

# HOUSING

## 2020 MARKET STUDY AND STRATEGY



CITY OF  
**BIG RAPIDS**  
MICHIGAN

**SMITHGROUP**  
LandUseUSA

# BACKGROUND

## WHO IN BIG RAPIDS PLAYS A ROLE IN HOUSING?

- The City's role in housing is to have policies in place that lead to quality housing and strong neighborhoods.
- The City does not actually build housing.
- Tools like the Master Plan and the Zoning Ordinance set policy, with the intent to balance interests and set regulations/expectations
- The Big Rapids Housing Commission runs a variety of programs with the goal of providing quality, affordable housing in the Big Rapids Community.
- In addition to providing low-income family housing and housing for seniors and people with disabilities, they can act as a housing developer.
- Private developers and construction contractors build housing.
- Rental housing is owned and managed by private companies. The City has a program to ensure all rental housing is inspected for safety features.
- Ferris State University also has housing options for students including residence halls, suites, and apartments.



# CURRENT HOUSING STATISTICS FOR BIG RAPIDS

IN 2019, THE CITY OF BIG RAPIDS HAD 3,657 TOTAL HOUSING UNITS.

- Of the 3,657 housing units, how many units are in each structure?
  - 42% houses or 1-unit
  - 9% duplexes or 2-units
  - 12% 3 or 4 units
  - 10% 5 to 9 units
  - 12% 10 to 19 units
  - 10% 20 or more units
  - 5% Mobile homes.
- Owner-occupied housing units made up 37% of all units in 2019.
- Renter-occupied housing units accounted for 63% of all housing in Big Rapids.
- What was the monthly rental cost of units in Big Rapids in 2019?
  - 32% of renters paid less than \$500.
  - 39% of renters paid between \$500-\$999.
  - 23% of renters paid between \$1,000-\$1,400.
  - 6% of renters paid over \$1,500.

# MARKET STUDY + FUTURE ZONING AMENDMENTS

- In Big Rapids, we hear many anecdotal stories about the need for more housing and for different types of housing, both for families and for students.
- The Market Study Report provides real data about the supply and demand of housing in our city.
- This information will be used to inform policy changes and amendments to local zoning with the goal of ensuring that Big Rapids allows the types of housing to meet the needs and price ranges of everyone who wants to live in our community.



# HOUSING BASICS

# WHAT MAKES A HEALTHY NEIGHBORHOOD?

- Safe Streets
- Easy Access
- Gathering Places
- City Services
- Special Character
- Housing Choices

The places where we live shape our lives and our health. Our communities and neighborhoods affect our health in important ways. When people's homes are near parks and bike paths, exercise is easier. When people live near grocery stores where good food is available, it's easier to eat healthy. Things within our homes, like lead, mold, and other toxins, can make us sick. And when housing is really expensive, it makes it hard to afford to go to the doctor, join sports leagues, or eat well, which harms our health.



# DOES BIG RAPIDS HAVE THE TYPES OF HOUSING IT NEEDS TO MEET THE DEMAND?

- Are quality development sites available?
- Is infrastructure in place to accommodate new housing development?
- Can new units be developed with a price point or rents that residents can afford?

- A **more diverse** range of **housing types** is be needed to accommodate existing residents moving forward, especially empty-nesters and young professionals
- Increased options for existing residents looking to downsize will free up existing single-family homes for **new buyers and renters**
- **More multi-family housing** will free up single-family homes for those seeking to own or rent
- **New “Missing Middle” housing development** will help support businesses in downtown and enhance the community’s character
- New housing development may be needed to help companies in the region **attract workers** to **new jobs** being created

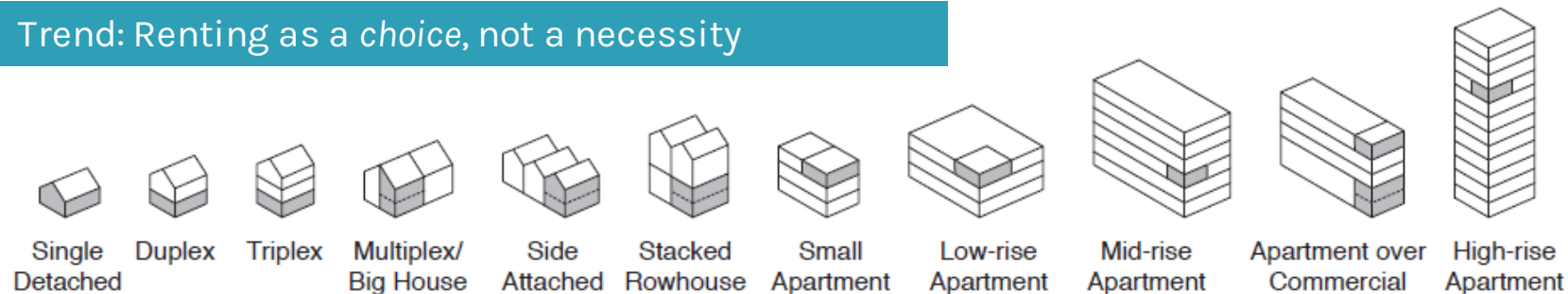


# HOUSING FOR CHANGING DEMOGRAPHICS

## AGING-IN-PLACE, MILLENNIALS, SINGLES OF ALL AGES

- Plan for housing types to support a variety of age groups and family types
- As residents age, can their family home still meet their physical needs?
- Can young adults who grew up in Big Rapids afford to live here?
- Can the community provide lifelong living options?

Trend: Renting as a *choice*, not a necessity



Can attached housing types be integrated into neighborhoods?





# NEIGHBORHOOD CHARACTER

WHAT DEFINES CHARACTER? HOW DO WE PRESERVE THAT CHARACTER WHILE INTEGRATING MORE HOUSING TYPES?

- Sidewalks
- Street trees
- Public gathering places (i.e. parks, plazas, sidewalks, and shops)
- Home orientation and designs that encourage interaction
  - Porches
  - Reduced emphasis on garage (rear or side loaded)
- Accessory dwellings (efficiencies, studios, suites)

Trend: Smaller lot homes and “traditional neighborhood design”



# WHAT IS ATTAINABLE OR WORKFORCE HOUSING?

AND WHO IS ALICE?

# MEET ALICE

I'D LIKE SOME ATTAINABLE WORKFORCE HOUSING PLEASE!

## Asset Limited Income Constrained Employed

Multifamily rental housing has long been an important part of the constellation of housing choices for families and individuals. It plays an increasingly important role in “workforce housing,” providing homes for our nation’s teachers, firefighters, police officers, health care workers, and public employees. These vital workers contribute to the community, but their incomes are often less than what is required to support a comfortable, middle-class life.

- ALICE is your childcare worker, the cashier at your supermarket, the gas attendant, the salesperson at your big box store, your waitress, a home health aide, an office clerk. ALICE cannot always pay the bills, has little or nothing in savings, and is forced to make tough choices such as deciding between quality childcare or paying the rent. One unexpected car repair or medical bill can push these financially strapped families over the edge.
- The future success of our communities is directly tied to the financial stability of these fragile ALICE households.

Check out the United Way for more: <https://www.uwmich.org/alice>



# WHY IS THIS IMPORTANT NOW?

- Quality rental units are scarce and breathtakingly expensive, yet wages are stuck in place.
- In recent years, tight standards for mortgage loans and high home prices have made it impossible for many people to buy homes, causing more people to become renters.
- Large numbers of renters and a scarce supply of rental housing have driven up rents. Rent has increased but wages for low- and middle-income households have not, forcing more families to spend large portions of their incomes on housing and leaving less money for other needs, like nutritious food, good health care, and quality childcare.

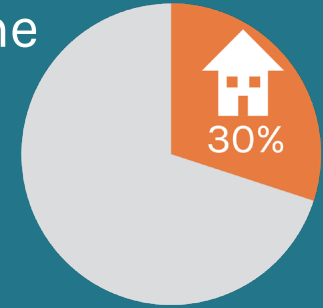
# WHAT IS ATTAINABLE WORKFORCE HOUSING?

- Workforce housing is housing that people can pay for *while still* having money left over for
  - Food
  - Transportation
  - Health Care
- Having workforce housing helps to recruit employees to Big Rapids (firemen, teachers, industry workers, young professionals)



## AFFORDABILITY FACTS

- ✓ Affordability is determined by whether housing rent consumes no more than 30% of a household's income

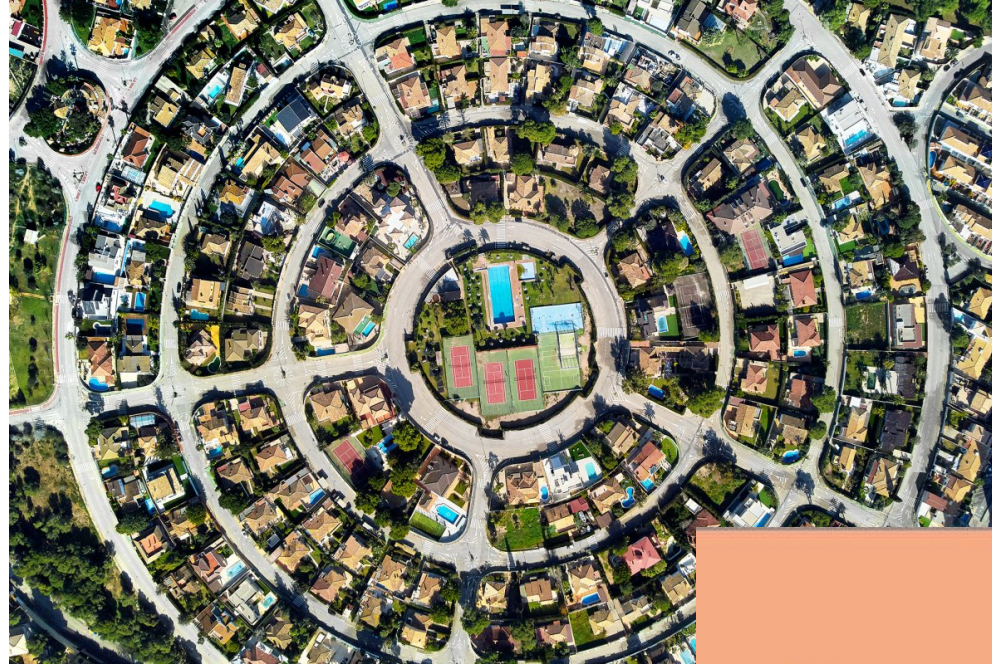


- ✓ Nationally, 1 in 7 households pay half or more of their income on housing

*\*Housing costs = rent + utilities or mortgage + taxes + utilities.*

# WHO NEEDS ATTAINABLE HOUSING?

- Everyone!
  - Most importantly:
    - Seniors
    - Young professionals
    - People with disabilities
    - The formerly homeless
    - Families
- Constraints on housing supply impacts:
  - Middle income
  - Moderate income
  - Low income





# WHY IS HOUSING UNAFFORDABLE?

## MICHIGAN'S AFFORDABILITY CRISIS

### State Facts

Minimum Wage	\$9.65
Rent affordable at Minimum Wage	\$502
Average Renter Wage	\$15.38
2-Bedroom Housing Wage	\$17.42
Number of Renter Households	1,132,395
Percent Renters	29%



Working at minimum wage

**\$9.65**/hr



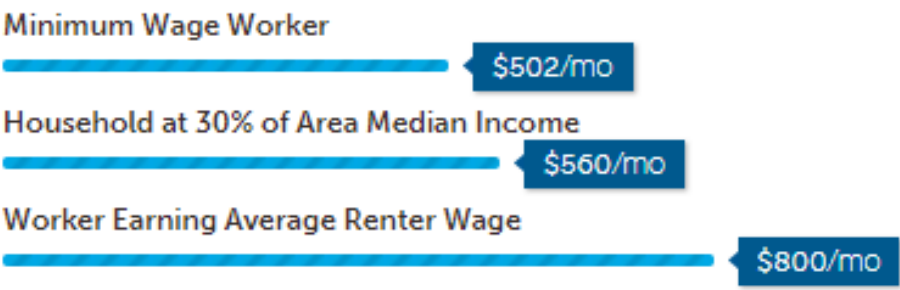
Each week you have to work

**57 HOURS!**



To afford a modest 1 bedroom rental home at Fair Market Rent

### Affordable Rent for Low Income Households



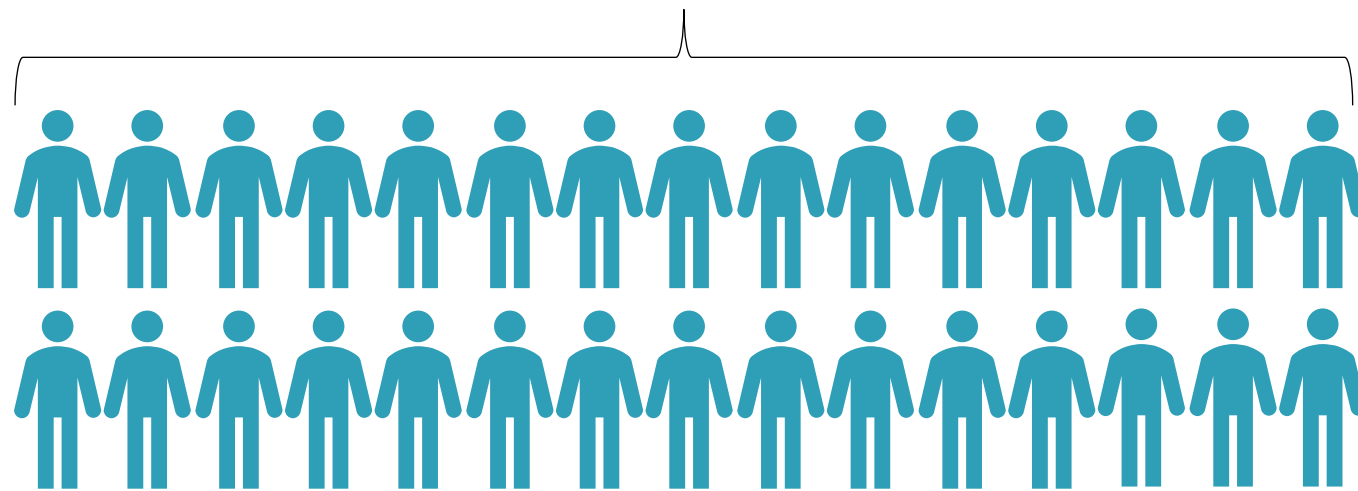
### Fair Market Rent



Source: <https://reports.nlihc.org/oor/michigan>

# WHY DO WE NEED MORE HOUSING?

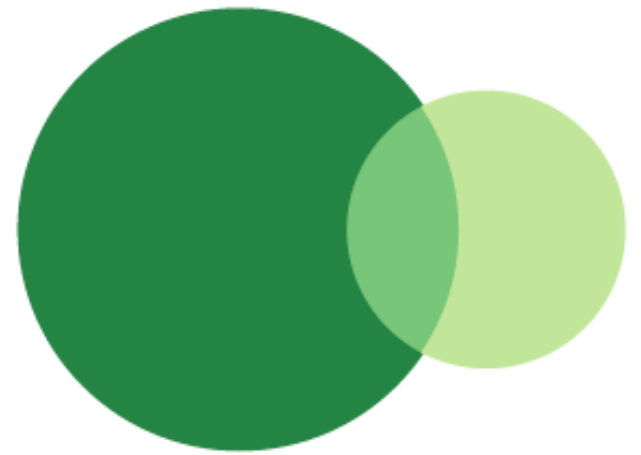
For every 4 people who live  
and work in Big Rapids



30 people live elsewhere and commute  
to the city to work.

# COMMUTE DATA

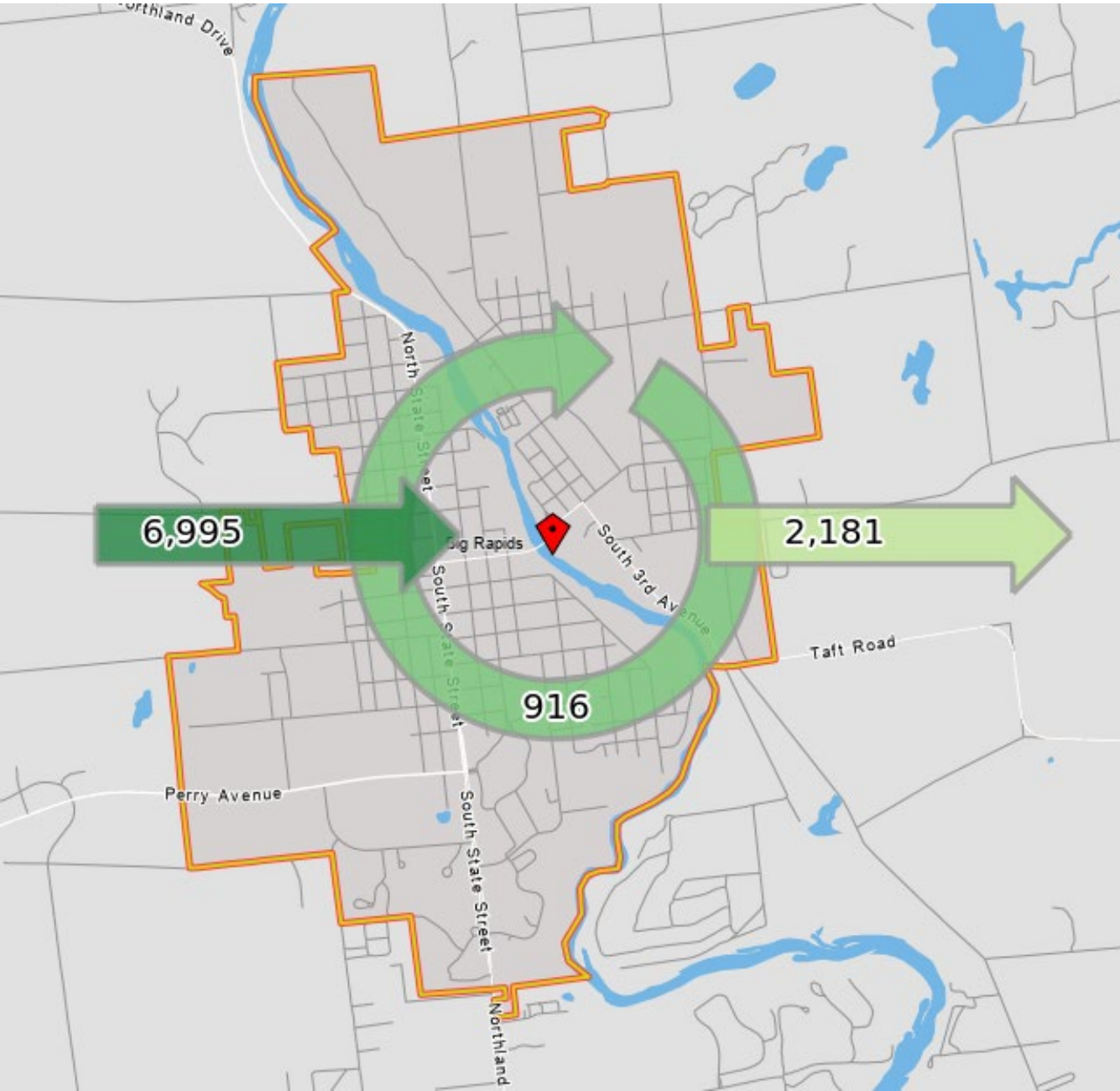
Inflow/Outflow Job Counts in 2018



- 6,995 - Employed in Selection Area, Live Outside
- 2,181 - Live in Selection Area, Employed Outside
- 916 - Employed and Live in Selection Area

**Note:** Overlay arrows do not indicate directionality of worker flow between home and employment locations.

- Employed and Live in Selection Area
- Employed in Selection Area, Live Outside
- Live in Selection Area, Employed Outside
- Analysis Selection








Source: ESRI  
Community  
Analysis



# AFFORDABILITY BY HOUSEHOLD SIZE

MECOSTA COUNTY'S AREA MEDIAN INCOME IS \$59,022

HOUSEHOLD SIZE	1 	2 	3 	4 	5 
60% AREA MEDIAN INCOME	\$24,807	\$28,331	\$31,889	\$35,413	\$38,274
AFFORDABLE MONTHLY HOUSING COSTS	\$620	\$708	\$797	\$885	\$957

HUD places the Area Median Income into the 100% AMI 4-person household slot, and all other incomes are a formula based off that number.

Source: 2019: ACS 5-Year Estimates Data Profiles

# WHO IS IMPACTED BY HOUSING UNAFFORDABILITY?

## Average Apartment Costs (Mecosta County)



\$612/month



\$713/month

**\$24,480**   **\$28,520**

\$612/Month

\$713/Month

This is the **minimum annual salary**  
required to afford rent in Mecosta County



Some **essential workers** just barely make enough money to afford average rents in Mecosta County:



Maintenance Worker      \$29,810



Food Prep/Servers      \$25,640



Firefighters      \$32,320



Retail Salesperson      \$27,920



Security Guard      \$27,970



Preschool teacher      \$39,190

Source: 2019: ACS 5-Year Estimates Data Profiles; Bureau of Labor Statistics

# HOW IS ATTAINABLE WORKFORCE HOUSING CREATED?

## New Construction:

- Market workforce housing
  - Created without any direct government subsidy
- Dedicated workforce housing
  - Created by developers using external incentives and funding

## Existing Housing:

- Based on:
  - Location
  - Type
  - Quality (age)





# WHY DOESN'T THE HOUSING MARKET PRODUCE THE HOUSING WE NEED?

- Rents are rising faster than incomes
- Housing market does NOT obey the laws of supply and demand
  - Housing demand requires more than just an increase in housing units
  - Requires land, construction financing, construction approvals to build new housing
  - Density restrictions (building development standards like size, height)



# WHAT CAN WE DO TO FIX IT?

- Municipal side:
  - Incentives to encourage production of additional units
  - Zoning changes to permit more housing types
  - Targeted investments
  - Simplify development approval process
  - Allow greater density in downtowns
  - Provide housing subsidies for Dedicated Workforce Housing

