



City of Grand Rapids Affordable Housing Fund Board

Orientation



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

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.

What are the problems we are working to dissolve?

01

Inadequate housing supply for a changing population

02

Disparities in access to housing and homeownership

03

Dramatic price increases at the neighborhood level due to scarcity

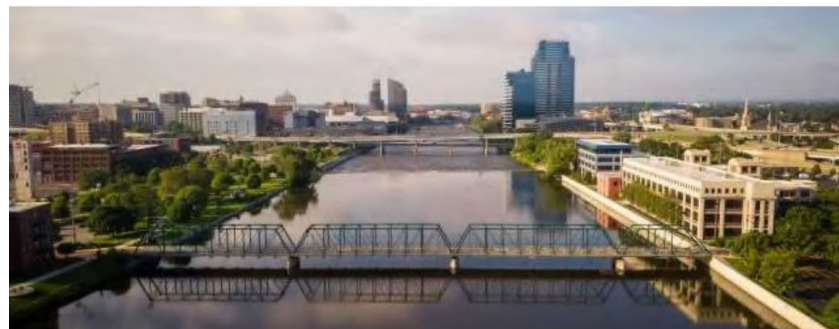
Collaborative Engagement

- 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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3 intersecting shortages:



Land is not zoned for the types of housing we need, and too little housing has been built over the last 25 years.

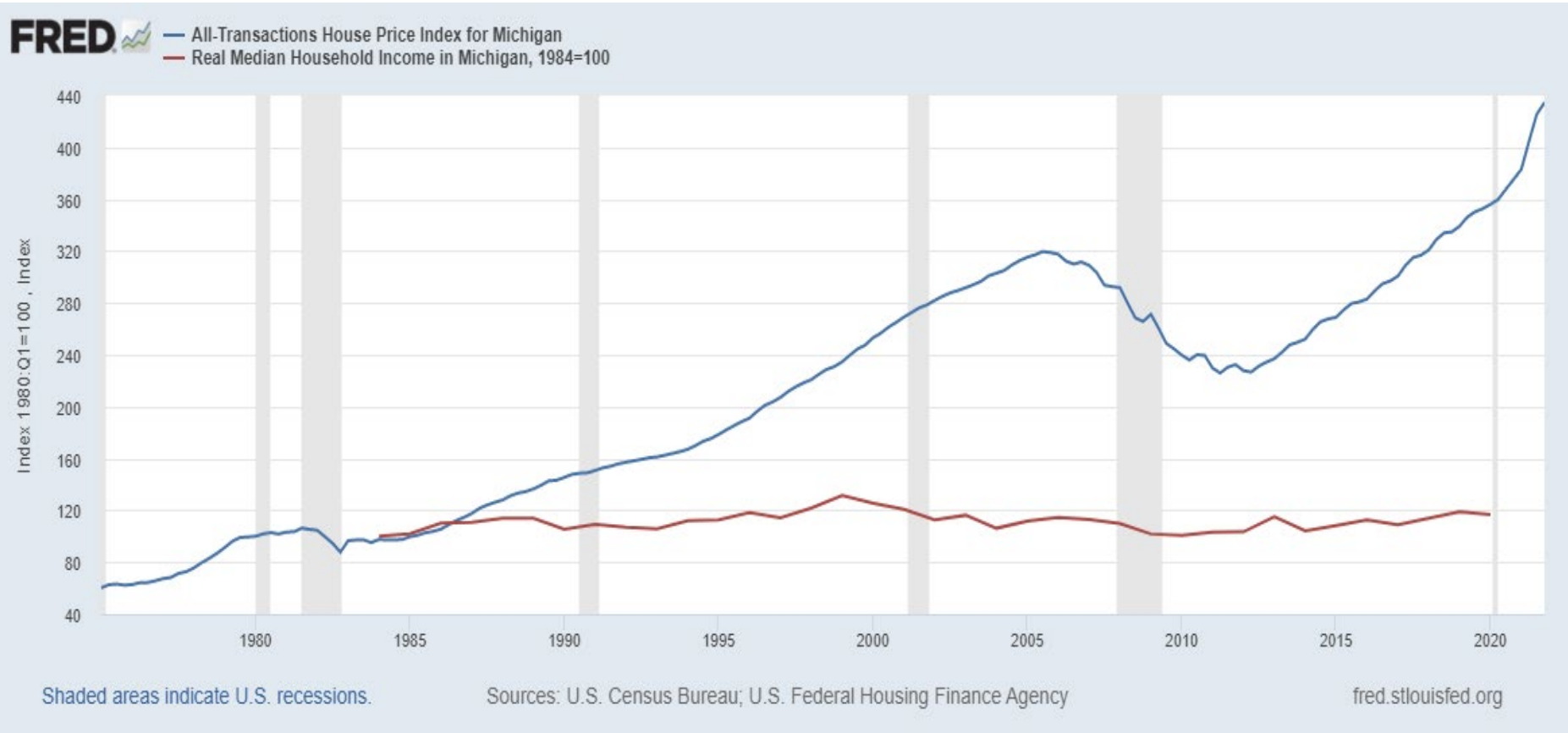


Trade labor (framers, plumbers, electricians) are in short supply.



Regional workers do not earn enough to afford the cost of construction.

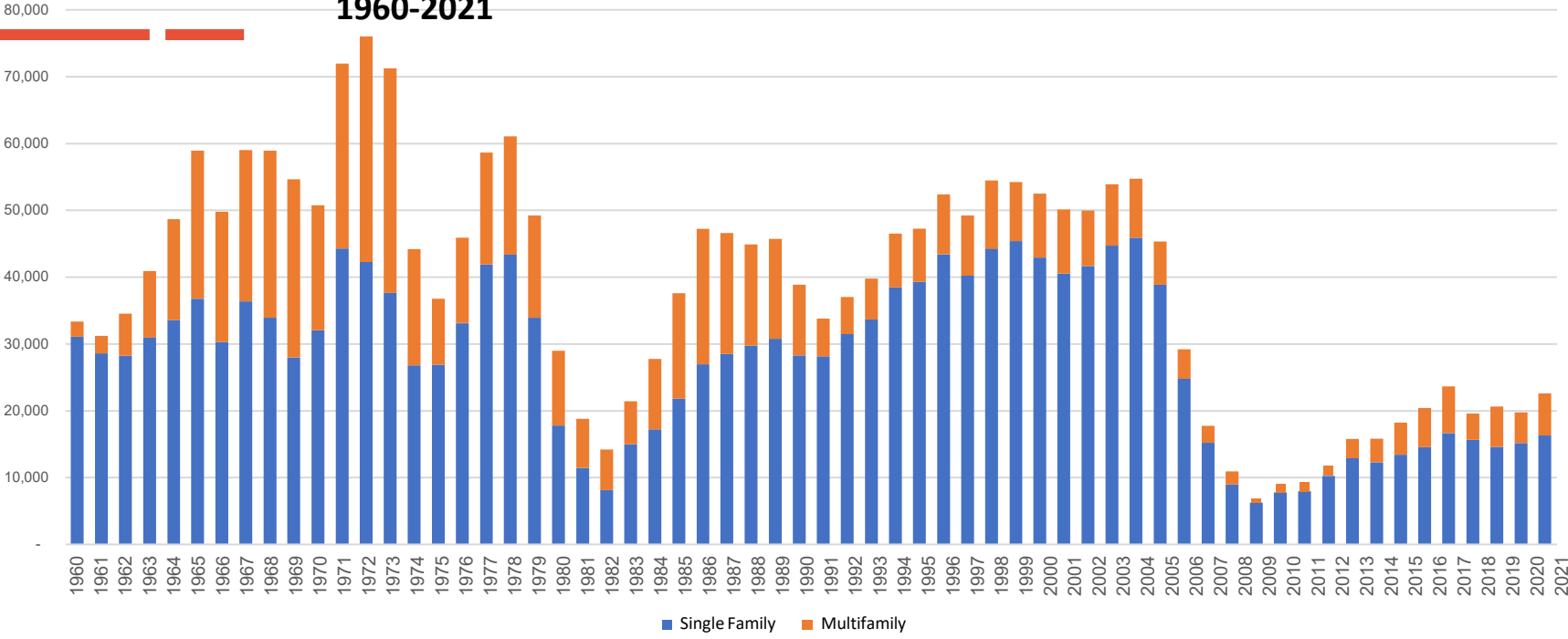
AFFORDABILITY GAP



Real median income has risen by less than 10% (after adjusting for inflation) since 1984.

Real home values have risen by more than 400% over the same period of time.

Building Permits in Michigan, 1960-2021



The Problem We're Trying to Solve

9,244 Unduplicated+ Recorded Incidents of Homelessness in Kent County (2019)



**999 (11%)
Chronically
Homeless**

Experienced homelessness for at least one year, or repeatedly, while struggling with a disabling condition (serious mental illness, substance use disorder, or physical disability)



**4,170 (45%)
Single Adults**

Lack of affordable housing combined with low incomes creates a homeless situation when unanticipated life events occur (medical cost, job loss, etc.)



**667 (7%)
Youth**

Unaccompanied minors under the age of 18



**4,822 (52%)
Children &
Families**

One in six African American children in Kent County were in the homeless system in 2019 – also referred to as “invisible homeless”



**386 (4%)
Veterans**

Served in the active military, naval, or air service, regardless of length of service, and who were discharged or released therefrom

Implications for lowest income households and households of color

1 out of 130
white children will need access to the
homelessness system.

1 out of 6
African American children will need
access to the homelessness system.

47% of adult homeless population is
African American, compared to 16%
of overall community population.

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.

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

Bowen National Research, 2020

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.

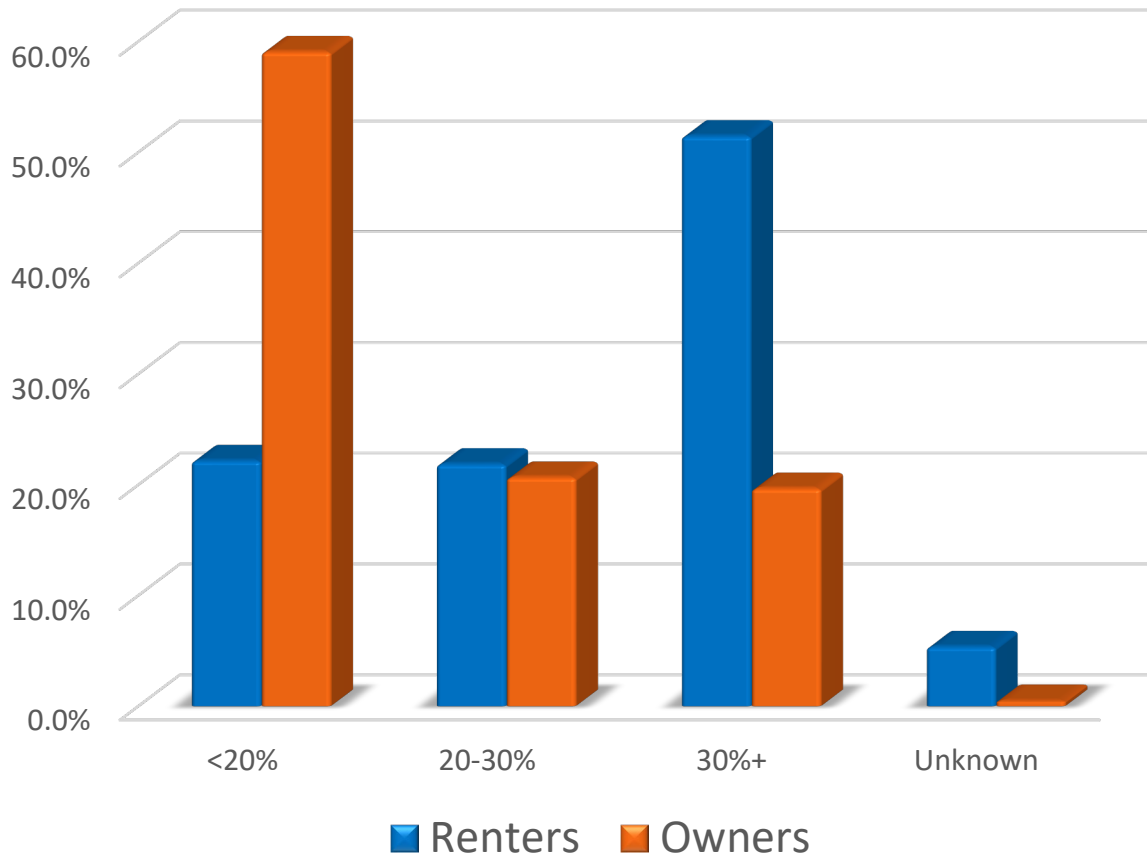
Grand Rapids For-Sale Demand Estimates (2020 – 2025)

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

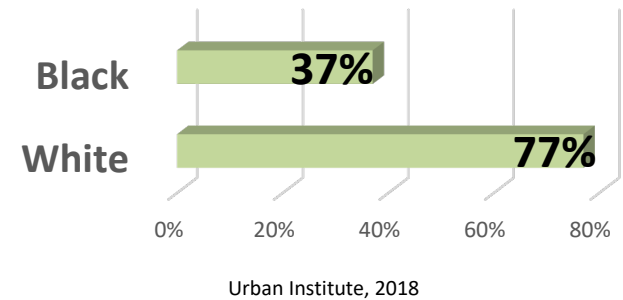
Bowen National Research, 2020

Renters vs Homeowners

Housing by Percent Income Paid Toward Rent

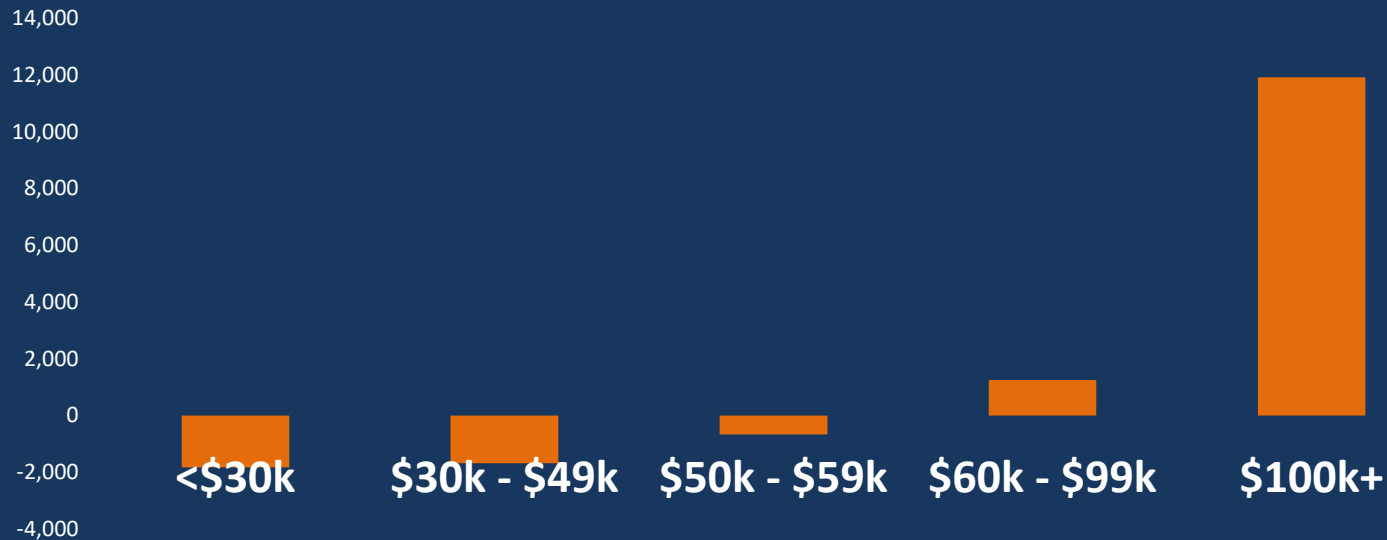


Homeownership Rate by Race



Kent County is expected to gain nearly 12,000 households earning \$100k or more by 2025.

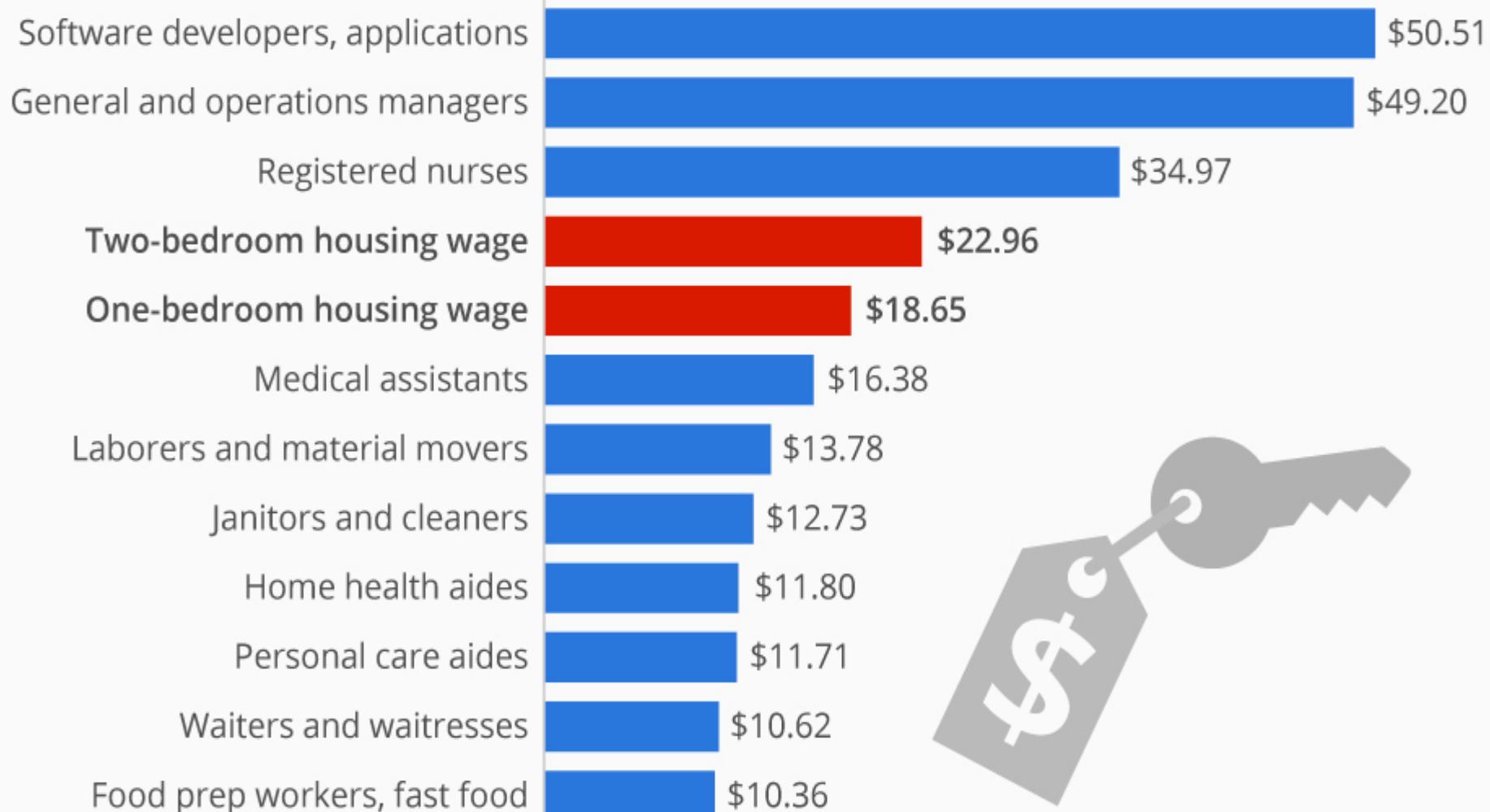
Change in Households by Income: 2020-2025



Step-down Effect on Rentals

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



Sustainable Housing Plan Elements

Stability. Ensure existing residents have access to resources that allow them to remain in their homes.

Supply. Ensure the community is prepared to accommodate new residents while leveraging existing infrastructure.

Subsidies. Align incentives and programs for those families being left behind.

Systems. Ensure stakeholders are appropriately aligned and focused on highest leverage activities.

Understanding the Ecosystem

Path to Housing Stability



ACROSS THE CONTINUUM

Perhaps as vital as the meaningful illustration of the interdependence inherent in the Path to Housing Stability is the collective awareness that no existing community-based organization is designed to work across the entirety of the continuum on behalf of all Kent County residents.

Collective Impact Backbone

System Solutions



Conveners/Networks

Domain-Specific Solutions



Many conveners operate on the continuum. Organizations mentioned serve as examples only.

Housing Investment Capital Needs

01
Housing Stability

Eviction Prevention
Affordable Housing
Preservation
Energy retrofit &
emergency home
repairs

02
Housing Supply

Down Payment
Assistance
Collateral Support
Commercial Rehab
& Conversion to
housing

03
Homeownership

Acquisition &
predevelopment
Soft debt
Equity replacement
Collateral Support

04
Equitable Growth

New Developer
Training
Access to Capital
Accessory Dwelling
Units for qualified
households

Existing Funding Sources

MSHDA & HUD

Down Payment Assistance – Up to \$10,000 per household

Housing Choice Vouchers - Subsidy for cost of rent >30% household income

9% Low Income Housing Tax Credit (LIHTC)
– Subsidy for 75% - 80% of construction/rehab costs

4% LIHTC – Subsidy for 30 – 35% of construction/rehab costs

Missing Middle Grant Program – Up to \$50,000 per residential unit

MEDC

Down Payment Assistance – Up to \$10,000 per household

Housing Choice Vouchers - Subsidy for cost of rent >30% household income

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– Subsidy for 75% - 80% of construction/rehab costs

4% LIHTC – Subsidy for 30 – 35% of construction/rehab costs

Missing Middle Grant Program – Up to \$50,000 per residential unit

1,000 sq ft requires

\$225,000 min cost
to build



A household with annual income of at least \$58,000 per year can afford a newly built townhouse.



\$1,450/mo rent
OR
\$1,200/mo mortgage + taxes

600 sq ft requires

\$175,000 min
cost to build



A single adult with annual income of at least \$48,000 per year can afford a newly built apartment or condo.



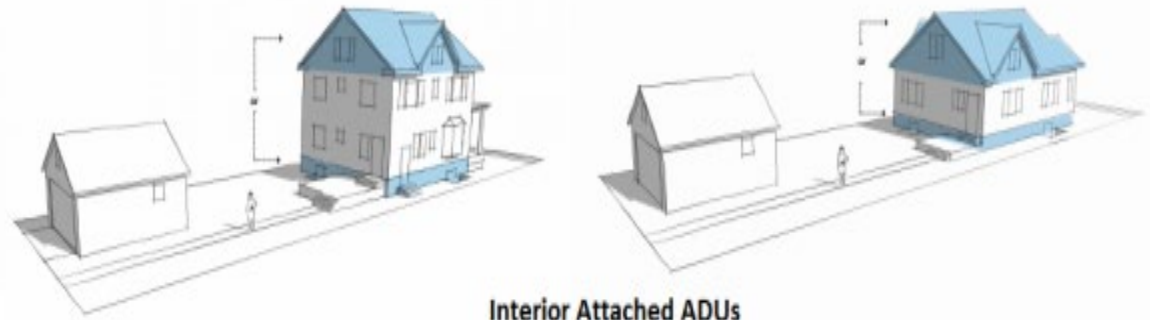
\$1,200/mo rent

OR

\$895/mo mortgage
+ taxes + condo fees

Under \$50k

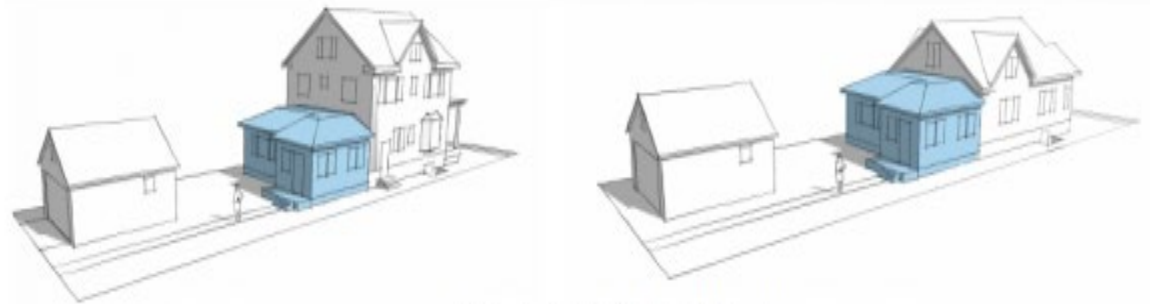
Rent = \$500 -
\$800/mo



Interior Attached ADUs

\$50 - \$100k

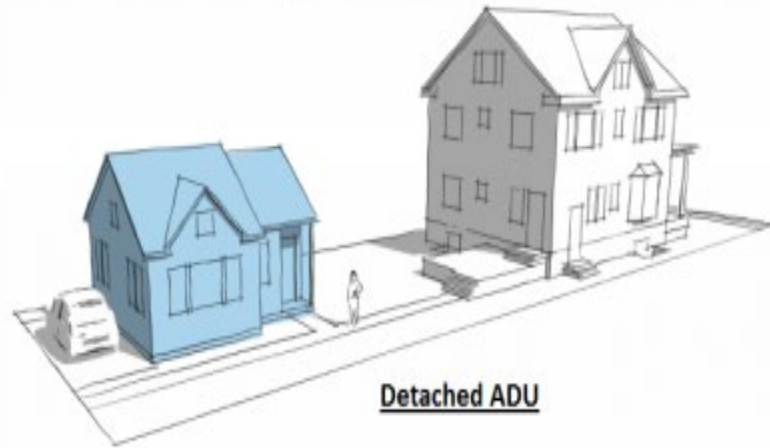
Rent = \$800 -
\$1,200/mo



Attached ADU (via Addition)

\$100k+

Rent = \$1,200/mo +



Detached ADU

Modification of Existing Structures vs New Construction

Small-scale projects can avoid or reduce some of the higher-priced activities associated with new construction. Renovation and conversion projects might avoid the cost of land acquisition, connections to sewer and electrical, pouring a foundation, site surveys, etc. Duplex construction can halve these costs.

Type of Unit	Number Created	Average Cost per Unit
Single to multi-family	12	\$74,416
Commercial to residential	81	\$124,454
ADU	3	\$142,200
New duplex	36	\$144,224
(New apartments)	(845)	(\$152,401)
(New condominiums)	(32)	(\$175,468)



Household sizes
are changing.

A much larger share of Grand Rapids households are comprised of single adults or two-adults without children at home.

More households with children at home are becoming multi-generational, with grandparents co-living with their adult children and grandchildren.

Business As Usual Approach

- 4,500+ households will need housing below \$250k or \$1,000/mo before 2025.
- Average subsidy would be \$80,000 - \$100,000 per home
- Requires minimum \$360M in subsidy just to solve for the next five years.

Questions?

