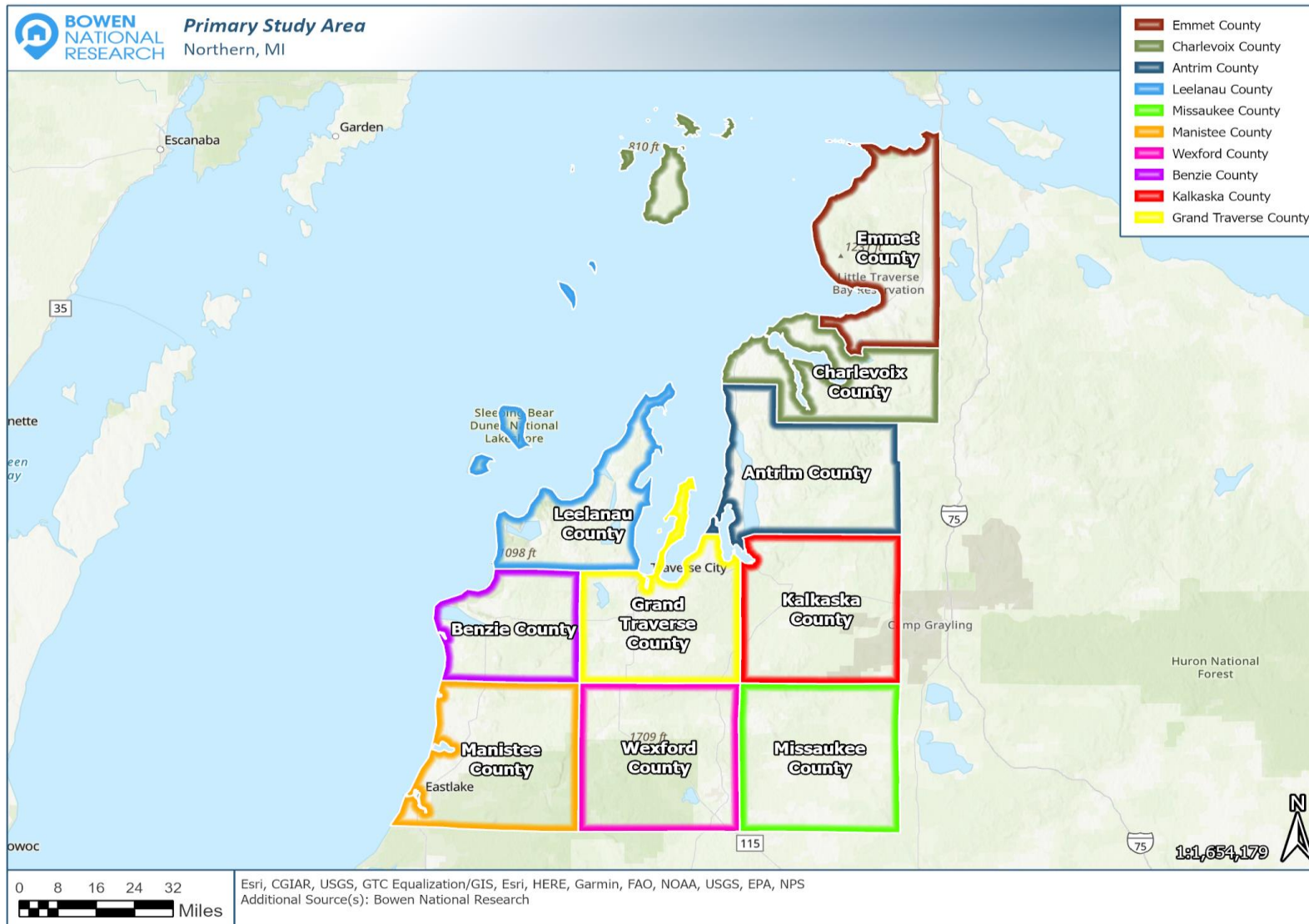


Housing Needs Assessment & Housing Tools for Affordability

City of Traverse City

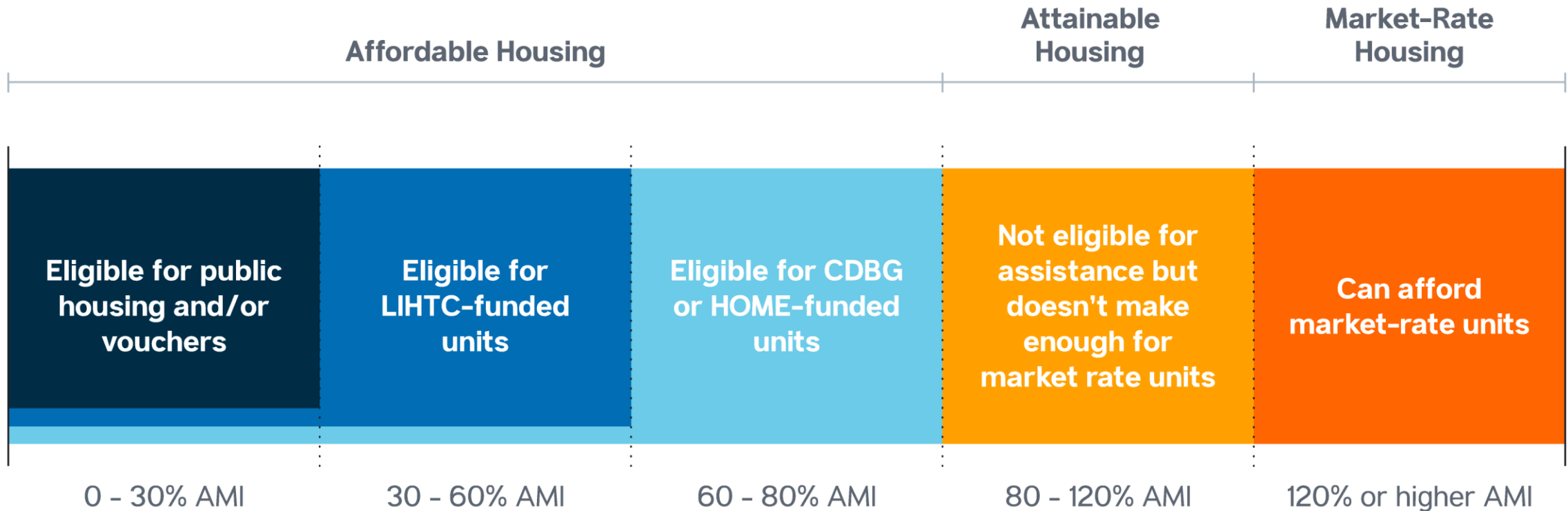


NW Michigan Housing Needs Assessment



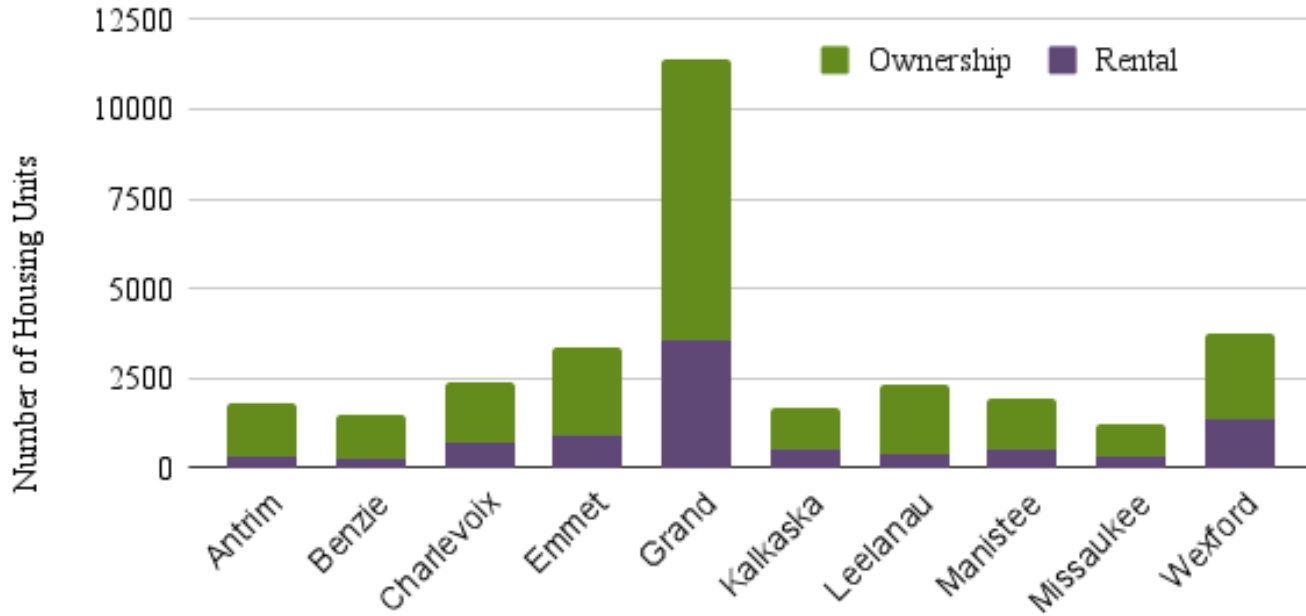
- **Demographics** (people, households, income & migration patterns)
- **Economics** (jobs, wages, employers, commuting patterns & investments)
- **Housing Supply**
 - **Rental Housing Data** (Apartments, Non-Conventional)
 - **For-Sale Housing Data** (Historical Sales and Available Inventory)
- **Housing Gap Estimates** for rentals & for-sale housing, by income and rent/price
- **Conclusions and Recommendations**

AFFORDABLE HOUSING vs. ATTAINABLE HOUSING vs. MARKET-RATE HOUSING



AMI = Area Median Income which is reset by HUD each year according to inflation and cost of living increases.

2023 Housing Needs Assessment for Northwest Michigan by County



Across all ten counties, most of the rental need is for those making 50% of the AMI or less.

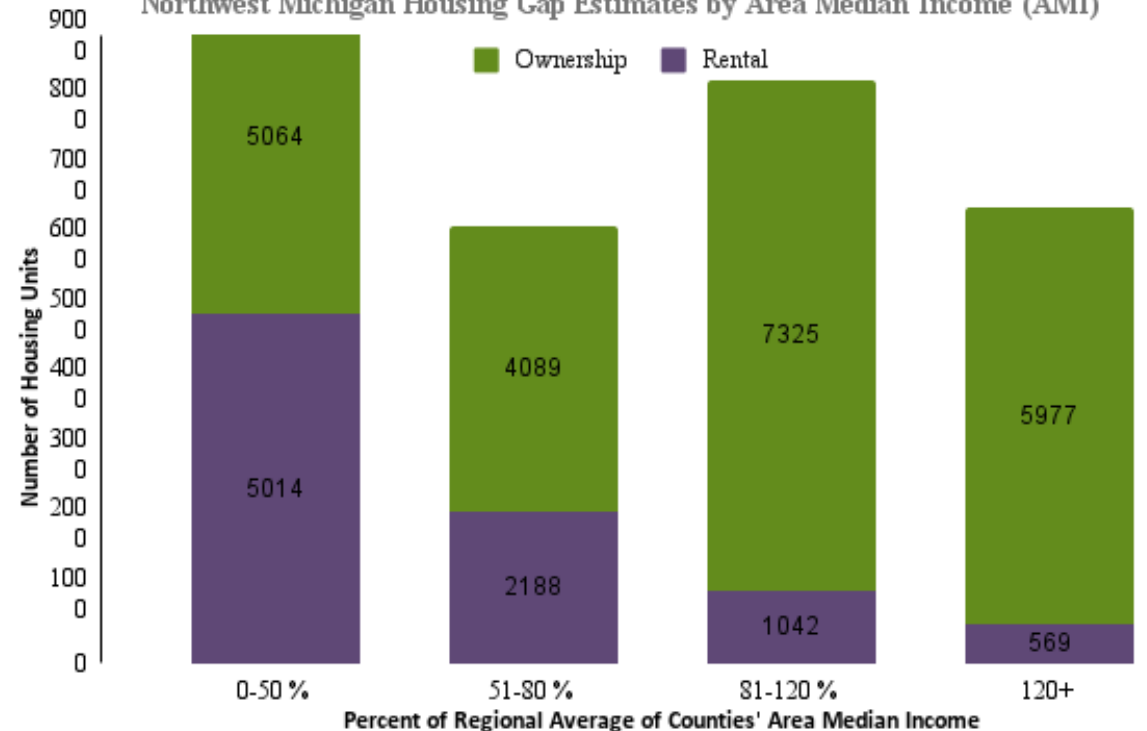
Most of the home ownership need is for those making between 81-120% of the AMI or less

Housing Gap Analysis showed we need an 31,000 additional units through 2027.

- **8,813 rental units**
- **22,455 homeownership units**

These could be newly constructed homes or apartments or the repair or conversion of existing homes or buildings.

Northwest Michigan Housing Gap Estimates by Area Median Income (AMI)



Household Breakdown By Age

The region is expected to experience growth among **older millennials (ages 35-44)** and **seniors (ages 65+)**;

The **city** will see a **4.9% increase in Millennials**; a **26% increase in ages 65 and above**; **4.9% Decrease in households 25**
-34

		Household Heads by Age						
		<25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
Traverse City	2010	349 (5.2%)	987 (14.8%)	949 (14.3%)	1,237 (18.6%)	1,332 (20.0%)	824 (12.4%)	972 (14.6%)
	2022	282 (3.7%)	1,084 (14.4%)	1,062 (14.1%)	1,111 (14.7%)	1,391 (18.5%)	1,433 (19.0%)	1,172 (15.6%)
	2027	290 (3.8%)	1,031 (13.3%)	1,114 (14.4%)	1,119 (14.5%)	1,244 (16.1%)	1,523 (19.7%)	1,410 (18.2%)
	Change 2022-2027	8 (2.8%)	-53 (-4.9%)	52 (4.9%)	8 (0.7%)	-147 (-10.6%)	90 (6.3%)	238 (20.3%)
Grand Traverse	2010	1,354 (3.8%)	4,734 (13.4%)	5,660 (16.0%)	7,840 (22.2%)	7,253 (20.5%)	4,242 (12.0%)	4,245 (12.0%)
	2022	1,177 (2.9%)	5,515 (13.6%)	6,015 (14.8%)	6,495 (16.0%)	8,539 (21.0%)	7,476 (18.4%)	5,387 (13.3%)
	2027	1,181 (2.8%)	5,225 (12.6%)	6,424 (15.5%)	6,402 (15.4%)	7,504 (18.1%)	8,187 (19.7%)	6,630 (16.0%)
	Change 2022-2027	4 (0.3%)	-290 (-5.3%)	409 (6.8%)	-93 (-1.4%)	-1,035 (-12.1%)	711 (9.5%)	1,243 (23.1%)
Region	2010	3,841 (3.1%)	13,648 (11.2%)	18,314 (15.0%)	26,363 (21.5%)	26,039 (21.3%)	18,114 (14.8%)	16,069 (13.1%)
	2022	3,249 (2.5%)	15,367 (11.6%)	17,843 (13.5%)	20,514 (15.5%)	28,678 (21.7%)	26,939 (20.4%)	19,378 (14.7%)
	2027	3,134 (2.4%)	14,210 (10.7%)	18,674 (14.0%)	19,693 (14.8%)	25,393 (19.1%)	29,053 (21.8%)	23,136 (17.4%)
	Change 2022-2027	-115 (-3.5%)	-1,157 (-7.5%)	831 (4.7%)	-821 (-4.0%)	-3,285 (-11.5%)	2,114 (7.8%)	3,758 (19.4%)
Michigan	2010	170,982 (4.4%)	525,833 (13.6%)	678,259 (17.5%)	844,895 (21.8%)	746,394 (19.3%)	463,569 (12.0%)	442,370 (11.4%)
	2022	150,466 (3.7%)	572,672 (14.1%)	630,554 (15.5%)	677,148 (16.7%)	814,827 (20.1%)	695,910 (17.2%)	513,883 (12.7%)
	2027	144,849 (3.6%)	535,146 (13.2%)	653,008 (16.1%)	642,114 (15.8%)	736,410 (18.1%)	749,254 (18.4%)	606,543 (14.9%)
	Change 2022-2027	-5,617 (-3.7%)	-37,526 (-6.6%)	22,454 (3.6%)	-35,034 (-5.2%)	-78,417 (-9.6%)	53,344 (7.7%)	92,660 (18.0%)

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

City of TC “Fair-Share” Housing Gap -Broken Down by Area Median Income

Traverse City (Grand Traverse County), Michigan				
Rental Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Monthly Rent Range	≤\$1,123	\$1,124-\$1,797	\$1,798-\$2,697	\$2,698+
County Housing Gap	2,358	733	288	190
Submarket Fair Share Ratio	28.3%	28.3%	28.3%	28.3%
Traverse City Housing Gap	667	207	82	54

Traverse City (Grand Traverse County), Michigan				
For-Sale Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Price Point	≤\$149,833	\$149,834-\$239,733	\$239,734-\$359,600	\$359,601+
County Housing Gap	1,798	1,384	2,569	2,041
Submarket Fair Share Ratio	15.3%	15.3%	15.3%	15.3%
Traverse City Housing Gap	275	212	393	312

1010 in rental units
1192 in homeownership units
Total of 2202 new units

This is a fair share ratio applied for the Traverse City submarket. This applied the subject market's current portion of the overall county's renter and owner households to the county's housing gap estimates to derive the local community's estimated housing gaps.

These could be newly constructed homes or apartments or the repair or conversion of existing homes or buildings.

City of TC For-Sale Housing Gap -Broken Down by Area Median Income (AMI)

	Traverse City (Grand Traverse County), Michigan Traditional Rental Housing Gap Estimates (2022-2027)			
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Monthly Rent Range	≤\$1,123	\$1,124-\$1,797	\$1,798-\$2,697	\$2,698+
Household Growth	-88	15	41	13
Balanced Market*	87	24	4	11
Replacement Housing**	45	7	2	1
External Market Support^	511	165	100	67
Severe Cost Burdened^^	373	187	62	0
Step-Down Support	40	2	-5	-37
Less Pipeline Units	-76	-73	-40	0
Overall Units Needed	892	327	164	55

*Based on Bowen National Research's survey of area rentals

**Based on ESRI/ACS estimates of units lacking complete indoor plumbing or are overcrowded

^Based on Bowen National Research proprietary research and ACS migration patterns for the county

^^Based on ACS estimates of households paying in excess of 50% of income toward housing costs

This approach considers demographic characteristics and projections specific to Traverse City.

City of TC For-Sale Housing Gap -Broken Down by Area Median Income (AMI)

Traverse City (Grand Traverse County), Michigan Traditional For-Sale Housing Gap Estimates (2022-2027)				
Percent of Median Income	≤ 50%	51%-80%	81%-120%	121%+
Household Income Range	≤\$44,950	\$44,951-\$71,920	\$71,921-\$107,880	\$107,881+
Price Point	≤\$149,833	\$149,834-\$239,733	\$239,734-\$359,600	\$359,601+
Household Growth	-119	31	75	229
Balanced Market*	26	27	33	20
Replacement Housing**	5	3	2	1
External Market Support^	266	261	346	486
Severe Cost Burdened^^	183	91	30	0
Step-Down Support	82	63	149	-294
Less Pipeline Units	0	-165	0	-12
Overall Units Needed	443	311	635	430

*Based on Bowen National Research's analysis of for-sale product within county

**Based on ESRI/ACS estimates of units lacking complete indoor plumbing or are overcrowded

^Based on Bowen National Research proprietary research and ACS migration patterns for the county

^^Based on ACS estimates of households paying in excess of 50% of income toward housing costs

1438 in rental units
1819 in homeownership units
Total of 3257 new units

These could be newly constructed homes or apartments or the repair or conversion of existing homes or buildings.

Rental units by price point in TC

		Estimated Gross Rents by Market								Total
		< \$300	\$300- \$500	\$500- \$750	\$750- \$1,000	\$1,000- \$1,500	\$1,500- \$2,000	\$2,000+	No Cash Rent	
Traverse City	Number	90	208	357	740	1,024	210	36	36	2,701
	Percent	3.3%	7.7%	13.2%	27.4%	37.9%	7.8%	1.3%	1.3%	100.0%
Grand Traverse County	Number	223	710	1,167	2,535	3,173	560	166	385	8,919
	Percent	2.5%	8.0%	13.1%	28.4%	35.6%	6.3%	1.9%	4.3%	100.0%
Northern Michigan Region	Number	1,235	2,176	5,475	6,155	6,264	794	375	1,810	24,284
	Percent	5.1%	9.0%	22.5%	25.3%	25.8%	3.3%	1.5%	7.5%	100.0%
Michigan	Number	51,846	69,698	227,872	314,293	299,877	70,403	33,633	57,245	1,124,867
	Percent	4.6%	6.2%	20.3%	27.9%	26.7%	6.3%	3.0%	5.1%	100.0%

Source: American Community Survey (2016-2020); ESRI; Urban Decision Group; Bowen National Research

According to the gap estimates, the majority of the need for rentals is for those making less than \$44K/year
Or rents that are less than 1200/month

Traverse City Available Multifamily Rental and For-Sale Housing by Price

- A majority of available for homes (70.6%) are priced at or above \$400,000

Available For-Sale Housing by Price (As of Feb. 28, 2023)		
List Price	Number Available	Percent of Supply
Up to \$99,999	-	-
\$100,000 to \$199,999	1	2.9%
\$200,000 to \$299,999	2	5.9%
\$300,000 to \$399,999	7	20.6%
\$400,000+	24	70.6%
Total	34	100.0%

Source: Realtor.com and Bowen National Research

- A majority of available for homes (70.6%) are priced at or above \$400,000

Multifamily Supply by Product Type				
Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	8	417	5	98.8%
Market-rate/Government-Subsidized	1	122	0	100.0%
Tax Credit	1	39	0	100.0%
Tax Credit/Government-Subsidized	4	133	0	100.0%
Government-Subsidized	2	134	0	100.0%
Total	16	845	5	99.4%

Overview of TC Housing Data

- The City has seen significant overall household growth since 2010 and is projected to continue through 2027.
- ***There is a relatively large and growing base of seniors aged 65 and older,*** although more moderate growth is projected among some younger age cohorts as well.
- Notable ***growth of renter households earning between \$30,000 and \$39,999*** and those earning \$60,000 or more is projected over the next five years
- While the overall number of owner households is projected to increase substantially, ***most of this growth will occur within the highest income households (earning \$100,000 or more). The preceding attributes and trends will influence the area's housing needs.***
- There is a ***high share of renter-occupied housing units*** within the market, although owner-occupied units comprise a sizable majority of the total housing inventory.
- ***Seasonal/recreational housing does not appear to represent a large share of housing units in the market.***
- Renter households are slightly more likely to live in a housing cost overburdened situation.
- ***Large multifamily apartments comprise the majority of the rental market in the subject area and exhibit high occupancy rates.***
- ***There are a limited number of available non-conventional rentals (e.g., houses, duplexes, mobile homes, etc.) within the entirety of the county, and as a result there is a low overall inventory of available rentals in the market.***

■ ONLY 241 mobile homes exist in the county, but this number is limited by the

Recommendations

- Support efforts to encourage residential development of both rental and for-sale housing product.
- Support efforts to encourage the preservation of the older existing housing stock that is prevalent in this market.
- Emphasize and support projects that consider a variety of affordability levels and target segments (e.g., seniors, individuals, young families, professionals, etc.).
- Identify and reach out to advocates, foundations, developers and investors that could be potential residential development partners.
- Reach out to and work with housing organizations and professionals that can bring expertise and increase the community's capacity to address housing issues.
- Consider identifying possible sites for residential development and determine if the sites' appeal could be enhanced with land preparation, pre-development assistance or infrastructure help.

Tools for Affordability.....

Deed restriction for year-round housing

Brownfield/TIF for housing

New Housing Tools and Expansion of Tools





We have example Deed Restrictions and can expand this program to other communities pending support from the Unit of Government (i.e. it is a goal of the community) and funding

Deed Restriction Program for Year- Round housing

- Modelled after the Vail-Indeed program
- Launched in Charlevoix County in partnership with the City of Charlevoix
 - 38% of residents live in the city year round
 - Goal is to increase this to 50%
- Housing North holds #8 year round Deed Restrictions
- Expanded to Petoskey in 2021

Brownfield/TIF for Housing

Amends Act 381 to support Workforce Housing (120% AMI)

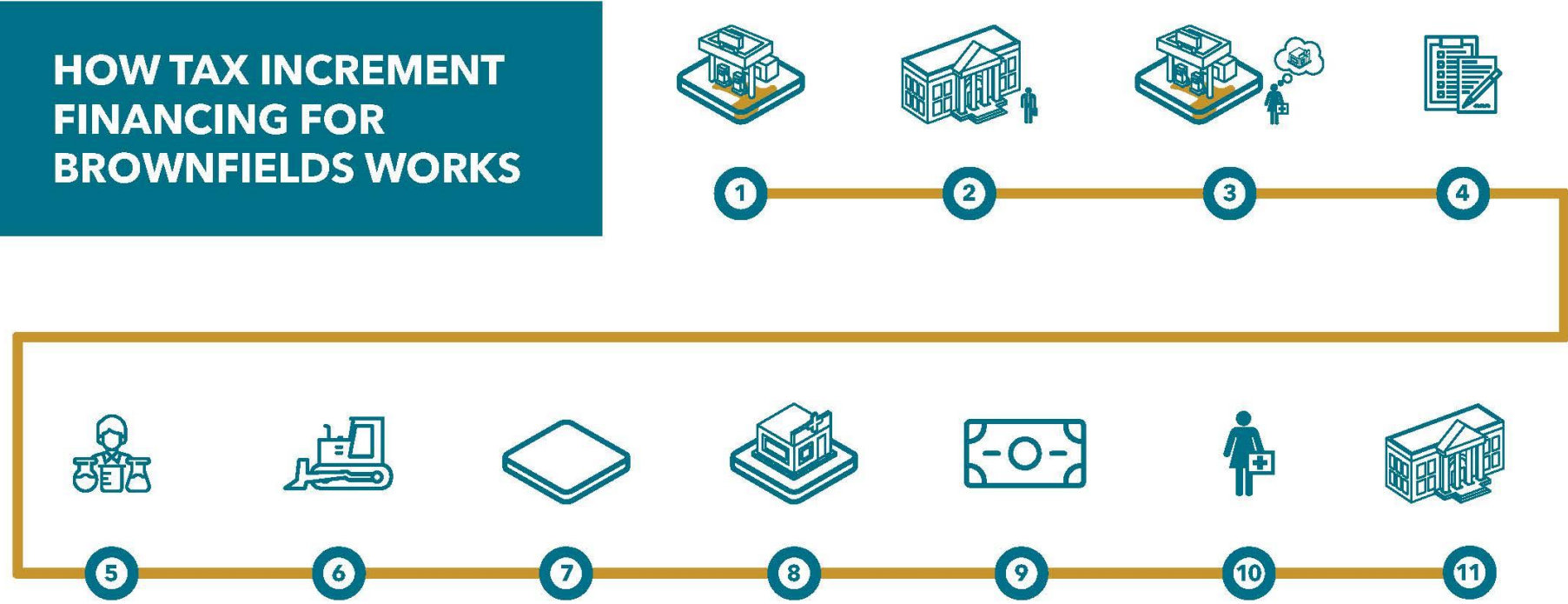
Adds "**Housing Property**" as Brownfield Eligible Property.

Does NOT need to be contaminated, blighted, functionally obsolete, historically designated or owned by a Land Bank.

Adds "**Housing Development Activities**" as Brownfield Eligible Activities

Can be reimbursed over time through capture of tax increment revenues generated by additional private development

HOW TAX INCREMENT FINANCING FOR BROWNFIELDS WORKS



- 1** This ugly, contaminated gas station is a **brownfield**.
- 2** The owner pays \$1,000 a year in property taxes. That \$1,000 is the **tax baseline**.
- 3** Dr. Julie wants to buy the contaminated brownfield and build a new medical office.
- 4** Dr. Julie talks to her local Brownfield Redevelopment Authority (BRA). The BRA approves a plan to reimburse Dr. Julie for some costs to redevelop the contaminated brownfield.
- 5** Dr. Julie hires an environmental consultant to test the soil and groundwater...
- 6** ...and dig out the contamination. These are Dr. Julie's **eligible costs**.
- 7** Dr. Julie spends \$7,500 on eligible costs. The ugly, contaminated brownfield is gone. Now it's safe to build her medical office. Dr. Julie hires more staff.
- 8** The property's value goes up and Dr. Julie pays \$2,500 a year in property taxes - a \$1,500 increase! That's the **tax increment**.
- 9** Every year for five years, the BRA returns the \$1,500 tax increment to Dr. Julie to repay her eligible costs. The BRA keeps the original \$1,000 tax baseline to pay for schools and public services.
- 10** After five years, Dr. Julie's eligible costs have been reimbursed from her taxes (\$1,500 tax increment x five years = \$7,500 in cleanup costs).
- 11** When her eligible costs are reimbursed, Dr. Julie's future taxes stay in city and state budgets for schools and public services.



Brownfield TIF for Housing

- MHSDA has trainings planned for early October 2 , October 6 and October 9
- MSHDA Housing Tax Increment Financing (TIF) Program (michigan.gov)
- Michigan Legislature - Senate Bill 0129 (2023).



Links to Fact Sheets

NEZ

Attainable housing

Residential Housing Exemption

PILOT

Tool Summary available
@ housingnorth.org

Housing Michigan Coalition Updates
@ <https://housingmichigan.weebly.com/>

New Tools

Residential
Facilities

Attainable
Housing

Expansion of Existing Tools

Payment in
Lieu of Taxes
(PILOT)

Neighborhood
Enterprise
Zone (NEZ)

Brownfield/TIF
for housing



Payment-in-lieu-of-taxes (PILOT)

New in PA 239 of 2022: Municipalities may now provide a PILOT for “workforce housing” without being linked to Federal low-income housing programs

- Eligible new or rehabilitated housing must be **affordable to and occupied by** households of up to 120% area median income (AMI)
- Municipality must have an ordinance or resolution concerning the selection of eligible developments.
- PILOT may not run longer than 15 years.

Calculation of service charge:

- **New construction:** The **greater** of the tax on the property for the tax year preceding date on which construction is commenced **or** 10% of the annual shelter rents obtained from the project.
- **Rehabilitation project:** The **lesser** of the tax on the property on which the project is located for the tax year preceding the date on which rehabilitation is commenced **or** 10% of the annual shelter rents obtained from the project.
- **In both cases:** Service charge must not exceed the ad valorem tax bill and must be paid in full for units not provided to income-qualifying households.

Neighborhood Enterprise Zones (NEZ)

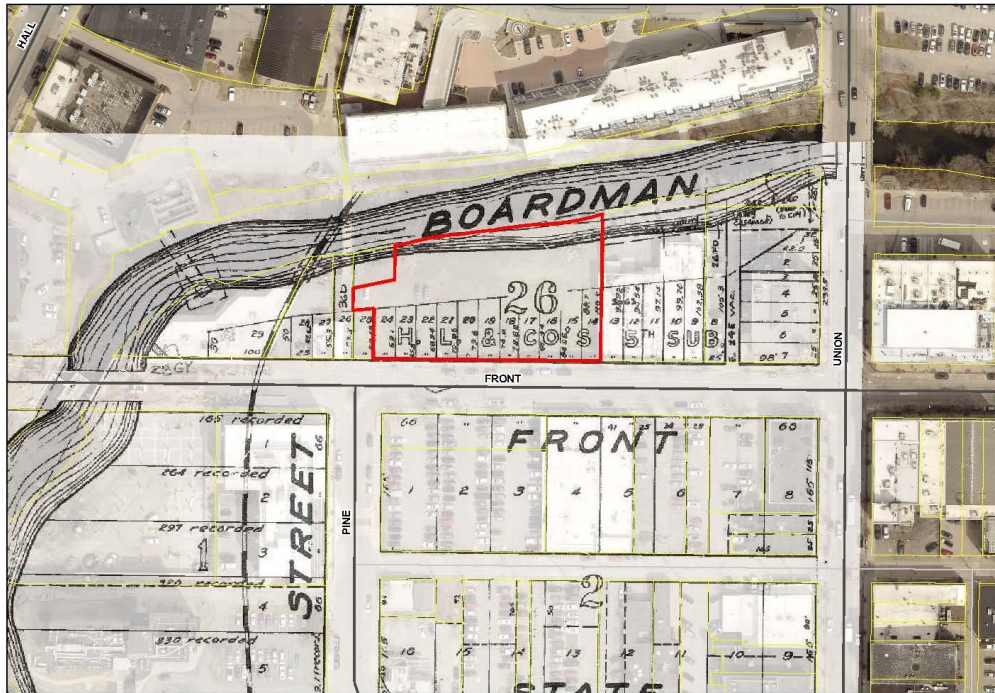
- Local government may designate one or more areas as an NEZ (totaling not more than 15% of acreage in municipality)
- New or rehabbed owner-occupied homes (1-unit, duplex, or condo) in the district may apply for NEZ certificate:
 - New homes: pay $\frac{1}{2}$ **the average statewide homestead millage** on structure value, Rehabbed homes: current local total millage rate on **pre-rehab structure value**, Land continues to be taxed ad valorem, Certificate may run up to 15 years.
- Newly eligible local units may designate an NEZ only if the project encourages compact development (minimum of 5 dwelling units per acre), is adjacent to existing development and can utilize existing infrastructure.
- NEZ tax only applies while the dwelling is occupied by a household at < 120% AMI.

Case Study- Neighborhood Enterprise Zone

Example of a larger NEZ as a goal of the Housing Action Plan. In the process of designating the area (190 acres) and bringing to the City Council in August 2023

Example: City of Traverse City

10 Platted parcels in a downtown area for revitalization



NEZ District Boundary - 124 Front
11 Platted Parcels
1 Parcel

This map is based on digital databases from the City of Traverse City. Traverse City cannot accept any responsibility for errors, omissions or positional accuracy. There are no warranties expressed or implied.

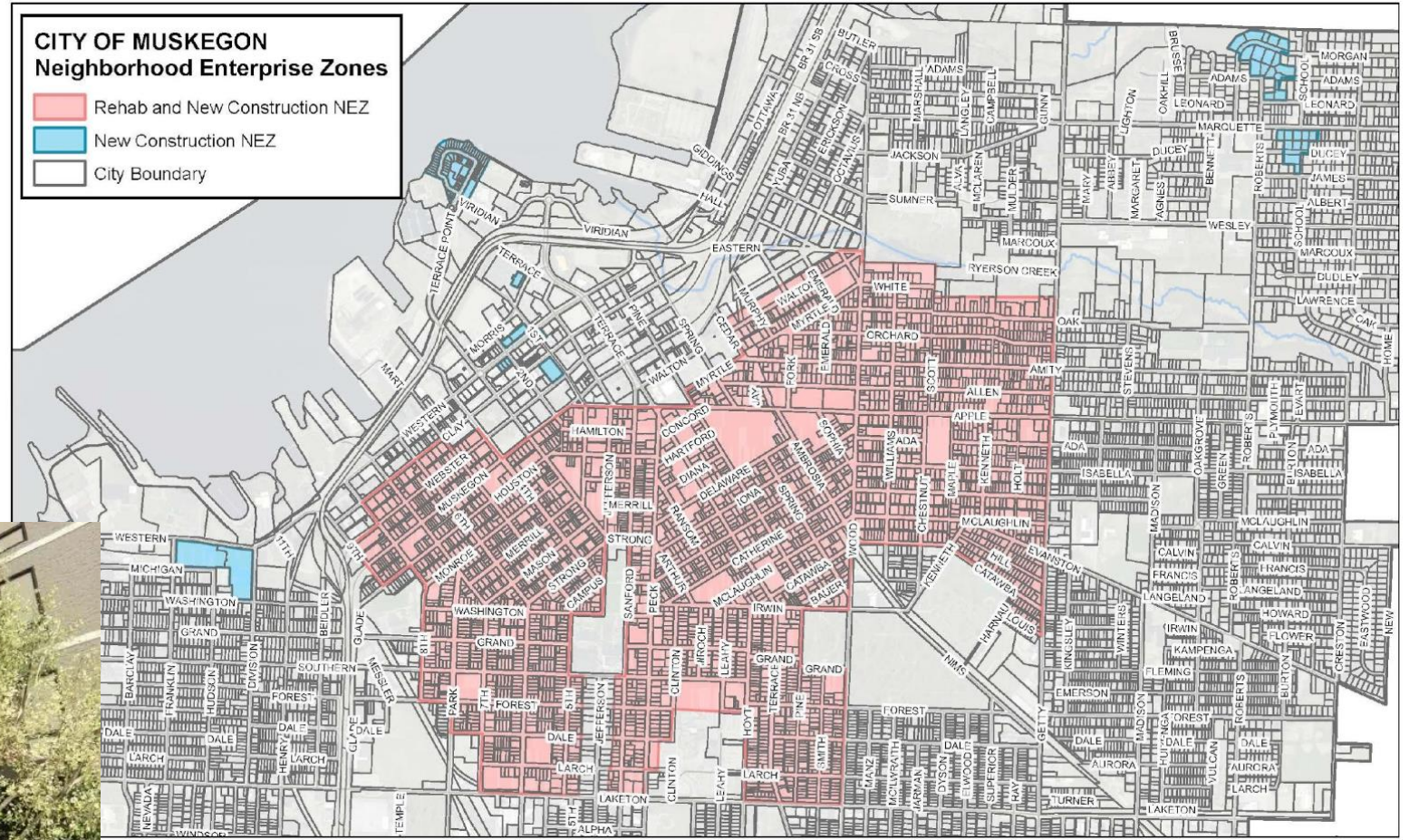


Year No.	Year	Annual (%) Reduction
1	2023	53%
2	2024	53%
3	2025	53%
4	2026	53%
5	2027	53%
6	2028	53%
7	2029	53%
8	2030	53%
9	2031	53%
10	2032	53%
11	2033	53%
12	2034	53%
13	2035	11%
14	2036	7%
15	2037	4%

NEZ resources

What communities have created and use NEZ's as a tool ([689 page document with list](#))

- [Cadillac- Cadillac Lofts](#)
- [Muskegon](#)
- [Grand Rapids](#)
- [City of Dearborn](#)
- [City of Alpena](#)
- [City of Detroit](#)



Muskegon- NEZ Example

Residential Facilities Exemption Act

Temporary tax abatement on qualified new housing development districts established by local units of government

Supports both renovation and expansion of aging residential units and as well as the construction of new residential units in these districts.

Qualified new housing developments

- Must be one acre in size
- Multifamily or single-family homes
- Targeted toward populations earning **<120% of area median income**
- Assurances that the units are occupied as a principal residence (year-round) to eligible households

**developments of five or more units and a minimum investment of \$50,000.*

<https://www.michigan.gov/taxes/property/exemptions/residential-housing-exemption>

Attainable Housing Facilities Act

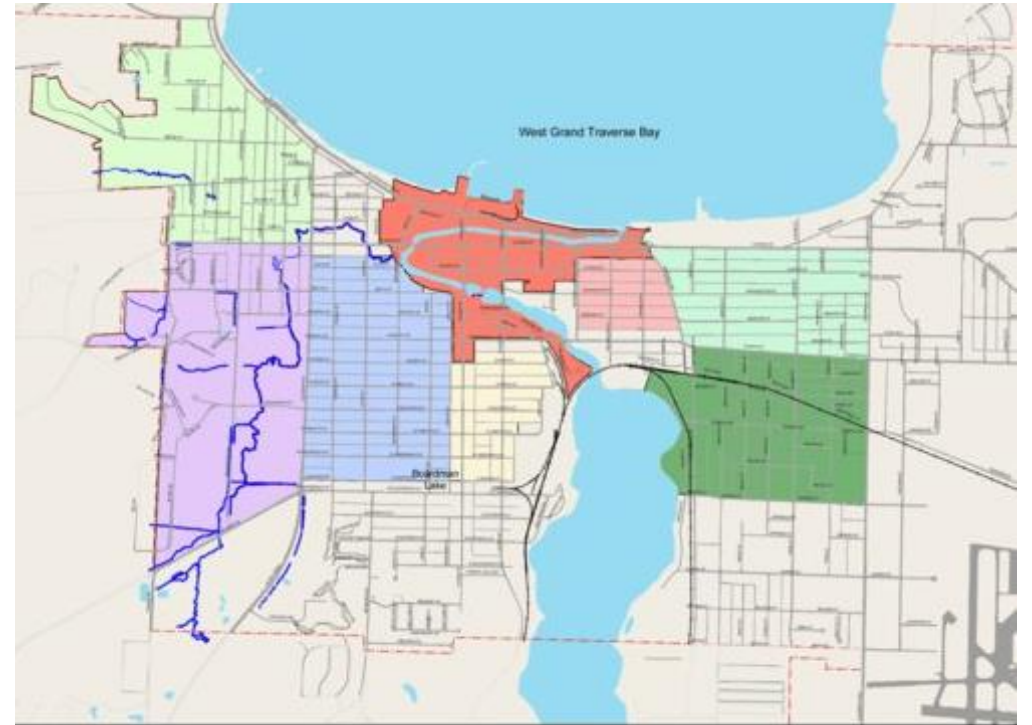
- **Local governments can create an “attainable housing district”**
- Property owners can apply for partial tax exemptions
- reducing real property taxes by 50% of the statewide commercial, industrial, utility average for up to 12 years
- **Can only be used for 4 units or less**
- **Criteria**
- provides units **<120% of county-wide median income** threshold for *at least 30% of units* in a multi-unit development.
 - Local governments have the flexibility to negotiate **at or above that 30%** to align with their goals.
 - Local governments can negotiate the **# of units** and affordability requirements **up to 120% AMI.**
- **4 or less rental units and a minimum of \$5,000 investment is required.*

Case Study- Attainable Housing District Traverse City

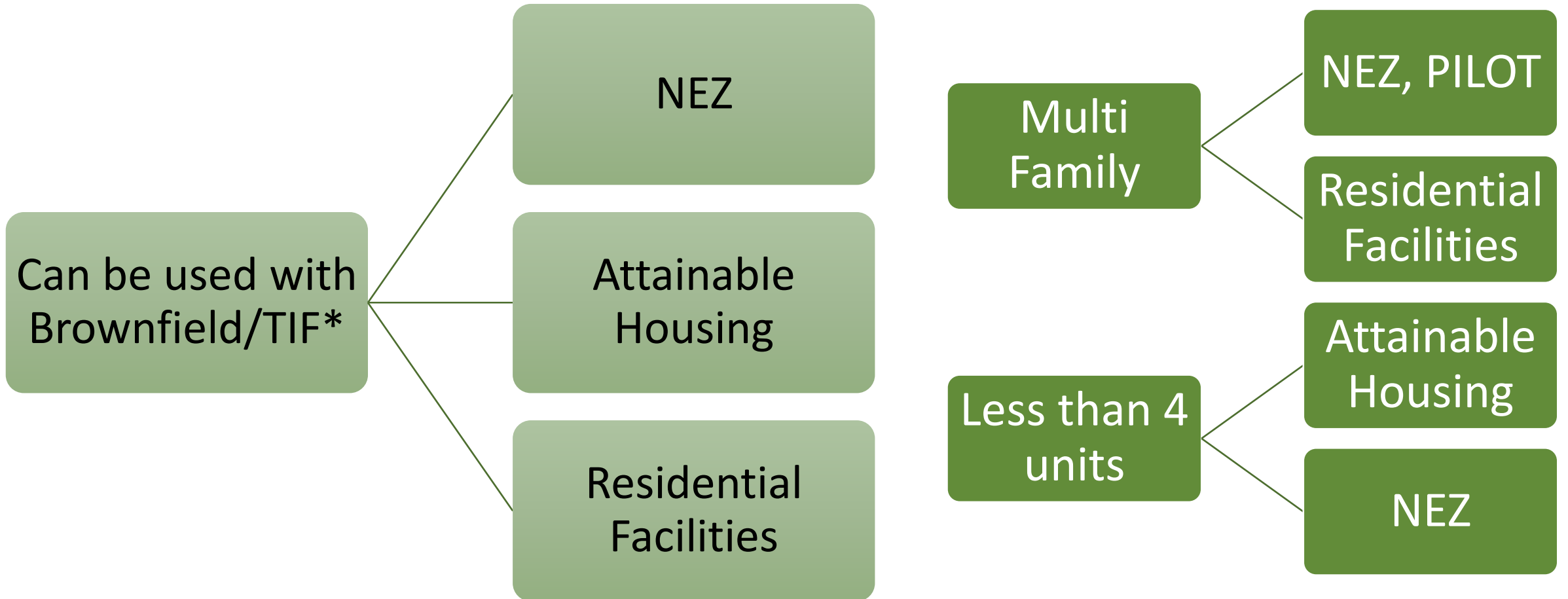
■ Becky, a new property owner, purchased a duplex in Petoskey, but needs about \$3000/month in rent from both unit on her investment to justify the price of her purchase. The adoption of the Attainable Housing District gives her an opportunity to partner with the City of Traverse City to reduce the rent on at least one of the units.

■ Petoskey can now offer Becky a 50% property tax abatement in exchange for offering one unit at no greater than 100% of the Area Median income (AMI) and one at no greater than 80% of the AMI. She must also invest in new siding and windows to improve the visual quality and energy efficiency of the duplexes and annually certify the income of the households. This adds up to over \$20,000 (\$5000 required investment).

■ Becky agrees and with the savings from the Tax abatement, she is able to offer one units at \$1400 and the second unit at \$1600. This partnership allows Ben and Susan and their family to move into the affordable 3 bedroom unit with rent that is 30% of their income. And Jeff and Alice to move into he 2 Bedroom unit for \$1400/month.



Summary-When to use what tool?

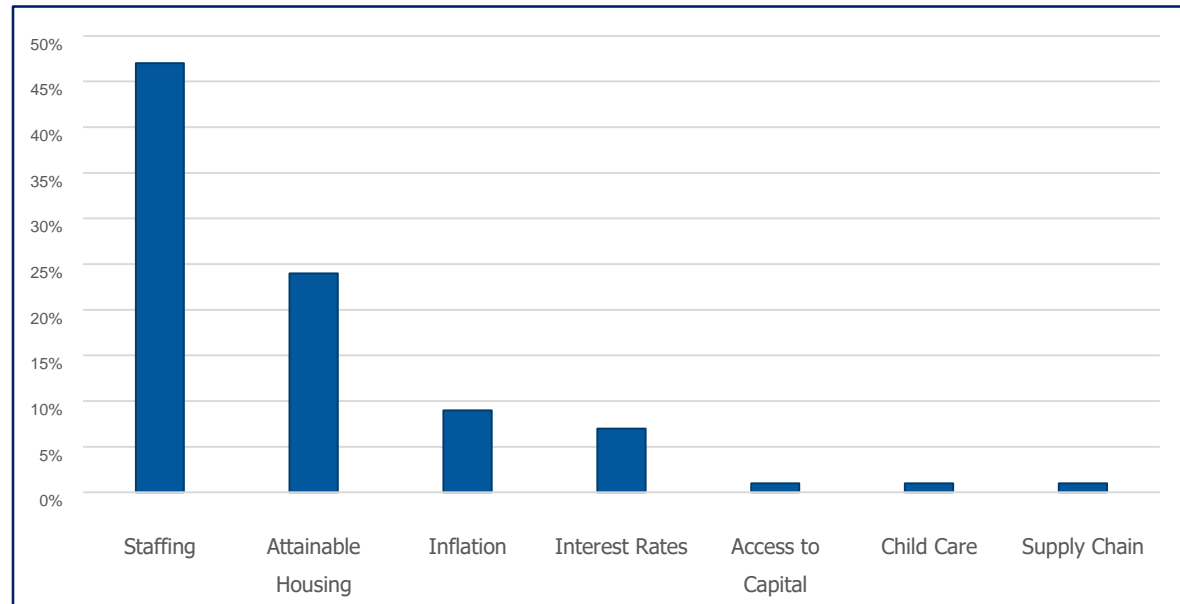


* Depending on the project and the Unit of Government, once the 15yrs of the NEZ is over, then the TIF kicks in

So why are these tools so important?

- ❑ Economic and community sustainability is all about future workforce
- ❑ Success is dependent on attracting and retaining young workers and families
- ❑ Housing is the biggest barrier to attracting & retaining our working-age population
- ❑ Our housing needs span the spectrum from small ADU apartments to larger homes

WHAT IS THE SINGLE-BIGGEST BARRIER TO GROWING YOUR BUSINESS?



Traverse City Housing – Immediate Action Plan Draft 8.1.2023

ACTION STEPS	Comprehensive Communications Plan to support City of TC in Workforce Housing Initiatives, such as current proposed zoning changes	Identification of City of TC Districts where housing tools can best be deployed and utilized	Re-engage Regional Joint Housing Taskforce (Met on 9/5/23)
Responsible Organization/Group	HN and Connect to coordinate communication plan and resources.	City of TC through MP Process Support from HN, Connect, etc.	Coordinated by Housing North (first meeting Include other planners
Resources Needed	<ul style="list-style-type: none"> Consider joint communications work group of HN, Connect, TCT, Aspire North, other partners. Engaged industry leaders and employees to show up in support Examples of success and testimonials from other cities. 	<ul style="list-style-type: none"> Potential mapping support: LIAA, NN, HN, TVC (for FAA) Identify projects and focus on areas where housing growth is less controversial and/or outlined in previous planning efforts. 	<ul style="list-style-type: none"> Identify taskforce facilitator/coordinator Utilize MML and HMC as additional resources Example work groups from other regions?
Progress Milestones	Reiterate progress/positive developments in housing that have been achieved thus far.	Subcommittee meetings to identify tools (PILOT, NEZs, etc.) for used in target districts and developments.	Regular meeting and collaboration on projects.
Action Item	Full communications plan with talking points, training, material, social and print strategy, etc.	Boiler plate documents to show how to use the tools and where. Materials produced for each tool.	Develop taskforce charter document with clear action items.
Resulting Improvement	Public support for housing initiatives, zoning changes, YIMBYISM, etc. that addresses the housing needs and goals for Traverse City	City map with documentation of districts ready for development, how to deploy new tools, and road map for how to implement.	<ul style="list-style-type: none"> Housing growth plan for City/Region/GT County Resources/Examples for smaller Township



Park Place Hotel, Traverse City [Link to website with more information](#)

Registration Now Open

Registration Link: <https://mailchi.mp/housingnorth/julynews2-16842404?e=f47e2b10da>

Housing North's Programs & Resources

Housing Ready Program

- Housing Ready Checklist
- Communications Toolkit

Deed Restriction Program for year-round housing

Accessory Dwelling Unit Program

Rental Preservation Program

New Pilot Project

Michigan Statewide Housing Plan

Northwest Housing Partnership Lead for Region D

Advocacy Trainings

Educational Webinars and Events

Close to Home, June 8

Housing Innovation Council

Policy & Advocacy Housing Michigan Coalition bills

Annual NW Michigan Housing Summit

October 25-27, Park Place Hotel, Traverse City

Thank you! Any questions?



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