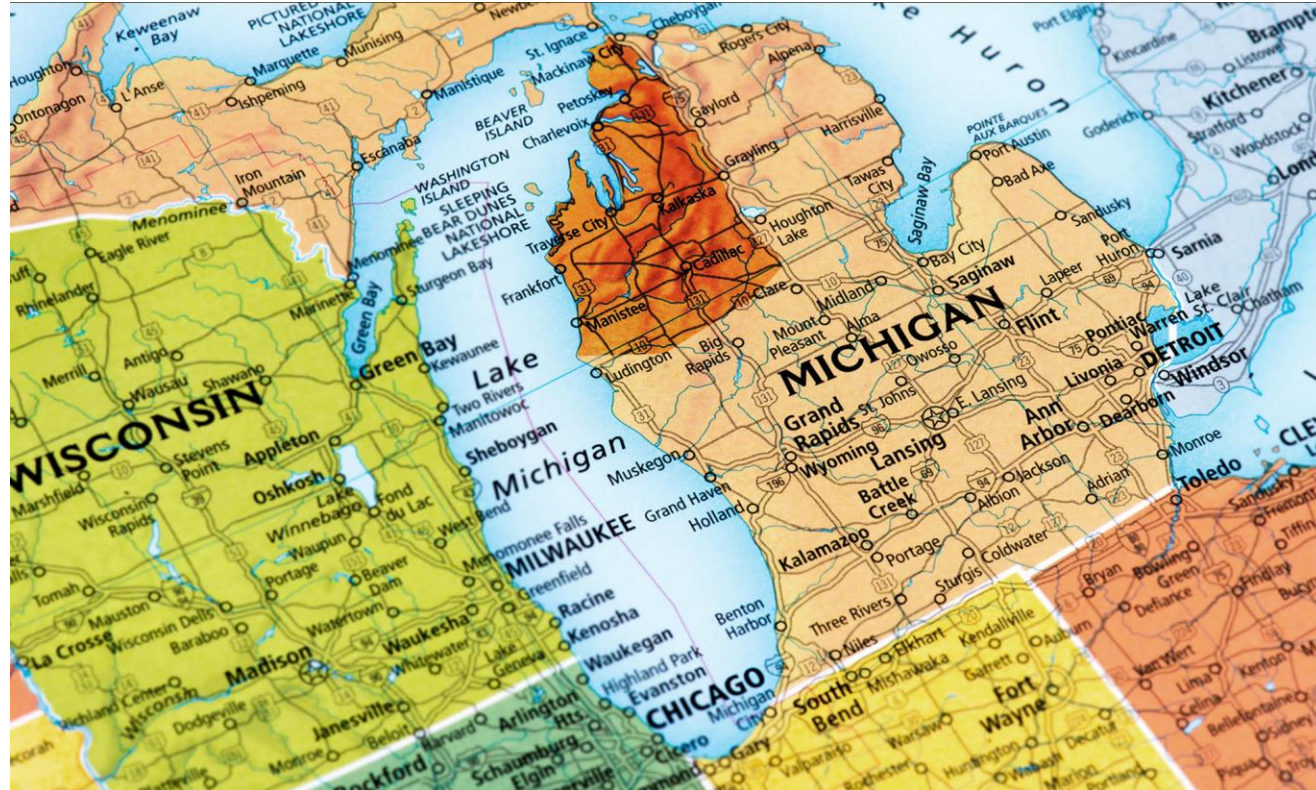




*-Northwest Michigan Housing  
Challenges*

Matt M<sup>c</sup>Cauley, CEO

# 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](https://networksnorthwest.org/housing)



# Housing- Know Your Region

## 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?



**10,880**

RENTALS NEEDED

### Household Incomes

Up to \$26,000  
\$28,000 - \$40,000  
\$42,000 - \$60,000  
\$64,000+

### Affordable Rents

\$650 and less  
\$700 - \$1000  
\$1050 - \$1500  
\$1600 +

### # Units

6759  
2997  
970  
154

### % of Potential

62%  
28%  
9%  
1%

## HOW MANY MORE HOMEOWNERSHIP UNITS DO WE NEED IN NORTHWEST MICHIGAN?



**4,660** OWNER UNITS

### Household Incomes

Up to \$60,000  
\$70,000 - \$100,000  
\$110,000 - \$150,000  
\$160,000

### Affordable Home Values

\$150,000 and less  
\$175,000 - \$250,000  
\$275,000 - \$375,000  
\$400,000+

### # Units

2199  
1837  
432  
192

### % of Potential

47%  
39%  
9%  
4%



# 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.



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



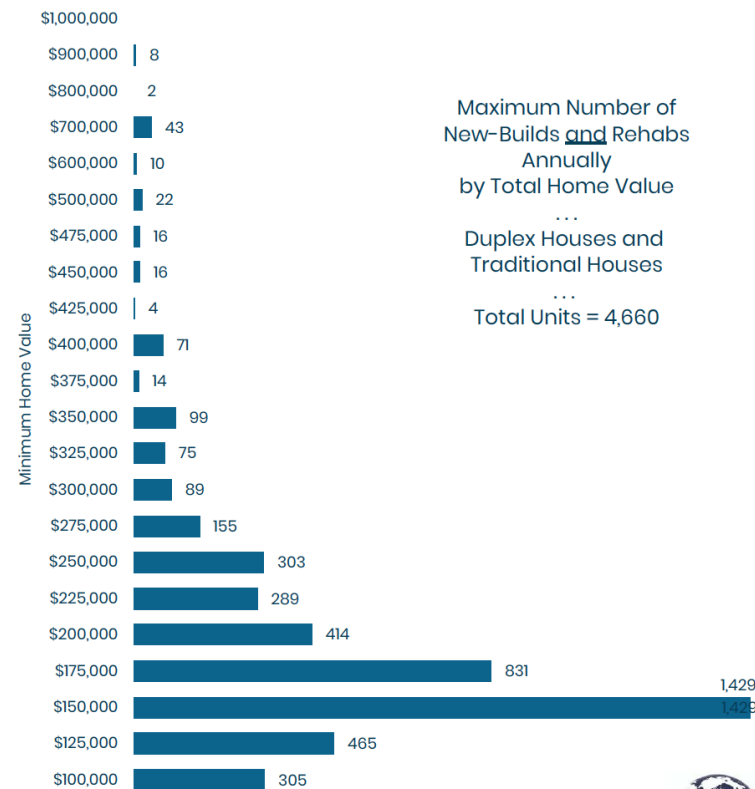
## LOCAL SOLUTIONS

"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](https://homesforourfuture.org) and [housingnorth.org](https://housingnorth.org)

# 2020 Target Market Analysis- Total Home Value

## Owners | Northwest Michigan Region Total Home Values | Year 2020



Based on the results of a Target Market Analysis and study of households moving into and within the 10-county region. Analysis & exhibit prepared by LandUseUSA | Urban Strategies © on behalf of Housing North and Networks Northwest, 2019.







**SHORT TERM RENTALS**

# Short-term rental definition

The commercial use of renting a dwelling unit for a period of time less than thirty consecutive calendar days.

January 2017						
SU	MO	TU	WE	TH	FR	SA
1 \$ 100	2 \$ 100	3 \$ 100	4 \$ 100	5 \$ 100	6 \$ 100	7 \$ 100
8 \$ 100	9	10	11	12 \$ 100	13 \$ 100	14 \$ 100
15 \$ 100	16 \$ 100	17 \$ 100	18 \$ 100	19 \$ 100	20	21
22	23	24	25	26 \$ 100	27 \$ 100	28 \$ 100
29 \$ 100	30 \$ 100	31 \$ 100				

 - Available  - Booked  - Pending

Dates: **01/01/2017 - 01/05/2017** (4 - night(s))

Total cost: **\$ 500.00**



# 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.

## **FARMERS and LANDOWNERS WANTED**

### **Interested in property with:**

- 5+ acres
- 10-30 minutes from **Traverse City** or **Suttons Bay**
- Wooded areas
- Easily accessed
- **BONUS:** hills and views

Opportunity  
for extra  
income \$\$\$

# A growing industry



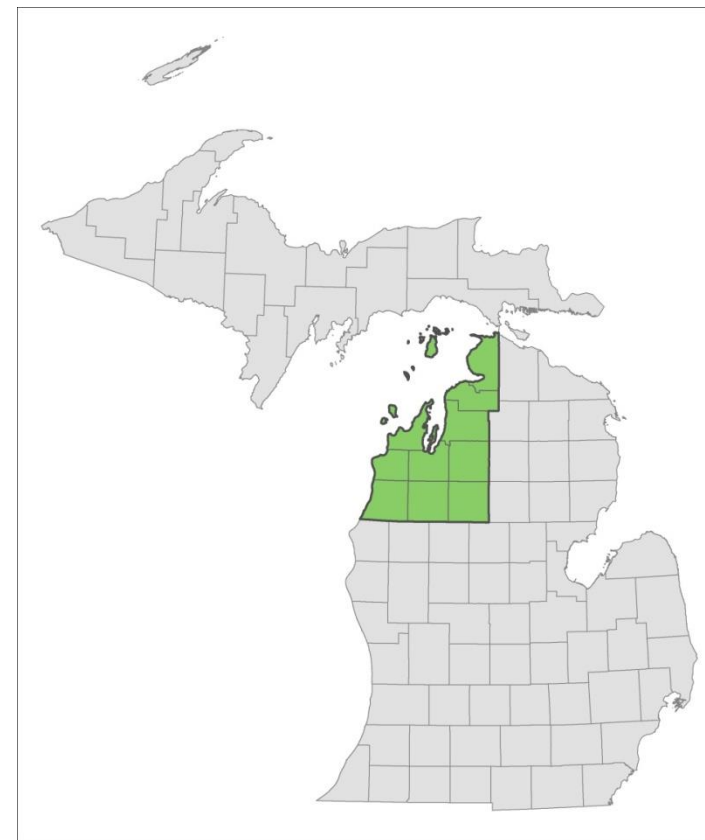
- In Michigan the number of short-term rental listings has grown 233% in just two years!
- 84% of the listings are for the entire home



# Our region

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



# Comments - Pro and Con

## Against

- Hotel next door
- ↓ Property values
- Noise / late hours
- Trespassing
- Community character
- ↓ Housing availability
- Safety concerns
- Unfair competition

## For

- They've always been here
- Market will take care of it
- Core property right
- ↑ Property values
- Protect my investment
- Plan to retire here
- Economy depends on it
- ↑ Tax revenue

# Questions

Matt McCauley  
CEO, Networks Northwest  
[mccauley@networksnorthwest.org](mailto:mccauley@networksnorthwest.org)



**[networksnorthwest.org/community](https://networksnorthwest.org/community)**