

**2015 County Commission Goal: Develop and promote partnerships and efforts that support townships' and villages' expansion of housing for Leelanau families, young professionals, business owners and workforce employees.**

## **I. Overview of Report**

The County Commission established a housing goal as one of its 2015 Commission goals. To address the goal, the Board of Commissioners created the Housing Task Force to address the Commission's goal. A Directory of members is available at <http://www.leelanau.cc/housingtdir.asp>

This report provides an overview of the meeting topics and deliberations, identifies the reports and studies reviewed, and lists the resource persons who served as 'task force experts.' The report also contains links to various reports, committee minutes, meeting notices and resources, and provides an overview of findings and conclusions. **In Section VI of the report, the Task Force recommends to the County Commissioners that a Housing Committee be established and identifies suggested tasks and roles for 2016-17.**

Specific data support for the conclusions and recommendations found in Section VI are included in Attachment A and Attachment B. Attachment A of this report contains detailed housing data specific to Leelanau County that serves as rationale for the Task Force recommendations and further support for the continued involvement of Leelanau County in partnering with non-profits, local governments, and developers/investors. Attachment B provides further evidence to support the Task Force conclusions and recommendations.

## **II. Meeting topics & deliberations have included the following<sup>1</sup>:**

Monthly meetings of the Housing Task Force have focused on the following topics:

1. Changing demographics and its impacts
  - a. Retirees
  - b. Declining school enrollments
  - c. Household size
  - d. Impact on economy/businesses/work force
2. Housing cost as expressed by either
  - a. Rent + Transportation + Energy Costs or
  - b. (Property+Taxes+Insurance) + Transportation + Energy Costs
3. Target Market Analysis for Leelanau County
4. Availability of rental units
5. Housing prices in Leelanau County
6. Seasonal worker housing
7. Roles and functions of a Housing Commission

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<sup>1</sup> Housing Task Force meeting agendas, minutes and agendas available at <http://www.leelanau.cc/housingfmtg.asp>

8. Zoning
  - a. Role of zoning
  - b. Overview of changes needed
  - c. Needs of townships
9. Definitions of different housing terms
10. Impact of short term rentals
11. Past and present housing programs in Leelanau County
12. Proposed housing development in Northport
13. History and role of Leelanau REACH
14. MSHDA programs, past, present and future
15. Michigan Economic Development Corporation's Redevelopment Ready Communities
16. Alternative funding options

### **III. Resources – People**

Resource persons and experts that provided testimony to the Housing Task Force included the following:

1. Sarah Lucas, Director of Regional Planning, Networks Northwest
2. Tony Lentych, Executive Director, Traverse City Housing Commission
3. Kathy Egan, Planner, Suttons Bay and Bingham Townships, and Coordinator, Leelanau REACH
4. Steve Patmore, Zoning Administrator, Suttons Bay, Bingham and Leelanau Townships and the village of Northport
5. Tim Cypher, Zoning Administrator, Centerville, Glen Arbor, Leland and Solon Townships
6. Doug Scripps, Supervisor, Leelanau Township
7. Rich Bahle, Supervisor, Suttons Bay Township
8. Trudy Galla, Director, Leelanau County Planning and Community Development Department
9. Barb VonVoigtlander, Manager, Village of Northport
10. Kevin Elsenheimer, Executive Director, Michigan State Housing Development Authority
11. Christine Coady Narayanan, President and CEO, Opportunity Resource Fund
12. Housing Task Force members

### **IV. Resources – Reports and Programs**

Reports considered at Taskforce meetings included:

1. Networks Northwest PowerPoint presentation entitled “Leelanau County Housing Task Force Housing Needs”
2. [http://www.leelanau.cc/downloads/09032015\\_hft\\_nnpresentation.pdf](http://www.leelanau.cc/downloads/09032015_hft_nnpresentation.pdf)
3. Joint Housing Task Force Report: Grand Traverse County, City of Traverse City, Garfield Charter Township, East Bay Charter Township, Traverse City Housing Commission  
<http://www.grandtraverse.org/DocumentCenter/Home/View/2279>
4. Park City Utah Affordable Housing Dispelling the Myths  
<http://www.parkcity.org/home/showdocument?id=9955>
5. Leelanau County Housing Task Force Report (2001)  
[http://www.leelanau.cc/downloads/11022015\\_leelanau\\_co\\_housing\\_task\\_force\\_report\\_2001.pdf](http://www.leelanau.cc/downloads/11022015_leelanau_co_housing_task_force_report_2001.pdf)
6. Target Market Analysis Leelanau County Michigan  
<http://www.networksnorthwest.org/userfiles/filemanager/3580/>
7. Review of existing County & regional housing needs reports (Sarah Lucas, Networks Northwest)
8. Review of regional and Traverse City housing initiatives and housing resources (Tony Lentych, Traverse City Housing Commission)

9. Overview of zoning process & discussion of Zoning Code impact (Kathy Egan)
10. Q & A with Township Zoning Officials (Tim Cypher, Steve Patmore, Rich Bahle and Doug Scripps)
11. Overview of 2001 – 2015 County Housing Initiatives and Programs
12. Northport Affordable Housing Project Update (Barb VonVoigtlander)
13. Review of Leelanau County's Affordable Housing Non-Profit (REACH)
14. Michigan State Housing Development Authority (MSHDA) Update on financial and technical assistance through partnerships for affordable housing (MSHDA Executive Director, Kevin Elsenheimer)
15. Presentation - Opportunity Resource Fund & Alternative Lending Opportunities (Christine Coady Narayanan, President & CEO, OppFund)
16. Overview of State Planning Conference (Kathy Egan)

Task Force representatives have also met with Leelanau REACH, the Leelanau Peninsula Chamber of Commerce Economic Foundation, members of the Northport Leadership Team, representatives of the MSHDA, the Northport Housing Squad and the Networks Northwest Housing Solutions Work Group

## **V. Conclusions & Findings**<sup>2</sup>

Leelanau County has a continuing housing problem as documented in Attachments A, B, C (see attached) and the Leelanau County Housing Task Force Report (2001). For over two decades there has been a severe shortage of affordable housing in the county. Business owners report difficulties in finding workforce housing and local schools are losing young people and families to neighboring communities because of the lack of available housing options.

Median incomes and housing values of households are mismatched with the average home priced at values beyond the affordability of the average household. The median home value is \$241,000 with the highest average home value in the Northwest Michigan region. The average homebuyer can only afford a home that costs about \$150,000, leaving a gap of over \$90,000 between what a family can afford and what is available.

Although many experts agree that families should not spend more than 45% of income on housing and transportation, the median-income Leelanau households spend 57% of their income on housing and transportation. Lower-income Leelanau families spend as much as 75% of their resources on housing and transportation.<sup>3</sup>

In addition to the overall high cost of housing, testimony reviewed by the Task Force identified the following shortages impacting the County's housing challenge:

- Lack of housing for our expanded summer workforce causes job openings to go unfilled in both agricultural and tourism sectors of our county's economy
- Lack of long term rental housing for families hoping to raise their children in Leelanau County
- Lack of long term rental housing for young single people looking to establish themselves in Leelanau County.
- Lack of housing options for those who desire to age in place, and for those who experience disabilities.

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<sup>2</sup> Detailed data reports supporting these conclusions are summarized in Attachments #1 and #2 following Page #4 of this report.

<sup>3</sup> Networks Northwest Report, May 2014.

- Lack of non-traditional housing inventory such as apartments, duplexes, etc.
- Lack of talented and experienced housing staff devoted to helping facilitate more housing in Leelanau County
- Lack of a source of funding for a housing program

Barriers to addressing the County’s housing problem include:

1. Local governmental policies
2. Zoning ordinances and regulations
3. Public perceptions/myths about affordable housing
4. Absence of an adopted and supported County Housing Plan
5. Lack of community partnerships between County, local governments, non-profits and developers
6. Failure of the County to have a necessary Economic Development Plan
7. Developer readiness issues
8. Lack of financial support for a housing program:
  - a. Housing is a complex issue and writing grants, working with townships, villages, MSHDA, developers is not something volunteers can do.
  - b. In the counties across the country that are providing affordable/workforce housing, there is long term funding to support affordable/workforce-housing programs.
9. Competition with other regions for program dollars
10. Lack of utility infrastructure systems in Leelanau County
11. High land values

## **VI. Recommendation to County Commission**

The Housing Task Force recommends that the County partner with non-profits, local governments, developers, investors, and State/Federal government to address the housing challenges. **Further, it is recommended that the County Commission establish a Leelanau County Housing Committee to continue the work of the Housing Task Force to develop and promote partnerships and efforts that support townships’ and villages’ expansion of housing for Leelanau families, young professionals, business owners and workforce service workers.**

The HTF recommends that the Housing Committee be comprised of representatives from such organizations as villages/townships, agribusiness, the Leelanau Peninsula Chamber, the Leelanau County Planning Office, business owners, developers, REACH and the County Commission.

The overall role for the Committee is seen as identifying resources, creating partnerships, educating the public, reaching out to developers, supporting village/township efforts, providing zoning review and proposing zoning changes, insuring timely inspections, and exploring programs and opportunities available through the Land Bank, PILOTs, grant dollars, working with MSHDA/HUD, and advocating for opportunities for housing.

It is recommended that 2016-17 Housing Committee tasks and roles should be:

1. Develop a plan for housing in Leelanau County that becomes a basis for pursuing various alternatives
2. Education, advocacy and research
3. Establish community partnerships
4. Support County Planning Office efforts
5. Establish and maintain community contacts and support resources

6. Leverage available housing resources
7. Work with local governments to consider zoning policy options for housing that expand flexibility in developments
8. Complete and submit grant requests
9. Sponsor developer workshops
10. Compile inventory of housing resources available to promote affordable housing.
11. Convene a planning session with REACH, Homestretch, Chambers of Commerce, and MSHDA to identify possibilities for addressing housing needs
12. Promote participation in the Michigan Economic Development Corporation's Redevelopment Ready Communities program
13. Seek additional funding from MSHDA, HUD, and other agencies for replacement, new construction, and development of rental units to improve and expand the current housing in the county
14. Continue to utilize Program Income funds for additional rehabilitation projects and other housing opportunities.
15. Develop a 2017-2022 Housing Plan for County Planning Commission Review in December 2016.

# Attachment A. Leelanau County Housing Needs: Overview & Summary

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Multiple reports, anecdotes, and community conversations over the last two years have shown that Leelanau County is experiencing a variety of housing challenges, related to its high property values, seasonal economy, and lower wages, including:

- Rental shortages impacting all income levels
- Shortages of housing that's affordable to parts of the workforce – particularly those earning low- to moderate incomes
- Lack of housing options for seasonal workforce
- Substandard housing and high energy costs (propane and transportation)

With the highest average housing values in the region, Leelanau County experiences some of the region's greatest affordability challenges, which are reaching what many consider a "crisis point," as they increasingly impact economic development and business growth: businesses throughout Leelanau County consistently report that without adequate housing, new workers can't relocate to the area, and businesses struggle to hire adequate staff.

Following is a summary of housing needs as reported by recent studies and related community dialogues, as discussed by the Leelanau County Housing Task Force in 2015:

## Leelanau County Housing Inventory

*2014, Networks Northwest*

Population growth is occurring almost entirely in groups over age 55, while the numbers of those under age 20 are declining (see attached table). The numbers of "Boomer" households and those with children are declining, which is contributing to declining school enrollment, shrinking household sizes, and changing demands for housing, including:

- Demographic trends and lingering effects of the recession on household finances mean that rental demand is expected to outpace homeownership in the near future.
- As the population of seniors increases at a greater rate than the state and the nation, the demand for senior housing and accessibility features is expected to increase.
- Smaller household sizes among both Boomer and Millennial households are creating a demand for smaller homes.

Other issues include the impact of energy and transportation costs on housing affordability

- Due to long commutes and high housing costs, an average household spends 58% of its annual income on housing and transportation costs. Moderate-income households spend about 73% of their income on those combined costs.
- Rural households lack access to natural gas and heat homes with propane, which costs 3-4 times as much as natural gas.

## Leelanau County Target Market Analysis

*2014, LandUse USA.*

## *Leelanau County Housing Needs*

A residential “target market analysis” analyzed demand from specified “target markets” or demographic groups *for attached, multi-family housing types* from potential “movers” in specified markets, both inside and outside Leelanau County. *The study does not address demand from demographic groups looking for single family homes.* The analysis concluded that, as a conservative estimate, there is an annual demand for an **additional 134 housing units per year**, through 2019:

- There is a potential demand for an additional **46 owner-occupied** housing units per year in Leelanau County
- There is a potential demand for an additional **88 rentals** per year in Leelanau County
- Target markets for these housing units include lower-income young singles, young families, low-to moderate-income Baby boomers and seniors, and higher-income seniors
- Housing values (for owner-occupied units) range from \$89,000 - \$275,000
- Rents range from \$500-\$1100 per month

An aggressive scenario, which may include efforts to attract new residents, could potentially triple this demand. See attached table for details on incomes and household makeup of market groups included in the analysis.

## **Report on Agricultural Migrant/Seasonal Workers in Leelanau County**

*2015, Leelanau County League of Women Voters*

This study reports that an estimated 3,042 migrant/seasonal farmworkers (including 1,585 farm workers and family members) resided in Leelanau County in 2014. However, at full occupancy, licensed agricultural labor housing in Leelanau County can only accommodate 774 occupants, **leaving 2,268 workers or family members** searching for alternative housing choices inside or outside Leelanau County. Farmers and migrant workers report that a lack of housing is discouraging migrant workers from traveling to Leelanau County for work.

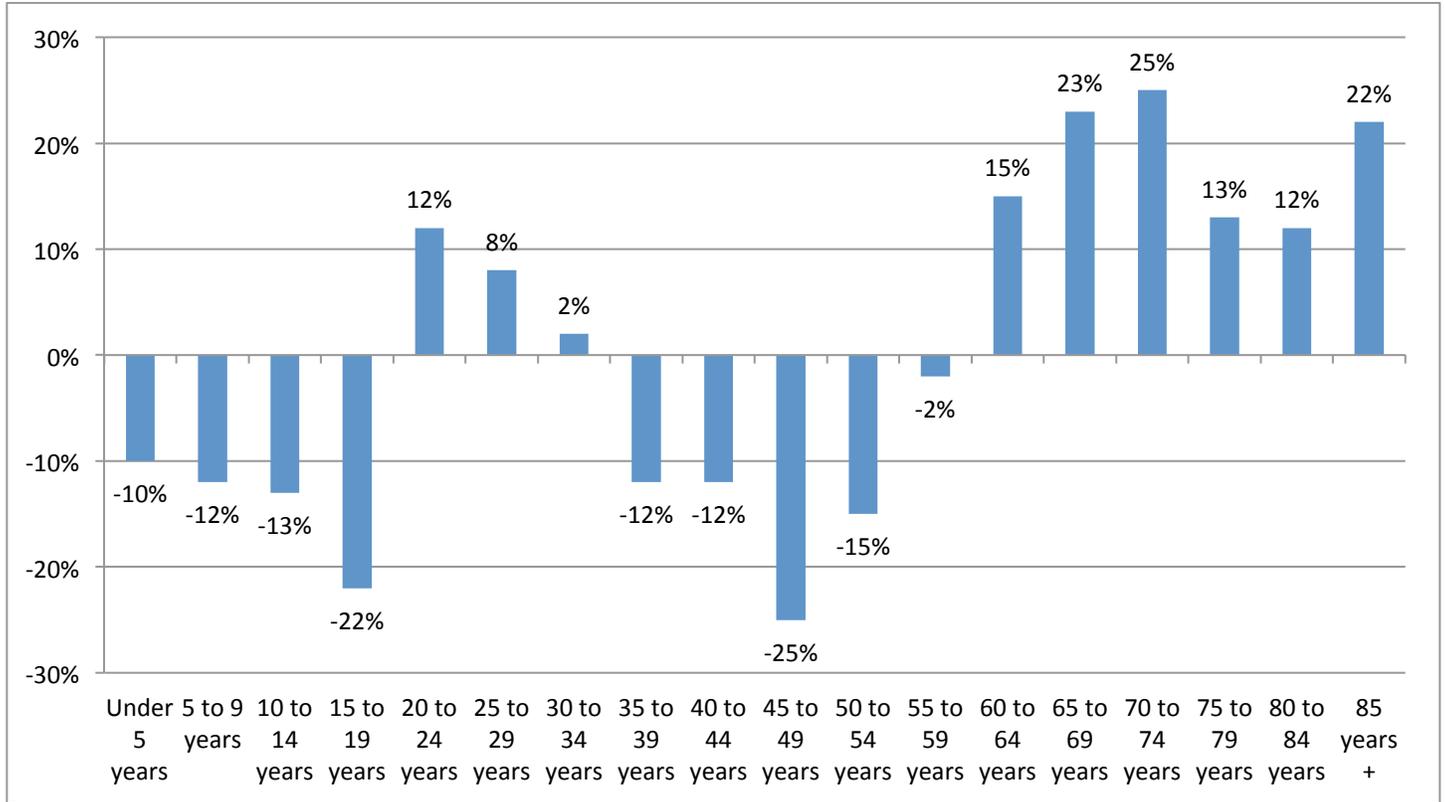
## **Northport Greene Demand Analysis**

*2015, Real Property Research Group*

A project-specific market study, or demand analysis, was prepared in 2015 for the proposed 36-unit Northport Greene adaptive reuse project in the Village of Northport. The study analyzed movership and household growth, and addressed affordability, saturation, absorption, etc. for the entirety of Leelanau County. The report concluded that there is a total demand estimate of **187 units per year**, from households earning between \$8,400 and \$43,140 per year (see attached table for details).

# Leelanau County Housing Needs

## Percent Change in Population by Age in Leelanau County, 2010-2014



Data from EMSI, 2015

## Target Market Analysis Potential Annual Market Demand, 2014-2019: Leelanau County

		Annual Market Potential - Owners	Annual Market Potential - Renters	Median Household Income	% that are single-person households	Median rent	Median Home value
<b>Digital Dependents</b>	Young singles	18	34	\$37,000	64%	\$550	\$89,000
<b>Family Troopers</b>	Lower-income families/households	0	15	\$29,000	17%	\$525	\$92,000
<b>Bohemian Groove</b>	Lower-income Boomers	0	12	\$34,500	80%	\$525	\$92,000
<b>Booming &amp; Consuming</b>	Moderate-income Boomers	15	14	\$48,500	51%	\$700	\$147,000
<b>Senior Discounts</b>	Lower-income seniors	0	7	\$20,000	69%	\$500	\$95,000
<b>Reaping Rewards</b>	Moderate-income seniors	6	2	\$38,500	48%	\$875	\$187,500
<b>Golf Carts &amp; Gourmets</b>	Higher-income seniors	7	4	\$92,000	30%	\$1,100	\$275,000
	<b>Total</b>	<b>46</b>	<b>88</b>				

*\*Conservative scenario. An aggressive scenario, i.e. with active efforts to attract new residents, could triple the market potential.*

*Data from the 2015 Northwest Michigan Target Market Analysis, prepared by LandUseUSA. Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics*

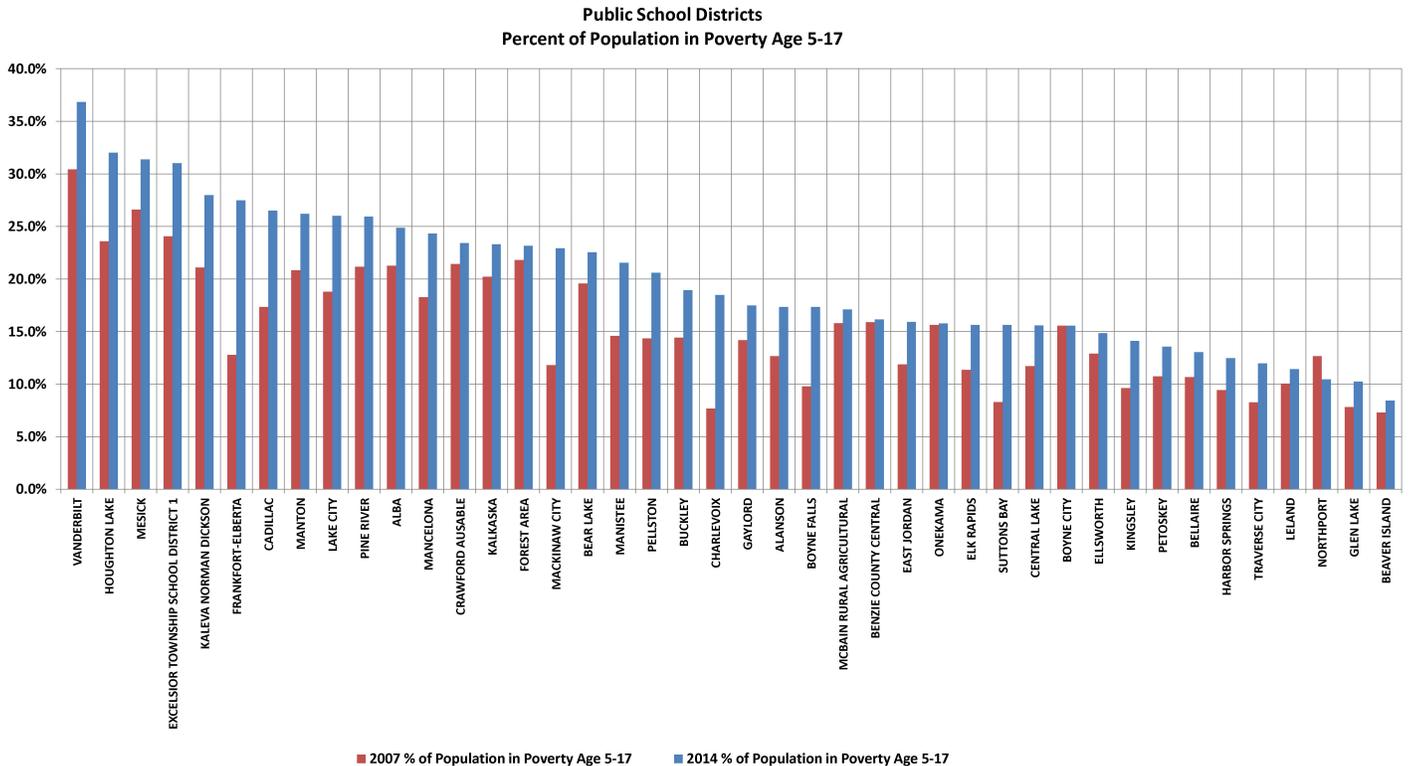
## Northport Greene Demand Analysis: Market Feasibility Analysis for Northport Greene Apartments, Northport, MI

	30% AMI	50% AMI	60% AMI	Total Project Demand
<b>Minimum income</b>	\$8,400	\$15,750	\$22,000	\$8,400
<b>Maximum income</b>	\$18,870	\$21,999	\$43,140	\$43,140
<b>Total Demand Estimate</b>	<b>46</b>	<b>52</b>	<b>93</b>	<b>187</b>

*Data from analysis conducted by the Real Property Research Group, 2015*

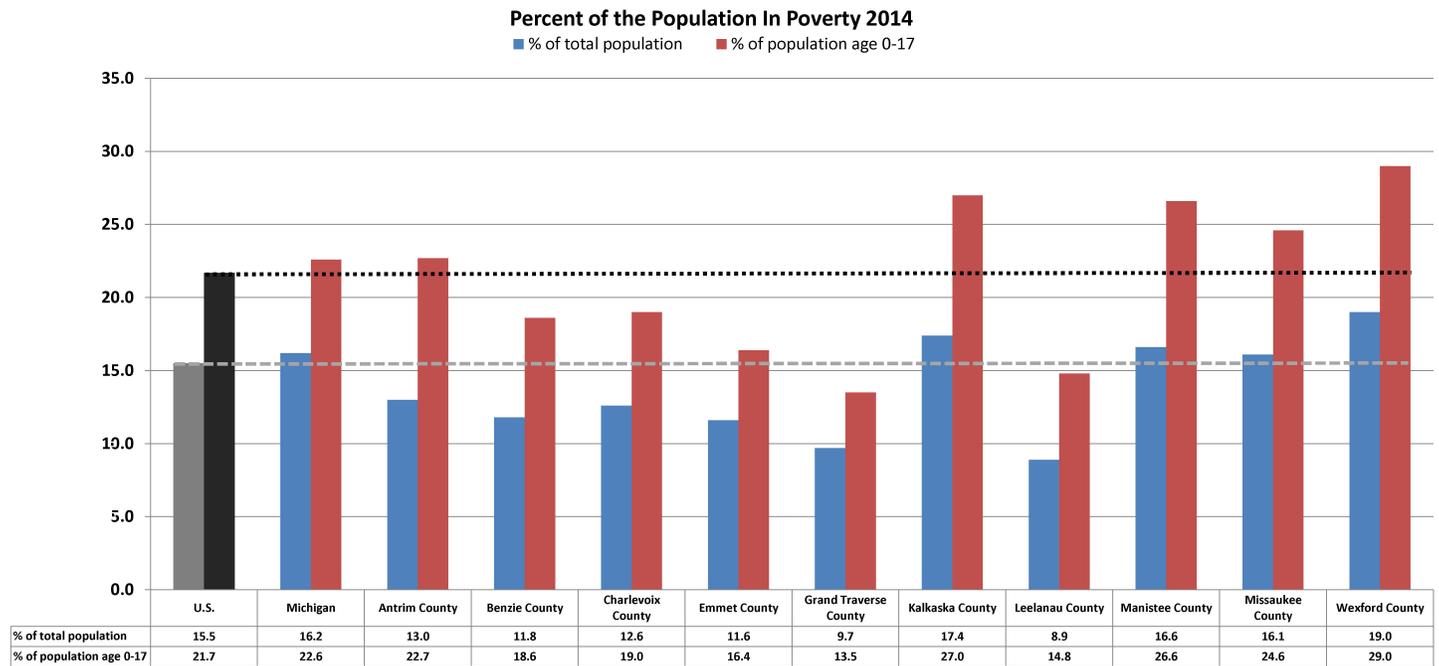
## Attachment B. Additional Data Supporting Need for Affordable Housing in Leelanau County

- U.S. Census Bureau 2014 Small Area Income & Poverty Estimates (SAIPE) data for public school districts. The data for all Michigan public school districts is available at <http://www.nwmcog.org/state.html>.



Source: U.S. Census Bureau, Small Area Income & Population Estimates, <http://www.census.gov/did/www/saie/>  
 Presented by Networks Northwest

- U.S. Census Bureau 2014 data from its Small Area Income & Poverty Estimates (SAIPE) annual time series available at <http://www.nwmcog.org/economic.html> The Census Bureau SAIPE website is at <http://www.census.gov/did/www/saipe/>.



Source: U.S. Census Bureau, Small Area Income & Poverty Estimates  
Release date 12/9/2015



- United Way’s ALEC Report for Leelanau County (Summary on next page):

# ALICE IN LEELANAU COUNTY

**Population:** 21,643 | **Number of Households:** 9,267  
**Median Household Income:** \$53,512 (state average: \$46,859)  
**Unemployment Rate:** 8.6% (state average: 9.1%)  
**Gini Coefficient** (zero = equality; one = inequality): 0.46 (state average: 0.46)

## How many households are struggling?

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

<b>Poverty</b> 909 HH 10%	<b>ALICE</b> 1,665 HH 18%	<b>STRUGGLING</b>	<b>Above ALICE</b> 6,693 HH 72%
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## What are the economic conditions?

The **Economic Viability Dashboard** evaluates community conditions for ALICE in three core areas. Each is an index with a scale of 1 (worst) to 100 (best).

<b>Housing Affordability</b> poor (46)	<b>Job Opportunities</b> fair (62)	<b>Community Support</b> fair (52)
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## What does it cost to afford the basic necessities?

This bare-minimum budget does not allow for any savings, leaving a household vulnerable to unexpected expenses. Affording only a very modest living in each community, this budget is still significantly more than the U.S. poverty rate of \$11,170 for a single adult and \$23,050 for a family of four.

Household Survival Budget, Leelanau County		
	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	\$548	\$665
Child care	\$-	\$1,182
Food	\$196	\$592
Transportation	\$341	\$681
Health care	\$130	\$518
Miscellaneous	\$135	\$394
Taxes	\$135	\$305
Monthly total	\$1,483	\$4,338
<b>ANNUAL TOTAL</b>	<b>\$17,802</b>	<b>\$52,053</b>
Hourly wage	\$8.90	\$26.03

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 3 year estimate.

Leelanau County, 2012		
Town	Total HH	% ALICE & Poverty
Bingham Township	1,087	23%
Centerville Township	498	34%
Cleveland Township	521	38%
Elmwood Charter Township	1,909	21%
Empire Township	540	26%
Glen Arbor Township	391	17%
Kasson Township	693	40%
Leelanau Township	952	20%
Leland Township	820	27%
Solon Township	609	33%
Suttons Bay Township	1,245	39%

NOTE: Municipal-level data may not match county-level data; municipal-level data often relies on 3- and 5-year averages, is not available for the smallest towns that don't report income, and may overlap with Census Designated Places (CDP).