

Housing Next was hired in late 2019 to support Strategic Plan Objectives for Economic Prosperity & Affordability

- EQUITABLE DEVELOPMENT STRATEGIES
- ZONING REVIEW
- PUBLIC PROPERTY INVENTORY
- DEVELOPMENT INCENTIVE REVIEW
- DEFINE KEY OBJECTIVES FOR THE AFFORDABLE HOUSING FUND
- HOUSING NEEDS ASSESSMENT



Identifying Housing Needs & Opportunities

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Great Housing Strategies

- ▶ Informed by the 2015 Zimmerman Volk Analysis and countless hours of community input and staff time, the work of Great Housing Strategies significantly informs the recommendations in this phase of work.

Housing Now!

- ▶ A series of targeted interventions have provided both market feedback and community feedback to further inform the process ahead.

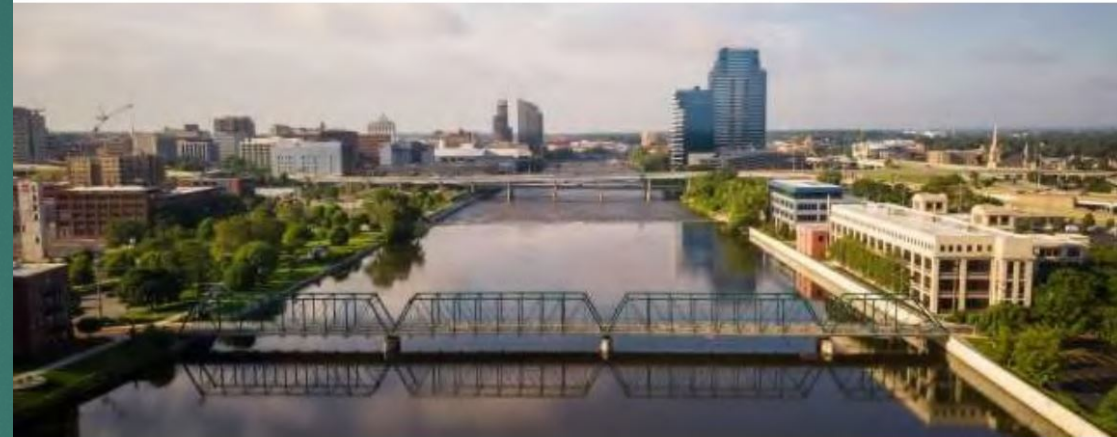
Collaborative Engagement

- City of Grand Rapids
- Grand Rapids Area Chamber of Commerce
- Frey Foundation
- K-Connect
- Housing Next

Grand Rapids/Kent County, Michigan Housing Needs Assessment

Prepared For:

Grand Rapids Area Chamber of Commerce
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Job Reference Number

19-555

What are the problems we are working to dissolve?

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01

Inadequate housing supply for a growing population

02

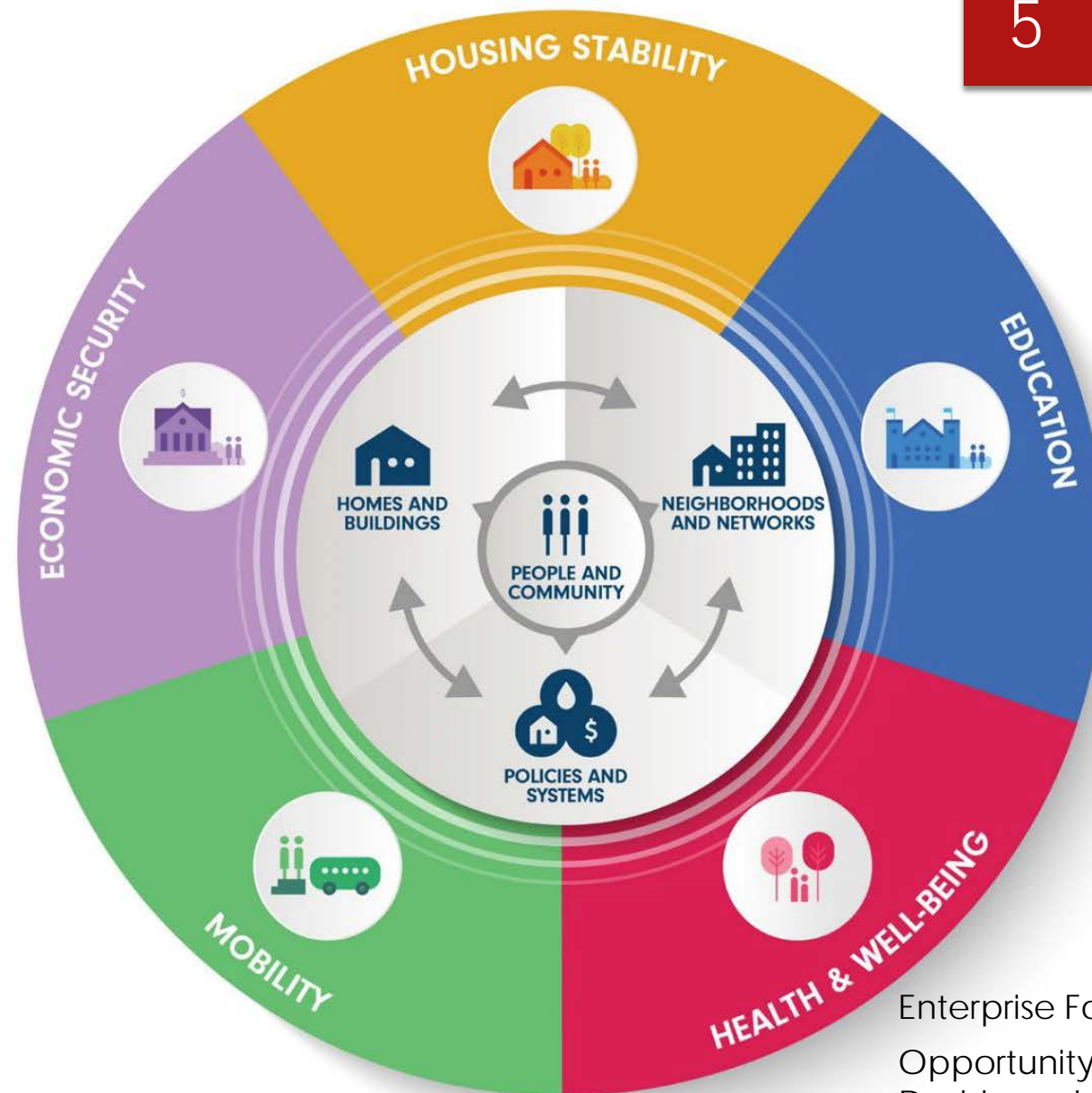
Disparities in access to housing and homeownership

03

Dramatic price increases at the neighborhood level

Barriers to housing stability are rooted in deeper systems.

- ▶ Wages
- ▶ Education
- ▶ Mental and Physical Health Care
- ▶ Systemic Racism
- ▶ Mobility Choice
- ▶ Safe & Clean Environment



Enterprise Foundation
Opportunity 360
Dashboard System

The City of GR will need *at least* **5,340** more **rental units** by 2025 to satisfy demand. 60% of total county-wide rental needs.

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GRAND RAPIDS RENTAL HOUSING NEEDS (2020 – 2025)

Income
Category

0-30% AMI

30-50% AMI

50-80% AMI

80-120% AMI

120%
AMI+

Overall Units
Needed

1,031

895

966

1,469

979

The City of GR will need **3,548** more **owner-occupied units** by 2025 to satisfy demand. 26% of total county-wide for-sale needs.

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Grand Rapids <u>For-Sale</u> Demand Estimates (2020 – 2025)					
Income Category	0-30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	120% AMI+
Overall Units Needed	254	346	949	1,569	430

Projected Demographic Shifts

(City of GR through 2025)

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	0-30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	120% AMI+
2020	12,778	7,995	7,136	4,756	3,719
2025	11,387	7,649	7,509	5,507	5,729
Projected Household Growth	-1,391	-346	373	751	2,010
% Change by 2025	-11%	-4%	5%	16%	54%

The remainder of Kent Co will need ***at least 3,581*** more **rental units** by 2025 to satisfy demand.

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Kent Couty (Less City of GR), <u>Rental</u> Housing Needs (2020-2025)					
Income Category	0-30% AMI	31%-50% AMI	51%-80% AMI	81%-120% AMI	121%+ AMI
Overall Units Needed	266	938	924	1,001	452

The remainder of Kent Co will need **9,760** more **owner-occupied** units by 2025 to meet demand.

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Kent Co (Less City of GR) <u>For-Sale</u> Housing Needs (2020 – 2025)					
Income Category	0-30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	120% AMI+
Overall Units Needed	0	1,793	1,608	3,870	2,489

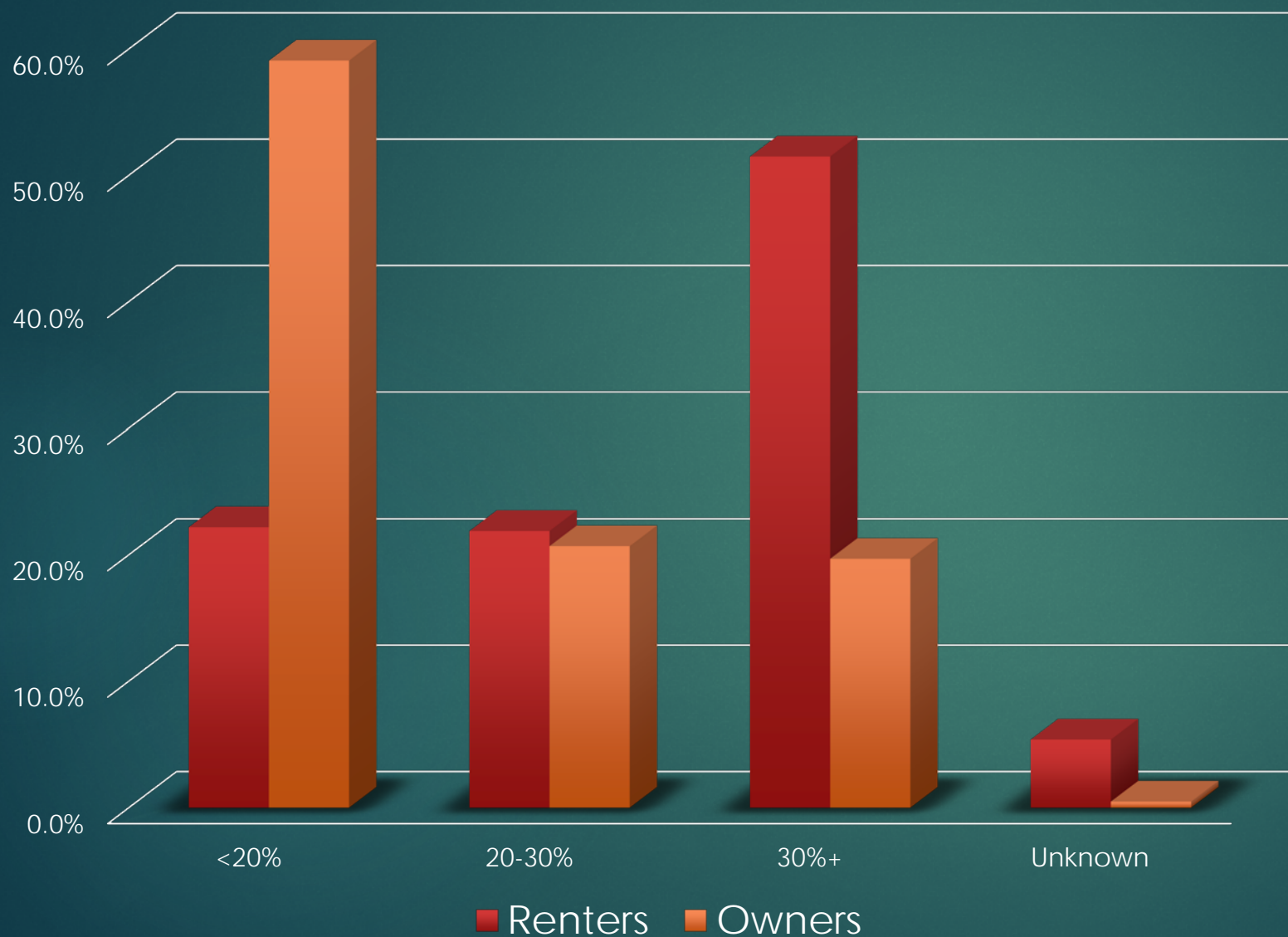
Projected Demographic Shifts

(Kent Co through 2025)

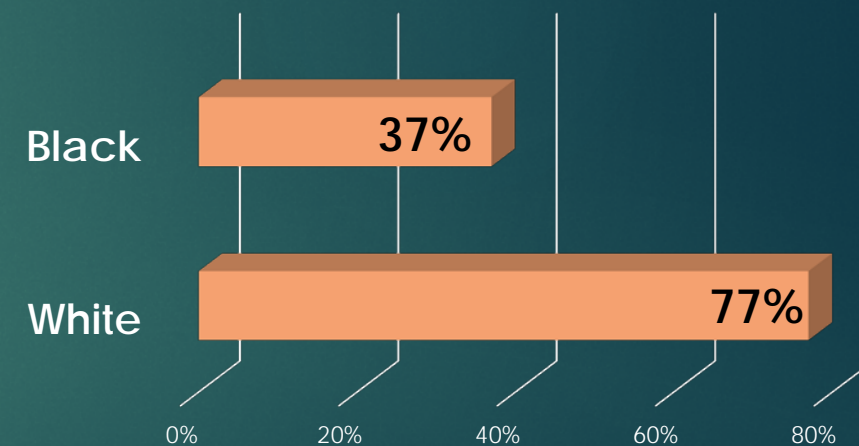
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	0-30% AMI	30-50% AMI	50-80% AMI	80-120% AMI	120% AMI+
2020	10,438	10,446	10,016	7,260	4,718
2025	8,887	9,700	10,469	8,399	6,056
Projected Household Growth	-1,551	-746	453	1,139	1,338
% Change by 2025	-15%	-7%	5%	16%	28%

Housing by Percent Income Paid Toward Rent (GR only)

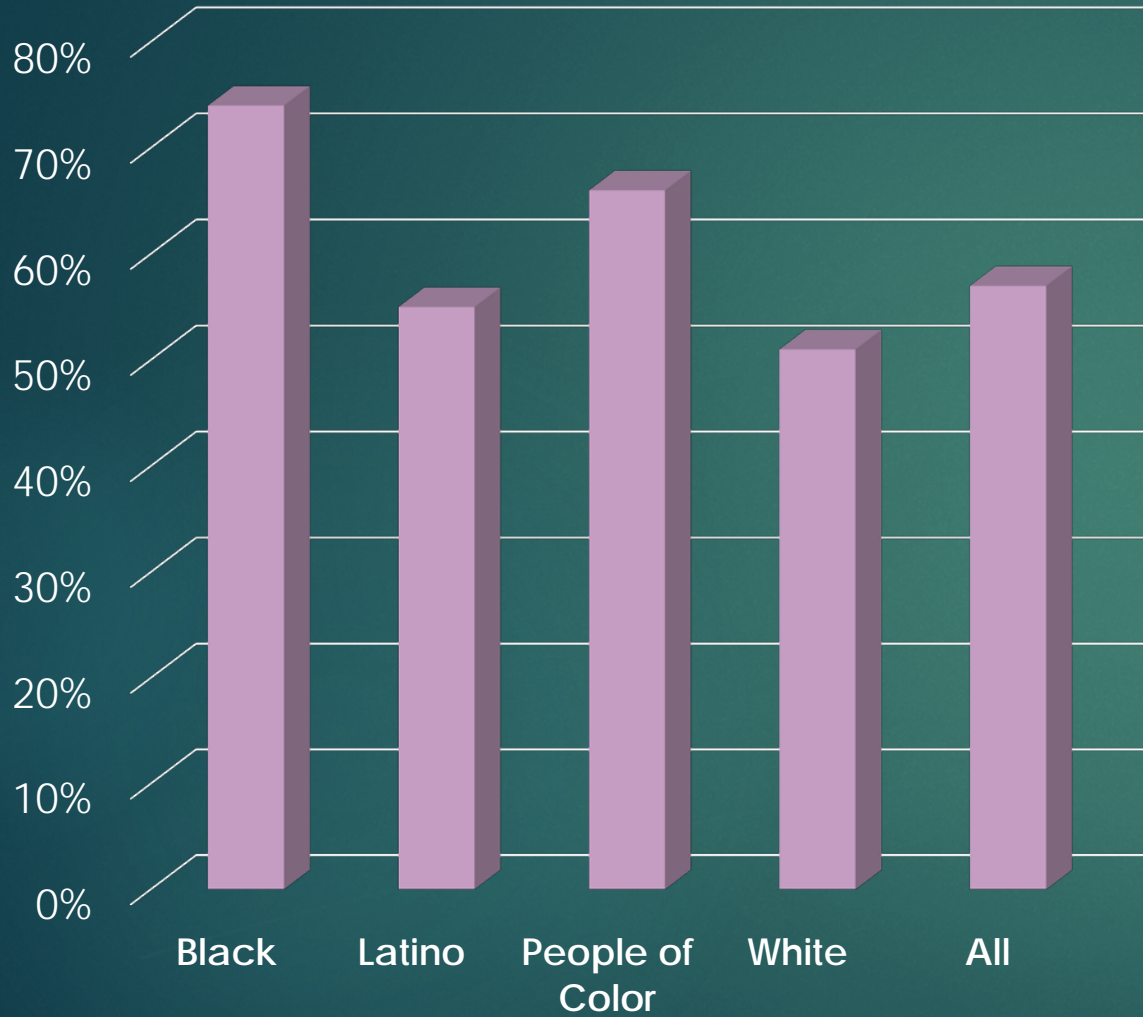


Homeownership Rate by Race



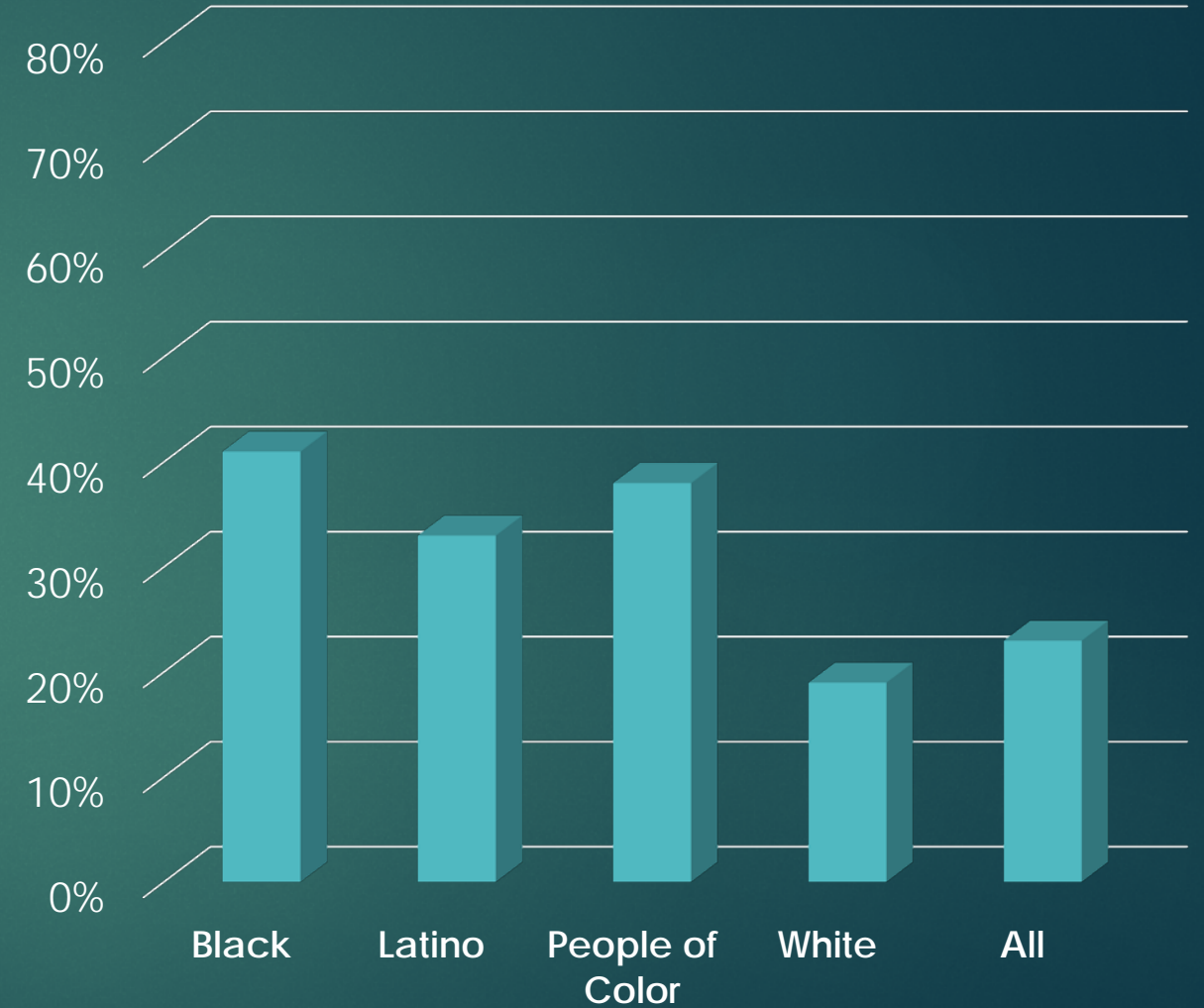
Urban Institute, 2018

Cost Burdened Renters



Source: Equity Profile of Grand Rapids, 2018

Cost Burdened Homeowners



Cost-burdened = Spending >30% income on housing

Cost-Burdened Families

>30% of Income Spent on Housing

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Grand Rapids

- ▶ 17,052 Renters (52%).
- ▶ 7,914 Homeowners (19%)

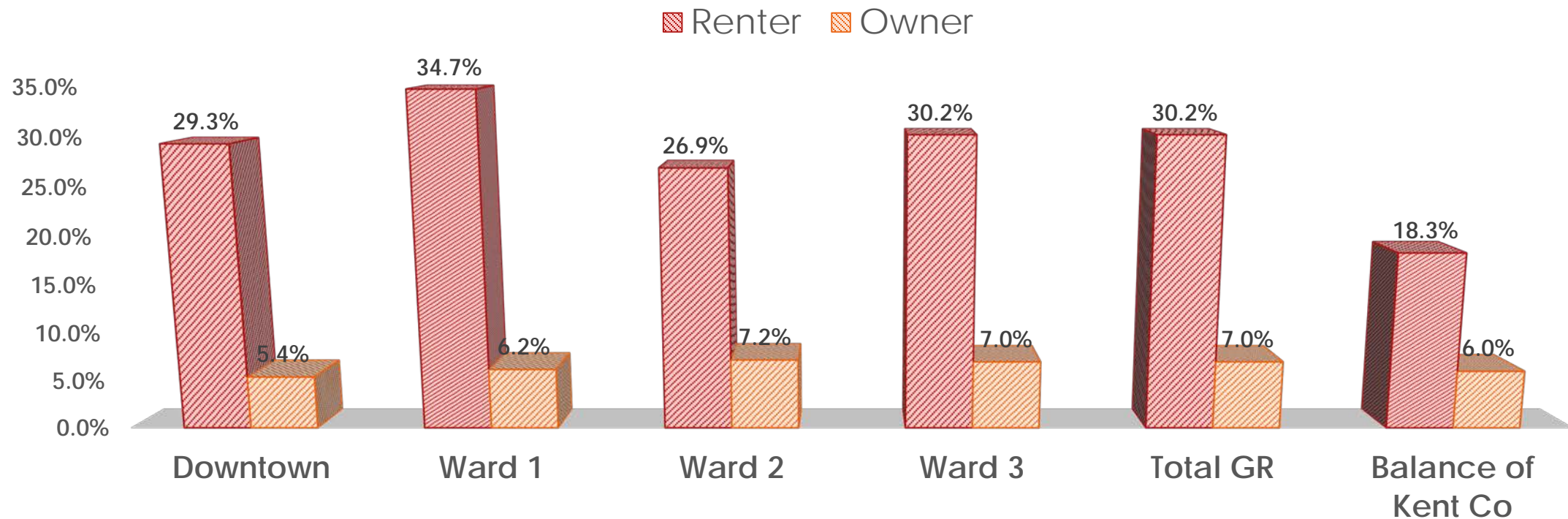
Kent County

- ▶ 16,758 Renters (41%)
- ▶ 21,575 Homeowners (18%)

Households Spending 50%+ Total Income on Housing

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SEVERELY COST BURDENED



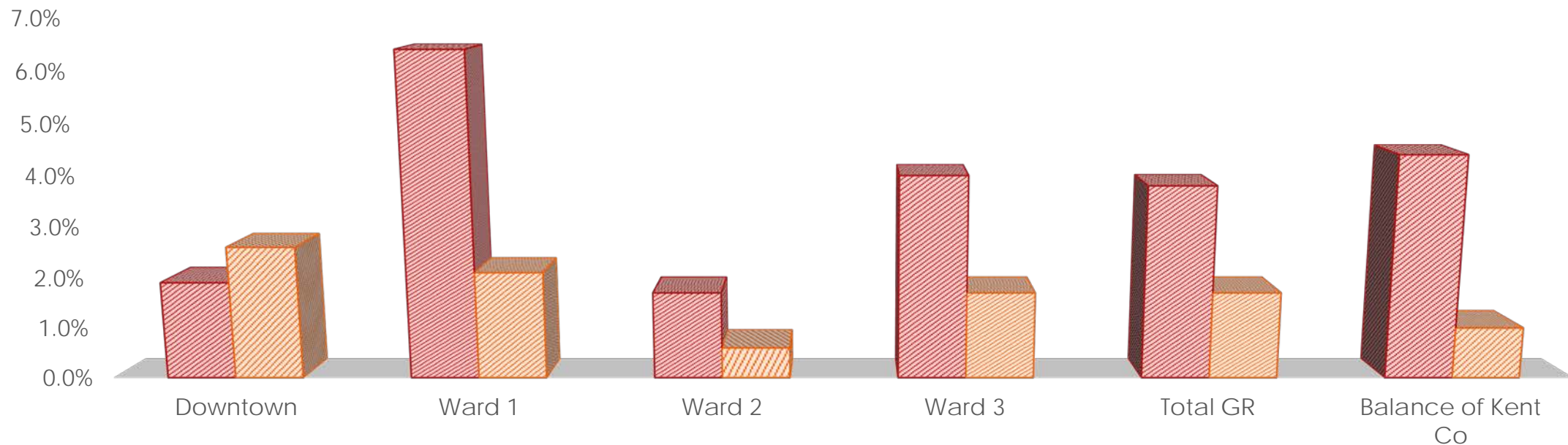
Bowen National Research, 2020

Overcrowding is a hidden indicator of a lack of affordable housing.

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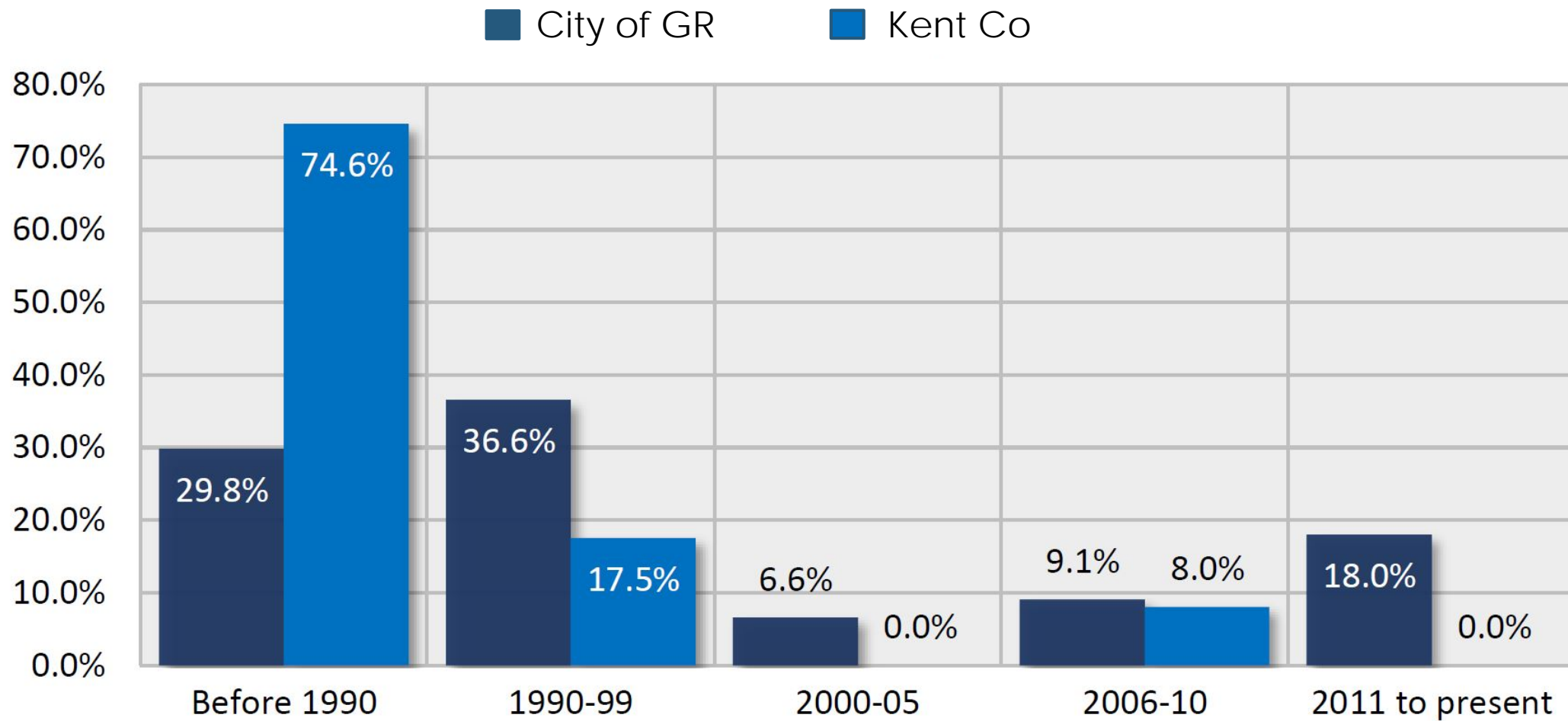
SHARE OF OVERCROWDED HOUSING

Renter Owner



Bowen National Research, 2020

Share of Tax Credit Units by Year Built





Housing Choice



The City is expected to need more than 5,300 additional rental units and 3,500 for-sale units by 2025.

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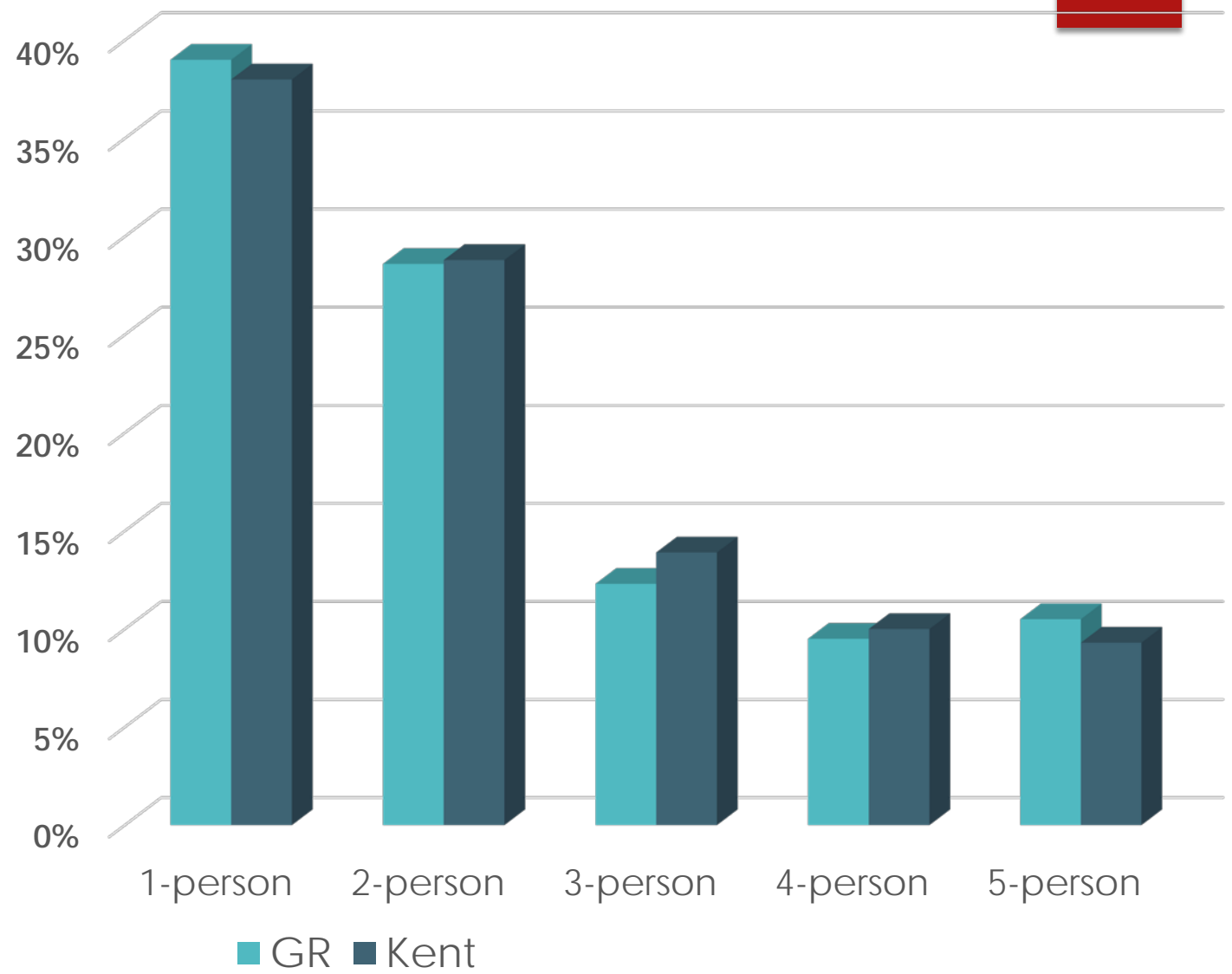
Nearly $\frac{3}{4}$ of all Rental Options are within buildings with less than 10 units

		Renter-Occupied Housing by Units in Structure									
		1; Detached	1; Attached	2 to 4	5 to 9	10 to 19	20 to 49	50+	Mobile Homes	Boat, RV, Vans	Total
GR	Number	9,296	2,103	9,685	2,936	2,739	1,958	4,317	63	11	33,108
	Percent	28.1%	6.4%	29.3%	8.9%	8.3%	5.9%	13.0%	0.2%	0.0%	100.0%

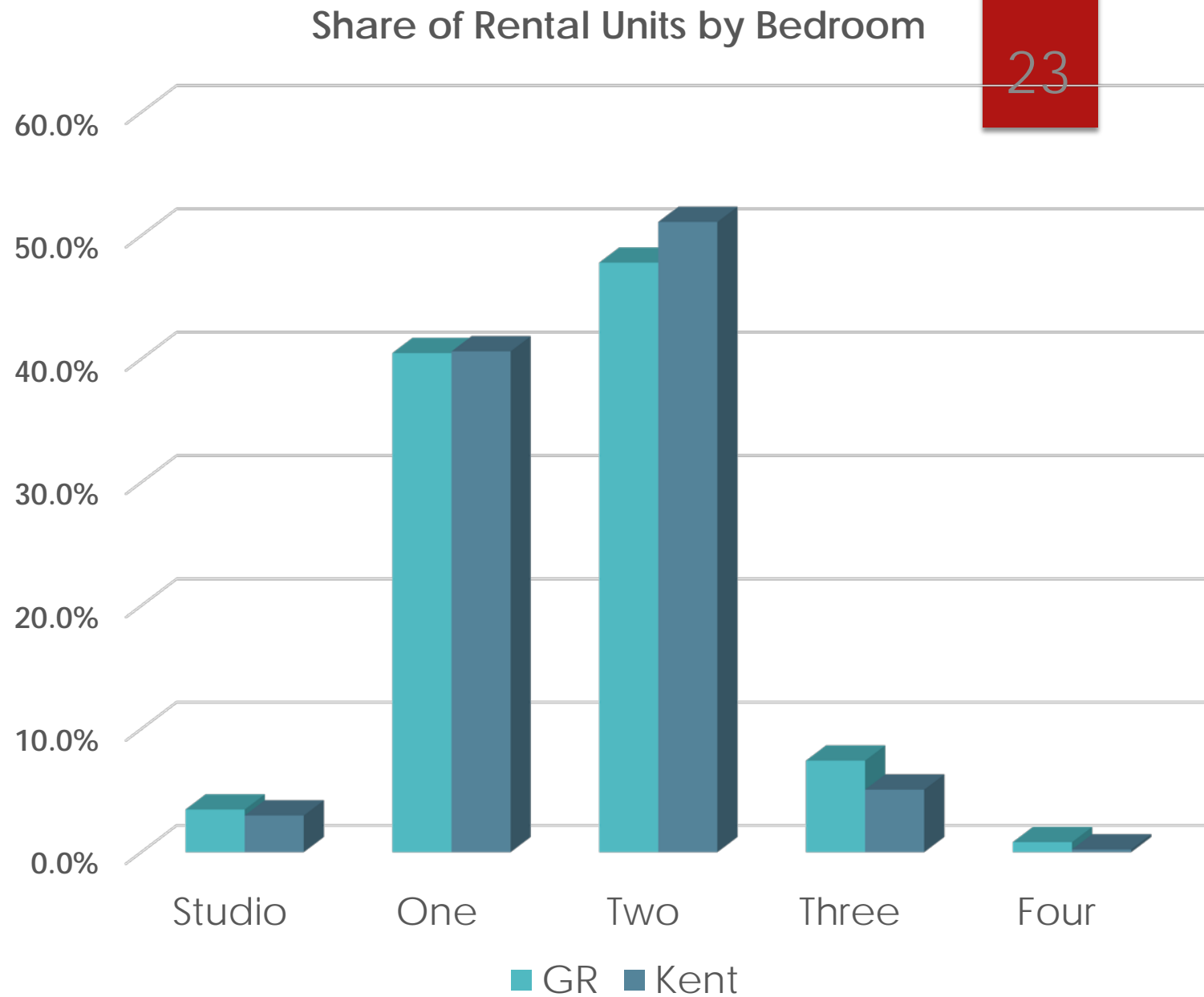
67% of Renter Households are comprised of just 1 or 2 people.

Persons Per Renter Household 2025

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Current Rental Unit Mix



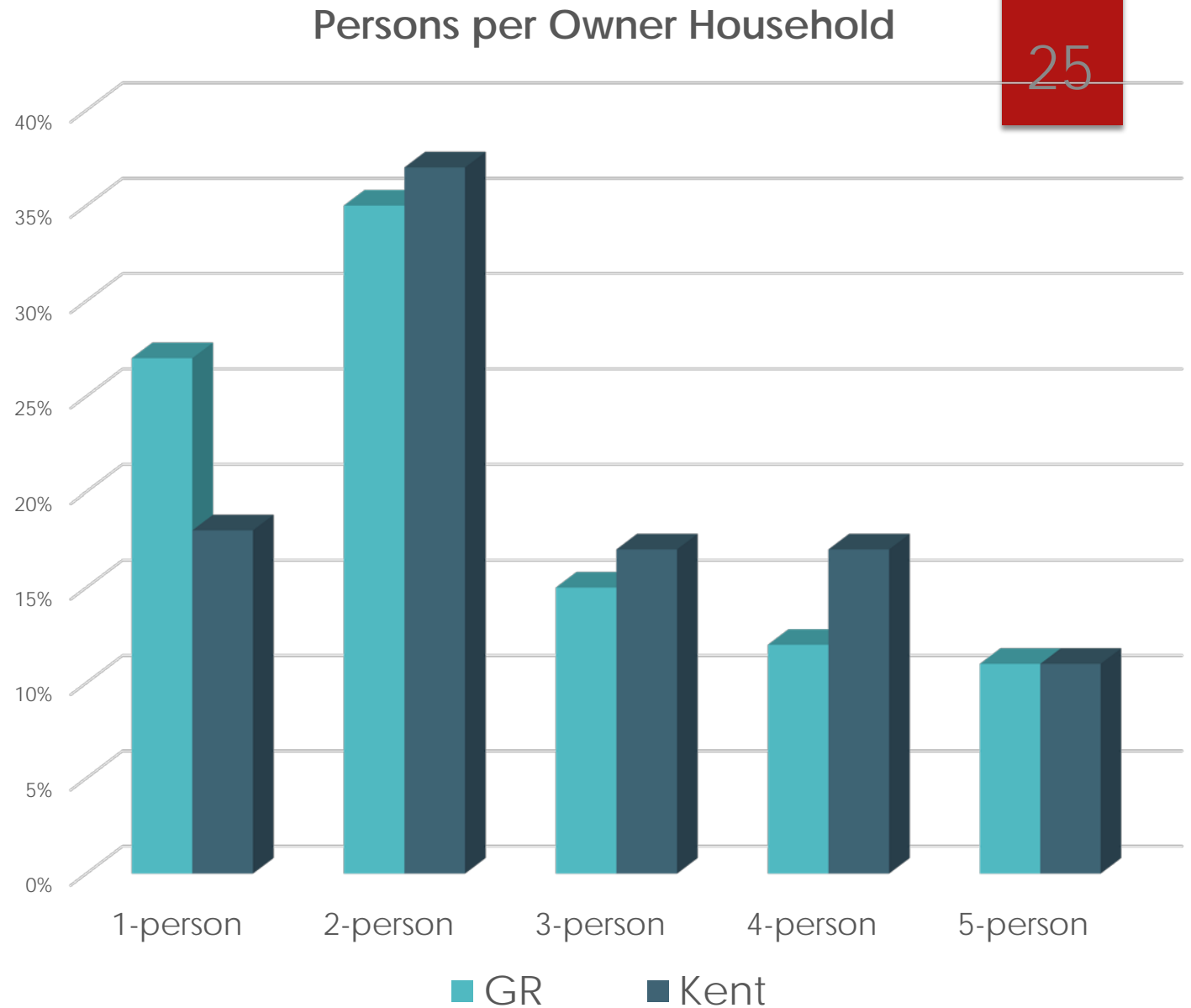
Bowen National Research, 2020

87% of **owner-occupied** housing is within single-family, detached buildings.

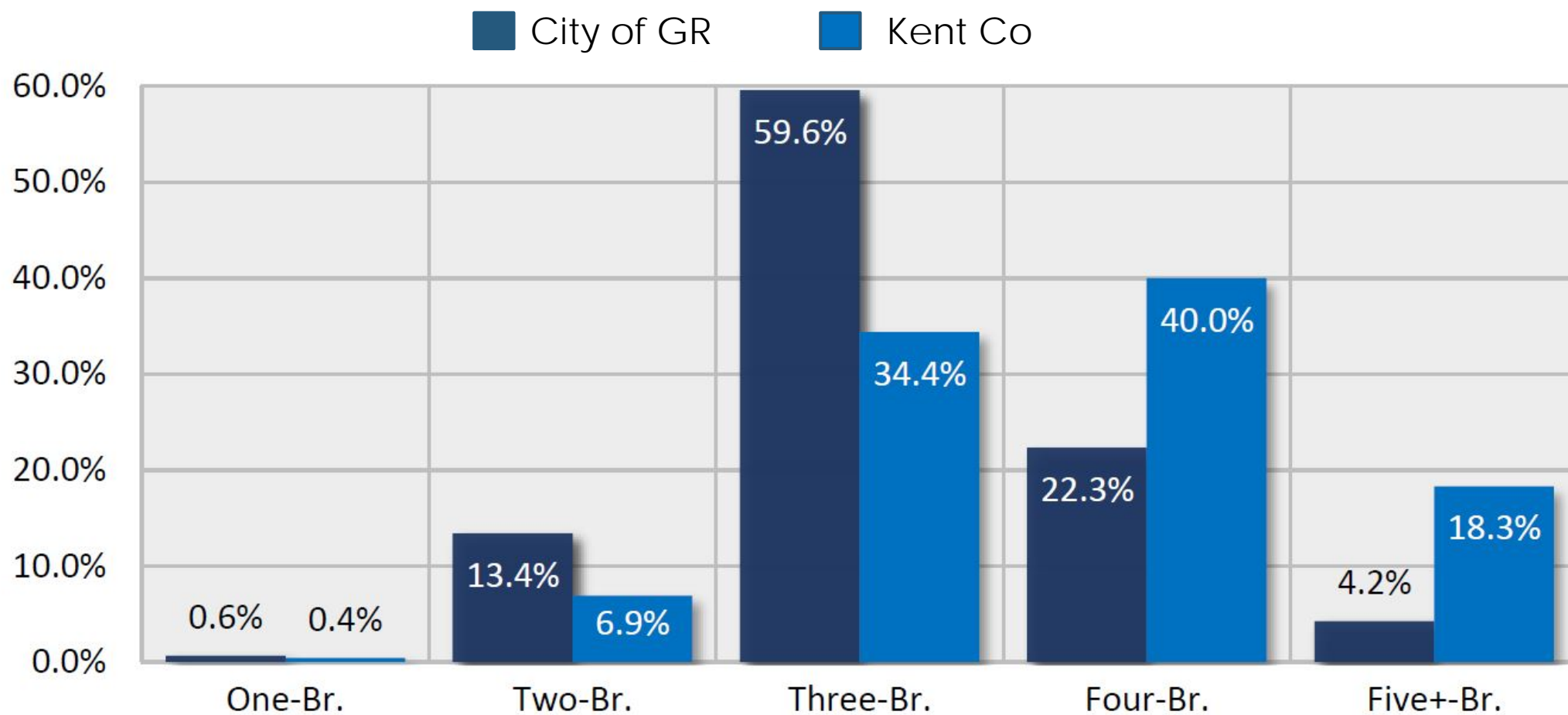
24

		Owner-Occupied Housing by Units in Structure									
		1; Detached	1; Attached	2 to 4	5 to 9	10 to 19	20 to 49	50+	Mobile Homes	Boat, RV, Vans	Total
GR	Number	35,134	2,230	1,309	392	185	215	683	75	10	40,233
	Percent	87.3%	5.5%	3.3%	1.0%	0.5%	0.5%	1.7%	0.2%	0.0%	100.0%

62% of all
Owner
Households
are comprised
of just 1 or 2
people



Share of Available For-Sale Housing by Bedrooms





The City needs more options for homeownership to support 3,500+ new households by 2025.

Step-down Effect on For-sale Homes

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For-Sale Housing Gap Estimates by AMI

	0-30%	30-50%	50-80%	80-120%	120%+
Gross Potential Growth	236	45	432	1121	1718
Step-Down Gain	22	324	841	1289	0
Step-Down Loss	0	-22	-324	-841	-1289
Units in Pipeline	-4	0	0	0	0
Overall Units Needed	254	347	949	1,569	429

Step-down Effect on Rentals

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Rental Housing Gap Estimates by AMI					
	0-30%	30-50%	50-80%	80-120%	120%+
Gross Potential Growth	704	813	1215	1074	2226
Step-Down Gain	406	607	537	1113	0
Step-Down Loss	0	-406	-607	-537	-1113
Units in Pipeline	-79	-119	-178	-181	-134
Overall Units Needed	1031	895	967	1469	979

Bowen National Research, 2020

In healthy markets, approximately 2-3% of the for-sale housing stock should be available for purchase to allow for inner-market mobility.

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Available For-Sale Housing by Price (As of Mar. 17, 2020)			
PSA (Grand Rapids)			
List Price	Number Available	Percent of Supply	Average Days on Market
Up to \$99,999	30	8.4%	49
\$100,000 to \$149,999	115	32.0%	41
\$150,000 to \$199,999	105	29.2%	23
\$200,000 to \$249,999	74	20.6%	21
\$250,000 to \$299,999	13	3.6%	31
\$300,000+	22	6.1%	126
Total	359	100.0%	37

0.9%

Healthy and well-balanced markets have rental occupancy rates between 94% and 96%.

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Kent County Multifamily Supply by Product Type				
Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	150	28,119	976	96.5%
Market-rate/Tax Credit	5	820	0	100.0%
Market-rate/Government-Subsidized	5	847	12	98.6%
Tax Credit	22	1,149	2	99.8%
Tax Credit/Government-Subsidized	22	1,483	9	99.4%
Market-rate/Tax Credit/Government-Subsidized	2	88	27	69.3%
Government-Subsidized	34	2,313	0	100.0%
Total	240	34,819	1,026	97.1%

Source: Bowen National Research

Example

2025 Housing Goals

- ▶ Preserve at least 1,000 existing affordable units before 2025
- ▶ Add at least 8,000 new total units by 2025, with at least 2,000 being affordable to 60% AMI households and below.
- ▶ Increase homeownership rate among Black, Indigenous and People of Color by 25% by 2025
- ▶ Encourage 5% of all homeowners in the City to add a second dwelling unit
- ▶ Create more opportunity for homeownership throughout the City in the form of condos, townhomes, tiny homes and cottage clusters
- ▶ Monitor progress in each neighborhood using disaggregated data sets wherever possible.

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Requires Community Input



- ▶ Current demand for nearly 2,500 additional market-rate rental units, and 2,000 market-rate for sale units.
- ▶ Amenities make density enjoyable and will drive demand.
- ▶ Market-rate housing is not yet fully financially sustainable, but methodical adjustments to incentive policies are needed.



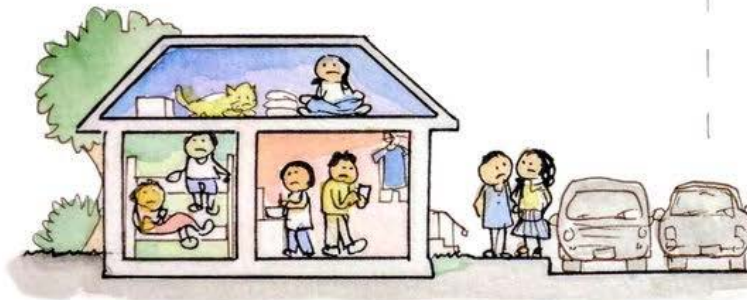


Grand River property frontage presents one of the largest opportunities to add market rate housing at-scale.

There's a Difference!

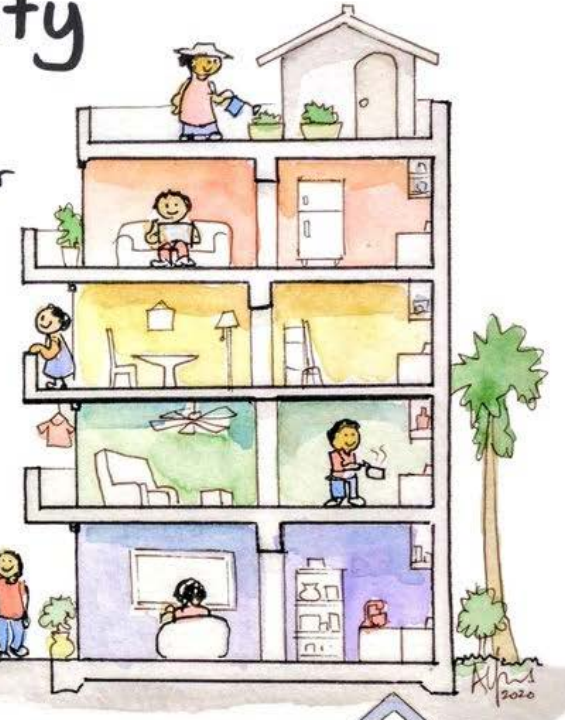
Overcrowding

Too many people
in each home.



Density

Enough
homes for
all the
people.



More Density = Less Overcrowding

CALIFORNIA
YIMBY



cayimby.org

- ▶ If 5% of all single-family homes in GR were to add a secondary dwelling unit, it could create an additional 3,400 rental units.

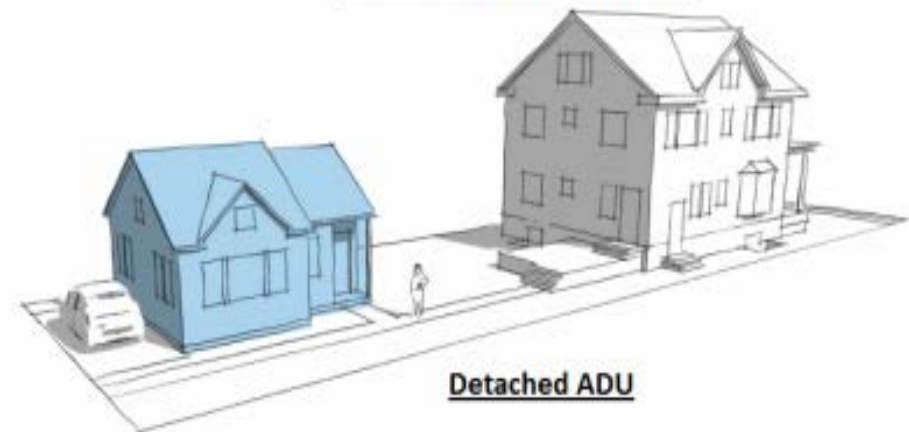
- ▶ There are mechanisms to ensure affordability for a majority of secondary units.



Interior Attached ADUs



Attached ADU (via Addition)



Detached ADU

Year 1 - Implementation Strategies

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- ▶ Preserve Existing Affordable Housing Wherever Possible
- ▶ Maximize Rental Assistance and Eviction Prevention Programs
- ▶ Create (and fund) Income Certification System/Staff
- ▶ Proactively Support more LIHTC & Market-rate Development
- ▶ Leverage Strategic City-owned Property where viable
- ▶ Re-Calibrate Economic Development Incentives
- ▶ Deep Community Engagement at neighborhood level
- ▶ Statewide Legislative & Policy Advocacy

Mid-Term Implementation Strategies

- ▶ Adopt an Inclusive Housing Plan: 5-Year and 10-Year Goals
- ▶ Allow for More Housing in Every Neighborhood
- ▶ Establish Dedicated Revenue & Grow Affordable Housing Fund
- ▶ Ensure Access to Capital for Homeowners and Small-scale Developers
- ▶ Establish & Staff Central Redevelopment Authority
- ▶ Implement Gap-Financing Programs Where Market Forces are Failing
- ▶ Catalyze Market Rate Housing Downtown and Along Transit Corridors (alongside affordable housing)
- ▶ Regional Collaboration

Affordable Housing Fund

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Work toward funding targets based on intended impact.



OWNERSHIP SUPPORT
PROGRAM

ACQUISITION AND
PRESERVATION PROGRAM

GAP FINANCING & PRE-
DEVELOPMENT SUPPORT

TENANT-BASED
RENTAL ASSISTANCE

Minimum goal of \$20M fund with expectation to
grow to \$50-\$75M over 10 years.

Year 1 - Grow the Housing Fund.

- ▶ Define and dedicate existing sources available for set aside.
- ▶ Seek enabling legislation and/or public support for additional dedicated source(s) of revenue.
- ▶ Communicate investment priorities and outcomes with community partners and pursue commitments.
- ▶ Provide an investment prospectus to employers, institutional partners and community investors.
- ▶ Establish partnership with CDFI and Community Land Trust(s) when needed



Critical Housing Plan Elements

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Support growth to provide for *existing* population
+ estimated annual population increase.

01

Equitable Outcomes, Access to Opportunity &
Greater Affordability

02

Economically, Socially & Environmentally
Resilient and Connected Neighborhoods

03

Support growth to provide for *existing* population + estimated annual population increase. 8,900 units by end of 2025

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01

PRESERVE
EXISTING
AFFORDABLE
HOUSING

02

INCREASE
FUNDING FOR
HOMEOWNER
ASSISTANCE
PROGRAMS

03

CREATE GAP-
FINANCING
PROGRAMS
FOR NEW
DEVELOPMENT

04

ALLOW FOR
MORE
HOUSING IN
EVERY
NEIGHBORHOOD

Equitable Outcomes & Access to Opportunity

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01

PRIORITIZE LARGER
INVESTMENTS ALONG
TRANSIT CORRIDORS,
NEIGHBORHOODS OF
FOCUS &
DOWNTOWN

02

SECURE AFFORDABLE
HOUSING OPTIONS IN
HIGH OPPORTUNITY
NEIGHBORHOODS

03

FOCUS ON
OPPORTUNITIES FOR
WEALTH CREATION
AMONG BLACK,
INDIGENOUS &
PEOPLE OF COLOR

04

SUPPORT SMALL
BUSINESS AND
INFRASTRUCTURE
INVESTMENTS IN
NEIGHBORHOODS OF
FOCUS

Areas of Focus

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Support ownership and opportunities for wealth creation among households of color.



Establish broad-based support for increasing supply across all neighborhoods and product types with guidance and accountability from neighborhood groups



Calibrate policies, incentives & investments to meet market needs while establishing long-term affordability requirements.

7 Levers of Governance to Achieve Affordability

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FY 2021 Scope of Work

- ❑ Initiate Affordable Housing Preservation Strategy
- ❑ Support Master Plan update process
- ❑ Facilitate re-engagement of the Affordable Housing Fund Board
- ❑ Catalyze new housing supply at all price points
- ❑ Leverage Public Property to achieve City-wide and neighborhood goals
- ❑ Additional support services as needed

Questions?

