

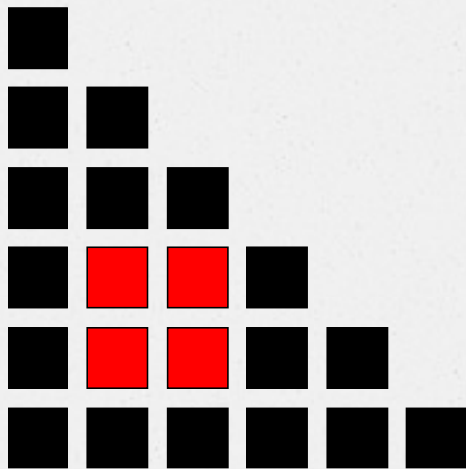
Mitchell Area Housing Study

September 2012 Presentation

Community Partners Research, Inc.

o Scott Knudson

o Steve Griesert



Community Partners Research, Inc.

- o Founded in 1995 - Minnesota based
- o 220 + city and county housing studies:
 - o Minnesota
 - o South Dakota
 - o North Dakota
 - o Wisconsin
 - o Iowa

Study Contents

- o Introduction
- o Demographic and Projection Data
- o Existing Housing Data
- o Rental Housing Inventory
- o Senior Housing with Services
Inventory
- o Employment and Economic Trends
- o Findings and Recommendations

Research Methods

- Demographic/statistical sources
- Local data sources – City and County
- Local interviews
- Telephone surveys of rental properties
- Housing condition survey

Demographic Highlights

- o Mitchell is the primary focus of the research
- o Immediate region is reflected in Davison and Hanson County data – defined as a Micropolitan Statistical Area (MiSA)
- o Mitchell Region includes Davison, Aurora, Douglas, Hanson, Hutchinson and Sanborn Counties

Demographic Highlights

- o Between 2000 and 2010 Mitchell added:
 - o 696 people
 - o 575 households
- o Remaining six-county Region (excluding Mitchell) lost:
 - o 436 households
 - o 1,597 people

Demographic Highlights

- Between 1990 and 2010 Mitchell added:
 - 1,015 households
 - Average annual growth in the 1990s was 44 households per year
 - Average annual growth between 2000 and 2010 was 58 households per year

Demographic Changes

- o City and Region continue to age – baby boomers advanced between 2000 and 2010:
 - o Net decrease in households age 44 and younger
 - o Net increase in households age 45 to 64
 - o Net increase in senior-headed households, especially age 85 and older
 - o Average household size decreased from 2.27 persons in 2000 to 2.16 in 2010

Demographic Changes

- o Looking forward to 2015 and beyond:
 - o Most of the net household growth will be among age groups 55 to 74 years old
 - o Reduced number of households age 54 and younger
 - o Limited growth in older senior households, age 75 and older, but stronger growth in younger seniors

Demographic Changes

- o Household composition changes:
 - o More people living alone
 - o Fewer married couples with children
 - o More married couples without children
 - o More single-parent families

Demographic Changes

- o According to the 2010 Census:
 - o 55.9% of all Mitchell households owned their housing
 - o 44.1% rented their housing
 - o City added more renters than owners over the last decade
 - o Net increase of 285 owner-occupants
 - o Net increase of 290 renter-occupants

Income Highlights

- o The 2010 Census did not collect income information - for Mitchell, the 2010 American Community Survey provides estimates
- o 2010 median household income was \$39,345
- o Statewide median was \$46,369
- o City median increased by 25.1% over decade, compared to 31.5% Statewide

Income Highlights

- 2010 median family income was \$49,821
- Statewide median was \$58,958
- City median increased by 15.6% over the decade, compared to 36.4% Statewide
- Families have two or more related members

Income Highlights

- o The median income for all renter households was \$25,122 in 2010
- o At 30% of income, the median renter household can apply \$628 per month to housing costs
- o Nearly 72% of all renter households had an annual income below \$35,000 - affordable rent is below \$875
- o Approximately 41% of renters had a cost burden

Income Highlights

- o The median household income for owners in 2010 was \$54,881
- o \$1,372 available for housing at 30% of income
- o Nearly 55% of home owners had an income of \$50,000 or more
- o Nearly 19% of owners reported paying 30% or more of income for housing

Employment Highlights

- o Standardized data sources exist for employment statistics – 2000 to 2012
 - o MiSA's available work force increased by nearly 1,300 people from 2000 to 2011
 - o MiSA employed workforce increased by 1,150 people
 - o 2011 unemployment rate was 4.1% in Mitchell compared to 8.9% in the U.S.

Projection Highlights

- o A primary method of projecting future growth is to analyze past growth trends
 - o Annual average growth projections for Mitchell yield a range of 60 to 63 households per year in potential growth
 - o Some additional growth expected in the remainder of the two-county MiSA, but probably less than 15 households per year

Housing Construction Highlights

- o Actual annual housing construction activity has been well below 60 to 63 units per year since 2007, except for 2010 when student and senior units were constructed
- o Substantially more units were constructed prior to 2006

Housing Construction Highlights

- Since 2008, single family housing starts have been below 30 units per year
- In 2010, a student project and a senior housing with services project were constructed
- Last conventional rental project dates to 2003 or before

Housing Construction Highlights

- o Physical barriers do not limit housing
 - o Subdivisions and builder capacity exist
 - o Multifamily sites exist
 - o The primary limiting factors appear to be economic/financial

Home Sales Highlights

Existing Home Sales:

- Median home sale price of \$95,000 to \$98,000 for sales years between 2009 and 2011
- Median sale price of \$112,000 in partial-year 2012 sample

Home Sales Highlights

- Foreclosures and short-sales do not appear to be an issue for Mitchell
- Fewer than 9% of sales in 2011 were from a bank/financial institution seller

Housing Condition

- o Four older neighborhoods were identified and a visual condition survey was completed
- o Between 28% and 37% of the houses in each neighborhood were rated as Sound, but most homes were in need of some repair

Housing Condition

- More than 25% of all houses were rated as needing major repairs (252 homes)
- There were 41 houses that were judged to be beyond repair and should probably be considered for demolition and clearance

Rental Housing Highlights

- o Rental housing generally has a high rate of occupancy and good demand
 - o 1.3% vacancy rate in multifamily market rate housing – and units were generally in the process of being filled
 - o Tax credit /moderate rent vacancy rate was 0% - Eastwoods Apartments is only moderate rent project

Existing Housing Highlights

- o Subsidized rental housing
 - o The subsidized vacancy rate was below 1%, with any open units filled from waiting lists
 - o General occupancy projects had longer waiting lists than senior/disabled subsidized projects
 - o Approximately 85 Vouchers in Mitchell with 82 households on the rent assistance waiting list

Existing Housing Highlights

- o Specialized rental housing
 - o Specialized senior units had high rates of occupancy and waiting lists
 - o Student housing at Campus Tech has been fully leased for past 2 years

Rental Market Highlights

- o Very limited construction of conventional, general occupancy housing in past 15 years
- o Wheatridge Apartments, Country Estates Apartments and Townhomes all were 2003 or earlier
- o Census data point to some rental gain from unit conversion, as units that were once owner-occupied changed to rental use

Rental Market Highlights

- o Rental rates tend to be modest in older rental stock
 - o \$375 to \$490 for a one-bedroom
 - o \$550 to \$775 for a two-bedroom

Rental Market Highlights

- Newest projects have one-bedrooms above \$700 and two-bedrooms above \$900
- Occupancy rates are high

Recommendations Highlights

- o Between 225 and 300 additional rental units recommended over five-year period
- o Average annual demand potential for 38 to 43 owner-occupancy units per year
- o Growth is largest demand-generator, but pent-up demand, unit replacement and similar factors also contribute

Rental Recommendations

- o Between 110 and 150 conventional, market rate units recommended over five-year period
- o Phased-in construction approach to help prevent market saturation
- o Households age 55 and older will be fastest-growing demographic segment
– age-appropriate designs would be recommended

Rental Recommendations

- o Between 40 and 60 moderate rent units recommended probably using federal low income housing tax credits and similar resources
- o Income estimates showed that 72% of all Mitchell renter households had an annual income below \$35,000 in 2010 and most of these would be income-eligible for tax credit housing

Rental Recommendations

- o Set goal of adding 20 to 30 subsidized rental units to serve lower income renters – 41% of all renters report a rent burden
- o Resources for this “deep subsidy” housing are very scarce
- o Complimentary goal of preventing the loss of any of the existing subsidized resources

Rental Recommendations

- Mitchell generally has a good distribution of specialized senior housing, except for dedicated memory care units
- Ongoing additions have been made by existing providers, as dictated by demand
- Some units are “flexible” and could be used for assisted living through a change in licensing
- Occupancy rates are reported to be high and many projects maintain waiting lists

Rental Recommendations

- o The projections used for this Study expect very limited growth among older senior populations, age 75 and older
- o Stronger growth will exist among younger seniors age 74 and under, pointing to longer-term demand
- o Increased use of senior housing with services would largely come from a higher capture rate, not growth within the target population

Rental Recommendations

- o The two identified gaps in senior housing with services:
 - o Memory care units, which may be a licensing/regulatory issue
 - o Housing with services for lower income seniors – most Mitchell providers are private-pay
 - o There may be an opportunity to utilize subsidized senior housing projects to better serve lower income seniors

Home Ownership Recommendations

- o Mitchell's home ownership rate is lower than the Statewide rate, and decreased over the last decade
- o Home ownership can achieve multiple community goals related to population stability, property maintenance and tax base

Home Ownership Recommendations

- o Access resources to promote ownership:
 - o Low interest loans
 - o Down payment/closing cost assistance
 - o Gap financing
 - o Home ownership training and education

Home Ownership Recommendations

- o Other strategies and programs:
 - o Purchase/Rehabilitation Program
 - o Local down payment/closing cost assistance
 - o Work to improve the quality and condition of the older single family housing stock

Single Family Construction Recommendations

- o Decrease in activity in recent years:
 - o Average of 54 houses/year from 2000 to 2007
 - o Average of 23 houses/year from 2008 to 2012

- o Five-year goal of 38 to 43 houses/year:
 - o 18 to 20 moderate to higher-priced homes
 - o 10 to 11 affordable homes
 - o 2 homes on infill/redevelopment lots
 - o 8 to 10 attached single family units

Single Family Construction Recommendations

- o Residential lot supply is large and allows for consumer choice:
 - o Estimated inventory is 475 to 500 lots that are improved, platted or master planned
 - o Based on projected usage, between 95 and 110 lots would be adequate to meet near-term needs

Single Family Construction Recommendations

- o Attached single family housing:
 - o Estimated 100 twin home/town house units constructed since 2000
 - o Fastest growing demographic segment will be households age 55 and older
 - o Senior-friendly design is important
 - o Low maintenance/no maintenance through association
 - o Cluster development
 - o 8 to 10 unit annual goal

Single Family Construction Recommendations

- o Affordable new construction should be part of the unit mix:
 - o Coordination with area housing agencies and nonprofit groups on affordable home construction
 - o Work with groups like Habitat for Humanity with a proven record of assisting lower income buyers
 - o Planning and Development District III (Prairieland Housing Development)

Single Family Construction Recommendations

- o Marketing efforts to promote home ownership in Mitchell:
 - o Advertising
 - o Resource brochures
 - o Website
 - o Housing Fair
 - o Tenant and home buyer education
 - o Promotion through area employers

Single Family Construction Recommendations

- o Develop a 16 to 20 lot affordable home subdivision
 - o Option for modular, stick-built and Governors Homes
 - o Aesthetically appealing
 - o Variety of designs
 - o User-friendly process
 - o Financing programs and employer involvement
 - o Publicity
 - o Phasing/absorption period

Rehabilitation Recommendations

- o Promote rental housing rehabilitation
 - o Mitchell has a large rental inventory, estimated at approximately 3,200 units
- o More than 44% of all households are renters
- o Many of these units are more than 30 years old and require ongoing maintenance and improvement

Rehabilitation Recommendations

- o Promote owner-occupied housing rehabilitation
 - o Large inventory of older single family houses
 - o A housing condition survey was completed in 4 older neighborhoods in the City:
 - o A total of 1,005 houses were viewed and rated
 - o 375 homes (37%) were rated as needing minor repair
 - o 252 homes (25%) were rated as needing major repair

Rehabilitation Recommendations

- o Mitchell should consider the development of a neighborhood revitalization program
 - o Demolition of dilapidated structures
 - o Concentrated housing rehabilitation
 - o Land pooling for redevelopment
 - o Public projects
 - o Re-zoning, variances, re-platting

Rehabilitation Recommendations

- o Rehabilitation funding resources include:
 - o SD Housing Development Authority
 - o USDA Rural Development
 - o Federal Home Loan Bank
 - o Locally generated funds

Rehabilitation Recommendations

- o Consider the creation of a Rental Housing Inspection Program
 - o City currently has a Code Enforcement Officer
 - o A formal program would create uniform inspection standards and procedures

Rehabilitation Recommendations

- o A Rental Housing Inspection Program can address:
 - o Health and safety hazards
 - o Problems due to the age of the rental stock
 - o Lack of maintenance
 - o Problems created through building conversions
 - o Neighborhood stabilization issues
 - o Problems common with large student populations

Other Housing Initiatives

- o Promote employer involvement in housing
 - o A low unemployment rate and a shortage of housing has contributed to a worker shortage
 - o Employer involvement can include direct assistance to employees, such as down payment assistance, loan guarantees, etc.
 - o Financial assistance can also be provided to general housing projects, such as construction of houses or rental units

Other Housing Initiatives

- o Promote acquisition and demolition of substandard housing
 - o The housing condition survey rated 41 homes as dilapidated and probably beyond repair
 - o 252 houses needed major repairs and could deteriorate further
 - o The community is enhanced when blighting influences are removed
 - o Cleared lots may be suitable for affordable housing redevelopment

Other Housing Initiatives

- o Create a local New Construction Incentive Program
 - o Reduced prices for lots
 - o Permit and water/sewer hookup fees waived or reduced
 - o Discounts and benefits at area businesses
 - o Cash incentives

Other Housing Initiatives

- o Create mobile home improvement programs
 - o Operation Safe Mobile Home Park
 - o Time of sale inspections
 - o Cooperative park ownership/land trust
 - o Acquisition of substandard parks

Other Housing Initiatives

- o Housing opportunities in Downtown area
 - o Historic District/Main Street Program
 - o 182 units in the downtown already in mixed-use buildings
 - o Ongoing demand for housing in Mitchell
 - o Capacity to develop up to 100 additional units in the downtown buildings

Other Housing Initiatives

- o Downtown housing opportunities
 - o Encourage new construction projects near the downtown area
 - o Rehabilitate existing downtown units
 - o Develop higher quality units in the next five years
 - o Enforce city codes downtown
 - o Develop mixed-use commercial and housing
 - o Utilize Historic Tax Credits

Other Housing Initiatives

- o Coordination between housing agencies
 - o Mitchell Housing Authority
 - o Mitchell Area Development Corporation
 - o Planning and Development District III
 - o Prairieland Housing Development
 - o USDA Rural Development
 - o Rural Office of Community Services
 - o South Dakota Housing Development Authority

Other Housing Initiatives

- o Develop a housing plan
 - o Review and comment on recommendations
 - o Prioritize recommendations
 - o Identify roles and responsibilities of agencies and stakeholders
 - o Develop a time line
 - o Discuss ways of addressing staffing needs

Thank you for attending.

Electronic Copies can be found
next week, October 4 at:

www.mitchellsd.org

www.mitchellchamber.com