



# Housing & the Economy

## Post-COVID

October 20, 2020



# **FOURTH ECONOMY**

**We equip change agents  
with the tools to build  
better communities and  
stronger economies.**



# 5 Trends to Follow

**01** Pre-existing (Housing) Conditions

**02** The Nature of Work and Economic Vulnerability

**03** What a Pandemic Fueled Recession Means for Evictions

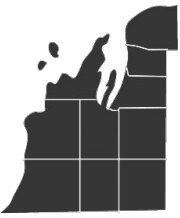
**04** Remote Work is Here to Stay

**05** A Changing Housing Landscape

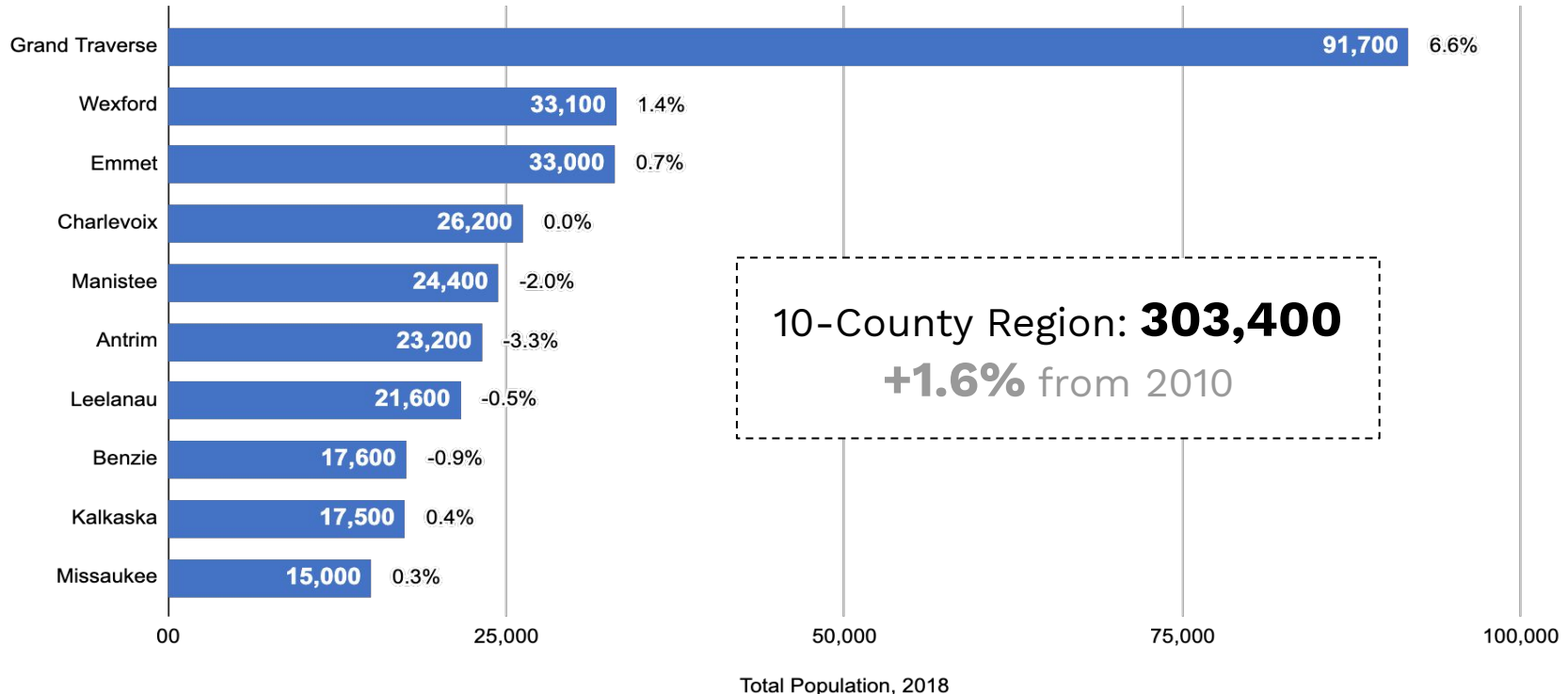
# Pre-existing (housing) conditions

*What was the housing situation in Northwest Michigan before the pandemic?*

# Steady Population Growth in NWMI



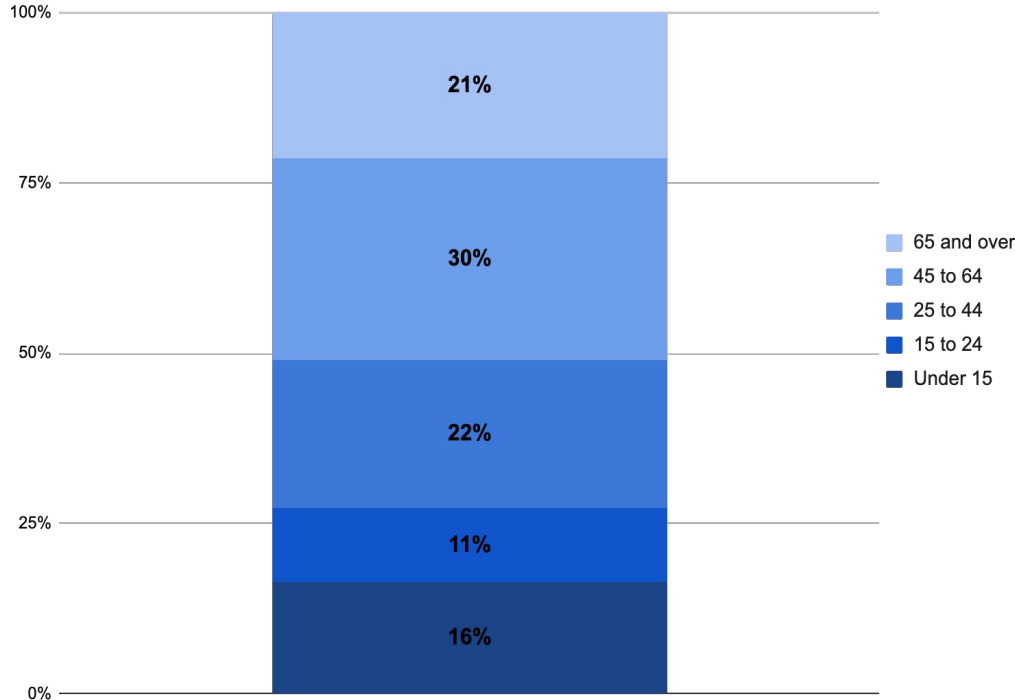
## Population by County (% change, 2010-2018, noted)



# Population Mix Requires Different Housing Types



## Age Distribution Northwest Michigan



Of the region's population:

**50%** is working age, 25 to 64

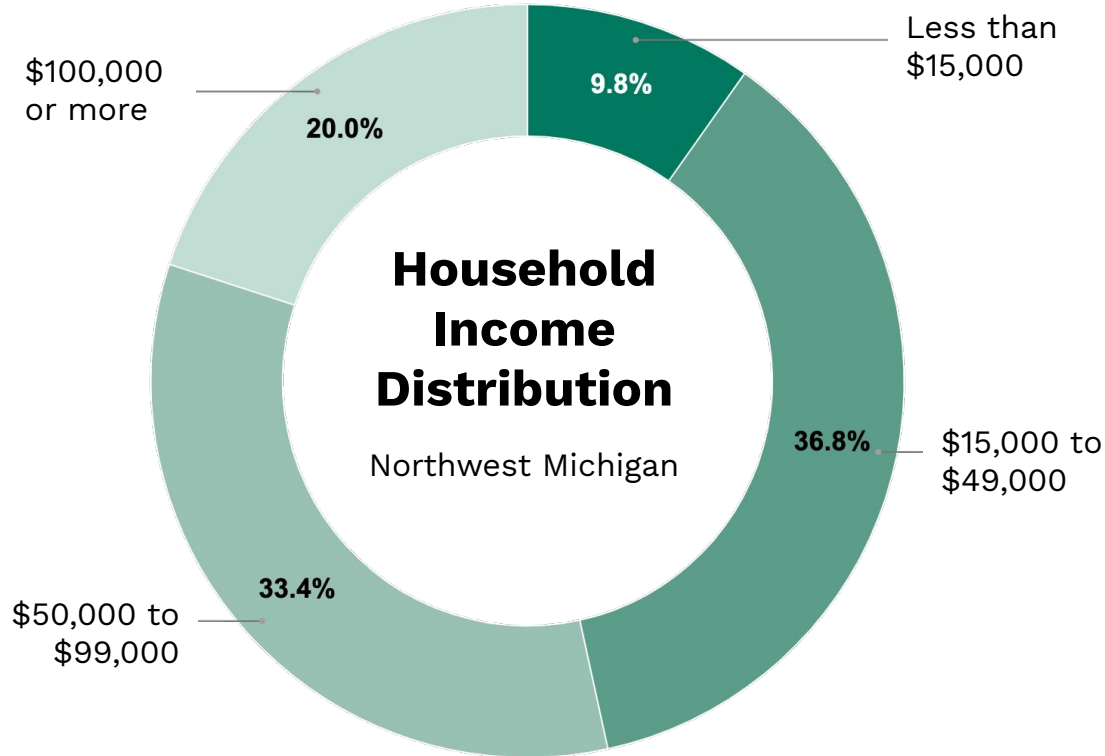
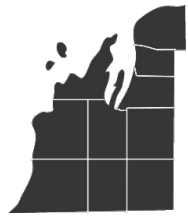
**33%** is young working age, 15-44

**20%** over the age of 65

These population segments at the edges (retirees, young people just starting out) want smaller homes, ADUs, and apartments. Much of the region's housing stock was designed for larger family units.

# Household Income Distribution

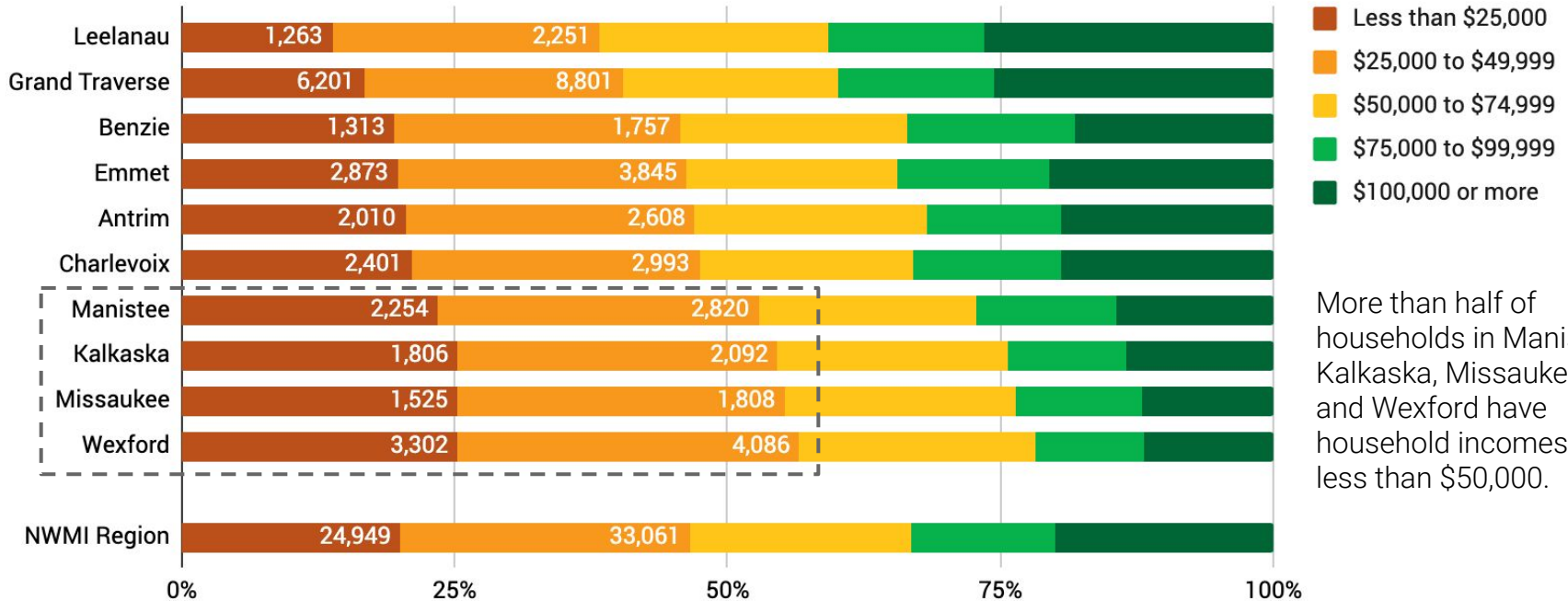
10-County Region



Nearly **50%** of households in the region earn less than **\$50,000** annually.

# Household Income by County

## Household Income



More than half of households in Manistee, Kalkaska, Missaukee, and Wexford have household incomes of less than \$50,000.

Source: American Community Survey, 5-year estimates, 2018



# Housing Affordability and Demand

2019 Networks Northwest  
Target Market Analysis

## WHO CAN AFFORD THE RENT?

The “housing wage” is the amount a worker would need to earn in order to afford a typical rental. In Northwest Michigan, rents are far higher than what many renters can afford. The lack of affordable options contributes to a high demand for new units at different price points.

NORTHWEST MICHIGAN  
HOUSING WAGE

**\$14.78**

MINIMUM WAGE

**\$9.45**

AFFORDABLE RENT FOR RENTER  
EARNING MEAN WAGE

**\$768**

AFFORDABLE RENT FOR FULL-  
TIME MINIMUM WAGE WORKER

**\$491**

**47%** of new *owner*  
**units needed** (2,199) are  
for households making  
under \$60,000 per year

**99%** of new *rental*  
**units needed** (10,726) are  
for households making  
under \$60,000 per year

2019 Target Market Analysis was conducted by LandUseUSA,  
on behalf of Housing North and Networks Northwest.



**HOMES FOR OUR FUTURE**

# The Nature of Work & Economic Vulnerability

*Vulnerable workers are most susceptible to negative housing impacts like evictions.  
What is the state of these workers in NWMI?*

# Who is ALICE?

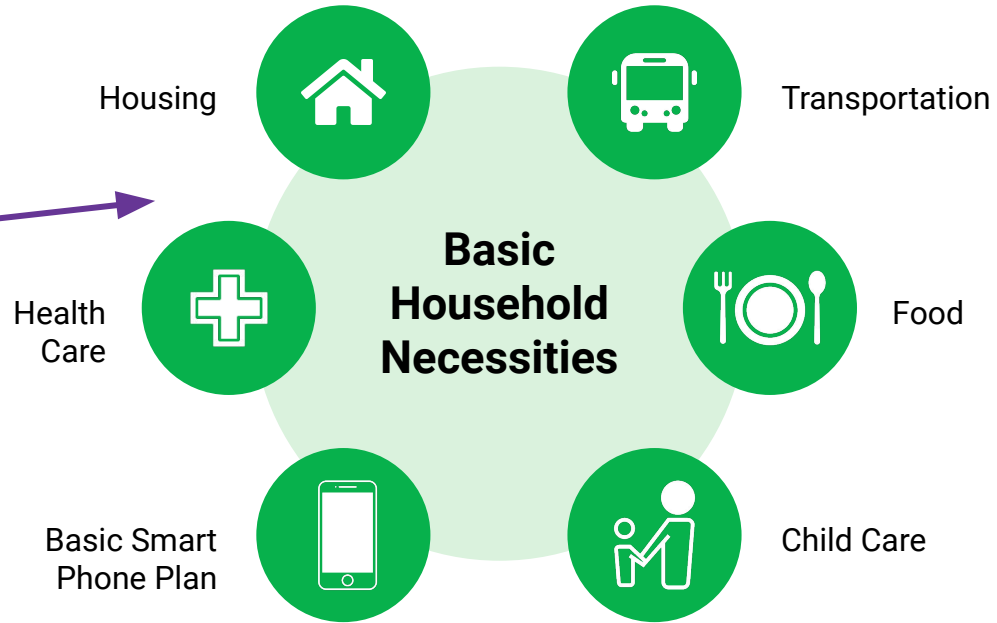
Asset Limited, Income Constrained, Employed

## ALICE Workers



Rarely make enough income to cover basic household necessities

Work in industries like construction, education, service, and caretaking



# ALICE in Northwest Michigan



**49,800 households**

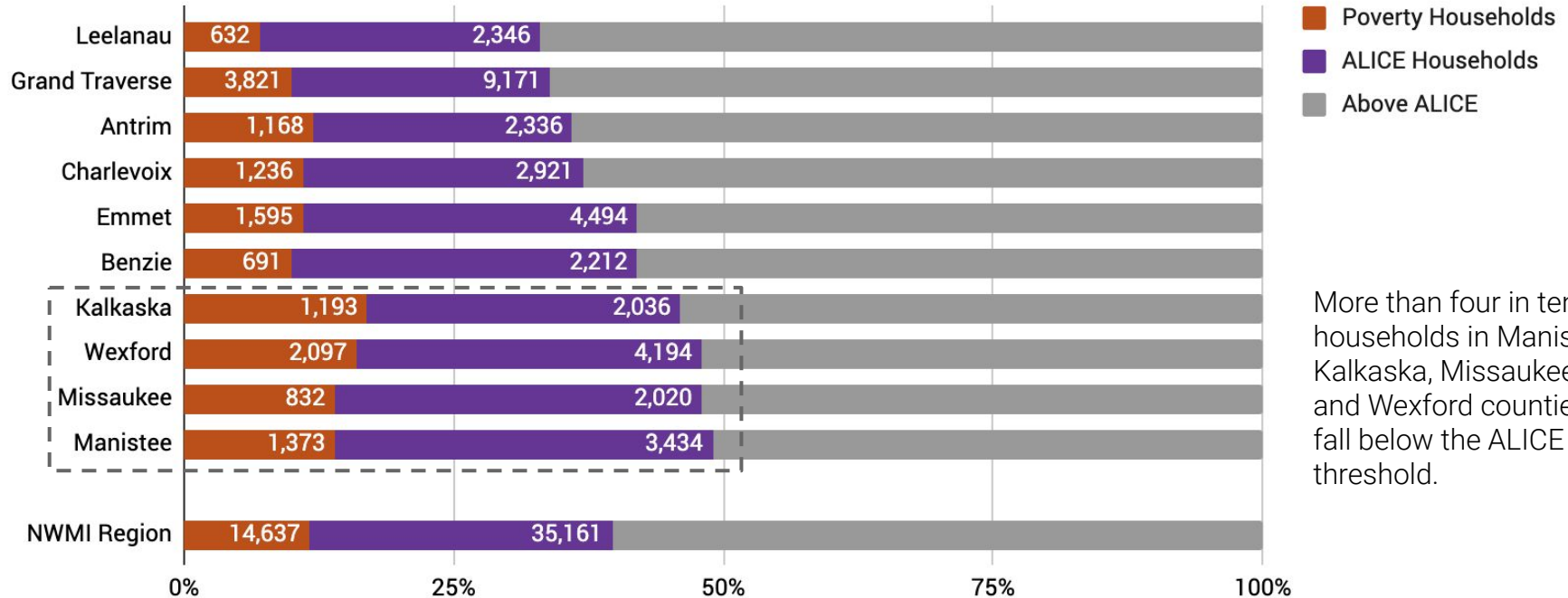
in Northwest Michigan are below the ALICE threshold:

- **\$25,000** for a single adult
- **\$61,000** for a family of 4

That's **40%** of all households in the region.

# ALICE Households by County

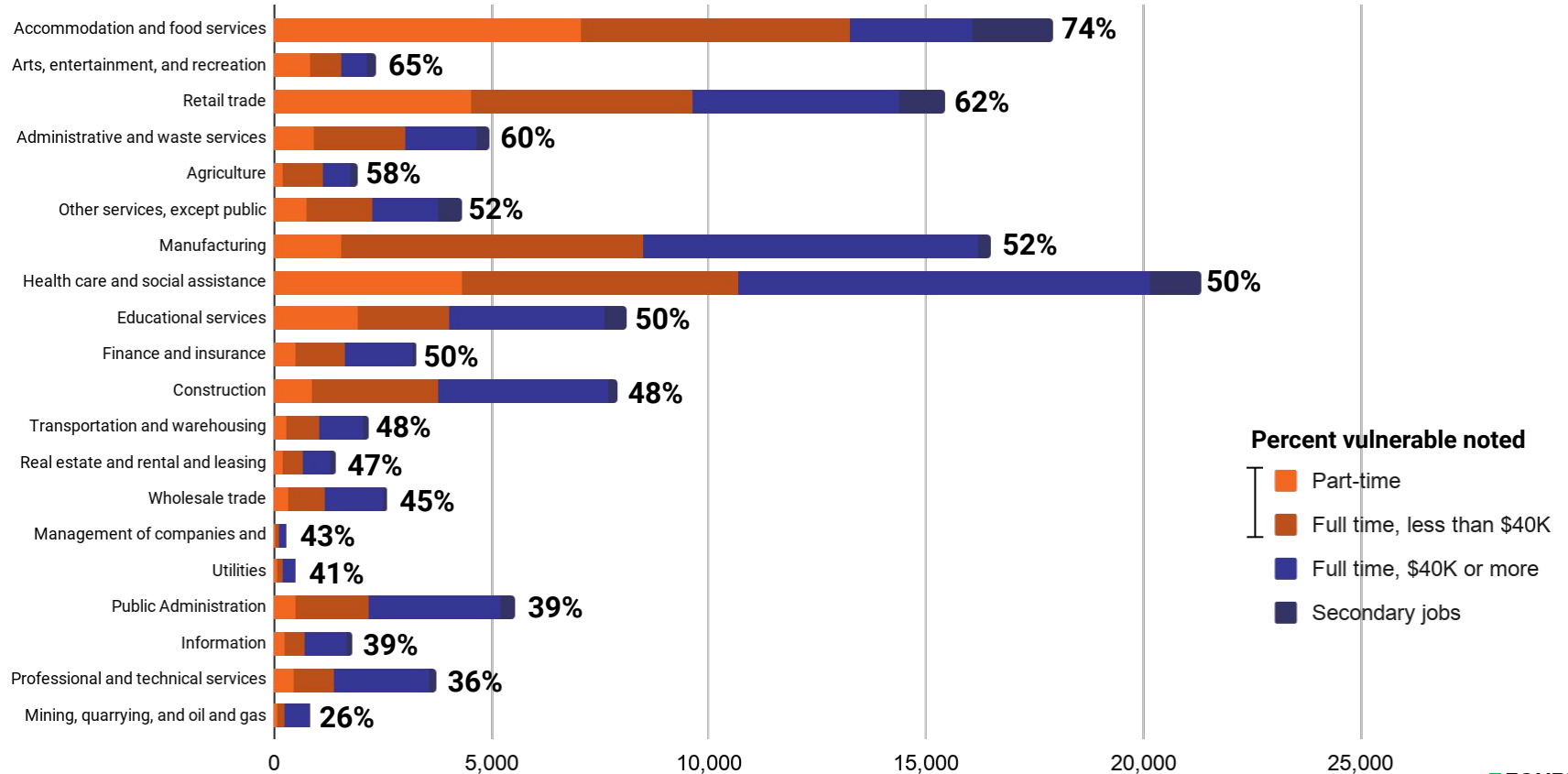
## Poverty and ALICE Households



More than four in ten households in Manistee, Kalkaska, Missaukee, and Wexford counties fall below the ALICE threshold.

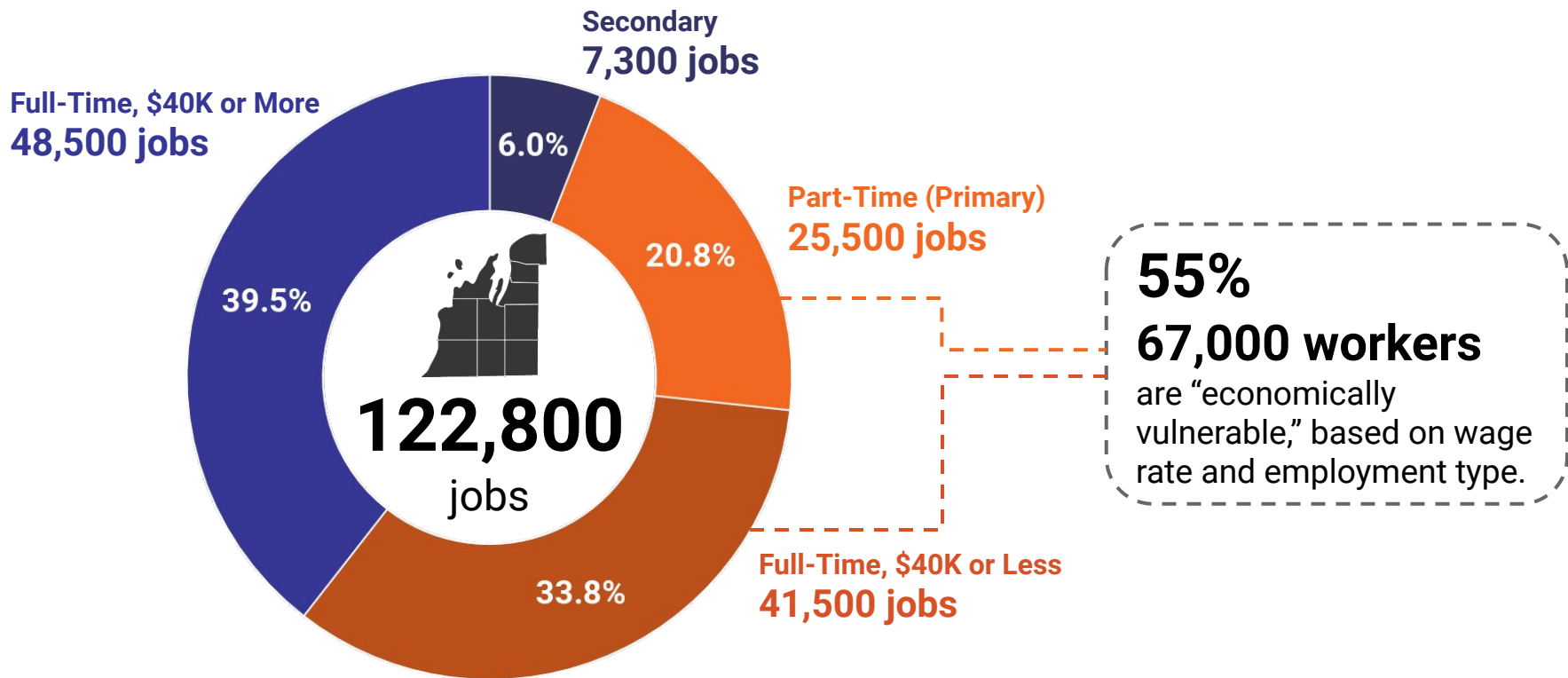
Source: United Way, ALICE data for Michigan

# Economic Vulnerability by Industry



Jobs in NW Michigan

# Economically Vulnerable Workers



Source: Estimates were created by combining Census PUMS data, BLS OES data, and Census LEHD data. Estimates represent 2018 annual averages.

# What a Pandemic- Fueled Recession Means for Evictions

*How are low to moderate wage earners in the region affected by housing and economic issues?*

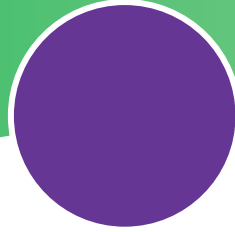


# National Trends



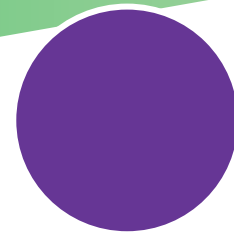
## Missed Payments

- **29%** of Americans failed to pay their rent or mortgage in September
- **10%** of renters had not yet paid their August rent in full



## Eviction Risk

**29 to 43%** of households in US may be at risk of late payment or eviction by the end of 2020.



## Unemployment Rates

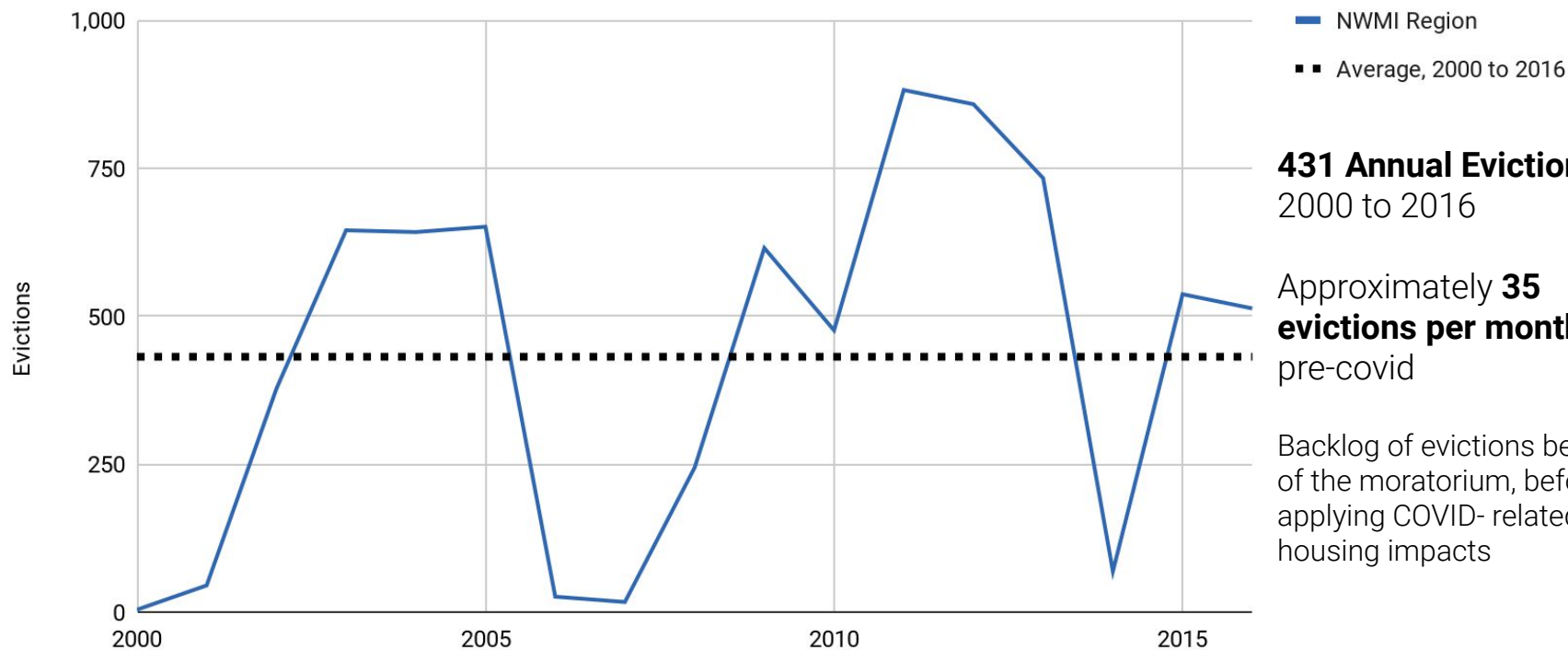
### *Michigan*

- April - 23%
- June - 14.8%
- **August - 8.7%**

### *National*

- April - 14.7%
- June - 11.2%
- **August - 8.4%**

# Evictions in the Region



**431 Annual Evictions,**  
2000 to 2016

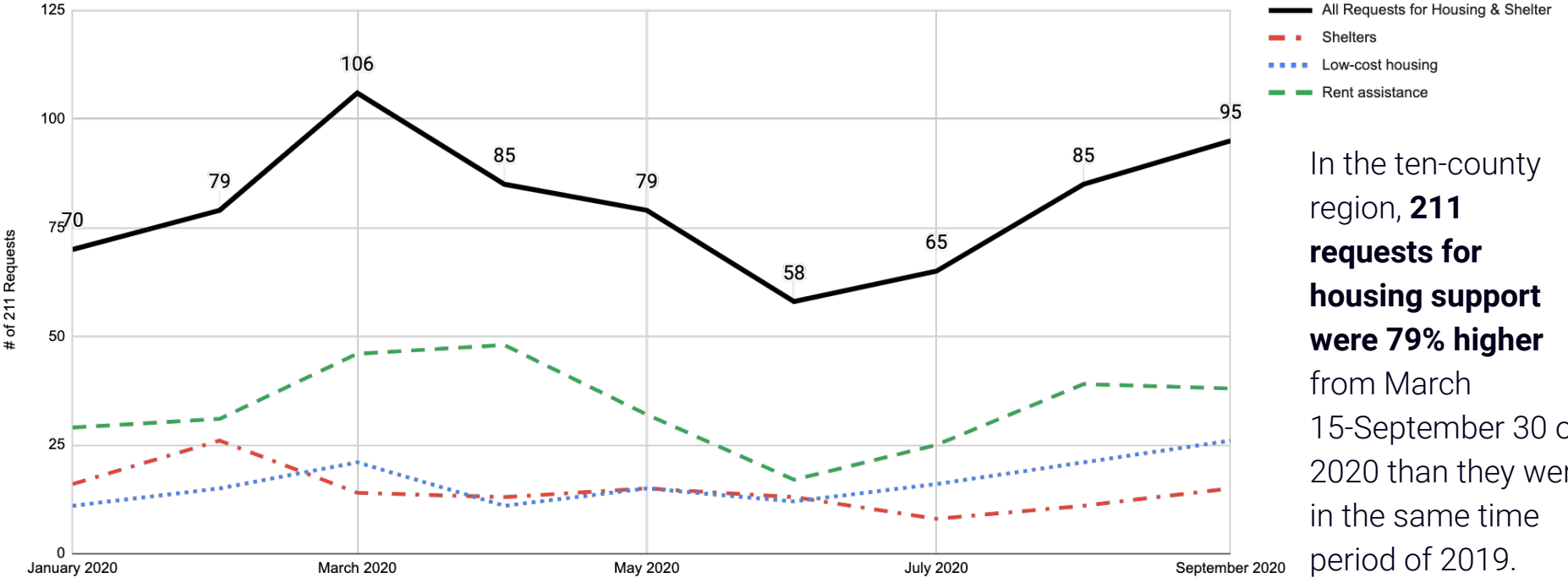
Approximately **35**  
**evictions per month,**  
pre-covid

Backlog of evictions because  
of the moratorium, before  
applying COVID- related  
housing impacts



Get Connected. Get Help.™

# United Way's 211 Housing Support Requests, 2020



In the ten-county region, **211 requests for housing support were 79% higher** from March 15-September 30 of 2020 than they were in the same time period of 2019.

# Remote Work is Here to Stay

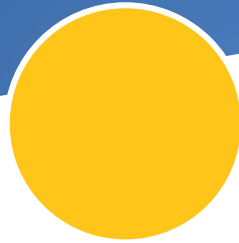
*For another segment of the economy, remote work is changing the landscape for good. Is NWMI prepared to take advantage of this trend?*

# National Remote Work and Housing Trends



## People are moving

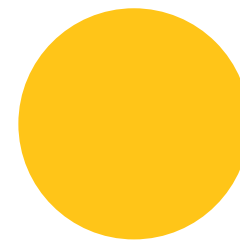
- **24%** have thought about moving as a result of spending more time at home
- **22%** have moved or know someone who has



## Changing Preferences

If given the flexibility to work from home, nearly **one-third** say they would consider moving:

- to a home with a dedicated office space (31%)
- to a larger home with more rooms (29%)



## Remote Work Continues

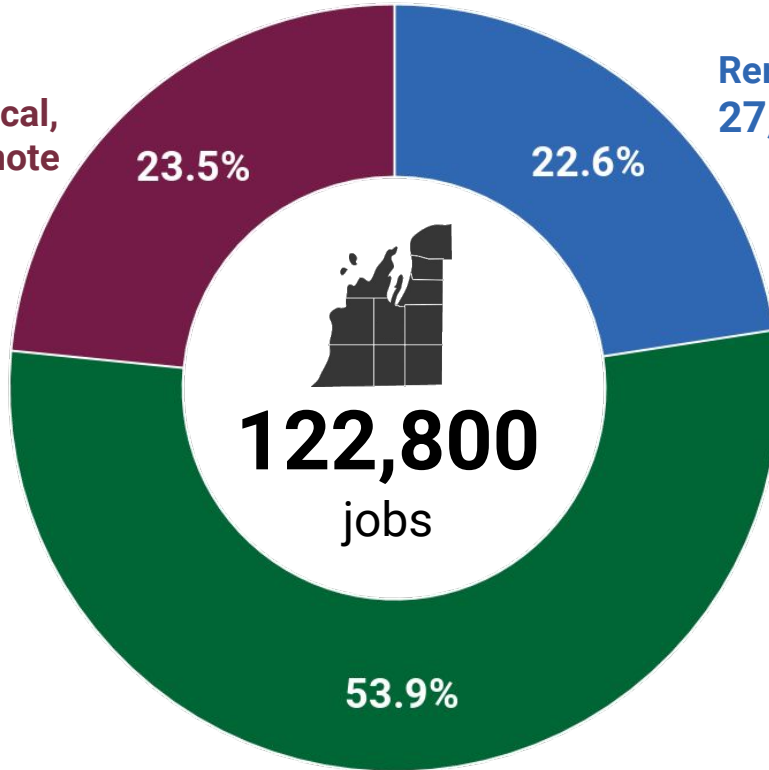
- **47%** of company leaders said they intend to allow employees to work remotely full time going forward
- **82%** plan to allow for at least part-time remote work
- **30%** of executives anticipate they'll need less total office space in three years

# Remote Work Ability by Occupation In NWMI



**Non-Critical,  
Non-Remote  
28,800**

At least 28,800 people work in jobs that are not "critical" or able to be done remotely.



**Remote  
27,700**



We estimate that at least **27,700** jobs can be done remotely in Northwest Michigan (**22.6%**). The national average for remote work capability is **28.8%** — 6 percentage points higher than Northwest Michigan.

**Critical,  
Non-Remote  
66,200**



At least 66,200 people work in jobs that are "critical."

## Home locations

27,700 potential remote workers



# Home locations of potential remote workers

Potential remote workers live throughout the region, with employees who hold jobs that have the potential to work remotely in every county and zip code.




A University of Chicago analysis revealed that 34% of U.S. jobs can plausibly be performed at home, with significant variation across geographies.

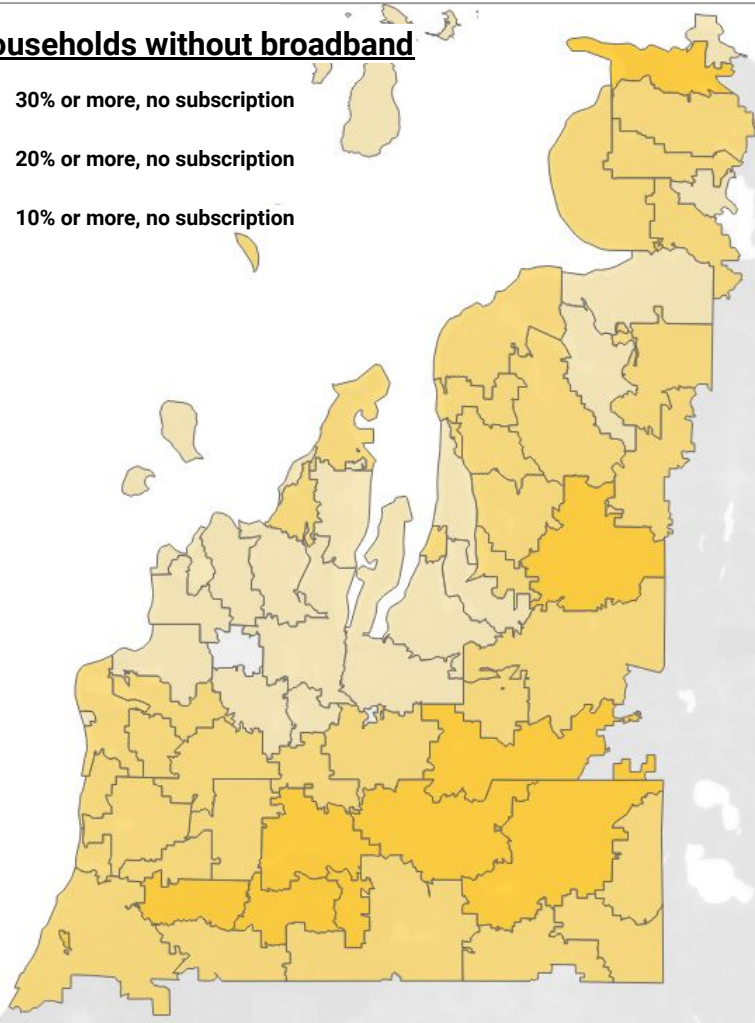
An estimated 23% of the region's workforce is employed in jobs that have the potential to work remotely.

"With much of U.S. staying at home, how many jobs can be done remotely?"  
[news.uchicago.edu/story/much-us-staying-home-how-many-jobs-can-be-done-remotely](https://news.uchicago.edu/story/much-us-staying-home-how-many-jobs-can-be-done-remotely)

Data source: Longitudinal Employment Household Dynamics with Fourth Economy Analysis. Home locations of remote workers by Zip Code.

## Households without broadband

-  30% or more, no subscription
-  20% or more, no subscription
-  10% or more, no subscription



# **Broadband internet access varies throughout the region**

The ability of workers to work remotely is impacted by access to broadband internet at home.

There are many areas throughout the region where upwards of 20% to 30% or more of households do not have subscription service to broadband internet.




Data source: American Community Survey, 2018, Households without broadband subscription service.

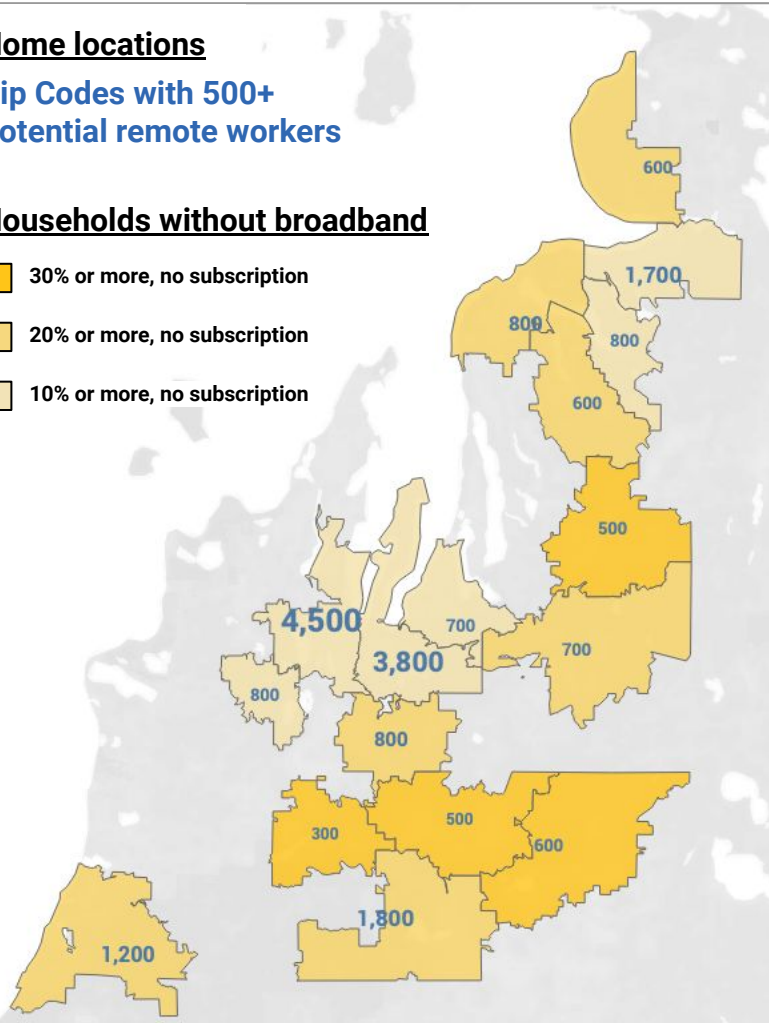


## Home locations

### Zip Codes with 500+ potential remote workers

### Households without broadband

-  30% or more, no subscription
-  20% or more, no subscription
-  10% or more, no subscription



## Highlight: areas with at least 500 remote workers

Many areas where a large number of remote workers live are places where home access to broadband may be an issue.

Data sources: Longitudinal Employment Household Dynamics with Fourth Economy Analysis. Home locations of remote workers by Zip Code. American Community Survey, 2018, Households without broadband subscription service.

# A Changing Housing Landscape

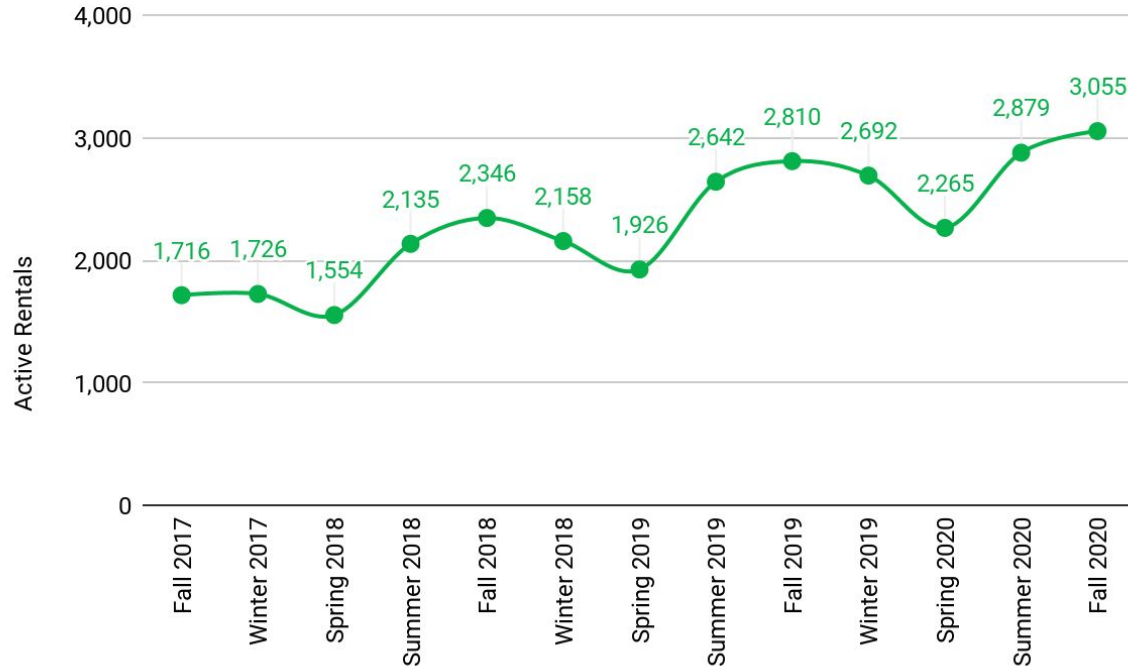
*Between second homes becoming primary residences, to impacted hospitality and tourism, what can we expect to see as the “new normal”?*

# COVID-19 Impact on Rentals Nationally

- **Large early impact** - Airbnb allows guests to cancel bookings for trips starting before May 31 with a full refund
- **Summer rebound** - Bookings in short-term rentals, which had fallen in March and April, began to rise again in summer
- **Short-term rentals less impacted than hotels** - Short term rental occupancy fell 45-46% and average daily rate fell 4-12%. Hotel occupancy fell 77% and average daily rate fell 50% at the height of the pandemic
- **Easier social distancing** with residential, larger units and in more rural / remote vacation markets—allowed travelers to escape dense urban areas where cases were spiking
- **Shift to longer-term rentals** - Full-service amenities (kitchens and living space) allow for longer-term stays. Average length of stay increased by 58% during the crisis.
  - Searches for three- or four-week stays have grown relative to the total number of searches **15%** compared to the same time last year.
  - **21%** of respondents to a Vrbo survey say that working from anywhere creates big opportunities for travel during the second half of 2020

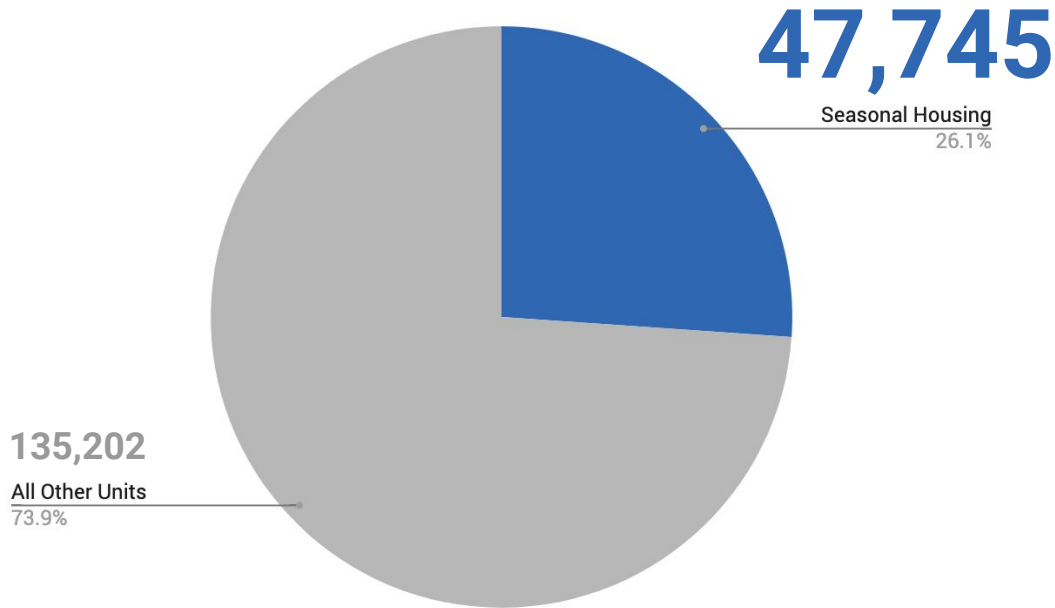
# Short-term Rentals

Active Listings in the Networks Northwest Region



| Location                       | Active Listings, Fall 2020 |
|--------------------------------|----------------------------|
| Grand Traverse (Traverse City) | 1,218                      |
| Emmet (Harbor Springs)         | 465                        |
| Charlevoix (Charlevoix)        | 386                        |
| Antrim (Bellaire)              | 354                        |
| Manistee (Manistee)            | 175                        |
| Leelanau (Lake Leelanau)       | 142                        |
| Benzie (Beulah)                | 130                        |
| Wexford (Cadillac)             | 76                         |
| Kalkaska (Kalkaska)            | 63                         |
| Missaukee (Lake City)          | 46                         |

# Seasonal Housing: more than 1 in 4 units



| County         | Seasonal Units |
|----------------|----------------|
| Antrim         | 7,220          |
| Emmet          | 5,922          |
| Charlevoix     | 5,592          |
| Leelanau       | 5,098          |
| Benzie         | 5,018          |
| Manistee       | 4,640          |
| Kalkaska       | 4,477          |
| Grand Traverse | 4,225          |
| Wexford        | 2,793          |
| Missaukee      | 2,760          |

Source: American Community Survey, 5-year estimates, 2018  
Units **“For seasonal, recreational, or occasional use”**

# Seasonal Housing

**Short-term Rentals: 1 in 44 units** totalling **3,055** units

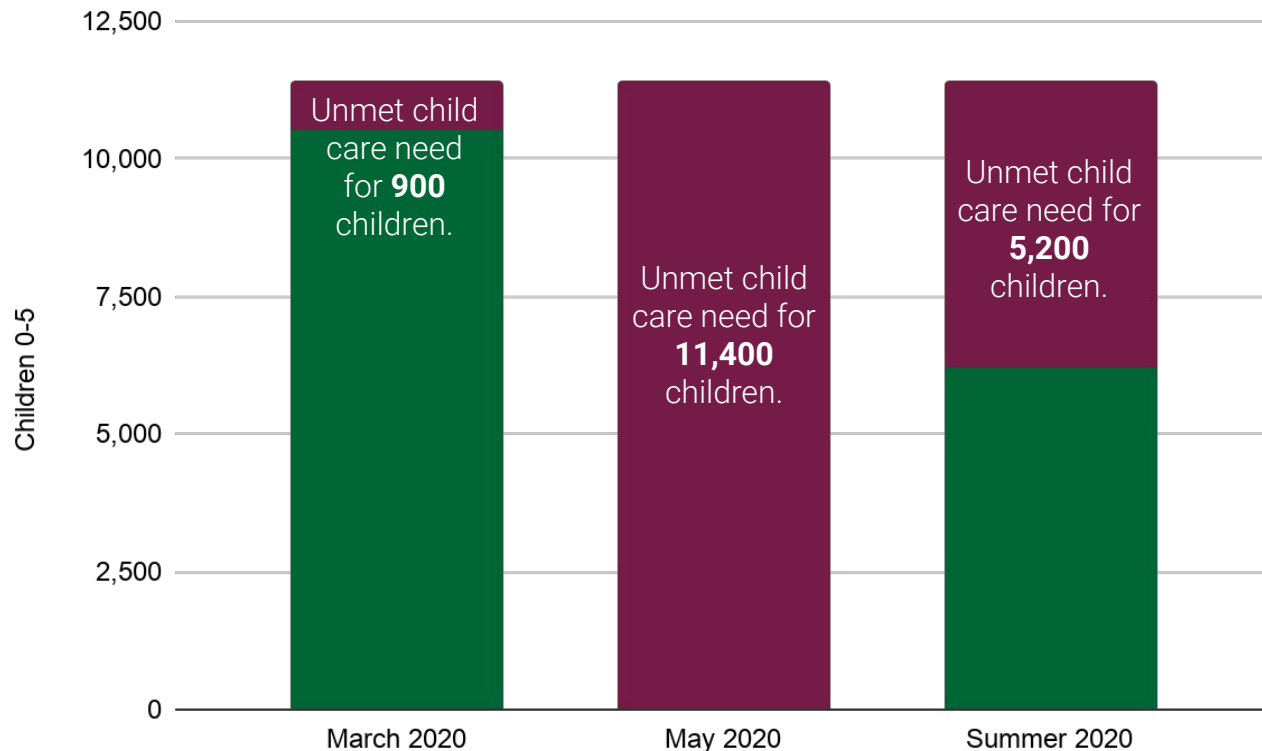
In the past three years, seasonal housing listings in the region have increased by 79%, from 1,716 units in fall 2017 to 3,055 units in fall 2020.

**Seasonal Housing: 1 in 4 units** totalling **47,745** units

Even with the dramatic increase in short-term rentals in the region, **more than 90% of all seasonal housing in the region is non-short-term rental.**

# Child Care and School Enrollment

## 11,400 children need child care in Northwest Michigan



Before COVID-19, there was a gap in childcare supply for about 900 children.

In early spring there were few to no child care centers open due to closures.

As of July, 40 percent of childcare facilities nationwide said they would close without public assistance.

43 percent of remote workers said they currently need child care.

# Focus Areas for the Future:

## Remote Readiness

Ensure broadband and other infrastructure is in place to support remote workers



## Balance Tourism & Regional Housing Needs

Build a supply of housing that fits local needs while maintaining a strong tourism economy



## Childcare Solutions

Fill existing gap in care and account for new full time residents



## Living Wage Jobs

Decrease the number of vulnerable workers by creating new work opportunities



## Keep Residents in their Homes

Provide support to reduce evictions







# Thanks!

Any questions?

Contact Nicole Muisse-Kielkucki:

- [nicole.muissekielkucki@fourtheconomy.com](mailto:nicole.muissekielkucki@fourtheconomy.com)
- 240-305-1521