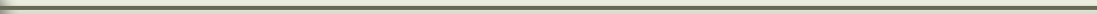


# GRAND TRAVERSE COUNTY

## *2012 Housing Inventory*



# Acknowledgements

This document was prepared for Grand Traverse County by the Northwest Michigan Council of Governments. Oversight in the development of the document was provided by the Grand Traverse County Housing Strategy Committee. Funding was provided through the Sustainable Communities Challenge Planning Grant Program, which is made possible through the Partnership for Sustainable Communities, an interagency partnership of the US Departments of Housing and Urban Development, Transportation, and the Environmental Protection Agency. Through this partnership, these three federal agencies came together to help places around the country develop in more environmentally and economically sustainable ways. To guide its work, the Partnership developed six livability principles:



- Provide more transportation choices.
- Promote equitable, affordable housing.
- Enhance economic competitiveness.
- Support existing communities.
- Coordinate and leverage federal policies and investment.
- Value communities and neighborhoods.

The Community Challenge grant is also funding a new Master Plan process for the County. The Master Plan is a different approach compared to previous County plans. It will integrate local land use priorities into a county-wide policy by utilizing the leadership of local planning commissioners from local units of government, while building upon the principles of the Grand Vision. The information contained herein will be used by the County in developing an affordable housing strategy through the master planning process.



## Grand Traverse County Housing Strategy Committee

Robert Carstens  
*Acme Township Planning Commission*

Ilah Honson  
*Traverse City Housing Commission*

Fred Wilmeth  
*City of Traverse City*

Rhonda Elliot  
*Traverse Area Association of Realtors*

Kim Pontius  
*Traverse Area Association of Realtors*

Laurie Spencer  
*Grand Traverse County Equalization*

Jeff Vitton  
*Grand Traverse County Planning & Development*

Sarah Lucas  
*Northwest Michigan Council of Governments*

*Let Our Resources Work For You.*



# Contents

HOUSING INVENTORY



Executive Summary	4
Housing Diversity	10
Housing Affordability	17
Housing Condition	32
Vacancies and Foreclosures	38
Related Costs: Energy and Transportation	43
Regulatory Factors	50

# Executive Summary

Housing represents one of our most basic needs. Housing that is unaffordable, deteriorating, or inadequate in terms of size or type has enormous consequences for the health, safety, and welfare of individual households and the community as a whole.

The financial burdens associated with unaffordable housing increase the risk for homelessness and foreclosure and prevent households from meeting basic needs for health, nutrition, and transportation. Deteriorating housing, meanwhile, has been shown to adversely affect the health and educational attainment of residents and children. When a community's housing stock is unaffordable to much of the population, or when the only "affordable" options are deteriorating, or when available homes do not meet the accessibility or space needs of residents, households make individual decisions about where to live which in turn affect community-wide issues such as

transportation and traffic, services, schools, and business.

These housing issues and consequences are impacted by policy at the local, state, and federal government. Housing policies and resource decisions play an enormous role in where, what type, and how much housing is built. Subsidy programs and tax incentives at the state and federal level, and zoning and other land use policies at the local level, have far-reaching implications for the housing market, communities, and consumers.



The intent of this document is to provide a comprehensive assessment of the County's housing stock, with an emphasis on affordable housing opportunities and issues, in order to inform decisions on these programs and policies. Findings from the Housing Inventory will be used in the development of a comprehensive Housing Strategy for Grand Traverse County that will provide long-term guidance in policy and resource decisions.

The Housing Inventory evaluation of the County's housing stock provides details on the value, condition, and other characteristics of the County's housing choices through the use of four primary



measures—affordability, housing diversity, housing condition, and vacancies and foreclosures—that affect housing affordability, adequacy, and availability. Each of these measures are considered in terms of specific indicators that are updated on an annual basis, thereby providing a baseline that allows for evaluation over time and across geographies. Measures are discussed for the County’s housing stock as a whole; in the context of affordable ownership housing; and in the context of rentals and non-homestead properties.

**It is important to note that this is not a market study.** Rather, housing characteristics are measured for the purposes of community planning and strategy development, in order to improve the County’s housing choices for all residents. Additionally, it’s important to emphasize that the data included in this study is considered an estimate, and was analyzed with the intent of identifying trends and potential causes, rather than precise quantities or values. With regular

updates, the inventory will provide an evaluation benchmark, and can act as a foundation for strategies and actions by local, county, and regional organizations as they work to meet the County’s identified housing needs.

## Measure 1: Housing Diversity

Housing type is an important factor in considering whether there are adequate housing choices for the population. Lifestyle patterns and changes create different needs for different parts of the population: differences in income, age, and household size affect demand. For instance, households such as the elderly or disabled may need smaller homes with less maintenance, while family households need larger homes. When the supply does not meet the demand, availability issues arise, subsequently affecting affordability and adequacy. Data relative to housing type and size indicates that some parts of the County lack diverse housing options for all residents, and for low-income and rental households in particular.

### Housing Diversity Findings

- The majority of the County’s housing stock consists of single-family, owner-occupied housing. In some townships,



this housing type accounts for 90% or more of the stock.

- Most rental and multi-family housing is concentrated in Garfield Township and the City of Traverse City.
- High numbers of single-person rental households contrast with low numbers of one-bedroom or efficiency rentals.
- Mobile homes are concentrated in Garfield, Blair, and Paradise Townships,

all of which are home to mobile/ manufactured home parks. Mobile homes are an important affordable housing option for low-income households, particularly in rural areas with limited options for rentals, making up about 18% of the County’s affordable ownership housing. However, many of these homes are aging and/or of poor construction quality, leading to higher rates of deterioration.



- Like the nation, the County’s population is aging, creating different housing needs—particularly accessibility. Available data suggests that few of the County’s existing homeownership or rental units include barrier-free or accessibility features.

## Measure 2: Affordability

A housing unit is considered affordable to a household if housing costs total 30% or less of that household’s income—with “costs” referring either to rent, or, for ownership units, mortgage interest and principal, taxes, and insurance. When households pay more than 30% of their income for housing, they are considered cost overburdened, a financial strain that creates a higher risk of foreclosure or homelessness. Data relative to housing values, rents, and overburden rates shows that, while housing values dropped in many parts of the County following the 2008 recession, both homeownership and rental affordability continue to be an issues for low-income households.

### Affordability Findings

- Between 2007 and 2011, while property values in the state of Michigan declined about 20%, the market value of residential property in Grand Traverse County dropped by about 11%. By township, changes in property value ranged from an 8% decline in Peninsula Township, to a 19% decline in Fife Lake Township. Values in Traverse City during the same time period increased by about .3%.
- While nearly 40% of owner-occupied households are considered low-income, only 26% of owner-occupied housing is of an “affordable” value to low-income households. Over half (57%) of that housing is located in East Bay, Blair, and Green Lake Townships.
- To afford the monthly costs of owning a home in Grand Traverse County, a household would need to earn about \$52,650 per year. To afford a median-priced rental, a household would need to earn about \$31,560 per year, or



about \$15 per hour. A single-income minimum wage worker would need to work about 82 hours per week to afford a median priced rental.

- Garfield, Traverse City, Peninsula, and Long Lake Townships have the County's greatest affordability gaps, when comparing numbers of affordable homes versus numbers of low-income households.
- Over half of the County's rental housing is considered affordable to households earning 50% area median income (AMI) or less. However, renters have higher rates of overburden than homeowners, with very low-income households experiencing cost overburden at a rate of almost 75%. This is due in part to shortages of both very low-income and higher end rentals, which limits availability of all income levels.
- Overburden rates decrease for owner-occupied households as the age of the householder increases; however, overburden rates for renters are

consistent despite the age of the householder.

- The value of non-homestead properties depends on location, with "shoreline" communities having high-valued non-homestead properties. On the whole, however, the value of non-homestead properties is somewhat lower than housing values of homestead properties.
- Home energy costs, including electricity and heating costs, can account for 20% or more of a household's budget. Low income households spend a greater percentage of their income on energy costs, and are more likely to experience housing instability due to energy costs.
- The typical household in Grand Traverse County spends 57% of their income on housing and transportation costs combined. In many parts of the County, particularly those in rural areas that are home to the County's more "affordable" housing, combined housing and transportation costs total

## Affordability Terms

**Homestead (principal residence) exemption:** property exempted from millage levied by local school districts for operating purposes. Generally, homestead exemptions apply to the portion of a dwelling unit or property that is owned and occupied by the owner. Non-homestead properties are those that do not claim a homestead exemption; non-homestead properties may include vacant homes, rentals, or seasonal homes.

**State Equalized Value:** half the market value (true cash value) of a property, as determined by the local assessor.

**Area Median Income (AMI):** the median income for a region (i.e., a county), as determined annually by the US Department of Housing and Urban Development (HUD).

**Low-income household:** a household earning 80% or less of area median income.

**Very low-income household:** a household earning 50% or less of area median income.

well over 60% of a typical household budget.



### Measure 3: Housing Condition

Housing adequacy is usually measured by the physical conditions of the home, but may also include factors such as overcrowding or accessibility for the disabled and elderly. In this analysis, adequacy is addressed in the context of housing condition.

Housing condition is an important

consideration in affordability measures. Homes that are in need of substantial repairs, or homes that are poorly insulated, can result in high energy and maintenance costs, which quickly raise the overall costs of housing and can create financial strain even when mortgage payments or rent are within a household’s affordability level. Additionally, inadequate housing creates significant health and safety concerns for residents. Studies have connected inadequate housing with limited chronic disease, higher rates of asthma, increased exposure to allergens, and other health and wellness concerns.

Evaluating the condition of a community’s housing stock, however, is difficult on a large scale. Most measures of housing condition rely on interior and exterior inspections or on detailed housing surveys that evaluate various structural indicators on individual properties. However, several studies have identified a number of indicators with significant correlations to housing inadequacy for housing condition. These “proxy measures” include the lack of

complete kitchen and plumbing facilities; overcrowding; age; and depreciation, which is an evaluation of the physical condition of a home used by tax assessors to calculate a value for the building. Together, this data points to a significant need for housing repair and rehabilitation throughout the County.

#### Housing Condition Findings

- About 800 homes are classified as being in poor condition. This classification indicates that the home is approaching the end of its usable life, pointing to a possible need for significant repairs or replacement. Another 3,196 are classified as being in “fair” condition, which signals marked deterioration.
- Mobile homes of “low” or “fair” quality construction make up 80% of housing that’s classified as being in “poor” condition. An additional 340 mobile homes of this type of construction may reflect the potential for future needs for repair or replacement.





- About 45% of homes in poor condition are non-homestead. In some cases, the homes may be vacant, but others are used as rental housing.
- Of all homestead properties that are classified at a value affordable to low-income households, about 18% are in below-average condition. Some of this housing may not be a viable option for homebuyers, effectively removing already-scarce affordable homes from the market for low-income households; in other cases, the need for repairs and subsequent maintenance costs in these housing units can significantly impact the affordability of a home.

economic recession that continues to the present. High rates of foreclosures across the country have created housing problems including rising vacancy rates, abandonment, blight, and declining property values. In Michigan, foreclosure rates and associated issues were exacerbated by persistently high unemployment rates for much of the last decade. While vacancies and foreclosures in Grand Traverse County were not as severe as other parts of the state, increases in foreclosure activity have nevertheless had an adverse effect on home sales, property values and vacancy rates.

- Between 2003 and 2010, the number of sheriff's deeds (foreclosures) recorded annually rose from 100 to 412.
- Foreclosures are concentrated in several higher-density residential areas that also experienced higher rates of high-risk home purchase loans.
- Foreclosures are also concentrated in areas with large numbers of deteriorating homes. While these deteriorating homes do not have high rates of foreclosure, their impact on property values may contribute to foreclosure issues.

## Measure 4:

### Vacancies & Foreclosures

In the late 1990s and early 2000s, increased availability of credit, subprime lending, and rising home values contributed to the creation of a housing bubble that crashed in 2008, setting off a wave of foreclosures and a long-lasting

#### Findings

- Between 2000 and 2010, housing vacancy rates increased by over 41%. During that time period, the percentage of vacancies classified as "seasonal" declined, while the percentage of vacant homes for sale increased by 82%.

# Housing Diversity



The type of housing that a community needs is driven in large measure by the age, income, employment, household size, and other characteristics of its population. These basic population indicators affect individual decisions about the price, type, location, and size of the housing they choose to live in, and about whether they rent or own.

This section discusses basic characteristics of the County's housing stock, as well as demographic trends that influence housing needs and demand.

The characteristics of Grand Traverse County's housing units reflect the considerable variations in the County's population makeup, geography, and economy.

## **Household Demographics: Age, Household Size, and Income**

Younger or new households tend to rent until they're ready to purchase a home. Over a third of rental households in Grand Traverse County are under age 35 (37%). In addition, more people in this demographic were renters than homeowners—3,268 rentals were occupied by householders under age 35, versus 2,820 owner-occupied homes with householders in that age range. However, over the last several years, the numbers of rental householders has tended to increase in age, contributing to a more even age distribution among rental householders than was found in previous years. Owner-occupied housing, however, has become more concentrated in age ranges over 54, reflecting changes in

demand that may have been triggered in part by foreclosure issues.

Between 2000-2010, the number of households in Grand Traverse County with one or more people over the age of 60 increased by about 48%, while the number of households with one or more people under age 18 decreased by about 3%.

These changes in age in turn affect household size. While the number of 1- and 2-person owner-occupied households increased over the last ten years, the number of 3-person and larger households declined, resulting in a smaller average household size for owner-occupied homes.



Rental household size, on the other hand, remained largely stable at 2.14 people per household on average. Because rental households are more likely to be younger or single households, average rental household size tends to remain relatively stable.

Income levels are a major factor in individual choices about housing, with lower-income households more likely to rent—particularly when there are shortages of affordable housing. In 2009, the County’s median household income was \$50,744. For owner-occupied households in Grand Traverse County, the median income was \$57,930, while the median income of rental households in 2009 was reported at \$31,096.

**Building Type**

In terms of the type of structure in which these renters and homeowners reside, the 2009 American Community Survey (ACS) reports that most housing units in the County were single-unit detached homes (73%). About 9% were mobile homes, 3%

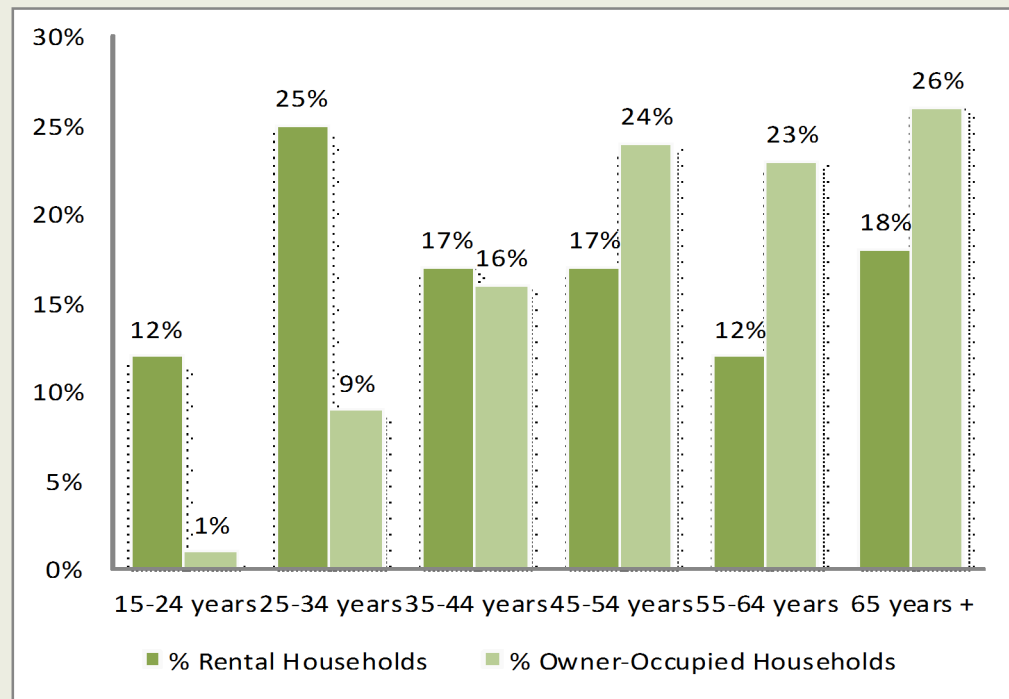
were single-family attached, and the remainder were structures with two or more units. The type of housing unit, however, varied depending on whether households were owner- or renter-occupied. Most owner-occupied households lived in single-family detached units (87%). Renters were

more likely to live in two-family or multi-family units; only about a third of rental households lived in single-family homes.

Types of housing unit also vary by geography. Over 90% of the housing stock in

**Figure 1. Tenure by Age of Householder**

*2009 American Community Survey*



Whitewater, Long Lake, Green Lake, Mayfield, and Union Townships are single family detached homes. On the other hand, Traverse City and Garfield Township, urban areas that are served by sewer and water, are home to a number of large apartment complexes and condominium develop-

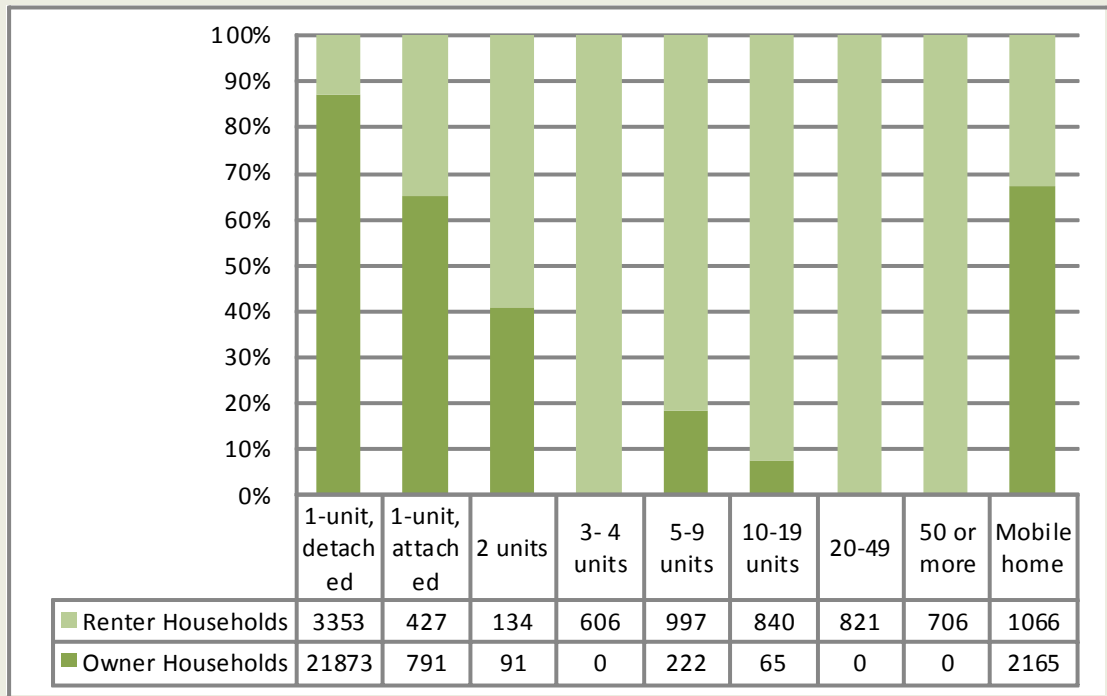
ments, and as such have the greatest amount of housing diversity, in terms of the mix of single- and multi-family units. Paradise, Blair, and Garfield Townships—all of which are home to one or more mobile home parks— have the highest percentages of mobile homes.

**Size**

The median number of rooms per housing unit in Grand Traverse County was 5.7, according to the 2009 ACS. Rentals are smaller than owner-occupied housing units, with the median number of rooms at 4.2, compared to 6.2 median rooms for owner-occupied housing units.

**Figure 2. Building Type and Number of Units by Tenure**

*2009 American Community Survey*



In terms of square footage, data from the Traverse Area Association of Realtors® (TAAR) indicates that the average square footage of homes sold between 2009-2011 is about 2,000 square feet.

**Rental Building Type**

According to the ACS, about 43% of rental households are located in two-family or larger multi-family structures. About a third of the County’s rental units are single family homes, and another 9% are mobile homes.



**Table 1. Housing Units and Occupancy (2010 Census)**

	Total Housing Units	% Change, 2000-2010	Occupied	Owner-Occupied	Renter-Occupied	% Owner Occupied	% Renter Occupied
Acme	2,399	8.3%	1,806	1,475	331	81.7	18.3
Blair	3,176	28%	2,926	2,453	473	83.8	16.2
East Bay	5,227	20.5%	4,284	3,504	780	81.8	18.2
Fife Lake	855	9.8%	604	469	135	77.6	22.4
Garfield	8,194	33.2%	7,367	4,465	2,902	60.6	39.4
Grant	552	18.2%	433	377	56	87.1	12.9
Green Lake	2,958	20.4%	2,289	2,018	271	88.2	11.8
Long Lake	3,926	22.3%	3,318	2,873	445	86.6	13.4
Mayfield	618	26.2%	554	474	80	85.6	14.4
Paradise	1,796	21.3%	1,624	1,375	249	84.7	15.3
Peninsula	3,032	16%	2,354	2,107	247	89.5	10.5
Union	239	7.7%	159	144	15	90.6	9.4
Whitewater	1,367	16.2%	1,012	909	103	89.8	10.2
City of TC	7,260	7.2%	6,675	3,884	2,791	58.2	41.8
Kingsley	568	8.4%	519	382	137	73.6	26.4
Fife Lake Village	265	3.5%	189	124	65	71.3	28.7
Grand Traverse County	41,599	19.4%	35,328	26,489	8,839	75	25



## Table 2. Rental Households and Size of Rental Units

2009 American Community Survey

	# of Rental Households
1-person HH	3247
2-Person HH	2551
3-person HH	1037
4-person HH	691
5-person HH	253
6-person HH	48
7+ person HH	12
Total	7839

# of Bedrooms Per Unit	# Rental Units
No bedroom	119
1-BR	1,899
2-BR	3,457
3-BR	1,775
4-BR	492
5-BR or more	97
Total	7,839

Because multi-family housing units are more likely to be located in urban areas, where sewer and water facilities are present, the majority of Grand Traverse County’s rental households (64%) are located in Garfield Township and Traverse City—urban areas that are served by sewer and water infrastructure (see Map 1). Rural areas are less likely to have rental homes; and rental homes in rural townships are more likely to be classified as mobile homes or single-family homes. In Grant, Green Lake, Mayfield, Union, and Whitewater Townships, for instance, all rentals are single-family homes or mobile homes. In Paradise and Union Townships, over half of the rental stock consists of mobile homes (see Appendix).

The County’s rental stock lacks diversity in terms of size. While about 41% of rental households are single-person households, nearly three-quarters of rental units are 2-bedroom units or larger—pushing many small households into rental units that are larger than they may need. Because larger rental units are more expensive, this can

become a drain on income, contributing to cost overburden and availability issues.

### Accessibility and Senior Housing

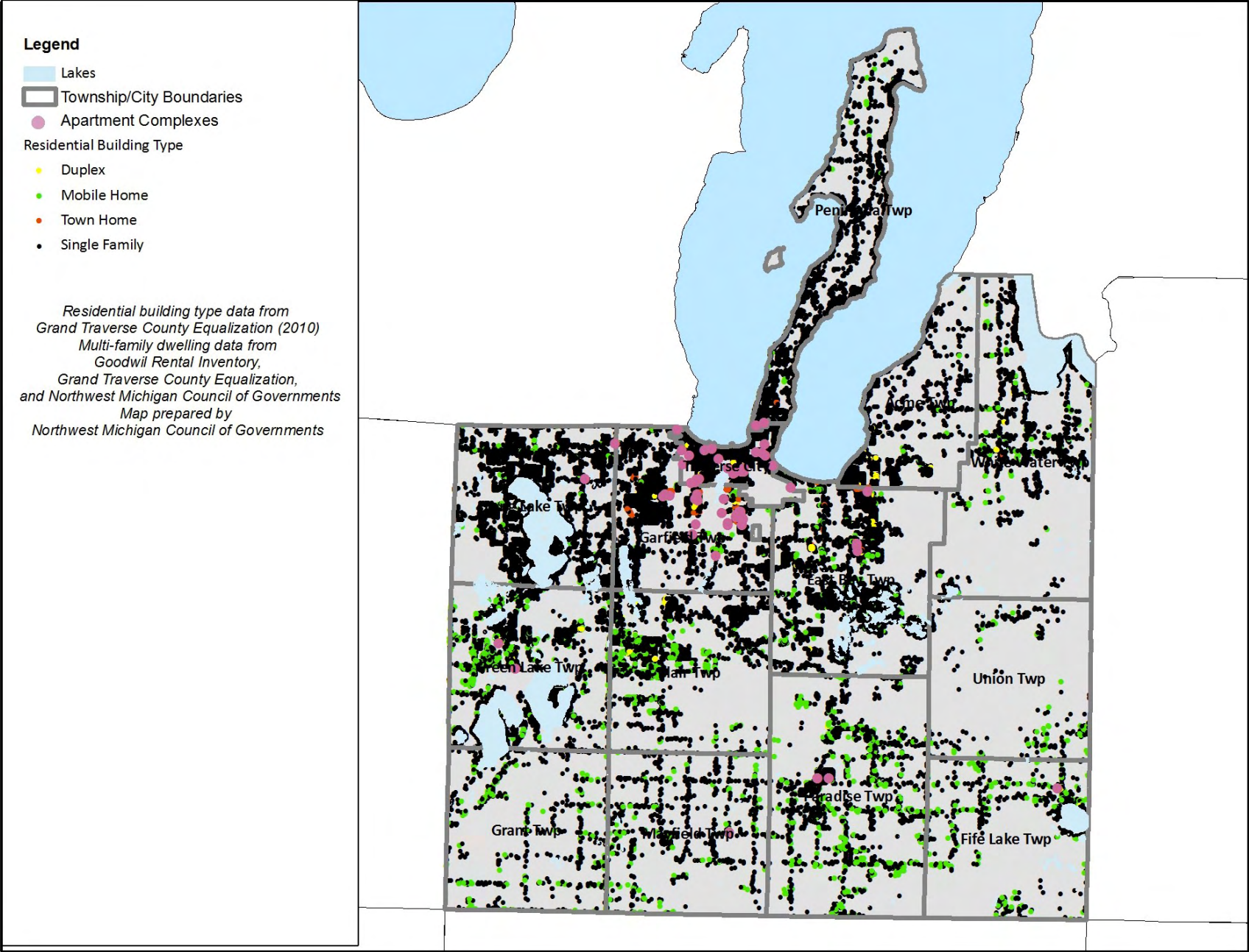
As noted, the number of households with individuals aged 60 and over has increased by 48% between 2000 and 2010. With an aging population, housing for seniors and the disabled will become increasingly important. Other issues relative to an aging population include difficulties with remaining in the home or independent living, accessibility or barrier-free needs, affordability—particularly for rentals, and increasing demand for smaller housing units.

Analysis of apartment complexes in Grand Traverse County indicates that about 440 rentals are designated as senior and/or disabled housing (note that this does not include assisted living).

Accessible housing, or barrier free housing, is a term used to identify housing units that are accessible to as many people as possi-



# Map 1. Housing Density and Type



ble, regardless of disabilities. While there is not a comprehensive database listing accessible units, data relative to apartment complexes, collected by the Michigan State Housing Development Authority, Disability Network of Northern Michigan, and Goodwill Industries of Northwest Michigan shows that about 3% of units in apartment complexes in Grand Traverse County are identified as barrier free. Additionally, data from the Traverse Area Association of Real-

tors® indicates that about 2% of homes listed between 2009-2011 have handicap accessible features.

## Accessible Housing

Accessible housing includes features designed to meet the needs of individuals with either permanent or short-term disabilities. Accessibility features vary depending on individual needs, but may include lower cabinets and appliances, wider doorways, grab bars, ramps, and tub seats. These features may be included as specifications during design and construction of a home, or housing units may be adapted for accessibility.

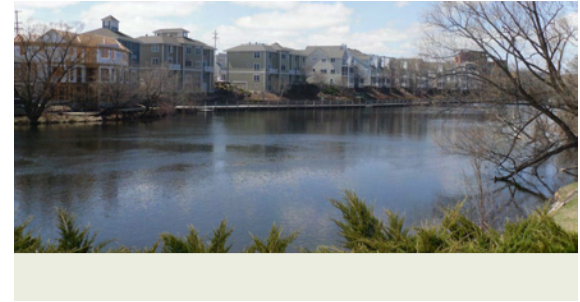
Accessible housing is needed by anyone who is currently disabled or may be in the future. Most individuals are expected to experience a disability at some point in their lives: even temporary injuries can make normal activities very difficult. As the nation's population ages, accessibility features will become increasingly important in order to allow individuals to remain in their homes. Over half of those aged 75 or older have difficulties with vision, hearing, mobility, or activities related to personal care or independent living, and a quarter of those aged 65-74 also report these difficulties. (*Demographic Challenges and Opportunities for US Housing Markets; Economic Policy Program Housing Commission, Bipartisan Policy Center, 2012*)





# Housing Affordability

Shortages of affordable housing can create financial strain for individual households, while also impacting community-wide issues such as traffic and transportation needs, local economies, school enrollment, and land use patterns.



Over the last several decades, housing affordability—particularly for ownership housing—has been a major issue in many parts of the country, including Grand Traverse County. With rapid population growth and increased demand for housing, home values in Grand Traverse County grew at a much faster rate than incomes. Between 1990 and 2005, average home values in the Grand Traverse region increased 167%, while incomes increased only 57%.

However, following the 2008 foreclosure crisis, housing values dropped in many parts of the country: in Michigan, according to analysis by The Center for Michigan, property values dropped by 20% statewide.

In Grand Traverse County, local governments experienced property value declines ranging from 8% to 19% between 2007 and 2011. Additional data from the TAAR shows that both the median and average sale prices have declined since 2008, from \$163,000 to \$141,000 (median). Average sale price declined from \$205,827 in 2008 to \$182,163 in 2011. Since 2009, average sale prices have increased, while median sale prices have remained relatively stable.

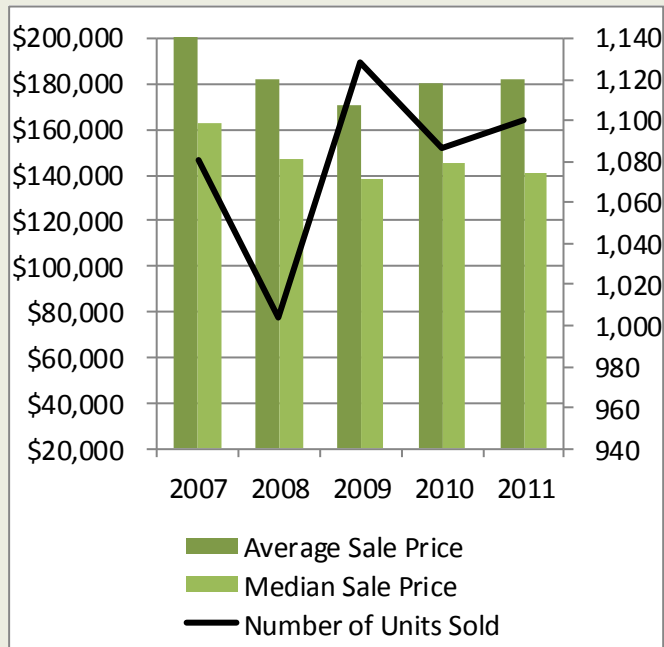
Compared to the rest of the state, home sales in Grand Traverse County have been fairly stable in terms of the number of sales county-wide. Inventory spiked in 2008-2009, as unemployment rates rose region-

wide and sales plummeted; but the large housing inventory was largely absorbed as foreclosure and short sales increased over the following two years. By 2011, the number of housing sales was above the 2007 rate.

These housing market fluctuations have had a marked affect on affordability for many parts of the County. However, affordability changes are not consistent for all geographies and demographic groups within the County; and for low-income and very low-income households, affordability for both rentals and homeownership continues to present a challenge. This section discusses the various measures of affor-

**Grand Traverse County Home Sales and Prices, 2007 –2011**

*Data from Traverse Area Association of Realtors*



home values vary by location, with lower median values in rural townships and higher values in shoreline communities and in the City of Traverse City (see Map/Appendix).

Additional information relative to housing values is available from Grand Traverse County tax data, which provides opportunities for cross-analysis with other factors, including the condition, construction class, and age of homestead and non-homestead single family home, mobile home, and duplex rentals.

ing values in shoreline or seasonal communities, and in or near the County’s major employment center of Traverse City.

Values also varied depending on whether or not they were homestead exempt. Properties qualifying for a homestead exemption are owner-occupied year-round; while properties with no homestead exemption, or non-homestead properties, are typically seasonal, rental, or vacant homes (note that undeveloped property, which is also classified as “non-homestead,” was not included in this analysis). The average value of homestead properties was \$227,408, compared to \$166,299 for non-homestead properties.

bility, including home value and rent in the context of household income levels and location.

**Value**

The 2009 American Community Survey reports that the median home value in Grand Traverse County was \$174,800. Median

In 2010, the average value of all residential parcels with an address in Grand Traverse County, according to Equalization data, was about \$227,407 (properties with an address typically signify the presence of a home). However, again, housing values vary widely by location, with higher hous-

Because of the wide variety in types of non-homestead properties, the value of non-homestead properties was also dependent to some extent on location. Average non-homestead values ranged from a low of \$111,068 in Blair Township to a high of \$474,582 in Peninsula Township. Higher-valued non-homestead properties were



predominantly located in Peninsula, Whitewater, Long Lake, Acme, and Green Lake Townships, which have significant amounts of shoreline development and seasonal homes.

### **Median Rent**

While County Equalization data distinguishes between homestead and non-homestead properties, which include rentals, it does not identify whether homes are seasonally-used, vacant, or used as short-term or vacation rentals; and does not identify specific rent prices in individual units. General information on rent is available from the 2009 ACS, which indicates that the median rent County-wide was \$787 per month. In terms of geography, rents ranged from \$498 in Peninsula Township to a high of \$1,010 per month in Whitewater Township.

### **Affordability: Owner-Occupied Housing**

Like other measures of housing characteris-

tics, housing affordability depends to a large extent on varying household demographics, with household income as the major factor. Affordability prices or levels are generally assigned to income “bands,” or target incomes, which are measured in terms of *area median income*. HUD establishes the area median income annually, using incomes reported by the Census or ACS as a base. A household is considered low income, very low income, or extremely low income based on what percentage of the area median income it is earning. Housing is considered to be affordable if it costs 30% or less of the household’s monthly/annual income. Table 3 shows *approximate* incomes for various income levels in the County, as well as approximate home prices and monthly payments that are considered “affordable” for each income level (note that income limits and definitions vary by the size of the household).

Different housing programs have different income requirements; typically, subsidy programs for affordable ownership use 80% of AMI, which is defined as “low in-

come,” as a base for determining eligibility in the program.



About 49% of the County’s households were considered low-income. These low-income households make up a critical component of the County’s workforce, including a number of occupations that are fundamental elements of the County’s tourism economy or critical to the safety of the community (see Table 3). However, a number of affordability issues confront households at these income levels.

According to the 2009 ACS, nearly 11,000

owner-occupied households—about 41% of the total number of owner-occupied households in Grand Traverse County—are categorized as low-income. However, only about a quarter of owner-occupied homes are within the affordability range for this income level, leaving an affordability gap, or shortage of homes that are affordable to low- or moderate-income households in comparison to the numbers of households earning those incomes.

These affordability gaps vary by location. The housing stock in several communities, including Blair, Fife Lake, and Union Townships, is closely matched to incomes, but some communities—predominantly those with the largest workforces and/or significant amounts of shoreline—have housing values that are inconsistent with what

many parts of the workforce can afford. The largest affordability gap exists in the City of Traverse City and Garfield Township, which have the highest numbers of low-income households in the County. Together, these two communities account for 15 of the County’s 25 largest employers and over 8,000 low-income households—about 4,200 of which are owner-occupied households. However, of the ownership housing units in these communities, only 2,489 are within an affordable value range for this income level (2009 ACS).

The majority of homes that are affordable to low-income households are located in Garfield, Blair, the City of Traverse City, and East Bay Townships (see Figure 5), all of which have areas of higher-density housing. Map 2 shows homestead exempt

(owner-occupied) homes with values at or below the affordability level for low-income households.

To reflect concentrations of affordable housing, the map shows percentages of homes with values below \$125,000 by Census block group. Higher percentages of the housing stock is affordable within small block groups in Green Lake and Blair Townships. Rural areas in southern Grand Traverse County also have higher percentages of affordable homes; while shoreline areas and parts of the City of Traverse City have the lowest percentages of affordable homes.

### Mobile Homes

Mobile homes, or manufactured homes,



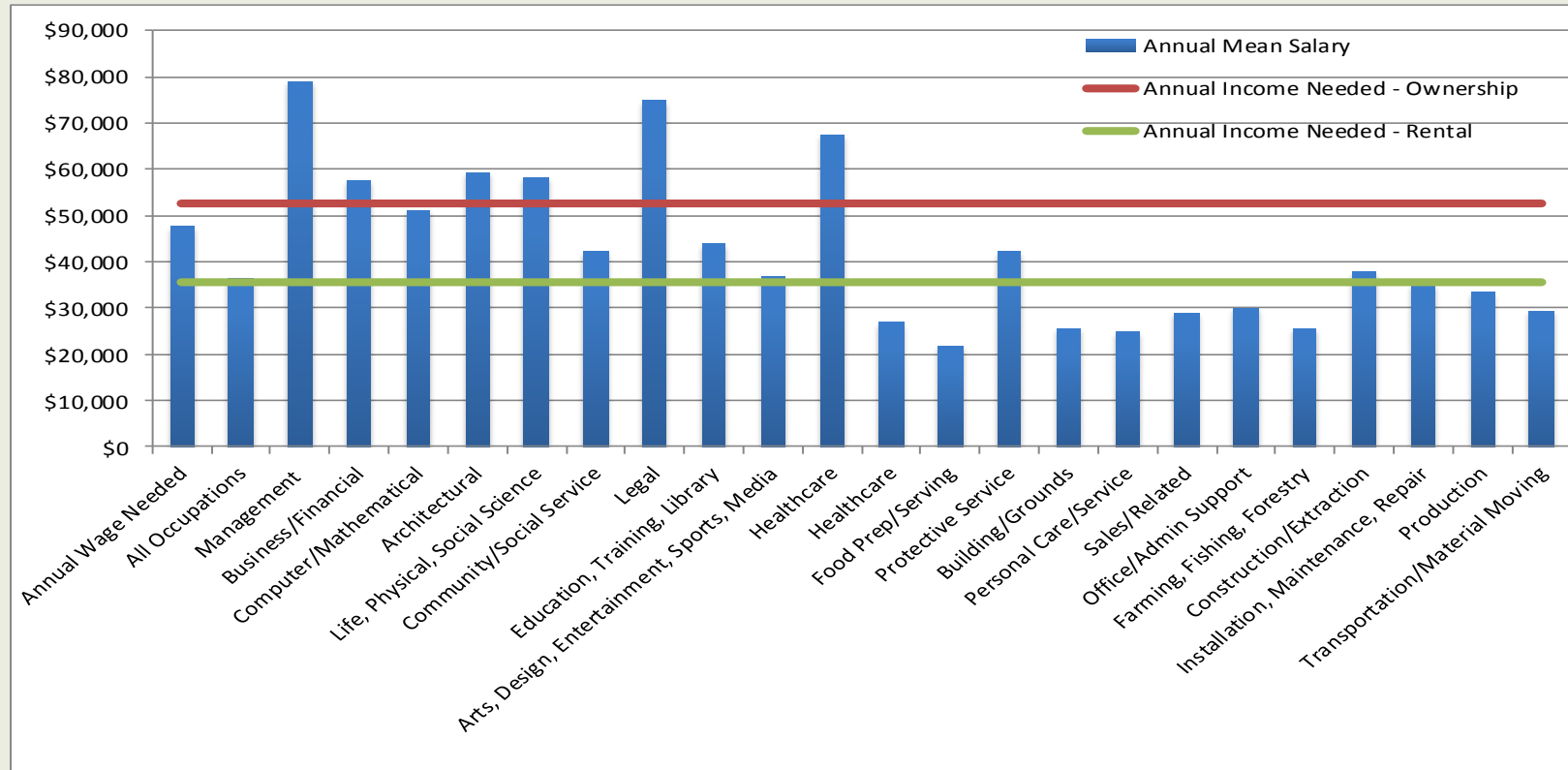
## Incomes and Affordable Ownership Units

Earnings and occupation data from Bureau of Labor Statistics, 2010; household income and home data from American Community Survey

	Annual Income Range	Occupations Earning Annual Incomes Within Income Range	% Owner-Occupied House- holds in Income Range	Affordable Home Price	# Affordable Homes
30% AMI	\$0-\$19,999	Hosts/hostesses Dishwashers Food Prep Workers Cafeteria Coffee Shop Counter attendants Auto Service Attendants	10%	\$0-\$49,999	2%
50% AMI	\$20,000- \$34,999	Social service assistants Preschool teachers Teacher assistants Reporters Coaches Medical, lab, & pharmacy techs Paramedics/EMTs Nursing & home health aides Cooks & Chefs Bartenders & Waitstaff Veterinary Assistants Security Guards Janitors/cleaners Childcare workers Hair stylists Retail sales Administrative Assistants Painters Auto Service Techs/Mechanics Farmworkers	15%	\$50,000— \$87,499	5%
80% AMI	\$35,000- \$49,999	Wholesale & retail buyers Tax preparers Computer support specialists Mechanical drafters Surveyors Substance Abuse Counselors Child/Family Social Workers Teachers Surgical Techs Dental Assistants Protective Service Workers Firefighters Dispatchers	16%	\$87,500 - \$124,999	19%

**Figure 4. Mean Annual Wages and Income Needed for a Median-Priced Home or Rental, 2009**

Data from US Bureau of Labor Statistics, May 2010 Occupational Employment and Wage Estimates for Northwest Lower Peninsula of Michigan nonmetropolitan area; median ownership costs and rent from 2009 American Community Survey



Income needed assumes households will pay no more than 30% of their annual income for housing costs. Ownership housing costs assume mortgage principal, interest, insurance, and real estate taxes.



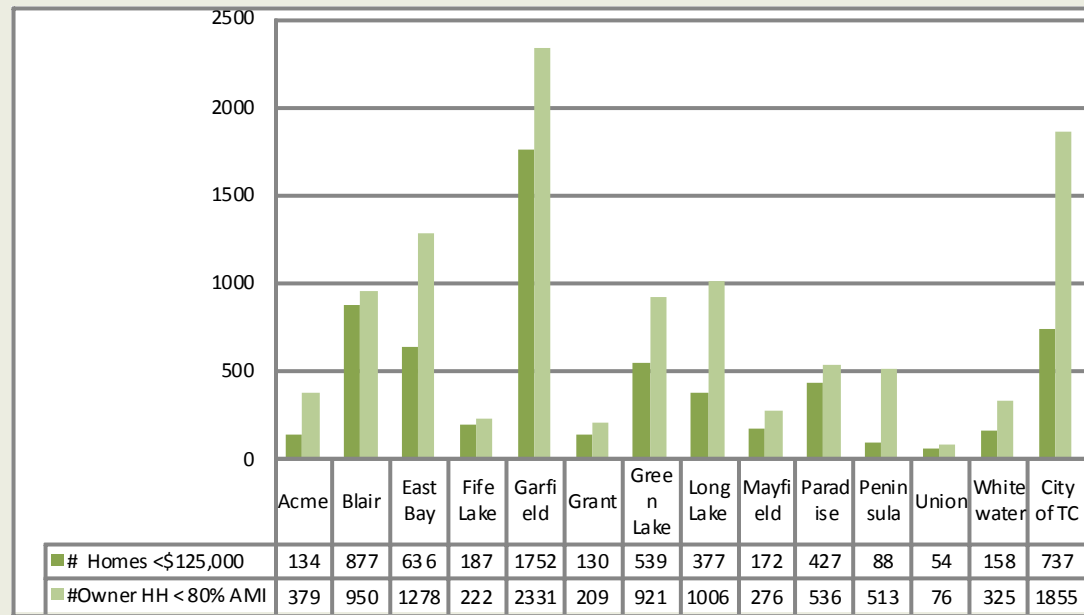
represent important housing options for lower income households, making up over one fifth of the County’s affordable homes (Grand Traverse County Equalization data). Because of lower purchase prices, in some cases purchasing a mobile home may be more affordable than renting a home. As such, mobile homes may represent the only options for low-income households, particularly in rural areas, where rentals are limited. However, mobile homes experience issues relative to higher rates of depreciation and subsequent declines in value, which limits opportunities for households to build equity in the home (see Section 3, Housing Condition).

### Affordability: Rentals

A number of incentives—including the mortgage deduction and first time homebuyer credit—have historically been used to encourage families to move toward homeownership. However, rental housing is expected to make up an increasingly important part of the nation’s housing stock. Changes in the nationwide housing market,

**Figure 5. Low-Income Households and Affordable Homes by Township**

2009 American Community Survey

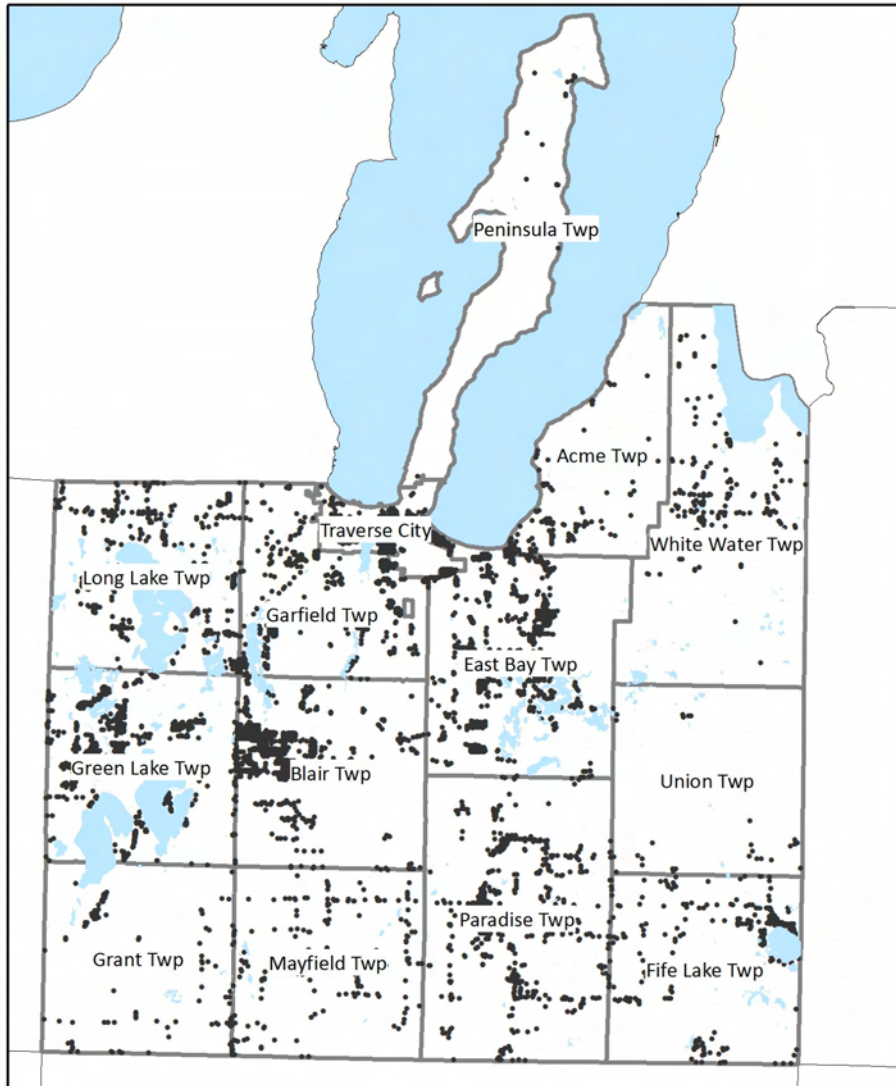


growing numbers of seniors and small households, mobility needs, and the tightening of the credit market for home loans have created increased rental demand nationwide. The ULI Terwilliger Center for Housing reported in 2011 that difficulties in obtaining construction financing, meanwhile, have contributed to a significant decline in new multifamily rental develop-

ment; while existing rental units continue to be lost to obsolescence and demolition.

An increase in demand without new supply creates limited rental availability, which in turn impacts affordability, particularly for low-income households. Limited options for rentals, combined with increased rental

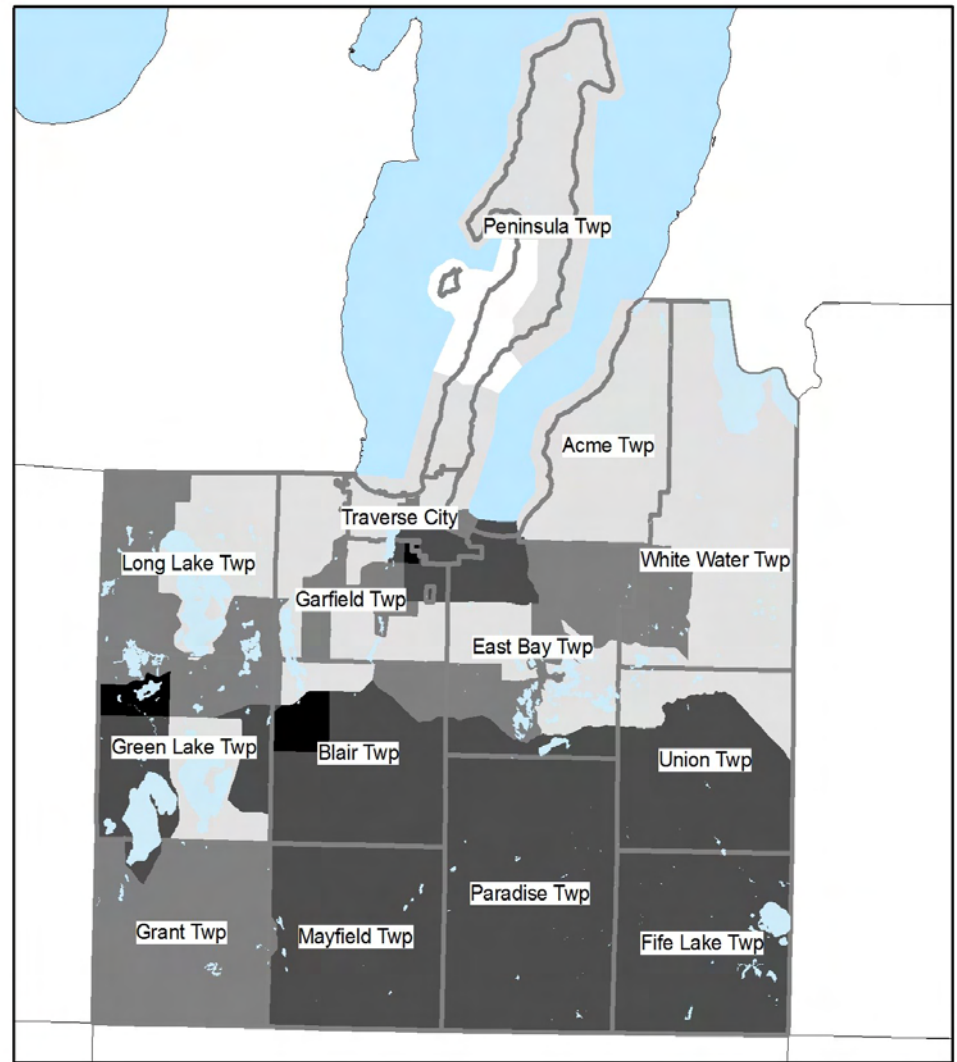
**Map 2. Homestead Exempt Homes with Value <\$125,000**



**Legend**  
 Lakes  
 • Homestead Properties < \$125,000

Data from Grand Traverse County Equalization, 2010  
 Map prepared by:  
 Northwest Michigan Council of Governments, 2011

**Map 3. Affordable Homes as Percent of Total**



Lakes  
 Township/City Boundaries

Affordable Homes as Percent of Total

0
1% - 15%
15.01% - 25%
25.01% - 45%
45.01% - 66%

Data from Grand Traverse County Equalization (2010)  
 Map prepared by Northwest Michigan Council of Governments



demand for a changing population, could potentially exacerbate affordability and availability issues for low-income households.

These issues are being experienced to some degree in Grand Traverse County. Since 2000, Grand Traverse County has experienced some increased demand in rentals, with a greater increase in renter households than owner-occupied households. Between 2000 and 2010, the number of rental households grew by 28%, from 6,875 to 8,839 households. Owner-occupied households, on the other hand, grew by only 13%.

## Rent

For low-income households, an affordable

rent is \$1,249 per month or less, and nearly all rentals in the County were below this level (see Appendix, Gross Rent by Township). Typically, however, rental affordability is primarily an issue for households that are considered “very low” or “extremely-low” income, or those earning 50% or less of area median income. For these households, affordable rentals are limited. With about 4,600 rental households at this income level, approximately 4,000 of the County’s rental units are affordable to this income level.

Further, there is a very small number of higher-end rentals (those with rents above \$1250 per month) in proportion to the number of renter households in that income range—295 rentals compared to 1,938 households. As such, much of the

County’s more affordable rental stock is occupied by households with higher incomes, leaving significant numbers of the County’s “affordable” rental units unavailable to lower-income households. This situation accounts in part for the high rates of cost overburden among renters, particularly among very low-income renters.

## Cost Overburden

A household is considered “cost overburden” when housing costs consume over 30% of its income. Cost overburden is an important measure of housing affordability. When a household is cost overburdened, less money is available for other necessary expenses, and the household is at higher risk of foreclosure or homeless-



ness.

**Ownership Overburden**

In Grand Traverse County, cost overburden varies significantly based on whether the household is owner- or renter-occupied. Rates vary markedly even within these categories: for owner-occupied housing, over-

burden is affected by income, householder age, and whether or not there is a mortgage on the home.

As might be expected, householders living in homes without a mortgage are less likely to be cost overburdened. Of the 7,558 estimated housing units without a mortgage

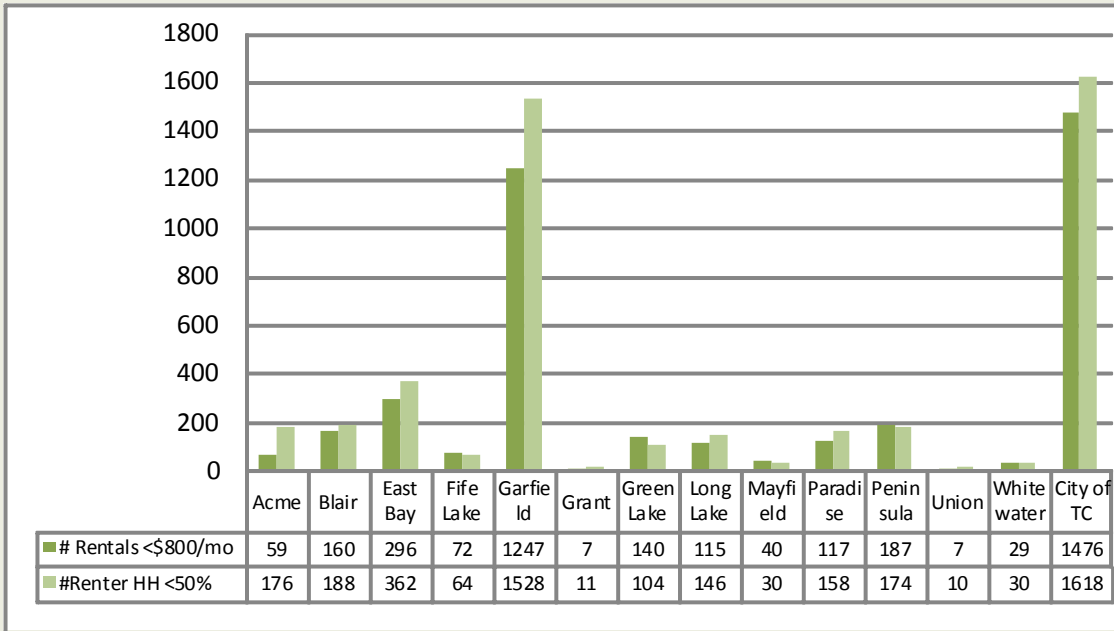
in the County, about 16% pay more than 30% of their income for housing costs, which can include real estate taxes and homeowners insurance.

About 37% of County homeowners with a mortgage are considered cost overburdened. Overburden rates for this group rise as incomes decline. Over half of all low-income owner households are cost overburdened, and for homeowners earning under \$20,000, that percentage rises to about 75%. This drops to 23% for households at the median owner-occupied household income, and continues to decline as income rises (see Figure 7).

For owner-occupied households, overburden rates also vary depending on the age of the householder, with cost overburden rates declining as the age of the householder increases. Overburden rates for householders age 24 and under are 44%; for those aged 64 and older, the percentage drops to 27%. This reflects lifestyle patterns in which income increases with age, and as

**Figure 6. Low-Income Households and Affordable Rentals by Township**

*2009 American Community Survey*



mortgages are paid down, housing expenses decline, accounting for less of the household's expenses.

In terms of geography, the highest overburden rate for homeowners is found in the City of Traverse City. About 48% of homeowners pay 30% or more of their income for housing, reflecting higher average values and higher numbers of low-income households and creating an "affordability gap." Whitewater Township and Green Lake have similar rates to those of the City of Traverse City.

**Rental Overburden**

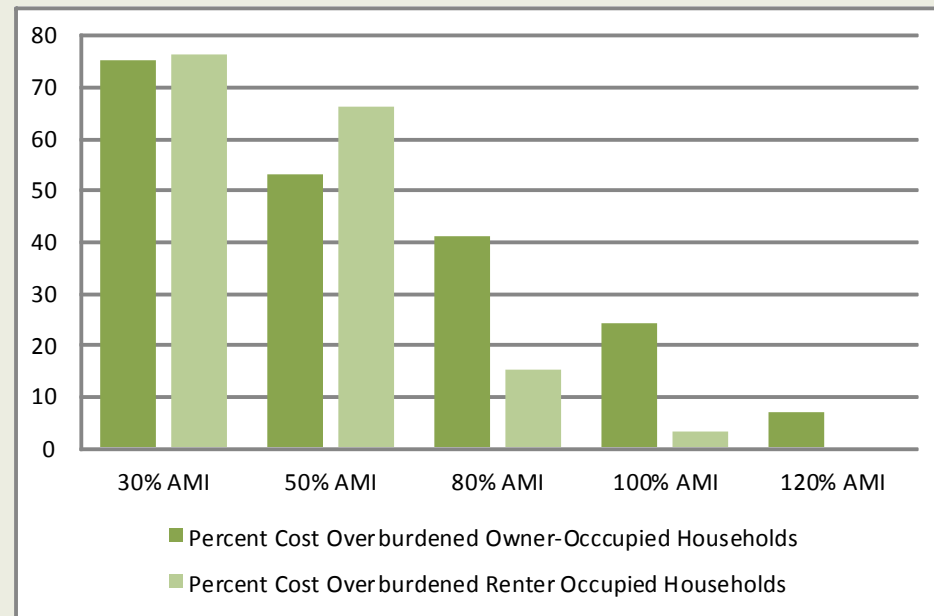
Despite significant amounts of rental units that are affordable to low-income households, overall, renters have higher cost overburden rates than homeowners, with nearly half (48%) of renters paying over 30% of their income for housing. And, as incomes decline, overburden rates increase: for renters earning under \$20,000 per year, the rate is 78%. However, as incomes go up, overburden rates for renters

decline; and renter households earning 120% or more of area median income have no incidence of cost overburden. Cost overburden for homeowners, on the other hand, occurs in all income levels. The low rate of cost overburden for higher-income rental households likely reflects the lack of higher-cost rental units in the County, and the occupancy of affordable rentals by

higher-income households.

Over half of the County's rental stock is within the \$500-\$874 range, with shortages of rental housing that's considered affordable to very low-income households and higher income levels. These shortages push more households into a single price range,

**Figure 7. Cost Overburden by Tenure**  
2009 American Community Survey



rendering many “affordable” rental units unavailable to lower-income households. For instance, while the ACS reports that there are 3,970 rental units with a gross rent between \$500-\$799 per month—an affordable rent for households at 50%



AMI—nearly a quarter of those rentals are occupied by households earning above 50% AMI, and another 22% of those units are occupied by households earning 30% AMI or less—rendering nearly half of those units unavailable to households within that income level. These households, in turn, must rent housing that’s outside of their affordability level, creating a cost overburden situation; or find units that are below their affordability level, taking low-income rentals off the market for very low income

households.

Overburden rates for owner-occupied households vary depending on the age of the householder. Overburden for renters, however, is more evenly distributed across age ranges. In fact, overburden rates for those age 65 and older are nearly even with rates for those under age 24, at about 49%.

Rental overburden rates are the lowest for rental households living in single-family homes, with about 38% of those residents paying 30% or more of their income for housing. The highest overburden rates are found in small two-family or multi-family structures of 2-4 units, with 65% of renters considered cost overburdened in those housing types. At 48%, overburden rates for mobile homes and multi-family structures were slightly higher than the County’s overall renter overburden rate of 42%.

## Subsidized Housing

To address the issues encountered by shortages of affordable ownership housing, a number of homes have been built by local nonprofits for sale at below-market prices, or for rent with various types of rental assistance.

### Subsidized Ownership Units

Currently, two nonprofit housing developers operate within the County, to provide affordable housing ownership opportunities for eligible low-income families. Within Grand Traverse County, Homestretch Housing, Inc. has developed a total of 42 homeownership units located in the City of Traverse City, Garfield Township, and East Bay Township. Affordability for low income households (80% AMI) is guaranteed for periods ranging from 20 years to 99 years. Habitat for Humanity Grand Traverse currently holds affordability restrictions on 27 homes in Grand Traverse County, affordable to households earning 60% AMI or less.



These homes offer quality housing for low-income households that qualify for a mortgage, providing the opportunity to build assets and stability. Long-term resale and affordability restrictions are included as part of the sale. These restrictions ensure that the home will be sold at an affordable price to another income-eligible household, or to the nonprofit itself, which will in turn resell the property to a qualified low-income household.

### **Subsidized Rental Units**

Several rental assistance programs are available to low-income households. Some are operated by public housing authorities, while others are privately managed. These subsidized, or assisted, rentals provide low-cost housing for low-income households, seniors, people with disabilities, and others with special needs. These units are required, by regulations attached to state or federal programs or funding sources, to remain affordable over the long term—often through the use of vouchers or other programs that ensure residents are paying no more than 30% of their household's in-

come for housing. Assisted units are available through public housing authorities, nonprofits, and privately-developed properties. Within Grand Traverse County, 17 apartment complexes were developed through a variety of state and federal financing programs, providing a total of about 1,220 assisted or subsidized rentals. State and federally-assisted housing developments are identified in Map 4.

### **Privately Owned Subsidized Rental Units**

Housing Choice Vouchers, part of the Section 8 program, also allow for rental assistance subsidies to be used in privately-owned rental properties, when they meet certain federal and state standards. Under this program, a housing subsidy is paid directly to the landlord by an administrative agency on behalf of the tenant. The maximum amount of assistance is generally the difference between the asked-for rent, and 30% of the resident's monthly income. The resident pays the difference between the actual rent and the amount of the subsidy.

## **Housing Wage**

Figure 4 shows the annual salary needed to afford the average home (homestead-exempt) in the County, based on median housing costs, compared with the annual average wages of workforce sectors in Northwest Michigan.

The “housing wage” is another approach to the issue of affordability that asks how much a household must earn in order to afford a median or average-priced housing unit without paying more than 30% of the household's income.

### **Ownership Wage**

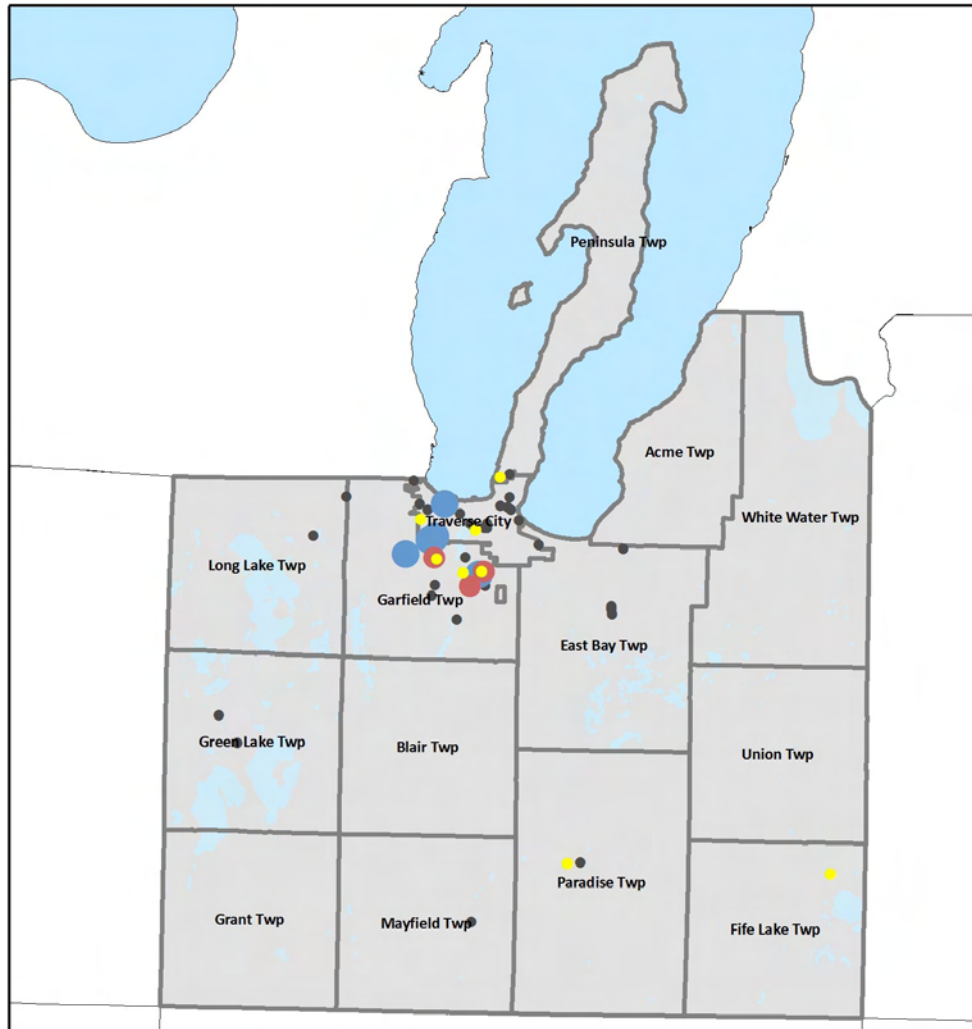
Median Monthly Owner Costs: \$1,314  
Annual Ownership Wage: \$52,560/year

### **Rental Housing Wage**

Median rent: \$789  
Annual Rental Wage: \$31,560 per year  
Hourly Rental Wage: \$15.17 per hour  
Minimum number of hours a wage worker would need to work per week: 82



## Map 4. Subsidized Rental Developments



Township/City Boundaries  
 Lakes

- 1 - 49 units
- 50 - 99 units
- 100 - 155 units
- Apartment Complexes

*Data from Goodwill Rental Inventory,  
 Michigan State Housing Authority,  
 Grand Traverse County Equalization,  
 and Northwest Michigan Council of Governments*

In addition to publicly assisted apartment complexes, about 17 privately owned apartment complexes indicate that they will accept Housing Choice Vouchers. Approximately 198 vouchers are administered by the Traverse City Housing Commission on a five-county basis. Another 309 vouchers are administered by See-Con, an agency based out of Bellaire, for a seven-county region.



# Housing Condition



Inadequate housing can affect the health and well-being of household residents, particularly when those households include vulnerable members like children and the elderly.

Conditions associated with inadequate housing—including increased exposure to allergens, indoor air pollutants, and exposure to extreme hot or cold temperatures—has been shown to lead to the development of chronic or infectious diseases and increased mortality rates among some populations. Poor quality housing has also been found to affect factors such as educational attainment. In addition, inadequate housing conditions—which can require frequent or expensive repairs or affect energy efficiency—can impact the affordability of a home or result in unstable housing situations. Housing condition is thus an important consideration in affordability and housing choice.

Evaluating the condition of a community’s housing stock, however, is difficult on a large scale. Most measures of housing condition rely on interior and exterior inspections or on detailed housing surveys that evaluate various structural indicators on individual properties. However, several studies have identified a number of indicators with significant correlations to housing inadequacy for housing condition. These “proxy measures” include the lack of complete kitchen and plumbing facilities; overcrowding; age; and depreciation, which is an evaluation of the physical condition of a home used by tax assessors to calculate a value for the building. Together, these data point to a significant need for housing

repair or rehabilitation throughout the County.

## **Kitchen and Plumbing Facilities**

The American Housing Survey considers lack of complete plumbing or kitchen facilities as indicators of physical condition issues or substandard quality. The ACS reports that about 300 housing units lack complete plumbing or kitchen facilities (see appendix). About a quarter of those units are located within the City of Traverse City (76 units), which is home to a number of single-room occupancy units with shared bathroom facilities. Rental units experience the same rate of lack of complete





plumbing facilities as owner-occupied units.

The number of facilities lacking complete kitchen facilities, however, is higher, with 718 housing units identified as lacking complete kitchen facilities (see appendix). Nearly half of those units are located within Garfield Township (185 units) and the City of Traverse City (145 units).

### **Overcrowding**

About 1.3% of housing units in Grand Traverse County were considered overcrowded (more than 1 occupant per room). County-wide, overcrowding levels are below both state and national rates for overcrowding. However, 5 townships – Paradise, Mayfield, Fife Lake, East Bay, and Blair Townships – were above state levels for >1 occupant per room. Three of those townships – East Bay, Mayfield, and Paradise Townships – were above national levels for this indicator (see appendix).

### **Age**

Compared to state and national housing stock, Grand Traverse County’s housing is considerably newer. 69% of the County’s housing units were built after 1970. About 47% of Michigan’s housing stock, meanwhile, was built during that time period, reflecting higher growth rates in Grand Traverse County beginning in the 1970’s.

Rentals and owner-occupied units were similar in terms of age: the median year built for rentals was 1982, versus 1981 for owner-occupied homes.

The City of Traverse City has the oldest housing stock in the County, with the average home built in 1937. The newest housing stock is found in Blair, Long Lake, and Paradise Townships, where the average homes were built in 1984 (see Appendix).

Because the County’s housing stock is relatively new, with most built within the last 40 years, age alone is not a predictor of

housing value. Generally speaking, newer homes are more likely to be of higher value, though this may vary depending on geography and the type of housing unit. For instance, in some communities there is a premium on historic homes; while newer mobile homes or townhomes may be more affordable than older single-family homes.

On the whole, “affordable” housing stock tends to be older than housing units over the \$125,000 value mark. However, in terms of its effective age, affordable housing is consistent with the County’s housing market as a whole.

### **Depreciation and Construction Class**

Data from Grand Traverse County Equalization identifies residential depreciation rates, which indicate the general condition of a structure, with classifications corresponding to descriptions of condition that range from “unsound” to “excellent” (see Table 4). It’s important to keep in mind



**Table 4. Housing Condition and Depreciation Categories**

*Data from Grand Traverse County Equalization*

Condition	Rating	Description	% of Residential Structures in Category
Excellent	95-100	Building is in perfect condition, very attractive and highly desirable	8.2%
Very Good	85-94	Slight evidence of deterioration, still attractive and quite desirable	32.8%
Good	75-84	Minor deterioration visible, slightly less attractive and desirable, but useful	23.9%
Average	60-74	Normal wear and tear is apparent, average attractiveness and desirability	25%
Fair	45-59	Marked deterioration, rather unattractive & undesirable but still quite useful	7.9%
Poor	30-44	Definite deterioration is obvious, definitely undesirable and barely usable	2.1%
Very Poor	20-29	Condition approaches unsoundness, extremely undesirable & barely usable	0
Unsound	0-19	Building is definitely unsound and practically unfit for use	0

that these evaluations are subjective interpretations of the housing stock on the part of assessors and are used to calculate value. Additionally, the evaluations are not an exact assessment or appraisal of the building’s quality or condition. However, depreciation data, when combined with other indicators such as construction type and class, effective age, and value, can be used to identify general trends in the condition of the County’s housing stock.

Rates of depreciation range from 0-100, with a rate of 100 indicating that the home is in “excellent” condition (see table 4). Data relative to depreciation rates show that housing stock in Grand Traverse County overall consists of well-maintained, fairly newer homes. The majority of homes – about 65% – were in “good” or better condition, with an average condition rating of 77.5. About 25% were considered “average,” and about 9% were considered below average—either “fair” or “poor.” No properties were rated very poor or unsound.



About 820 housing units were classified as being in poor condition, while about 3,200 were considered to be in fair condition. Homes in fair condition are still useful, but evident deterioration may indicate some need for repair or replacement. Housing in “poor” condition exhibits definite deterioration, and may be approaching the end of its usable life.

Because the majority of homes in poor condition are mobile homes, higher concentrations of deteriorating properties are locat-

ed in townships with higher numbers of mobile homes, including Blair, Green Lake, and Garfield Townships. Over three-quarters of all homes in “poor” condition are located within these three townships (see Map 5).

### **Construction Class**

Housing condition is closely related to the type of construction. For tax assessment purposes, structures are classified according to their construction type, with classes of single-family home construction ranging

from “D” to “A”. Mobile homes are assigned classes ranging from “low quality” to “excellent quality.”

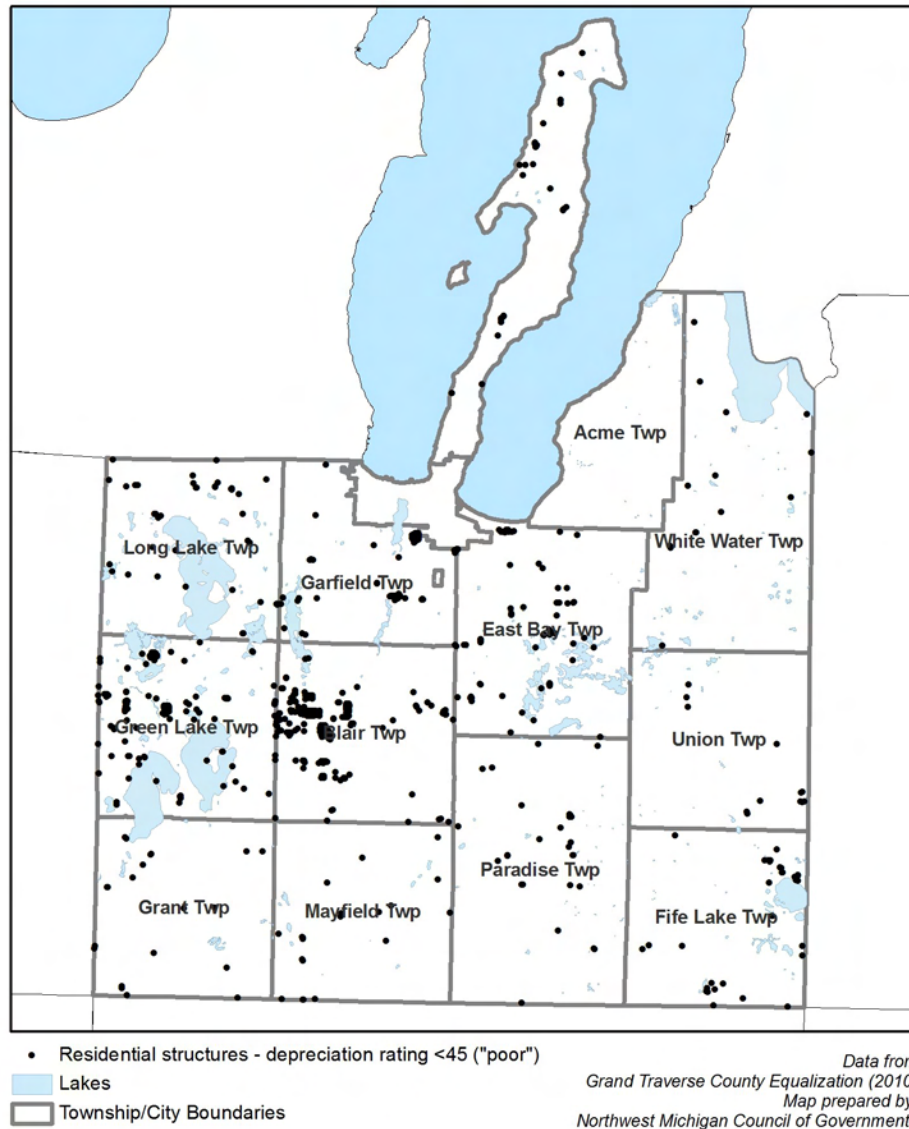
County tax data indicates that most homes—85%—are of standard or better construction, with only 3% are considered of economy class construction. Mobile homes, however, are more likely to be of fair or low quality construction. About 54% are of average or better quality, while about 46% are of fair or low quality.

## **Housing and Health**

Because most Americans spend a majority of their time indoors—much of it within the home—residents of poor quality and inadequate housing are more susceptible to problems such as infectious and chronic diseases, injuries, and poor childhood development. Deteriorating paint in older homes can cause lead exposure and poisoning, while water leaks, poor ventilation, dirty carpets, and pest infestation can lead to an increase in mold, mites, and other allergens; which in turn play a role in respiratory conditions such as asthma. Additionally, exposure to extreme indoor temperatures has been associated with increased mortality, especially among vulnerable populations such as young children and the elderly. Radon, asbestos, and volatile organic compounds, meanwhile, have been linked with respiratory illness and some types of cancer. Lower-income households are more likely to experience unsafe housing conditions—and have fewer financial resources with which to address housing inadequacy. (*Where We Live Matters for Our Health: The Links Between Housing and Health*, Commission to Build a Healthier America, Robert Wood Johnson Foundation)

## Map 5. Housing Units in “Poor” Condition

Data from Grand Traverse County Equalization



Mobile homes of lower-quality construction depreciate at a higher rate and reflect a significant amount of the County’s deteriorating housing: of 1,038 mobile homes of fair or low quality construction class, about 700 are in poor condition. These homes represent a sizable majority—nearly 80%—of all housing units in poor condition. This high percentage of deterioration among mobile homes of this construction class indicates a likelihood of future condition issues among the remaining 340 mobile homes of low or fair quality construction.

### Affordable Ownership

The majority—nearly 80%—of the County’s affordable housing stock is in “average” or better condition. However, the number of deteriorating homes as a percentage of total homes available goes up in relation to the affordability level of the homes. About 20% of homes below \$125,000 were considered to be in “fair” or “poor” condition, compared to 10% overall. This housing is often used by new households or first-time homebuyers as “starter homes.” However, these units can prove to be more costly if a

great deal of rehabilitation, maintenance, or repairs are necessary; and ongoing repairs may be problematic for certain households, such as the elderly or others on fixed incomes.

### **Non-homestead**

Non-homestead homes represent a significant percentage of the County's deteriorating housing. In analysis of the physical condition of non-homestead properties, nearly half – 47% – of all homes in the County that were categorized as being in “poor” condition were non-homestead properties. In some cases, these homes may be abandoned or vacant; in other cases, the homes may be used as rentals, with a rental income that may not be sufficient to adequately maintain the home. Data from the TAAR provides some information relative to the characteristics and condition of housing. According to TAAR data, 62% of all homes sold between 2009-2011 that were categorized as “exterior fixer uppers” had a rental history.

### **Multi-Family Properties**

HUD's Real Estate Assessment Center conducts physical property inspections of properties that are owned, insured, or subsidized by HUD, including public housing and multi-family assisted housing, to ensure that housing is decent, safe, sanitary, and in good repair. HUD Physical Inspection Scores indicate that HUD-assisted multi-family properties within Grand Traverse County are well-maintained, with an average inspection score of 90.6 (with a score of 100 being the highest).

# Vacancies and Foreclosures

High rates of foreclosures nationwide have contributed to housing problems such as abandonment, blight, and declining property values.

While vacancies and foreclosures in Grand Traverse County were not as severe as other parts of the state, increases in foreclosure activity have nevertheless had an adverse affect on home sales, property values and vacancy rates.

## Vacant Housing Units

In the 2010 Census, about 15% of the County's 41,559 housing units were classified as vacant—an increase of 41% from vacancy rates in 2000.

During that 10 year period, seasonal homes have declined as a percentage of vacant housing units, while those classified as “for migrant workers,” “for rent,” “for sale,”

and “other vacant” increased.

The number of vacant housing units classified as migrant housing increased from 9 to 54 units. Vacant units for rent more than doubled, from 409 in 2000 to 972 in 2010; while “for sale” vacant units increased by about 82%. In some townships, the homeowner vacancy rate more than doubled between 2000 and 2010, with the largest increases in Green Lake, Union, and Mayfield Townships. Townships including Garfield, Grant, Green Lake, Union, and Fife Lake had homeowner vacancy rates that were higher than the national average. Some of these changes reflect rises in foreclosures and subsequent housing market issues: many foreclosed homes were likely



to be classified as vacant, while slowdowns in sales led to increases in the number of “for sale” vacant units.

## Seasonal Homes

Several townships with significant amounts of shoreline have higher numbers of homes identified as “seasonal” by the US Census. Peninsula, East Bay, Green Lake, Long Lake, and Acme Township have the highest numbers of seasonal homes. According to Equalization data, these townships also have higher-valued non-homestead properties, reflecting price premiums for seasonal waterfront homes. These higher prices tend to push up surrounding property values as well. As such, these “shoreline”



communities—Peninsula, Whitewater, and Long Lake in particular—tend to have higher average property values and greater affordability gaps, in terms of low-income households versus number of affordable homes.

Seasonal non-homestead properties affect the County’s rental market as well. While available tax data doesn’t provide details as to rental terms, many of these seasonal homes are rented on a short-term lease basis during the winter months, providing temporary—often affordable—rental hous-

ing for families for part of the year. Peninsula Township may present one example: with the County’s highest housing values, highest percentages of seasonal homes, and highest non-homestead value, it also recorded the lowest median rent (data is collected in the winter and early spring).

**Table 5. Vacant Housing Units**

*Data from 2010 US Census*

	Vacant Housing Units	% Increase in Vacant Units, 2000-2010	For rent	For sale only	Rented or sold, not occupied	Seasonal, recreational, or occasional use	For migrant workers	Other vacant
Acme	593	8	101	35	6	379	28	44
Blair	250	-34	35	69	6	60	0	80
East Bay	943	46	120	86	8	666	0	63
Fife Lake	251	33	12	11	3	183	0	42
Garfield	827	104	358	156	18	188	1	106
Grant	119	0	3	13	1	75	0	27
Green Lake	669	30	33	68	9	486	0	73
Long Lake	608	30	62	76	17	393	2	58
Mayfield	64	56	4	13	1	19	0	27
Paradise	172	61	22	37	7	53	0	53
Peninsula	678	41	21	53	8	517	16	63
Union	80	23	2	5	1	68	0	4
Whitewater	355	27	11	19	9	278	6	32
City of Traverse City	662	71	188	105	31	230	1	107
Grand Traverse County	6,271	41	972	746	125	3595	54	779

However, during the summer these homes are likely to come off the long-term rental market, as property owners move to the area for the summer or rent the property on a daily or weekly basis, and families must look elsewhere for permanent housing. This creates seasonal availability issues for families in the spring and summer months.

### Foreclosures

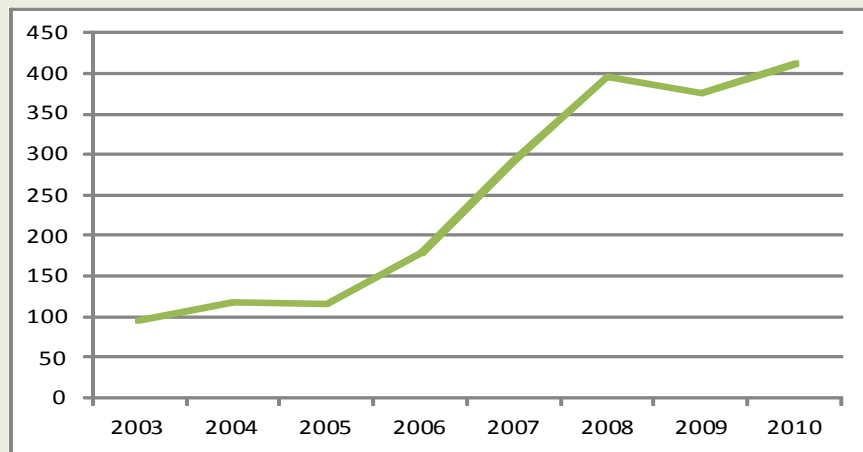
In 2008, rising home values, subprime lending, and rising unemployment combined to set off a wave of foreclosures nationwide, a phenomenon that in turn led to declining property values, high homeowner vacancy rates, and blight in communities throughout the country. In Michigan, the issues associated with foreclosures have been exacerbated by consistently high unemployment rates. With homeowners fac-

ing few employment options, and with property values experiencing a rapid decline, the state of Michigan has experienced some of the highest foreclosure rates in the US.

While Grand Traverse County’s foreclosure rates were less severe than other parts of the state, the County did see a dramatic increase in the numbers of foreclosures beginning in 2006-2007. By 2010, 412 properties were sold at sheriff’s sale (foreclosures), compared to 100 in 2003.

**Figure 8. Grand Traverse County Sheriff’s Sales (Foreclosures), 2003-2010**

*Data from Grand Traverse County Register of Deeds*

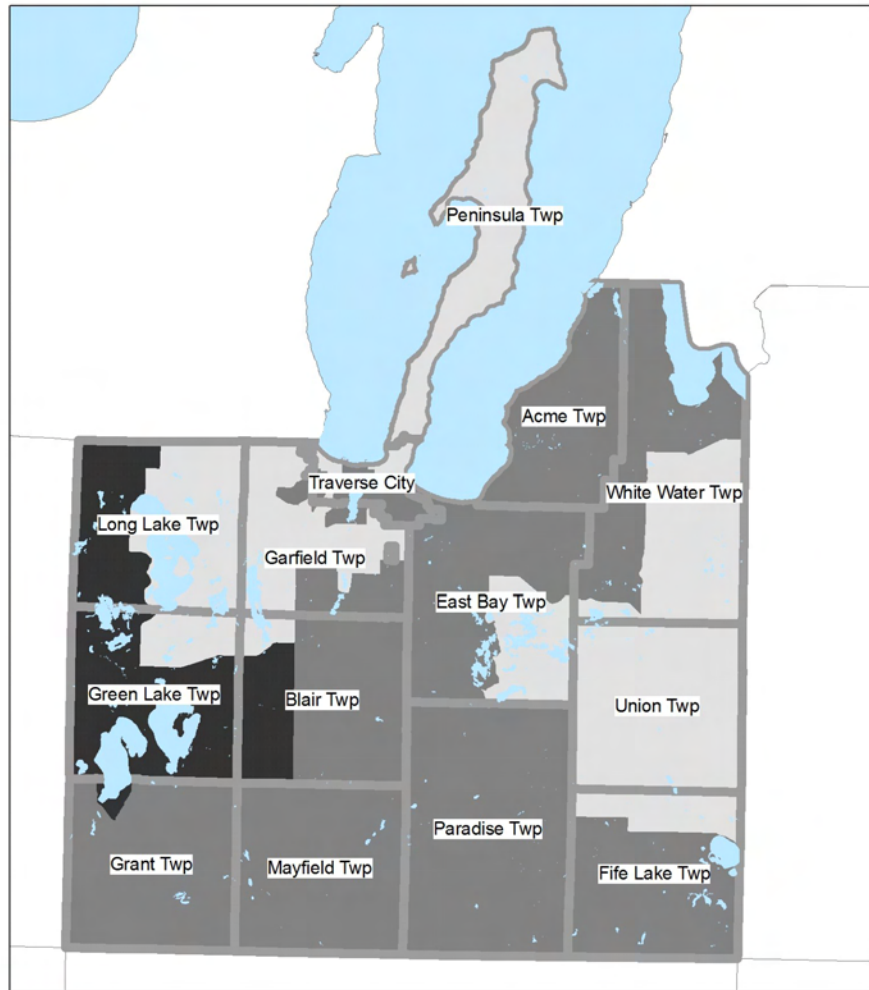


Trends in foreclosures can be identified through indicators such as the Tract Foreclosure Need Score, which was established for NSP3, the Neighborhood Stabilization Program (NSP) offered by HUD in 2010 (see sidebar, page 42). The Need Score identifies communities with high numbers of foreclosed and/or vacant homes within neighborhoods that have the highest concentrations of foreclosures, delinquent loans, and subprime loans. Each Census tract received a score from 1 to 20, with





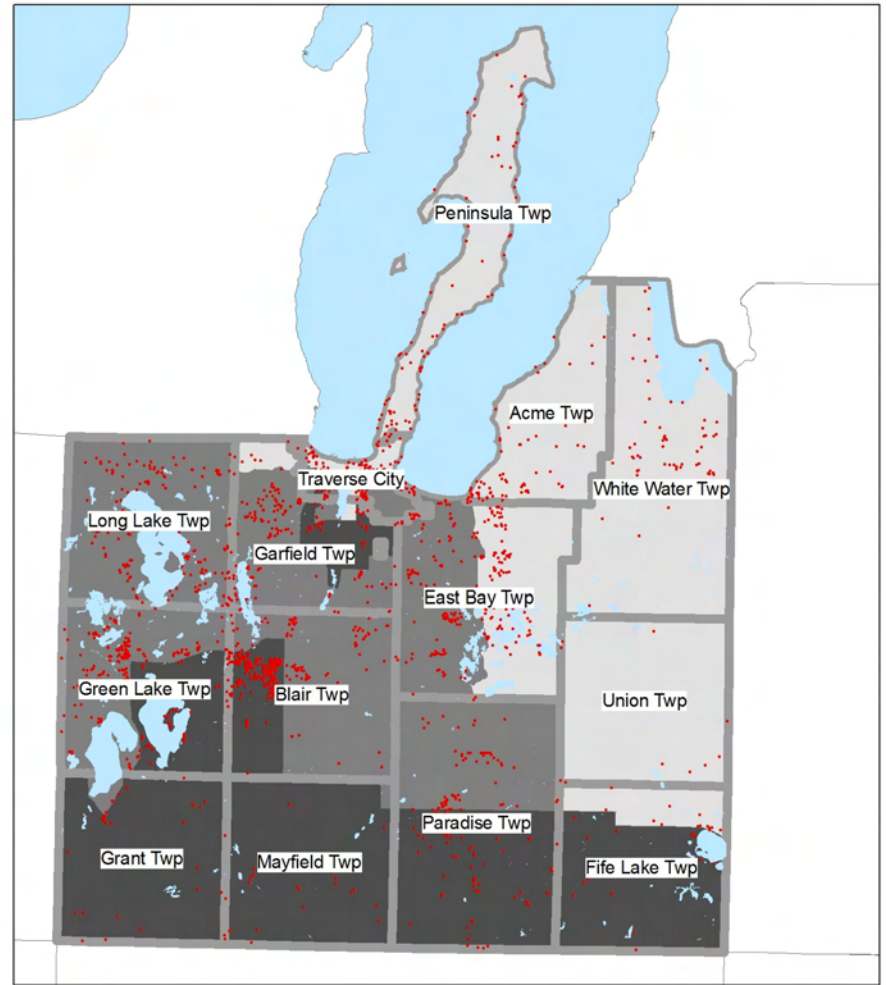
**Map 6: NSP3 Tract Need Scores**



■ Lakes  
 NSP3 Tract Foreclosure Need Score  
 5-10  
 11-13  
 14-15

HUD NSP3 data from *Foreclosure-Response.org* (2010)  
 Map prepared by  
 Northwest Michigan Council of Governments

**Map 7: High-Cost Loans and Foreclosed Properties**



■ Lakes  
• Properties with Sheriff's Deed  
 % Home Loans that are High Cost, 2004-2006  
 5.217 - 11.429  
 11.430 - 19.999  
 20.000 - 29.940

Local Initiatives Support Coalition (LISC) home loan data  
 from *Foreclosure-Response.org* (2010)  
 Map prepared by  
 Northwest Michigan Council of Governments



## Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) was established to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. Since the program was established in 2008, funding has been reauthorized twice, in 2009 (NSP2) and 2010 (NSP3). NSP funding has been used in communities nationwide to buy, restore, and resell foreclosed properties, often to low-income households.

NSP funding is awarded in Michigan by the rate of foreclosures per Census tract. In Grand Traverse County, no Census tracts were eligible for NSP3 funding.

higher numbers indicating greater need. To be eligible for the NSP3 funding through the Michigan State Housing Development Authority (MSHDA), a neighborhood score would need to be at 17. In Grand Traverse County, NSP3 Need Scores ranged from a low of 5 to a high of 15. Need scores are shown by Census Tract in Map 3.

To some extent, foreclosures and NSP3 need to follow the percentages of risky home purchase loans that were made during the height of the housing bubble, between 2004-2006. Data from the Low-Income Housing Coalition (LISC) identifies the number of high-cost loans—such as adjustable rate mortgages, which are considered to have a higher risk of default—as percentages of all home purchase loans in a given Census tract. Between 2004-2006, a time period considered to be the height of the housing bubble, there were about 512 high-cost home purchase loans in Grand Traverse County for homes with 1-4 units, including condos and mobile homes, or about 16% of all home purchase loans. Statewide, that percentage was 30.76%;

nationally, the rate was 32.67%.

Areas with higher percentages of high-cost loans tend to have corresponding rates of foreclosures. Map 4 shows percentages of all high-cost purchase loans that were originated during the peak of the housing bubble from 2004-2006, along with properties listed with sheriff's deeds through 2010. Foreclosures tend to negatively affect home sales in surrounding neighborhoods, leading to additional foreclosures. This ripple effect is clear in the Map 4, which shows concentrations of foreclosed properties in or near Census tracts with high rates of risky mortgages.



# Related Factors: Energy and Transportation Costs



Utilities and transportation costs make up a significant percentage of household expenses, and can greatly affect the affordability of the County's housing choices.

Transportation costs are a household's second biggest expense, accounting, on average, for 19% of a household's budget; while residential energy costs can account for another 20% of a household expenses (Bureau of Labor Statistics).

## Energy Costs

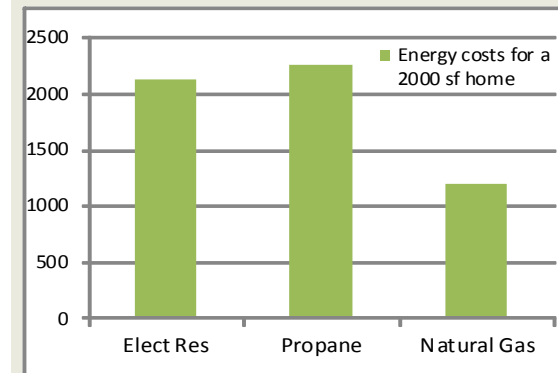
Annual energy costs depend on factors including weather patterns, energy efficiency factors, and the type of heating fuel used in the home.

Most parts of Grand Traverse County are served by natural gas infrastructure, which

is used as heating fuel for the majority of homes in the County (71%), according to the 2009 ACS. However, only small areas of Mayfield, Union, Whitewater, and Grant Townships have access to natural gas. In these communities, bottled gas (such as propane) is the predominant home heating fuel: 60% or more of households in these townships heat with bottled gas. Wood is also a common heating fuel in Grant (20%), Mayfield (19%), and Union (18%) Townships (see Appendix).

Projections based on Department of Energy/Energy Information Administration surveys indicate that annual residential energy

Annual Energy Costs by Heating Fuel Used, 2005

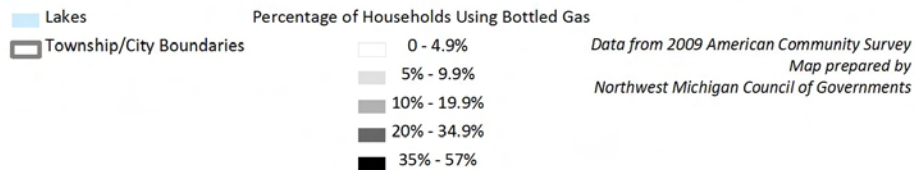
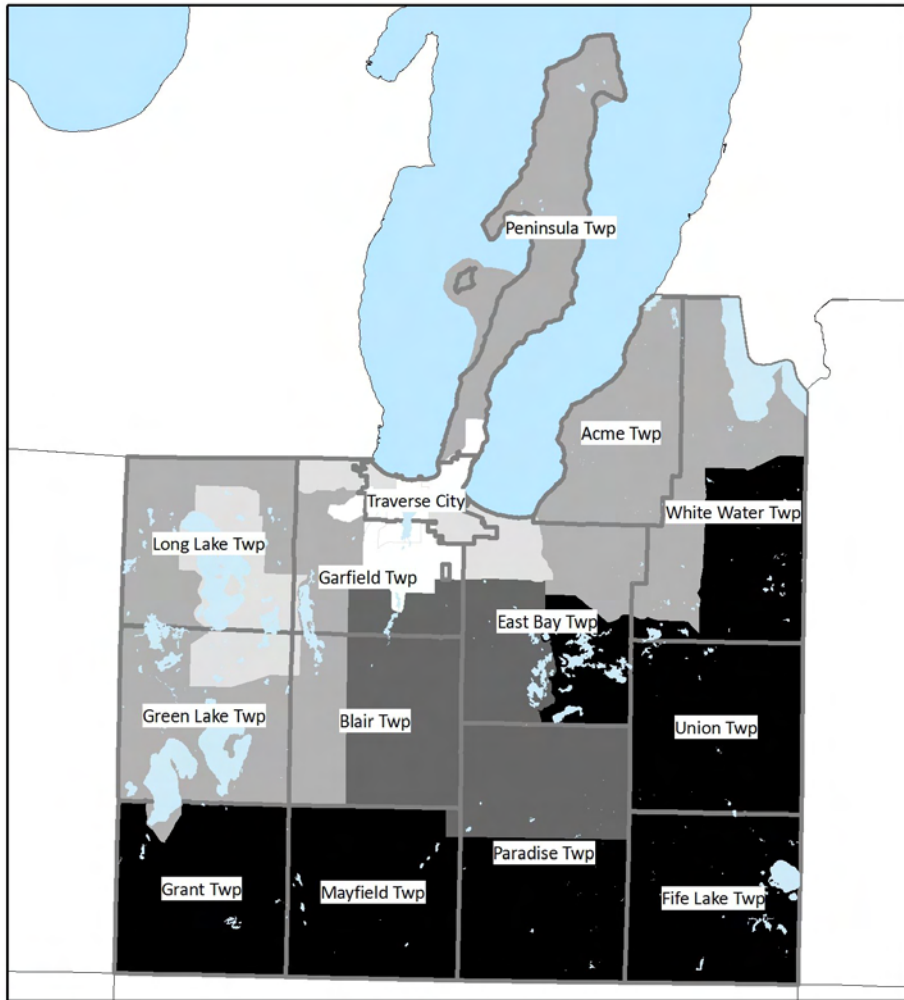


Comparison by C.H. Schilling, Ph.D, Dept of Mechanical Engineering, Saginaw Valley State University.

costs, including heating fuel and electricity, in 2011 would range from \$1,600 to \$2,200 for the average household nationwide. However, the type of heating fuel used by a

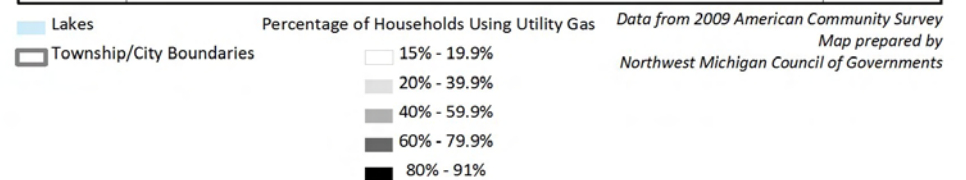
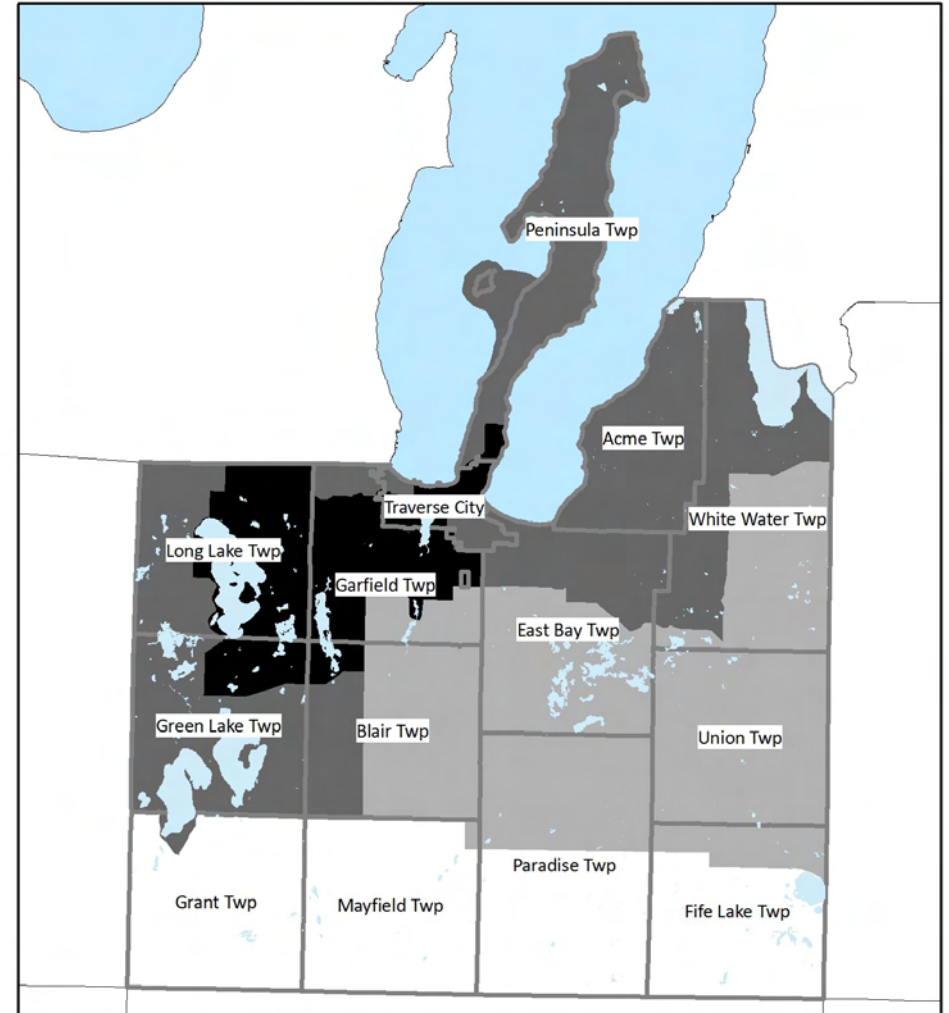
## Map 8. House Heating Fuel—Bottled Gas

Data from 2009 American Community Survey



## Map 9. House Heating Fuel—Utility Gas

Data from 2009 American Community Survey



household has significant impacts on annual energy costs. According to studies cited by Michigan State University (MSU), the average annual costs for electric and propane heat in 2005 were nearly double the costs of natural gas.

Regardless of the type of heating fuel used, energy costs fluctuate depending on supply and demand issues. Additionally, the severity of weather patterns can dramatically affect how much energy or fuel is used in the home. Energy costs have increased over the last several years: according to the US Department of Energy, the average cost to heat homes rose about 27% between 2005-2010, while the price of residential electrical service increased by 22%.

These price increases have the greatest impact on lower-income households, who spend a higher percentage of their income on household energy than higher-income households. Projections based on 2005 energy costs identified by the US Department of Energy indicated that households earn-

ing below \$30,000 per year were expected to spend 23% of their after-tax income on energy. For households in the lowest income brackets, 44% of their income can go to energy costs.

These high energy costs reduce the amount of income that can be used for other necessary expenses and can affect households' abilities to maintain stable housing. According to a 2011 survey conducted by the National Energy Assistance Directors' Association, of those receiving assistance through the federally-funded Low Income Home Energy Assistance Program (LIHEAP), many households experienced housing instability due to energy costs. Survey results report that 31% were unable to make their full mortgage or rent payment, 6% were evicted, 4% had a foreclosure, 14% moved in with friends or family, and 4% moved into a shelter or were homeless.

## Transportation

Transportation costs are the second highest household expense for most Americans,

## Energy Insecurity and Vulnerable Populations

High energy cost burdens have tremendous impacts on health and well-being, particularly for vulnerable members of the population such as seniors, disabled, and children. According to a 2011 survey, 90% of Low-Income Home Energy Assistance Program (LIHEAP) recipients had at least one member of the household that is considered vulnerable to extreme temperatures, including seniors, disabled, or children. 82% suffered from serious medical conditions. Additionally, reports from the American Association of Retired Persons indicated that in part because of "energy insecurity" associated with difficulties in paying energy costs, lower incomes are associated with a greater risk of temperature-related deaths.

*National Energy Assistance Survey, 2011;*  
National Energy Assistance Directors' Association



but the percentage of income spent on transportation depends on how far and how often an individual drives to work, school, or shopping. In turn, these factors depend on the proximity of employment and services to the household's residence.

Data from the H+T Index developed by the Center for Neighborhood Technology (CNT) indicate that the highest density of employment opportunities are located in and around the City of Traverse City, with the lowest job density located in Fife Lake and Grant Townships. Individuals in communities with lower job densities must travel farther for employment opportunities, which is reflected in commute times, annu-

al vehicle miles traveled, and transportation costs (see Maps 10, 11, and 12).

The 2009 ACS reports that in Grand Traverse County, the mean commute, or travel time to work, is about 20 minutes (see appendix). Commute time ranges by location, following the job density trends identified by the CNT data. Residents in and around the City of Traverse City experience the shortest commute, while Fife Lake and Grant Townships—located at the southeastern and southwestern corners of the County, respectively—have the longest commutes to work. Similarly, H+T Index data show that the rate of annual vehicle miles traveled is lowest in and around the

City of Traverse City, rising for block groups at the boundaries of Grand Traverse County.

These longer commutes and vehicle miles traveled translate into higher transportation costs. According to the H+T Index, the typical household in Grand Traverse County spends over 30% of their income on transportation costs, with percentages higher in communities outside of higher-job density areas. In many cases, the costs of transportation exceed housing costs as a percentage of household income (see Maps 12 and 13).

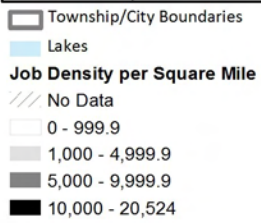
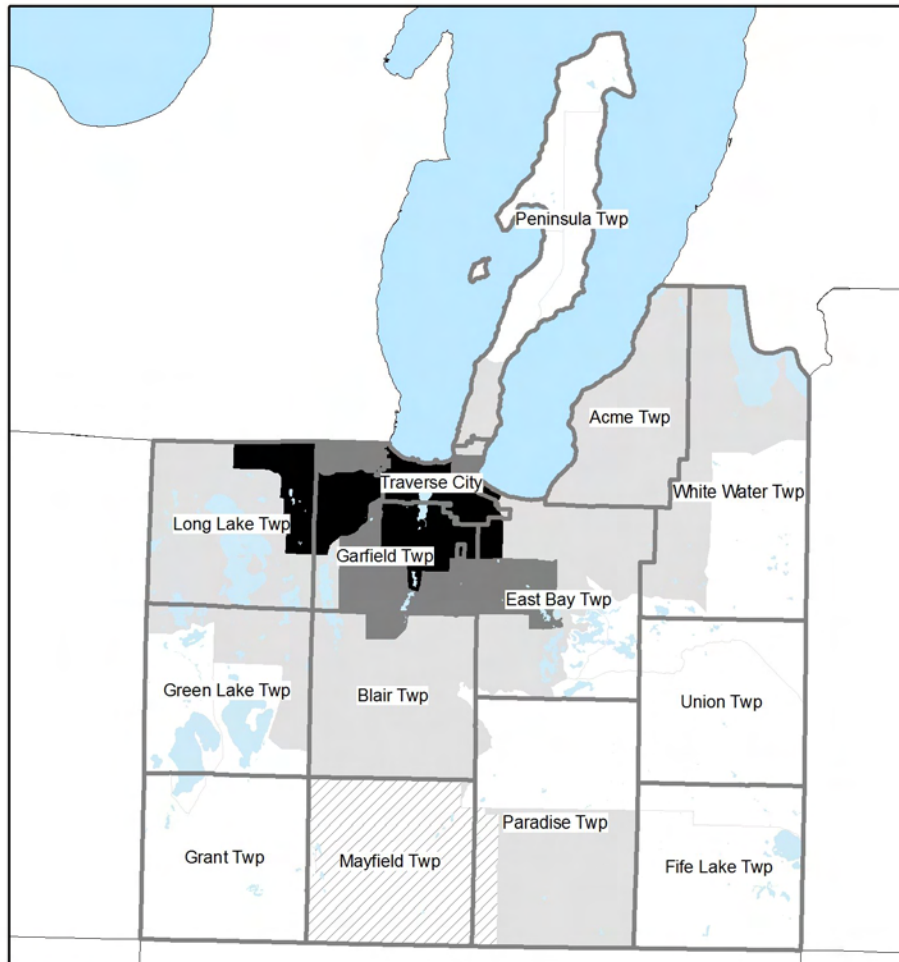
## Housing + Transportation Affordability Index

The H+T Index was developed by the Center for Neighborhood Technology and the Center for Transit Oriented Development as a project of the Brookings Institution's Urban Markets Initiative. The H+T Index was developed to offer an expanded view of affordability, combining housing and transportation costs, setting the affordability benchmark at no more than 45% of household income. Data and methodology are available online at [www.htaindex.cnt.org](http://www.htaindex.cnt.org).



## Map 10. Employment Access

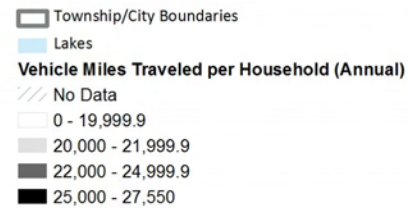
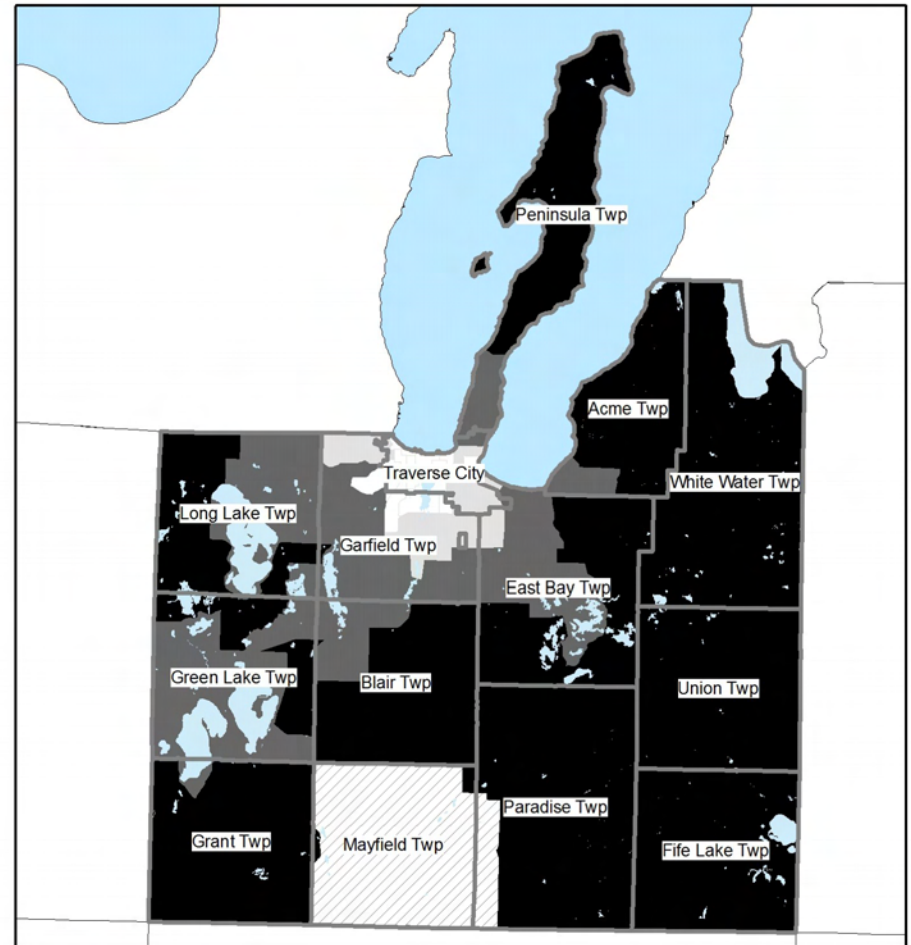
Data from H+T Affordability Index



Data from Center for Neighborhood Technology -  
H+T Affordability Index  
Map prepared by  
Northwest Michigan Council of Governments

## Map 11. Vehicle Miles Traveled

Data from H+T Affordability Index



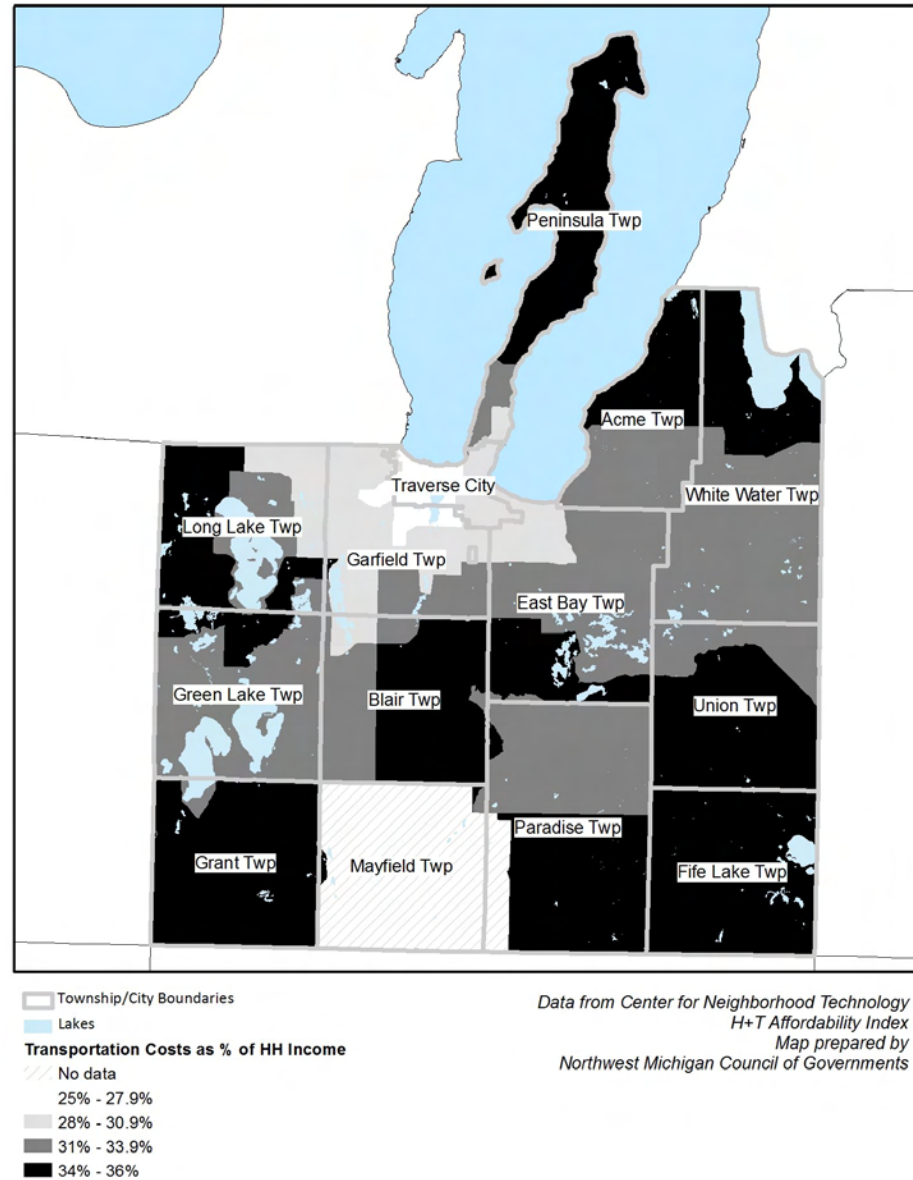
Data from Center for Neighborhood Technology  
H+T Affordability Index  
Map prepared by  
Northwest Michigan Council of Governments



## Map 12. Transportation Costs

Data from H+T Affordability Index

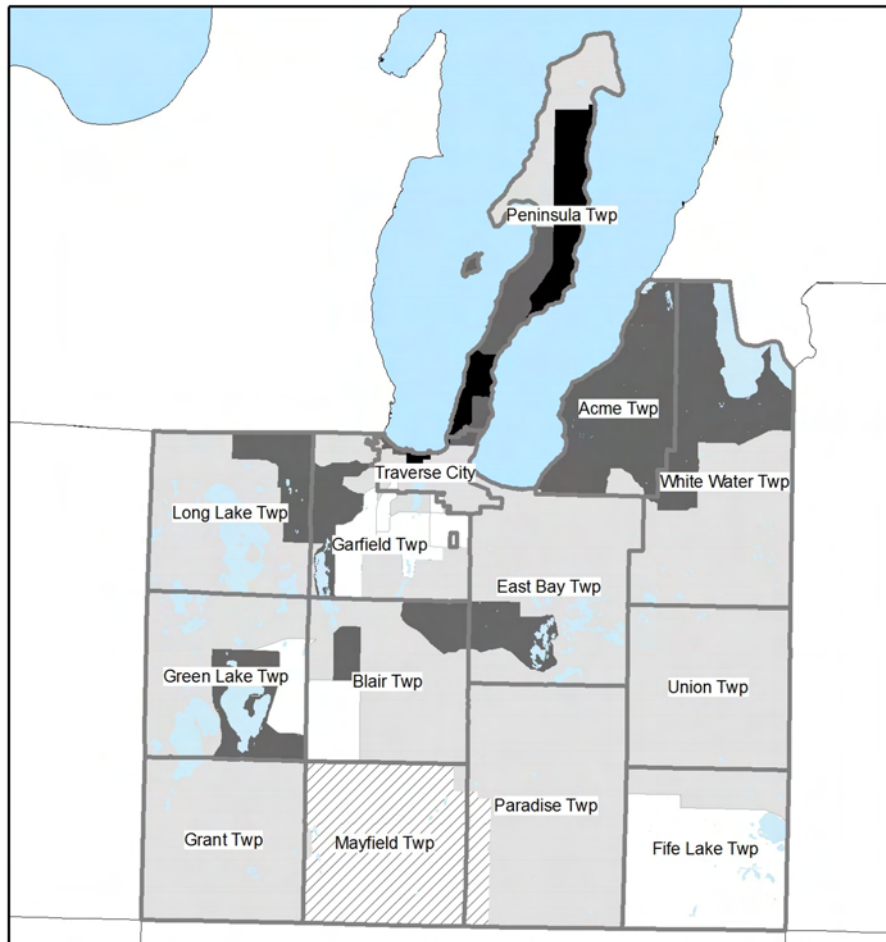
Combined housing and transportation costs average about 57% for households in Grand Traverse County. Costs are higher—60% and above—in the northern, northwest, and southern extremities of the County (see Map 14). Neighborhoods within Traverse City and Garfield Townships—with the County’s shortest commute times—also have the lowest transportation costs and the greatest housing-transportation affordability.





### Map 13. Housing Costs

Data from H+T Affordability Index

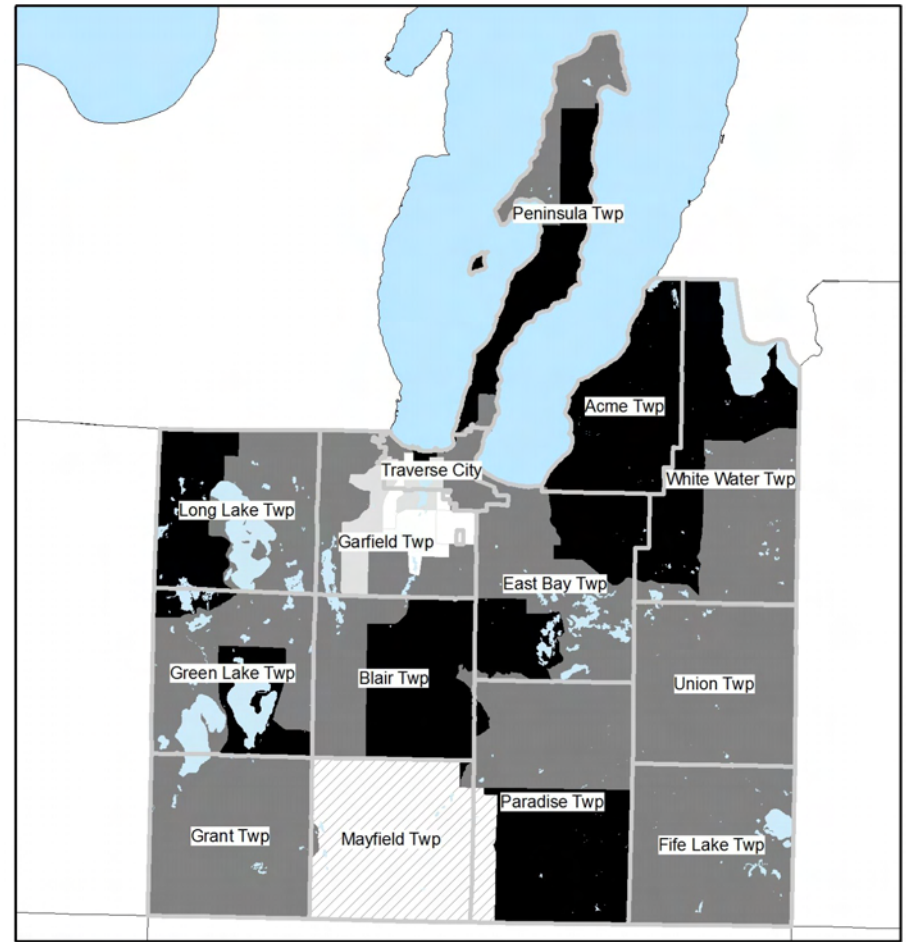


Township/City Boundaries  
 Lakes  
**Housing Costs as a Percent of Household Income**  
 No Data  
 14% - 19.9%  
 20% - 29%  
 30% - 34.9%  
 35% - 38%

Data from Center for Neighborhood Technology  
 H+T Affordability Index  
 Map prepared by  
 Northwest Michigan Council of Governments

### Map 14. Combined Housing and Transportation Costs

Data from H+T Affordability Index



Township/City Boundaries  
 Lakes  
**Housing + Transportation Costs as % of HH Income**  
 No Data  
 41% - 44.9%  
 45% - 49.9%  
 50% - 59.9%  
 60% - 71.5%

Data from Center for Neighborhood Technology  
 H+T Affordability Index  
 Map prepared by  
 Northwest Michigan Council of Governments



# Regulatory Factors



Local zoning and tax policies and processes affect where, how, and what type of housing is built—subsequently affecting the price and availability of homes and land.

In some cases, these policies can work to discourage different types of residential development. HUD reports that these “regulatory barriers” can raise the costs of development by up to 35%, acting as considerable constraints to providing affordable housing.

Nearly all zoning districts in Grand Traverse County permit residential development; however, the type and density of residential development permitted in these districts is predominantly designed for low- and moderate-density single family housing. The lack of residential flexibility in many zoning districts may contribute to a lack of housing choices—particularly in

terms of housing type— in many communities throughout the County.

## Planning and Zoning Issues

All local jurisdictions in Grand Traverse County adopt and administer their own zoning. As such, zoning requirements and procedures often vary widely across borders. In order to present a generalized overview of zoning issues in Grand Traverse County, residential zoning districts have been categorized by density and permitted uses (see Maps 15 and 16). ***Please note that this information is for general reference and analysis only, and must not be interpreted as an official zoning map as administered by local governments.***

## Housing Type

Based on housing types most commonly addressed by local zoning, housing types for this analysis were classified in the following categories:

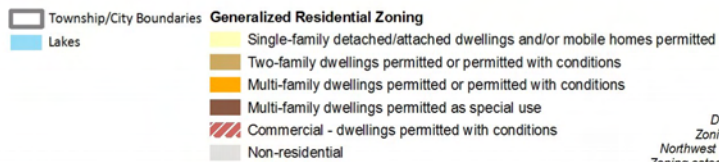
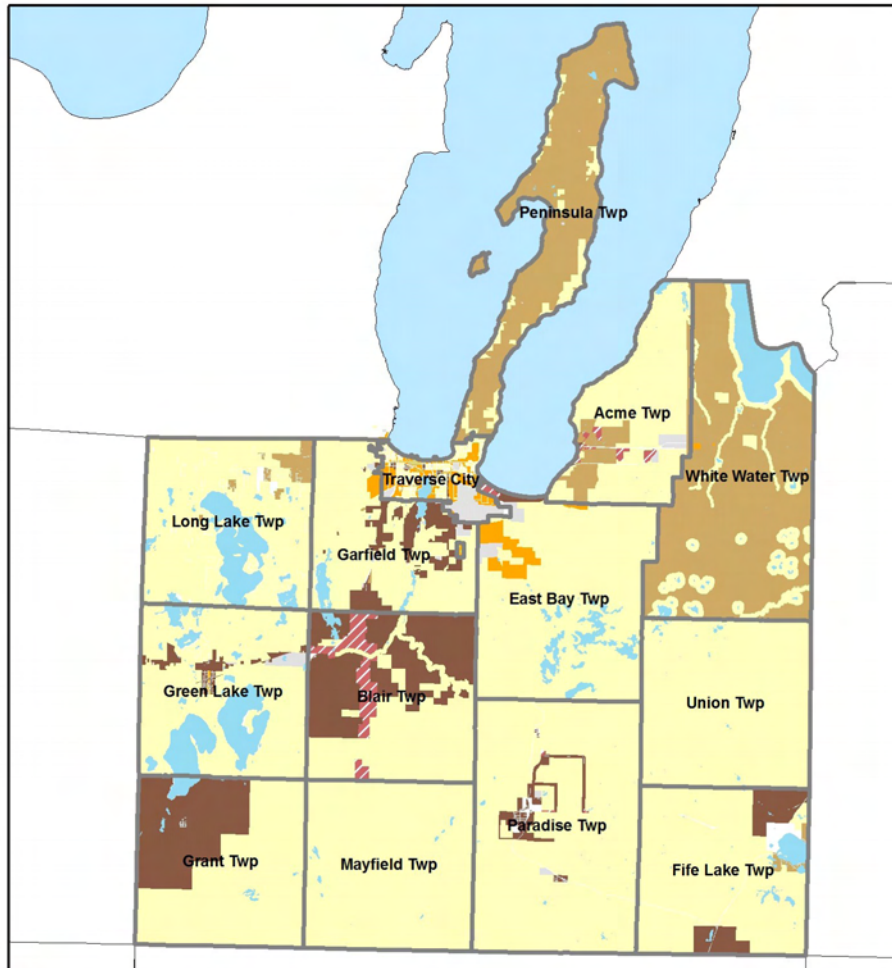
- Single-family attached or detached dwellings (including mobile homes)
- Two-family dwellings
- Multiple-family dwellings
- Mobile/manufactured housing communities

These uses can be permitted as a by right use, meaning that they are authorized without a special administrative review process provided that the standards of the



## Map 15. Generalized Housing Types Permitted by Zoning

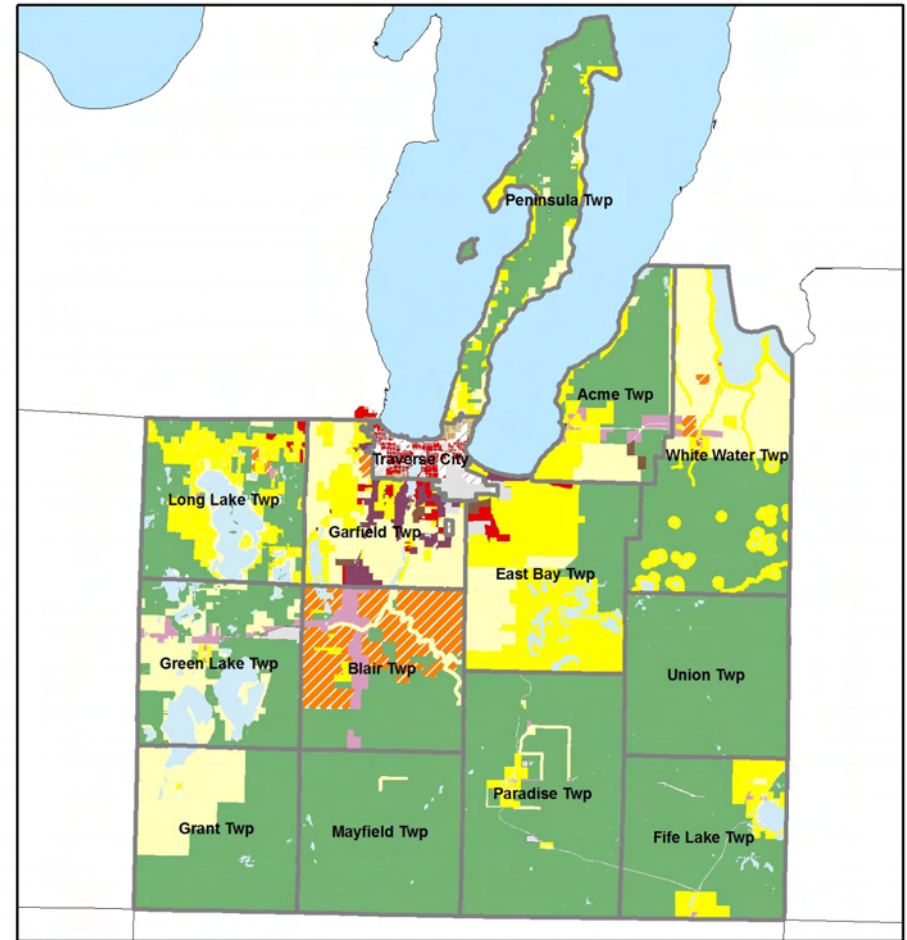
Data from H+T Affordability Index



*Data from local units of government  
Zoning analysis and map prepared by  
Northwest Michigan Council of Governments  
Zoning categories do not reflect official zoning  
as adopted by local units of government.  
For official zoning map, please contact your local unit of government*

## Map 16. Generalized Zoning Types and Densities

Data from H+T Affordability Index



*Data from local units of government  
Zoning analysis and map prepared by  
Northwest Michigan Council of Governments  
Zoning categories do not reflect official zoning  
as adopted by local units of government.  
For official zoning map, please contact local unit of government.*

**Table 6. Residential Zoning Type/Density**

Residential Zoning Type/ Density	% of Land Zoned
Rural Residential (less than 1 unit per acre)	61.6%
Low Density Residential (1 unit per acre)	15.1%
Moderate Density Residential (1-5 units per acre)	14.9%
High Density Residential (6 or more units per acre)	.9%
Flexible Residential	3.6%
Mobile Home Community	.9%
Commercial; Residential Uses Permitted or Permitted with Conditions	3.6%
Commercial; Residential Uses Permitted as Special Use	.2%
Non-residential	1.8%

**Table 7. Housing Type by Zoning**

Housing Type Permitted by Zoning	% of Land Zoned
Single-family detached/ attached and/or Mobile Homes Permitted	72.4%
2-Family Homes	14.9%
Multi-Family Homes as Permitted or Conditional Use	8.7%
Multi-Family Homes permitted as special use	8.7%
Commercial; residential uses permitted or permitted with conditions	1.3%
Residential uses not permitted	1.5%

*Analysis by the Northwest Michigan Council of Governments, 2012. Zoning data from local units of government.*

ordinance are met. Some permitted uses must meet minimum conditions relative to design or dimensions.

In other cases, dwellings may be permitted as a special use, which requires special review, often by the planning commission or elected board, to determine whether conditions of the local zoning ordinance are met. Special use procedures are typically more time-consuming and complex, and can create a level of uncertainty in the development process, which has been identified as a barrier to development.

Nearly three-quarters of the County’s area is zoned to allow by-right single-family development (72%). Multi-family residential development, however, is permitted by right in only about 1% of the County’s land acreage, and as a special use in about 9% of the County’s acreage. Map 15 shows zoning district by the most intensive residential use permitted, either by-right or as a conditional or special use.



## Density

Densities can affect the affordability of housing development. By increasing the supply and availability of land, higher densities permit the use of smaller lots and concentrated development, thereby lowering the overall costs of land and infrastructure.

The definitions of “low” and “high” densities zoning vary widely by community. Because Grand Traverse County is predominantly rural, “low density” is defined, for this analysis, as one dwelling unit per acre or less. High-density is defined as land zoned for 6 or more units per acre. Please note that density requirements often vary in commercial districts, and in some cases residential density limits may not apply. As such, density is not specified for these districts.

Over three-quarters of the County’s acreage is zoned for low-density residential,

with a majority zoned for less than one dwelling unit per acre.

According to the analysis of Grand Traverse County in Regulatory Barriers to Affordable Homeownership (Northwest Michigan Council of Governments, 2007), low-density residential zoning is overwhelmingly noted by local plans as a means by which to preserve the County’s rural character. The lack of public services in many jurisdictions is also an important factor for low density zoning. In areas served by public water and sewer, allowable densities are typically higher (note that several zoning districts allow for variations in lot sizes based on the availability of public water and sewer).

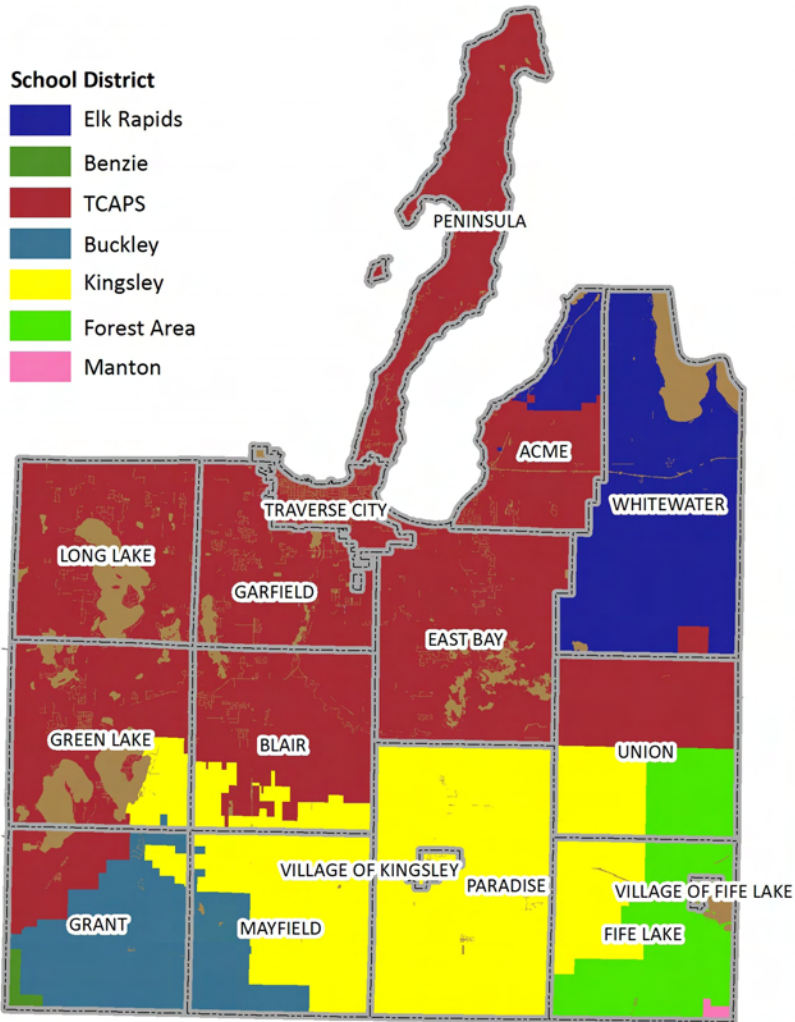
High density residential zoning accounts for less than 1% of zoned property in the County. However, a number of jurisdictions provide some density or dimensional flexibility for residential development. Because minimum lot sizes and other requirements vary based on the lot, these flexible resi-

dential regulations may result in higher density housing. About 4% of the County’s land area is zoned to allow for variations in lot size or density.

## Taxes

Taxes are an important consideration in home purchases, as they have a significant impact on household expenses. Grant, Union, Whitewater, Long Lake, and Green Lake Townships have the lowest millage rates. The City of Traverse City, Garfield, and Blair Townships have the highest millage rates (see Map 16).

While tax rates may not dictate the type of housing development that occurs, monthly payments on a residence purchased in communities with lower millage rates will be significantly lower than those sold for the same price in communities with higher rates.



**Exempted Local Tax Rates by School District:**

Acme:	Long Lake:
Elk Rapids - .0254702	TCAPS - .0245504
TCAPS - .0268702	
Blair:	Mayfield:
TCAPS - .0274917	Buckley - .0255848
Kingsley - .0275417	Kingsley - .0235348
East Bay:	Paradise:
TCAPS - .0263605	Village of Kingsley - .0352849
	Kingsley: .0254631
Fife Lake TWP:	Peninsula:
Village - .0365739	TCAPS - .0266834
Kingsley - .0274981	
Forest - .0268481	Union:
Manton - .0343588	TCAPS - .0239063
Garfield:	Kingsley - .0239563
TCAPS - .0274633	Forest - .0233063
Grant:	Whitewater:
Benzie - .0217844	Elk Rapids - .0231188
TCAPS - .0234044	TCAPS - .0245188
Buckley - .0255044	Traverse City:
Kingsley - .0234544	TCAPS - .0378866
Green Lake:	
TCAPS - .0248763	
Buckley - .0269763	
Kingsley - .0249263	

**EXEMPTED LOCAL UNIT TAX RATES BY SCHOOL DISTRICT**

Grand Traverse County, Planning & Development



# Appendix: Sources and Data



American Community Survey 2009

American Association of Retired Persons (AARP) Public Policy Institute. *Winter Heating Costs Report, February 20112*

American Coalition for Clean Coal Electricity (2012). *Energy Cost Impacts on American Families, 2001-2012*. [http://www.americaspower.org/sites/default/files/Energy\\_Cost\\_Impacts\\_2012\\_FINAL.pdf](http://www.americaspower.org/sites/default/files/Energy_Cost_Impacts_2012_FINAL.pdf)

Bipartisan Policy Center, Economic Policy Program Housing Commission (2012). *Demographic Challenges and Opportunities for US Housing Markets*

Braunstein, Leslie (2011). *Tsunami of Rental Housing Demand is on the Way*. Urban Land Use Institute

Center for Housing Policy (2012). *Housing an Aging Population: Are We Prepared?*

Center for Neighborhood Technology, H+T Affordability Index (2012).

Community Research Services, LLC (2009). *A Housing Needs Assessment for Grand Traverse County, Michigan*

Foreclosure-Response.Org, Local Initiative Support Corporation Foreclosure Risk scores, NSP3 Tract Foreclosure Need Score

Goodwill Industries of Northwest Michigan (2011). *Rental Units/Property Managers/Housing Resources/Home Ownership/Traverse City and Surrounding Areas*

Grand Traverse County Equalization, 2010 parcel data

Grand Traverse County Register of Deeds

Robert Wood Johnson Foundation, Commission to Build a Healthier America (2008). *Where We Live Matters for Our Health: The Links Between Housing and Health*

Schmitz, Amy J., (2004). *Promoting the Promise Manufacture Homes Provide for Affordable Housing*. Journal of Affordable Housing, Spring 2004

Smith, March T.; Murray, Margaret S.; O'Dell, William (2003). *Estimating the Need for Single Family Rehabilitation*. The Journal of Regional Analysis and Policy.

Traverse Area Association of Realtors, 2007-2011 *Homes Sold Analyses, 2009-2011 listings*

US Bureau of Labor Statistics (2010). *Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Northwest Lower Peninsula of Michigan nonmetropolitan area*

United States Census 2010

US Dept of Housing and Urban Development, *Public Housing Physical Inspection Data*

US Department of Housing and Urban Development. *Zoning as a Barrier to Multifamily Housing Development*  
[http://www.huduser.org/Publications/pdf/zoning\\_MultifmlyDev.pdf](http://www.huduser.org/Publications/pdf/zoning_MultifmlyDev.pdf)

