HOUSING KENT COUNTY

A Presentation of the
Grand Rapids and Kent County Housing Needs Assessment
HOUSEKEEPING ITEMS

• Please keep your video off and stay muted until the end of the presentation
  • Please use the chat function to ask questions during the presentation

• At the end, please “raise your hand” to be called upon to ask a question or continue to use the chat function

• I will share these slides, a link to the full report and a recording of this discussion tomorrow
AGENDA

• The Why
• Study Areas
• Population & Job Trends
• Housing Stock
• Recommendations
• Tools
• Next Steps
HOW WE GOT HERE

• In our annual survey of membership, “Regional Housing and Affordability” was ranked 3rd for the most important policy issues for the Chamber to focus on in 2020.

• 41% of respondents placed it in their top three of more than 25 options.

• The issue has become a clear and persistent community and business priority.
Today's Outcomes

• Build awareness
• Share data
• Discuss next steps
PROBLEM STATEMENT

Kent County is a leader in population and job growth. Our success leads to new challenges, including increasing concerns over housing availability and affordability. The data shows that housing supply has not kept pace with our growth, creating significant upward pressure on housing costs. The business community has listed housing supply as a top policy priority.
PROBLEM STATEMENT

Failing to address our long-term housing needs risks:
• stunt our continued growth
• damaging community health and quality of life, particularly for vulnerable and underserved populations
• exacerbating talent issues
COVID-19 IMPACT

- At the time of the end of the study
  - 88% of restaurants laid off workers
  - Hotels below 20% occupancy statewide
  - West MI businesses applied for $71 million of relief
  - The study did catch the beginning drop of employment in March
  - 4.0% of PSA workers worked from home, frequency is higher in the long-term (recommend monitoring this specifically in the near future)

- Researchers note that it is uncertain if all of the planned investments and new jobs generated will materialize but expect at least a notable portion of them.
COVID-19 IMPACT

• GRBJ recently highlighted that metro Grand Rapids had the largest (138.1%) increase in google searches (July 2020)

• “Real-time data from real estate market search activity confirmed that cities were still highly attractive, gaining market share in total search activity from suburbs and more rural areas” (from City Observatory – July 2020).

• From Pew Research (July 29, 2020):
  • Since 2000, US population is increasingly populating the top-52 metros (GR metro is #47)
  • Prior to COVID-19, Urban Core Counties were gaining vitality on key measures, suburbs lag cities in growth in education, income and home values.
  • Long term impact is still unclear, but some experts have asserted the residential outcomes will partly depend on policy decisions.
In addition to the 7 submarkets, the study also segmented data by income, number of persons in a household, age, race, and more. It also included data on commutes, walk score, crime risk, student populations, and much more.
DEMOGRAPHICS

• Population and household growth in Kent County and Grand Rapids has been positive since 2010.
• Grand Rapids and Kent County are both projected for population growth at a similar rate between 2020 and 2025.
• Household growth in both areas is projected at a more rapid rate in both areas.
• This growth is expected to add to the demand for housing in Grand Rapids and Kent County
THE BIG PICTURE NEED

- Increases in owner-occupied and renter-occupied households are projects among all household sizes in all study areas.
  - This demand is expected to lead to increased demand for both smaller and larger unit types (number of bedrooms).

- To keep up with demand:
  - Grand Rapids needs 5,340 rental units and 3,458 for-sale units.
  - The balance of the County needs 3,581 rental units and 9,760 for-sale units.
  - County-wide we need 8,921 rental units and 13,218 for-sale units.

- This means we must target **22,139 new housing units** (this factors in currently planned projects).
  - 63,000 (27%) of households are cost-overburdened with more than 30% of household income dedicated to housing costs.
Population & Household Growth

**GRAND RAPIDS (PSA)**
- **2010 – 2020**
  - Population - 16,015 (8.6%)
  - Households - 6,318 (8.8%)
- **2020 – 2025**
  - Population - 8,888 (4.4%)
  - Households - 3,494 (4.5%)

**KENT COUNTY (SSA)**
- **2010 – 2020**
  - Population - 37,877 (10.0%)
  - Households - 14,768 (9.5%)
- **2020 – 2025**
  - Population - 20,610 (4.5%)
  - Households - 7,554 (4.4%)
NOTABLE TRENDS

• Demand points
  • Bell curve of need
  • Pent up demand for low-income rental units

• Disproportionate impacts

• Growth by income

• Aging population and senior-oriented housing

• Sub-standard and cost-burdened households

• General lack of inventory
## Rental Housing Gap Estimates (2020-2025)

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>Low</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>$0</td>
<td>$24,001</td>
<td>$40,000</td>
<td>$64,001</td>
<td>$96,001+</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>$24,000</td>
<td>$40,000</td>
<td>$64,000</td>
<td>$96,000</td>
<td>Unlimited</td>
<td></td>
</tr>
<tr>
<td>Affordability Level</td>
<td>0-30%</td>
<td>31%-50%</td>
<td>51%-80%</td>
<td>81%-120%</td>
<td>121%+</td>
<td></td>
</tr>
<tr>
<td>Low (Rent)</td>
<td>$0</td>
<td>$601</td>
<td>$1,001</td>
<td>$1,601</td>
<td>$2,401</td>
<td></td>
</tr>
<tr>
<td>High (Rent)</td>
<td>$600</td>
<td>$1,000</td>
<td>$1,600</td>
<td>$2,400</td>
<td>Unlimited</td>
<td></td>
</tr>
</tbody>
</table>

## For-Sale Housing Gap Estimates (2020-2025)

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>Low</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>$0</td>
<td>$24,001</td>
<td>$40,000</td>
<td>$64,001</td>
<td>$96,001+</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>$24,000</td>
<td>$40,000</td>
<td>$64,000</td>
<td>$96,000</td>
<td>Unlimited</td>
<td></td>
</tr>
<tr>
<td>Affordability Level</td>
<td>0-30%</td>
<td>31%-50%</td>
<td>51%-80%</td>
<td>81%-120%</td>
<td>121%+</td>
<td></td>
</tr>
<tr>
<td>Low (Price)</td>
<td>$0</td>
<td>$90,001</td>
<td>$150,000</td>
<td>$240,001</td>
<td>$360,001</td>
<td></td>
</tr>
<tr>
<td>High (Price)</td>
<td>$90,000</td>
<td>$150,000</td>
<td>$240,000</td>
<td>$360,000</td>
<td>Unlimited</td>
<td></td>
</tr>
</tbody>
</table>

### 1. Household Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>New Households</th>
<th>Replacement Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-1,391</td>
<td>79</td>
</tr>
<tr>
<td>2025</td>
<td>-346</td>
<td>119</td>
</tr>
</tbody>
</table>

### 2. Units Needed for Balanced Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Required Vacancy</th>
<th>Actual Vacancy %</th>
<th>Actual Vacancy #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>639</td>
<td>0.7%</td>
<td>89</td>
</tr>
<tr>
<td>2025</td>
<td>563</td>
<td>1.5%</td>
<td>107</td>
</tr>
</tbody>
</table>

### 3. Replacement Housing

<table>
<thead>
<tr>
<th>Year</th>
<th>Replacement Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>971</td>
</tr>
<tr>
<td>2025</td>
<td>971</td>
</tr>
</tbody>
</table>

### 4. External Market Support from Commuters

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Potential Support</th>
<th>Step Down Gain</th>
<th>Step Down Loss</th>
<th>Net Step-Down Support</th>
<th>Less Units in Pipeline</th>
<th>Overall Units Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>704</td>
<td>406</td>
<td>0</td>
<td>406</td>
<td>79</td>
<td>1,031</td>
</tr>
<tr>
<td>2025</td>
<td>813</td>
<td>607</td>
<td>0</td>
<td>607</td>
<td>119</td>
<td>985</td>
</tr>
</tbody>
</table>

### 5. Development Pipeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Less Units in Pipeline</th>
<th>Overall Units Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>79</td>
<td>1,031</td>
</tr>
<tr>
<td>2025</td>
<td>119</td>
<td>985</td>
</tr>
</tbody>
</table>

---

*Based on Bowen National Research’s survey of area rentals

**Based on ESRI/ACS estimates for units lacking complete indoor plumbing or overcrowded households

***Based on Bowen National Research proprietary research and ACS migration patterns

HII – Households; T-Tenure; IIH-IIH-Iacquiescent Households

Notes:
- Rental housing gap estimates are based on Bowen National Research’s survey of area rentals.
- For-sale housing gap estimates are based on ESRI/ACS estimates for units lacking complete indoor plumbing or overcrowded households.
- Development pipeline estimates are based on Bowen National Research’s proprietary research and ACS migration patterns.
### Secondary Study Area, Michigan

#### Rental Housing Gap Estimates (2020-2025)

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0</td>
<td>$24,001</td>
<td>$40,001</td>
<td>$64,001</td>
<td>$96,001+</td>
</tr>
<tr>
<td>High</td>
<td>$24,000</td>
<td>$40,000</td>
<td>$64,000</td>
<td>$96,000</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

**Affordability Level**

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0</td>
<td>$601</td>
<td>$1,001</td>
<td>$1,601</td>
<td>$2,401</td>
</tr>
<tr>
<td>High</td>
<td>$600</td>
<td>$1,000</td>
<td>$1,600</td>
<td>$2,400</td>
<td>$3,200</td>
</tr>
</tbody>
</table>

#### Household Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>New Households</th>
<th>Required Vacancy</th>
<th>Actual Vacancy %</th>
<th>Actual Vacancy</th>
<th>Units Needed</th>
<th>Substandard %**</th>
<th>Replacement Housing</th>
<th>External Market Support from Commuters</th>
<th>Gross Potential Support</th>
<th>Step Down Support</th>
<th>Development Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-1,551</td>
<td>522</td>
<td>0.0%</td>
<td>0.0%</td>
<td>522</td>
<td>8.8%</td>
<td>191</td>
<td>106</td>
<td>-4</td>
<td>270</td>
<td>270</td>
</tr>
<tr>
<td>2025</td>
<td>-746</td>
<td>453</td>
<td></td>
<td></td>
<td>512</td>
<td>6.6%</td>
<td>149</td>
<td>85</td>
<td>540</td>
<td>728</td>
<td>728</td>
</tr>
</tbody>
</table>

**Step Down Support**

- **Less Units in Pipeline**: 266
- **Overall Units Needed**: 938

**Development Pipeline**

- **Less Units in Pipeline**: 270
- **Overall Units Needed**: 452

### For-Sale Housing Gap Estimates (2020-2025)

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0</td>
<td>$24,001</td>
<td>$40,001</td>
<td>$64,001</td>
<td>$96,001+</td>
</tr>
<tr>
<td>High</td>
<td>$24,000</td>
<td>$40,000</td>
<td>$64,000</td>
<td>$96,000</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

**Affordability Level**

<table>
<thead>
<tr>
<th>Income Level (AMHI)</th>
<th>0-30%</th>
<th>31%-50%</th>
<th>51%-80%</th>
<th>81%-120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0</td>
<td>$90,001</td>
<td>$150,001</td>
<td>$240,000</td>
<td>$360,001</td>
</tr>
<tr>
<td>High</td>
<td>$90,000</td>
<td>$150,000</td>
<td>$240,000</td>
<td>$360,000</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

#### Household Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>New Households</th>
<th>Required Vacancy</th>
<th>Actual Vacancy %</th>
<th>Actual Vacancy</th>
<th>Units Needed</th>
<th>Substandard %**</th>
<th>Replacement Housing</th>
<th>External Market Support from Commuters</th>
<th>Gross Potential Support</th>
<th>Step Down Support</th>
<th>Development Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-955</td>
<td>414</td>
<td>2.0%</td>
<td>0.0%</td>
<td>414</td>
<td>2.0%</td>
<td>174</td>
<td>47</td>
<td>-320</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>2025</td>
<td>-963</td>
<td>364</td>
<td>1.5%</td>
<td>1.0%</td>
<td>364</td>
<td>1.5%</td>
<td>189</td>
<td>54</td>
<td>-288</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Step Down Support**

- **Less Units in Pipeline**: 0
- **Overall Units Needed**: 1,793

**Development Pipeline**

- **Less Units in Pipeline**: 0
- **Overall Units Needed**: 5,870

---

*Based on Bowen National Research’s survey of area rentals*

**Based on ESRI/ACS estimates for units lacking complete indoor plumbing or overcrowded households**

^Based on Bowen National Research proprietary research and ACS migration patterns

- HH - Households, T-Tenure, IHH-Income-Appropriate Households

---

*Based on Bowen National Research of identified available for-sale housing supply*

**Based on share of units lacking complete indoor plumbing and/or are overcrowded**

*Based on Bowen National Research proprietary research and ACS migration patterns

- HH - Households, T-Tenure, IHH-Income-Appropriate Households
Disproportionate Impacts

- We know that housing pressures will have the most immediate and concerning impact on vulnerable populations:
  - Individuals experiencing poverty, with lower incomes and educational attainment and minority populations
- Structural racism in housing policies have had some of the most obvious and lasting impacts across in West Michigan and across the United States
- We have opportunity to address and improve the housing gap
  - Grand Rapids-Wyoming Metropolitan Statistical Area has a white homeownership rate of 77.0% and a Black homeownership rate of 37.4% (gap is 39.6%).
GROWTH BY INCOME

• Household growth in Grand Rapids is projected to occur among those earning more than $60K/year

• Grand Rapids renter households earning more than $60K+/year expected to increase by 2,865 (31.6%). $100K+/year increasing by 1,915 (61.3%).

• Similar renter growth in the rest of Kent County, but with nearly 10,000 new households with income greater than $100k+/year.
  • The rest of Kent County will have significant need for additional for-sale homes

• These numbers reflect:
  • Income growth
  • Individuals moving in with a significant other
  • Households being forced out of the market
  • Households merging to save money
GROWTH BY INCOME

Change in Renter Households by Income (2020-2025)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>PSA</th>
<th>SSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$20,000</td>
<td>-1,288</td>
<td>-1,315</td>
</tr>
<tr>
<td>$20k-$29,999</td>
<td>-591</td>
<td>-253</td>
</tr>
<tr>
<td>$30k-$39,999</td>
<td>-391</td>
<td>-196</td>
</tr>
<tr>
<td>$40k-$49,999</td>
<td>-117</td>
<td>-175</td>
</tr>
<tr>
<td>$50k-$59,999</td>
<td>395</td>
<td>485</td>
</tr>
<tr>
<td>$60k-$99,999</td>
<td>950</td>
<td>1,426</td>
</tr>
<tr>
<td>$100,000+</td>
<td>1,195</td>
<td>1,915</td>
</tr>
</tbody>
</table>

GRAND RAPIDS CHAMBER
GROWTH BY INCOME

Change in Owner Households by Income (2020-2025)

- <$20,000: PSA -707, SSA 25
- $20k-$29,999: PSA -184, SSA -620
- $30k-$39,999: PSA -66, SSA -591
- $40k-$49,999: PSA -664, SSA 145
- $50k-$59,999: PSA -83, SSA -425
- $60k-$99,999: PSA -51, SSA 999
- $100,000+: PSA 1,254, SSA 9,978

GRAND RAPIDS CHAMBER
A NEED FOR SENIOR-ORIENTED HOUSING

- An increase in senior households is projected in all submarkets will create significant demand for senior-oriented housing.
  - Expected increase of 1.375 households (14.8%) increase in PSA (for 65-74-year-old) 1,158 (13.8%) over age of 74
  - Expected increase of more than 8,000 households in the SSA over age of 65
63,000 Cost-Burdened Households

- More than half of GR renters are cost-burdened. More than 40% of the renters across the rest of the County. For homeowners, just under 1 in 5 households are cost-burdened in Kent County.
- Despite inventory of affordable rentals and housing assistance, many residents are still cost burdened.
- There is limited available inventory among multifamily rentals and pent-up demand for housing serving very-low and low-income renter households.

<table>
<thead>
<tr>
<th></th>
<th>Grand Rapids</th>
<th></th>
<th>Remainder of KC</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Owner</td>
<td>7,914</td>
<td>19.70%</td>
<td>21,575</td>
<td>17.50%</td>
</tr>
<tr>
<td>Renter</td>
<td>17,052</td>
<td>51.50%</td>
<td>16,758</td>
<td>41.30%</td>
</tr>
</tbody>
</table>
SUBSTANDARD & OVERCROWDED HOUSING

Substandard Housing (2013-2017)

- Lack Plumbing/Kitchen:
  - PSA: 1,586
  - SSA: 1,184

- Overcrowded:
  - PSA: 1,828
  - SSA: 2,966
LACK OF HOUSING INVENTORY PERSISTS

• There is limited of for-sale housing alternatives for purchase in the county, and much of this is not affordable to a large number of low-income households.

• **Available/vacancy rate of .9% in GR and 1.0% in the rest of Kent County**

• In healthy, well-balanced markets, approximately 2 to 3% of for-sale housing stock should be available to allow for inner-market mobility and enable the markets to attract households.

---

<table>
<thead>
<tr>
<th>List Price</th>
<th>PSA (Grand Rapids)</th>
<th>SSA (Areas of Kent County Outside of Grand Rapids)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number Available</td>
<td>Percent of Supply</td>
</tr>
<tr>
<td>Up to $99,999</td>
<td>30</td>
<td>8.4%</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>115</td>
<td>32.0%</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>105</td>
<td>29.2%</td>
</tr>
<tr>
<td>$200,000 to $249,999</td>
<td>74</td>
<td>20.6%</td>
</tr>
<tr>
<td>$250,000 to $299,999</td>
<td>13</td>
<td>3.6%</td>
</tr>
<tr>
<td>$300,000+</td>
<td>22</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total</td>
<td>359</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
STUDY RECOMMENDATIONS

• Set realistic/obtainable short-term housing goals, outline long-term objectives and monitor progress.
  • 2-3 year housing development goals with long-term (5+ year) objectives to support housing.
• Develop regional-level housing plans with input from local communities
• Develop strategies to attract people that currently commute into Kent County to live in Kent County.
• Support efforts to develop residential units along or near public transportation corridors and/or within walkable communities.
• Consider implementing/modifying policies to encourage or support the development of new residential units.
STUDY RECOMMENDATIONS

• Explore programs, funding sources and initiatives that support the development and preservation of housing, particularly affordable housing.
• Support efforts to enable area seniors to transition into housing to meet their changing needs.
• Preservation and renovation of existing housing should be an area of focus.
• Identify and market Kent County to potential residential developers
• Explore and encourage development partnerships.
• Develop next-steps plans.
PRINCIPLES FROM DISCUSSIONS

• Increasing housing supply and affordability is essential for long-term market health and supporting continued economic and population growth.

• Market rate housing has a positive short-term and long-term impact on availability of affordable units.

• Increasing opportunity for homeownership, retention and investment will help build generational wealth and benefit traditionally underserved populations and areas.

• We need to explore the elements of costs and do everything possible to make reductions to have a positive impact on affordability. We should leverage every tool in the toolkit and focus of the “long-game” as our region grows as part of planning and placemaking strategies.
Create an environment to support a healthy, sustainable housing market in West Michigan

Emphasis on “work-force” housing to meet the demand at 80% to 120% of area median income

Improve equitable outcomes and increase opportunities for home ownership to create generational wealth and improve quality of life for vulnerable populations.

Encourage investment in current housing stock and preservation of naturally occurring affordable housing.
THE MISSING MIDDLE

Who is focusing here?

Non-profit developers
LIHTC, etc...

Market ability

Traditional market rate development

Demand

0-30%
Area Median Income
120%+

*This is the presenter's oversimplification
OUR WORK AHEAD

• Work to address the cost-drivers of construction to help create affordability “by design”
  • Land cost
  • Labor cost – *wages increased 7% from 2010 - 2016
  • Materials cost – *increased 30% over last 5 years
  • Infrastructure
  • Financing
  • Restrictive regulation & zoning

• Work with local governments and stakeholders to identify tools that can help promote regional housing supply, affordability, construction, home-ownership and reinvestment

• Engage with and leverage other studies/workgroups such as “Division United,” the Rapid’s COA, DGRI’s urban walk-up study and the Housing Stability Alliance.
**THREE BUCKETS**

**Current Tools**
- Zoning & Land Use
- Transit-oriented Development
- Cores & Corridors
- Opportunity Zones

**Expanded Tools**
- Neighborhood Enterprise Zones
- PILOT Agreements
- Residential Facilities Exemptions

**New Tools**
- Residential Rehab & Workforce Housing Incentives
- Employer Housing Tax Credit
- Housing Trust Fund
- Community Land Trusts
**Next Steps**

- Discuss and get feedback on current and potential tools with area municipalities, builders and other stakeholders
- Work with the Michigan Legislature to expand and create appropriate tools
- Facilitate ongoing conversations with local governments and area stakeholders on planning for the immediate and long-term future
- Get out in front of this challenge and work with partners to improve outcomes for all
QUESTIONS?

Joshua Lunger
Senior Director of Government Affairs
616.771.0336
josh@grandrapids.org

Find the study and these slides at www.grandrapids.org/housing