Geography
Elevator Speech

• Networks Northwest is a 10-County agency serving Northwest Lower Michigan.

• We administer a variety of programs that are often seen as separate entities in other parts of the state and nation.

• $9.5M/year, 85 FTE’s

• Public agency, but operates more like a non-profit. (grant driven with zero taxing or policy authority)

• Talent, business, and community connect northwest Michigan.  We help.
Housing - Know Your Region

Northwest Michigan Region
Residential Target Market Analysis
Annual Market Potential - Year 2020

Networks Northwest Housing Resources:
networksnorthwest.org/housing
NORTHWEST MICHIGAN NEEDS HOMES FOR OUR FUTURE

The 2019 Northwest Michigan Target Market Analysis studied the demand for housing through 2025 in communities throughout Northwest Michigan. Based on the potential for demand from current residents moving within the community, as well as people who would move here from outside the community, the study found that the market could support 15,540 additional housing units through 2025. Those new units could be newly-constructed homes or apartments, or they could be the repair and conversion of existing homes or buildings.
## Housing - Know Your Region

### How Many More Rental Units Do We Need in Northwest Michigan?

<table>
<thead>
<tr>
<th>Household Incomes</th>
<th>Affordable Rents</th>
<th># Units</th>
<th>% of Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $26,000</td>
<td>$650 and less</td>
<td>6759</td>
<td>62%</td>
</tr>
<tr>
<td>$28,000 - $40,000</td>
<td>$700 - $1000</td>
<td>2997</td>
<td>28%</td>
</tr>
<tr>
<td>$42,000 - $60,000</td>
<td>$1050 - $1500</td>
<td>970</td>
<td>9%</td>
</tr>
<tr>
<td>$64,000+</td>
<td>$1600+</td>
<td>154</td>
<td>1%</td>
</tr>
</tbody>
</table>

10,880 Rentals Needed

### How Many More Homeownership Units Do We Need in Northwest Michigan?

<table>
<thead>
<tr>
<th>Household Incomes</th>
<th>Affordable Home Values</th>
<th># Units</th>
<th>% of Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $60,000</td>
<td>$150,000 and less</td>
<td>2199</td>
<td>47%</td>
</tr>
<tr>
<td>$70,000 - $100,000</td>
<td>$175,000 - $250,000</td>
<td>1837</td>
<td>39%</td>
</tr>
<tr>
<td>$110,000 - $150,000</td>
<td>$275,000 - $375,000</td>
<td>432</td>
<td>9%</td>
</tr>
<tr>
<td>$160,000</td>
<td>$400,000+</td>
<td>192</td>
<td>4%</td>
</tr>
</tbody>
</table>

4,660 Owner Units
Housing - Know Your Region

WHY IS THE DEMAND SO HIGH?

The study takes into account homes that are available now, and what people are looking to buy and rent. Because our population has changed so much over the years, we don’t have the type of housing that many people are looking for, like small homes, apartments, and other rental options. These units are needed by empty nesters, retirees, and young people just starting out—all of whom have smaller households. However, many homes currently available were designed for large families, and are often too big and expensive for many of today’s homebuyers and renters.

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

LOCAL SOLUTIONS

“Missing middle” housing types like duplexes, fourplexes, and small apartments can be more affordable and more in line with what the region’s households are looking for. Yet, funding, and sometimes local politics, limit options to build these housing types. Legislation authorizing new revenue sources and tax incentives can support these private-sector solutions, and local changes to zoning or other policies can streamline the process for builders.

More information and resources are available on homesforourfuture.org and housingnorth.org

2019 Target Market Analysis was conducted by LandUseUSA, on behalf of Housing North and Networks Northwest.
2020 Target Market Analysis - Total Home Value

 Owners | Northwest Michigan Region
 Total Home Values | Year 2020

Minimum Home Value

Maximum Number of New-Builds and Rehabs Annually by Total Home Value
Duplex Houses and Traditional Houses
Total Units = 4,660

Based on the results of a Target Market Analysis and study of households moving into and within the Tri-county region. Analysis & exhibit prepared by (company name) Urban Strategies on behalf of Housing North and Networks Northwest, 2019.
Short-term rental definition

The commercial use of renting a dwelling unit for a period of time less than thirty consecutive calendar days.
Short-term rentals are everywhere

- They are everywhere
- They are not new
- They are not a trend
- They are not going away

- $100 billion global market
- $78 million in Michigan (2018)
Business model has changed

• Sharing economy has changed how transactions occur
  – No longer have to know someone who knows someone who has a cottage…
  – Within seconds hosts and vacationers find each other
• The past consisted of scattered rentals along a lakeshore
• Reality is that they are everywhere
  – Inland neighborhoods and out in the rural regions
  – In tents, trailers, boats, etc.
A growing industry

• In Michigan the number of short-term rental listings has grown 233% in just two years!

• 84% of the listings are for the entire home
Six of the 10 counties in this region are in the top 20 counties with the most listings:

- Leelanau #2
- Charlevoix #4
- Grand Traverse #8
- Emmet #11
- Antrim #13
- Benzie #16
A growing industry

- In 2018, Investors purchased 11% of the US homes sold.
- That level of investment is almost twice the pre-recession investment levels.
To regulate or not...

- Know why you are choosing to regulate
  - Impacts on neighborhood/community
  - Noise, parking, other nuisances
  - Preserve year-round housing
- Understand the marketplace
- Enforcement considerations
<table>
<thead>
<tr>
<th>Comments - Pro and Con</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Against</strong></td>
</tr>
<tr>
<td>• Hotel next door</td>
</tr>
<tr>
<td>• ↓ Property values</td>
</tr>
<tr>
<td>• Noise / late hours</td>
</tr>
<tr>
<td>• Trespassing</td>
</tr>
<tr>
<td>• Community character</td>
</tr>
<tr>
<td>• ↓ Housing availability</td>
</tr>
<tr>
<td>• Safety concerns</td>
</tr>
<tr>
<td>• Unfair competition</td>
</tr>
<tr>
<td><strong>For</strong></td>
</tr>
<tr>
<td>• They’ve always been here</td>
</tr>
<tr>
<td>• Market will take care of it</td>
</tr>
<tr>
<td>• Core property right</td>
</tr>
<tr>
<td>• ↑ Property values</td>
</tr>
<tr>
<td>• Protect my investment</td>
</tr>
<tr>
<td>• Plan to retire here</td>
</tr>
<tr>
<td>• Economy depends on it</td>
</tr>
<tr>
<td>• ↑ Tax revenue</td>
</tr>
</tbody>
</table>
Questions

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mccauley@networksnorthwest.org

networksnorthwest.org/community