

GRAND TRAVERSE COUNTY 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 **5,715** additional housing units through 2025 in Grand Traverse County. Those new units could be newly-constructed homes or apartments, or they could be the repair and conversion of existing homes or buildings.

HOW MANY MORE RENTAL UNITS DO WE NEED IN GRAND TRAVERSE COUNTY?



4,085

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

2,942
480
582
81

% of Potential Demand

72%
12%
14%
2%

HOW MANY MORE HOMEOWNERSHIP UNITS DO WE NEED IN GRAND TRAVERSE COUNTY?



1,630 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

783
587
198
62

% of Potential Demand

48%
36%
12%
4%

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 Grand Traverse County, 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.

GRAND TRAVERSE COUNTY
HOUSING WAGE

\$17.15

MINIMUM WAGE

\$9.45

AFFORDABLE RENT FOR RENTER
EARNING MEAN WAGE

\$892

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

GRAND TRAVERSE COUNTY NEEDS HOMES FOR OUR FUTURE

The 2019 Northwest Michigan Target Market Analysis included data for selected communities. Communities were selected based on population, available demographic and economic data, and other factors. Some small communities were not studied separately because the study's accuracy was compromised by limited data and small sample sizes. However, demand may fluctuate between communities within a county, and smaller communities may look to county-wide housing demand to inform their potential for new housing units.


HOW MANY MORE RENTAL UNITS DO WE NEED IN GRAND TRAVERSE COUNTY?



Household Incomes	Affordable Rents	# Units				
		Traverse	Kingsley	Chums	Fife Lake	Interlochen
Up to \$26,000	\$650 and less	165	40	13	0	9
\$28,000 - \$40,000	\$700 - \$1000	839	15	5	11	3
\$42,000 - \$60,000	\$1050 - \$1500	133	2	4	2	0
\$64,000+	\$1600 +	23	0	0	0	0
TOTAL RENTAL UNITS NEEDED		1,160	57	22	13	12

1,264 RENTALS NEEDED

HOW MANY MORE HOMEOWNERSHIP UNITS DO WE NEED IN GRAND TRAVERSE COUNTY?



Household Incomes	Affordable Home Values	# Units				
		Traverse City	Kingsley	Chums Corner	Fife Lake	Interlochen
Up to \$60,000	\$150,000 and less	97	1	0	1	7
\$70,000 - \$100,000	\$175,000 - \$250,000	94	14	11	6	5
\$110,000 - \$150,000	\$275,000 - \$375,000	52	7	5	0	0
\$160,000	\$400,000+	17	1	1	0	0
TOTAL OWNER UNITS NEEDED		260	23	17	7	12

319 OWNER UNITS NEEDED

SHORT-TERM RENTALS & HOUSING DEMAND

The target market analysis didn't study the demand for seasonal housing or short-term rentals—only homes that would be occupied year-round. However, it did take into account how seasonal units impact the availability of housing currently on the market, or homes that will be constructed in the future. Use of homes as short-term rentals reduces the supply of homes available for year-round occupancy, contributing to greater demand.

DEMAND IN A CHANGING ECONOMY

The target market analysis was conducted before the pandemic crisis and its economic impacts, which are affecting everything in our lives, including the housing market. However, the 2019 analysis studied *movers*—people who are looking to move into or within the community, including those currently living in unaffordable housing or other homes that don't meet their needs. This demand is likely to remain, especially because Northwest Michigan's housing needs are rooted in a long-standing housing supply shortage, combined with an imbalance between wages and the cost of homes. The economic changes of 2020 are likely to exacerbate that imbalance, while the housing "pipeline" has, for now, stopped—creating a growing backlog of unmet housing demand.

The 2019 Target Market Analysis was conducted by LandUseUSA, on behalf of Housing North and Networks Northwest. Data Sources: American Community Survey; ExperianDecision Analytics.



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