

The Housing Picture in Northwest Michigan



Networks
Northwest
Talent / Business / Community



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Housing is one of our most basic needs: where we live affects our health, wealth, access to opportunity and quality of life. Without safe, adequate, affordable housing, individuals face serious challenges to meeting their basic needs. When area residents struggle to meet their basic housing needs impacts are felt throughout the community. On our roads, residents commute further between work and home, in our schools, we struggle with declining enrollment as young families leave our communities to find more affordable housing; and in our businesses, which lose customers when residents have less disposable income due to high housing and transportation costs.

Shortages of affordable housing exist throughout the Northwest region of Michigan, and because of this, many families live farther from jobs, schools, and shopping to find homes they can afford. Housing shortages can also occur when developers focus on building large single-family homes that have been profitable for developers over the years. The focus on building single-family homes limits the potential for building other types of housing such as rentals, smaller houses for senior citizens, and housing for those with disabilities. Transfer of homes primary use from owner-occupied permanent resident to short-term rental visitor/vacationer home has also depleted the market of available housing. And finally, an inadequate supply of affordable and supportive housing contributes to homelessness throughout the region.

The good news is that the region is served by numerous public agencies, nonprofits, and private sector interests that strive to address the full impact of these affordable housing challenges. Local and county governments are working to solve these issues by updating zoning ordinances, providing development tools, and partnering with housing providers to meet the needs of the region. Over the years developers and other private sector interests have taken advantage of numerous housing incentive programs offered by federal, state, and local units of government. Programs such as private tax-



credit-based projects and partnerships with private and public agencies have been successful. The Michigan State Housing Development Authority (MSHDA), US Department of Housing and Urban Development (HUD), Redevelopment Ready Communities (RRC) through the Michigan Economic Development Corporation (MEDC) and US Department of Agriculture Rural Development (USDA) have all been key players in providing critical financial and technical support to address affordable housing issues such as:

- Excessive land costs, complex development processes, and limited infrastructure available for housing development.
- Expanding capacity and funding for nonprofit housing organizations to increase their ability to be an advocate for affordable housing.
- Removing disruptive and archaic planning and zoning policies that unnecessarily raise the cost of housing and limit the types of housing available in neighborhood communities.
- Confronting the lack of public awareness on housing issues and needs, among both the public and policymakers that may stymie preliminary development efforts by developers for new housing projects in our region.

However our 10-county region is often not eligible for these programs or they are highly competitive. Addressing the basic needs of housing in the region described above and meeting our region’s housing needs will require a long-term commitment from numerous stakeholders including public, private, and nonprofit.

Housing Analysis

The types of housing a community needs today is driven in large measure by age, income, employment, and household size. There is a predominance of detached, single-family residential units in NW Michigan and a lack of alternative housing like apartments, duplexes, fourplexes and townhouses. In order to create more affordable housing in the future a variety of housing types will be needed such as apartments, duplexes, townhouses, rental housing, accessible housing for the disabled, and housing that meets the needs of our area seniors, all of which are in short supply now and is expected to increase in the future.

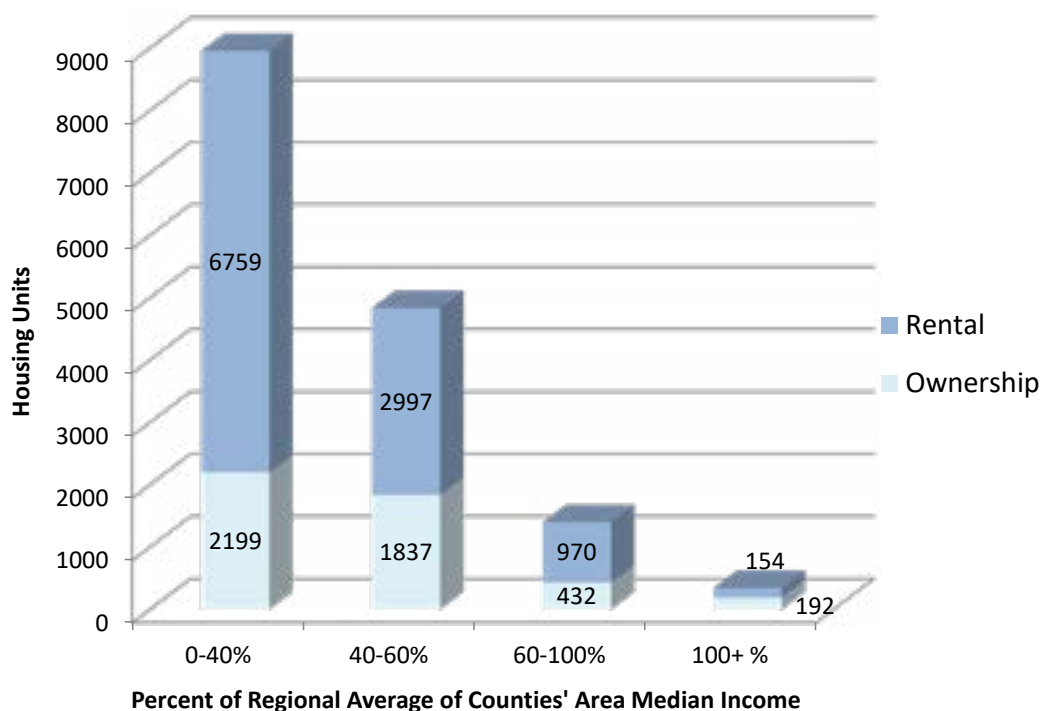
In late 2019, Networks Northwest partnered with Housing North to conduct a regional [Target Market Analysis](#) for housing in the region. The report illustrates the housing needs and demands for the region over the next five years. The analysis highlights the following:

Housing Data

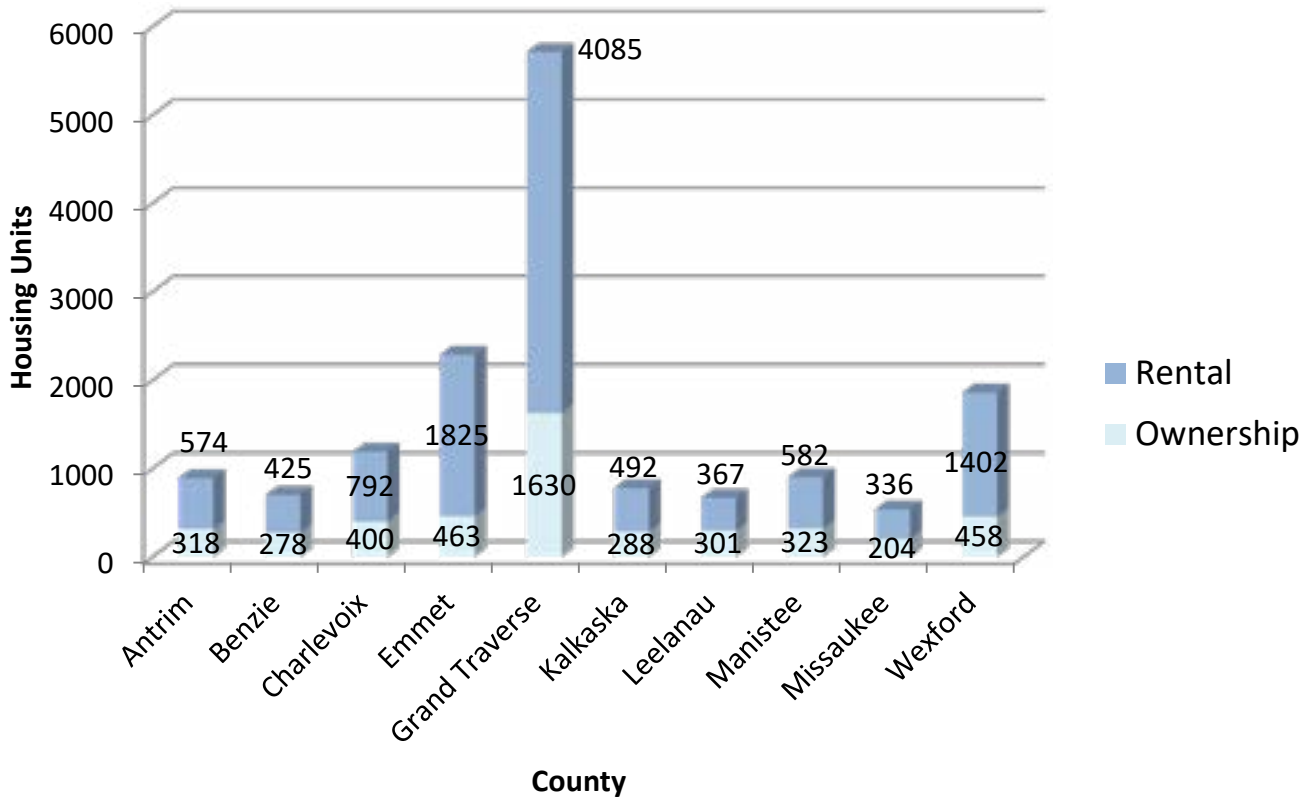
Throughout the region, population growth over the last twenty years has taken place entirely among the age 55 and over demographic while the numbers under age 45 have declined. Older senior households tend to be smaller, with many seniors living in either single-person or two-person households. This emerging trend suggests a need for smaller homes and multi-family housing like apartments and town-homes.

While single-family homes continue to make up the majority of the region’s housing production, the short supply of other types of housing means that seniors and other small households will struggle to find affordable homes that meet their preferences and needs.

**Northwest Michigan
Rental and Ownership
Demand for Housing
by Percent of the
Average Area Median
Income (\$64,500)**



Northwest Michigan Market Potential by County



Availability

Rental property - While the desire for homeownership remains a high priority for many Americans, the demand for long-term rental homes is expected to outpace growth in homeownership in the future for the following reasons:

Financing - Personal economic situations, including foreclosures, have had a profound impact on personal credit, preventing individuals from purchasing homes. Further, younger households may also experience difficulties with heavy student loan debt, a tight job market, or the inability to earn a living wage further complicates their ability to afford or purchase a home now and in the future.

Recent surveys of seniors indicate they expect to sell their homes and live in rentals that better meet their lifestyle needs. Amenities such as proximity to healthcare, wellness centers, single-level floor-plans, or first-floor master bedrooms have become popular.

The increase in the number of short term rentals (STR) used as accommodations for tourists in the last few years and have made it difficult for a tenant to rent a home on a long term basis, thus “crowding out” long term renters who are looking for stable year-round affordable accommodations. While the northwest region of Michigan is home to only 3% of the state’s population it contains 25% of the state’s STR listings and in Michigan as a whole, the number of short-term rental listings grew 233% from 2016 to 2018.

Vacation/Second homes also have an impact on the inventory of affordable housing and on the economy of the region. When vacant, second homes do not generate economic activity and often are not available for others to rent. In 2018, a disproportionate 15% of Michigan’s non-homestead or seasonal homes were located in the ten counties of lower northwest Michigan.

Homelessness has numerous causes, such as the lack of earning a living wage, the expense of commutes to work, school, and shopping; the cost of maintaining a residence and the loss of a house due to eviction or foreclosure. Other issues compounding housing instability include alcohol or drug abuse, separation, and/or divorce. Ending homelessness depends on the availability of specialized housing for those experiencing chronic homelessness. Finding affordable housing for the homeless is difficult in areas where the market rate for housing is high, leaving the homeless population with few options.

Affordable Housing

Affordable housing, when incorporated within a community, can strengthen business by encouraging potential workers to live close to places of employment providing lower-income workers the opportunity to save on transportation costs and travel time. Creating more affordable housing stock is a priority expressed by many communities throughout the region, but the solutions to affordable housing issues are complex.

Asset Limited, Income Constrained, and Employed (ALICE) is a term used to describe a wage earner who works full time to earn a living but is not able to make ends meet. Someone categorized as ALICE has an income above the Federal Poverty Level (FPL) but struggles to afford basic household necessities. ALICE households continue to face challenges of low wages, variable work hours, depleted savings, and increasing costs. For the many households that have earned slightly above the ALICE threshold in the past, recent increases in the cost of living and flat wage growth have pushed them below the threshold and into financial hardship. The most recent [ALICE in Michigan](#) report focuses on trends that have moved more Michigan families below the ALICE threshold.



Unfortunately, households continue to struggle: Of the region’s 143,481 households, 12 percent lived in poverty in 2017 and another 29 percent were ALICE. Combined, 41 percent or 58,827 of northwest Michigan households had income below the ALICE threshold.

Basic cost of living still on the rise: The cost of basic household expenses in the ALICE Household Survival Budget has increased steadily in Michigan, to \$61,272 for a family of four (two adults with one infant and one preschooler) and \$21,036 for a single adult. These bare-minimum budgets are significantly higher than the 2017 Federal Poverty Level of \$24,600 for a family of four and \$12,060 for a single adult.

Changes in the workforce: Although unemployment rates were falling pre-COVID-19 impact, ALICE workers are still struggling. Low-wage jobs dominate the employment landscape in northwest Michigan, with 61 percent of all jobs in Michigan paying less than \$20 per hour.

Energy and Transportation Costs

Because a home's location affects a household's transportation needs and costs, families should include the cost of transportation as a factor in their housing affordability equation. For an average household, the cost of commuting to work, school, and to shop makes it the second-largest household expense, following housing costs in a typical household budget. Data from [The Housing & Transportation Affordability Index](#) indicates the combined costs of housing and transportation for an average household in Northwest Michigan is over half of a typical household's income. For lower- and moderate-income households, the economic burden is even heavier: moderate-income households spend 50-60% of their income solely on the combined costs of housing and transportation.

Zoning ordinances and policies

Many community issues can be addressed in part by local policy and regulation, such as master plans and zoning ordinances. Planning and policy strategies identify broad goals and specific changes to master plans and/or zoning ordinances that can impact a particular issue. Housing North has prepared a [Housing Ready Checklist](#), designed to help communities evaluate their own standards, strategies, plans and ordinances to ensure they meet workforce housing needs. Housing North has also prepared an [Advocacy Handout](#) and an [Advocacy One Page Sheet](#) to further help communities and residents tackle the issues.

Zoning changes can help communities make room for more types of housing, while simultaneously providing more options to developers and property owners that can help reduce development costs assisting with development of the missing middle housing options.

Higher residential densities lower the per unit cost of land and creates more opportunities for housing development by generating greater economies of scale for builders. Similarly, allowing additional types of multi-family housing, like apartments or town-homes, can provide more opportunities for affordable housing development. Design guidelines can help to ensure that new development is consistent with, and makes a positive contribution to the desired neighborhood character.

Communities can use funding and incentive tools to encourage private, public, and nonprofit initiatives and activities that meet local goals. Funding and incentive strategies can identify opportunities that enhance organizational capacities as well as incentives and may help communities work with the private sector and others to meet local goals.

Missing Middle Schematic

by Daniel Porelek



Strategies for Affordable Housing Success

1. Continue to raise awareness of all housing issues through housing advocates like Housing North, Little Traverse Housing Authority and Networks Northwest.
2. Work with communities to revise zoning ordinances and zoning policies to allow more density and infill streamline the process to support and encourage property owners, developers, real estate investors, and business interested in developing new opportunities in the area.
3. Through the Michigan Economic Development Corporation (MEDC), participate in and encourage Redevelopment Ready Communities (RRC) certification in region 2 at <https://www.miplace.org/programs/redevelopment-ready-communities/>
4. RRC communities, through their certification process, train communities to be Developer friendly by streamlining zoning and planning functions through their Best Practices program.
5. Support ordinances and policies to ensure housing is safe and adequate.
6. Work on the state level to expand housing programming and develop new and innovative tax structures to encourage housing development.
7. Develop and encourage local government officials to support new housing development that is affordable, well designed, and compatible through mixed-use developments. Goals achieved through mixed-use development and the use of the other tools discussed earlier include:
 - a. Determining where new housing is needed, the types of housing needed, and how many of each housing type is needed for the community.
 - b. Expanding the supply of senior and supportive housing
 - c. Maintaining an adequate and immediate response to emergency shelter needs
 - d. Integrate accessibility features into new and existing housing.
 - e. A successful housing development project.