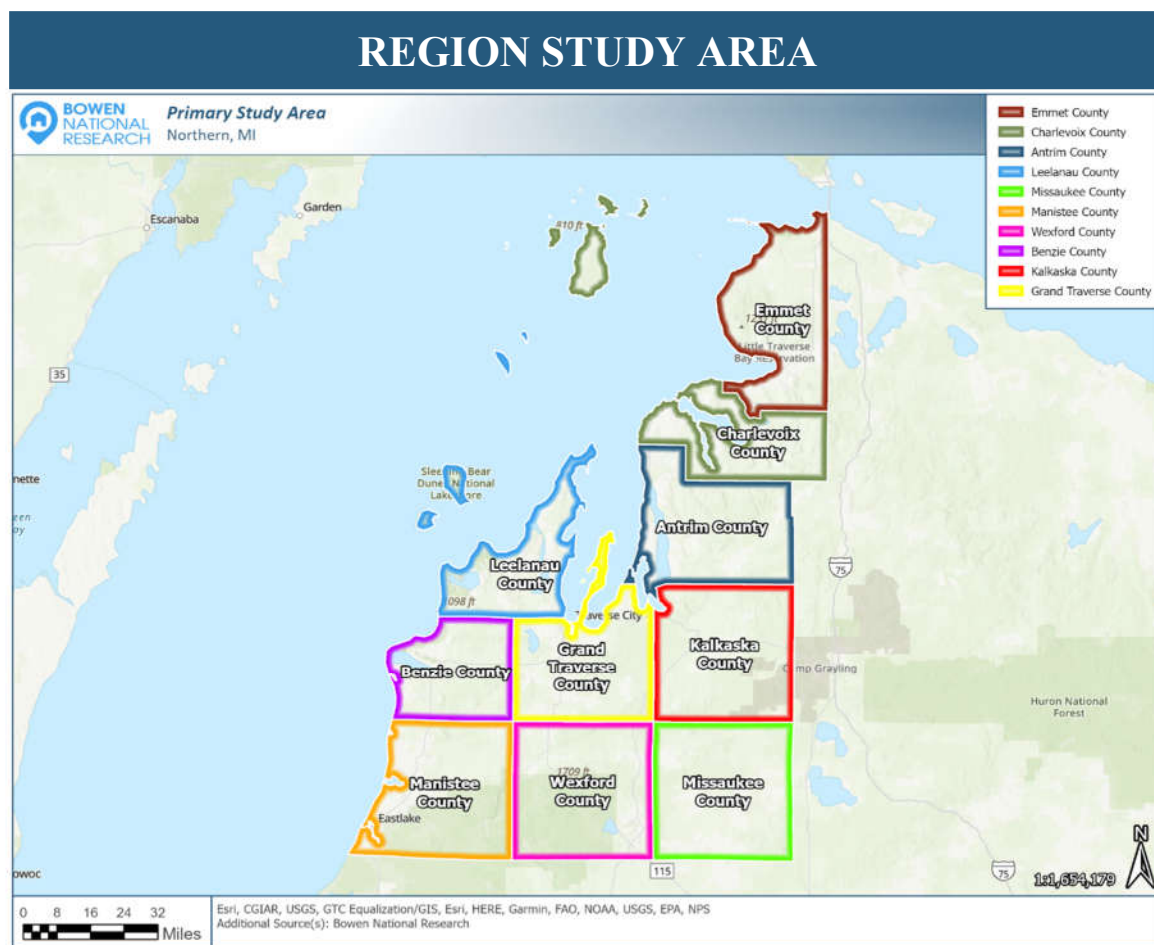


## II. EXECUTIVE SUMMARY

The purpose of this report is to conduct a Housing Needs Assessment of northern Michigan, which for the purposes of this analysis encompasses 10 contiguous counties in the northwest Lower Peninsula of Michigan. This evaluation takes into account the demographics, economics and housing supply of the region, along with the input of area stakeholders and major employers, and estimates the housing gaps of the region between 2022 and 2027. The research and analysis, which includes a collection of primary data, analysis of secondary data and on-site market research, was conducted primarily between January and May of 2023. This executive summary addresses key highlights from the full Housing Needs Assessment.

The individual study areas (counties) within the overall region are listed below.

- Antrim
- Benzie
- Charlevoix
- Emmet
- Grand Traverse
- Kalkaska
- Leelanau
- Manistee
- Missaukee
- Wexford



While this analysis provides data and analysis of the *overall region*, including comparisons between individual counties, individual county chapters are provided in Addendums C through L of this report.

## **Scope of Work**

Work elements of this assessment included a survey of 130 multifamily apartments with more than 7,000 units, inventory of 74 *available* non-conventional rentals (e.g., houses, duplexes, mobile homes, etc.), inventory of over 1,500 homes sold over a six-month period starting in September of 2022, and listings of 551 homes currently *available* to purchase as of February 2023. Dozens of residential properties in the development pipeline were identified. Detailed demographics, mobility patterns, commuting patterns and economic data were also included. Community input in the form of online surveys from approximately 280 area stakeholders and employers representing all study areas in the region was collected. Housing gap/needs estimates for each study area were provided for both rental and for-sale housing at various income/affordability levels. We provided our opinion on the housing priorities of the region and provided recommendations for general strategies for meeting the overall housing needs of area residents. Individual county chapters were also provided.

## **Demographics**

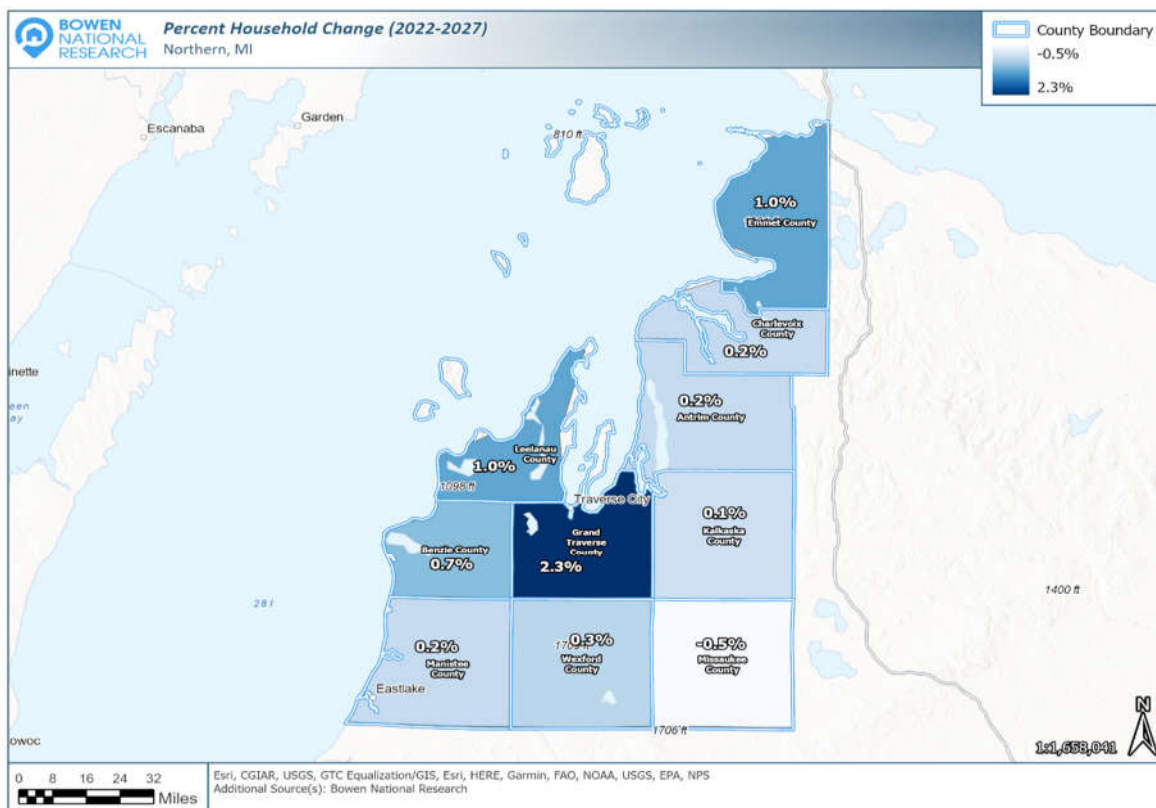
***Household Growth is Projected to Remain Strong, with Grand Traverse and Emmet Counties Leading the Way*** - Between 2010 and 2020, the number of households within the PSA (Northern Michigan Region) increased by 8,763 (7.2%). This represents a larger rate of increase compared to the state of Michigan (4.4%) during this time period. In 2022, there was an estimated total of 131,968 households in the PSA, which represents a slight increase of 0.6% in the number of households compared to 2020. Between 2022 and 2027, the number of households in the PSA is projected to increase by 1,325 (1.0%), at which time the estimated total number of households in the PSA will be 133,293. The projected increase in households for the PSA over the next five years is notably larger than the 0.3% increase in households for the state during this time period.

Among the 10 counties within the PSA, all experienced increases in the number of households between 2010 and 2020. Individual increases during this time ranged between 1.4% (Missaukee County) and 12.7% (Grand Traverse County). With an estimated 40,604 households in 2022, Grand Traverse County has the largest number of households in the PSA, representing nearly one-third (30.8%) of all PSA households. Conversely, Missaukee County has the least number of households in the PSA (5,906), comprising 4.5% of all PSA households. Between 2022 and 2027, nearly all the counties in the PSA are projected to experience household growth (between 0.1% and 2.3%). Grand Traverse County is expected to experience the greatest household growth between 2022 and 2027, adding approximately 949 (2.3%) households. This represents nearly three-quarters of the subject region's projected growth through 2027. Emmet County is expected to have the second greatest increase in households, adding 145 households over a five-year period. Missaukee County is the only county within the PSA that is projected to have a decrease (0.5%) in households over the next five years. While household growth is not the only factor influencing housing needs, it plays a significant role in driving housing demand in a market.

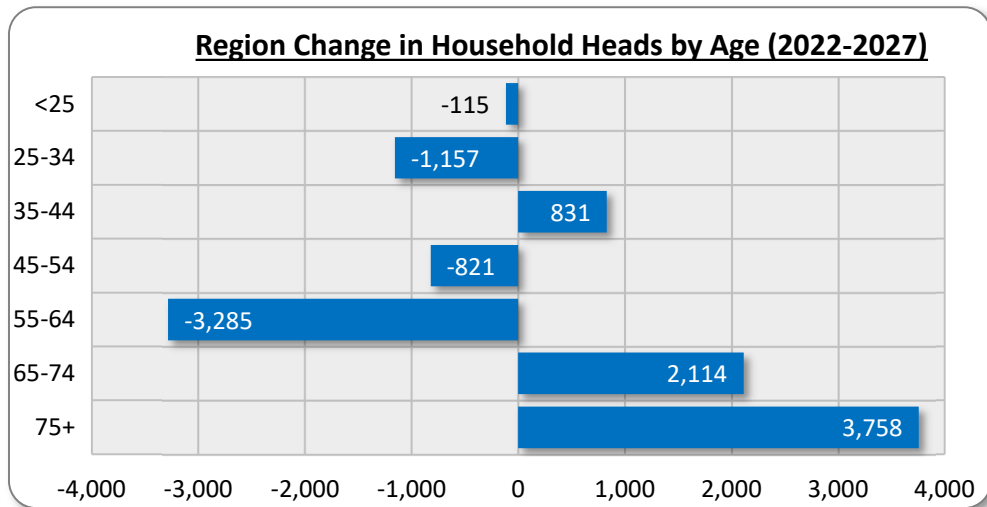
The following table and map illustrate key household metrics by area. The **red**-shaded text represents declines or the least growth, while the **green**-shaded text indicates the areas with the greatest growth.

|                       | Total Households |             |                  |         |                |                  |         |                |                  |         |
|-----------------------|------------------|-------------|------------------|---------|----------------|------------------|---------|----------------|------------------|---------|
|                       | 2010 Census      | 2020 Census | Change 2010-2020 |         | 2022 Estimated | Change 2020-2022 |         | 2027 Projected | Change 2022-2027 |         |
|                       |                  |             | Number           | Percent |                | Number           | Percent |                | Number           | Percent |
| <b>Antrim</b>         | 9,890            | 10,147      | 257              | 2.6%    | 10,073         | -74              | -0.7%   | 10,093         | 20               | 0.2%    |
| <b>Benzie</b>         | 7,298            | 7,753       | 455              | 6.2%    | 7,743          | -10              | -0.1%   | 7,797          | 54               | 0.7%    |
| <b>Charlevoix</b>     | 10,882           | 11,274      | 392              | 3.6%    | 11,279         | 5                | 0.0%    | 11,303         | 24               | 0.2%    |
| <b>Emmet</b>          | 13,601           | 14,862      | 1,261            | 9.3%    | 14,961         | 99               | 0.7%    | 15,106         | 145              | 1.0%    |
| <b>Grand Traverse</b> | 35,328           | 39,819      | 4,491            | 12.7%   | 40,604         | 785              | 2.0%    | 41,553         | 949              | 2.3%    |
| <b>Kalkaska</b>       | 6,962            | 7,438       | 476              | 6.8%    | 7,443          | 5                | 0.1%    | 7,447          | 4                | 0.1%    |
| <b>Leelanau</b>       | 9,255            | 9,728       | 473              | 5.1%    | 9,740          | 12               | 0.1%    | 9,839          | 99               | 1.0%    |
| <b>Manistee</b>       | 10,308           | 10,597      | 289              | 2.8%    | 10,579         | -18              | -0.2%   | 10,601         | 22               | 0.2%    |
| <b>Missaukee</b>      | 5,843            | 5,923       | 80               | 1.4%    | 5,906          | -17              | -0.3%   | 5,879          | -27              | -0.5%   |
| <b>Wexford</b>        | 13,021           | 13,610      | 589              | 4.5%    | 13,640         | 30               | 0.20%   | 13,675         | 35               | 0.3%    |
| <b>Region</b>         | 122,388          | 131,151     | 8,763            | 7.2%    | 131,968        | 817              | 0.6%    | 133,293        | 1,325            | 1.0%    |
| <b>Michigan</b>       | 3,872,302        | 4,041,552   | 169,250          | 4.4%    | 4,055,460      | 13,908           | 0.3%    | 4,067,324      | 11,864           | 0.3%    |

Source: 2010, 2020 Census; ESRI; Urban Decision Group; Bowen National Research



***It is Projected that All of the Age Cohort Growth Between 2022 and 2027 will Occur Among Households Age 65 and Older and Older Millennials (Ages 35 to 44)*** – In 2022, household heads between the ages of 55 and 64 within the PSA (Northern Michigan Region) comprised the largest share of all households in the PSA (21.7%). Household heads between the ages of 65 and 74 (20.4%) and those between the ages of 45 and 54 (15.5%) comprised the next largest shares of the total households in the PSA. As such, senior households (age 55 and older) constitute well over half (56.8%) of all households within the PSA. This represents a larger overall share of senior households when compared to the state (50.0%). Household heads under the age of 35, which are typically more likely to be renters or first-time homebuyers, comprise 14.1% of PSA households, which represents a slightly smaller share of such households when compared to the state (17.8%). It is also noteworthy that household heads between the ages of 25 and 44, which are typically more likely to establish families, account for 25.1% of household heads in the PSA. This represents a smaller share of such households compared to the state (29.6%). Between 2022 and 2027, projections indicate significant household growth in the PSA among household heads ages 75 and older (19.4%). Households between the ages of 65 and 74 (7.8%) and 35 and 44 (4.7%) are also projected to experience moderate growth. All other age cohorts are projected to experience declines (between 3.5% and 11.5%) during this time period. These changes in household heads by age will likely influence housing demand over the next five years.



***While the Region’s Median Household Income in 2022 was Slightly Below the State Median, Projected Median Household Income Growth for the Region is Expected to Continue at a Double Digit Rate Over the Next Five Years*** – The median household income for the PSA (Northern Michigan Region) in 2022 was \$63,085, which represents an increase of 42.5% over the median household income in 2010. The increase for the PSA during this time period was slightly more than the increase for the state (42.3%). Regardless, the median household income of the PSA is slightly lower than the median household income for the state (\$65,507). Between 2022 and 2027, it is projected that the median household income in the PSA will increase by 12.8%, at which time the median household income in the PSA will be \$71,177.

Among the individual counties of the PSA in 2022, Leelanau County (\$71,232) had the highest median household income, followed by Grand Traverse County (\$69,310) and Emmet County (\$67,354). Conversely, Kalkaska (\$49,622), Wexford (\$50,190), and Missaukee (\$50,381) are among the counties with the lowest median household income in 2022. While all 10 counties have projected increases in median household income between 2022 and 2027, individual increases range between 10.9% (Kalkaska County) and 14.2% (Charlevoix and Emmet counties). The changes in the median household income for each county in the PSA over the next five years illustrate the continued importance of having an adequate supply of income-appropriate rental and for-sale housing available to allow for residential mobility.

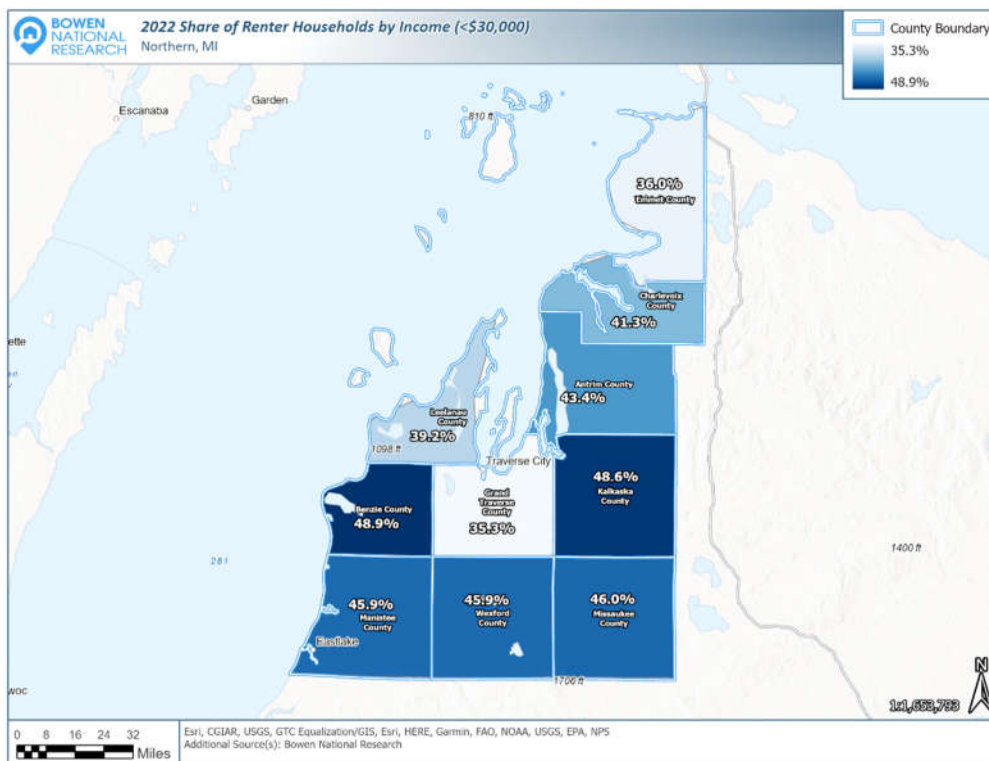
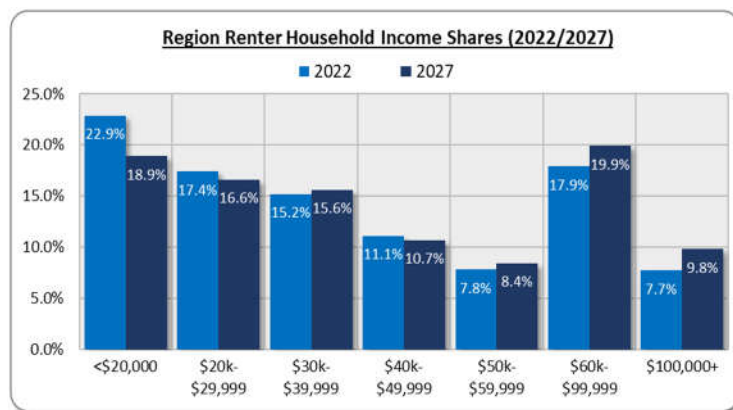
Median household income for selected years is shown in the following table (the highest incomes shown in **green** and the lowest incomes shown in **red** for 2022 only).

|                       | Median Household Income |                |                    |                |                    |
|-----------------------|-------------------------|----------------|--------------------|----------------|--------------------|
|                       | 2010 Census             | 2022 Estimated | % Change 2010-2022 | 2027 Projected | % Change 2022-2027 |
| <b>Antrim</b>         | \$39,604                | \$66,587       | 68.1%              | \$74,909       | 12.5%              |
| <b>Benzie</b>         | \$45,871                | \$62,022       | 35.2%              | \$70,382       | 13.5%              |
| <b>Charlevoix</b>     | \$46,411                | \$66,857       | 44.1%              | \$76,357       | 14.2%              |
| <b>Emmet</b>          | \$47,152                | \$67,354       | 42.8%              | \$76,893       | 14.2%              |
| <b>Grand Traverse</b> | \$45,681                | \$69,310       | 51.7%              | \$77,541       | 11.9%              |
| <b>Kalkaska</b>       | \$42,947                | \$49,622       | 15.5%              | \$55,052       | 10.9%              |
| <b>Leelanau</b>       | \$53,799                | \$71,232       | 32.4%              | \$80,913       | 13.6%              |
| <b>Manistee</b>       | \$38,088                | \$59,828       | 57.1%              | \$67,768       | 13.3%              |
| <b>Missaukee</b>      | \$41,099                | \$50,381       | 22.6%              | \$56,121       | 11.4%              |
| <b>Wexford</b>        | \$39,388                | \$50,190       | 27.4%              | \$55,879       | 11.3%              |
| <b>Region</b>         | \$44,261                | \$63,085       | 42.5%              | \$71,177       | 12.8%              |
| <b>Michigan</b>       | \$46,042                | \$65,507       | 42.3%              | \$75,988       | 16.0%              |

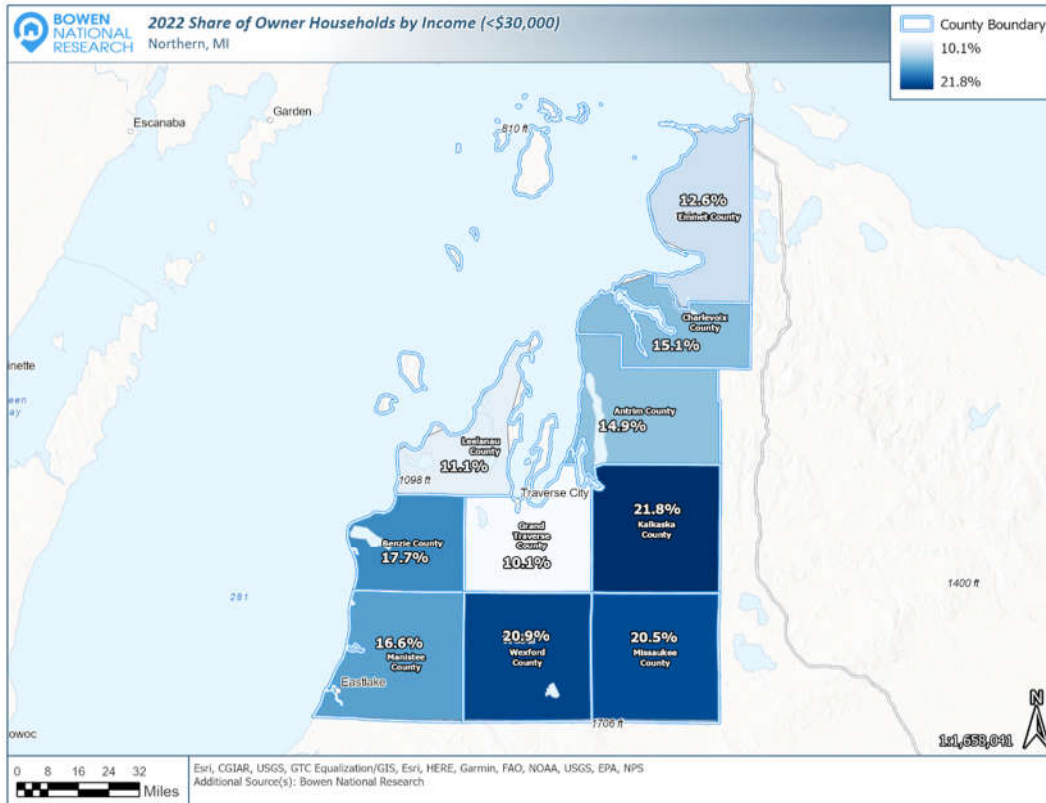
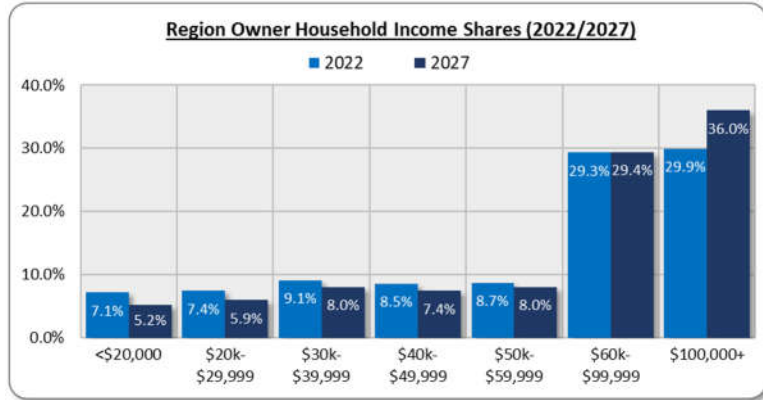
Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

***Although Most of the Region’s Renter Household Growth is Expected to Occur Among Moderate and Higher Income Households, the Largest Concentration of Renter Households is Among Lower Income Households (Earning Less Than \$30,000 Annually)***

- In 2022, renter households earning less than \$30,000 annually comprise 40.3% of renter households in the PSA, while those earning between \$30,000 and \$59,999 (34.1%) and \$60,000 or more (25.6%) comprise comparably smaller shares. The share of middle-income households in the PSA (earning between \$30,000 and \$59,999) is a moderately greater concentration of households compared to the state (30.4%). Between 2022 and 2027, all renter household income cohorts earning \$50,000 or more in the PSA are projected to increase, with the largest increase (25.2%) projected to occur among renter households earning \$100,000 or more annually. Although a nominal increase (1.2%) is projected among renter households earning between \$30,000 and \$39,999, all income cohorts earning less than \$30,000 and those earning between \$40,000 and \$49,999 are projected to decline in the PSA. While the projected growth among moderate and higher income households will drive demand for additional market-rate housing, the large share of lower income households and the pent-up demand for affordable rental housing alternatives will contribute to the ongoing need for lower-priced rental housing units. The map below shows the shares of lower income households (earning less than \$30,000 annually) for each county in the study region.



**Lower Income Owner Households (Earning Less Than \$30,000 Annually) Will Comprise One in Nine Owner Households in 2027, While Significant Growth is Expected Among Moderate to Higher Income Owner Households** - In 2022, nearly three-fifths (59.2%) of owner households in the PSA (Northern Michigan Region) earn \$60,000 or more annually, which represents a slightly smaller share compared to the state (63.2%). Over one-fourth (26.3%) of owner households in the PSA earn between \$30,000 and \$59,999, and the remaining 14.5% earn less than \$30,000. As such, the overall distribution of owner households by income in the PSA is very comparable to that within the state. Between 2022 and 2027, owner households earning \$100,000 or more annually are projected to increase by 22.6%, while households earning between \$60,000 and \$99,999 are projected to experience a much more moderate increase of 2.2%. All income cohorts of owner households in the PSA earning less than \$60,000 are projected to decline over the next five years, with the largest decrease (27.6%) projected in the income cohort of \$10,000 to \$19,999. Regardless, the relatively limited inventory of available for-sale product at all price levels will drive the need for a variety of new for-sale housing product.



**Many of the Region’s Households are Living in Substandard Housing Situations** – A notable portion of the households in the region live in housing that is considered substandard (including overcrowded housing or units that lack complete kitchens or plumbing). While the shares of housing that are considered overcrowded or lacking complete kitchens or plumbing in the overall region are very similar to the state averages, nearly 2,000 occupied housing units in the PSA are overcrowded and over 1,200 units lack complete kitchens or plumbing facilities. As such, many of the area’s renters and homeowners are experiencing one or both of these housing conditions. The region’s shares of renter-occupied (31.6%) and owner-occupied (30.3%) housing units built prior to 1970 are slightly higher than the state averages of 25.0% and 22.7%, respectively.

The following table compares key housing age and conditions of each study area and the state. Housing units built over 50 years ago (pre-1970), overcrowded housing (1.01+ persons per room), or housing that lacks complete indoor kitchens or plumbing (defined as lacking hot and cold running water, a flush toilet, and a bathtub or shower) are illustrated for each study area by tenure. It is important to note that some occupied housing units may have more than one housing issue. The **red** text indicates the highest shares among various categories.

|                       | Housing Age and Conditions |              |           |              |             |             |        |             |                                |             |        |             |
|-----------------------|----------------------------|--------------|-----------|--------------|-------------|-------------|--------|-------------|--------------------------------|-------------|--------|-------------|
|                       | Pre-1970 Product           |              |           |              | Overcrowded |             |        |             | Incomplete Plumbing or Kitchen |             |        |             |
|                       | Renter                     |              | Owner     |              | Renter      |             | Owner  |             | Renter                         |             | Owner  |             |
|                       | Number                     | Percent      | Number    | Percent      | Number      | Percent     | Number | Percent     | Number                         | Percent     | Number | Percent     |
| <b>Antrim</b>         | 527                        | <b>42.0%</b> | 2,649     | 29.7%        | 33          | 2.6%        | 92     | 1.0%        | 25                             | 2.0%        | 89     | 0.9%        |
| <b>Benzie</b>         | 190                        | 30.2%        | 1,486     | 23.5%        | 16          | 2.5%        | 79     | 1.3%        | 5                              | 0.8%        | 57     | 0.9%        |
| <b>Charlevoix</b>     | 909                        | <b>42.4%</b> | 3,357     | <b>35.0%</b> | 39          | 1.8%        | 84     | 0.9%        | 109                            | <b>5.1%</b> | 63     | 0.7%        |
| <b>Emmet</b>          | 946                        | 25.9%        | 2,728     | 25.9%        | 64          | 1.8%        | 66     | 0.6%        | 36                             | 0.3%        | 38     | 0.4%        |
| <b>Grand Traverse</b> | 2,370                      | 26.6%        | 7,058     | 24.3%        | 277         | 3.1%        | 290    | 1.0%        | 81                             | 0.3%        | 567    | <b>4.1%</b> |
| <b>Kalkaska</b>       | 274                        | 25.4%        | 1,664     | 27.3%        | 54          | <b>5.0%</b> | 96     | 1.6%        | 24                             | 2.2%        | 38     | 0.6%        |
| <b>Leelanau</b>       | 356                        | 34.8%        | 2,364     | 28.9%        | 41          | 4.0%        | 48     | 0.6%        | 41                             | 4.0%        | 1      | < 0.1%      |
| <b>Manistee</b>       | 593                        | 39.7%        | 3,964     | 48.3%        | 35          | 2.3%        | 99     | 1.2%        | 59                             | 4.0%        | 43     | 0.5%        |
| <b>Missaukee</b>      | 356                        | 28.4%        | 1,710     | 34.6%        | 67          | <b>5.3%</b> | 150    | <b>3.0%</b> | 44                             | 3.6%        | 64     | 1.3%        |
| <b>Wexford</b>        | 1,141                      | 40.3%        | 3,943     | <b>38.0%</b> | 155         | <b>5.5%</b> | 200    | 1.9%        | 85                             | 3.0%        | 95     | 1.0%        |
| <b>Region</b>         | 7,662                      | 31.6%        | 30,923    | 30.3%        | 781         | 3.2%        | 1,204  | 1.2%        | 619                            | 2.5%        | 605    | 0.6%        |
| <b>Michigan</b>       | 526,133                    | 46.8%        | 1,373,485 | 48.1%        | 32,741      | 2.9%        | 31,181 | 1.1%        | 24,376                         | 2.1%        | 16,771 | 0.6%        |

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

Among the 10 counties in the PSA, Charlevoix County (42.4%) and Antrim County (42.0%) have the largest shares of renter-occupied housing built prior to 1970, while Wexford County (38.0%) and Charlevoix County (35.0%) have the largest shares of owner-occupied housing units built during this period. Three of the 10 counties in the region have overall shares of overcrowded renter-occupied units of at least 5.0% (Wexford, Missaukee, and Kalkaska counties). These shares of overcrowded renter-occupied units are higher than the overall region (3.2%) and the state of Michigan (2.9%). Missaukee County also has the largest share (30.0%) of overcrowded owner-occupied housing units in the PSA. With regard to incomplete plumbing or kitchens, Charlevoix County has the largest share (5.1%) of renter-occupied housing with this issue, while Grand Traverse County has the largest share (4.1%) of owner-occupied housing with incomplete plumbing or kitchens. These older and substandard housing units are the most likely to require mitigation, which should be part of the region’s and individual counties’ housing plans.



***Housing Affordability is an Ongoing Challenge for Many of the Region’s Renter and Owner Households*** – Housing cost burdened households are those that pay over 30% of their income toward housing, while severe cost burdened households pay over 50% of their income toward housing. Overall, there are slightly higher shares of cost burdened and severe cost burdened households in the Northern Michigan Region compared to the state. Approximately 43.3% of renter households in the PSA are cost burdened, while 20.4% of owner households are cost burdened in the PSA. Moreover, one-fifth (20.0%) of renter households in the PSA are severe housing cost burdened. Overall, the PSA has an estimated 10,521 renter households and 20,826 owner households that are housing cost burdened. Among these cost burdened households, approximately 4,867 renter households and 7,900 owner households are considered to be severe cost burdened. As such, affordable housing alternatives should be part of future housing solutions in the region.

Among the 10 counties in the PSA, Leelanau County has the highest median household income (\$71,232) and the highest estimated median home value (\$307,877). Kalkaska County has the lowest median household income in the region (\$49,622) as well as the lowest average gross rent (\$698), while Wexford County has the lowest estimated median home value (\$139,658). Grand Traverse County has the highest average gross rent (\$1,011) in the PSA along with the highest share (48.7%) of cost burdened renter households. In fact, none of the 10 counties in the Northern Michigan Region has a share of cost burdened renter households that is below 34.0%, indicating that over one-third of renter households in each county are cost burdened. Note that nearly one-quarter of renter households in Grand Traverse County are considered to be severe cost burdened, which is a higher rate of such households than the rates for the region and state.

The following table compares key household income, housing cost, and housing affordability metrics of each study area and the state. The highest figures in the table are noted in **red** text while the lowest figures are noted in **blue** text.

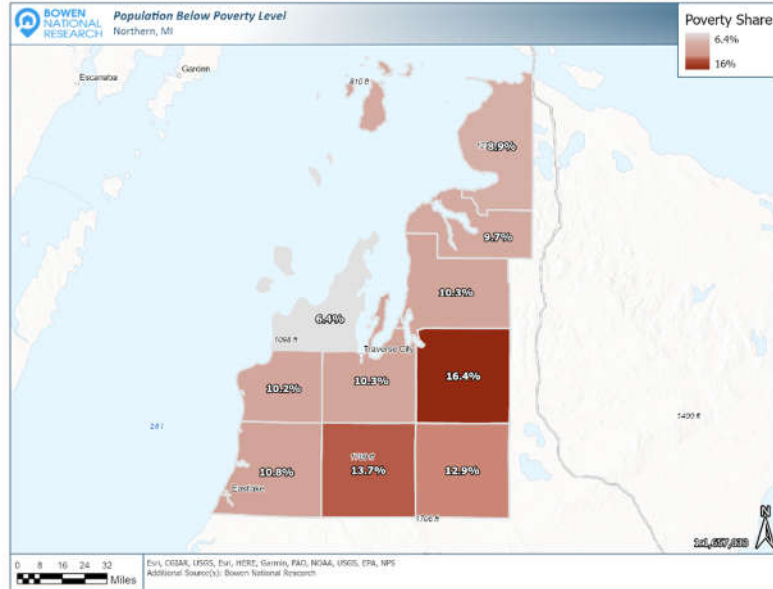
|                       | Household Income, Housing Costs and Affordability |                             |                    |                                    |              |                                            |              |
|-----------------------|---------------------------------------------------|-----------------------------|--------------------|------------------------------------|--------------|--------------------------------------------|--------------|
|                       | Median Household Income                           | Estimated Median Home Value | Average Gross Rent | Share of Cost Burdened Households* |              | Share of Severe Cost Burdened Households** |              |
|                       |                                                   |                             |                    | Renter                             | Owner        | Renter                                     | Owner        |
| <b>Antrim</b>         | \$66,587                                          | \$191,914                   | \$794              | 36.4%                              | 20.2%        | 14.3%                                      | 8.9%         |
| <b>Benzie</b>         | \$62,022                                          | \$227,810                   | \$828              | 38.1%                              | <b>23.9%</b> | 18.4%                                      | 9.6%         |
| <b>Charlevoix</b>     | \$66,857                                          | \$193,032                   | \$809              | 43.5%                              | 18.6%        | 17.3%                                      | <b>5.8%</b>  |
| <b>Emmet</b>          | \$67,354                                          | \$220,376                   | \$945              | <b>34.0%</b>                       | 23.0%        | <b>14.0%</b>                               | <b>10.0%</b> |
| <b>Grand Traverse</b> | \$69,310                                          | \$263,652                   | <b>\$1,011</b>     | <b>48.7%</b>                       | 20.3%        | <b>24.5%</b>                               | 7.0%         |
| <b>Kalkaska</b>       | <b>\$49,622</b>                                   | \$145,666                   | <b>\$698</b>       | 42.3%                              | 20.4%        | 21.6%                                      | 8.4%         |
| <b>Leelanau</b>       | <b>\$71,232</b>                                   | <b>\$307,877</b>            | \$966              | 43.3%                              | 22.6%        | 15.9%                                      | 9.3%         |
| <b>Manistee</b>       | \$59,828                                          | \$153,542                   | \$730              | 43.6%                              | 20.2%        | 20.3%                                      | 7.0%         |
| <b>Missaukee</b>      | \$50,381                                          | \$146,673                   | \$751              | 42.6%                              | 21.5%        | 14.7%                                      | 7.7%         |
| <b>Wexford</b>        | \$50,190                                          | <b>\$139,658</b>            | \$713              | 43.2%                              | <b>15.6%</b> | 22.0%                                      | 6.0%         |
| <b>Region</b>         | \$63,085                                          | \$209,788                   | \$888              | 43.3%                              | 20.4%        | 20.0%                                      | 7.7%         |
| <b>Michigan</b>       | \$65,507                                          | \$204,371                   | \$968              | 44.9%                              | 18.8%        | 23.1%                                      | 7.4%         |

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

\*Paying more than 30% of income toward housing costs; \*\*Paying more than 50% of income toward housing costs

**Over 32,000 People in the Region Live in Poverty, Including Roughly One in Six Children**

- Approximately 10.7% of the population in the PSA (Northern Michigan Region) suffers from poverty, which reflects a lower poverty rate than the state (13.7%) overall. Among the three age cohorts illustrated in the table below, people less than 18 years of age have the highest poverty rate (15.1%) in the PSA, which reflects a lower rate for this cohort than the corresponding rate for the state (18.8%). Adults, ages 18 to 64 years, have the second highest poverty rate (10.5%) in the PSA, which is also lower than the rate for the state (13.4%). Those age 65 and older have the lowest poverty rate among the three age cohorts in the PSA (7.2%) and also have a poverty rate below that of the state (8.5%). Overall, the data suggests that the population of the PSA is less affected by poverty, regardless of age, than the state. Regardless, over 32,000 individuals live in poverty in the Northern Michigan Region, and as such, affordability should continue to be a consideration for future housing developments in the region.



|                       |         | Population Below Poverty Level by Age Cohort |          |         |           |
|-----------------------|---------|----------------------------------------------|----------|---------|-----------|
|                       |         | Share of Cohort Below Poverty Level          |          |         |           |
|                       |         | <18                                          | 18 to 64 | 65+     | Overall   |
| <b>Antrim</b>         | Number  | 627                                          | 1,317    | 422     | 2,366     |
|                       | Percent | 15.4%                                        | 10.4%    | 6.8%    | 10.3%     |
| <b>Benzie</b>         | Number  | 426                                          | 976      | 385     | 1,787     |
|                       | Percent | 13.6%                                        | 10.0%    | 8.5%    | 10.2%     |
| <b>Charlevoix</b>     | Number  | 717                                          | 1,385    | 391     | 2,493     |
|                       | Percent | 14.8%                                        | 9.3%     | 6.3%    | 9.7%      |
| <b>Emmet</b>          | Number  | 613                                          | 1,710    | 605     | 2,928     |
|                       | Percent | 9.7%                                         | 8.9%     | 8.4%    | 8.9%      |
| <b>Grand Traverse</b> | Number  | 627                                          | 1,317    | 422     | 2,366     |
|                       | Percent | 15.4%                                        | 10.4%    | 6.8%    | 10.3%     |
| <b>Kalkaska</b>       | Number  | 792                                          | 1,799    | 293     | 2,884     |
|                       | Percent | 22.2%                                        | 17.3%    | 8.1%    | 16.4%     |
| <b>Leelanau</b>       | Number  | 279                                          | 761      | 321     | 1,361     |
|                       | Percent | 8.2%                                         | 6.7%     | 4.8%    | 6.4%      |
| <b>Manistee</b>       | Number  | 624                                          | 1,453    | 431     | 2,508     |
|                       | Percent | 15.0%                                        | 11.2%    | 7.0%    | 10.8%     |
| <b>Missaukee</b>      | Number  | 643                                          | 1,060    | 216     | 1,919     |
|                       | Percent | 19.1%                                        | 12.5%    | 7.1%    | 12.9%     |
| <b>Wexford</b>        | Number  | 1,495                                        | 2,591    | 437     | 4,523     |
|                       | Percent | 19.9%                                        | 13.5%    | 7.0%    | 13.7%     |
| <b>Region</b>         | Number  | 8,836                                        | 18,323   | 4,867   | 32,026    |
|                       | Percent | 15.1%                                        | 10.5%    | 7.2%    | 10.7%     |
| <b>Michigan</b>       | Number  | 398,112                                      | 797,499  | 141,614 | 1,337,225 |
|                       | Percent | 18.8%                                        | 13.4%    | 8.5%    | 13.7%     |

Source: U.S. Census Bureau, 2016-2020 American Community Survey; Urban Decision Group; Bowen National Research

***There Appears to be a Mismatch of Workers' Wages and the Affordability of Housing, as Most Single Wage Earning Households have Difficulty Renting a Home and Few Can Buy a Home*** – In order to understand the overall affordability of housing in each county as it relates to the wages of the most common occupations in the region, the maximum monthly rent and maximum purchase price based on the median wages for each occupation was compared to the Fair Market Rent (FMR) of a two-bedroom unit and the median list price of the available for-sale homes in each county. Based on this analysis, typical rental and for-sale housing is unaffordable in all 10 counties of the PSA for 11 of the 35 more common occupations in the region. While a notable number of these occupations are within the retail sales and food services sectors, some support positions such as receptionists, stockers, teaching assistants, janitors, and housekeeping personnel in other sectors do not have sufficient income at the median wage to afford typical housing in the region. Additionally, nine counties within the region have median list prices ranging from \$255,000 (Missaukee County) to \$975,000 (Leelanau County) and do not have for-sale housing that is typically affordable to any of the 35 occupations listed. While the for-sale housing in Wexford County (median list price of \$116,950) is affordable to a significant share (65.7%) of the more common occupations, this indicates that 12 common occupations still cannot afford to purchase a typical home in that county on a single-income. Overall, it appears that about half of jobs in the region have typical wages that would enable someone to rent a unit in the area. This also reveals that nearly half of the jobs do *not* pay sufficient wages for a single wage-earning household to rent a unit and virtually none can afford to buy a home, except in Wexford County. As such, there is a mismatch of wages paid and housing affordability in the region. Details of this analysis, including a listing of the common jobs and typical wages that were considered, are included starting on page V-6.

### **Housing Supply**

***The Local Housing Market Offers a Variety of Product by Age, Quality, Type and Pricing, but Limited Availability and Affordability Remain Challenges for Most Residents*** - Bowen National Research identified and evaluated a total of 130 multifamily apartments with more than 7,000 units, 74 *available* non-conventional rentals (e.g., houses, duplexes, mobile homes, etc.), over 1,500 homes recently sold, and 551 homes currently *available* to purchase. Each housing segment is evaluated individually on the following pages.

**Multifamily Rental Housing** – This study includes 130 surveyed multifamily rental projects in the region containing a total of 7,031 units. These projects operate under a variety of programs, including a combination of programs. As a result, we distinguished the multifamily housing inventory by program type (e.g., market-rate, Tax Credit and government-subsidized, or some combination thereof). The distribution of surveyed rental housing supply by program type is illustrated in the following table:

| Surveyed Multifamily Rental Housing – Northern Michigan Region |                   |             |              |                |              |
|----------------------------------------------------------------|-------------------|-------------|--------------|----------------|--------------|
| Project Type                                                   | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate | Vacancy Rate |
| Market-Rate                                                    | 41                | 3,182       | 34           | 98.9%          | 1.1%         |
| Market-Rate/Tax Credit                                         | 6                 | 510         | 0            | 100.0%         | 0.0%         |
| Market-Rate/Government-Subsidized                              | 1                 | 122         | 0            | 100.0%         | 0.0%         |
| Tax Credit                                                     | 13                | 566         | 0            | 100.0%         | 0.0%         |
| Tax Credit/Government-Subsidized                               | 33                | 1,801       | 17           | 99.1%          | 0.9%         |
| Market-Rate/Tax Credit/Government-Subsidized                   | 1                 | 49          | 0            | 100.0%         | 0.0%         |
| Government-Subsidized                                          | 35                | 801         | 0            | 100.0%         | 0.0%         |
| Total                                                          | 130               | 7,031       | 51           | 99.3%          | 0.7%         |

Source: Bowen National Research

The overall vacancy rate among the 7,031 surveyed units is 0.7% (99.3% occupied). It should be noted that this only includes physical vacancies (vacant units ready for immediate occupancy) as opposed to economic vacancies (vacant units not immediately available for rent). Typically, healthy, well-balanced markets have rental housing vacancy rates generally between 4% and 6%. As such, vacancies in the PSA (Northern Michigan Region) are extremely low, indicating a significant need for additional multifamily rental housing. Among the 3,578 rental units that operate under either the Low-Income Housing Tax Credit program or under a government subsidy, only 17 are vacant, resulting in a combined vacancy rate of just 0.5%. Management at a majority of the affordable multifamily housing projects indicated that they maintain wait lists for the next available units. As such, there is clear pent-up demand for affordable housing in the region. While the largest number of vacant units (34) is among the market-rate supply, properties operating exclusively as market-rate (others operate within mixed-income projects) have an overall vacancy rate of just 1.1%. This is a very low vacancy rate for market-rate housing. Therefore, even among non-assisted housing, demand for rental housing is strong. Based on this survey of rental housing, there does not appear to be any weakness or softness among multifamily rentals in the region. In fact, the demand for rentals among all affordability levels appears to be strong.

The following table summarizes the distribution of surveyed rental housing by county and region. It should be noted that the wait list information includes the number of households on a property’s wait list and does not include additional households on wait lists that are reported as a point in time (e.g., 12-month wait list). As such, the *number* of households on the wait lists likely underrepresents the actual level of pent-up demand for multifamily rental housing. The **red** shading indicates areas with the lowest vacancy rates.

| Surveyed Multifamily Rental Housing Supply by Area<br>Northern Michigan Region |                   |              |              |                      |                      |             |                    |                                 |                              |                               |
|--------------------------------------------------------------------------------|-------------------|--------------|--------------|----------------------|----------------------|-------------|--------------------|---------------------------------|------------------------------|-------------------------------|
|                                                                                | Projects Surveyed | Total Units  | Vacant Units | Overall Vacancy Rate | Vacancy Rate by Type |             |                    | Wait Lists by Type (Households) |                              |                               |
|                                                                                |                   |              |              |                      | Market-rate          | Tax Credit  | Government Subsidy | Market-rate                     | Tax Credit                   | Government Subsidy            |
| <b>Antrim</b>                                                                  | 5                 | 149          | 0            | 0.0%                 | 0.0%                 | -           | 0.0%               | 10 HH                           | -                            | 11-14 HH<br>24 Mo.            |
| <b>Benzie</b>                                                                  | 2                 | 92           | 0            | 0.0%                 | -                    | 0.0%        | 0.0%               | -                               | -                            | 12 Mo.                        |
| <b>Charlevoix</b>                                                              | 13                | 338          | 0            | 0.0%                 | 0.0%                 | 0.0%        | 0.0%               | -                               | 33 HH                        | 4-37 HH<br>6-108 Mo.          |
| <b>Emmet</b>                                                                   | 24                | 1,216        | 3            | 0.2%                 | 0.6%                 | 0.0%        | 0.0%               | 12-100 HH<br>6-12 Mo.           | 4-10 HH<br>6-12 Mo.          | 2-100 HH                      |
| <b>Grand Traverse</b>                                                          | 42                | 3,700        | 33           | 0.9%                 | 1.2%                 | 0.0%        | 0.4%               | 3-65 HH<br>12 Mo.               | 2-100 HH                     | 16-400 HH<br>12-66 Mo.        |
| <b>Kalkaska</b>                                                                | 4                 | 176          | 0            | 0.0%                 | -                    | 0.0%        | 0.0%               | -                               | 5 HH                         | 9-76 HH                       |
| <b>Leelanau</b>                                                                | 1                 | 18           | 0            | 0.0%                 | -                    | -           | 0.0%               | -                               | -                            | 8 HH                          |
| <b>Manistee</b>                                                                | 22                | 473          | 15           | 3.2%                 | 1.2%                 | 0.0%        | 5.4%               | 4-14 HH                         | 65-107 HH                    | 8-80 HH                       |
| <b>Missaukee</b>                                                               | 3                 | 72           | 0            | 0.0%                 | 0.0%                 | -           | 0.0%               | -                               | -                            | 9-56 HH                       |
| <b>Wexford</b>                                                                 | 14                | 797          | 0            | 0.0%                 | 0.0%                 | 0.0%        | 0.0%               | 2-12 Mo.                        | 80 HH<br>6-18 Mo.            | 45-65 HH<br>2-24 Mo.          |
| <b>Region</b>                                                                  | <b>130</b>        | <b>7,031</b> | <b>51</b>    | <b>0.7%</b>          | <b>1.0%</b>          | <b>0.0%</b> | <b>0.6%</b>        | <b>3-100 HH<br/>2-14 Mo.</b>    | <b>4-107 HH<br/>6-18 Mo.</b> | <b>2-400 HH<br/>2-108 Mo.</b> |

Source: Bowen National Research  
HH – Households; Mo. – Months

Seven of the 10 counties in the Northern Michigan Region have no vacant units at any of the surveyed rental properties. The overall vacancy rates within the three remaining counties that have available units (Emmet, Grand Traverse, and Manistee) range from 0.2% to 3.2%. The market-rate housing product in the region has a vacancy rate of 1.0%, while the government-subsidized housing product has a vacancy rate of 0.6%. It should be noted that there were no vacancies at Tax Credit projects surveyed throughout the 10-county region. The low vacancy rates among the surveyed supply in each of these counties illustrate that the multifamily rental supply is operating with limited availability across the entire region. Waiting lists at conventional apartment properties in the Northern Michigan Region range from two to 400 households with a wait time ranging from two months to nine years depending on unit type. Market-rate properties have the shortest wait times in the region, while subsidized properties have the longest wait times for the next available units.

In addition to the project-based government assistance, very low-income residents have the opportunity to secure Housing Choice Vouchers (HCV) from local housing authorities that enable eligible households to rent private sector housing units and only pay 30% of their adjusted gross income toward rent. In the Northern Michigan Region, there are approximately 493 Housing Choice Vouchers issued within the housing authorities' jurisdictions and 8,661 households currently on the waiting list for additional vouchers. It is estimated that a total of 38 vouchers are unused within the 10-county region, while the annual turnover of households in the voucher program is estimated at 61 households within the region. The long wait lists for Housing Choice Vouchers, the 99.4% occupancy rate among the surveyed government-subsidized housing supply, and the wait lists for government-subsidized properties are clear reflections of the strong and pent-up demand for additional government rental housing assistance in the region.

**Non-Conventional Rental Housing** – Non-conventional rentals are generally considered to include four or less units per structure, such as single-family homes, duplexes, units over store fronts or other alternatives not contained within a multifamily development. Based on data provided by the American Community Survey (ACS), it is estimated that there are approximately 16,040 *occupied* non-conventional *rentals* in the study region. These rentals represent 66.1% of all rental units in the region. Because non-conventional rentals make up two-thirds of the region’s rental supply, we have conducted a sample survey of non-conventional rentals within the region. After extensive research, a total of 74 *available* units were identified across the region. When compared with the estimated 24,284 occupied non-conventional rentals in the region, these 74 vacant non-conventional rental units represent an extremely high occupancy rate of 99.7%. This is a clear demonstration of the limited availability of the non-conventional rental alternatives in the region. The following table aggregates the 74 available non-conventional rental units identified in the region by bedroom type.

| Northern Michigan Region |              |                   |             |                             |
|--------------------------|--------------|-------------------|-------------|-----------------------------|
| Bedroom                  | Vacant Units | Rent Range        | Median Rent | Median Rent Per Square Foot |
| Studio                   | 0            | -                 | -           | -                           |
| One-Bedroom              | 9            | \$600 - \$1,700   | \$1,350     | \$1.58                      |
| Two-Bedroom              | 31           | \$600 - \$2,950   | \$1,650     | \$1.73                      |
| Three-Bedroom            | 22           | \$1,399 - \$2,800 | \$1,825     | \$1.42                      |
| Four-Bedroom+            | 12           | \$1,750 - \$3,900 | \$2,400     | \$0.40                      |
| Total                    | 74           |                   |             |                             |

Source: Zillow; Apt.com; Trulia; Realtor.com; Facebook

Note: Square footage for some non-conventional rental units could not be verified.

Note that two-bedroom and three-bedroom units were the most common unit types identified as part of this analysis. Using rent ranges for both two-bedroom and three-bedroom units in the preceding table, median rents are \$1,650 for a two-bedroom unit and \$1,825 for a three-bedroom unit. While these are generally comparable to the region’s market-rate apartment supply, they are considerably higher rents when compared to the two-bedroom and three-bedroom Tax Credit rents in the region. Based on this analysis, it is unlikely that many low-income residents would be able to afford non-conventional rental housing in the area.

**For-Sale Housing** – Bowen National Research, through a review of a variety of data sources including the various area Multiple Listing Services, Realtor.com and other online resources, identified both *historical* (sold between September 2022 and March 2023) for-sale residential data and currently *available* for-sale housing stock. Regionally, there were 1,567 homes sold during the aforementioned study period and there were 551 homes available for purchase in the region as of February 2023.

The following table summarizes the available and sold housing stock for the region.

| Northern Michigan Region - Owner For-Sale/Sold Housing Supply |       |              |
|---------------------------------------------------------------|-------|--------------|
| Type                                                          | Homes | Median Price |
| Available*                                                    | 551   | \$399,000    |
| Sold**                                                        | 1,567 | \$285,000    |

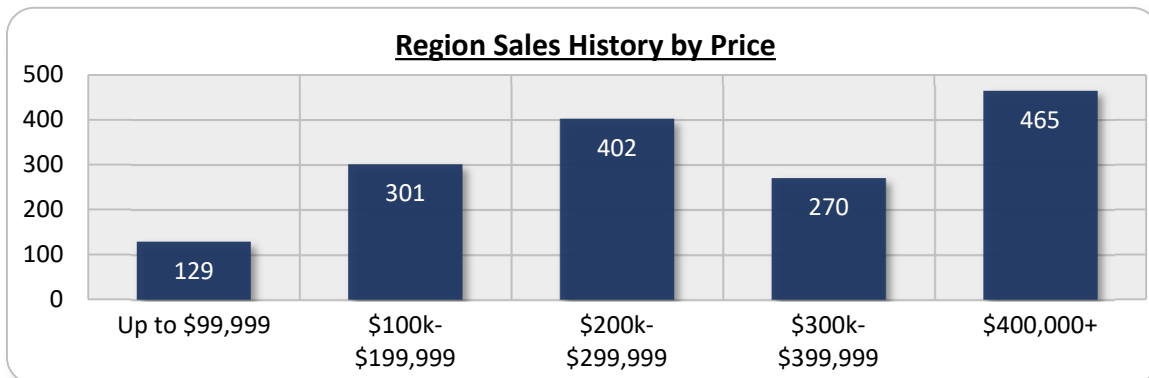
Source: Realtor.com and Bowen National Research

\*As of Feb. 28, 2023

\*\*Sales from Sept. 12, 2022 to Mar. 15, 2023

The region’s overall median price of homes *sold* during the study period was \$285,000. The *available* product has a median price of \$399,000, which is 40% higher than the median sale price for recent historical sales. As such, it appears home buying is becoming less affordable.

Historical Sales – The following includes a summary of 1,567 for-sale residential transactions that occurred within the overall region between September 12, 2022 and March 15, 2023. As shown in the graph below, the largest number of homes sold (465) in the region were priced at or above \$400,000, with homes priced at \$300,000 or higher representing nearly half of all home sales in the region. These homes are not affordable to a large portion of the region’s households.



| Historical Sales – Northern Michigan Region<br>(Sept. 12, 2022 to Mar. 15, 2023) |              |                  |
|----------------------------------------------------------------------------------|--------------|------------------|
| Study Area                                                                       | Homes Sold   | Median Price     |
| Antrim                                                                           | 203          | \$245,000        |
| Benzie                                                                           | 123          | \$295,000        |
| Charlevoix                                                                       | 13           | \$275,000        |
| Emmet                                                                            | 149          | \$252,107        |
| Grand Traverse                                                                   | 591          | \$350,000        |
| Kalkaska                                                                         | 138          | \$199,450        |
| Leelanau                                                                         | 103          | \$520,000        |
| Manistee                                                                         | 28           | \$241,250        |
| Missaukee                                                                        | 52           | \$175,000        |
| Wexford                                                                          | 167          | \$175,000        |
| <b>Region</b>                                                                    | <b>1,567</b> | <b>\$285,000</b> |

Source: Realtor.com and Bowen National Research

As the preceding table illustrates, the highest median sale prices are in Leelanau County (\$520,000) and Grand Traverse County (\$350,000), while Missaukee and Wexford counties each had the lowest median sale price (\$175,000) during the recent sales period. Leelanau County is a popular tourism location along the coast of Lake Michigan that includes the Sleeping Bear Dunes National Lakeshore, while Grand Traverse County includes the largest city by population in the region (Traverse City). Grand Traverse County also had the highest number of homes sold (591) among all counties, accounting for 37.7% of all homes sold in the region during this period.

*Available For-Sale Housing* – As of February 2023, there were 551 homes available for purchase in the PSA (Northern Michigan Region), resulting in an availability rate of just 0.5% regionwide. Typically, in healthy and well-balanced housing markets, availability rates are between 2.0% and 3.0%, though due to recent national housing market pressures it is not uncommon for most markets to have an availability rate below 2.0%. Regardless, the overall region’s available for-sale housing supply is extremely low. Availability rates are less than 0.5% in six of the 10 PSA counties including in Missaukee (0.2%), Benzie (0.3%), Kalkaska (0.3%), Grand Traverse (0.4%), Leelanau (0.4%), and Wexford (0.4%). Emmet County has the highest availability rate (1.1%) among counties in the region. As the 10 counties in the Northern Michigan Region have availability rates ranging from 0.2% to 1.1%, all counties included in this report have a low share of available for-sale product and, in some cases, the shortage is significant.

The following table summarizes the inventory of *available* for-sale housing in the Northern Michigan Region (**red** text highlights the lowest availability rates, highest average and median list prices, shortest number of days on market, and older housing stock).

| Available For-Sale Housing – Northern Michigan Region<br>(As of Feb. 28, 2023) |                       |                   |                    |                    |                   |                        |                    |
|--------------------------------------------------------------------------------|-----------------------|-------------------|--------------------|--------------------|-------------------|------------------------|--------------------|
|                                                                                | Total Available Units | % Share of Region | Availability Rate* | Average List Price | Median List Price | Average Days on Market | Average Year Built |
| <b>Antrim</b>                                                                  | 63                    | 11.4%             | 0.7%               | \$712,560          | \$279,999         | 129                    | 1973               |
| <b>Benzie</b>                                                                  | 24                    | 4.4%              | <b>0.3%</b>        | \$741,938          | \$447,450         | 91                     | 1980               |
| <b>Charlevoix</b>                                                              | 56                    | 10.2%             | 0.6%               | <b>\$1,007,852</b> | \$371,500         | 90                     | 1983               |
| <b>Emmet</b>                                                                   | 123                   | 22.3%             | 1.1%               | \$916,651          | \$475,000         | 103                    | 1992               |
| <b>Grand Traverse</b>                                                          | 132                   | 24.0%             | 0.4%               | \$768,075          | \$465,450         | <b>89</b>              | 1985               |
| <b>Kalkaska</b>                                                                | 21                    | 3.8%              | <b>0.3%</b>        | \$444,500          | \$329,000         | 92                     | 1993               |
| <b>Leelanau</b>                                                                | 33                    | 6.0%              | 0.4%               | <b>\$1,074,994</b> | <b>\$975,000</b>  | 97                     | 1978               |
| <b>Manistee</b>                                                                | 46                    | 8.3%              | 0.5%               | \$414,533          | \$293,500         | 137                    | <b>1963</b>        |
| <b>Missaukee</b>                                                               | 11                    | 2.0%              | <b>0.2%</b>        | \$355,245          | \$255,000         | 99                     | 1983               |
| <b>Wexford</b>                                                                 | 42                    | 7.6%              | 0.4%               | \$238,610          | \$116,950         | <b>84</b>              | 1972               |
| <b>Region</b>                                                                  | <b>551</b>            | <b>100.0%</b>     | <b>0.5%</b>        | <b>\$746,059</b>   | <b>\$399,000</b>  | <b>101</b>             | <b>1981</b>        |

Source: Realtor.com and Bowen National Research

\*Availability rate is derived by dividing the available units by the total of available and owner-occupied units.

The available homes within the counties of the PSA have a *median* list price ranging from \$116,950 in Wexford County to \$975,000 in Leelanau County. Note that two counties (Charlevoix and Leelanau) each have *average* list prices of over \$1,000,000 for available homes in each respective county. The average number of days on market for available homes in the region is 101 days, and ranges from 84 days on market in Wexford County to 137 days on market in Manistee County. The low number of days on market for Wexford County homes may also be attributed to its low median list price (\$116,950) relative to other counties in the region. On average, available homes in the region were generally built in the 1970s and 1980s. Note that the available homes in two counties (Emmet and Kalkaska) have an average year built of 1992 and 1993, respectively. Grand Traverse County has the largest share (24.0%) of available homes in the region, followed closely by Emmet County (22.3%).

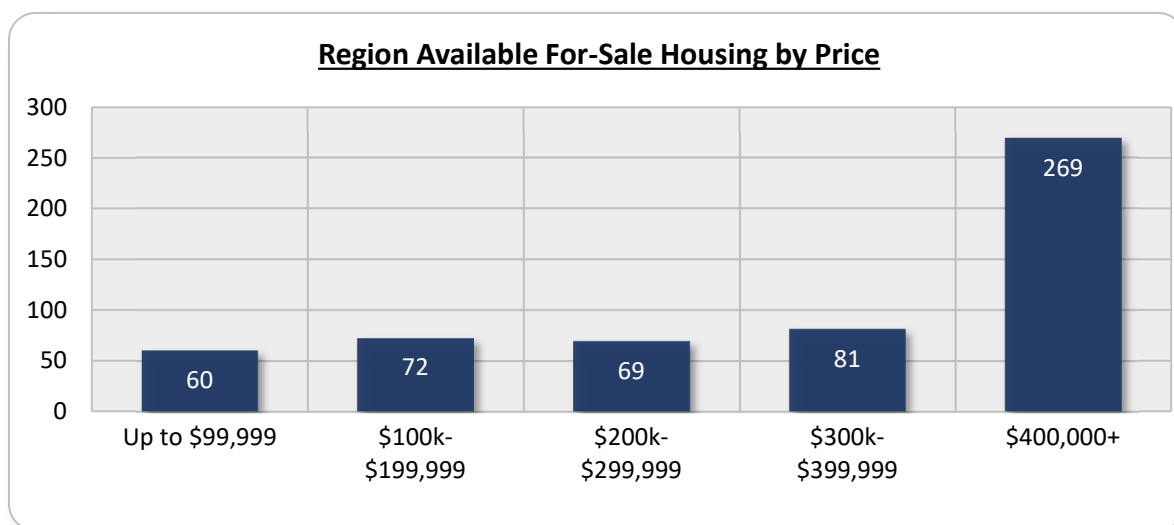


The following table summarizes the distribution of available for-sale units by study area and price point (highest *county* share by price shown in **blue**, while lowest shown in **red**).

| Available For-Sale Housing Units by List Price – Northern Michigan Region<br>(As of Feb. 28, 2023) |            |              |                       |              |                       |              |                       |              |            |              |
|----------------------------------------------------------------------------------------------------|------------|--------------|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|------------|--------------|
|                                                                                                    | <\$100,000 |              | \$100,000 - \$199,999 |              | \$200,000 - \$299,999 |              | \$300,000 - \$399,999 |              | \$400,000+ |              |
|                                                                                                    | Number     | Share        | Number                | Share        | Number                | Share        | Number                | Share        | Number     | Share        |
| <b>Antrim</b>                                                                                      | 5          | 7.9%         | 15                    | 23.8%        | 12                    | 19.0%        | 3                     | 4.8%         | 28         | 44.4%        |
| <b>Benzie</b>                                                                                      | 0          | <b>0.0%</b>  | 4                     | 16.7%        | 2                     | 8.3%         | 5                     | 20.8%        | 13         | 54.2%        |
| <b>Charlevoix</b>                                                                                  | 8          | 14.3%        | 10                    | 17.9%        | 5                     | 8.9%         | 9                     | 16.1%        | 24         | 42.9%        |
| <b>Emmet</b>                                                                                       | 4          | 3.3%         | 10                    | 8.1%         | 16                    | 13.0%        | 20                    | 16.3%        | 73         | 59.3%        |
| <b>Grand Traverse</b>                                                                              | 15         | 11.4%        | 8                     | 6.1%         | 10                    | 7.6%         | 23                    | 17.4%        | 76         | 57.6%        |
| <b>Kalkaska</b>                                                                                    | 2          | 9.5%         | 1                     | 4.8%         | 6                     | <b>28.6%</b> | 5                     | <b>23.8%</b> | 7          | 33.3%        |
| <b>Leelanau</b>                                                                                    | 2          | 6.1%         | 0                     | <b>0.0%</b>  | 0                     | <b>0.0%</b>  | 3                     | 9.1%         | 28         | <b>84.8%</b> |
| <b>Manistee</b>                                                                                    | 3          | 6.5%         | 12                    | 26.1%        | 9                     | 19.6%        | 10                    | 21.7%        | 12         | 26.1%        |
| <b>Missaukee</b>                                                                                   | 1          | 9.1%         | 3                     | <b>27.3%</b> | 3                     | 27.3%        | 0                     | <b>0.0%</b>  | 4          | 36.4%        |
| <b>Wexford</b>                                                                                     | 20         | <b>47.6%</b> | 9                     | 21.4%        | 6                     | 14.3%        | 3                     | 7.1%         | 4          | <b>9.5%</b>  |
| <b>Region</b>                                                                                      | <b>60</b>  | <b>10.9%</b> | <b>72</b>             | <b>13.1%</b> | <b>69</b>             | <b>12.5%</b> | <b>81</b>             | <b>14.7%</b> | <b>269</b> | <b>48.8%</b> |

Source: Realtor.com and Bowen National Research

Over 60% of the available supply in the PSA (Northern Michigan Region) is priced over \$300,000. This is a larger share compared to the share (46.9%) of homes that recently sold in the region for \$300,000 or more. As noted earlier in this section, a household would need to have an annual income of at least \$100,000 to afford a house at this price, therefore limiting most of the available homes in the region to approximately 10% of the region’s households. Conversely, less than 25% of the available for-sale supply in the region is priced under \$200,000. Homes at this price point would generally be affordable to households earning less than \$70,000, which represents nearly 45% of households in the region. Note that nearly 90% of renter households in the region also earn less than \$70,000. As such, a large base of low- and moderate-income households exceeds the inventory of available supply that is affordable to them. Based on the preceding analysis, there appears to be a mismatch between the price of available housing and household incomes.



## Housing Gap Estimates

Five-year housing gap estimates were determined for both rental and for-sale housing within each of the 10 counties of the study region using a variety of demand factors. We evaluated the market’s ability to support rental and for-sale housing based on four levels of income/affordability. These include households earning up to 50% of Area Median Income (AMHI), between 51% and 80% of AMHI, between 81% and 120% of AMHI, and 121% of AMHI and higher. While there may be an overlap among these levels due to program targeting and rent/price levels charged, we have established specific income stratifications that are exclusive of each other in order to eliminate double counting demand. We used HUD’s 2023 published income limits for each county.

The following table summarizes the Northern Michigan Region’s **rental housing gap estimates (number of units needed)** by the various income segments. The largest overall housing gaps are shown in **red**. It should be noted that details on the calculations and specific rent and income levels for each affordability level are provided in the individual county chapters that are included as addendums to this report.

| Northern Michigan Region                 |              |              |               |              |                 |                |               |
|------------------------------------------|--------------|--------------|---------------|--------------|-----------------|----------------|---------------|
| Rental Housing Gap Estimates (2022-2027) |              |              |               |              |                 |                |               |
| Number of Units Needed by AMHI Level     |              |              |               |              |                 |                |               |
| County                                   | ≤ 50% AMHI   | 51%-80% AMHI | 81%-120% AMHI | 121%+ AMHI   | Total           |                |               |
|                                          |              |              |               |              | Number Of Units | Region’s Share |               |
| Antrim                                   | 114          | 114          | 66            | 27           | 321             | 3.6%           |               |
| Benzie                                   | 129          | 50           | 26            | 9            | 214             | 2.4%           |               |
| Charlevoix                               | 334          | 215          | 120           | 61           | 730             | 8.3%           |               |
| Emmet                                    | 380          | 226          | 115           | 144          | 865             | 9.8%           |               |
| Grand Traverse                           | 2,358        | 733          | 288           | 190          | 3,569           | 40.5%          |               |
| Kalkaska                                 | 284          | 149          | 62            | 16           | 511             | 5.8%           |               |
| Leelanau                                 | 212          | 90           | 61            | 19           | 382             | 4.3%           |               |
| Manistee                                 | 262          | 142          | 87            | 34           | 525             | 6.0%           |               |
| Missaukee                                | 179          | 99           | 45            | 13           | 336             | 3.8%           |               |
| Wexford                                  | 762          | 370          | 172           | 56           | 1,360           | 15.4%          |               |
| <b>Region Total</b>                      | <b>Units</b> | <b>5,014</b> | <b>2,188</b>  | <b>1,042</b> | <b>569</b>      | <b>8,813</b>   | <b>100.0%</b> |
|                                          | <b>Share</b> | <b>56.9%</b> | <b>24.8%</b>  | <b>11.8%</b> | <b>6.5%</b>     | <b>100.0%</b>  |               |

Source: Bowen National Research  
AMHI – Area Median Household Income

Based on the preceding demand estimates, it is clear that there is some level of rental housing demand among all household income levels within the Northern Michigan Region. **Overall, there is a housing gap of 8,813 rental units in the region over the five-year projection period.** The region’s largest rental gap by affordability level is for product affordable to households earning up to 50% of Area Median Household Income (AMHI), with an overall gap of 5,014 units representing well over half of the region’s overall rental housing gap. There is a notable overall rental housing gap of 2,188 units affordable at 51% to 80% of AMHI, representing nearly one-quarter of the region’s overall rental housing gap. Despite the large need for more affordable rentals, the entire region has noteworthy gaps for moderate and higher-end rentals, particularly within Emmet, Grand Traverse and Wexford counties.

Grand Traverse County has an overall rental housing gap of 3,569 units, representing 40.5% of the region’s overall rental housing gap. Notable rental housing gaps also exist in the counties of Wexford (1,360 units, 15.4% of region’s total), Emmet (865 units, 9.8% of region’s total), Charlevoix (730 units, 8.3% of region’s total), Manistee (525 units, 6.0% of region’s total), and Kalkaska (511 units, 5.8% of region’s total). Without a notable addition of new rental product, the area will not meet the housing needs of its current residents or the growing and changing housing needs of the market.

The following table summarizes the Northern Michigan Region’s **for-sale housing gap estimates (number of units needed or could be supported)** by the various income segments following HUD guidelines. The largest overall housing gaps are shown in **red**. It should be noted that details on the calculations and specific price points and income levels for each affordability level are provided in the individual county chapters that are included as addendums to this report.

| Northern Michigan Region                   |              |              |               |              |                 |                |               |
|--------------------------------------------|--------------|--------------|---------------|--------------|-----------------|----------------|---------------|
| For-Sale Housing Gap Estimates (2022-2027) |              |              |               |              |                 |                |               |
| Number of Units Needed by AMHI Level       |              |              |               |              |                 |                |               |
| County                                     | ≤ 50% AMHI   | 51%-80% AMHI | 81%-120% AMHI | 121%+ AMHI   | Total           |                |               |
|                                            |              |              |               |              | Number Of Units | Region’s Share |               |
| Antrim                                     | 265          | 239          | 504           | 442          | 1,450           | 6.5%           |               |
| Benzie                                     | 349          | 251          | 378           | 316          | 1,294           | 5.8%           |               |
| Charlevoix                                 | 173          | 282          | 648           | 525          | 1,628           | 7.3%           |               |
| Emmet                                      | 552          | 462          | 856           | 635          | 2,505           | 11.2%          |               |
| Grand Traverse                             | 1,798        | 1,384        | 2,569         | 2,041        | 7,792           | 34.7%          |               |
| Kalkaska                                   | 353          | 220          | 313           | 271          | 1,157           | 5.2%           |               |
| Leelanau                                   | 498          | 383          | 581           | 491          | 1,953           | 8.7%           |               |
| Manistee                                   | 158          | 247          | 525           | 447          | 1,377           | 6.1%           |               |
| Missaukee                                  | 279          | 167          | 246           | 211          | 903             | 4.0%           |               |
| Wexford                                    | 639          | 454          | 705           | 598          | 2,396           | 10.7%          |               |
| <b>Region Totals</b>                       | <b>Units</b> | <b>5,064</b> | <b>4,089</b>  | <b>7,325</b> | <b>5,977</b>    | <b>22,455</b>  | <b>100.0%</b> |
|                                            | <b>Share</b> | <b>22.6%</b> | <b>18.2%</b>  | <b>32.6%</b> | <b>26.6%</b>    | <b>100.0%</b>  |               |

Source: Bowen National Research  
AMHI – Area Median Household Income

As illustrated in the preceding table, there is an overall regional for-sale housing gap of approximately 22,455 units over the five-year projection period. The largest for-sale housing gap by affordability level is for product affordable to households earning between 81% and 120% of Area Median Household Income (AMHI). This particular affordability level has a for-sale housing gap of 7,325 units, which represents nearly one-third (32.6%) of the overall region’s for-sale housing gap. The remaining affordability gaps also have relatively large levels of need, with housing gaps ranging from 4,089 units affordable at 51% to 80% of AMHI to 5,977 units affordable at 121% or more of AMHI. Grand Traverse County has an overall for-sale housing gap of 7,792 units, representing over one-third (34.7%) of the region’s overall for-sale housing gap. The counties of Emmet, Leelanau, and Wexford also have for-sale housing gaps over 1,900, each representing close to 10% of the overall region’s for-sale housing gap. The limited inventory of for-sale product limits opportunities for renters seeking to enter the homebuyer market, homebuyers coming from

outside the region, or seniors seeking to downsize. The region will not benefit from the various growth opportunities and be unable to meet the needs of its current residents without additional housing.

Overall, there is potential support for a variety of residential development alternatives in the Northern Michigan Region. It is important to understand that the housing demand estimates shown in this report assume no major changes occur in the local economy and that the demographic trends and projections provided in this report materialize. As such, our demand estimates should be considered conservative and serve as a baseline for development potential. Should new product be developed, it is reasonable to believe that people will consider moving to the region, assuming the housing is aggressively marketed throughout the region and beyond.

### **Recommendations**

**Develop an Action Plan that Sets Housing Goals & Priorities, Establishes Benchmark Data, and Periodically Evaluates Progress** – Set realistic annual and long-term (five- or 10-year) goals for the number and type (rental, for-sale, senior, etc.) of housing units that advocates want to see built. Priorities should also be established that focus on such things as balance between new construction and preservation of existing housing, population segments (e.g., families, seniors, etc.), housing product by tenure (rentals vs. for-sale product), and household income levels. Housing goals and priorities should be based on, or at least guided by, quantifiable metrics, such as the housing gap estimates provided in this 2023 Northern Michigan Region Housing Needs Assessment, wait lists for certain housing product types, demographic characteristics and trends, and other documented metrics. Using these housing production goals and priorities as guides, an analysis should be done to estimate the overall funding requirements to meet such goals. From this, advocates should determine the level of financial resources that could be provided by government, nonprofits/foundations, philanthropists, employers and other stakeholders to help offset private sector costs of developing affordable housing. It is important that advocates establish benchmark data (e.g., median rents/home prices, vacancies, shares of affordable housing, cost burdened households, etc.) that they believe are key metrics to help understand the health and trends of the local housing market. These metrics should be updated periodically (annually or every couple of years) and evaluated to understand the level of progress in housing efforts and to identify new or ongoing problems. Such data collection can be done internally by housing advocates/partners or by housing professionals.

**Leverage Resources to Increase Housing Production and Impact of Housing Initiatives** – One of the primary findings from this regional Housing Needs Assessment is that there is a shortage of available rental and for-sale housing, and that the shortage is most significant among *rental* housing that is affordable to the lowest income households earning up to 50% of Area Median Household Income (AMHI) and for-sale housing product that is affordable to households earning between 81% and 120% of AMHI. Given the housing needs of the region likely far exceed any organization’s capacity to resolve them, housing advocates will want to maximize the impact of its investment dollars by leveraging its resources with the resources available through the government (local, state and federal), other foundations, philanthropists/investors, financial/lending institutions, employers, and other interested stakeholders. While a goal of the region’s housing advocates should be to conduct outreach

and networking efforts to build relationships with these particular groups, area advocates may want to explore stakeholders involved with Qualified Opportunity Zones, Community Reinvestment Act, Low-Income Housing Tax Credits and other programs/initiatives. Every study area included in this report is eligible for at least some level of state and federal housing programs and therefore, such resources could be leveraged in the region, depending upon the program.

**Utilize Resources to Help Stabilize Housing Situations and Secure Housing for the Most Vulnerable Households** – As shown in this report, many of the region’s households are living in substandard housing, experiencing housing cost burden situations or are having great difficulty simply finding available housing. The continuation and expansion of various home repair and weatherization loans or grants should be part of the region’s plans to help stabilize current housing situations in which the household is living in substandard housing conditions, particularly among lower income homeowners and seniors who often do not have the financial or physical capacity to remedy their housing challenges. Eviction and foreclosure prevention initiatives to further stabilize the housing market could be other areas of focus. Additionally, given that common obstacles preventing some households from securing housing is the lack of financial resources required for security deposits or down payments, housing advocates may want to provide rental security deposit assistance (in the form of a direct payment to the landlord or a guarantee to the landlord) for certain households and/or first-time homebuyer down payment assistance that requires the resident to remain in the unit for a selected period of time (e.g., two to five years) before the down payment is fully forgivable. Lastly, another obstacle that often limits households from securing adequate housing is the inability to pass a background check due to challenges with credit history, criminal records or employment history. Housing advocates may want to support credit repair initiatives or provide financial assistance to households to secure services from a credit repair provider.

**Identify, Develop and Expand Relationships with Public and Private Sector Entities** – The large geographic scope of the region, the scale of area housing needs, and the scale of the resources needed will require the participation of a variety of groups to effectively address housing in the region. The region has many individuals and organizations, from both the private and public sectors, that are involved in housing in some capacity. As part of this study, nearly 300 stakeholders were contacted to solicit their input on housing challenges and opportunities. Many of these stakeholders, which include public organizations, housing advocacy groups, and some of the area’s largest employers, expressed interest in being active participants in housing solutions. It is significant that nearly three-quarters of surveyed employers indicated that housing was adversely impacting their ability to attract and retain employees and that half of the employers indicated they would hire more employees if area housing issues were resolved. As a result, it is strongly recommended that employers be engaged in developing a housing solution for the region (Note: One-quarter of surveyed employers indicated they are open to “partnering in or developing employee housing.” This collection of area employers can serve as the basis for establishing a network of collaborators, development partners and new housing advocates that can be added to the existing stakeholders currently working to resolve housing issues in the region.

**Provide Guidance, Consulting and Networking Resources to Smaller Communities** –

Much of the study region is comprised of rural counties with many small towns. As such, many of these communities do not have the staff, knowledge/expertise or financial resources to adequately address housing issues. While numerous organizations serve individual communities and counties in the region, it appears that Housing North (an independent nonprofit organization) serves as the primary housing advocate that serves the subject region. Given Housing North provides numerous services, assistance and guidance on a variety of housing issues in the region, consideration should be given to the continued support and possible expansion of the organization to further address the ongoing and growing housing challenges the region faces. Local communities may also want to consider establishing their own housing advocacy groups such as a housing task force or committee in coordination or collaboration with existing advocacy organizations or consider retaining a housing professional to spearhead housing efforts.

**Formulate Education and Outreach Campaign to Help Support Housing Initiatives** –

Using both existing and newly created housing education initiatives, develop an overarching education program with a more unified objective. The program could, for example, include educating landlords on the Housing Choice Voucher program, informing potential homebuyers about homebuying requirements and assistance (credit repair, down payments, etc.), and advising existing homeowners on home repair assistance. Additional outreach efforts should involve both informing and engaging the overall community, elected officials, area employers and other stakeholders on the benefits of developing affordable housing. Such efforts could help to mitigate stigmas associated with affordable housing, illustrate the benefits such housing has on the local economy, and help to get the community to “buy in” on housing initiatives. Annual or other periodic housing forums or workshops, annual reports or other formats could be used to help communicate housing advocate messaging. While many of these efforts have been made and are ongoing in the region, it is recommended that area stakeholders look for areas of improvement and expansion of such efforts.

**Create Housing Services Resource Center or Build Upon Existing Tools** – The ability to find housing and to identify housing assistance resources remain obstacles for many households in the region. Meanwhile, the development community experiences challenges of identifying buildable and affordable land, identifying market opportunities, and finding local resources and contacts to discuss residential development opportunities. Area stakeholders may want to establish a housing resource center, as an online service and/or as a physical location with staff, that serves as the primary resource for housing information. While Housing North and other organizations in the area have an online presence and provide a variety of services and assistance, the region or individual communities may benefit from a more comprehensive online resource center that can inform both citizens and prospective developers and investors of housing. In addition to or in lieu of establishing a resource center and corresponding staff, stakeholders may want to identify and possibly support existing organizations that have the infrastructure to serve as a housing resource center.

**Consider Efforts to Address Seasonal Housing Impacts, Identify Potential Development Sites, Quantify Serious Housing Quality Issues and Evaluate Local Housing Regulations**

– While this study addressed numerous demographic and economic factors that influence the housing market and it included an inventory and analysis of the existing housing stock and the housing gaps that exist in the market, there were several relevant housing factors that were not part of the scope of work for this report. Based on data we collected, as well as input from community stakeholders, the seasonal/recreational housing market has a significant influence on this market. Consideration should be given to addressing this market, particularly given the lack of rental and for-sale housing product that is available. Based on our cursory review of property listings, both vacant land and buildings, there appear to be numerous sites that could potentially support residential development in the region. Stakeholders may want to build an inventory of potential sites for residential development that could be used to market development opportunities to potential developers. While this study noted that a large number of households live in substandard housing, it did not include an inventory of blighted residential structures. Area stakeholders may want to work with local organizations, including local governments, to identify areas with concentrations of residential blight that can be used to help develop a blight mitigation strategy. Lastly, local housing regulations, such as building and property maintenance codes, along with residential zoning, can have a significant influence on local housing development. While this was not studied as part of this analysis, the majority of local stakeholders that responded to the stakeholder survey indicated that “revisiting/modifying zoning (e.g., density, setbacks, etc.)” should be considered in order to address barriers to residential development in the region. As a result, advocates should consider some type of analysis of regulatory barriers to residential development for the region or within selected communities.