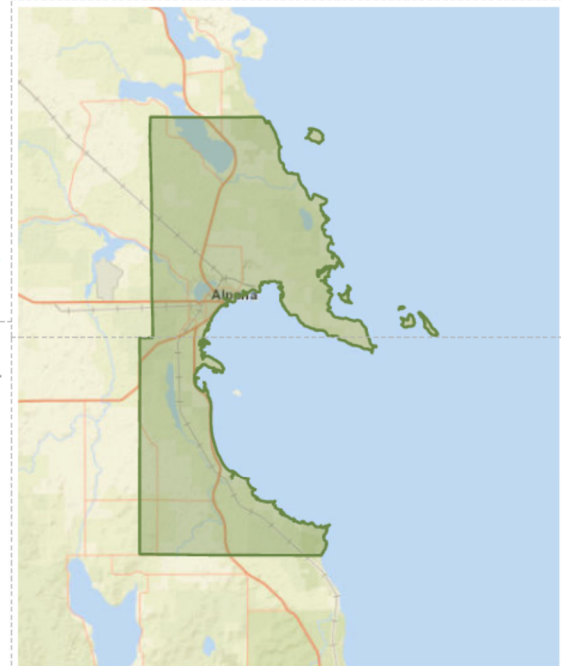
EDUCATION

7%
No High
School
Diploma

35%
High School
Graduate

39%
Some College

20%
Bachelor's/Grad/Prof
Degree

HOME VALUE / PRICING

$501
Median Contract Rent (HHs
Paying Cash Rent)

$112,955
Median Home Value (Esri)

Alpena

Huron

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ESRI Tapestry Information

A method of describing the socio-economic patterns that are prevalent within a specific community has been developed by ESRI (Environmental Systems Research Institute, Inc.), a leading provider of demographic and economic data and forecasts. Called Tapestry, this type of analysis uses a set of pre-defined descriptions that provide a convenient way to examine areas. A total of 67 separate segments have been identified, based on unique demographic, economic, educational, housing, and purchasing characteristics. Some of these definitions are quite similar, but have been separated due to a key factor, such as urban/suburban/rural, preferred employment options, or typical housing choices, among other factors.

In addition, the 67 segments have been coordinated into 15 separate "LifeMode" groups, which permit cross tabulations of the segments by urban locations or senior citizens, for example. Thus, the Tapestry analysis can be based on either the identification of key segments within a specific area, or the collective review of various segments that may exist within a defined area. Either approach provides a new and interesting way to identify market demand and long-term market depth for a wide range of products and services.

While these definitions of population segments are broadly defined, this type of segmentation allows for a more target-market approach to the segmentation of a specific market area or community. Identification of specific Tapestry segments that matches a desired target market allows for a secondary identification of market depth, potential flexibility in regard to key project features, and a higher level of background information in regard to a defined market area.

Segmentation analysis is difficult to describe briefly, and caution should be used in regard to this tool being over-used as a primary determinant of market potential. Entire recommendations by inexperience analysts have been made primarily based on segmentation-type tools, without any significant examination of site, demographic, and economic factors. At best this tool helps to refine target market identification and provides a secondary source of market demand. A summary of the Tapestry data is present at the end of this report. Detailed descriptions of individual Tapestry segments are found at http://www.esri.com/landing-pages/tapestry.

A brief description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Alpena County Households	% of U.S. Households
Small Town Sincerity	Lower-income singles/couples, mix of renters/owners, mix of ages but mostly 55+, still employed	18.4%	1.8%
Rural Resort Dwellers	Moderate income singles/couples, empty nesters, mostly homeowners, near retirement	18.3%	1.0%
Rooted Rural	Low/moderate income couples, mostly homeowners, still employed, lower educational attainment	16.1%	1.8%
Midlife Constants	Seniors with moderate incomes, mostly retired, mostly homeowners	14.5%	2.4%
Traditional Living	Younger families with children, employed within non-professional jobs, with low-to-moderate incomes	11.9%	1.9%
Rustbelt Traditions	Moderate income families, homeowners, within established neighborhoods	5.6%	2.1%
Prairie Living	Moderate income families, homeowners, mix of self-employed & traditional wage earners, mostly involved with agriculture	5.4%	1.0%
The Great Outdoors	Moderate-income couples, some with older children, mostly homeowners, ready for retirement	4.8%	1.5%
Salt of the Earth	Moderate incomes, families with children, mostly homeowners, lower educational attainment	2.5%	2.8%
Heartland Communities	Older couples, mostly empty nesters, semi-retired, moderate income/wealth	2.3%	2.2%
Total		**100.0%**	**18.6%**

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Within Alpena County, ten separate segments were identified by ESRI as representing a significant portion of the overall population. All are described as either moderate income or lower income household groups, with most described as established families or senior households. The one exception to this is the segment described as "Traditional Living", representing approximately 12 percent of the county's households. The segments do reflect a range of incomes, economic status, and likely household types found within the market area, but the differences among these groups are not substantial when taking the entire range of possible household characteristics into consideration.

In terms of ideal segment characteristics, none of the ten segments are indicative of a group that would be ideal for market rate rentals or moderate/higher income homeownership housing units. This is not to say that such households are not present, but that the predominant household/family characteristics lean toward moderate pricing and characteristics in terms of housing opportunities. While individuals within these attractive segments are likely present, these categories are not sufficiently large to be clustered within this analysis.

ESRI Tapestry segments found within the Alpena area reflect a limited degree of key target market characteristics, while three segments indicating the increasing influence of senior households

According to ESRI, none of the ten Tapestry segments are specifically oriented for senior households, but three segments (Small Town Sincerity, The Great Outdoors and Heartland Communities) are somewhat oriented toward older households/families. This is a reflection of the community's increasing degree of aging in place, ultimately emulating many other communities across northern Michigan in which the senior segments represent the most prominent features and sources of growth.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as moderate/higher income levels, moderate to advanced educational attainment, and professional background ranging from entry-level positions to near retirement. Exact matches or comparisons to target market categories are always somewhat rarely made, with indirect comparisons to general target market descriptions perhaps more reasonable and readily understood.

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Tapestry data is also ideally used for larger metropolitan areas, rather than rural communities or counties. This is why the use of Tapestry data to determine statistical demand is not advised. However, the data does indicate an increasing degree of senior influence, along with confirmation of Alpena County's primary characteristics, including the prevalence of family households, lower income levels, and the employment base reflective of primarily non-professional occupations.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across the Alpena region ranges from individual apartment units to luxury homes, intended for a wide range of incomes, household segments, and target market groups.

While not as diverse as housing options found within suburban and urban sections of Michigan, Alpena's housing stock is diverse. Among owner-occupied units, one way to demonstrate the various segments of the home sales market is to broadly describe what is currently available across Alpena County. According to www.Realtor.com a total of 38 homes are currently for sale with an Alpena County address, including Herron, Spruce, Lachine, Hubbard Lake, Ossineke, as well as Alpena proper. Of these 38 homes, just seven are priced at or below $100,000 (18 percent). A total of 24 homes are priced between $100,000 and $300,000 (63 percent), with the balance (seven homes) priced above $300,000. Based on 2022 ESRI estimates, 38 homes represent less than three tenths of one percent of the county's occupied housing stock (0.29%), which represents an incredibly small number of homes available for purchase, and well below prior years in terms of volume. This incredibly small total of homes available for sale is due to a combination of reduced development activity, increasing price levels, and perhaps uncertain economic conditions (partially due to the pandemic, among other factors).

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 1,710 square feet. Broken down by number of bedrooms, average and median data are as follows:

	# For Sale	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	9	$199,000	$218,033	1,171	$186.25	1977
Three-Bedroom	21	$159,000	$149,676	1,710	$87.55	1966
Four+ Bedroom	8	$177,500	$228,700	2,542	$89.97	1951
TOTAL	**38**	**$159,450**	**$182,503**	**1,757**	**$103.86**	**1966**

It is evident from the data that size, and most likely age, are characteristic of smaller-sized homes available for sale. In addition, many of these smaller-sized homes were originally for seasonal use, or reflect primarily recreationally-oriented structures, rather than homes utilized

for traditional occupancy. While the average three-bedroom home's average year of construction is 1966, and the unit size on average is more reflective of modern homeownership options. Pricing for this sample of homes is also greatly influenced by the size of the acreage included, for which many of the rural homes for sale are found on large parcels of land, thus inflating the price notably in many instances. Conversely, the prevailing data for four-bedroom units reflects the prevalence of higher-priced luxury homes, as well as older established structures originally intended for seasonal use.

The overall average year of construction among these homes is 1966 – indicative of the community's relatively aged housing stock, and a lack of recently developed homeownership opportunities. The current time on the market varies greatly among the for-sale data, ranging from one day to more than 225 days, with the average period at 95 days, primarily due to a few long-term outliers. No specific pattern is evident regarding time on the market, perhaps due to the small sample size, or the variety of housing-related factors present within these 38 homes. The vast majority of homes for sale are standard stick-built structures, with one condominium and three duplex-style structures within the totals. None of these homes was specifically listed as a foreclosure.

The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are mostly found outside of the city. Many of these options, however, also include larger sized lots that clearly impact the overall price, as mentioned previously. While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the city have very limited choices, as few homes are found within the ideal range for market entry by the primary target market segment and are considered examples of modern residential homes. For those lower-priced homes, most are very aged, lack amenities, and were originally constructed as seasonal structures rather than year-round properties. As it currently exists, the local housing for-sale marketplace lacks reasonably priced opportunities for moderate-income households. Often referred to as the "missing middle" housing segment, the lack of such options clearly inhibits the rapid relocation of all but the highest-income households from outside of the region into the Alpena area.

Along with the small number of homes currently for sale, the lack of homes along the

shoreline and proximate to water features was also somewhat surprising. Perhaps most of these structures are not intended for year-round occupancy, or simply do not come up for sale on a regular basis.

A similar examination was conducted for those homes that have recently sold, which provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period (120 days), a total of 62 homes within Alpena County have been sold. Among these, 15 were priced below $100,000, while just three were priced above $300,000. The largest category of these sales are three-bedroom homes, representing 63 percent of all homes sold (39 homes). The primary finding comparing this date to the for-sale information is the generally reduced pricing levels found on average for the recently-sold information. A summary of the data includes the following:

	# Sold	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	15	$115,000	$117,620	1,245	$94.44	1963
Three-Bedroom	39	$136,000	$143,031	1,832	$78.06	1968
Four-Bedroom+	8	$168,450	$199,300	2,545	$78.31	1951
TOTAL	**62**	**$134,500**	**$144,144**	**1,782**	**$80.87**	**1965**

Other interesting notes from the data include:

- The average period on the marketplace for the recently sold properties was just 61 days, ranging from 1 day to 268 days – just 10 homes featured a sales period of more than 100 days (16 percent); for the currently for-sale properties the average listing period is 95 days, ranging from one day to 317 days. A graph of these trends demonstrates the difference (removing the most extreme values):

Price Trends & Time on the Market

The trend line shows the relationship between pricing and time on market. A slight relationship is present regarding recently sold pricing and time on the market. From the realtor.com data, a graph of median days on the market:
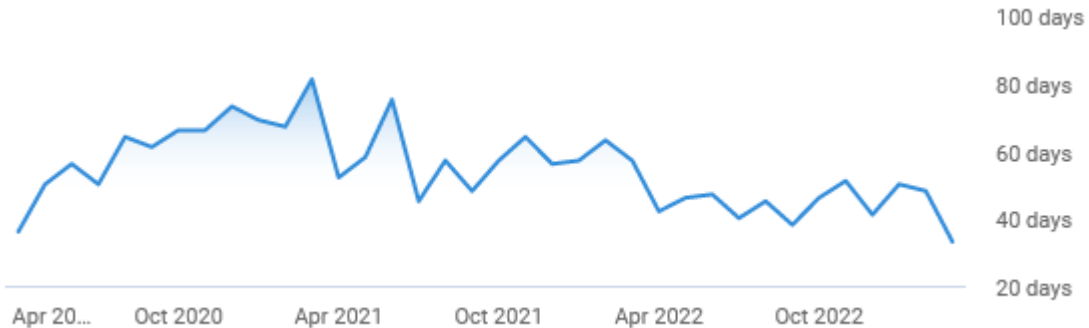
- Relatively few of the homes sold dropped price from the original listing rate, with most price adjustments typically $5,000 to $10,000. This degree of pricing change is minimal, and is indicative of an active marketplace.

- Average year of construction for the sold properties was 1965, nearly identical to the current for sale listings average of 1966. Both figures are reflective of an aged housing stock, and are notably older than prevailing figures regarding sales data from Gaylord and Traverse City, based on recently completed examinations in 2021 and 2022.

- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located outside of the city, within recreational areas, or as part of resort-oriented locations.

- The quite small number of homes available for sale is a direct reflection of the lack of housing supply within the city and across Alpena County. These trends are illustrated within the annual construction data from the US Census Bureau. No other market-related barriers are evident within the Alpena area, the local economy is sufficiently stable to strengthening (depending upon the sector), and prevailing demographic patterns across Alpena County point to a more than sufficient household base that would generate ample statistical demand for housing alternatives.

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Map: Homes Currently For Sale – Alpena County

For Sale - for ESRI

Price

◆ > $215,500 - $434,900

◆ > $159,000 - $215,500

◆ > $112,500 - $159,000

◇ $15,000 - $112,500

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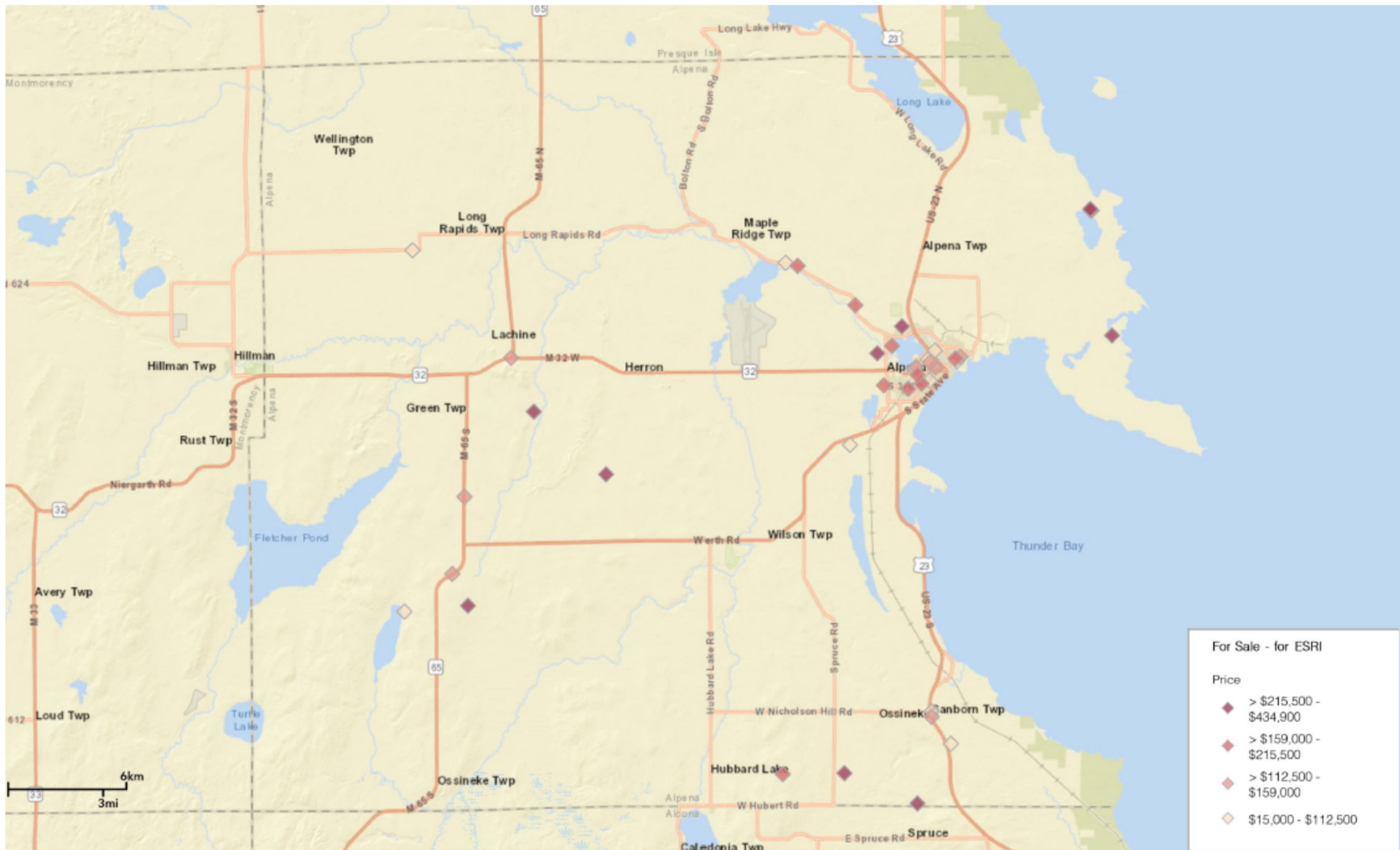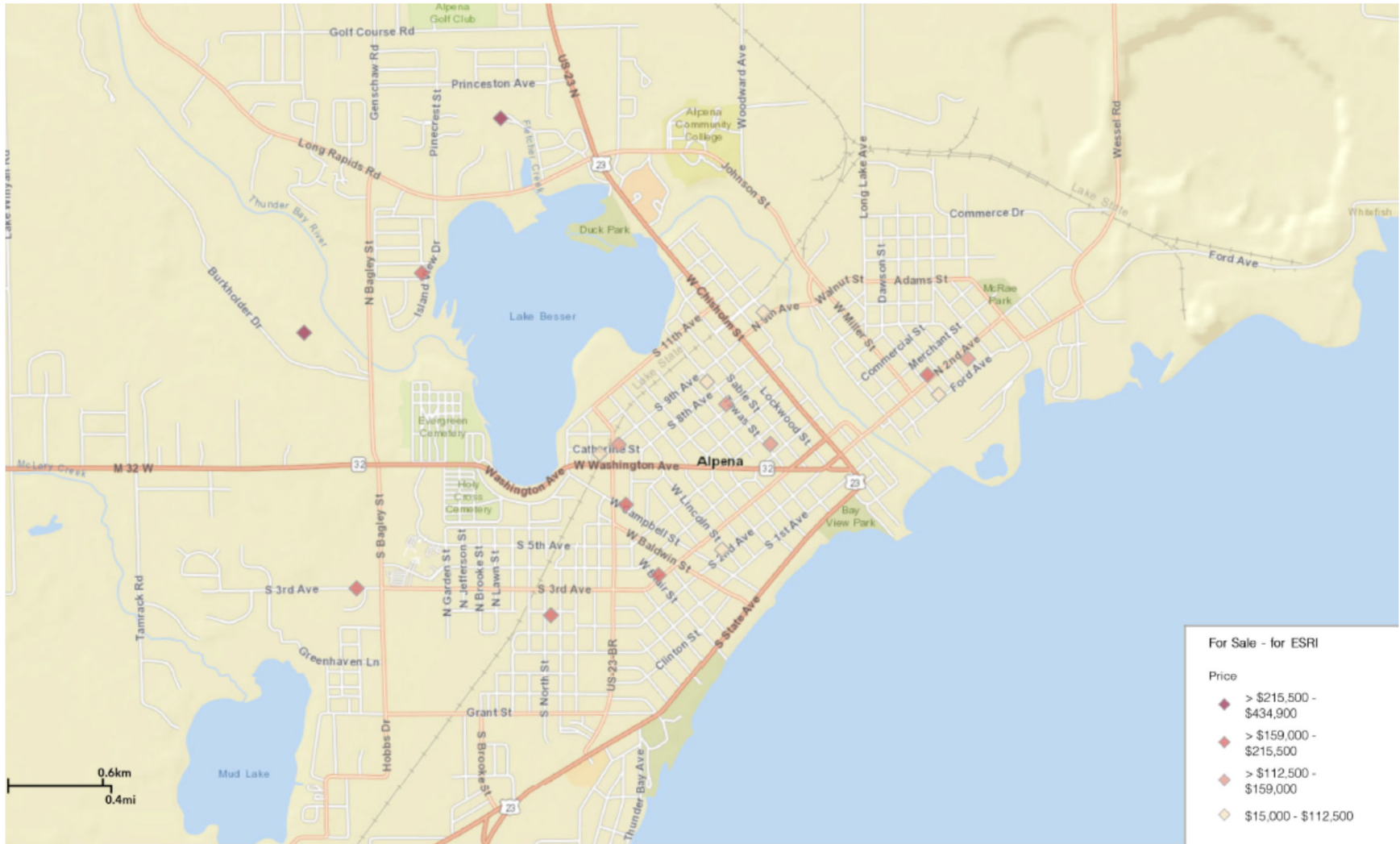
Map: Homes Recently Sold – Alpena County

Recently sold - for ESRI

Price

> $300,000 - $465,000

> $159,000 - $300,000

> $88,000 - $159,000

$25,000 - $88,000

0.6km
0.4mi

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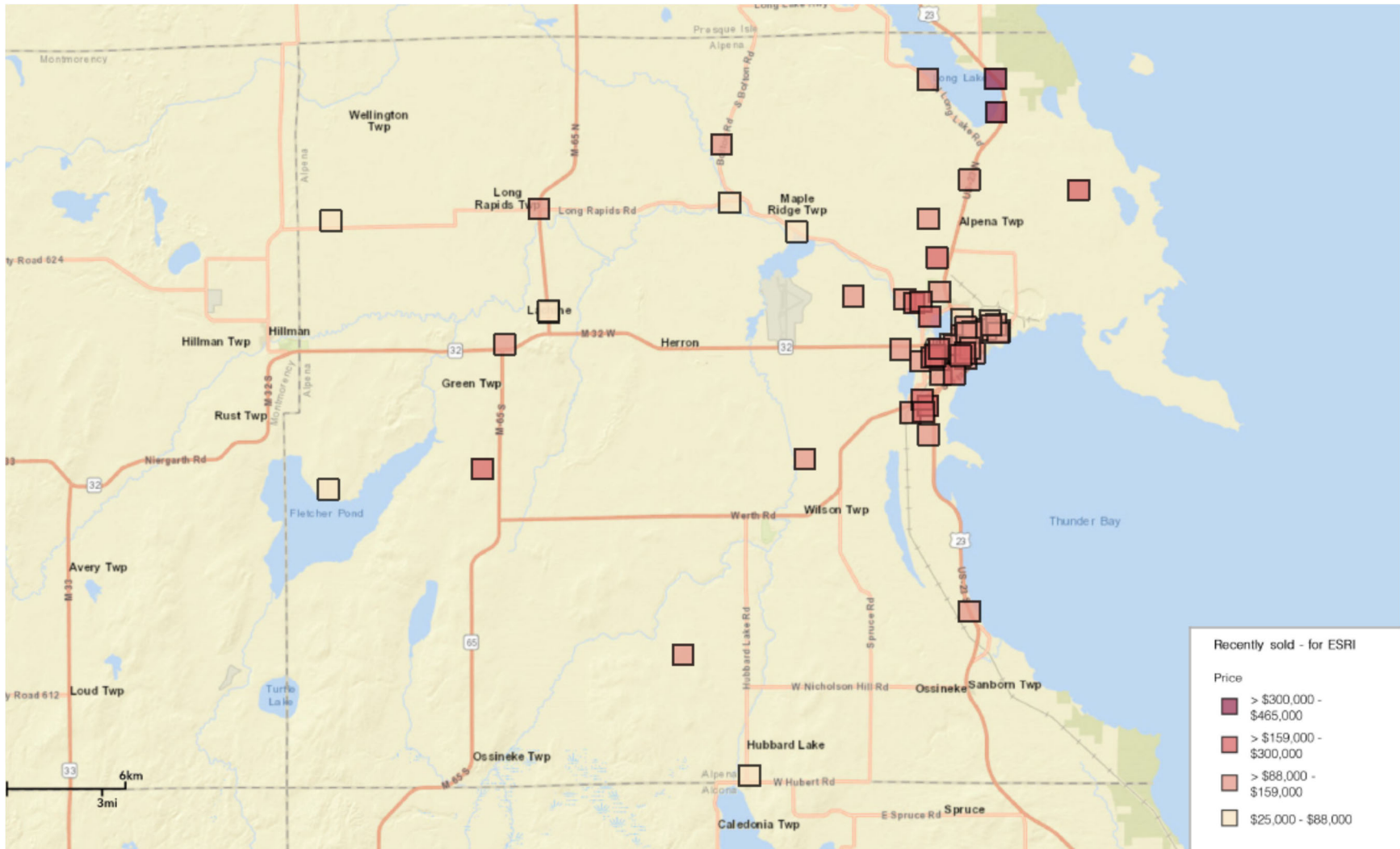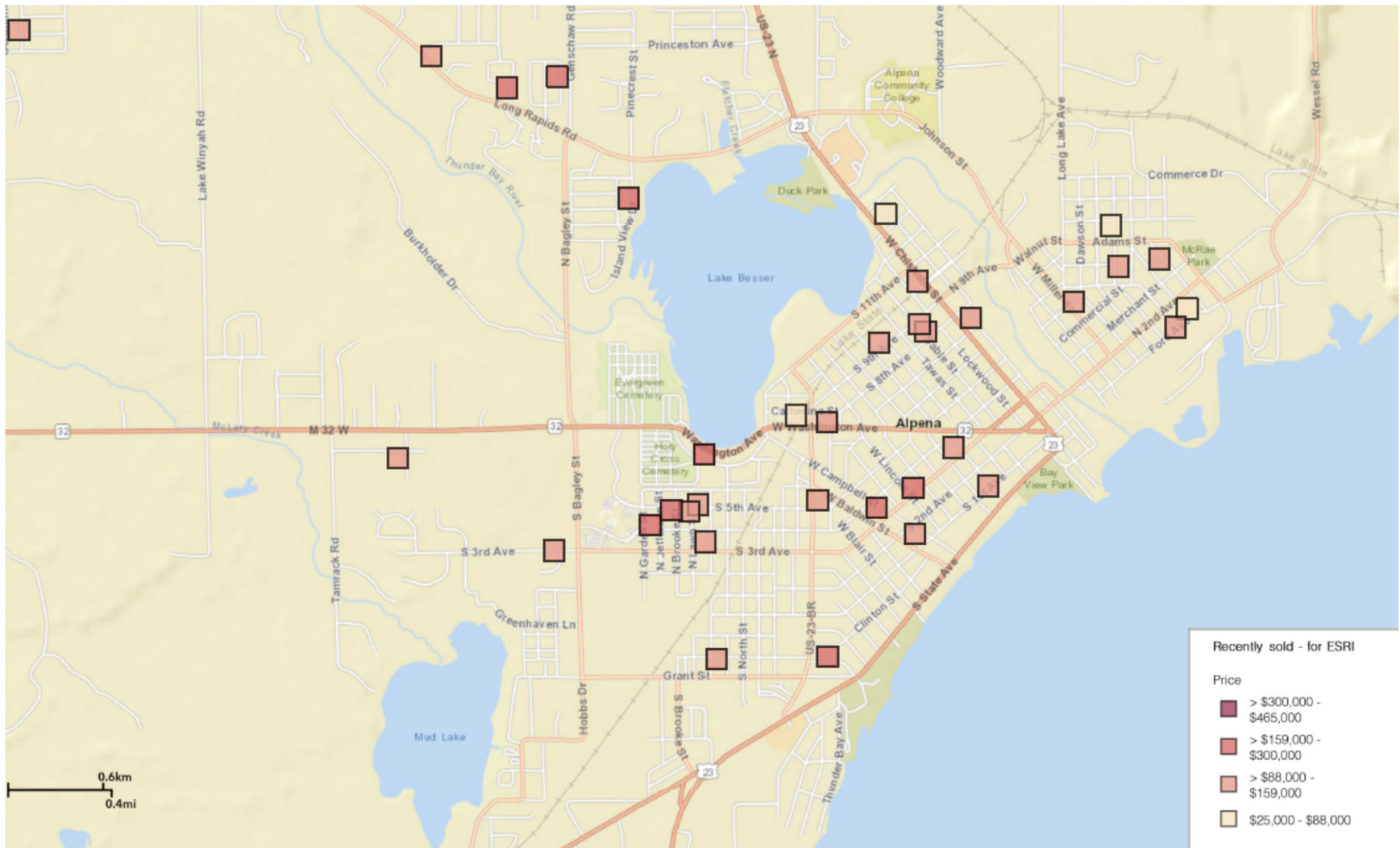
Within the market area, eight open/family rental apartment developments were identified and surveyed for this analysis, representing a total of 306 rental units (accounting for approximately 10 percent of all rentals across the market area). Among these units, 45 percent were one-bedroom units, while 54 percent were two-bedroom options. The remaining units are three-bedroom apartments. Three properties are market rate units, with no rent or income restrictions. One development is a mixed-income development, with both market rate units and subsidy units, in which rent is based on a percentage of monthly income. The remaining four properties are Rural Housing developments, with rent and income restrictions up to 60 percent of Area Median Income (AMI). In addition, these four Rural Housing properties also contain some project-based subsidy units. These properties include:

- Thunder Bay Apartments – 88 units (1979)
- Paradise Acres – 10 units (1971)
- Allen Housing Apartments – 40 units (1970)
- Pinebrook – 32 units (1982)
- Springtree Apartments – 32 units (1994)
- Pine Meadow – 48 units (1978)
- Pine Meadow Village I & II – 56 units (1987/1992)

The average year of construction among this group is 1982 (average age of 41 years), indicative of a generally aged rental housing market. Historical occupancy levels have been stable to strong, based on current and prior reviews of the market area by Community Research and examination of other rental housing research/studies completed by other firms over the past twenty years. Waiting lists are found at most developments. The market for rental units overall is quite strong, and reflects essentially stabilized occupancy across various segments and types of units. The demand potential for market rate/unrestricted rental units is perhaps stronger than the affordable segment, which does reflect a somewhat narrow band of eligible incomes, generally between 40 percent of Area Median Income (AMI) and 60 percent AMI, assuming no subsidies are in use.

Reflecting the age of the properties, most are generally fair condition, as six of the identified developments have been previously deemed below-average in terms of overall quality and curb appeal; conversely, just two property was considered in good condition; none are what would be considered in excellent condition. This would indicate that future rehabilitation of

existing rental units would be expected, assuming that the useful life of these existing properties can be established into the next decade and beyond.

Additional Rental Options

As indicated previously, the survey reflects approximately 10 percent of all rentals within the Alpena area. Based on the latest American Community Survey data, single family rentals represent approximately 30 percent of all available units within the Alpena area, but include more than 34 of the county's occupied rental units (and 63 percent of the Rural Alpena's rental options). Multiple unit structures (duplexes and larger) accounted for approximately 67 percent of the Alpena area's rental options, while other options (mobile homes, boats, recreational vehicles, and other options) accounted for just three percent of the total. Most of the multiple-unit structures are found within the city, but additional rental units (primarily single-family home conversions and duplex/four-plex units) are found outside of the city, but still within the Alpena area. Among owner-occupied units, the vast majority are single family structures with very few condominium-style options available for sale. These single-family structures occupied by homeowners reflect between 94 percent and 96 percent of all such units across the county.

Among additional rental options are the units operated by the Alpena Housing Commission. In all, the agency operates a total of 200 open/family rental units and 51 senior units. In addition, five subsidized senior properties with a total of 241 units are present across the city. These developments are either financed through Rural Housing or HUD, and are targeted for extremely-low income families/seniors, generally at or below the 30 percent of AMI level.

Additional senior rental options include Alpena Pines, a mixed-income senior development with both affordable and market rate units. One of the newer senior rental facilities within Alpena is a sister project. It is Alpena Village, a 48-unit property constructed in 2008 through a Low Income Housing Tax Credit (LIHTC) allocation from MSHDA. Operated by Wellspring Lutheran Services, the property is a mixed-income complex with both affordable and market rate units. Only three of the 48 units at the property are market rate apartments. In a conversation with the property manager, she indicates a notably larger demand for market rate units has been observed, with weekly traffic seeking such options that are rarely available. Such trends have been present for some time, and are evident after the pandemic. It would appear from

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these discussions based on prior and current leasing/occupancy data that additional demand for senior units is present within the Alpena region. Assuming this reflects a combination of affordable and market rate units, such additional development activity could include a mixed-income proposal, or a combination of two or more different type and style properties that would meet a wide range of housing demand and preferences.

Four separate mobile home or manufactured home parks are located within the immediate Alpena area, with approximately 175 sites available for use as either rental housing or to own. These include:

- Huron Lake Estates – 36 sites
- Lakeshore Estates – 58 sites
- Alpena Mobile Home Court – 65 sites
- Long Lake Trailer Court – 16 sites (approx.)

The market potential for mobile home alternatives is partially dependent upon the prevailing condition and opinion of value for such units. Assuming available options within the Alpena area are perceived as a strong or even reasonable value, mobile homes within these parks and upon separate individual lots would help fulfill prevailing housing needs for both small families as well as seniors that exhibit incomes commensurate with local mobile home market potential.

The balance of the rental market in Alpena reflects rental homes, including those primarily leased on a seasonal basis. A limited number of rental homes are noted within available public listings. A few two-bedroom and three-bedroom single family homes are presently available, listing between $875 and $1,250 per month.

According to the U.S. Census Bureau, approximately 670 housing units were considered seasonal/recreational/occasional use vacancies within the Alpena Market Area. This is down from approximately 1,100 such units in 2018. This trend is not unique to the Alpena area, and reflects a combination of demolitions and conversions/upgrades into permanent housing options, many of which may be suitable as short-term rentals. As a tourism community, this number of seasonal units is actually somewhat lower than some other sections of northern lower Michigan.

These seasonal housing units range from barely habitable hunting cabins to luxurious lakeside homes. Pricing for seasonal rentals vary greatly, depending on quality, time of year, and location. The most prominent locations during the height of the summer season have been

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leasing for $300 per day, but such pricing is not the best indicator of year-round demand, and most seasonal/vacation pricing is perhaps less than this figure. However, the presence of such pricing levels does indicate a willingness to obtain high-end housing within the Alpena area if specific conditions are met, such as premium locations, quality amenities/features, and modern floor plans.

Two assisted living developments are present within Alpena, along with four AFC properties. The assisted living options include:

- Besser Senior Living Community – 325 Johnson Street
- Turning Brook – 300 Oxbow Drive

Demand potential for various senior housing options, including assisted living rental units, will continue throughout the balance of the decade, as younger seniors continue to age in place, additional migration of seniors from across the region continues, and existing elderly residents transition from independent living status into various levels of additional care, such as assisted living. The status of these existing developments, prevailing senior household trends, and continued demand for additional personal care services for those local seniors that age in place points to continued market potential. Given the price points for such options, private sector operations are likely to demonstrate continued interest in such housing options within the Alpena region.

As discussed previously, the Alpena community also features a number of short-term/seasonal homes, ranging from the minimally modest single room structures to luxurious vacation homes with a wide range of amenities. Based on available short-term rental data such as VRBO, at least 56 structures are available for short-term lease to the public across Alpena County, with locations within the city, lakeshore, and interior. Pricing for summer/fall rentals vary somewhat, but ranges between $125 to $750 per night, with a wide range of sizes, locations, and features available. These short-term rental totals are not unreasonable, given the comparable price of hotels and traditional short-term leasing alternatives. A significant number of seasonal structures are not readily available to the public, but still reflect a segment of the overall housing stock. However, future concerns are present regarding the potential increase in short-term rental use, particularly if such rentals are removed from the permanent housing stock that would normally be available for long-term occupancy or for home purchase.

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According to the latest American Community Survey data, approximately 24 percent of all occupied rental units within the city, and 34 percent of all occupied rental units across Alpena County, are single family homes (both attached and detached structures). In addition, 37 percent and 29 percent are duplex to four-plex style rental units within the city and across Alpena County, respectfully. This would include both duplex-style units originally constructed in that style as well as single family home conversions into duplex or four-plex rentals. The vast majority of duplex-style units are found within the city (77 percent of all rentals). The latest data on occupied units by size and tenure is provided within the following tables:

Table: Renter Households by Structure Size

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Total Occupied Rental Units	1,659	2,372	332	2,704
1 Unit	400	706	208	914
% of Total	24.1%	29.8%	62.7%	33.8%
2 to 4 Units	608	779	15	794
% of Total	36.6%	32.8%	4.5%	29.4%
5 to 19 Units	264	368	5	373
% of Total	15.9%	15.5%	1.5%	13.8%
20 to 49 Units	244	272	0	272
% of Total	14.7%	11.5%	0.0%	10.1%
50 or more Units	130	186	10	196
% of Total	7.8%	7.8%	3.0%	7.2%
Mobile Home/Boat/Other	13	61	94	155
% of Total	0.8%	2.6%	28.3%	5.7%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

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Table: Owner Households by Structure Size

	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Total Occupied Owner Units	3,130	7,121	2,759	9,880
1 Unit	3,059	6,773	2,519	9,292
% of Total	97.7%	95.1%	91.3%	94.0%
2 to 4 Units	59	117	3	120
% of Total	1.9%	1.6%	0.1%	1.2%
5 to 19 Units	12	12	0	12
% of Total	0.4%	0.2%	0.0%	0.1%
20 to 49 Units	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%
50 or more Units	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%
Mobile Home/Boat/Other	0	219	237	456
% of Total	0.0%	3.1%	8.6%	4.6%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

One of the primary housing issues within Alpena County and much of Michigan is simply a lack of supply. Up until the mid-2000s, housing construction trends were generally similar to prior decades, in which sufficient number of units were developed to meet the prevailing demand potential. While high-growth and high-income communities experienced some degree of limited supply, most sections of Michigan were in balance regarding development activity and market demand. After the housing crisis of 2008 and subsequent recession, a great deal of Michigan's construction and development talent and infrastructure was either forced out of business, retired, or, mostly relocated to other sections of the nation, such as Texas, Arizona, or Florida. Based on our firm's research and experience over the past decade, only a few sections of the Detroit Metro Area and Grand Rapids region have not experienced this reduction in development activity. Reduced development capacity, coupled with a slowly recovering economy over the next few years, has resulted in the lowest housing permit activity and construction trends in the past 70 years. These trends are clearly demonstrated within the following tables, and have been a primary factor in the current issues that most sections of Michigan are facing.

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Table: Total Occupied Households by Year Built

TOTAL HOUSEHOLDS	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Built Earlier than 1950	**2,041**	**2,507**	**563**	**3,070**
Percent of total renter household	42.6%	26.4%	18.2%	24.4%
Built 1950 - 1959	**975**	**1,575**	**314**	**1,889**
Percent of total renter household	20.4%	16.6%	10.2%	15.0%
Built 1960 - 1969	**591**	**1,570**	**421**	**1,991**
Percent of total renter household	12.3%	16.5%	13.6%	15.8%
Built 1970 - 1979	**561**	**1,679**	**649**	**2,328**
Percent of total renter household	11.7%	17.7%	21.0%	18.5%
Built 1980 - 1989	**210**	**699**	**385**	**1,084**
Percent of total renter household	4.4%	7.4%	12.5%	8.6%
Built 1990 - 1999	**244**	**706**	**375**	**1,081**
Percent of total renter household	5.1%	7.4%	12.1%	8.6%
Built 2000 - 2009	**140**	**572**	**342**	**914**
Percent of total renter household	2.9%	6.0%	11.1%	7.3%
Built 2010 or Later	**27**	**185**	**42**	**227**
Percent of total renter household	0.6%	1.9%	1.4%	1.8%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Housing Construction Trends - Alpena County
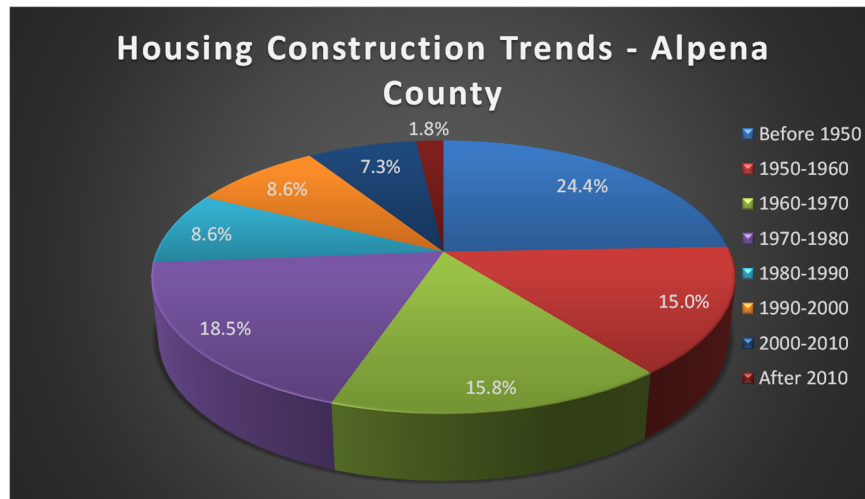
The lack of supply is most evident within the owner-occupied side of the county's inventory, as indicated below. Just two percent of the county's homes occupied by homeowners, ad less than one percent within the city, had been constructed since 2010. These figures are based on the latest American Community Survey data, with a 2021 baseline, so some subsequent

development activity has taken place, but certainly not enough to overcome the prior decade's minimal construction trends.

Table: Occupied Owner Households by Year Built

OWNER HOUSEHOLDS	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Built Earlier than 1950	**1,438**	**1,808**	**500**	**2,308**
Percent of total renter household	45.9%	25.4%	18.1%	23.4%
Built 1950 - 1959	**664**	**1,222**	**270**	**1,492**
Percent of total renter household	21.2%	17.2%	9.8%	15.1%
Built 1960 - 1969	**391**	**1,222**	**372**	**1,594**
Percent of total renter household	12.5%	17.2%	13.5%	16.1%
Built 1970 - 1979	**345**	**1,238**	**608**	**1,846**
Percent of total renter household	11.0%	17.4%	22.0%	18.7%
Built 1980 - 1989	**49**	**409**	**324**	**733**
Percent of total renter household	1.6%	5.7%	11.7%	7.4%
Built 1990 - 1999	**134**	**567**	**347**	**914**
Percent of total renter household	4.3%	8.0%	12.6%	9.3%
Built 2000 - 2009	**92**	**480**	**303**	**783**
Percent of total renter household	2.9%	6.7%	11.0%	7.9%
Built 2010 or Later	**17**	**175**	**35**	**210**
Percent of total renter household	0.5%	2.5%	1.3%	2.1%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Rental housing development over the past decade is primarily due to affordable developments that have been constructed with a Low Income Housing Tax Credit allocation. Most of these units are located within the city. The last rental apartment property constructed within the region was Alpena Village in 2008. Even within a marketplace with reduced demand potential or limited economic growth, new rental housing and owner-occupied housing needs are present. As the Alpena region exhibits many positive community features, generally stable demographics and other positive factors, and this lack of development activity within the Alpena region exacerbates an already evident shortage of housing choices for both current and potential residents.

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Table: Occupied Renter Households by Year Built

RENTER HOUSEHOLDS	City of Alpena	Alpena Area	Rural Alpena	Alpena County
Built Earlier than 1950	**603**	**699**	**63**	**762**
Percent of total renter household	36.3%	29.5%	19.0%	28.2%
Built 1950 - 1959	**311**	**353**	**44**	**397**
Percent of total renter household	18.7%	14.9%	13.3%	14.7%
Built 1960 - 1969	**200**	**348**	**49**	**397**
Percent of total renter household	12.1%	14.7%	14.8%	14.7%
Built 1970 - 1979	**216**	**441**	**41**	**482**
Percent of total renter household	13.0%	18.6%	12.3%	17.8%
Built 1980 - 1989	**161**	**290**	**61**	**351**
Percent of total renter household	9.7%	12.2%	18.4%	13.0%
Built 1990 - 1999	**110**	**139**	**28**	**167**
Percent of total renter household	6.6%	5.9%	8.4%	6.2%
Built 2000 - 2009	**48**	**92**	**39**	**131**
Percent of total renter household	2.9%	3.9%	11.7%	4.8%
Built 2010 or Later	**10**	**10**	**7**	**17**
Percent of total renter household	0.6%	0.4%	2.1%	0.6%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

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VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2023 and three-year projections for households within the target market income ranges, defined across three segments by eligible income – affordable, workforce/moderate income, and market rate/unrestricted. For the open demand forecasts, the affordable income eligibility range is between $18,000 and $45,000, with actual eligibility based on household size and the desired income targeting (in this case such targeting would be between 40 percent of Area Median Income (AMI) and 60 percent of Area Median Income). The 60 percent to 80 percent AMI range, also referred to as the workforce housing segment, has an income range of $28,000 to $60,000. The market rate/unrestricted range is $38,000 to $120,000, with the upper range capped under the assumption that households with higher incomes would have a wider range of choices available, as well as providing a level of conservatism within the calculations. The income ranges are rounded, but are based on the latest income eligibility information from HUD and the IRS. The eligibility ranges for the affordable and workforce segments reflect the current income and rent restrictions placed upon such units by the federal and state financing programs currently in use for the development affordable rental housing.

The moderate-income segment of the housing marketplace includes the "Missing Middle" or workforce housing segments commonly referred to within various media and housing studies. From an Area Median Income (AMI) standpoint, a conservative measure of workforce rental housing demand is the income band between 60 percent of AMI and 80 percent of AMI. At times the range up to 100 percent or even 120 percent of Area Median Income is used to broaden the income range, but for this rental housing demand, we will utilize the original definition (up to 80 percent AMI), and leave the balance of the segment to reflect an overall market rate (unrestricted) income band. These levels are measured within the following statistical demand forecasts.

What is important to note is the degree of overlap that generally exists between the various demand segments – as this is a reflection of the market choices facing various households based on prevailing income patterns. Many households may select a housing option

purely based on price, while other households would consider the project's location, amenities, quality, or other considerations. Thus, each segment has some degree of overlap that takes such choices and alternative into consideration.

Geographically, these demand forecasts are based on the Alpena area (the city, along with Alpena Township and Sanborn Township). Using this geographic area provides statistical results that are conservative, but realistic, based on the likely location of future rental housing within the immediate Alpena area.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2022) is calculated. This total is adjusted to exclude larger-sized households that would require more than a three-bedroom unit to house such a larger-sized family. This number is applied to the percentage of households that relocate to rental housing on an annual basis, using available information from the American Community Survey. This yields the annual demand for the current year. Future demand includes any additional renter households that are projected to be added to the marketplace. This results in a demand estimate for 2025.

Statistical demand forecasts point to additional demand potential for primarily workforce and market-rate rental units

The resulting demand forecast is 109 affordable units, 106 workforce housing units, and 169 market rate units. Based on an ideal penetration rate at approximately two percent, estimates of "ideal" unit sizes for each demand segment can be determined. The penetration rate ratio is a measure of recommended units compared to the number of age and income qualified households within the defined market area. The ideal penetration rate is at or below two to three percent, with larger ratios indicative of overly aggressive project sizes and/or relatively weak market trends from a statistical standpoint. A second statistical demand ratio commonly used is the capture rate, indicating how much statistical demand would be required to absorb a proposal. Capture rates that approach or exceed 50 percent typically exhibit questionable demand levels, as a majority of all households likely to move within a given year would be required to move into the proposed facility.

The results suggest sufficient demand for affordable units, but essentially all of the demand comes from movership within the market area, rather than a strong degree of household growth. As affordable units are present within the Alpena area, and overlap in terms of eligible

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incomes is present, the affordable demand may be discounted somewhat in favor of the workforce housing segment, or included within a mixed-income proposal that maximizes the income-eligibility range. Based on these figures, the primary recommendation for rental development would include a combination of workforce housing and market rate units. Secondarily, sufficient demand is also present for a stand-alone affordable property, but would join other such units that target households at that income range.

Statistical Demand for Senior Rental Housing Units

A similar statistical method can be used to determine senior rental housing demand. In this case, the demand forecast is based on seniors age 65 and older, as this represents the broadest base of potential senior occupancy, assuming seniors can live an independent lifestyle. Using very similar methodology and two income ranges – affordable (approximately $18,000 to $35,000) and market rate ($31,500 to $100,000), a 2025 demand for senior rental housing was calculated at 33 units within the affordable range and 55 units within the market rate income range. Under a senior demand forecast, the corresponding ideal penetration rate is six percent or below, and a capture rate less than 50 percent. Using these ratios, the suggested unit sizes are 16 affordable senior units and 28 market rate senior units. Both the demand levels are suggestive of a moderate level of demand.

Please note that the senior demand is not a complete subset of the overall open demand calculation, as it utilizes separate migration and income eligibility factors.

One other note is important to reiterate – the demand forecasts are based on seniors age 65 and older. Actual eligibility for most senior housing begins at age 55 and older, but the utilized age segment is reflective of the actual average age of most senior independent living facilities, which typically exceeds 75 years of age. Occupancy within a senior development is more dependent upon health and the condition of the prior residence than purely the age of the household. As a result, most analysts are wary of exceedingly strong demand forecasts based on the 55 and older age segment. For this analysis the demand equation utilized very cautious measures to maintain a degree of conservatism and avoid an overly optimistic demand forecast.

Other factors outside the demand forecasts' ability to measure should also be considered. These factors include the overall attractiveness of the subject's location, marketing and outreach

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efforts by the community and management agents, and ongoing economic changes that may take place within the market area. Any of these items could significantly alter the calculated demand for a given project. Please note that these demand forecasts are also dependent on the following assumptions:

- The demand forecasts should be considered preliminary. A more specific and definitive demand forecast can be determined when a specific site is determined, project characteristics are finalized, and price points are set

- Future demand forecasts would potentially utilize a broader area that many include additional sections of Alpena County – this is certainly true for senior housing demand forecasts

- The development team is experienced and no delays in construction will take place

- Proposed developments will be constructed at a location that maximizes visibility, access to the site, and is not adjacent to a detrimental feature (such as a landfill)

- Pre-leasing and outreach efforts are maximized to positively impact the planned development, by a management company with experience leasing affordable and market rate rental units

- Community support for the proposal is present

- If necessary, pricing and project features are adjusted to reflect ideal market conditions

Statistical demand forecasts exist within a "*ceteris paribus*" environment in which all other factors outside the equation are held constant. If any of these considerations are not present, however, or if a specific characteristic of the proposal is deemed excessively negative within the community, the demand potential for any proposal could be greatly changed in either direction.

Statistical Demand for Assisted-Living Units

The estimation of Assisted-Living senior units is somewhat different than the prior demand estimations, as age and income status are not the primary determinants of demand potential. Net worth, rather than annual income, is utilized to determine viability from a cost standpoint, as it is assumed that persons seeking an Assisted-Living alternative are near the end of their respective lifespans, so all resources are utilized toward the new housing option. Also, while the vast majority of Assisted-Living residents are quite aged, the assumption that all persons beyond at 75 are seeking such an option is not reflective of true market potential. The

primary determinant is actually health status, as seniors that are able to live independently, regardless of age, are not part of the market potential for Assisted-Living housing. A reasonable estimation for the likely Assisted-Living target market segment is a combination of age and health status.

An explanation of the demand forecast presented within the following pages for Assisted-Living units includes the following factors. An expanded market area for assisted living units includes all of Alpena County, rather than the Alpena Area used for the other demand estimates. As such senior facilities are often concentrated near service corridors and medical alternatives, a broader market area is often utilized to reflect this stronger degree of attraction. In terms of determining income-eligibility, assumptions regarding baseline costs, the anticipated number of years an assisted living household would remain within a complex, and the likely housing cost/net worth ratio providing a minimum net worth level for eligibility. For this analysis, the minimum monthly cost for assisted living units was estimated at $2,500 per month, with a maximum tenure at a complex of eight years, and assuming that 95 percent of all household resources (net worth) would be dedicated toward assisted living costs. Under this scenario, a minimum net worth level of $228,000 was determined. Based on net worth data for seniors age 75+ within Alpena County, this reflects 51.5 percent of all households 75+, according to ESRI.

A senior household baseline of age 75+ is used for this estimate, reflective of most resident age levels. The 75+ household total is then adjusted by the percentage of households 75+ that exhibit an independent living difficulty, as defined by the American Community Survey. The percentage of households 75+ that exhibit an independent living difficulty was 18.4 percent, based on the most recent American Community Survey data. Applying the net worth and independent living difficulty percentages to the 75+ household baseline for Alpena County yields a baseline demand potential of 228 households for 2022. With additional senior household growth among the 75+ age cohort, the forecast 2025 demand potential is 233 households.

Other factors worthy of note include:

- Any senior-oriented housing option located within the Alpena area would desire a high degree of secondary-market participation, but considering the migration and commuting patterns for the community, such an assumption cannot be fully realized. Some secondary market boost will be likely, but perhaps not as impactful as may be expected in

other northern lower Michigan cities/communities.

- This type of demand forecast does not include a movership assumption for eligible households into assisting living units, thus the description demand potential. As a result, using conservative capture and penetration ratios provides a stronger indication of suggested project size. For our example, a project size of 24 units yields a capture rate of 10 percent, and a penetration rate of just below two percent – indicating that continued demand potential is present, with additional considerations regarding secondary market potential likely pushing annual demand potential as beyond the 24-unit total.

- Location and marketing considerations are also important, but the reputation and overall impression of the various services related to an assisted living development are critical in terms of maximizing market potential for both local and secondary market sources.

- A broad degree of healthcare and personal care services typically found within assisted living developments would ideally appeal to the broadest number of potential senior households. A mixed-use option of both independent living and assisted living units would provide an option for seniors to age in place, rather than being forced to relocate when circumstances dictate such a decision.

Table: Statistical Demand Calculation – Open Rental Units

		Affordable Range Up to 60% AMI	Workforce Range Up to 80% AMI	Total Market Rate Range
2022 Total Occupied Households	9,643			
2022 Owner-Occupied Households	7,006			
2022 Renter-Occupied Households	2,637			
QUALIFIED-INCOME RANGE *(unduplicated)*				
Minimum Annual Income		$18,000	$28,000	$38,000
Maximum Annual Income		$45,000	$60,000	$120,000
DEMAND FROM EXISTING HOUSEHOLDS				
Percent Income Qualified Owner Households		18.5%	24.7%	49.6%
Percent Income Qualified Renter Households		41.2%	31.5%	37.5%
Income Qualified Owner Households		1,295	1,733	3,476
Income Qualified Renter Households		1,085	831	988
Annual Movership Rate - Owner to Renter		3.0%	3.0%	3.0%
Annual Movership Rate - Renter to Renter		7.0%	7.0%	7.0%
Total Income-Qualified Owner to Renter Movers		39	52	104
Total Income-Qualified Renter to Renter Movers		76	58	69
Total Demand from Existing Households		**115**	**110**	**173**
DEMAND FROM NEW RENTER HOUSEHOLDS				
Projected 2024 Renter Households	2,598			
Annual Change in Renter Households, 2022-2023	-13			
Percent Qualified Renter Households		41.2%	31.5%	37.5%
Total Annual Demand From New Households		**(5)**	**(4)**	**(5)**
TOTAL DEMAND		**109**	**106**	**169**
LESS: Total Comparable Units Placed in Service Since 2021		0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0
TOTAL NET DEMAND		**109**	**106**	**169**
IDEAL NUMBER OF UNITS		**40**	**56**	**86**
CAPTURE RATE		**36.5%**	**52.8%**	**51.0%**
PENETRATION RATE		**1.7%**	**2.2%**	**1.9%**

Note: Totals may not sum due to rounding or differences in income ranges

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Table: Statistical Demand Calculation – Senior Rental Units

	Affordable Up to 60% AMI	Market Rate
2022 Total Occupied Households 65+ 3,501		
2022 Owner-Occupied Households 65+ 2,922		
2022 Renter-Occupied Households 65+ 579		
\		
QUALIFIED-INCOME RANGE *(unduplicated)*		
Minimum Annual Income	$18,000	$31,500
Maximum Annual Income	$35,000	$100,000
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+		
Percent Income Qualified Owner Households	16.3%	53.4%
Percent Income Qualified Renter Households	40.6%	27.3%
Percentage of Seniors without Independent Living Difficulty	85.9%	85.9%
Income Qualified Owner Households	408	1,339
Income Qualified Renter Households	202	136
Annual Movership Rate - Owner to Renter	3%	3%
Annual Movership Rate - Renter to Renter	10%	10%
Total Income-Qualified Owner to Renter Movers	12	40
Total Income-Qualified Renter to Renter Movers	20	14
Total Demand from Existing Households	**32**	**54**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+		
Annual Owner Household Growth, 2022-2025	59	59
Percent Income Qualified Owner Households	16.3%	53.4%
Annual Renter Household Growth, 2021-2022	12	12
Percent Income Qualified Renter Households	40.6%	27.3%
Total Demand From New Households	**1**	**1**
TOTAL DEMAND	**33**	**55**
LESS: Total Comparable Units Placed in Service Since 2021	0	0
LESS: Total Comparable Units Proposed/Under Construction	0	0
TOTAL NET DEMAND	**33**	**55**
SUGGESTED NUMBER OF UNITS	**16**	**28**
CAPTURE RATE	**48.3%**	**50.9%**
PENETRATION RATE	**2.6%**	**1.9%**

Note: Totals may not sum due to rounding

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Table: Statistical Demand Calculation – Assisted Living Senior Units

	Market Rate
2022 Total Occupied Households 75+	**2,155**
2022 Owner-Occupied Households 75+	**1,778**
2022 Renter-Occupied Households 75+	**377**
QUALIFIED NET WORTH RANGE *(unduplicated)*	
Minimum Net Worth	$228,000
Maximum Net Worth	And Above
DEMAND FROM EXISTING HOUSEHOLDS - AGE 75+	
Percent Qualified Net Worth Households 75+	57.4%
Percent with an Independent Living Difficulty	18.4%
Total Demand from Existing Households	**228**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 75+	
Senior 75+ Household Annual Growth, 2022-2025	57
Percent Qualified Net Worth Households 75+	51.5%
Total Demand From New Households	**5**
TOTAL GROSS DEMAND	**233**
PROPOSED NUMBER OF UNITS	**24**
CAPTURE RATE	**10.3%**
PENETRATION RATE	**1.9%**

Note: Totals may not sum due to rounding

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Statistical Demand for Owner Housing Units

Statistical demand forecasts for homeownership analysis are rarely utilized, as the homeownership marketplace has numerous factors that are difficult to readily quantify within a simple algorithm such as the rental demand forecast. A regression analysis is typically provided for such an analysis, but Alpena County is relatively small to provide this type of analysis with a high degree of confidence. However, the following information may shed light on the statistical aspects of the local homeownership market:

- Annual movership ratios for households into owner-occupied units was calculated as follows for Alpena County, based on the latest American Community Survey data:
  - Previous Owner into Owner-Occupied Units: 2.9 Percent (287 units)
  - Previous Renter into Owner-Occupied Units: 2.6 Percent (76 units)

  For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 360 units, which is more than current sales trends appear to indicate. As the data does not include secondary market sources, these results reflect only a portion of the market potential for the Alpena area.

  Based on the number of homes currently for sale, the difference in the market area and the Realtor.com trade area, and closing data listed on Realtor.com, these statistics appear overly optimistic, but are a reasonable assessment of the degree of movership within the community on an annual basis within a healthy housing market. The movership data is pre-pandemic, so that is an important consideration with the conclusions reached. It should be noted that annual movership levels for most of Michigan and surrounding states have been slowly declining over the past decade; the pandemic's influence upon these trends is not entirely known at this time, but considering the increase in workers employed at home and the "gig" economy (which assumes a household is either totally or partially supported by a series of non-traditional employment arrangements, such as Uber drivers, eBay sales, or other alternatives that previously would be considered more of a hobby rather than the basis of family/household income), a decrease in migration patterns would not be considered unusual.

- Realtor.com describes the local housing market shifting rapidly to a sellers' market, after a period of generally balanced conditions, as homes over the past few months have rapidly sold with few to no adjustments in pricing levels. The median number of days recently sold homes have been on the marketplace was reported at just 45 days, well lower than prior months in which listing periods were more than double this level in 2021 and earlier.

- An alternative method to determine demand potential for owner-occupied housing is to utilize the absorption rate, the period of time in which a home is available for sale. By separating the number of homes sold within a 30-day period and comparing this total to the number of homes available across all categories, we can illustrate the intensity of the

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home sales market. Based on the recently sold data, the absorption rate was calculated at 41.9 percent – indicative of a shift from a seller's market toward a buyer's market.

- The number of owner-occupied homes is forecast to slowly increase over the next few years, based on ESRI data. Considering the degree of uncertainty that may be present within the 2020 Census results, the impacts of the pandemic, and actual construction trends regarding rental housing over the past two years, these forecasts are perhaps somewhat uncertain. Future demographic forecasts by both public and private entities, starting in 2023, will begin to utilize 2020 Census information and post-pandemic American Community Survey data, ideally providing a higher degree of confidence in resulting data and forecasts.

- While some existing owner-occupied homes may convert to rental units, it is more likely that some of the lower-quality homes within the market area may be vacated or removed from the available housing stock. Based on the latest American Community Survey data, 0.6 percent of Alpena County owner-occupied households are considered substandard, totaling approximately 57 units for 2021.

VII: SPECIAL TOPICS

<u>Homelessness within Alpena County</u>

The degree of homelessness within a community provides additional insights regarding housing needs for those individuals and families with disabilities, substance abuse conditions, and exhibit a high degree of income instability. The regional organization that coordinates homeless relief efforts and resources, and is the Continuum of Care (CoC) representative to HUD regarding federal resource allocation and data reporting, is the Northeast Michigan Community Service Agency (NEMCSA). The organization has an 11-county footprint for various services, including Head Start, Housing Vouchers, senior services, and school programs, along with services for those that are homeless or are in danger of homelessness.

The primary measure used by HUD for homelessness statistics is a Point-in-Time (PIT) count of homeless individuals and families during the last week of January each year. According to NEMCSA, a summary of these totals for Alpena County is as follows:

Table: Homeless Point-In-Time Counts for 2022 and 2023 – Alpena County

Point in Time Count: Alpena County	January 2022	January 2023
TOTAL:	57	28
Adults	35	24
Children	22	4
Transitional Housing	39	6
Emergency Shelter	18	22
Veterans	28	2
Disabled	16	16

The data indicates sizable declines in homelessness within the county between 2022 and 2023, with reduced utilization of transitional housing facilities in 2023. However, continued emergency shelter totals indicate ongoing homelessness does persist for those most disadvantaged within Alpena County.

A summary of NEMCSA's homeless services for 2022, as reported to HUD, is included below, providing a broader depiction of the degree of homelessness across the county. A total of 287 unique homeless assessments for persons and families within Alpena County was conducted

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by the organization last year. Those persons/families listed as homeless were without any type of shelter. Those at risk included a wide range of categories and situations, but still represented those persons that may be in immediate needs of housing alternatives and did not have the resources to relocate.

Table: 2022 Homeless Summary - Alpena County

	Number of Total Assessments	Homeless	At Risk of Homelessness
January	27	10	17
February	15	9	6
March	26	16	10
April	30	14	16
May	18	11	7
June	17	12	5
July	23	14	9
August	16	12	4
September	31	16	15
October	40	18	22
November	26	16	10
December	18	7	11
TOTAL	**287**	**155**	**132**

Unlike 2020 and 2021, the impacts of the pandemic from a housing standpoint are most likely no longer present; also, the Alpena area did not face a natural disaster in 2022 (as compared to Otsego County and the May 2022 tornado that spiked homelessness within the Gaylord community). It is hope that the reduced figures illustrated within the 2023 PIT are more representative of a continually reduced level of homelessness within Alpena County.

It should be reiterated that may reasons for homelessness do exist, but the primary reasons for homelessness are due to substance abuse and domestic violence, rather than economic displacement or loss of employment. Such trends are not unique to the Alpena community, as a commonly-held misconception is that economic considerations are the driving factor for increased homelessness; unfortunately, addiction and domestic violence are the most prominent factors that lead to the large majority of homelessness within northern Michigan as well as other communities across the state.

Poverty levels are distinctly higher within the city as compared to Alpena County overall, but the homeless totals reported within the ESRI data still reflect a minimal portion of the local

population. It is hoped that future funding levels and continued shelter and transitional housing options will best service a reduced homeless population, due to the efforts of local and regional service providers.

<u>Market Potential for Specialized Housing Types</u>

Cargo Container Conversions

As part of this analysis Community Research has been tasked to evaluate the viability of container conversions into housing alternatives. After reviewing examples of such conversions across the nation over the past few years, assuming price points are appropriate and the retrofit of the containers is suitable for norther Michigan winters, the market potential for such options within the Alpena area does appear viable, reflecting a new and attractive residential alternative with affordable price points and unique characteristics and features that many potential residents would find preferrable to less-attractive options. The following considerations were factored into this opinion regarding container conversions.

- Cargo containers are readily available and in most cases reflect price points that would be superior to newly built stick construction, especially if development costs on average make it virtually impossible to provide a modestly-priced home;

- A wide range of housing sizes and styles have been developed through the use of cargo containers. The ability to stack containers, attach individual containers on a single level/floor, considerations regarding roofing accessories (such as patios/decks, and storage options), as well as a surprisingly broad degree of planning/architecture within various examples of container conversions. A summary of various container conversion examples is included to demonstrate that variety within this housing product is possible;

- Interiors for container conversions can reflect a broad range of styles for both affordable and more esoteric tastes;

- Potential target market segments for container conversion housing are quite broad, and would include singles, couples, families, of any income or educational/social background. As unit sizes can match the intended owner/renter desires, the primary barrier is left to convince the target market segment of the value of this housing alternative over more traditional options;

- Placement of container conversions can be made upon a single lot, or can be developed within a specific neighborhood. As with any housing option, a variety of styles, sizes, and features would be highly important to ensure the success of a contain "community". At a minimum such a community would be deemed similar to a manufactured home community, and most likely superior to a mobile home park.

- Preferences regarding the tenure of a container conversion project is perhaps difficult to determine at this time. Location, price points, specific target market identification, and

project features would all be necessary to determine if such a proposal would ideally be for purchase, or for lease;

- A unique statistical demand forecast at this point is not necessary, as the target market categories that would find container conversions a reasonable alternative would essentially mirror the primary target markets utilized within the demand forecasts discussed within the previous sections. If a specific container conversion project with a unique site, specific features/amenities, and logical price points is developed, a separate demand forecast should be made at that time.

Taking these factors into consideration, the concept of cargo container conversions into housing alternatives for the Alpena region appears reasonable and viable in a general sense. As with any housing proposal, when project specifics are in place (site, price points, project features, unit amenities), a specific recommendation on the viability of such an option can be firmly made. As a possible partial solution to the area's housing needs, cargo container conversions are a new and intriguing option for the community, as well as other markets across the state.

Tiny Homes

An additional unique housing option is the phenomenon of "Tiny" Homes, which are generally single-person structures, between 400 and 800 square feet, constructed upon a slab on a small individual lot or within a neighborhood of adjacent similar structures. Clearly seen as an affordable housing alternative for persons that would not require a larger housing unit, it is understandable that such an option would be perceived as a relatively positive value within a broader housing market.

Based on my discussions with other developers, knowledge of target market segments, and consideration of broader implications of such units within a local or regional housing marketplace, our opinion of the importance of tiny homes as a primary factor within a broader housing development plan is minimal at best, and such options replicate to a great degree the same issues that are found within older mobile home parks, or older workforce neighborhoods with a lack of diversity within the housing stock. Findings on this topic include the following points:

- Tiny Homes are obviously more affordable than larger structures, simply based on the size of the units, the likely utilization of compartmentalization and standardization during the construction process, and the cost savings associated with planning for just a single-person occupant. Thus, the immediate impact from a cost and pricing standpoint within a community in regard to the development of new affordable housing alternatives is very evident.

- The likely number of unique target markets for Tiny Homes is significantly smaller than overall housing options that may be available. As intended, Tiny Homes are for single-person occupancy, which would eliminate any couples or families of any size from consideration. Also, it is unlikely that Tiny Homes would be developed in a manner that would negate the affordability aspect of the unit – so the inclusion of various luxury items, fixtures, or features would not be likely. Garages and associated storage options, while certainly possible, are also unlikely to be included within a Tiny Homes, as such features are contrary to the overall concept of the Tiny Home. As a result, the likely target markets for Tiny Homes are primarily focused on a single low-to-moderate-income senior citizen, and to a lesser extent a single non-senior person of any age with a low-to-moderate-income.

- The location of an individual Tiny Home or a Tiny Home community is perhaps more important than the standard housing property or neighborhood. A Tiny Home is quite unlikely to feature a large degree of storage for any purpose, whether it be for foodstuffs, perishable goods, or non-food items. This characteristic makes the occupant of a Tiny Home much more dependent on the daily or regularly-scheduled purchase of various

goods and items as such items are consumed, rather than the purchase and storage of a reasonable supply of consumables.

- With a housing development that targets (either intentionally or by its prevailing characteristics and features) a smaller sub-set of possible target markets, the development lacks a wide degree of diversity in terms of the types of households present, by the generally similar prevailing incomes found nearby, and the commonalities in terms of backgrounds, educational attainment, and employment status. These are some of the same characteristics found within mobile homes and, to a lesser extent, manufactured home communities. From a senior target market standpoint, the ongoing status and reputation of a Tiny Homes development would be dependent upon continued occupancy by similar senior persons over time. From a non-senior target market standpoint, issues regarding reputation, shifting preferences regarding local retail/service/employment opportunities, and a potentially shrinking market potential (for this age segment) would be problematic.

- Based on these characteristics, a statistical demand forecast for Tiny Homes from a rental housing standpoint can be made with the following assumptions:

  o Incomes capped at $50,000, to reflect that persons with higher incomes have superior choices in addition to a Tiny Home option;

  o Single-person households only;

  o Conventionally-financed with no rent restriction based on income;

  o A location that is considered attractive and would facilitate leasing activity

  o A location with a minimum number of community-related features, such as outdoor space, picnic areas, landscaped grounds, and a community building;

  The statistical demand forecast from a rental standpoint yields a total of 42 units, based on 2025 market entry. However, this demand includes all age segments, which may not correspond with the possible development scenario for a Tiny Home property.

- For a senior-only Tiny Homes alternative, the statistical forecast would income similar pricing/income eligibility assumptions, but use the age 65 and older segment. The income range is slightly broader than the non-senior scenario, as seniors are generally more willing to pay a greater share of income toward housing costs. This demand for 2025 was calculated at 29 units. The demand assumes most residents would come from an owner-occupied home, rather than relocate into a rental unit.

Tiny Homes are perhaps more ideal within a larger marketplace or metropolitan area, from which a larger number and a broader base of potential residents can be assumed. For the Alpena community, I would not suggest that this unique housing options would not be successful; however, I would definitely question the potential size of this type of housing from a rental housing marketplace standpoint.

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As a homeownership option, concerns are based on the long-term value of a Tiny Home, and the reduced size of the potential purchasing marketplace. There are no home purchase data within the Alpena region for comparable Tiny Home sales, but a recent construction project coordinated with the Alpena Public Schools developed a Tiny Home to be placed on auction. The initial auction price was $50,000 – certainly an affordable level for most residents. But the primary issues for this subset of housing is not affordability, but the size and long-term interest in such options, replicating a useful life scenario similar to a mobile home park (maximum value in the beginning, with mixed to uncertain value/appreciation over time, with a limited set of target markets from which to draw).

Table: Demand Forecast – Tiny Homes Scenario – Alpena Area

		Assumed Income Eligible Range
2022 Total Occupied Households	**9,643**	
2022 Owner-Occupied Households	**7,006**	
2022 Renter-Occupied Households	**2,637**	
QUALIFIED-INCOME RANGE *(unduplicated)*		
Minimum Annual Income		$24,000
Maximum Annual Income		$50,000
ADJUSTMENT - SINGLE-PERSON HOUSEHOLDS		
Owner-Occupied Households		29.9%
Renter-Occupied Households		54.0%
ESTIMATED NUMBER OF SINGLE PERSON HOUSEHOLDS		
Owner-Occupied Households		2,095
Renter-Occupied Households		1,424
DEMAND FROM EXISTING HOUSEHOLDS		
Percent Income Qualified Owner Households		18.5%
Percent Income Qualified Renter Households		32.3%
Income Qualified Owner Households		387
Income Qualified Renter Households		460
Annual Movership Rate - Owner to Renter		3.0%
Annual Movership Rate - Renter to Renter		7.0%
Total Income-Qualified Owner to Renter Movers		12
Total Income-Qualified Renter to Renter Movers		32
Total Demand from Existing Households		**44**
DEMAND FROM NEW RENTER HOUSEHOLDS		
Projected 2024 Renter Households	**2,598**	
Annual Change in Renter Households, 2022-2025	**-13**	
Percent Qualified Renter Households		32.3%
Total Annual Demand From New Households		**(2)**
TOTAL DEMAND		**42**
LESS: Total Comparable Units Placed in Service Since 2021		0
LESS: Total Comparable Units Proposed/Under Construction		0
TOTAL NET DEMAND		**42**
IDEAL NUMBER OF UNITS		**16**
CAPTURE RATE		**38.5%**
PENETRATION RATE		**1.9%**

Note: Totals may not sum due to rounding or differences in income ranges

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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Table: Demand Forecast – Tiny Homes Scenario (Age 65+) – Alpena Area

	Assumed Income Eligible Range
2022 Total Occupied Households 65+ 3,501	
2022 Owner-Occupied Households 65+ 2,922	
2022 Renter-Occupied Households 65+ 579	
\	
QUALIFIED-INCOME RANGE *(unduplicated)*	
Minimum Annual Income	$19,500
Maximum Annual Income	$50,000
ADJUSTMENT - SINGLE PERSON SENIOR HOUSEHOLDS	
Owner-Occupied Senior Households	32.1%
Renter-Occupied Senior Households	86.2%
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+	
Percent Income Qualified Owner Households	31.0%
Percent Income Qualified Renter Households	48.5%
Percentage of Seniors without Independent Living Difficulty	85.9%
Size & Income Qualified Owner Households	250
Size & Income Qualified Renter Households	208
Annual Movership Rate - Owner to Renter	3%
Annual Movership Rate - Renter to Renter	10%
Total Income-Qualified Owner to Renter Movers	7
Total Income-Qualified Renter to Renter Movers	21
Total Demand from Existing Households	**28**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+	
Annual Owner Household Growth, 2022-2025	59
Percent Income Qualified Owner Households	31.0%
Annual Renter Household Growth, 2021-2022	12
Percent Income Qualified Renter Households	48.5%
Total Demand From New Households	**1**
TOTAL DEMAND	**29**
LESS: Total Comparable Units Placed in Service Since 2021	0
LESS: Total Comparable Units Proposed/Under Construction	0
TOTAL NET DEMAND	**29**
SUGGESTED NUMBER OF UNITS	**10**
CAPTURE RATE	**34.5%**
PENETRATION RATE	**2.1%**

Note: Totals may not sum due to rounding

SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau
American Community Survey, U.S. Census Bureau
ESRI Business Analyst

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VIII: DATA & SOURCES

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Homeless data and reports – NEMCSA

CERTIFICATION

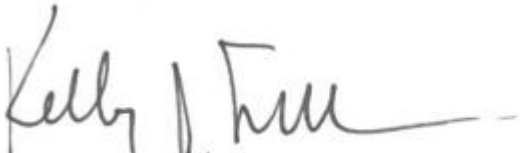### CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

While the sponsor has paid for the market research services rendered, the undersigned certifies that no fees will be collected or payments received contingent upon the success of the proposal. In addition, the undersigned further certifies that no ownership interest exists concerning the proposal.

While the document specifies Community Research Services, LLC, the certification is always signed by the individual completing the study and attesting to the certification.

COMMUNITY RESEARCH SERVICES, LLC

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Kelly J. Murdock

Date: March 22, 2023

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

Mr. Murdock has vast experience in the analysis of housing markets. Since 1988, he has provided market analyses and studies on single-family developments, apartment complexes, condominium proposals, and senior citizen communities. Mr. Murdock has also assisted numerous nonprofit groups and non-entitled communities with the use and regulations of the HOME program, as a technical assistance representative through the Michigan State Housing Development Authority (MSHDA). He has been featured within several published articles on housing research, and has served as a speaker at numerous housing seminars on market-related issues.

Mr. Murdock currently serves as the Managing Partner of Community Research Services, LLC (CRS). CRS was created to provide a wide variety of products and services to the affordable housing industry, ranging from market feasibility studies to development consulting. CRS provides consulting and research with for-profit firms, nonprofit organizations, as well as state and local governments.

Prior to the establishment of CRS, Mr. Murdock was the founder of Community Research Group LLC and Community Targeting Associates. Both companies provided a large degree of affordable housing research over a twelve-year period (1992 to 2004) across 31 states for over 250 clients. This included research conducted under contract with Rural Housing Service, HUD, and six state housing agencies. Previously, Mr. Murdock served as the Senior Market Analyst of Target Market Systems, the market research division of First Centrum Corporation. At TMS, Mr. Murdock was responsible for market research services for all development and management divisions of the corporation, and completed some of the first market reviews and studies within Michigan under the LIHTC program (IRS Section 42).

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock is a member of the Michigan Housing Council, a statewide affordable housing advocacy group. He previously served on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock currently serves on the executive committee of NCHMA as Past Chairman, having served as the Chair for the organization during the 2020-2022 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.