



A HOUSING NEEDS
ASSESEMNT FOR
BENZIE COUNTY
MICHIGAN

2009 UPDATE

July 6, 2009

Prepared for:
Community Housing Choices Advisory Committee/
Northwest Michigan Council of Governments
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I. Introduction

Community Research Services, LLC (CRS) has been tasked by the Community Housing Choices Advisory Committee to update and revise the 2003 Housing Needs Assessment for Benzie County. The original report, completed by Community Research Group, LLC in December 2003, provided a snapshot of housing conditions from a demographic, economic, and housing supply standpoint, and included a series of recommendations for the improvement of the housing stock over the balance of the decade.

This update will provide revised demographic and economic information (particularly for time-sensitive estimates and projections), survey results from local employers regarding housing needs as they relate the workforce development, and comments regarding potential housing needs as reflected in the comments and suggestions of local leaders within the Benzie County area. The original report contained a series of family budget scenarios that highlight the region's housing affordability; this information will also be updated from 2003.

In addition, we have been tasked to provide more specific recommendations that are tied to local market conditions. Within this update we have divided Benzie County into two separate markets – the West Benzie area and East Benzie area. It is anticipated that these more specific recommendations, in addition to the updated data, will provide a useful tool for strategic planning from an affordable housing standpoint on the part of all interested parties.

For some background information, the original 2003 report may be useful as a reference. For any direct correlations or estimates originally discussed within the 2003 report, this update will make specific reference to that data.

The original report was organized by recognizing simple housing demand and supply factors. In terms of demand, the first of three primary considerations was demographic trends, and included a study of Benzie County's household trends. Population trends were also covered in this section, but are not as important to housing studies as trends in the number of households. This is because housing is consumed at the household level, and not generally by individuals (except in single-person households).

The second influence on housing demand was identified as household income. This is an important factor because a household's income determines in large part the amount and type of housing it can afford. The third influence identified in the original report was the local and regional economy. This region of northern Michigan is strongly influenced by tourism, as well as select agricultural products, professional services, and retirement-oriented services.

After the demand side of the equation was investigated, the supply of housing in the county was studied, ranging from available affordable rental units to the price trends for homeownership alternatives. Additional supply-oriented factors included the age of the housing stock, the size of typical units, the division of tenure (owner vs. renter), price points, structure type, and other characteristics. It should be noted that much of the data for both the demand and supply characteristics was based on 2000 Census information, and only select demographic and supply-side information was updated for this report.

Some of the 2000 Census information will be reiterated within this update; the balance of data can be referenced within the original 2003 document.

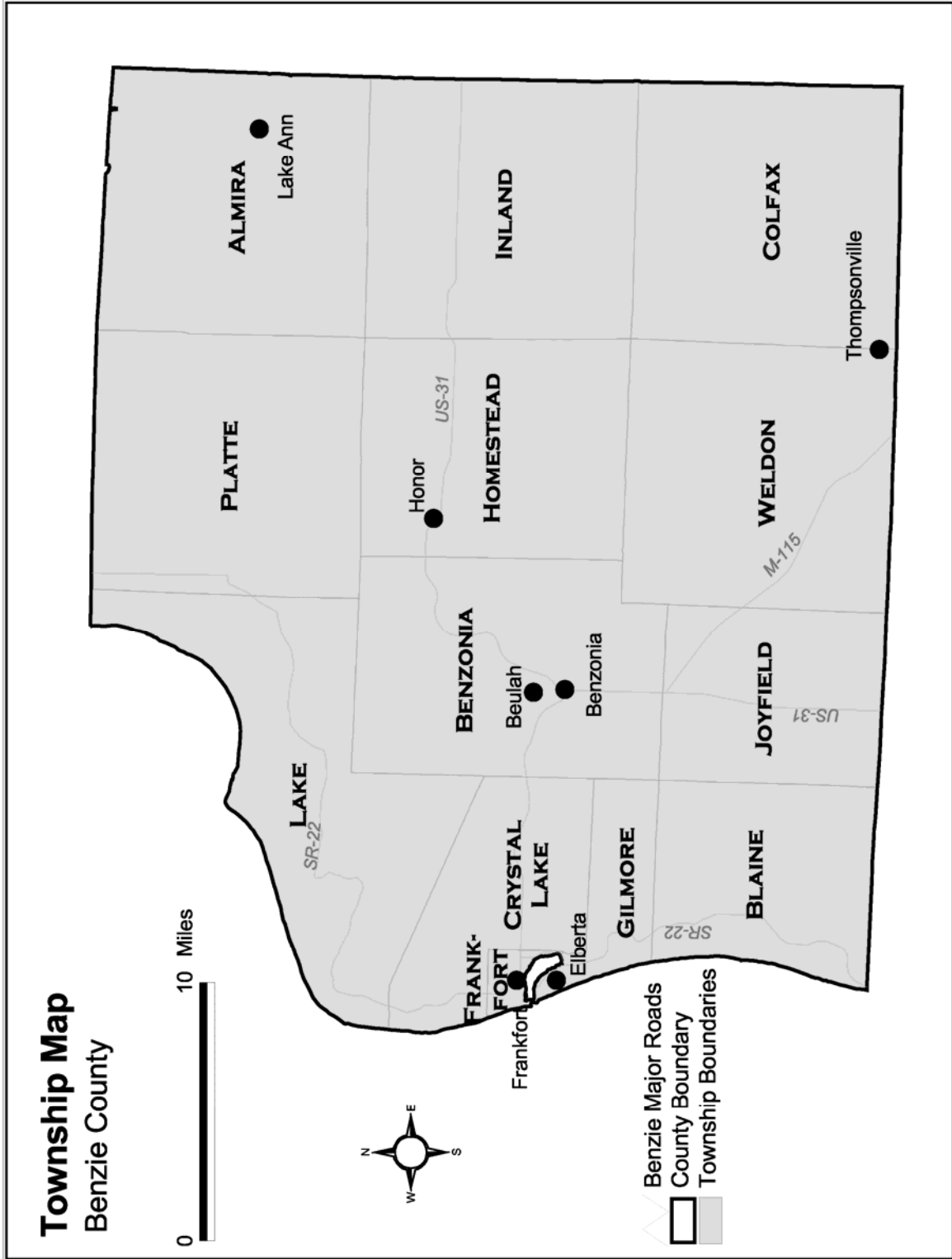
To illustrate the incomes needed to buy certain types of shelter in Northwest Michigan region, a set of seven scenarios were developed within the 2003 report, taking a different family type with a different level of income, and determines how much shelter they can afford given other costs that they must meet (food, clothing, health expenditures, childcare, etc). This information and analysis has been updated to 2009, and included within this analysis.

A summary of the employers' survey of housing needs, as well as the interviews of local community leaders will also be included. This analysis will conclude with an update of recommendations from the 2003 report, in addition to specific recommendations for each sub-market identified within Benzie County.

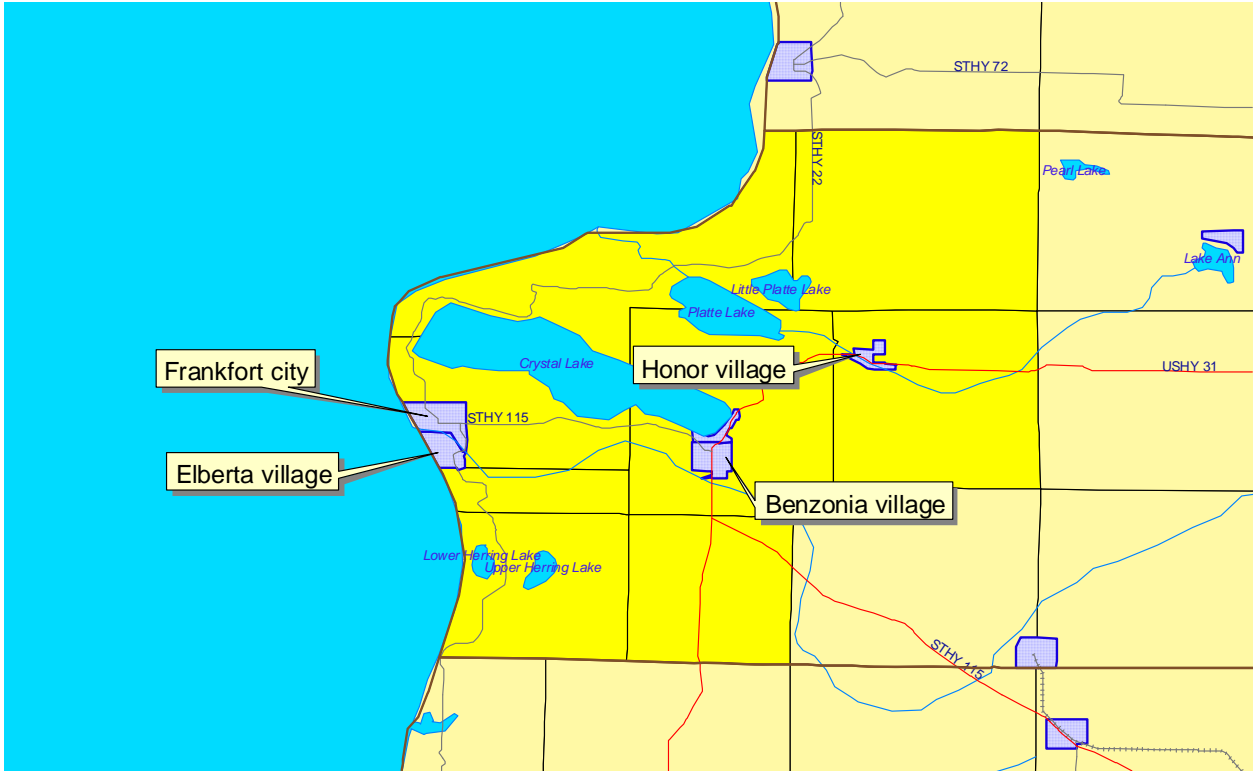
Please note the following:

- Claritas to ESRI – Community Research Services utilizes ESRI for demographic projections. The original report contained projections from Claritas. Both firms are considered leading sources of demographic data within the industry. The choice of utilizing ESRI was made in 2005 by CRS personnel due to product-related issues, as well as methodology preferences in favor of ESRI regarding demographic estimates and projections for small-sized communities. In any case, both organizations are highly regarded, and no unwarranted variations in population or household projections have been discovered. Most Claritas information has been replaced by ESRI, with the exception of some maps and tables that help illustrate key information within the analysis.
- Sub-Market definitions – as a part of the update, Community Research Services has provided separate sub-market areas within the county, to provide more specific information, analysis, and recommendations for individual communities. Much of the original report provided either countywide information or data at the township/city level. Data within the update will be included at the sub-market level, in addition to primary cities/villages, and county data. The East Benzie Sub-Market includes Lake Ann, Thompsonville, and the surrounding townships. The West-Benzie Sub-Market includes Frankfort, Elberta, Honor, and Benzonia, as well as surrounding townships. The two sub-market areas are illustrated within the following pages.

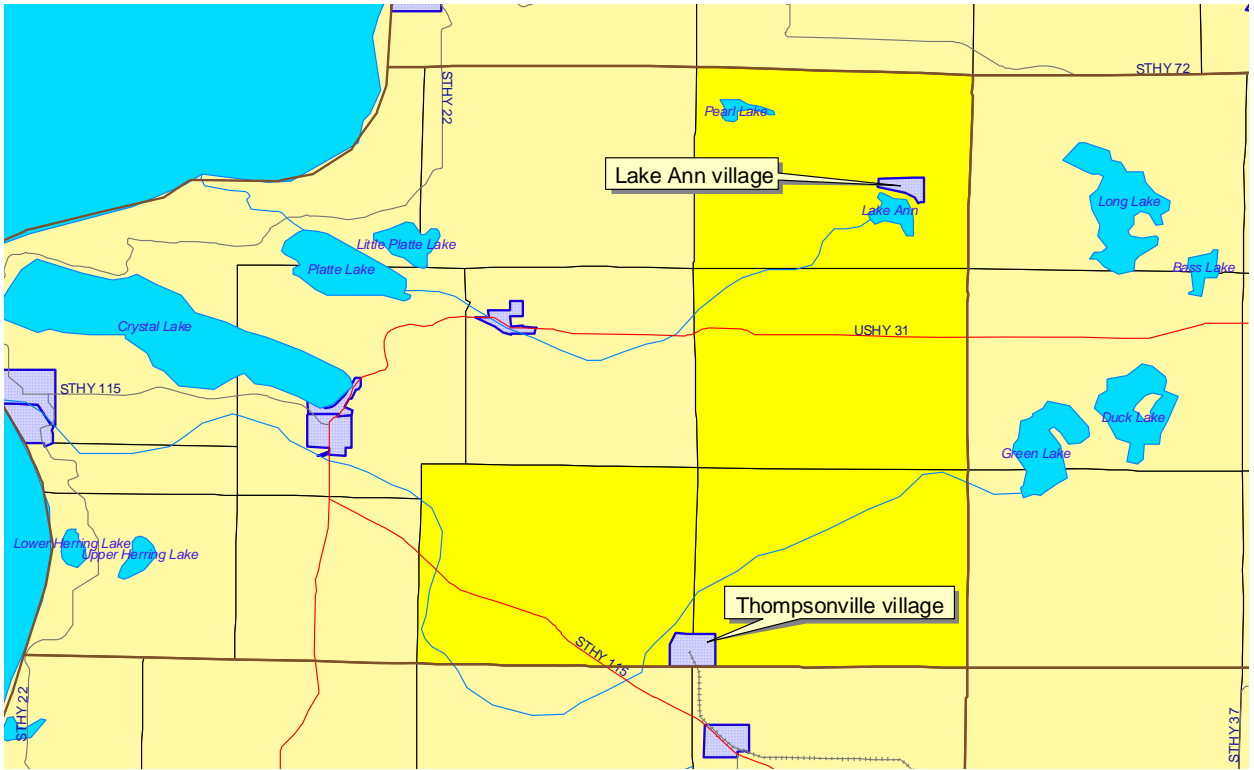
Map 1: Townships in Benzie County



Map 2: West Benzie Sub-Market



Map 3: East Benzie Sub-Market



II. Components of Housing Demand

Population Trends

As of the 2000 Census, a total of 15,998 persons resided in Benzie County. This reflects growth of 31.1% from its 1990 population of 12,200. During the same period, the State of Michigan grew by over six percent, increasing from 9,295,297 to 9,938,444.

Most of the county's population is concentrated within the western half of the region, which we identified as a separate sub-market (West Benzie), and includes Frankfort, Elberta, Benzonia, and Honor, as well as the surrounding townships. The balance of the county is grouped within a separate sub-market (East Benzie), which includes the villages of Lake Ann and Thompsonville.

Table One provides overall population trends for both sub-markets, as well as Frankfort, Thompsonville, and Benzie County. While it is true that the majority of employment, services, and other destination points are within the West Benzie Sub-Market, the strongest growth patterns are projected within the more rural areas of the county that are found within the East Benzie area. By 2013, the West Benzie sub-market will contain 7,572 persons, representing a gain of more than 37% from 2000. By comparison, the West Benzie area is projected to increase by over 23% during the same period, to a total of 12,924 persons. Available land, affordability, and a short commute to adjacent employment opportunities are all likely reasons for this trend, in addition to increasing higher-cost housing options within many portions of the western region.

Figure One shows population growth rates by township between 1990 and 2003. The largest percentage increase occurred in Almira Township. It more than doubled in size during this period, growing from 1,449 to 3,257. Only one minor civil division, the city of Frankfort, had an increase of less than 10%.

These trends are quite positive, particularly in light of the current economic climate and the population trends and projections for most other similarly sized communities within Michigan, in which significant population losses are anticipated into the next decade. An additional positive attribute of the region is the positive growth trends within key age segments, as illustrated within Table Two. As indicated within the table, sizable gains in older age cohorts are projected by 2013, reflecting significant aging in place as well as migration from other parts of the state and region, either as a retirement destination or a work-related relocation. According to ESRI projections, the senior age cohort (age 65 and older), will experience significant gains within all geographic levels, ranging from a 19% increase within Frankfort (from 2000 levels) to a 39% gain within the East Benzie sub-market. Overall, the senior age cohort is projected to grow by 38% countywide from 2000 to 2013.

The strongest age cohort has historically been the "young adult" segment (age 20 to 44). During the 1990s this segment represented the bulk of the post-war "Baby Boom" generation, and was by far the most influential segment from an economic and demographic standpoint. As this segment ages into the older adult cohort (now including

those persons age 45 to 64), the most encouraging trend is continued growth within the non-adult segment (age 20 and below) as well as the young adult segment. As demonstrated in Table Two, with the exception of the non-adult segment within certain regions, all the non-adult and young adult segments are projected to increase into 2013, with the most notable gain anticipated within the East Benzie Sub-Market among young adults, with a projected increase in population of over 18%.

In light of the current economic climate within Michigan and across the nation, such trends are only possible within a community that features a great deal of positive characteristics. Unemployment (both seasonal and long-term) and housing affordability may inhibit ongoing growth for the local population.

Table 1: Population Trends, 1990 to 2013

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1990 Population	1,546	416	3,408	8,792	12,200
2000 Population	1,513	457	5,513	10,485	15,998
Percent Change (1990-2000)	-2.1%	9.9%	61.8%	19.3%	31.1%
2008 Population Estimate	1,723	561	6,780	11,986	18,766
Percent Change (from 2000)	13.9%	22.8%	23.0%	14.3%	17.3%
2010 Population Forecast	1,775	587	7,097	12,361	19,458
Percent Change (from 2000)	17.3%	28.4%	28.7%	17.9%	21.6%
2013 Population Forecast	1,854	626	7,572	12,924	20,496
Percent Change (from 2000)	22.5%	37.0%	37.3%	23.3%	28.1%

SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Map 4: Population Change by Township, 1990 to 2003

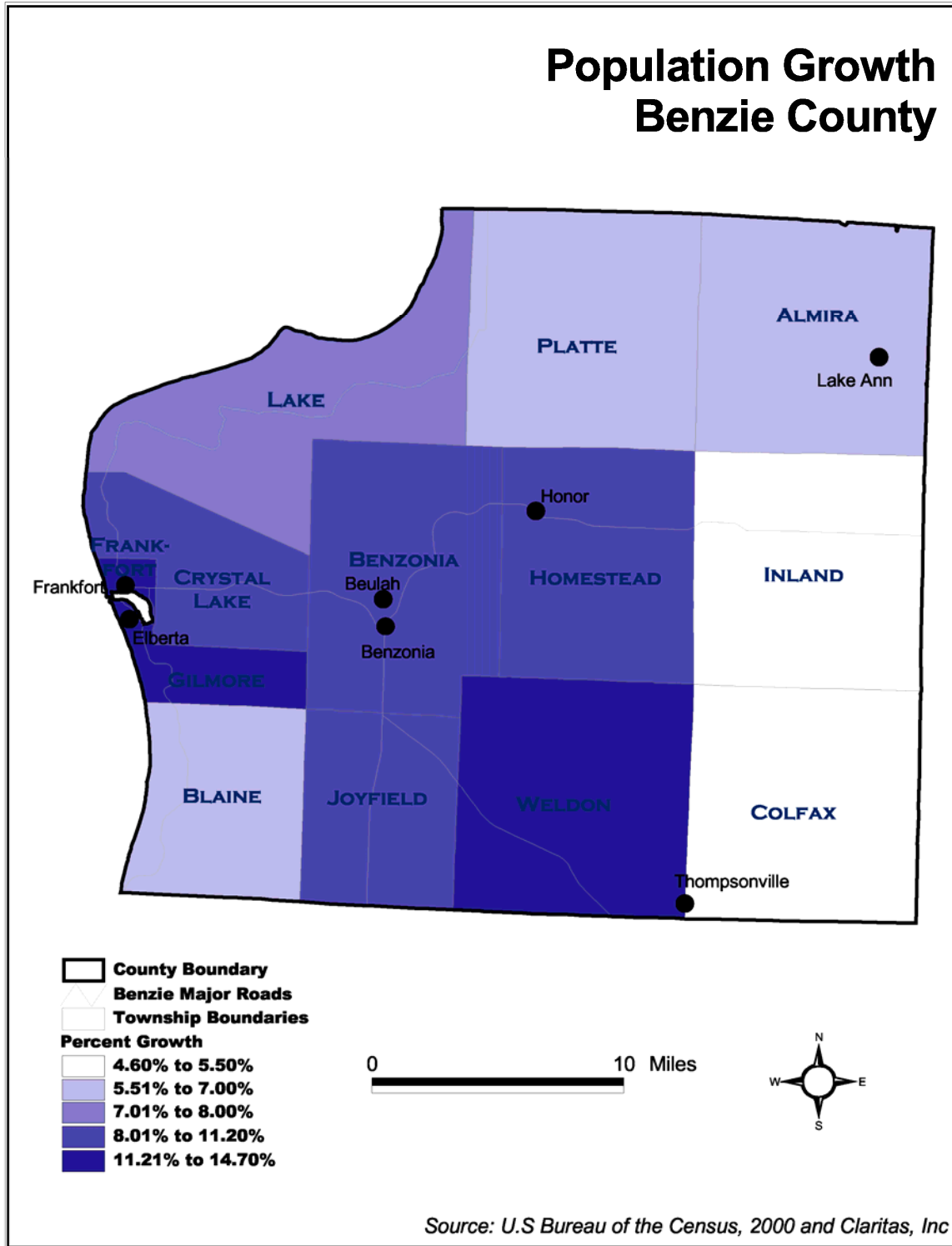


Table 2: Age Cohort Trends, 2000 to 2013

	City of Frankfort	Village of Thompsonville	East Benzie Sub-Market	West Benzie Sub-Market	Benzie County
Age Less than 20 - 2000	301	142	1,592	2,466	4,058
Percent of total 2000 population	19.9%	31.1%	28.9%	23.5%	25.4%
Age Between 20 and 44 - 2000	381	152	2,073	2,937	5,010
Percent of total 2000 population	25.2%	33.3%	37.6%	28.0%	31.3%
Age Between 45 and 64 - 2000	359	98	1,268	2,859	4,127
Percent of total 2000 population	23.7%	21.4%	23.0%	27.3%	25.8%
Age 65 and Over - 2000	472	65	580	2,223	2,803
Percent of total 2000 population	31.2%	14.2%	10.5%	21.2%	17.5%
Age Less than 20 - 2013	309	159	2,049	2,539	4,587
Percent of total 2013 population	16.7%	25.4%	27.1%	19.6%	22.4%
Percent change (2000 to 2013)	2.7%	12.0%	28.7%	3.0%	13.0%
Age Between 20 and 44 - 2013	409	184	2,450	2,879	5,326
Percent of total 2013 population	22.1%	29.4%	32.4%	22.3%	26.0%
Percent change (2000 to 2013)	7.3%	21.1%	18.2%	-2.0%	6.3%
Age Between 45 and 64 - 2013	577	199	2,268	4,455	6,716
Percent of total 2013 population	31.1%	31.8%	30.0%	34.5%	32.8%
Percent change (2000 to 2013)	60.7%	103.1%	78.9%	55.8%	62.7%
Age 65 and Over - 2013	560	86	808	3,058	3,867
Percent of total 2013 population	30.2%	13.7%	10.7%	23.7%	18.9%
Percent change (2000 to 2013)	18.6%	32.3%	39.3%	37.6%	38.0%

SOURCE: 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

As discussed within the 2003 report, the rate of household growth (or decline) is the more direct measure of housing need. This is due to the fact that households are the actual consumers of housing, rather than individuals in most cases. In addition, it is entirely possible that household growth trends can be contrary to those observed in general population statistics in the same area. Outside of migration, the forces of household creation (divorces, new households formed by adult children moving out of their parent's homes, for example) do not necessarily move in tandem with the forces of population increase (births and deaths).

The growth rate of households in Benzie County has been quite impressive. In 2000, 6,500 households resided in the county. By 2013, its estimated household count is 8,583, which is a change of 32%. Both sub-markets are projected to exhibit similarly strong growth rates, with the East Benzie area featuring a projected household growth of over 41% by 2013. The West Benzie Sub-Market is anticipated to increase the household total by over 27% during the same period. These trends are not unexpected, given the affordability, land availability, and quality of life characteristics that can be found within Benzie County and the Grand Traverse region.

The distribution of household size follows the general pattern of population settlement, with somewhat smaller households typically found within Frankfort and the West Benzie Sub-Market. Conversely, the most rural communities within the county feature significantly larger household sizes. This is a result of available housing options (as fewer apartments and smaller-sized units are present within the rural areas of the county), and the desire for many singles, couples, and senior citizens to reside closer to available services, places of employment, and transportation routes. These residential areas naturally feature more apartment and condominium development, and are able to cater to this desire. Frankfort has the lowest average household size as of 2000, at 2.11 persons. The East Benzie Sub-Market features a notably higher average household size (2.61 persons), along with Thompsonville village, at 2.54 persons per household. As of 2000, Benzie County's average size was 2.42 persons, which reflects the degree of influence the Frankfort area has upon the county as a whole. The state's average household size in 2000 was 2.56 persons, providing an indication of prevailing household sizes within the region. By 2013, all household sizes within all geographic designations are projected to decline slightly, ranging from 2.04 persons (Frankfort) to 2.53 (East Benzie Sub-Market).

Table 3: Household Trends, 1990-2013

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1990 Households	646	155	1,235	3,537	4,772
2000 Households	665	180	2,115	4,385	6,500
Percent Change (1990-2000)	2.9%	16.1%	71.3%	24.0%	36.2%
2008 Household Estimate	781	226	2,653	5,128	7,782
Percent Change (2000-2008)	17.5%	25.3%	25.5%	17.0%	19.7%
2010 Household Forecast	810	237	2,788	5,314	8,102
Percent Change (2000-2010)	21.9%	31.6%	31.8%	21.2%	24.7%
2013 Household Forecast	854	254	2,990	5,593	8,583
Percent Change (2000-2013)	28.4%	41.1%	41.4%	27.5%	32.0%

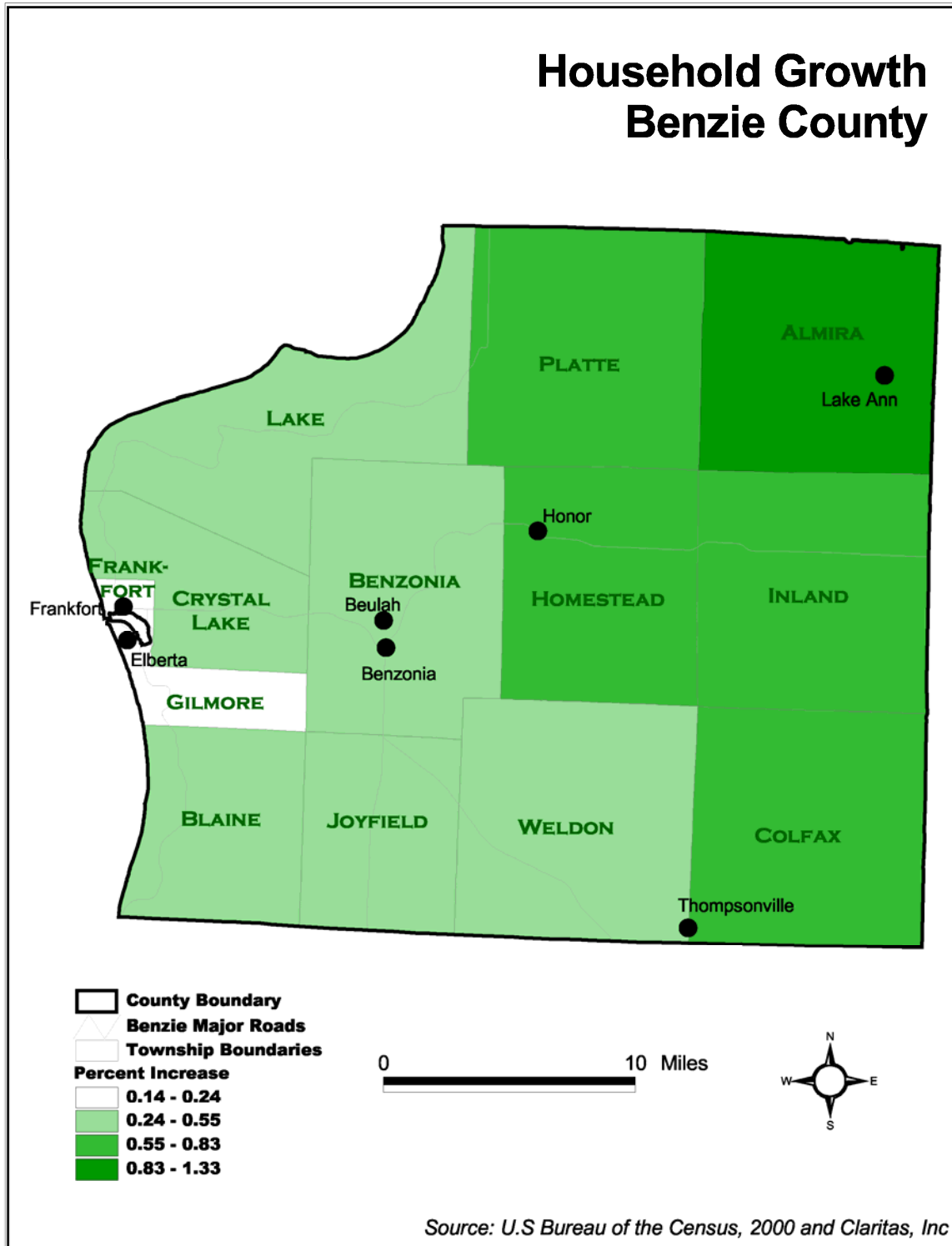
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Table 4: Average Household Size (Per Person), 1990-2013

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1990 Average Household Size	2.27	2.68	2.76	2.44	2.52
2000 Average Household Size	2.11	2.54	2.61	2.33	2.42
Percent Change (1990-2000)	-7.1%	-5.4%	-5.5%	-4.5%	-4.1%
2008 Average Household Size Estimate	2.06	2.49	2.56	2.29	2.38
Percent Change (2000-2008)	-2.1%	-2.0%	-2.0%	-1.9%	-1.8%
2010 Average Household Size Forecast	2.05	2.48	2.55	2.28	2.37
Percent Change (2000-2010)	-2.6%	-2.4%	-2.3%	-2.3%	-2.1%
2013 Average Household Size Forecast	2.04	2.46	2.53	2.26	2.36
Percent Change (2000-2013)	-3.2%	-2.9%	-2.8%	-2.9%	-2.6%

SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Map 5: Household Trends, 1990-2003



Income Trends

Income (defined as household income in this report) is an important contributor to housing demand, in that higher incomes enable households to purchase more shelter (bigger homes, special amenities such as waterfront property, or a vacation home).

In Benzie County, the median household income in 2008 was estimated at \$47,810. This is an increase of 28% (3.1% on an average annual basis) from 1999's figure of \$37,350. As you can see within the following table, these figures and trends are somewhat different within the two sub-markets. The highest median was found within the East Benzie Sub-Market, with an estimated median household income of \$53,141 for 2008. The West Benzie Sub-Market featured an estimated median for 2008 of \$45,133.

The average annual rates of income growth among the geographic designations between 1999 and 2013 vary from a high of 4.3% in both Frankfort and Thompsonville, to 2.9% countywide (and the two sub-markets).

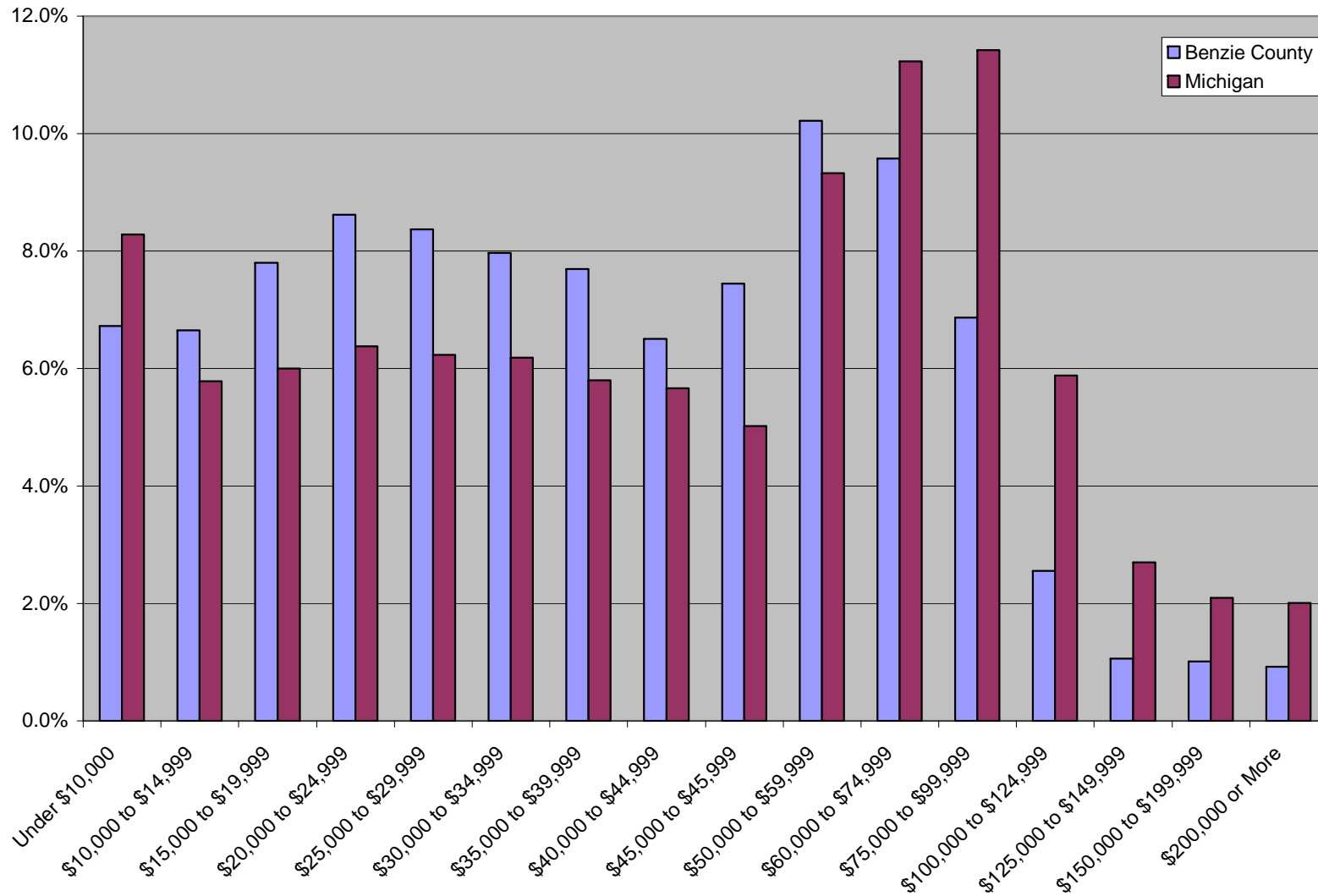
The higher growth areas within the more rural regions of the county are a direct reflection of continued population and household growth consisting primarily of families rather than singles or couples. With few exceptions higher incomes are prevalent within family households, rather than single-person or two-person households. According to the ESRI projections, Thompsonville Village is projected to experience growth in household income over 73% by 2013, as compared to 46% for the county as a whole during the same period. Much of this growth is due to ongoing development associated with Crystal Mountain Resort. What is also of interest is the ongoing growth in median household income within Frankfort, for which ESRI also projects a 73% increase by 2013.

The income distribution in an area is also an important aspect of income to investigate. Based on information from the 2000 U.S. Census, Chart 1 shows that the county and state distributions are quite different, with Benzie County households concentrated in the lower income groups. First, 78% of Benzie County's households earn less than \$59,999, while the corresponding percentage at the state level is 64.7%. Second, the state has a much higher percentage of higher-income households. Just under six percent of county households earn over \$100,000, while nearly 13% of state households have incomes of this level. Third, the modal category (the income range with the largest number of households) differs between the two geographies. In the county, the modal category includes households in the \$50,000 to \$59,999 range, while the state's mode is \$75,000 to \$99,999.

Table 5: Median Household Income Trends, 1989-2013

	City of Frankfort	Village of Thompsonville	East Benzie Sub-Market	West Benzie Sub-Market	Benzie County
1989 Median Household Income	\$19,911	\$14,531	\$22,356	\$21,463	\$21,577
1999 Median Household Income	\$33,821	\$29,125	\$41,690	\$35,447	\$37,350
Total percent change (1989 to 1999)	69.9%	100.4%	86.5%	65.2%	73.1%
Annual percent change (1989 to 1999)	5.4%	7.2%	6.4%	5.1%	5.6%
2008 Estimated Median Income	\$48,990	\$42,280	\$53,141	\$45,133	\$47,810
Total percent change (1999 to 2008)	44.9%	45.2%	27.5%	27.3%	28.0%
Annual percent change (1999 to 2008)	4.7%	4.8%	3.1%	3.1%	3.1%
2010 Estimated Median Income	\$52,783	\$45,569	\$56,004	\$47,555	\$50,425
Total percent change (1999 to 2010)	56.1%	56.5%	34.3%	34.2%	35.0%
Annual percent change (1999 to 2010)	4.6%	4.6%	3.0%	3.0%	3.0%
2013 Forecast Median Income	\$58,471	\$50,502	\$60,298	\$51,187	\$54,348
Total percent change (1999 to 2013)	72.9%	73.4%	44.6%	44.4%	45.5%
Annual percent change (1999 to 2013)	4.3%	4.3%	2.9%	2.9%	2.9%
SOURCE: 1990 and 2000 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.					

Chart 1: Income Distribution in Benzie County and Michigan, 1999



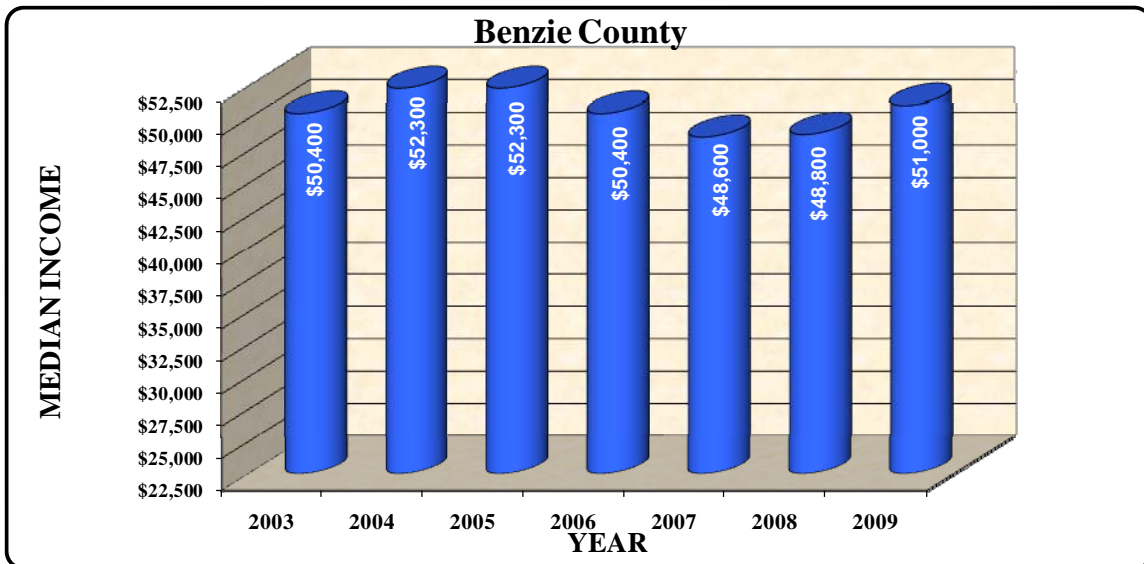
Income Levels and Household Growth

For many governmental housing programs, certain levels of income compared to an area’s median income (as defined by the US Department of Housing and Urban Development, or HUD) determine which households are qualified for participation. The table below shows median income estimates by HUD that essentially determine the number of eligible households that are potentially able to participate within various affordable housing programs.

Table 6: HUD Estimates of Median Income – Benzie County – 2003-2009

HUD MEDIAN INCOMES		
<u>YEAR</u>	<u>MEDIAN INCOME</u>	<u>ANNUAL CHANGE</u>
2003	\$50,400	----
2004	\$52,300	3.8%
2005	\$52,300	0.0%
2006	\$50,400	-3.6%
2007	\$48,600	-3.6%
2008	\$48,800	0.4%
2009	\$51,000	4.5%
% Change (2003-2009):		1.2%
% Avg. Annual Change (2003-2009):		0.2%

Chart 2: HUD Estimates of Median Income – Benzie County – 2003-2009



For most counties, these estimates over the decade are somewhat more conservative than the ESRI forecasts, on an average annual basis. However, for Benzie County the current estimate appears appropriate and in-line with projections based on the 2000 Census. Some of the variations over the past few years are methodological changes by HUD, due to changes in how the information is collected. That alone may explain much of the differential between HUD and ESRI. Future estimates by HUD should be somewhat more consistent, and continue to emulate the ESRI data.

What is important to note is that the general trend is upward (although not significantly), and this has not been the case for many Michigan metropolitan areas during the decade. According to HUD, most income trends within the Detroit area, Flint, Saginaw, and other larger communities have been essentially flat. The Grand Traverse region's ability to demonstrate positive income trends, at even a minimal rate, is a positive reflection of the community from an economic and long-term development standpoint.

III. Economic Patterns

Employment and Unemployment

The economy of an area is important to its housing market in a number of ways. First, the wages earned by work provide the income for most households to purchase shelter; therefore, the types of jobs that a local economy can provide have a direct impact on the type, age and price of stock that households can obtain. Second, the commuting patterns that a local economy generates determine both the location of new development and the desirability (and pricing) of residential areas close to major commuting routes. Third, in areas that are undergoing economic stress, home prices and rents can drop as demand falls.

Generally, the local economy in Benzie County has performed reasonably well since the mid-1990s in terms of employment, with overall employment gains since 1997, but unemployment levels that have historically remained above the overall state level. Employment levels in the county and its townships increased steadily from the early 1990s through 2000, when the recessionary period at the 9/11 terrorist attacks resulted in a slight recessionary period regionally and nationally. From 2002 to 2006, however, the county experienced continued increase in employment, with a gain of more than 600 jobs during that period (a 7.8% increase). Since 2006, the state's economic climate has overtaken much of the region's positive demographic and economic characteristics, resulting in a loss of more than 400 jobs over the past two years.

Unemployment in the county has been historically higher than the state's level. Overall, Benzie County's unemployment rate for 2008 was 9.2%. This is higher than both the state of Michigan (8.4%) and the national rate of 5.8%. Benzie County's highest level of unemployment over the past two decades was in 1991 – at 14.2%. The county's lowest rate of unemployment was recorded in 2000, at 4.5%. The most recent monthly unemployment level (June 2009) is quite high, at 13.0%, as compared to 8.0% for June 2008. This is clearly a reflection of the national recession and the outright economic depression facing Michigan over much of the past eight years.

The tables and charts on the next page describe the employment trend in more detail.

Table 7: Employment Trends, 1997-Present

	<i>Benzie County</i>				<i>State of Michigan</i>	<i>United States</i>
<i>Year</i>	<i>Labor Force</i>	<i>Number Employed</i>	<i>Annual Change</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>
1997	7,534	7,068	----	6.2%	4.3%	4.9%
1998	7,656	7,226	158	5.6%	4.0%	4.5%
1999	7,873	7,480	254	5.0%	3.8%	4.2%
2000	8,387	8,011	531	4.5%	3.7%	4.0%
2001	8,433	7,941	(70)	5.8%	5.2%	4.7%
2002	8,419	7,842	(99)	6.9%	6.2%	5.8%
2003	8,765	8,069	227	7.9%	7.1%	6.0%
2004	8,908	8,233	164	7.6%	7.1%	5.5%
2005	9,182	8,470	237	7.8%	6.8%	5.1%
2006	9,226	8,520	50	7.7%	6.9%	4.6%
2007	9,171	8,452	(68)	7.8%	7.1%	4.6%
2008	8,955	8,127	(325)	9.2%	8.4%	5.8%
Jun-08	9,319	8,577	----	8.0%	8.4%	5.7%
Jun-09	9,245	8,046	(531)	13.0%	15.4%	9.7%

	<u>Number</u>	<u>Percent</u>
Change (1997-2007):	1,384	19.6%
Change (1997-2002):	774	11.0%
Change (2002-2007):	610	7.8%

SOURCE: Bureau of Labor Statistics.

Chart 3: Employment Trends, 1997-Present

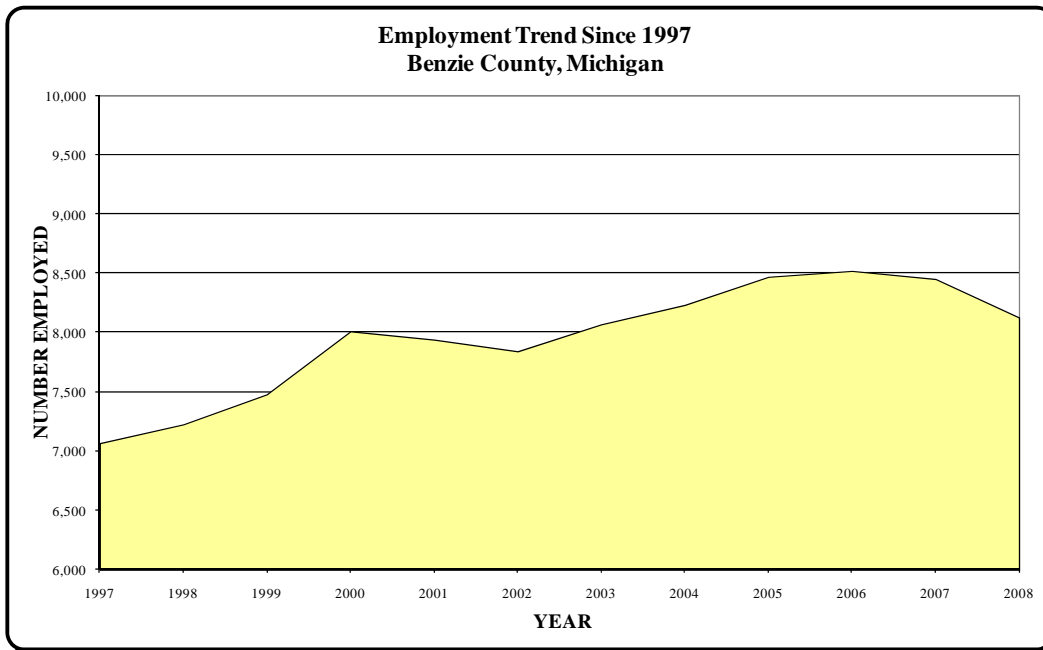
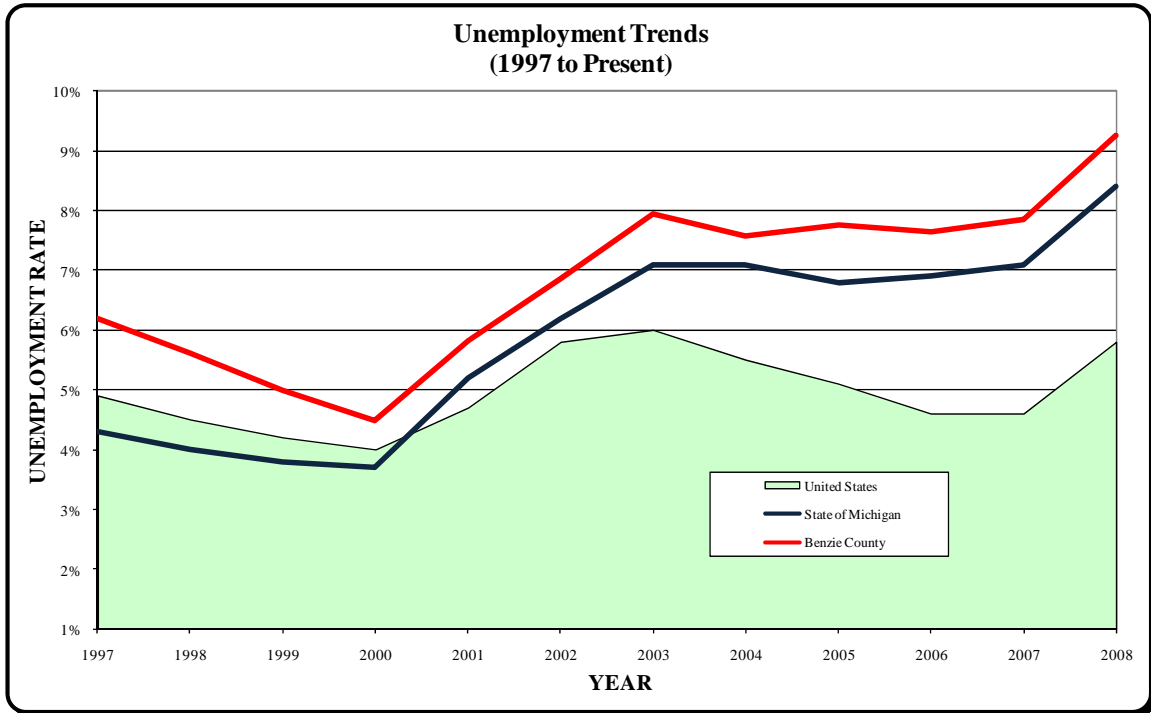


Chart 4: Unemployment Trends, 1997-Present



Commuting Patterns

Commuting to jobs within Benzie County is an important fact of life for its resident workers. Statistics from the 2000 Census show that a small majority (51.8%) of workers who live in Benzie County remained in the county for their jobs. However, it is also clear from the data that many workers (nearly 78%) do not work in the townships in which they live.

The table below shows the pattern of commuting among the Sub-Markets and the County. Not surprising, the region closest to Traverse City (East Benzie) features the highest level of out-county employment (at 77%), while the West Benzie region is significantly lower (at 29%), indicating a significantly higher degree of local employment within the Frankfort/Elberta/Benzonia area. In fact, just 18% of Frankfort residents are employed outside of Benzie County.

Another interesting facet of commuting patterns in Benzie is that overall commuting levels to other counties increased substantially, from 35.4% in 1990 to 47.5% in 2000. This indicates a greater willingness to commute to potential employment locations, as well as the likely affordability issue with housing that is proximate to employment concentrations. To a certain extent, Benzie County's rural regions are the beneficiary of these trends, as the degree of affordability for housing within the Traverse City area has likely priced-out potential residents.

Commuting patterns between Benzie County and the adjacent counties have also been analyzed utilizing data from the 2000 U.S. Census. In total, 3,691 persons reside and work in Benzie County. When reviewing the workforce which resides in Benzie County, 2,550 persons commuted to Grand Traverse County in 2000, representing the largest outward flow of workers from Benzie County (representing 35.8% of the total Benzie County labor force). It is also noteworthy to examine which of the adjacent counties provides the greatest number of employees to the Benzie County employment base. In 2000, 459 persons resided in Manistee County but worked within Benzie County. Grand Traverse County (242 persons), Leelanau County (60 persons), and Wexford County (43 persons) accounted for the balance of commuters from adjacent counties that were employment within Benzie County.

Clearly, Grand Traverse County provides the widest range of employment opportunities in the region. The strong population and household growth discussed previously is fueled by the employment opportunities found within the Traverse City area. Particularly with a troubled Michigan economy and higher fuel costs than in the past, many regional workers are likely to be interested in housing closer to employment, assuming other barriers such as affordability and availability are addressed.

Table 8: Commuting Patterns - 2000

	City of <u>Frankfort</u>	Village of <u>Thompsonville</u>	East Benzie <u>Sub-Market</u>	West Benzie <u>Sub-Market</u>	Benzie <u>County</u>
Place of Work within County	480	115	619	3,072	3,691
Percent	82.1%	48.5%	22.4%	70.5%	51.8%
Place of Work Outside of County	100	122	2,124	1,261	3,385
Percent	17.1%	51.5%	76.8%	28.9%	47.5%
Place of Work Outside of State	5	0	21	23	44
Percent	0.9%	0.0%	0.8%	0.5%	0.6%

SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau

Table 8A: Commuting Patterns by County - 2000

	Benzie <u>County</u>	Leelanau <u>County</u>	Grand Traverse <u>County</u>	Manistee <u>County</u>	Wexford <u>County</u>
County of Residence	3,691	60	242	459	43
Percent of local county Labor Force	51.8%	0.6%	0.6%	4.6%	0.3%
County of Employment	3,691	288	2,550	230	53
Percent of Benzie County Labor Force	51.8%	4.0%	35.8%	3.2%	0.7%

SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau

Wages by Occupation

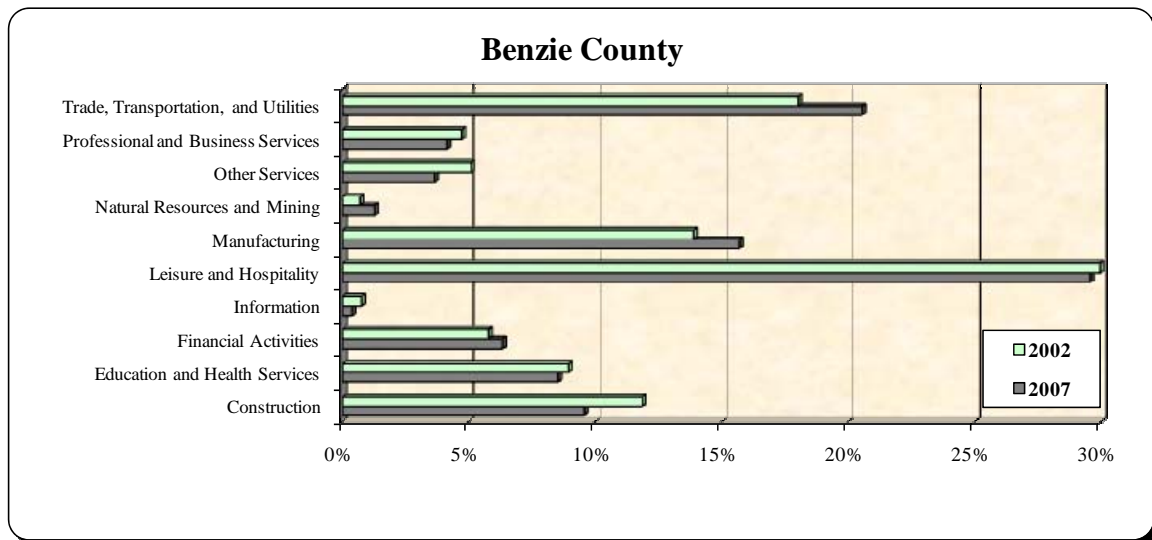
According to data acquired from the US Department of Labor – Bureau of Labor Statistics, the industry that employed the most persons in 2002 was the leisure and hospitality sector, representing 30% of the 2002 labor force. Minimal change in the relative size of the employment sectors was observed between 2002 and 2007, with most reporting small negative or positive changes during that period. The most substantial increase occurred in the trade, transportation, and utilities sector, which reported approximately three percent more employees in 2007 than in 2002. On average, annual wages in the area fall between \$15,315 and \$34,362 (based on 2007 data). The highest annual wage was for workers in the construction sector, while workers in the leisure and hospitality sector earned the lowest wages – thus the largest employment sector is very likely to exhibit the greatest housing affordability needs.

Table 9: Industry Employment Change – Benzie County, 2002-2007

	2002			2007		
	Number Employed	Percent	Annual Avg. Wage	Number Employed	Percent	Annual Avg. Wage
Construction	440	11.9%	\$24,863	343	9.6%	\$34,362
Education and Health Services	332	9.0%	\$48,167	307	8.6%	\$33,496
Financial Activities	215	5.8%	\$30,815	227	6.3%	\$33,883
Information	29	0.8%	\$25,410	15	0.4%	\$27,823
Leisure and Hospitality	1,108	30.0%	\$14,568	1,059	29.6%	\$15,315
Manufacturing	515	13.9%	\$23,541	563	15.7%	\$27,092
Natural Resources and Mining	27	0.7%	\$16,302	46	1.3%	\$21,289
Other Services	189	5.1%	\$16,847	132	3.7%	\$22,239
Professional and Business Services	175	4.7%	\$28,635	149	4.2%	\$21,076
Trade, Transportation, and Utilities	667	18.0%	\$19,232	737	20.6%	\$20,918
Total	3,697	100%		3,578	100%	

SOURCE: Bureau of Labor Statistics.

Chart 5: Industry Employment (2002 to 2007)



Employment by Industry

In general terms, service employment is the most important source of work for the residents of the county, according to the 2000 Census. Then, approximately 40% of county residents were employed in that economic sector. Most (19.2%) were in the educational and health services, but a significant proportion (11.1%) were employed in the arts, entertainment, recreation, accommodation and food services. Both the level of service employment and arts, entertainment, recreation, accommodation and food service employment were much higher in Benzie than in the state, which indicates a local economy that is reliant on tourism for its economic health.

Manufacturing as a source of employment in Benzie was much less important in terms of employment share than it is at the state level. In the county, 14.9% of employees worked in this sector, while the state's proportion was 22.5%.

The table below details the distribution of employment by industry for the townships in Benzie County. Most of the county's townships have between 35% and 45% of their workforces engaged in some type of service industry. The highest levels of service employment are in the city of Frankfort, and Crystal Lake and Gilmore Townships, where nearly one-half of the workforce labors in this sector. Colfax and Weldon Townships (near Thompsonville) have the largest concentrations of workers in the arts, entertainment, recreation, accommodation and food services. Higher-end service jobs (those employed in the professional, scientific, management, administrative and waste management services) accounted for about 11% of employment among residents of Platte Township.

Two townships (Colfax and Weldon) had manufacturing employment percentages in excess of 20%. Blaine and Platte Townships had the highest levels of primary employment (Agriculture, Forestry, Fishing and Mining) in the county; both had over five percent of their workforce involved in this economic activity.

Table 10: Employment by Industry, 2000

	Minor Civil Divisions													Benzie County
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lak Township	City of Frankfort	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	
Agriculture and Mining	16	10	11	2	0	2	8	10	14	16	5	16	0	110
Percent	1.1%	0.9%	5.2%	0.8%	0.0%	0.3%	2.2%	1.0%	1.7%	4.6%	2.6%	8.9%	0.0%	1.5%
Construction	190	118	37	47	50	63	40	113	133	23	15	34	21	884
Percent	13.0%	10.2%	17.4%	17.7%	12.0%	10.6%	11.1%	11.6%	15.9%	6.6%	7.8%	19.0%	7.9%	12.2%
Manufacturing	198	161	17	59	47	65	60	138	136	61	29	30	79	1,080
Percent	13.6%	13.9%	8.0%	22.3%	11.2%	10.9%	16.7%	14.2%	16.3%	17.6%	15.1%	16.8%	29.6%	14.9%
Transportation and Public Utilities	66	26	10	9	6	28	12	27	17	7	9	0	2	219
Percent	4.5%	2.2%	4.7%	3.4%	1.4%	4.7%	3.3%	2.8%	2.0%	2.0%	4.7%	0.0%	0.7%	3.0%
Wholesale Trade	35	35	5	4	5	15	4	25	28	14	5	5	2	182
Percent	2.4%	3.0%	2.3%	1.5%	1.2%	2.5%	1.1%	2.6%	3.3%	4.0%	2.6%	2.8%	0.7%	2.5%
Retail Trade	246	165	29	30	49	70	28	163	160	59	26	16	19	1,060
Percent	16.9%	14.3%	13.6%	11.3%	11.7%	11.7%	7.8%	16.8%	19.1%	17.0%	13.5%	8.9%	7.1%	14.6%
Finance, Insurance, & Real Estate	56	65	11	16	18	40	19	38	47	10	12	5	14	351
Percent	3.8%	5.6%	5.2%	6.0%	4.3%	6.7%	5.3%	3.9%	5.6%	2.9%	6.3%	2.8%	5.2%	4.8%
Services	570	490	87	98	217	290	182	392	276	139	86	73	113	3,013
Percent	39.1%	42.4%	40.8%	37.0%	51.9%	48.7%	50.6%	40.4%	33.0%	40.1%	44.8%	40.8%	42.3%	41.5%
Public Administration	80	86	6	0	26	23	7	65	25	18	5	0	17	358
Percent	5.5%	7.4%	2.8%	0.0%	6.2%	3.9%	1.9%	6.7%	3.0%	5.2%	2.6%	0.0%	6.4%	4.9%

SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau

Table 11: Employment by Industry (Sub-Markets), 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
Agriculture and Mining	2	0	32	78	110
Percent	0.3%	0.0%	1.1%	1.8%	1.5%
Construction	63	26	391	493	884
Percent	10.6%	11.0%	14.0%	11.3%	12.3%
Manufacturing	65	74	472	608	1,080
Percent	11.0%	31.2%	16.9%	13.9%	15.1%
Transportation and Public Utilities	28	3	94	125	219
Percent	4.7%	1.3%	3.4%	2.9%	3.1%
Wholesale Trade	15	4	69	113	182
Percent	2.5%	1.7%	2.5%	2.6%	2.5%
Retail Trade	70	19	455	605	1,060
Percent	11.8%	8.0%	16.3%	13.8%	14.8%
Finance, Insurance, & Real Estate	40	8	133	218	351
Percent	6.8%	3.4%	4.8%	5.0%	4.9%
Services	286	95	1,018	1,901	2,919
Percent	48.3%	40.1%	36.5%	43.4%	40.8%
Public Administration	23	8	122	236	358
Percent	3.9%	3.4%	4.4%	5.4%	5.0%

SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau

Employment by Occupation

Another way to classify employment types in an area is by reference to what the job actually entails, rather than the part of the economy in which it exists. Occupational data describe employment in this manner.

A number of patterns are depicted in the following table on employment by occupational group. First, the level of employment in the highest-status jobs (those in the managerial and professional category) is higher in the state than in Benzie County (31.5% vs. 24.2%). Second, the level of blue-collar employment (measured by the sum of the construction/extraction/maintenance and the production/transportation/material moving occupations) is higher in the county (31.5%) than in the state (27.6%). Additionally, semi- or non-skilled positions (in the production/transportation/material moving occupations) are slightly less common in Benzie (17.6% of all jobs) than in the state (18.5%).

The next table shows the distribution of occupations within the county's townships. Lake Township has over one-half of its workers employed in professional and management positions. However, in all but four townships, service and sales employment is the single largest source of work. In both Blaine and Lake Townships, higher-end service jobs were more common than others, while Platte and Weldon Townships had higher concentrations of blue-collar positions.

Table 12: Employment by Occupation, 2000

	Minor Civil Divisions													Benzie County
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lak Township	City of Frankfort	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	
Managerial and Professional	363	286	79	31	122	191	98	192	128	66	98	41	60	1,755
Percent	24.9%	24.7%	37.1%	11.7%	29.2%	32.0%	27.2%	19.8%	15.3%	19.0%	51.0%	22.9%	22.5%	24.2%
Service and Sales	676	519	64	115	196	244	147	436	374	163	63	55	102	3,154
Percent	46.4%	44.9%	30.0%	43.4%	46.9%	40.9%	40.8%	44.9%	44.7%	47.0%	32.8%	30.7%	38.2%	43.5%
Farming and Forestry	7	10	10	0	0	7	2	6	2	2	0	11	0	57
Percent	0.5%	0.9%	4.7%	0.0%	0.0%	1.2%	0.6%	0.6%	0.2%	0.6%	0.0%	6.1%	0.0%	0.8%
Construction, Extraction and Maintenance	212	142	34	55	43	76	43	141	144	46	11	38	27	1,012
Percent	14.6%	12.3%	16.0%	20.8%	10.3%	12.8%	11.9%	14.5%	17.2%	13.3%	5.7%	21.2%	10.1%	13.9%
Production, Transportation and Material Moving	199	199	26	64	57	78	70	196	188	70	20	34	78	1,279
Percent	13.7%	17.2%	12.2%	24.2%	13.6%	13.1%	19.4%	20.2%	22.5%	20.2%	10.4%	19.0%	29.2%	17.6%

SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau

Table 13: Employment by Occupation (Sub-Markets), 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
Managerial and Professional	191	20	582	1,173	1,755
Percent	32.0%	8.4%	20.6%	26.5%	24.2%
Service and Sales	244	114	1,267	1,887	3,154
Percent	40.9%	48.1%	44.8%	42.6%	43.5%
Farming and Forestry	7	0	9	48	57
Percent	1.2%	0.0%	0.3%	1.1%	0.8%
Construction, Extraction and Maintenance	76	31	438	574	1,012
Percent	12.8%	13.1%	15.5%	13.0%	13.9%
Production, Transportation and Material Moving	78	72	529	750	1,279
Percent	13.1%	30.4%	18.7%	16.9%	17.6%
SOURCE: 2000 Census of Population and Housing, SF 3, U.S. Census Bureau					

IV. Components of Housing Supply

Tenure

Tenure (whether a household owns or rents their housing unit) is an important factor to understand in gauging the supply of housing available in an area. Tenure depends on a number of factors, including the income of the market (lower incomes tend to rent, as that shelter is generally less expensive than owning), rural character of the area (rural dwellers tend to rent less often than urban residents), and life cycle issues (new households moving into rental apartments until they are ready to buy a home), among others.

To serve as many of its members as possible, a housing market must have a wide variety of shelter choices. Due to its cost, good quality rental housing is vital in ensuring that most segments of a local market can be housed.

As Benzie is predominantly rural in character, renting as a housing option is less common than in other areas. According to the 2000 Census, 14.3% of Benzie's households rented their shelter. This is considerably lower than the state's proportion of 26.2%. Both of these rates show a decline from 1990, when 18.1% of the county's and 29% of the state's households were renters. However, Benzie's renter households increased in number by over seven percent through the 1990s, far outstripping growth at the state level.

The table below shows the renter percentages in each of the county's townships. In 2000, the city of Frankfort had the largest proportions of renter households, at approximately 30.5%. In addition, four other townships (Benzonia, Crystal Lake, Gilmore and Weldon) had renter proportions over 15%. This is a considerably larger share than those of the other townships; the lowest level of renting is in Lake Township, at 7.5%. In addition, decreases in the renter percentage occurred in most townships; only two (Crystal Lake and Joyfield) saw increases over the decade. The largest drops took place in Colfax and Lake Townships, with a nine percentage point decrease during the 1990s. The largest increase was in Joyfield Township, with an increase of 0.8 percentage points. Increases in the number of renter households occurred in only five townships: Inland, Almira, Crystal Lake, Joyfield and Benzonia.

Table 14: Renter Households, 1990 and 2000

	Minor Civil Divisions													Benzie County
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lak Township	City of Frankfort	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	
1990 Renter Households	60	185	29	25	46	206	60	84	50	26	39	17	39	866
Percent of total 1990 households	11.2%	19.0%	15.9%	17.5%	14.6%	31.9%	19.4%	15.5%	12.7%	11.5%	16.5%	16.3%	23.9%	18.1%
2000 Renter Households	84	221	20	19	63	203	59	72	75	35	24	15	38	928
Percent of total 2000 households	8.0%	18.3%	9.3%	8.5%	15.2%	30.5%	17.3%	9.1%	12.1%	12.2%	7.5%	9.9%	17.5%	14.3%
Percent change (1990 to 2000)	40.0%	19.5%	-31.0%	-24.0%	37.0%	-1.5%	-1.7%	-14.3%	50.0%	34.6%	-38.5%	-11.8%	-2.6%	7.2%

SOURCE: 1990 and 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau

Table 15: Renter Households (Sub-Markets), 1990 and 2000

	City of Frankfort	Village of Thompsonville	East Benzie Sub-Market	West Benzie Sub-Market	Benzie County
1990 Renter-Occupied Households	206	47	174	692	866
Percent of total 1990 households	31.9%	30.3%	14.1%	19.6%	18.1%
2000 Renter-Occupied Households	203	38	216	712	928
Percent of total 2000 households	30.5%	21.1%	10.2%	16.2%	14.3%
Percent change (1990 to 2000)	-1.5%	-19.1%	24.1%	2.9%	7.2%

SOURCE: 1990 and 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; CRS

Multifamily Rental Stock

Community Research Services contacted available multifamily rental establishments in Benzie County during the first quarter of 2009. Most are located within the West Benzie Sub-Market. Some facts about the local rental apartment market:

- Only 94 apartment units were discovered within our survey, which represents approximately ten percent of available rental housing units within the county;
- Most apartment units within the county are subsidized in some manner, either through HUD or Rural Housing Service (formerly USDA Farmers Home Administration). As a result, most renters pay no more than 30% of monthly income for rent;
- All rental apartments surveyed are aged – with an average construction date of 1977 (32 years);
- Most available units are one-bedroom apartments (61% of the total), while 33% were two-bedroom units. Just six percent of the surveyed units were three-bedroom apartments;
- All of the units surveyed are for open, or family, occupancy. No available units are designated for senior occupancy. No special needs rental housing units are present within Benzie County;

The occupancy rate for these apartment complexes is somewhat high. Overall, an occupancy rate of 96.8% was discovered from our survey totals. As 93% to 95% occupancy is generally taken to signal a healthy rental market, and most rental options within the county are at or above that level. Please note that economic occupancy may not be the same as physical occupancy, with is always somewhat lower due to turnover or delays in occupying a unit. The survey totals from an overall standpoint indicate stable occupancy trends.

The next tables show rents at these establishments. Among the government-funded developments, the basic rent typically represents the highest rent level most lower-income households would be charged. The “market” rent for these properties would only be utilized for someone at the highest eligible income levels. In addition, Rental Assistance or Section 8 subsidies are available at the three government-funded developments, which allow eligible tenants to pay just 30% of monthly income for rent, regardless of the income level. These subsidy levels are as follows:

- Diamond House Apartments – 11 Rental Assistance units (out of 12 total)
- Brook Townhomes – 7 Rental Assistance units (out of 18 total)
- Bayview Apartments – 33 Section 8 units (out of 56 total)

Information on typical amenities, utility data, and contact info are also presented within the following tables. In general, the rental apartment market, representing approximately ten percent of all rental housing within the county, only provides a minimal impact in terms of housing affordability and choice. However, with a great deal of rental housing choices within nearby Traverse City, this issue is greatly minimized as an impediment to housing needs across the region. Thus the communities within Benzie County are directly tied to the Traverse City rental market, and the regional housing market as a whole, much more than other communities may be in other portions of the state.

Unfortunately, and particularly for lower and moderate-income residents, this may preclude many rental housing options as both unavailable and to a lesser extent unattainable, relegating those families to longer commutes, less-desirable alternatives, or remaining within roommate or family housing situations.

Table 16: Apartment Survey – Occupancy Levels

Property Name	Total Units	Number of Units by Bedroom Style				Vacant Units by Bedroom Style						
		Eff.	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom	Eff.	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom	Overall
BROOK APARTMENTS	18		15	3			100%	100%			100%	
BA YVIEW APARTMENTS	56		28	24	4		100%	96%	100%		98%	
SHADY NOOK	8		4	2	2		75%	100%	100%		88%	
DIAMOND HOUSE APTS	12		10	2			100%	50%			92%	
OVERALL												
Totals and Averages	94		57	31	6		n/a	100%	98%	91%	n/a	96.8%
Percentage of Total Units			61%	33%	6%							
MARKET RATE ONLY												
Totals and Averages	8		4	2	2		n/a	81%	50%	50%	n/a	88.0%
Percentage of Total Units			50%	25%	25%							
OTHER AFFORDABLE												
Totals and Averages	86		53	29	4		n/a	94%	92%	75%	n/a	97.6%
Percentage of Total Units			62%	34%	5%							

Table 17: Apartment Survey – Development Data

Property Name	Street Address	City	State	Zip	Population Served	Funding Type	Type of Design	Age (Year Built)	Waiting List	Length	Rental Absorption History (2 yrs)
BROOK APARTMENTS	6618 North Street	Benzonia	MI	49616	Family	RHS 515	Garden	1985	Yes	"Short"	n/a
BAYVIEW APARTMENTS	114 Anchor Place	Frankfort	MI	49635	Family	RHS/HUD	Walk-up	1980	Yes	54 HH	n/a
SHADY NOOK	3533 Casey Road	Frankfort	MI	49635	Family	Conv	Duplex	1963	No	-	n/a
DIAMOND HOUSE APTS	7622 Lincoln	Thompsonville	MI	49617	Family	RHS 515	Walk-up	1981	Yes	"Short"	n/a
OVERALL						Total Number of Developments		4			
Totals and Averages								1977			
MARKET RATE ONLY						Total Number of Market Rate Developments		1			
Totals and Averages								1963			
OTHER AFFORDABLE						Total Number of Other Affordable Developments		3			
Totals and Averages								1982			

Table 18: Apartment Survey - One Bedroom Rents

Property Name	Number of Bedrooms	Number of Bathrooms	Rental Rate							Square Footage		Rent Per Square Foot	
			INCOME BASED	BASIC	30% AMI	50% AMI	60% AMI	MARKET	SPECIAL	Low	High	Low	High
BROOK APARTMENTS	1	1	X	\$390					\$617				
BAYVIEW APARTMENTS	1	1	X	\$465					\$623	563		\$1.11	
SHADY NOOK	1	1						\$475	\$490	1,000		\$0.48	\$0.49
DIAMOND HOUSE APTS	1	1	X	\$493					\$750				
OVERALL													
Totals and Averages								\$538			634		\$0.85

Table 19: Apartment Survey - Two Bedroom Rents

Property Name	Number of Bedrooms	Number of Bathrooms	Rental Rate							Square Footage		Rent Per Square Foot		
			INCOME BASED	BASIC	30% AMI	50% AMI	60% AMI	MARKET	SPECIAL	Low	High	Low	High	
BROOK APARTMENTS	2	1	X	\$415					\$635					
BAYVIEW APARTMENTS	2	1	X	\$496					\$662		672		\$0.99	
SHADY NOOK	2	1							\$495	\$575	1,500		\$0.33	\$0.38
DIAMOND HOUSE APTS	2	1	X	\$518					\$770					
OVERALL														
Totals and Averages	2	1.0							\$571		900		\$0.63	

Table 20: Apartment Survey - Three Bedroom Rents

Property Name	Number of Bedrooms	Number of Bathrooms	Rental Rate							Square Footage		Rent Per Square Foot		
			INCOME BASED	BASIC	30% AMI	50% AMI	60% AMI	MARKET	SPECIAL	Low	High	Low	High	
BROOK APARTMENTS	--	--												
BAYVIEW APARTMENTS	3	1	X	\$574					\$708		746		\$0.95	
SHADY NOOK	3	1							\$495	\$575	1,500		\$0.33	\$0.38
DIAMOND HOUSE APTS	--	--												
OVERALL														
Totals and Averages	3	1.0							\$588		1237		\$0.48	

Table 21: Apartment Survey - Utility Information

Property Name	Heat		Hot Water		Cooking	
	Type	Included in Rent	Type	Included in Rent	Type	Included in Rent
BROOK APARTMENTS	GAS	X	GAS		ELE	
BAYVIEW APARTMENTS	GAS	X	H2O	X	ELE	
SHADY NOOK	GAS	X	GAS	X	ELE	
DIAMOND HOUSE APTS	GAS	X	H2O	X	ELE	

Table 22: Apartment Survey - Amenities Information

Property Name	Kitchen Equipment					Unit Amenities							Development Amenities								
	Stove	Refrigerator	Garbage Dispos	Dish Washer	Microwave	Central Air	Coat Closet	Individual Entr	In-unit Laundry	Laundry Hooku	Mini Blinds	Patio/ Balcony	Storage	Walk-in Closet	Wall Unit Air	Club House	Coin Op Laundry	Exercise Room	On-Site Management	Play ground	Pool
BROOK APARTMENTS	X	X	X				X	X						X			X				
BAYVIEW APARTMENTS	X	X	X				X			X	X			X			X			X	
SHADY NOOK	X	X					X	X	X												
DIAMOND HOUSE APTS	X	X	X				X														
OVERALL																					
Totals and Averages	100%	100%	75%				100%	50%		25%	25%	25%		50%		50%		50%	25%		

Table 23: Apartment Survey – Contact Information

Property Name	Name of Property Contact	Address of Property Contact	City	Phone Number of Property Contact
BROOK APARTMENTS	Susan Dreery	6618 North Street	Benzonia	(616) 942-1792
BAYVIEW APARTMENTS	Michelle Gross	114 Anchor Place	Frankfort	(231) 352-7922
SHADY NOOK	David N.	3533 Casey Road	Frankfort	(231) 352-6130
DIAMOND HOUSE APTS	Susan Dreery	7622 Lincoln	Thompsonville	(616) 942-1792

Age of Stock

The age of an area's housing stock has a direct bearing on many aspects of its housing market. First, it is common to consider older housing stock as more affordable than newer stock. Because of this, it is often used by new households or first-time homebuyers as a "starter home". Depending on its quality, however, older stock could prove more costly than new if a great deal of rehabilitation and repair is necessary. In addition, older housing stock might prove a problem to maintain for certain area submarkets (like frail elderly households, for example).

In general, Benzie's owner housing stock varies in age a great deal from township to township, but overall tends to be younger than the state's. The largest age category at the county level among owner housing units is comprised of those built between 1970 and 1979. In the state as a whole, the largest owner housing age cohort includes units built between 1950 and 1959. In addition, about 26% of the state's owner units were built before 1950, while about 22% of the county's owner housing dates from that period. Approximately 30% of the county's owner units were built during the 1990s, while only about 15% of the state's owner units fall into that category.

The county's renter stock is much older. The county's largest age cohort among this type of housing dates from before 1940. Slightly over one-quarter of the total number of renter units in Benzie is included in this group. This is older than at the state level, where approximately one-quarter of renter units dates from the 1970s.

The table below shows the age distribution of the housing stock in Benzie County by township. The yellow-tinted cells show the age category with the largest number of housing units. Using this cue, one can quickly see that there are major differences in the ages of owner and renter stock in many townships. In two cases (Weldon and Crystal Lake Townships), the largest age categories for renter housing were younger than those for the owner stock. Over 45% of the owner stock in Almira and Inland Townships was built after 1990 while the city of Frankfort had the lowest concentration of this type of housing, at 13.6%. Frankfort also had the largest percentage of owner units that date to before 1940.

In terms of rentals, Colfax Township has the highest proportion of post-1990 construction, at about 40%. Less than 20% of the renter units in most other counties are of this vintage. Conversely, over 40% of renter units in Gilmore and Lake Townships are over 63 years of age.

Table 24: Year Structure Built, 2000

	Minor Civil Divisions													Benzie County
	Almira Township	Benzononia Township	Blaine Township	Colfax Township	Crystal Lake Township	Frankfort City	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	
Occupied housing units	1072	908	190	405	360	1203	783	403	324	670	1503	863	314	8998
Owner-Occupied Housing Units	984	1006	192	204	340	470	286	707	524	258	281	137	185	5574
Built 1999 to March 2000	82	33	6	8	6	2	11	39	43	0	2	9	7	248
Percent of Owner-Occupied units	8.3%	3.3%	3.1%	3.9%	1.8%	0.4%	3.8%	5.5%	8.2%	0.0%	0.7%	6.6%	3.8%	4.4%
Built 1995 to 1998	209	93	17	42	35	12	35	122	113	24	31	21	21	775
Percent of Owner-Occupied units	21.2%	9.2%	8.9%	20.6%	10.3%	2.6%	12.2%	17.3%	21.6%	9.3%	11.0%	15.3%	11.4%	13.9%
Built 1990 to 1994	177	82	14	27	33	50	13	81	83	30	37	21	13	661
Percent of Owner-Occupied units	18.0%	8.2%	7.3%	13.2%	9.7%	10.6%	4.5%	11.5%	15.8%	11.6%	13.2%	15.3%	7.0%	11.9%
Built 1980 to 1989	164	115	26	34	45	49	37	82	90	44	64	18	21	789
Percent of Owner-Occupied units	16.7%	11.4%	13.5%	16.7%	13.2%	10.4%	12.9%	11.6%	17.2%	17.1%	22.8%	13.1%	11.4%	14.2%
Built 1970 to 1979	215	173	39	34	64	61	30	158	89	69	54	34	31	1051
Percent of Owner-Occupied units	21.8%	17.2%	20.3%	16.7%	18.8%	13.0%	10.5%	22.3%	17.0%	26.7%	19.2%	24.8%	16.8%	18.9%
Built 1960 to 1969	49	103	8	24	27	34	22	65	35	31	32	3	10	443
Percent of Owner-Occupied units	5.0%	10.2%	4.2%	11.8%	7.9%	7.2%	7.7%	9.2%	6.7%	12.0%	11.4%	2.2%	5.4%	7.9%
Built 1950 to 1959	28	124	17	2	29	42	15	31	21	31	30	0	9	379
Percent of Owner-Occupied units	2.8%	12.3%	8.9%	1.0%	8.5%	8.9%	5.2%	4.4%	4.0%	12.0%	10.7%	0.0%	4.9%	6.8%
Built 1940 to 1949	21	56	15	8	18	20	28	38	10	5	15	0	16	250
Percent of Owner-Occupied units	2.1%	5.6%	7.8%	3.9%	5.3%	4.3%	9.8%	5.4%	1.9%	1.9%	5.3%	0.0%	8.6%	4.5%
Built 1939 or earlier	39	227	50	25	83	200	95	91	40	24	16	31	57	978
Percent of Owner-Occupied units	4.0%	22.6%	26.0%	12.3%	24.4%	42.6%	33.2%	12.9%	7.6%	9.3%	5.7%	22.6%	30.8%	17.5%
Renter-Occupied Housing Units	88	213	21	15	75	196	57	75	82	27	30	12	35	926
Built 1999 to March 2000	5	16	0	2	3	0	0	6	5	0	0	0	0	37
Percent of Renter-Occupied Units	5.7%	7.5%	0.0%	13.3%	4.0%	0.0%	0.0%	8.0%	6.1%	0.0%	0.0%	0.0%	0.0%	4.0%
Built 1995 to 1998	7	10	0	4	2	4	0	5	9	5	0	2	1	49
Percent of Renter-Occupied Units	8.0%	4.7%	0.0%	26.7%	2.7%	2.0%	0.0%	6.7%	11.0%	18.5%	0.0%	16.7%	2.9%	5.3%
Built 1990 to 1994	5	24	4	0	4	11	4	3	0	0	0	0	0	55
Percent of Renter-Occupied Units	5.7%	11.3%	19.0%	0.0%	5.3%	5.6%	7.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%
Built 1980 to 1989	3	31	0	0	6	34	2	13	4	4	3	2	15	117
Percent of Renter-Occupied Units	3.4%	14.6%	0.0%	0.0%	8.0%	17.3%	3.5%	17.3%	4.9%	14.8%	10.0%	16.7%	42.9%	12.6%
Built 1970 to 1979	20	17	6	4	25	34	12	19	23	8	2	0	2	172
Percent of Renter-Occupied Units	22.7%	8.0%	28.6%	26.7%	33.3%	17.3%	21.1%	25.3%	28.0%	29.6%	6.7%	0.0%	5.7%	18.6%
Built 1960 to 1969	11	31	3	3	14	16	2	9	14	1	2	2	2	110
Percent of Renter-Occupied Units	12.5%	14.6%	14.3%	20.0%	18.7%	8.2%	3.5%	12.0%	17.1%	3.7%	6.7%	16.7%	5.7%	11.9%
Built 1950 to 1959	13	16	0	0	8	17	11	12	6	0	6	0	2	91
Percent of Renter-Occupied Units	14.8%	7.5%	0.0%	0.0%	10.7%	8.7%	19.3%	16.0%	7.3%	0.0%	20.0%	0.0%	5.7%	9.8%
Built 1940 to 1949	4	14	0	2	7	7	0	0	7	5	4	2	5	57
Percent of Renter-Occupied Units	4.5%	6.6%	0.0%	13.3%	9.3%	3.6%	0.0%	0.0%	8.5%	18.5%	13.3%	16.7%	14.3%	6.2%
Built 1939 or earlier	20	54	8	0	6	73	26	8	14	4	13	4	8	238
Percent of Renter-Occupied Units	22.7%	25.4%	38.1%	0.0%	8.0%	37.2%	45.6%	10.7%	17.1%	14.8%	43.3%	33.3%	22.9%	25.7%

Source: US Census of Population and Housing, SF3, 2000

Table 25: Owner-Occupied Households by Year Structure Built (Sub-Markets), As of 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1999 to 2000	2	2	140	108	248
Percent of total renter units	0.4%	1.3%	7.4%	2.9%	4.4%
1995 to 1998	12	18	385	390	775
Percent of total renter units	2.6%	11.6%	20.3%	10.6%	13.9%
1990 to 1994	50	3	300	361	661
Percent of total renter units	10.6%	1.9%	15.8%	9.8%	11.9%
1980 to 1989	49	13	309	480	789
Percent of total renter units	10.4%	8.4%	16.3%	13.1%	14.2%
1970 to 1979	61	29	369	682	1,051
Percent of total renter units	13.0%	18.7%	19.5%	18.5%	18.9%
1960 to 1969	34	10	118	325	443
Percent of total renter units	7.2%	6.5%	6.2%	8.8%	7.9%
1950 to 1959	42	2	60	319	379
Percent of total renter units	8.9%	1.3%	3.2%	8.7%	6.8%
1940 to 1949	20	14	55	195	250
Percent of total renter units	4.3%	9.0%	2.9%	5.3%	4.5%
1939 or Earlier	200	64	161	817	978
Percent of total renter units	42.6%	41.3%	8.5%	22.2%	17.5%

SOURCE: 2000 Census of Population and Housing, SF3, U.S. Census Bureau

Table 26: Renter-Occupied Households by Year Structure Built (Sub-Markets), As of 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1999 to 2000	0	0	12	25	37
Percent of total renter units	0.0%	0.0%	5.5%	3.5%	4.0%
1995 to 1998	4	1	21	28	49
Percent of total renter units	2.0%	3.2%	9.5%	4.0%	5.3%
1990 to 1994	11	0	5	50	55
Percent of total renter units	5.6%	0.0%	2.3%	7.1%	5.9%
1980 to 1989	34	10	22	95	117
Percent of total renter units	17.3%	32.3%	10.0%	13.5%	12.6%
1970 to 1979	34	2	49	123	172
Percent of total renter units	17.3%	6.5%	22.3%	17.4%	18.6%
1960 to 1969	16	5	30	80	110
Percent of total renter units	8.2%	16.1%	13.6%	11.3%	11.9%
1950 to 1959	17	2	21	70	91
Percent of total renter units	8.7%	6.5%	9.5%	9.9%	9.8%
1940 to 1949	7	3	18	39	57
Percent of total renter units	3.6%	9.7%	8.2%	5.5%	6.2%
1939 or Earlier	73	8	42	196	238
Percent of total renter units	37.2%	25.8%	19.1%	27.8%	25.7%

SOURCE: 2000 Census of Population and Housing, SF3, U.S. Census Bureau

Size of Housing Stock

This is an important variable on the supply side of the housing market equation. First, the size of the housing stock should correspond at least roughly with the size of households that are consuming the housing. If there is a mismatch between these two quantities, overcrowding and inaccurate pricing of the stock will result. Second, holding age and other factors equal, it is generally the case that larger housing units (either owner or renter) will cost more than smaller ones. Therefore, it is important to have a wide variety of price points for larger units, as less affluent but larger households also need shelter with an adequate amount of space.

In this report, the size of the unit will be measured in terms of the number of bedrooms. Overall, Benzie's owner-occupied unit size distribution follows closely that of the state. In both cases, most of these units have three bedrooms. Also, in both the state and county the two-bedroom rental apartment was the most numerous size category.

The next table shows the size distribution of the housing stock by township for Benzie County. For the owner stock, all areas except Platte Township had three bedroom units as the most common. In that area, two-bedroom units were more common. For renter units, more variety exists. Larger rental stock is more likely found in Gilmore, Homestead, Joyfield and Lake Townships, while one-bedroom units are numerous in Benzonia and Weldon Townships as well as the city of Frankfort. Two-bedroom units were more common in all other places.

The following table provides an indication of housing size by the number of units within each structure. The vast majority of owner-occupied housing is single-unit structures, or single-family homes. The exception to this is found within the East Benzie Sub-Market, in which mobile homes account for up to 13% of all owner-occupied structures (and up to 30% within Thompsonville). Rental units are also primarily single-unit structures, in addition to mobile homes within select section of the county. Mobile homes represented 30% of all rental units within the East Benzie Sub-Market, and 15% of the county's rental households. Much of these are likely substandard in some manner, are depreciating in value over time, and are in many cases the housing of last resort for those households facing affordability challenges.

Table 27: Size of Stock by Bedroom, 2000

	Minor Civil Divisions													
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lake Township	Frankfort City	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	Benzie County
Owner-occupied Housing Units	997	1091	194	206	350	553	301	713	549	260	287	137	200	5838
No bedroom	2	0	0	0	0	4	0	10	0	0	0	4	0	20
Percent of Owner-Occupied units	0.2%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	1.4%	0.0%	0.0%	0.0%	2.9%	0.0%	0.3%
1 bedroom	21	51	12	20	7	11	16	36	20	17	6	6	6	229
Percent of Owner-Occupied units	2.1%	4.7%	6.2%	9.7%	2.0%	2.0%	5.3%	5.0%	3.6%	6.5%	2.1%	4.4%	3.0%	3.9%
2 bedrooms	230	294	63	58	81	134	84	178	137	70	98	69	66	1562
Percent of Owner-Occupied units	23.1%	26.9%	32.5%	28.2%	23.1%	24.2%	27.9%	25.0%	25.0%	26.9%	34.1%	50.4%	33.0%	26.8%
3 bedrooms	619	470	86	109	196	218	138	358	314	127	139	41	86	2901
Percent of Owner-Occupied units	62.1%	43.1%	44.3%	52.9%	56.0%	39.4%	45.8%	50.2%	57.2%	48.8%	48.4%	29.9%	43.0%	49.7%
4 bedrooms	95	156	27	14	47	88	37	109	38	29	26	15	19	700
Percent of Owner-Occupied units	9.5%	14.3%	13.9%	6.8%	13.4%	15.9%	12.3%	15.3%	6.9%	11.2%	9.1%	10.9%	9.5%	12.0%
5 or more bedrooms	17	35	4	3	9	15	11	16	15	15	12	2	8	162
Percent of Owner-Occupied units	1.7%	3.2%	2.1%	1.5%	2.6%	2.7%	3.7%	2.2%	2.7%	5.8%	4.2%	1.5%	4.0%	2.8%
Renter-Occupied Housing Units	88	213	21	15	75	196	57	75	82	27	30	12	35	926
No bedroom	0	9	0	0	2	7	2	2	3	0	2	0	2	29
Percent of Renter-Occupied Units	0.0%	4.2%	0.0%	0.0%	2.7%	3.6%	3.5%	2.7%	3.7%	0.0%	6.7%	0.0%	5.7%	3.1%
1 bedroom	13	76	2	2	8	76	13	4	22	2	4	0	13	235
Percent of Renter-Occupied Units	14.8%	35.7%	9.5%	13.3%	10.7%	38.8%	22.8%	5.3%	26.8%	7.4%	13.3%	0.0%	37.1%	25.4%
2 bedrooms	46	62	8	9	36	68	17	29	31	10	8	10	8	342
Percent of Renter-Occupied Units	52.3%	29.1%	38.1%	60.0%	48.0%	34.7%	29.8%	38.7%	37.8%	37.0%	26.7%	83.3%	22.9%	36.9%
3 bedrooms	10	44	6	2	25	28	23	36	21	15	10	2	12	234
Percent of Renter-Occupied Units	11.4%	20.7%	28.6%	13.3%	33.3%	14.3%	40.4%	48.0%	25.6%	55.6%	33.3%	16.7%	34.3%	25.3%
4 bedrooms	19	20	5	2	4	14	2	4	5	0	6	0	0	81
Percent of Renter-Occupied Units	21.6%	9.4%	23.8%	13.3%	5.3%	7.1%	3.5%	5.3%	6.1%	0.0%	20.0%	0.0%	0.0%	8.7%
5 or more bedrooms	0	2	0	0	0	3	0	0	0	0	0	0	0	5
Percent of Renter-Occupied Units	0.0%	0.9%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%

Source: US Census of Population and Housing, SF3, 2000

Table 28: Size of Stock by Number of Units (Sub-Markets), 2000

<u>OWNER HOUSEHOLDS</u>	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
One Unit	403	107	1,636	3,241	4,877
Percent of total structures	85.7%	69.0%	86.2%	88.1%	87.5%
Two to Four Units	5	2	9	27	36
Percent of total structures	1.1%	1.3%	0.5%	0.7%	0.6%
Five to Nine Units	2	0	0	2	2
Percent of total structures	0.4%	0.0%	0.0%	0.1%	0.0%
Ten or More Units	39	0	0	44	44
Percent of total structures	8.3%	0.0%	0.0%	1.2%	0.8%
Mobile Home/Trailer	21	46	252	363	615
Percent of total structures	4.5%	29.7%	13.3%	9.9%	11.0%
Other	0	0	0	0	0
Percent of total structures	0.0%	0.0%	0.0%	0.0%	0.0%
<u>RENTER HOUSEHOLDS</u>	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
One Unit	84	14	129	404	533
Percent of total structures	42.9%	45.2%	58.6%	57.2%	57.6%
Two to Four Units	39	4	16	111	127
Percent of total structures	19.9%	12.9%	7.3%	15.7%	13.7%
Five to Nine Units	20	0	0	34	34
Percent of total structures	10.2%	0.0%	0.0%	4.8%	3.7%
Ten or More Units	51	9	9	82	91
Percent of total structures	26.0%	29.0%	4.1%	11.6%	9.8%
Mobile Home/Trailer	2	4	66	75	141
Percent of total structures	1.0%	12.9%	30.0%	10.6%	15.2%
Other	0	0	0	0	0
Percent of total structures	0.0%	0.0%	0.0%	0.0%	0.0%

SOURCE: 2000 Census of Population and Housing, SF3, U.S. Census Bureau

Seasonal Housing

Vacation and second homes are a sizeable component of the overall housing stock in most of the townships of Benzie County. This aspect of the county's housing stock has effects on the local housing market that can be sizeable. First, depending on its price, it could drive up other real estate properties in the neighborhood. Second, it is possible that the units used in this fashion are effectively taken out of the pool of housing available to year-round residents of the county.

The table below describes the number of seasonal units in the county's inventory. Overall, just under 31% of all housing units in Benzie County were seasonal in nature, and vacant at least part of the year. The township that has the highest concentration of seasonal stock is Lake; 67.3% of its housing falls into this category. Crystal Lake Township had a seasonal housing percentage of 58%, in addition to over 40% of both Blaine's and Weldon's housing stock. At the other end of the spectrum, Inland Township had a rate of less than 10%.

Table 29: Seasonal Housing as a Proportion of Total Housing Stock, 2000

	Minor Civil Divisions														Benzie County
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lake Township	Frankfort City	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township		
Housing Units	1,320	2,024	431	297	1,051	873	439	985	723	338	1,106	242	483	10,312	
Vacant seasonal units	209	672	183	54	611	151	65	125	57	37	744	66	207	3,181	
Percent of all housing units	15.8%	33.2%	42.5%	18.2%	58.1%	17.3%	14.8%	12.7%	7.9%	10.9%	67.3%	27.3%	42.9%	30.8%	

Source: US Census of Population and Housing, SF1, 2000

V. Market Dynamics

Building Permits

Since 2000, a total of 1,828 units have been permitted by local officials. Of these, just three units (0.2% of the total) were multiple-unit structures. The remaining 1,825 units (99.8%) were for single-family structures. It is extremely likely that the number of rental units has actually declined since 2000; certainly no new units have been constructed during the past eight years, and existing rental units have continued to age and become less modern and ultimately less attractive residential alternatives.

This level of permitting does not correspond with ESRI estimates and projections for household growth, as the ESRI data is somewhat more optimistic in terms of household creation. While households can be created in other ways than the construction of new units, this may provide some caution regarding the ESRI projections. Given the current economic climate, this caution is also warranted.

Table 30: Building Permit History – Benzie County, 2000 - 2008

Type of Structure	Number of Building Permits Reported Annually										Number of Units Reported Annually								
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Single Family	250	274	209	298	211	222	158	136	67	250	274	209	298	211	222	158	136	67	
Two Family	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Three and Four Family	0	0	1	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	
Five or More Family	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	250	274	210	298	211	222	158	136	67	250	274	212	298	211	222	158	136	67	

Source: U.S. Census Bureau, Building Permits.

Value of the Stock

As in any economic system, the combination of demand and supply forces described earlier result in prices. In this case, the prices are the selling price for the for-sale units in the market, and gross rents for its rental units. Prices are generally fixed for units that are actually on the market. As this is generally a small fraction of the total number of units at a single point in time, a reasonable surrogate for this dimension is contained in information on the value of owner-occupied housing. Information on this, as well as gross rents, is available from the Census.

A general trend in the data shows that Benzie's owner-occupied units are moderately valued, and have quickly increased in value over the 1990s. In the county, the median value of owner-occupied housing was \$107,400 in 2000. This figure is 92.9% of the state's median value of \$115,600. Both county and state figures show a large amount of appreciation on an average annual basis since 1990. In that year, Benzie's median value was \$50,800, and the growth over the 1990s was at a pace of 11.1% per year on average. The state experienced a rate of 9.2% during the same period.

The chart on the next page shows the township trends in housing values. The yellow-tinted cells show the price category that included the most units. While there is considerable variety in housing values from township to township, most areas in the county had their largest value categories in the neighborhood of \$100,000 to \$124,999. Four townships had modal categories less than this value (Weldon at \$60,000 to \$69,999, Blaine and Colfax at \$70,000 to \$79,999, and Gilmore at \$90,000 to \$99,999), while three were above this level (Almira at \$125,000 to \$149,999, Benzonia at \$175,000 to \$199,999 and Lake at \$250,000 to \$299,999).

Table 31: Value of Owner-Occupied Housing, 2000

	Minor Civil Divisions													
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lake Township	Frankfort City	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	Benzie County
Owner-Occupied Housing Units	792	742	82	65	238	388	199	383	210	111	255	40	134	3639
Less than \$10,000	0	0	0	0	0	0	0	2	0	0	0	0	0	2
Percent of Owner-Occupied Units	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
\$10,000 to \$14,999	0	0	0	0	0	2	0	0	0	0	0	0	5	7
Percent of Owner-Occupied Units	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	0.2%
\$15,000 to \$19,999	2	6	0	0	0	0	3	0	0	4	0	0	2	17
Percent of Owner-Occupied Units	0.3%	0.8%	0.0%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	3.6%	0.0%	0.0%	1.5%	0.5%
\$20,000 to \$24,999	0	9	0	0	0	0	3	7	0	4	0	0	0	23
Percent of Owner-Occupied Units	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	1.5%	1.8%	0.0%	3.6%	0.0%	0.0%	0.0%	0.6%
\$25,000 to \$29,999	4	2	0	0	0	3	2	5	2	2	0	0	7	27
Percent of Owner-Occupied Units	0.5%	0.3%	0.0%	0.0%	0.0%	0.8%	1.0%	1.3%	1.0%	1.8%	0.0%	0.0%	5.2%	0.7%
\$30,000 to \$34,999	0	2	0	0	0	5	4	6	6	0	0	2	8	33
Percent of Owner-Occupied Units	0.0%	0.3%	0.0%	0.0%	0.0%	1.3%	2.0%	1.6%	2.9%	0.0%	0.0%	5.0%	6.0%	0.9%
\$35,000 to \$39,999	8	14	0	7	0	7	2	7	4	0	0	2	3	54
Percent of Owner-Occupied Units	1.0%	1.9%	0.0%	10.8%	0.0%	1.8%	1.0%	1.8%	1.9%	0.0%	0.0%	5.0%	2.2%	1.5%
\$40,000 to \$49,999	8	17	2	1	10	15	6	14	8	8	4	0	14	107
Percent of Owner-Occupied Units	1.0%	2.3%	2.4%	1.5%	4.2%	3.9%	3.0%	3.7%	3.8%	7.2%	1.6%	0.0%	10.4%	2.9%
\$50,000 to \$59,999	9	29	5	5	16	17	29	30	8	2	7	0	12	169
Percent of Owner-Occupied Units	1.1%	3.9%	6.1%	7.7%	6.7%	4.4%	14.6%	7.8%	3.8%	1.8%	2.7%	0.0%	9.0%	4.6%
\$60,000 to \$69,999	31	45	5	8	5	29	15	43	10	13	0	2	15	221
Percent of Owner-Occupied Units	3.9%	6.1%	6.1%	12.3%	2.1%	7.5%	7.5%	11.2%	4.8%	11.7%	0.0%	5.0%	11.2%	6.1%
\$70,000 to \$79,999	32	73	14	11	12	35	24	43	13	6	5	2	10	280
Percent of Owner-Occupied Units	4.0%	9.8%	17.1%	16.9%	5.0%	9.0%	12.1%	11.2%	6.2%	5.4%	2.0%	5.0%	7.5%	7.7%
\$80,000 to \$89,999	108	60	13	10	11	40	27	60	23	14	2	6	6	380
Percent of Owner-Occupied Units	13.6%	8.1%	15.9%	15.4%	4.6%	10.3%	13.6%	15.7%	11.0%	12.6%	0.8%	15.0%	4.5%	10.4%
\$90,000 to \$99,999	87	56	2	6	14	35	31	42	24	16	13	6	3	335
Percent of Owner-Occupied Units	11.0%	7.5%	2.4%	9.2%	5.9%	9.0%	15.6%	11.0%	11.4%	14.4%	5.1%	15.0%	2.2%	9.2%
\$100,000 to \$124,999	149	71	6	4	42	77	19	64	59	24	23	8	12	558
Percent of Owner-Occupied Units	18.8%	9.6%	7.3%	6.2%	17.6%	19.8%	9.5%	16.7%	28.1%	21.6%	9.0%	20.0%	9.0%	15.3%
\$125,000 to \$149,999	165	61	4	9	23	38	7	31	29	5	18	2	4	396
Percent of Owner-Occupied Units	20.8%	8.2%	4.9%	13.8%	9.7%	9.8%	3.5%	8.1%	13.8%	4.5%	7.1%	5.0%	3.0%	10.9%
\$150,000 to \$174,999	45	77	6	0	18	22	15	24	13	5	18	2	6	251
Percent of Owner-Occupied Units	5.7%	10.4%	7.3%	0.0%	7.6%	5.7%	7.5%	6.3%	6.2%	4.5%	7.1%	5.0%	4.5%	6.9%
\$175,000 to \$199,999	46	85	4	2	16	23	6	4	2	5	18	4	2	217
Percent of Owner-Occupied Units	5.8%	11.5%	4.9%	3.1%	6.7%	5.9%	3.0%	1.0%	1.0%	4.5%	7.1%	10.0%	1.5%	6.0%
\$200,000 to \$249,999	41	47	8	2	26	4	2	0	9	0	32	2	6	179
Percent of Owner-Occupied Units	5.2%	6.3%	9.8%	3.1%	10.9%	1.0%	1.0%	0.0%	4.3%	0.0%	12.5%	5.0%	4.5%	4.9%
\$250,000 to \$299,999	36	13	6	0	10	12	4	0	0	3	47	2	5	138
Percent of Owner-Occupied Units	4.5%	1.8%	7.3%	0.0%	4.2%	3.1%	2.0%	0.0%	0.0%	2.7%	18.4%	5.0%	3.7%	3.8%
\$300,000 to \$399,999	15	26	0	0	14	16	0	1	0	0	33	0	7	112
Percent of Owner-Occupied Units	1.9%	3.5%	0.0%	0.0%	5.9%	4.1%	0.0%	0.3%	0.0%	0.0%	12.9%	0.0%	5.2%	3.1%
\$400,000 to \$499,999	2	15	7	0	12	4	0	0	0	0	20	0	4	64
Percent of Owner-Occupied Units	0.3%	2.0%	8.5%	0.0%	5.0%	1.0%	0.0%	0.0%	0.0%	0.0%	7.8%	0.0%	3.0%	1.8%
\$500,000 to \$749,999	0	21	0	0	0	2	0	0	0	0	13	0	3	39
Percent of Owner-Occupied Units	0.0%	2.8%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	5.1%	0.0%	2.2%	1.1%
\$750,000 to \$999,999	0	8	0	0	7	2	0	0	0	0	0	0	0	17
Percent of Owner-Occupied Units	0.0%	1.1%	0.0%	0.0%	2.9%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
\$1,000,000 or more	4	5	0	0	2	0	0	0	0	0	2	0	0	13
Percent of Owner-Occupied Units	0.5%	0.7%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.4%

Source: US Census of Population and Housing, 2000

Gross Rent

Gross rent is the payment made by renters for shelter plus utilities. This is a more accurate measure of shelter cost for renters than contract rent, which shows the cost of the rental unit itself.

In the county, the median gross rent in 2000 was \$486. This reflects an increase of about 3.7% on an average annual basis since 1990, when that figure was \$337. The state's increase was approximately 2.8% on an average annual basis during that same period. The state's 2000 median gross rent is \$546, up from \$426 in 1990.

The table below shows the distribution of rental units by gross rent in the county's townships. A few things are apparent from these figures. First, the low number of renter households is evident in the small numbers in the cells of the table. Second, the distribution of rents is uneven from township to township, a fact that is probably related to the small number of rentals to study. Most townships reported that the most common price category among rental units was between \$500 and \$599. The largest concentration of relatively expensive units was in Almira Township, where over eight percent of units carried gross rents of over \$1,000. Colfax, Homestead and Joyfield Townships featured rent distributions skewed towards the lower end of the spectrum.

In the same table, median rents from both 1990 and 2000 are shown. The highest median rent level is found in Almira Township, at \$606. The lowest median rent is Blaine Township's \$400.

Table 32: Gross Rent Distribution, 2000

	Minor Civil Divisions													Benzie County
	Almira Township	Benzonia Township	Blaine Township	Colfax Township	Crystal Lak Township	City of Frankfort	Gilmore Township	Homestead Township	Inland Township	Joyfield Township	Lake Township	Platte Township	Weldon Township	
Less than \$100	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Percent of renter units	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Between \$100 and \$149	0	0	0	0	0	8	0	0	0	0	0	0	2	10
Percent of renter units	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	1.4%
Between \$150 and \$199	0	6	0	0	0	8	0	4	0	0	0	0	2	20
Percent of renter units	0.0%	3.4%	0.0%	0.0%	0.0%	4.4%	0.0%	6.6%	0.0%	0.0%	0.0%	0.0%	5.7%	2.7%
Between \$200 and \$249	0	14	0	0	2	6	0	2	4	0	0	0	4	32
Percent of renter units	0.0%	8.0%	0.0%	0.0%	4.0%	3.3%	0.0%	3.3%	6.3%	0.0%	0.0%	0.0%	11.4%	4.3%
Between \$250 and \$299	3	8	0	0	0	14	0	2	0	0	0	0	2	29
Percent of renter units	4.9%	4.5%	0.0%	0.0%	0.0%	7.7%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	5.7%	3.9%
Between \$300 and \$349	2	15	2	2	8	15	0	6	6	0	0	0	0	56
Percent of renter units	3.3%	8.5%	25.0%	18.2%	16.0%	8.2%	0.0%	9.8%	9.4%	0.0%	0.0%	0.0%	0.0%	7.6%
Between \$350 and \$399	0	12	2	0	2	25	8	0	3	3	0	0	3	58
Percent of renter units	0.0%	6.8%	25.0%	0.0%	4.0%	13.7%	16.3%	0.0%	4.7%	13.0%	0.0%	0.0%	8.6%	7.9%
Between \$400 and \$449	2	25	2	5	4	17	9	15	8	4	2	0	2	95
Percent of renter units	3.3%	14.2%	25.0%	45.5%	8.0%	9.3%	18.4%	24.6%	12.5%	17.4%	11.1%	0.0%	5.7%	12.9%
Between \$450 and \$499	2	29	2	0	7	16	3	6	13	6	2	0	4	90
Percent of renter units	3.3%	16.5%	25.0%	0.0%	14.0%	8.8%	6.1%	9.8%	20.3%	26.1%	11.1%	0.0%	11.4%	12.2%
Between \$500 and \$599	20	30	0	4	17	32	12	13	20	5	5	0	9	167
Percent of renter units	32.8%	17.0%	0.0%	36.4%	34.0%	17.6%	24.5%	21.3%	31.3%	21.7%	27.8%	0.0%	25.7%	22.6%
Between \$600 and \$699	13	10	0	0	7	23	10	5	4	0	2	0	5	79
Percent of renter units	21.3%	5.7%	0.0%	0.0%	14.0%	12.6%	20.4%	8.2%	6.3%	0.0%	11.1%	0.0%	14.3%	10.7%
Between \$700 and \$799	9	5	0	0	3	6	2	6	4	0	0	0	0	35
Percent of renter units	14.8%	2.8%	0.0%	0.0%	6.0%	3.3%	4.1%	9.8%	6.3%	0.0%	0.0%	0.0%	0.0%	4.7%
Between \$800 and \$999	5	13	0	0	0	8	3	2	2	5	7	0	2	47
Percent of renter units	8.2%	7.4%	0.0%	0.0%	0.0%	4.4%	6.1%	3.3%	3.1%	21.7%	38.9%	0.0%	5.7%	6.4%
\$1,000 and Over	5	9	0	0	0	0	2	0	0	0	0	0	0	16
Percent of renter units	8.2%	5.1%	0.0%	0.0%	0.0%	0.0%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%
No Cash Rent	16	19	7	0	23	14	8	8	7	0	12	4	0	118
1990 Median Rent	\$414	\$354	\$175	\$331	\$293	\$318	\$321	\$340	\$366	\$294	\$388	\$338	\$292	\$337
2000 Median Rent	\$606	\$464	\$400	\$435	\$507	\$432	\$553	\$463	\$492	\$488	\$575	\$0	\$481	\$486
Total percent change (1990 to 2000)	46.4%	31.1%	128.6%	31.4%	73.0%	35.8%	72.3%	36.2%	34.4%	66.0%	48.2%	-100.0%	64.7%	44.2%
Annual percent change (1990 to 2000)	3.9%	2.7%	8.6%	2.8%	5.6%	3.1%	5.6%	3.1%	3.0%	5.2%	4.0%	-100.0%	5.1%	3.7%

SOURCE: 1990 and 2000 Census of Population and Housing, STF 3A/SF3, U.S. Census Bureau

Table 33: Gross Rent Distribution (Sub-Markets), 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
Less than \$100	4	0	0	4	4
Percent of renter units	2.2%	0.0%	0.0%	0.7%	0.5%
Between \$100 and \$199	16	4	4	26	30
Percent of renter units	8.8%	12.9%	2.3%	4.6%	4.1%
Between \$200 and \$299	20	6	13	48	61
Percent of renter units	11.0%	19.4%	7.6%	8.5%	8.3%
Between \$300 and \$399	40	1	16	98	114
Percent of renter units	22.0%	3.2%	9.4%	17.3%	15.4%
Between \$400 and \$499	33	7	36	149	185
Percent of renter units	18.1%	22.6%	21.1%	26.3%	25.1%
Between \$500 and \$599	32	6	53	114	167
Percent of renter units	17.6%	19.4%	31.0%	20.1%	22.6%
Between \$600 and \$699	23	5	22	57	79
Percent of renter units	12.6%	16.1%	12.9%	10.1%	10.7%
Between \$700 and \$799	6	0	13	22	35
Percent of renter units	3.3%	0.0%	7.6%	3.9%	4.7%
Between \$800 and \$899	3	2	7	17	24
Percent of renter units	1.6%	6.5%	4.1%	3.0%	3.3%
Between \$900 and \$999	5	0	2	21	23
Percent of renter units	2.7%	0.0%	1.2%	3.7%	3.1%
\$1,000 and Over	0	0	5	11	16
Percent of renter units	0.0%	0.0%	2.9%	1.9%	2.2%
No Cash Rent	14	0	23	95	118
1990 Median Rent	\$318	\$313	\$361	\$326	\$337
2000 Median Rent	\$432	\$445	\$527	\$469	\$486
Total percent change (1990 to 2000)	35.8%	42.2%	45.9%	43.6%	44.2%
Annual percent change (1990 to 2000)	3.1%	3.6%	3.9%	3.7%	3.7%

SOURCE: 1990 and 2000 Census of Population and Housing, STF 3A/SF3, U.S. Census Bureau

For-Sale Market Trends

Information from Realtor.com regarding sales data within the county was collected for the 2003 analysis and this update. During the third quarter of 2003, 87 properties were listed as for sale on the Realtor.com website. The following tables show the asking price and size of these units. The cities mentioned in the table are actually zip code areas. These names were kept for identification purposes, but only listings within the Benzie County portions of multi-county zips were studied.

Overall, three bedroom units accounted for the largest share of listings, at over one-half of the total. In terms of the average house price overall, the lowest value was found in the Interlochen/Lake Ann areas. The 9 listings in these two areas averaged approximately \$147,800. The area with the most listings was the Beulah zip code. It had 35 listings, and their average price was \$268,117. The most expensive zip code was in Thompsonville, with a listing of \$495,000; this is somewhat misleading, as only one listing was present. Frankfort was the second-most expensive region, with an average price of \$324,000.

The same measurements from Realtor.com were taken during the fourth quarter of 2008. A number of differences are clearly evident, including:

- **Volume** – the number of listings countywide more than tripled from 2003. Unfortunately, this is a reflection of a historic slowdown in sales activity, resulting from the deflation of the housing bubble that was created during the decade both locally as well as nationally. While this appears to be a dramatic increase in the number of homes currently for sale, the local pattern pales in comparison to the number of homes available within the metropolitan and urban regions of greater Detroit, Flint, and portions of Grand Rapids. These regions of the state have been more severely impacted from an economic standpoint, and have also experienced a greater degree of foreclosure activity. These two factors have significantly increased the number of homes available well beyond the patterns observed locally. In fact, by comparison the Grand Traverse region as a whole, while certainly experiencing a significantly weaker housing market as compared to earlier this decade, has been perhaps one of the better-performing housing markets within Michigan over the past two years.
- **Pricing** – while we have only two points in time to examine, it is generally accepted that sales prices until approximately 2006 were continuing an upward trend. Since that point, home prices across the region, as well as nationally, have precipitously dropped, in many cases with average prices decreasing 10% to 15% on an annual basis. It is our opinion that the gains illustrated within the following chart may reflect a more realistic degree of housing price appreciation (and by association, value). However, as economic conditions within Michigan continue to be depressed, the demand potential for additional home sales is also diminished, and ultimately will continue to negatively influence homes sales and pricing for at least the next two years, at a minimum.

A summary of changes is included within the tables below. Median home pricing was also calculated from the 2008 data, as this is a better illustration of prevailing price trends as compared to average pricing (which may be unduly skewed upward or downward depending upon outlying price points).

It would appear that some portions of Benzie County still command some degree of pricing appreciation, as compared to 2003 patterns, as indicated within the following chart. This is most evident within the Lake Ann area, in which asking prices have increased by 49% from 2003 levels. The other areas that exhibit gains in pricing are much more moderate, and may likely be further reduced if home prices continue to fall into the next year. Conversely, two areas (Benzonia and Thompsonville) exhibit weakening pricing trends. The actual trend within Thompsonville is skewed by the 2003 data, and is perhaps more like the other communities within Benzie County. Sales prices within the Benzonia zip code, however, have clearly declined at the most prominent rate within the area.

Table 34: Home Sales Trends – 2003 vs. 2008 (Realtor.com)

Community	Change in # of Listings	% Change # of Listings	Change in Average Price 2003-2008	% Change Average Price 2003-2008	Ave. Annual % Change 2003-2008
Benzonia	25	179%	-\$42,709	-19%	-4.2%
Beulah	29	83%	\$23,245	9%	1.7%
Frankfort	69	329%	\$41,825	13%	2.5%
Honor	35	500%	\$34,768	15%	2.9%
Interlochen	30	3000%	\$41,156	28%	5.1%
Lake Ann	39	488%	\$72,508	49%	8.3%
Thompsonville	86	8600%	-\$291,677	-59%	-16.3%
Total	332	382%	-\$5,123	-2%	-0.4%

Table 35: Home Listings from Realtor.com, 3rd Quarter 2003

City	One Bedroom		Two Bedrooms		Three Bedrooms		Four Bedrooms		Five Bedrooms		Overall	
	Number	Average	Number	Average	Number	Average	Number	Average	Number	Average	Number	Average
Benzonia			4	\$235,700	5	\$142,700	4	\$314,175	1	\$194,770	14	\$221,984
Beulah	1	\$119,900	6	\$159,433	19	\$286,884	8	\$301,475	1	\$445,000	35	\$268,117
Frankfort			2	\$432,950	12	\$188,567	6	\$562,567	1	\$299,900	21	\$324,000
Honor			3	\$130,933	3	\$294,667	1	\$299,900			7	\$225,243
Interlochen					1	\$146,850					1	\$146,850
Lake Ann			1	\$72,900	5	\$168,140	2	\$137,200			8	\$148,500
Thompsonville							1	\$495,000			1	\$495,000
Grand Total	1	\$119,900	16	\$201,938	45	\$228,859	22	\$368,782	3	\$313,223	87	\$260,947

Table 36: Home Listings from Realtor.com, 4th Quarter 2008

Zip Code	No Bedroom		One Bedroom		Two Bedroom		Three Bedroom		Four Bedroom		Five Bedroom		Six Bedroom		Seven+ Bedroom		Grand Total		
	#	Average Price	#	Average Price	#	Average Price	#	Average Price	#	Average Price	#	Average Price	#	Average Price	#	Average Price	#	Average Price	Median Price
Arcadia					1	\$149,000			1	\$575,000							2	\$362,000	\$362,000
Benzonia					11	\$149,855	15	\$193,145	10	\$182,310	2	\$157,500	1	\$117,500			39	\$179,275	\$159,500
Beulah					10	\$144,777	34	\$225,515	14	\$376,386	5	\$599,500	1	\$1,265,000			64	\$291,362	\$179,450
Elberta					3	\$69,933	1	\$74,900	2	\$142,450							6	\$94,933	\$82,400
Empire							2	\$529,450									2	\$529,450	\$529,452
Frankfort	1	\$99,900	10	\$195,320	16	\$313,500	41	\$336,704	17	\$485,782	3	\$649,000	1	\$645,000	1	\$1,200,000	90	\$365,825	\$279,700
Honor			1	\$18,499	20	\$207,175	17	\$311,054	2	\$386,825	1	\$107,900	1	\$625,000			42	\$260,011	\$154,250
Interlochen					4	\$119,475	17	\$184,835	9	\$196,567	1	\$439,000					31	\$188,006	\$159,000
Lake Ann					10	\$294,180	32	\$181,073	3	\$185,600	1	\$399,900			1	\$695,000	47	\$221,008	\$159,900
Springdale							1	\$184,990									1	\$184,990	\$184,990
Thompsonville			15	\$131,387	25	\$167,780	36	\$212,363	8	\$361,738	3	\$328,267					87	\$203,323	\$158,900
Traverse City					1	\$69,900	5	\$185,300	1	\$298,888	1	\$159,500					8	\$181,849	\$171,500
Grand Total	1	\$99,900	26		101		201		67		17		4		2		419	\$255,824	\$175,000
Median Price by Bedroom Size		\$99,900		\$133,200		\$153,000		\$169,500		\$243,500		\$399,900		\$635,000		\$947,500			\$175,000

Historical Appreciation of Housing Prices

In terms of owner-occupied housing, homes are purchased for two major uses. The first, and perhaps most obvious, is for shelter. The second is for its investment value. In the United States, one's house is often the largest and most lucrative investment a household makes. There are a number of reasons for this, but two are most important. First, owning a home provides a number of tax breaks for households. Second, real estate tends to appreciate in value under most conditions, adding to the assets of the household (albeit in an illiquid form).

Patterns of house value appreciation are presented in the table below for the townships of the county, the county itself, and the state. In addition to portraying the increase in home prices, the table also lists the amount of increase in household incomes over the same period.

In the county, home prices appreciated by 111.4% during the 1990s. This rate of increase is considerably larger than the state's, which was 92.3% over the same period. In 10 of the county's townships the median value of owner-occupied stock at least doubled in size; the largest amount of increase occurred in Inland Township. There, values increased by 190.1% over the decade. Lake Township's median value also grew quickly; growth of over 172% was reported there. The lowest amount of value growth took place in Crystal Lake Township, where value moved from about \$79,200 to \$134,800 in 2000. This represents an increase of 70.2% during the decade.

When compared to the amount of income appreciation that took place between 1990 and 2000, it is plain that incomes did not keep pace with house value. However, the amount of the discrepancy between the two figures is lower in most of the county than in other neighboring areas. In the county, the amount of appreciation in value was 158.3% of the appreciation in incomes. This rate was significantly slower than the state's, which was 221.2%. At the township level, the greatest difference was in Benzonia Township, where growth in housing value outstripped income growth by over 295%. Inland Township also had a large degree of difference between the two rates of increase. There, houses grew in value 269% faster than the rate of income growth. The smallest difference was in Blaine Township, with 75%.

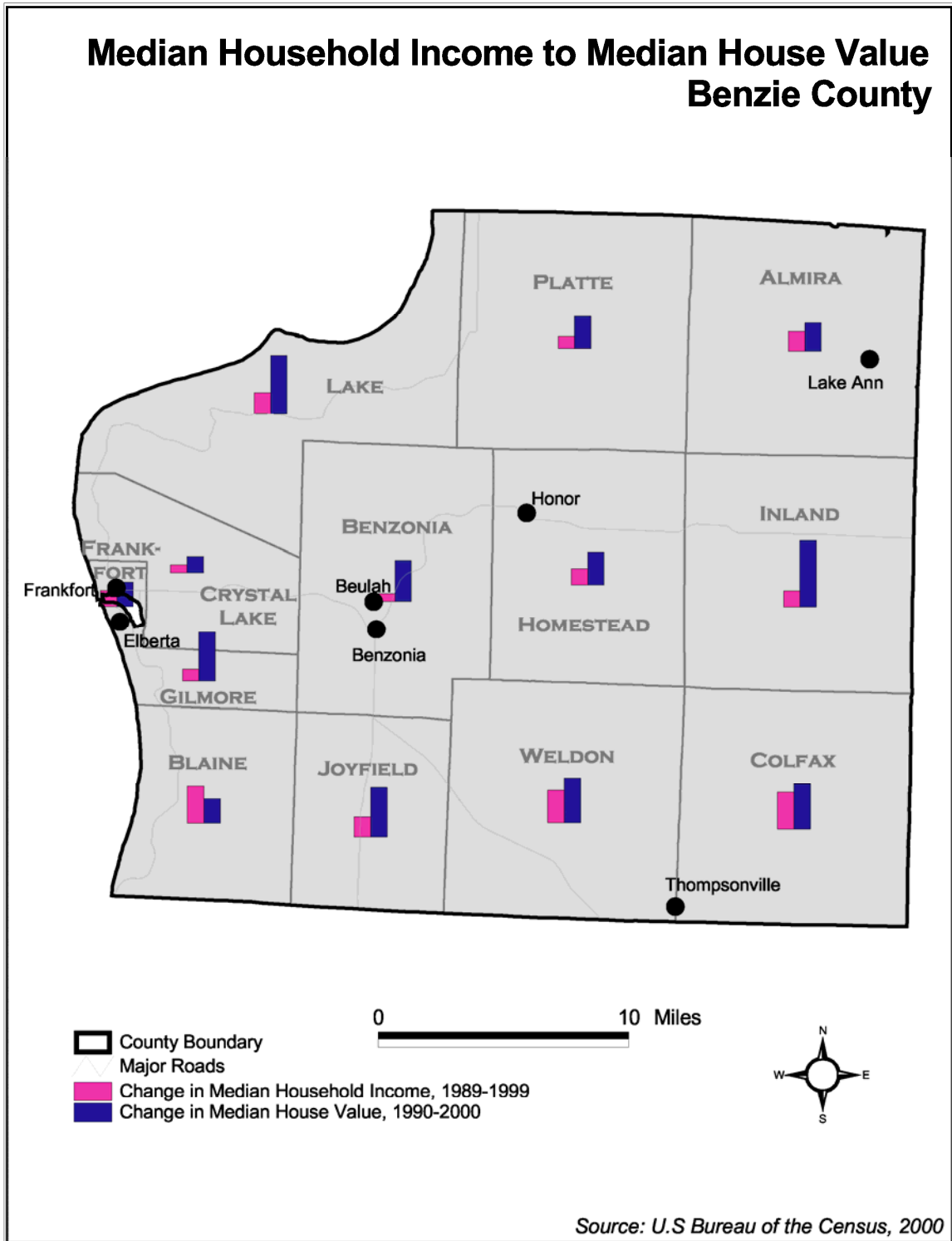
This information sets up a classic double-edged sword situation. The rates of home appreciation in Benzie point to the fact that existing homeowners have likely done quite well over the last ten years in terms of returns to their initial investment in their homes. However, higher prices make it more difficult for many first-time homebuyers to purchase shelter in the county. These very high rates of increase, while lower than in neighboring counties, do point to an affordability crisis in the stock in most of the county, a topic that will be addressed in more detail in the next section of the report.

Table 37: Home Price Appreciation, 1990-2000

	1990		2000		Median Household Income Appreciation, 1990- 2000	Median House Value Appreciation, 1990- 2000	House Appreciation as a Percentage of Income Appreciation
	Median Household Income	Median House Value	Median Household Income	Median House Value			
Almira Township	\$27,281	\$57,600	\$47,966	\$118,000	75.8%	104.9%	138.3%
Benzonia Township	\$23,393	\$51,600	\$33,953	\$120,400	45.1%	133.3%	295.4%
Blaine Township	\$20,570	\$54,000	\$43,945	\$100,000	113.6%	85.2%	75.0%
Colfax Township	\$18,144	\$33,900	\$38,517	\$80,500	112.3%	137.5%	122.4%
Crystal Lake Township	\$25,822	\$79,200	\$37,770	\$134,800	46.3%	70.2%	151.7%
Frankfort City	\$20,915	\$52,800	\$34,971	\$101,900	67.2%	93.0%	138.4%
Gilmore Township	\$19,104	\$33,200	\$30,722	\$84,300	60.8%	153.9%	253.1%
Homestead Township	\$22,000	\$40,200	\$37,051	\$85,800	68.4%	113.4%	165.8%
Inland Township	\$23,109	\$35,500	\$39,421	\$103,000	70.6%	190.1%	269.4%
Joyfield Township	\$20,503	\$36,100	\$37,254	\$91,600	81.7%	153.7%	188.2%
Lake Township	\$27,761	\$84,700	\$48,576	\$230,500	75.0%	172.1%	229.6%
Platte Township	\$23,926	\$46,700	\$38,236	\$100,000	59.8%	114.1%	190.8%
Weldon Township	\$16,631	\$29,500	\$34,251	\$71,000	105.9%	140.7%	132.8%
Benzie County	\$22,664	\$50,800	\$38,620	\$107,400	70.4%	111.4%	158.3%
State of Michigan	\$32,583	\$60,100	\$46,186	\$115,600	41.7%	92.3%	221.2%

Source: US Census of Population and Housing, STF3 and SF3, 1990 and 2000

Map 7: Housing and Income Appreciation, 1990 to 2000



A similar analysis can be done with median gross rents. The table below shows this information. Rents have not increased as much as home values during this period of time. This could be caused by a number of factors, like older stock in the rental pool or the attraction of buying a home given the economic conditions over most of the 1990s. In any case, the county's median gross rent increased by 44.2% during the decade, while the state's grew more slowly, at 28.2%. The largest increase in this statistic was witnessed by Blaine Township renters, whose gross rents increased by nearly 129% over that period. The lowest rate of increase is in Benzonia Township, where rents increased by 31.1%.

Many areas in the county had incomes growing at a substantially faster pace than rents over the 1990s. Countywide, growth in rents was 67.3% of the rate of income growth; this is slightly lower than the state's 68%. In four townships, the rate of rent appreciation was lower than 60% of income increases. However, in three areas (Crystal Lake, Gilmore and Blaine Townships), rents increased more quickly than income levels.

Table 38: Median Gross Rent Appreciation, 1990-2000

	1990 Median Gross Rent	2000 Median Gross Rent	Median Household Income Appreciation, 1990-2000	Median Gross Rent Appreciation, 1990-2000	Rent Appreciation as a Percentage of Income Appreciation
Almira Township	\$414	\$606	75.8%	46.4%	61.2%
Benzonia Township	\$354	\$464	45.1%	31.1%	68.8%
Blaine Township	\$175	\$400	113.6%	128.6%	113.1%
Colfax Township	\$331	\$435	112.3%	31.4%	28.0%
Crystal Lake Township	\$293	\$507	46.3%	73.0%	157.8%
Frankfort City	\$318	\$432	67.2%	35.8%	53.3%
Gilmore Township	\$321	\$553	60.8%	72.3%	118.8%
Homestead Township	\$340	\$463	68.4%	36.2%	52.9%
Inland Township	\$366	\$492	70.6%	34.4%	48.8%
Joyfield Township	\$294	\$488	81.7%	66.0%	80.8%
Lake Township	\$388	\$575	75.0%	48.2%	64.3%
Platte Township	\$338	\$0	59.8%	--	--
Weldon Township	\$292	\$481	105.9%	64.7%	61.1%
Benzie County	\$337	\$486	65.7%	44.2%	67.3%
State of Michigan	\$426	\$546	41.7%	28.2%	67.5%

Source: US Census of Population and Housing, STF3 and SF3, 1990 and 2000

Table 39: Median Gross Rent Appreciation (Sub-Markets), 1990-2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
1990 Median Gross Rent	\$318	\$313	\$361	\$326	\$337
2000 Median Gross Rent	\$432	\$445	\$527	\$469	\$486
Total percent change (1990 to 2000)	35.8%	42.2%	45.9%	43.6%	44.2%
Annual percent change (1990 to 2000)	3.1%	3.6%	3.9%	3.7%	3.7%
Total percent change in Median HH Income 1990 - 2000	69.9%	100.4%	86.5%	65.2%	73.1%
Rent Appreciation as a percentage of Median HH Income Appreciation - 1990-2000	51.3%	42.0%	53.1%	66.9%	60.5%
SOURCE: 1990 and 2000 Census of Population and Housing, STF3/SF3, U.S. Census Bureau					

Overall Affordability of the Housing Stock – Shelter Overburden

One basic method used to measure the affordability of an area's housing stock is through a comparison between household incomes and expenses on shelter. If a household spends over 30% of their incomes for housing, it is said to be overburdened. Households paying in excess of 50% of their income for shelter are said to be severely overburdened. These statistics are important in two major ways. First, the concept of overburden directly measures the affordability of housing stock; overburdened households by definition pay more for shelter than they can reasonably afford. Second, severe overburden is a likely precursor of homelessness, because the amount paid for shelter starts to crowd out other needed items in a household's budget, such as food or fuel. In addition, households in this condition are much more impacted by the vagaries of the job market in the area; often, one or two paychecks stand between shelter and homelessness for this group.

The table below shows the number of overburdened renter households in Benzie County. The overall figures for the county show that roughly 39% of its renter households suffer from some degree of overburden. The largest category among these is composed of severely overburdened households; they make up 16% of the total. The state has a slightly lower percentage of overburdened households, and a slightly larger percentage of severe overburden.

Among the townships, the lowest degree of overburden is found in Joyfield Township. There, over 80% of renter households have no overburden. On the other end of the spectrum, Benzonia, Colfax and Weldon Townships have the largest overburden problems; in both areas over 50% of renter households are in this situation. Finally, Benzonia and Gilmore Townships both have highest levels of severely overburdened renter households at approximately 25%.

Table 40: Rent Overburden, 2000

	Household where Gross Rent as a Percentage of Income is:										
	0% to 29.9%	% of Households	30% to 34.9%	% of Households	35% to 39.9%	% of Households	40% to 49.9%	% of Households	50% and Over	% of Households	Not Computed
Almira township	23	35.4%	10	15.4%	0	0.0%	4	6.2%	12	18.5%	16
Benzonia township	45	30.6%	12	8.2%	10	6.8%	17	11.6%	37	25.2%	26
Blaine township	4	36.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7
Colfax township	2	50.0%	2	50.0%	0	0.0%	0	0.0%	0	0.0%	0
Crystal Lake township	13	22.8%	10	17.5%	0	0.0%	6	10.5%	5	8.8%	23
Frankfort city	67	48.6%	8	5.8%	5	3.6%	14	10.1%	26	18.8%	18
Gilmore township	15	38.5%	4	10.3%	0	0.0%	2	5.1%	10	25.6%	8
Homestead township	35	60.3%	2	3.4%	4	6.9%	4	6.9%	5	8.6%	8
Inland township	24	50.0%	7	14.6%	6	12.5%	2	4.2%	2	4.2%	7
Joyfield township	12	80.0%	0	0.0%	0	0.0%	0	0.0%	3	20.0%	0
Lake township	9	34.6%	0	0.0%	3	11.5%	0	0.0%	0	0.0%	14
Platte township	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4
Weldon township	14	45.2%	7	22.6%	4	12.9%	2	6.5%	4	12.9%	0
Benzie County	263	40.9%	62	9.6%	32	5.0%	51	7.9%	104	16.2%	131
State of Michigan	567,497	58.1%	66,101	6.8%	46,351	4.7%	61,466	6.3%	169,827	17.4%	65,071

Source: US Census of Population and Housing, SF3, 2000

Table 41: Rent Overburden (Sub-Markets), 2000

	<u>City of Frankfort</u>	<u>Village of Thompsonville</u>	<u>East Benzie Sub-Market</u>	<u>West Benzie Sub-Market</u>	<u>Benzie County</u>
HH Income less than \$10,000	44	6	15	131	146
Less than 35 percent for housing	10	4	4	20	24
35 percent or more for housing	26	2	11	78	89
Not computed	8	0	0	33	33
Percent paying more than 35 percent	72.2%	33.3%	73.3%	79.6%	78.8%
HH Income \$10,000 to \$19,999	56	11	58	146	204
Less than 35 percent for housing	35	7	23	72	95
35 percent or more for housing	19	4	23	57	80
Not computed	2	0	12	17	29
Percent paying more than 35 percent	35.2%	36.4%	50.0%	44.2%	45.7%
HH Income \$20,000 to \$34,999	48	5	47	219	266
Less than 35 percent for housing	46	5	45	169	214
35 percent or more for housing	0	0	2	16	18
Not computed	2	0	0	34	34
Percent paying more than 35 percent	0.0%	0.0%	4.3%	8.6%	7.8%
HH Income \$35,000 to \$49,999	29	4	33	90	123
Less than 35 percent for housing	25	4	27	76	103
35 percent or more for housing	0	0	0	0	0
Not computed	4	0	6	14	20
Percent paying more than 35 percent	0.0%	0.0%	0.0%	0.0%	0.0%
HH Income \$50,000 to \$74,999	9	3	34	48	82
Less than 35 percent for housing	9	3	32	42	74
35 percent or more for housing	0	0	0	0	0
Not computed	0	0	2	6	8
Percent paying more than 35 percent	0.0%	0.0%	0.0%	0.0%	0.0%
HH Income \$75,000 to \$99,999	6	2	7	17	24
Less than 35 percent for housing	4	2	4	15	19
35 percent or more for housing	0	0	0	0	0
Not computed	2	0	3	2	5
Percent paying more than 35 percent	0.0%	0.0%	0.0%	0.0%	0.0%
HH Income \$100,000 or More	4	0	0	11	11
Less than 35 percent for housing	4	0	0	9	9
35 percent or more for housing	0	0	0	0	0
Not computed	0	0	0	2	2
Percent paying more than 35 percent	0.0%	---	---	0.0%	0.0%

SOURCE: 2000 U.S. Census - STF3

Overburden can also be calculated for owner-occupier households. In this case, it is helpful to break that tenure group into two categories—one for households with a mortgage, and the other for those that do not have a mortgage. The quantity compared to income in both cases are selected owner costs, which include mortgage payments, insurance, utilities and other costs that most owners incur on a regular basis.

In general, it can be said that owners are in a better situation than renters on this statistic. This is likely due to the larger incomes that owners tend to earn. However, a large difference exists between households with mortgages and those without. In the county, 73.7% of owners with mortgages reported no overburden. This is lower than the state's figure of 78.1%. The townships with the largest amount of overburden are Platte, Blaine Lake and Gilmore. In those areas the overburdened percentage was at least 33%. Joyfield Township had the lowest level of overburden.

Owner households without mortgages predictably had much lower levels of overburden. Countywide, just over seven percent of these households were overburdened to some extent. The state's percentage was approximately nine percent. The largest overburden rates were found in four townships: Gilmore, Crystal Lake, Homestead and Weldon. There, at least 10% of owner households without mortgages were overburdened. The lowest rates of overburden were in Blaine and Platte Townships, where no households found themselves in this situation.

Table 42: Owner Cost Overburden, 2000

Owner Households with Mortgages:											
Households where Selected Monthly Costs as a Percentage of Income is:											
	0% to 29.9%	% of Households	30% to 34.9%	% of Households	35% to 39.9%	% of Households	40% to 49.9%	% of Households	50% and Over	% of Households	Not Computed
Almira township	494	76.0%	29	4.5%	25	3.8%	53	8.2%	46	7.1%	3
Benzonia township	299	69.2%	35	8.1%	19	4.4%	26	6.0%	46	10.6%	7
Blaine township	25	64.1%	0	0.0%	6	15.4%	4	10.3%	4	10.3%	0
Colfax township	34	72.3%	7	14.9%	4	8.5%	2	4.3%	0	0.0%	0
Crystal Lake township	95	79.8%	3	2.5%	4	3.4%	8	6.7%	9	7.6%	0
Frankfort city	133	69.6%	20	10.5%	2	1.0%	13	6.8%	23	12.0%	0
Gilmore township	87	66.9%	11	8.5%	6	4.6%	8	6.2%	18	13.8%	0
Homestead township	208	77.3%	19	7.1%	16	5.9%	12	4.5%	14	5.2%	0
Inland township	119	76.8%	15	9.7%	6	3.9%	4	2.6%	11	7.1%	0
Joyfield township	62	83.8%	2	2.7%	3	4.1%	2	2.7%	5	6.8%	0
Lake township	69	66.3%	6	5.8%	7	6.7%	5	4.8%	17	16.3%	0
Platte township	21	63.6%	2	6.1%	2	6.1%	4	12.1%	4	12.1%	0
Weldon township	67	81.7%	2	2.4%	3	3.7%	2	2.4%	8	9.8%	0
Benzie County	1,713	73.7%	151	6.5%	103	4.4%	143	6.2%	205	8.8%	10
State of Michigan	1,234,456	78.1%	96,970	6.1%	60,205	3.8%	65,497	4.1%	116,596	7.4%	7,104
Owner Households without Mortgages:											
Households where Selected Monthly Costs as a Percentage of Income is:											
	0% to 29.9%	% of Households	30% to 34.9%	% of Households	35% to 39.9%	% of Households	40% to 49.9%	% of Households	50% and Over	% of Households	Not Computed
Almira township	166	88.3%	4	2.1%	8	4.3%	0	0.0%	0	0.0%	10
Benzonia township	329	93.5%	7	2.0%	0	0.0%	5	1.4%	3	0.9%	8
Blaine township	47	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Colfax township	19	90.5%	2	9.5%	0	0.0%	0	0.0%	0	0.0%	0
Crystal Lake township	119	88.8%	6	4.5%	2	1.5%	0	0.0%	7	5.2%	0
Frankfort city	190	94.1%	4	2.0%	2	1.0%	2	1.0%	4	2.0%	0
Gilmore township	65	83.3%	4	5.1%	0	0.0%	0	0.0%	5	6.4%	4
Homestead township	114	89.1%	2	1.6%	2	1.6%	7	5.5%	3	2.3%	0
Inland township	50	92.6%	2	3.7%	0	0.0%	0	0.0%	0	0.0%	2
Joyfield township	48	92.3%	0	0.0%	0	0.0%	2	3.8%	2	3.8%	0
Lake township	146	90.7%	2	1.2%	4	2.5%	6	3.7%	3	1.9%	0
Platte township	8	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Weldon township	45	90.0%	5	10.0%	0	0.0%	0	0.0%	0	0.0%	0
Benzie County	1,346	91.3%	38	2.6%	18	1.2%	22	1.5%	27	1.8%	24
State of Michigan	616,221	89.5%	15,457	2.2%	9,908	1.4%	12,402	1.8%	24,353	3.5%	10,006

Source: US Census of Population and Housing, SF3, 2000

A third method of understanding the level of affordability of the stock is to create a number of scenarios involving prevailing wage levels for various industries common in the county. This type of analysis was originally provided within the 2003 report. In order to maximize the comparability of that analysis to this update, only the total annual income assumptions will be adjusted for inflation; no other individual assumptions will be adjusted.

In addition, the following adjustments will be made to the mortgage affordability assumptions, based on current market characteristics:

- Monthly debt ranging from \$800 to \$500
- 5% to 15% down payment
- 6.0% to 5.5% interest rate
- 3% closing costs
- 1.25% property tax rate
- 1.25% home insurance rate

Please refer to the 2003 report for the original individual budget assumptions in detail.

The following tables lay out the updated scenarios and the associated housing values that may be available.

Scenario One

Scenario One:			
Fixed Income Single Person			
<i>Yearly Pay:</i>	\$7,311		
<i>Affordable Rent:</i>	\$183		
<i>Affordable Housing Price:</i>		<u>Monthly Payments:</u>	
Based on 2.5 time yearly income	\$18,277		
Based on monthly debt of \$300, 5% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax	not feasible		n/a
Based on monthly debt of \$300, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax	not feasible		n/a
Based on monthly debt of \$300, 20% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax	not feasible		n/a
County:	AMI	% of one-bedroom homes	% of one-bedroom
Benzie	Below 30% AMI	in range:	apartments in range:
		0%	40%

Scenario Two

Scenario Two:			
Single parent in Healthcare Industry with one school-age child			
Yearly Pay:		\$39,926	
Affordable Rent:		\$998	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$99,816	
Based on monthly debt of \$800, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$48,836	\$398
Based on monthly debt of \$600, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$75,793	\$598
Based on monthly debt of \$500, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$86,382	\$698
County:	AMI	% of two-bedroom homes in range:	% of two-bedroom apartments in range:
Benzie	80% AMI	3% - 33%	100%

Scenario Three

Scenario Three:			
Single parent in Construction Industry with two school-age children			
Yearly Pay:		\$40,399	
Affordable Rent:		\$1,010	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$100,998	
Based on monthly debt of \$800, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$50,459	\$412
Based on monthly debt of \$600, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$77,691	\$612
Based on monthly debt of \$500, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$94,454	\$712
County:	AMI	% of two-bedroom homes in range:	% of two-bedroom apartments in range:
Benzie	80% AMI	3% - 33%	100%

Scenario Four

Scenario Four:			
Single parent in Finance with three school-age children			
Yearly Pay:		\$47,202	
Affordable Rent:		\$1,180	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$118,005	
Based on monthly debt of \$800, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$74,155	\$616
Based on monthly debt of \$600, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$102,575	\$816
Based on monthly debt of \$500, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$120,499	\$916
County:	AMI	% of three-bedroom homes in range:	% of three-bedroom apartments in range:
Benzie	80% AMI	3% - 12%	88%

Scenario Five

Scenario Five:			
Parents in Manufacturing and Accommodations, One school-age child			
Yearly Pay:		\$54,890	
Affordable Rent:		\$1,372	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$137,225	
Based on monthly debt of \$1000, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$78,012	\$647
Based on monthly debt of \$900, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$94,914	\$747
Based on monthly debt of \$800, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$112,896	\$847
County:	AMI	% of two-bedroom homes in range:	% of two-bedroom apartments in range:
Benzie	110% of AMI	8% - 44%	100%

Scenario Six

Scenario Six:			
Parents in Retail Trade and Healthcare, two school-age children			
Yearly Pay:		\$64,060	
Affordable Rent:		\$1,602	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$160,150	
Based on monthly debt of \$1200, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$86,978	\$722
Based on monthly debt of \$1100, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$104,546	\$822
Based on monthly debt of \$1000, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$123,203	\$922
County:	AMI	% of three-bedroom homes in range:	% of three-bedroom apartments in range:
Benzie	110% of AMI	5% - 38%	100%

Scenario Seven

Scenario Seven:			
Parents in Food Services and Professional Services, three school-age children			
Yearly Pay:		\$58,559	
Affordable Rent:		\$1,464	
Affordable Housing Price:			<u>Monthly Payments:</u>
Based on 2.5 time yearly income		\$146,398	
Based on monthly debt of \$1200, 5% downpayment, 1.25% insurance 6.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$67,795	\$557
Based on monthly debt of \$1100, 10% downpayment, 1.25% insurance 5.5% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$84,379	\$657
Based on monthly debt of \$1000, 15% downpayment, 1.25% insurance 5.0% interest rate on a 30-year mortgage, 3% closing costs and 1.25% property tax		\$102,112	\$757
County:	AMI	% of four-bedroom homes in range:	% of three-bedroom apartments in range:
Benzie	90% of AMI	1% - 11%	100%

As stated in the 2003 report, the scenarios illustrate some key issues regarding homeownership and overall housing affordability:

- The size of down payments are critical, particularly when credit issues or debt levels necessitate a higher interest rate;
- The availability of mortgage products that significantly reduced or eliminated down payments are significantly scarce within the current marketplace. Traditional down payments and financing will be more prominent for the foreseeable future;
- Even slight shifts in debt loads will greater change the eligible mortgage total. Credit counseling, budgeting classes, and homeownership training are methods for advocates to make a positive impact upon the potential housing market;
- As in the 2003 report, housing affordability is a primary issue within the Grand Traverse region. Even under the most generous terms, less than 50% of available homes for sale would be within a normal income-eligible range for the seven scenarios exhibited. Opportunities to reduce housing costs for both the development community and potential homebuyers should be undertaken and encouraged by local governments, nonprofits, and those involved within the housing industry;
- Under the various scenarios listed, only one could be clearly eligible for existing housing-related programs, either through MSHDA, HUD, or the local housing authority. The region's relatively strong economy and ongoing income appreciation have unfortunately left many households that would benefit from housing programs ineligible (most of which from a homeownership perspective are based on 80% AMI eligibility or below).

Housing affordability remains the key issue, as indicated within this analysis, as well as a review of prior and updated demographic and economic data. The current and short-term economic climate may result in some degree of relief, as the demand for housing options lessens as a result of slower income appreciation, household growth, and employment losses. From a long-term perspective, however, these issues will remain, and perhaps return with even greater intensity with an economic recovery both locally and statewide. Ultimately, an unbalanced housing market, without sufficient residential alternatives for all current residents and potential residents, will create inefficiencies within the local labor market, unnecessarily skew land and home values upward and eventually lead to economic distress.

VI. Responses to Housing Issues

Local companies were surveyed by telephone to gauge their opinions on housing issues. Within the 2003 report, approximately 200 employers who had over 50 workers were contacted, and 84 offered responses to the questions posed to them. The findings of that 2003 survey included the following:

- Forty-two respondents (50%) said that affordable housing was a major issue for their employees. Thirty-four (40%) answered no, while the remainder were not sure.
- Twenty respondents (24%) said that they were seasonal employers.
- Most respondents noted that most of their workforce is local in nature, involving mostly Traverse City residents. In addition, other areas in Kalkaska, Antrim, Leelanau and other counties were mentioned by a few respondents.

For the update, a few items have been adjusted:

- 1) Each county was surveyed separately, thus providing more specific information for each region;
- 2) A wider list of employers was utilized, including branch offices and subsidiaries that are able to provide separate information;
- 3) The following questions were part of the survey:
 - a. *Confirmation of contact info and number of employees.*
 - b. *Any change in the number of employees over the past 12 months?*
 - c. *Is a lack of local housing for your workforce a problem in regards to finding qualified workers?*
 - d. *Does your firm have a program to assist workers to find local housing?*
 - i. *If No – Would you consider such a program in the future if it would have a measurable improvement to your workforce?*
 - ii. *If Yes – What types of tools or services does the program provide?*

The survey results for Benzie County included a total of 19 firms contacted. Of these, 16 provided a response, yielding an 84% response rate, well above the overall 2003 survey response rate. This is more than satisfactory, and provides a sufficient sample size for our analysis.

Four of the surveyed firms also provide seasonal employment, representing 25% of the surveyed total. This is similar to the 2003 survey data (with 24% seasonal employment).

A summary of results from the survey is found within the following table:

Table 43: Local Employers – Housing Survey Results

Survey Questions:	%	%	%
	Yes	No	Other/Unsure
<i>Has there been a change in employment over the past 12 months?</i>	31.3%	62.5%	6.3%
<i>If Yes - Increase in employment?</i>	16.7%	---	---
<i>If Yes - Decrease in employment?</i>	83.3%	---	---
<i>Is a lack of housing a problem for finding qualified workers?</i>	12.5%	81.3%	6.3%
<i>Does your firm have a program to assist workers to find local housing?</i>	12.5%	87.5%	0.0%
<i>If No - would you consider such a program?</i>	0.0%	56.3%	43.8%
<i>If Yes - what types of tools do you use?</i>	Realtor referrals/assistance for home purchases Provide direct assistance seeking options for workers		

The most notable change from the 2003 report is the relatively low response to the question regarding a lack of housing for qualified workers. In 2003, approximately 50% of the respondents indicated that affordable housing was a major issue for their employees. As indicated above, approximately 13% percent of respondents indicated that a lack of housing was an issue for workers. This is clearly a reflection of the current economic climate, relatively slow housing market, and the deflation of housing prices within many section of the county. It is evident from prior findings, however, that this trend is temporary at best, and continued issues regarding housing affordability, the availability of workforce housing, and the associated difficulty acquiring skilled and qualified workers by local employers will resume with any degree of economic stability or growth.

Short of a prolonged economic recession or outright depression, the economic and social conditions present within the Benzie region will continue to place stress upon the affordability of the region’s housing stock, resulting in less-than-ideal housing conditions for those households with the fewest alternatives. Despite Michigan’s current and future economic trends, the NW Michigan region’s future economy will most likely fare notably better than the state as a whole, taking into consideration the diversity of the local employment base, strong quality of life amenities, and continued growth as a retirement/vacation destination, among other positive factors.

In addition, a survey among local community leaders was also undertaken, to determine the opinions regarding housing needs within the community. Survey participants were selected among local housing providers, advocates of housing, and appointed/elected officials. A summary of the findings is presented in the following table:

Table 44: Community Leaders/Officials – Survey Results

Survey Questions:	%	%
	Yes	No
<i>Do You feel that there are unmet housing needs in the community?</i>	90.0%	10.0%
<i>If Yes:</i>		
<i>Senior Affordable Housing</i>	40.7%	---
<i>Single Family Condos</i>	29.6%	---
<i>Supportive Housing</i>	48.1%	---
<i>Workforce Housing</i>	96.3%	---
<i>Assisted Living</i>	7.4%	---
<i>Transitional Housing</i>	18.5%	---
<i>Other</i>	Primarily lease-own	
<i>What are the most prominent barriers to affordable housing?</i>		
<i>Affordability</i>	33.3%	---
<i>Economic Issues</i>	30.0%	---
<i>Land Costs</i>	40.0%	---
<i>NIMBYism</i>	36.7%	---
<i>Other</i>	Primarily zoning and jobs	
<i>Do you foresee any opposition to the development of affordable housing?</i>	56.7%	43.3%

In all, thirty local leaders across the five-county region were surveyed. The overwhelming point made by most of the participants was the importance of entry-level or workforce housing, either homeownership options or rental housing that is attractive and attainable for those singles, couples or families that are categorized as entry-level households. The need for alternative housing options, ranging from senior housing to supportive housing/special needs housing, was also expressed by many of those surveyed. To some degree this is a reflection of priorities of the community leaders and the organizations they represent, but it is also broadly expressed by those without a specific advocacy standpoint, thus providing sufficient validity to the information collected.

VII. Conclusions and Recommendations

The findings of the report are summarized below. Each flows from the demographic information presented, as well as information from population and household projections, information on current for-sale listings, recent sales, and interviews with persons in the local housing industry.

2003 Recommendations Summary

Recommendation One: Zoning and Planning Issues

Suggested alternatives for local government to alleviate housing distress included the following:

- Density Bonus – in exchange for an affordable housing component;
- Inclusionary Zoning – mandating some degree of affordable housing;
- Local Regulatory Constraints – providing relief to the development community to help reduce costs;
- Long-term or Permanent Affordability Models – such as deed restrictions, land trusts, and various limited equity housing models;
- Lower Permit and Tap-in Fees, Tax Abatements, and encouragement of public donations for affordable housing

Many of these suggestions have been incorporated or discussed.

Recommendation Two: Expansion of Public Infrastructure

This would increase the available land for potential development, including affordable housing alternatives. It is assumed that these efforts are ongoing.

Recommendation Three: Expansion of Current Rehabilitation Efforts

Rehabilitation efforts would include encouragement of available homeownership programs through local governments or MSHDA, as well as a strong encouragement of rental rehabilitation by individual owners of single-family rentals as well as apartment developments. As illustrated previously, the local rental housing stock is aging and will ultimately become dated or substandard. Governmental programs can be brought to bear to make repairs economical for landlords, while the encouragement of ongoing inspections across the county would help ensure that rental housing remains safe and modern for its residents.

Recommendation Four: Creation of New Affordable Housing

The 2003 report identified countywide needs for the following:

- Owner-occupied housing – featuring price points that are achievable to those households within the 80% to 100% AMI range. Price points for these types of product should be in the range of \$100,000 to \$120,000, inflated from 2003 dollars);
- Renter-occupied housing – with modern amenities targeted to low and moderate-income households (generally at or below 60% AMI);
- Subsidized and Special Needs Housing – while not addressed directly within the 2003 report, this segment was considered underserved. Considering the availability of service providers located in Traverse City, the area near Traverse City is the most logical place for new special needs housing to be created.

The 2003 report concluded a statement that indicated the primary issue was the inability of prevailing incomes to afford available housing options. I would content that this has changed somewhat. Prevailing incomes are certainly lower within Benzie County as compared to Leelanau County or Grand Traverse County, but it is a lack of various housing options for most segments of the local population that is the key issue. The prevailing commuting patterns within the region, the current economic climate, and the location of larger employment centers in other sections of the region have prevented this situation from leading to a sharp decline in affordable housing options for all income levels.

For example, the countywide rental housing percentage is quite low (14.3% as of 2000). Most available rental housing options are generally considered affordable (based on the rental housing survey and trends within the median gross rent levels discussed previously), and the percentage of rent-overburdened households across all income bands was approximately 20% - certainly higher than necessary, but not a crisis within the local housing marketplace. In addition, over the past decade, rental rate appreciation has maintained pace with prevailing household income growth, so no substantial increase in rent-overburden should be anticipated for the new few years. Given the high housing costs exhibited by Leelanau County and Grand Traverse County, the Benzie area can readily take advantage of a more affordable housing marketplace, and attract a wider range of residents within the community, providing affordable workforce housing (both rental and homeownership) for those within the regional workforce.

The aged condition of the county's housing stock, the concentration (within specific areas) of seasonal housing, and generally lower housing costs (as compared to other adjacent counties) also contribute to a housing marketplace that lacks sufficient depth to provide choices for all age and income segments. In fact, a lack of senior housing alternatives is evident within the Benzie area. The Frankfort market would be an ideal alternative for such an alternative that services a wide-range of incomes and housing needs.

While economic considerations at this point in time may temporarily inhibit housing demand growth, long-run demographic, economic, and social trends will result in additional demand potential for all types of housing options for both existing residents and future residents of the region. This includes workforce housing, affordable single family homeownership options, senior citizen/retirement opportunities, and special needs units. All of these housing options should be considered in demand, and direct involvement by local community leaders and housing providers will be necessary to meet this need.

Sub-Market Recommendations

Community Research Services has provided specific recommendations for the two sub-market areas within Benzie County:

West Benzie Sub-Market

- **Workforce Housing** – this may include both rental options and single family homes available for purchase. For rentals, the demand potential over the next five years ranges from an additional 30 to 40 units, targeted between 40% and 60% of AMI, with corresponding net rents (exclusive of utilities) of \$525 to \$575 for a two-bedroom unit and \$615 to \$665 for a three-bedroom unit. These rental units should be competitive with new construction alternatives in nearby communities in terms of unit size, amenities, and project features. Among homeownership alternatives, assistance with credit worthiness, homeowner counseling, and other training is strongly encouraged. With a demand potential of approximately 150 homeownership units for the next five years, opportunities to directly or indirectly promulgate affordable homeownership is recommended. Targeting should strongly include those households with incomes between 80% and 100% of AMI, with price points ranging from \$100,000 to \$140,000, assuming a three-bedroom home with a minimum of 1,200 square feet.
- **Rehabilitation** – Considering the age of much of the housing stock, as discussed previously, the potential renovation of much of the housing stock will increase the value of such housing, and help to reinvigorate the oldest and most distressed housing within the sub-market. Consideration should also be given to any mobile homes that are present within the sub-market. These structures are often the housing of last resort, and options for either renovations or demolition should be explored.
- **Special Needs Housing** – as mentioned both within the 2003 report and this update, this segment of the housing market is clearly underserved. Senior citizen housing options, targeted for independent-living or assisted living senior households are suggested, as such alternatives are currently not present within Benzie County. Given the strong attraction of the Grand Traverse area for retirees, as well as the ongoing aging in place of the local population, this segment also deserves fostering by local community leaders and housing organizations. While other types of special needs housing may be in demand, (including persons that are homeless or are in danger of homelessness, individuals with developmental disabilities, households that contain a member facing medically oriented difficulties, including those with AIDS or a severe mental illness), consideration should be given to provision of services for such individuals, the strength of local service-providing organizations, and the availability of such housing within nearby communities. If these factors are favorable toward additional housing development, they should be pursued. Community Research has provided recommendations and analysis for many of these service providers over the past decade, and the need for additional housing targeted toward special needs individuals remains.

East Benzie Sub-Market

- **Workforce Housing** – due to ongoing affordability issues within the rural areas of the county, the provision of both rental options and single family homes available for purchase for entry level and unskilled/semi-skilled workers is warranted. For rentals, the demand potential over the next five years is approximately 20 to 30 units, targeted between 40% and 60% of AMI, with affordable rents that are generally similar to the West Benzie rental rates discussed previously. As mentioned within the other sub-market, the encouragement of homeownership alternatives, assistance with credit worthiness, homeowner counseling, and other training is also recommended, as a demand potential exists for up to 300 homeownership units for the next five years, based on the demographic and economic trends discussed previously. Targeting should strongly include those households with incomes between 60% and 100% of AMI, with price points ranging from \$100,000 to \$140,000, assuming a three-bedroom home with a minimum of 1,200 square feet.
- **Rehabilitation** – considering the high concentrations of mobile homes within select section of this sub-market, it is suggested that attention be given to the improvement of such units, or the elimination of those mobile homes that are found to be substandard in some manner. While many older mobile homes are well-maintained and represent an affordable housing option, such housing options also account for the majority of substandard units within the community. In addition to single family renovations, rehabilitation efforts across the rural regions of Benzie County will greatly improve the overall quality of the housing stock, and ensure that impacted units remain habitable, modern, and safe for future residents.

VIII. Bibliography

US Bureau of the Census: 1990 Census of Population and Housing, STF1 and STF3

US Bureau of the Census: 2000 Census of Population and Housing, SF1 and SF3

Employment, unemployment and wage data from the Michigan Department of Career Development, Office of Labor Market Information website

Real estate listings from Realtor.com website

Historical real estate sales information from the Traverse Area Association of Realtors

HUD User – income and rent limits, 2000-present

ESRI – demographic and economic estimates/projections, 2008-2013

Boushey, Heather, Chauna Brocht, Bethney Gunderson and Jared Bernstein. *Hardships in America: The Real Story of Working Families*. Washington, DC: Economic Policy Institute, 2001.

Affordable Housing Technical Advisory Committee. *Regional Affordable Housing Strategy*. Portland, OR: Metro, 2000.

Interviews with local planners, assessors, housing specialists and property managers

IX. Background – Community Research Services, LLC

Community Research Services, LLC is a full-service community development consulting company, providing a wide variety of products and services ranging from market feasibility to development assistance. Over the years our organization is proud of the support provided to developers, non-profit organizations, government agencies and financial institutions regarding the improvement of our neighborhoods and communities. Providing expertise and analysis are the tools used by Community Research to make a positive impact upon our clients and the markets we service.

Relevant Expertise, Experience, and Resources

With market experience within over 31 states, CRS personnel have been conducting feasibility studies since the 1980s. This includes the preparation of some of the first affordable housing market feasibility studies for LIHTC rental projects in the Midwest.

Memberships and affiliations include:

- **Michigan Housing Council** – 20-year member of the council; Kelly Murdock is currently a member of the Board of Directors
- **National Housing and Rehabilitation Association** – affiliate member
- **National Council of Affordable Housing Market Analysts** – founding member of the organization; Kelly Murdock formerly served on the council's Board of Directors, and chaired the Membership Committee
- **Indiana Association for Community Economic Development** – affiliate member
- **Michigan Economic Developers Association** – affiliate member
- **Community Economic Development Association of Michigan** – affiliate member
- **Community Development Advocates of Detroit** – affiliate member

Personnel at CRS have significant research experience within the community development industry, including all housing/development programs at the state and federal level. This includes direct contracts with six state agencies, HUD, RHS/FmHA, several cities and other government entities, along with numerous for-profit and nonprofit organizations. Market studies by CRS personnel have been accepted within 23 separate state housing agencies, along with direct and indirect relationships with many equity funds and major syndicators.

Within all our studies, it is our goal to provide recommendations, direction and reports that lead to highly successful project and development strategies. With a tested and proven methodology integrated with the latest GIS mapping technology, our firm has the ability to quickly and accurately analyze demographic, supply, and demand characteristics, and translate this data into meaningful information and reports.

BACKGROUND – KELLY J. MURDOCK

Mr. Murdock has vast experience in the analysis of housing markets. Since 1988, he has provided market analyses and studies on single-family developments, apartment complexes, condominium proposals, senior citizen communities, and other community development opportunities. Mr. Murdock has also assisted numerous nonprofit groups and non-entitled communities with the use and regulations of the HOME program, as a technical assistance representative through the Michigan State Housing Development Authority (MSHDA). He has been featured within several published articles on housing research, and has served as a speaker at numerous housing seminars on market-related issues.

Mr. Murdock currently serves as the Managing Partner of Community Research Services, LLC (CRS). CRS was recently created to provide a wide variety of products and services to the affordable housing industry, ranging from market feasibility studies to development consulting. CRS provides consulting and research with for-profit firms, and nonprofit organizations, as well as state and local governments. At CRS Mr. Murdock is responsible for all day-to-day operations at the firm, client relations, and staff supervision, in addition to individual research assignments.

Prior to the establishment of CRS, Mr. Murdock was the founder of Community Research Group, LLC and Community Targeting Associates. Both companies provided a large degree of affordable housing research over a twelve year period (1992 to 2004) across 31 states for over 250 clients. This included research conducted under contract with Rural Housing Service, HUD, and six state housing agencies. Previously, Mr. Murdock served as the Senior Market Analyst of Target Market Systems, the market research division of First Centrum Corporation. At TMS, Mr. Murdock was responsible for market research services for all development and management divisions of the corporation, and completed some of the first market reviews and studies within Michigan under the LIHTC program (IRS Section 42).

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock is a member of the Michigan Housing Council, a statewide affordable housing advocacy group. He currently serves on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Affordable Housing Market Analysts (NCAHMA), an organization dedicated to the establishment of standard practices and methods in affordable housing research across the nation. Mr. Murdock previously served on the executive committee of NCAHMA. CRS is also an affiliate member of the National Council of State Housing Agencies, Indiana Association of Community & Economic Development, and the Community & Economic Development Association of Michigan.