SWMPI Community Development Subcommittee
March Meeting Agenda

Agenda:

- Presentation by Matt Smith of the Kalamazoo Public Library on the history and lasting impact of housing policy
- Discussion of real estate trends led by Amanda Lankerd of the Battle Creek Area Association of Realtors
- Presentation of preliminary housing data by Lee Adams (time permitting)
- Review and discussion of the work plan needed to create a regional housing plan (draft supplied)

Date and Time

Thursday, March 14, 2019
10:30 am to 12:00pm

Location:

W.E. Upjohn Institute
300 South Westnedge Ave
Kalamazoo, MI 49008

Virtual Attendance Credentials:

https://www.gotomeet.me/Upjohn

You can also dial in using your phone.
United States (Toll Free): 1 877 309 2073
United States: +1 (669) 224-3217

Access Code: 422-647-013

Southwest Michigan Housing Plan – Workplan

Regional planners are becoming increasingly aware of the symptoms of a housing ecosystem that is out of balance. The supply side of the market appears to show gaps relative to demand across a range of price points. This imbalance may not exist across all housing market segments. However, there is substantial anecdotal evidence of such an imbalance.

It is time to study both the supply and demand side of this issue and then develop strategies to optimize the housing ecosystem.

The Southwest Michigan Prosperity Initiative through its staffing agencies, the Southwest Michigan Planning Commission and the Southcentral Michigan Planning Council (team), intends to develop a housing plan for Southwest Michigan (Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren Counties). The team, through the planning process, will examine the strengths and weaknesses of the housing ecosystem (supply, demand, lending, etc.) in Southwest Michigan and then develop and implement strategies to augment the region's strengths and overcome its deficiencies. The team will lean on a steering commission comprised of housing experts and interested parties from around the region to assist in the development of the plan. The team will use publicly available data sources, qualitative data gathering, facilitated group conversations, and public participation to gather relevant data, perceptions, and projections about the housing ecosystem in the region.

Why create a housing plan?

1. *To better understand the regional market-rate housing supply and demand*

   The regional housing ecosystem is not well-understood. Generally, we tend to expect that the marketplace will find an equilibrium that suits all sides. However, preliminary data points to a imbalance that the marketplace is not reacting to fill. Our role is to make credible information available to those who can move us closer to balance. Recent studies and reports examined certain areas and segments of the ecosystem, but the region is lacking a comprehensive examination; i.e. a credible analysis of the existing housing stock and supply across multiple layers of market segments is not available. Likewise, a credible analysis of housing demand relative to regional workforce wages is not available. Action strategies that will positively impact the region can follow from sound analysis.

2. *To gain an understanding of the impact of housing on economic and social issues*

   A housing supply that is out of balance with the regional economy will create a brake on economic growth. Anecdotal evidence suggests that insufficient housing is causing labor supply problems for some local employers; employers have said that they have positions open that they cannot fill due to a lack of available housing. The problem is so intense for one employer that they resorted to constructing housing for their workforce and were still forced to turn away employees who were looking to work because of a lack of housing. The Team will work to verify

or refute these anecdotes through quantitative and qualitative data collection. The Team will gather other examples of this kind of qualitative data to gauge how prevalent they may be across the region.

A lack of quality housing can hinder the prosperity of residents in the region. Many folks have uncertain housing situations that prevent them from fully taking advantage of educational or vocational opportunities. This study will not examine low-income housing. The focus will be placed on workforce housing as this particular layer of the market is far less understood.

3. *To cultivate support for region-wide as well as local strategies that will better optimize the housing ecosystem*

Using the research conducted in the first two phases, design actions that will address the imbalance found in the regional housing ecosystem.

Work Plan:
The following work plan is a general outline of the tasks needed to create the plan; the actual work may fluctuate based on the availability of resources, date sources, and experts.

1. Define the housing problem
   a. Create a steering committee to guide the work and set goals
   b. Conduct research to understand why the lack of appropriate housing is an issue in the region
      i. Gather qualitative data
         1. Interview real estate developers, realtors, home builders, bankers, housing coalitions/commissions, drain commissioners, corporate recruiters, and others
         2. Survey the public at large to gather attitudes and impressions about housing
      ii. Gather quantitative data
         1. Historical and current housing starts
            a. Attributes of the house
            b. Sale price
            c. Cost to build
            d. Location
            e. Return on investment
               i. Based on interviews and research determine a reasonable amount and compare to typical ROI locally
         2. Historical and current vacancy rates by housing type
         3. Historical and current incomes by housing type and other attributes
            a. Establish affordability metrics and examine the region based on those metrics
         4. Historical and current mover rates
         5. Historical and current home sales through the Multiple Listings Service

- a. Attributes of the house
- b. Price
- c. Location
- d. Type of sale
- e. Age of the home
  6. Examine friction points or hot/cold spots in the housing market
  - iii. Gather and review existing housing plans and target market analyses
  - iv. Conduct a historical review of policies and action that influenced the housing ecosystem
    1. Research the impact of local, state, and national policies
       - a. Understand if the Neighborhood Stabilization Program had an impact on the low end of the housing market
  - v. Model the financial feasibility of residential products
  - c. Determine the implications of housing issues
    - i. Gather qualitative and quantitative data on the impact of housing on social and economic conditions
  - d. Determine who is currently operating in the ecosystem
    - i. Create an asset map of stakeholders
    - ii. Create a profile of developers and builders
2. With the help of the Steering Committee, establish realistic goals for housing in Southwest Michigan
   - a. Establish baseline and aspirational metrics to track progress
     - i. Current and historical condition data
     - ii. Aspirational region data
   - b. Define and quantify the gap between current conditions and desired conditions
     - i. Conduct a gap analysis
3. Determine the strategies needed to achieve those goals
   - a. Conduct an internal review of strategies used in the region
   - b. Determine aspirational regions
     - i. Review strategies used those regions
   - c. Find best practices from other regions
   - d. Find applicable case studies from other locations around the country
   - e. Examine the impact of Opportunity Zones
4. Determine who will implement those strategies
   - a. Work with local and regional organization to establish ownership over strategies
   - b. Establish benchmarks and accountability
   - c. Celebrate progress