



HOUSING

MICHIGAN

Executive Committee



michigan municipal league

GRAND
RAPIDS
CHAMBER



Coalition Members



ABOUT



Vision: The Housing Michigan Coalition consists of community, business and government organizations whose efforts support increasing housing supply and affordability.

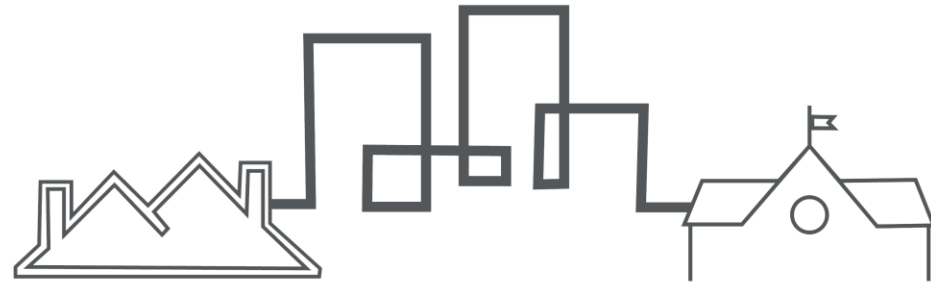
Our Why: Enhancing the accessibility and affordability of homes strengthens communities, supports economic and job growth, and improves outcomes for all Michigan families.

Our Focus: On driving consensus policy changes and discussions that can lead to positive outcomes this year.

AGENDA



- 1) Update on the home building industry
- 2) The impact on Michigan households
- 3) Our efforts to address the issue
- 4) Final questions



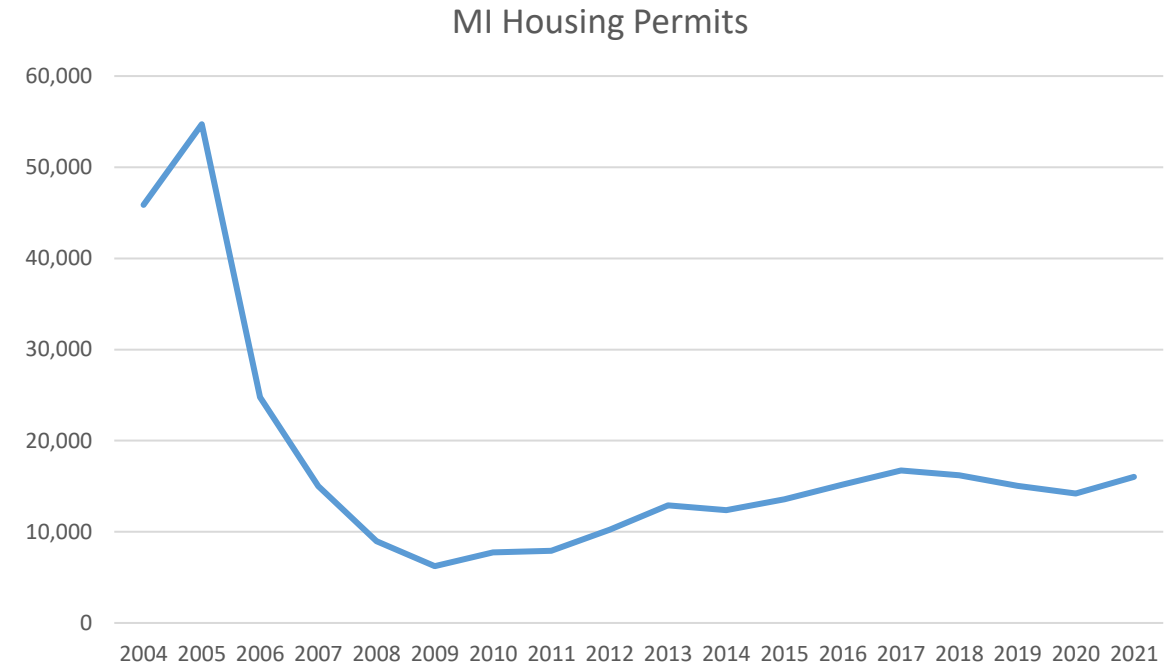
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Update on the Home Building Industry

Permit History & 2021 Prediction

2004	45,881	2013	12,915
2005	54,721	2014	12,381
2006	24,782	2015	13,581
2007	15,000	2016	15,176
2008	8,984	2017	16,743
2009	6,236	2018	16,211
2010	7,755	2019	15,052
2011	7,937	2020	14,959
2012	10,234	2021 16,017 - PREDICTION	
		as of Mar YtD 4100	



Housing's Positive Impact on the Economy

2005 54,721 SFH

\$9.9 Billion in Income

\$3.3 Billion in Taxes to State/Local Gov't

153,541 Jobs Created

2006 Those Same 54,721 SFH

\$1.9 Billion in Income

\$1.1 Billion in Taxes to State/Local Gov't

31,221 Jobs Created

2007 15,000 SFH

\$2.3 Billion in Income

\$786 Million in Taxes to State/Local Gov't

30,902 Jobs Created

2008 Those Same 15,000 SFH

\$736 Million in Income

\$440 Million in Taxes to State/Local Gov't

10,628 Jobs Created



Barrier Number 1: Cost of Materials

Lumber: In the last year has increased the cost of a new home by at least \$16,000. OSB has gone from \$9.00 a sheet to \$50.00 a sheet. Weyerhaeuser may run out of the resin that is needed to make OSB.

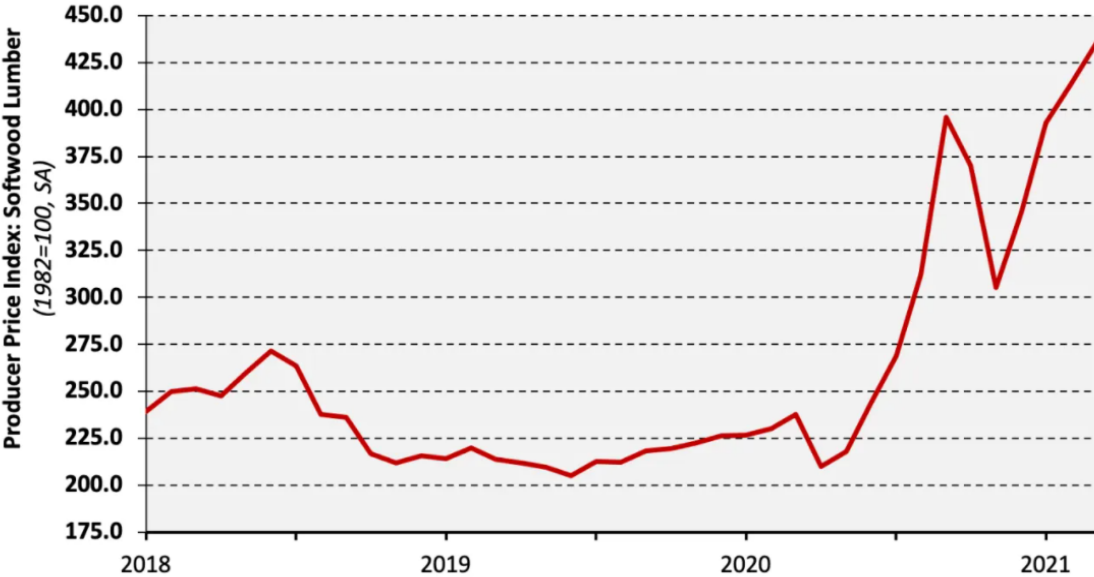
Siding: Two of the largest suppliers in vinyl siding just discontinued their 15 most popular colors this month.

Real Life Example from Kalamazoo: In 2019 the lumber cost for a new build was \$67,000 today, the cost is \$127,000 for the same home.



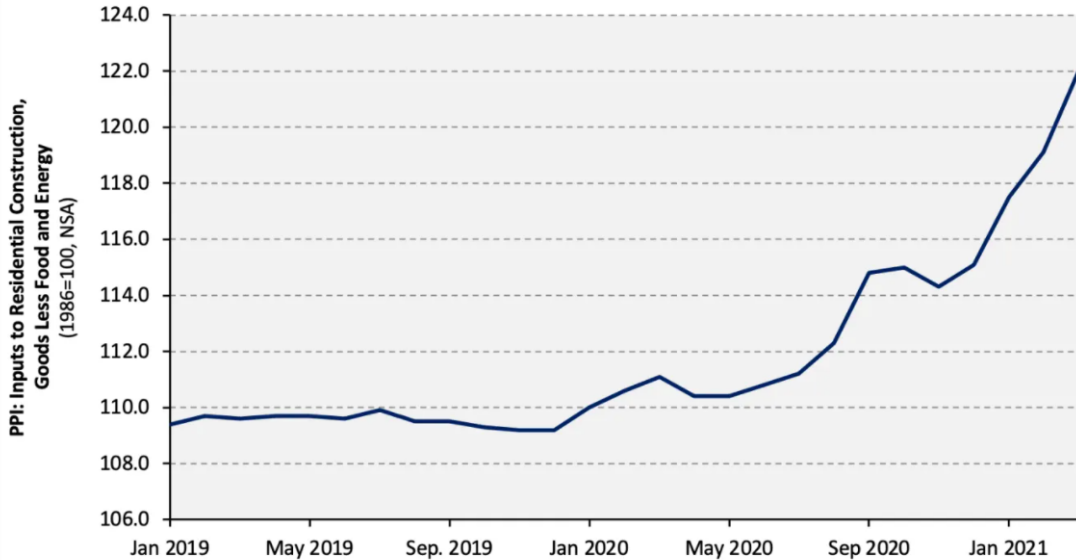
The Cost of Lumber

Softwood Lumber Prices
January 2018 - February 2021



Source: U.S. Bureau of Labor Statistics

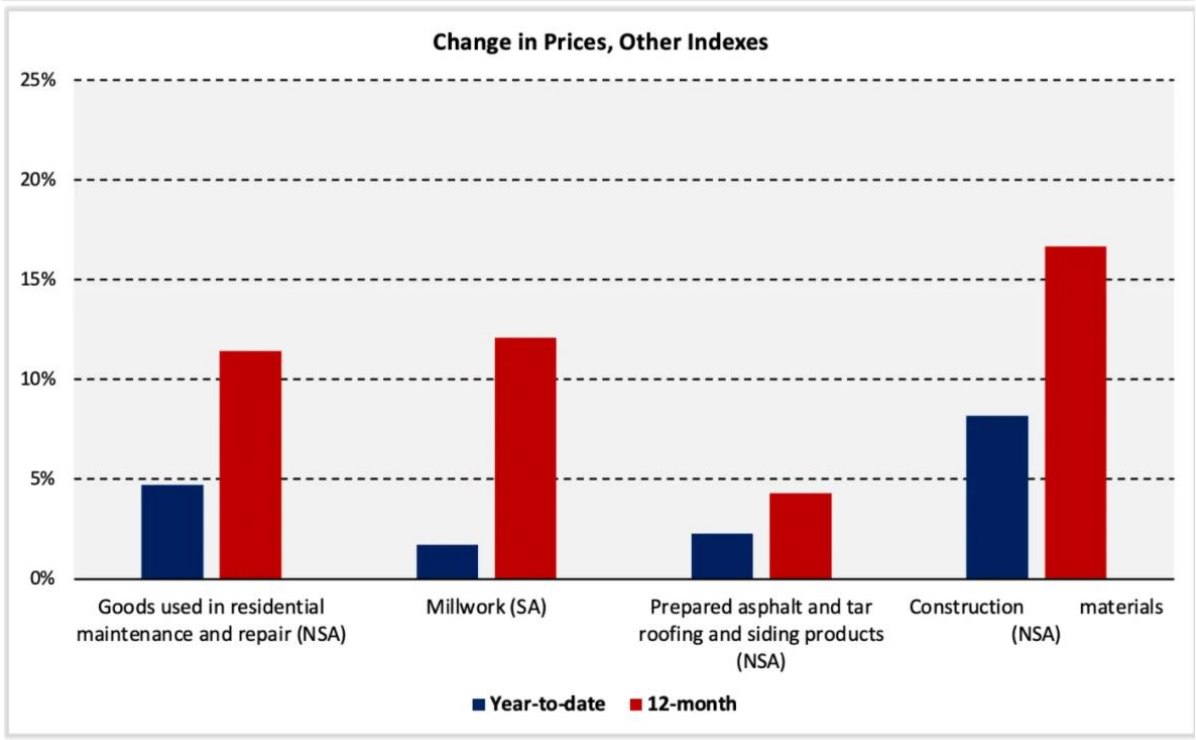
Inputs to Residential Construction, Goods Less Food and Energy
2019 - 2021



David Logan, NAHB Eye on Housing,
"Building Materials Prices Rise Across the Board in March. April 9, 2021.



The Cost of Lumber



David Logan, NAHB Eye on Housing,
“Building Materials Prices Rise Across the Board in March. April 9, 2021.



Barrier Number 2: Workforce Shortage

In 2019, there were 126,880 individuals employed in the following trades:

Architects	2300	Helpers – Installation, Maintenance & Repair	1,460
Carpenters	20,480	Insulation Workers, Floor, Ceiling and Wall	570
Carpet Installers	1,050	Painters, Construction and Maintenance	4,560
Cement Masons/Concrete Finishers	5,270	Plumbers, Pipefitters	12,180
Building Inspectors	2,980	Roofers	2,790
Construction Laborers	25,730	Excavators	1,350
Construction Managers	5,090		
Cost Estimators	6,910		
Drywall and Ceiling Tile Installers	1,250		
Electricians	22,380		
Glazers	1,520		
HVAC	9,010		



Housing: Good Paying Careers

Those individual trades have wage ranges from:
\$9.88 an hour in Excavating (at the 10th Percentile) to
\$78.25 an hour in Construction Manager (in the 90th Percentile)

The average median wage range is
\$13.51 (Helpers) to \$46.48 (Construction Manager)

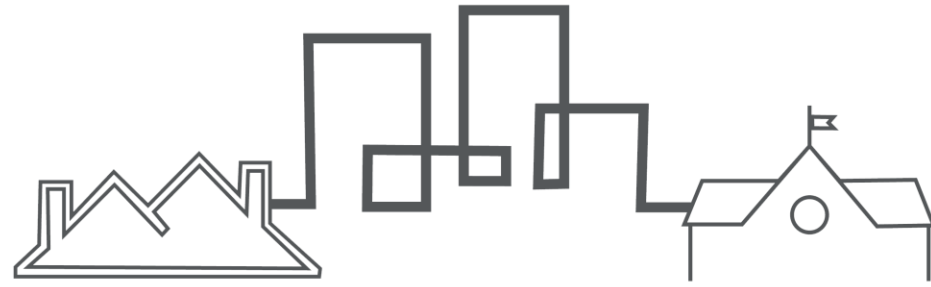


What is the HBA of Michigan doing to Solve the Workforce Shortage?

In 2016 the HBA of Michigan formed Skilled to Build Michigan Foundation. Our three goals are to: Cultivate, Educate, & Recruit. **How do we work to achieve these goals?**

- March is Reading Month
- Partnered with the Michigan Association of School Counselors on Billy the Builder Bear Builds a House – K-3 grade
- October is Careers in Construction Month
- Creating an Activity Book – 4-6 Grade
- Present to Construction Trades CTE Programs
- Partnered with the Michigan Construction Teachers Association
- Participate in Job Fairs and MICareerQuest (Middle and High School)
- Created a guidebook for students and the general population
- Recently applied to the MDE to have a HBA Recognized Certification
- Partnered with Department of Military and Veterans Affairs and created a guidebook specifically for Veterans
- And more!





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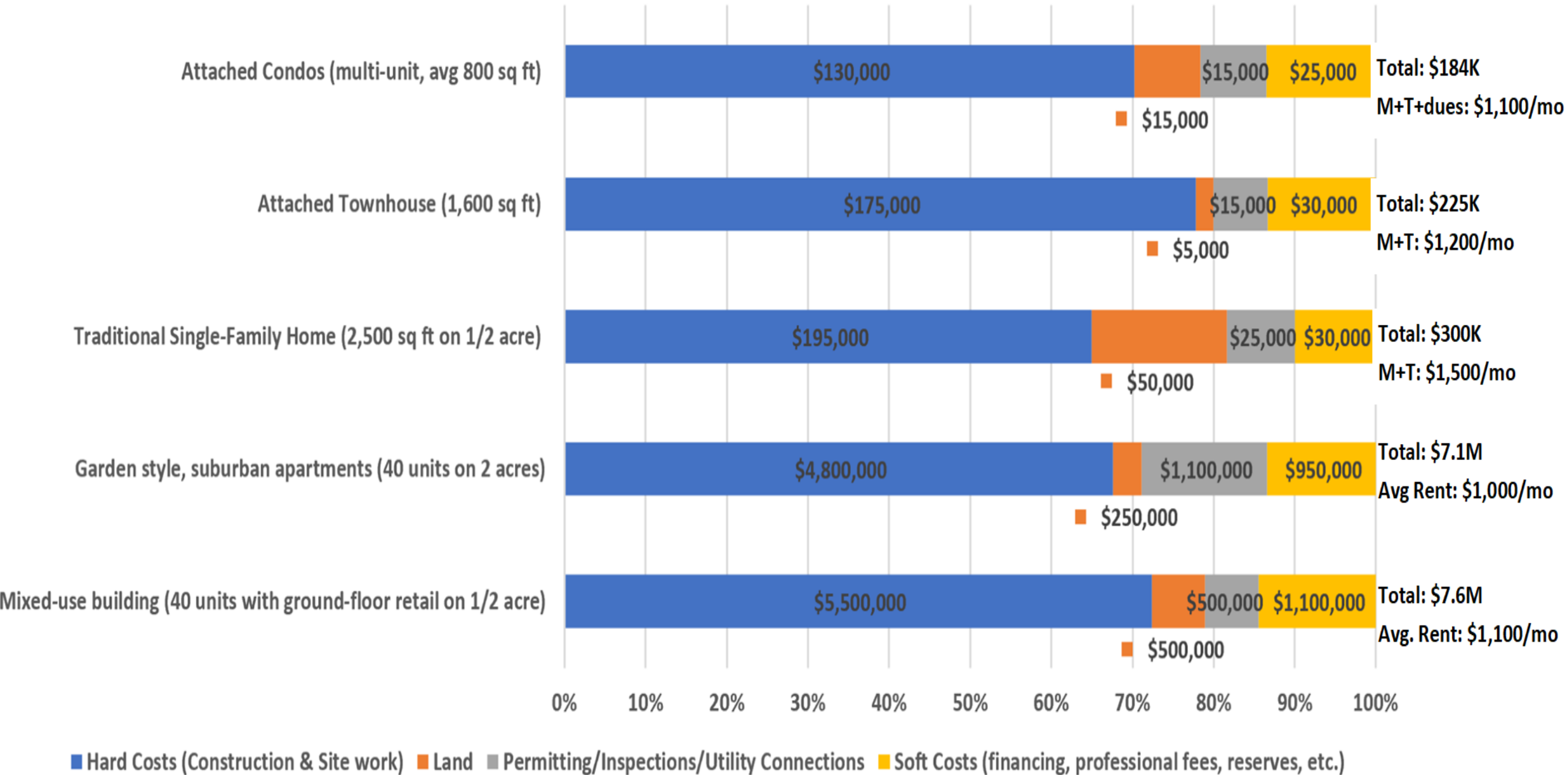
The Impact on Michigan Households

Barriers

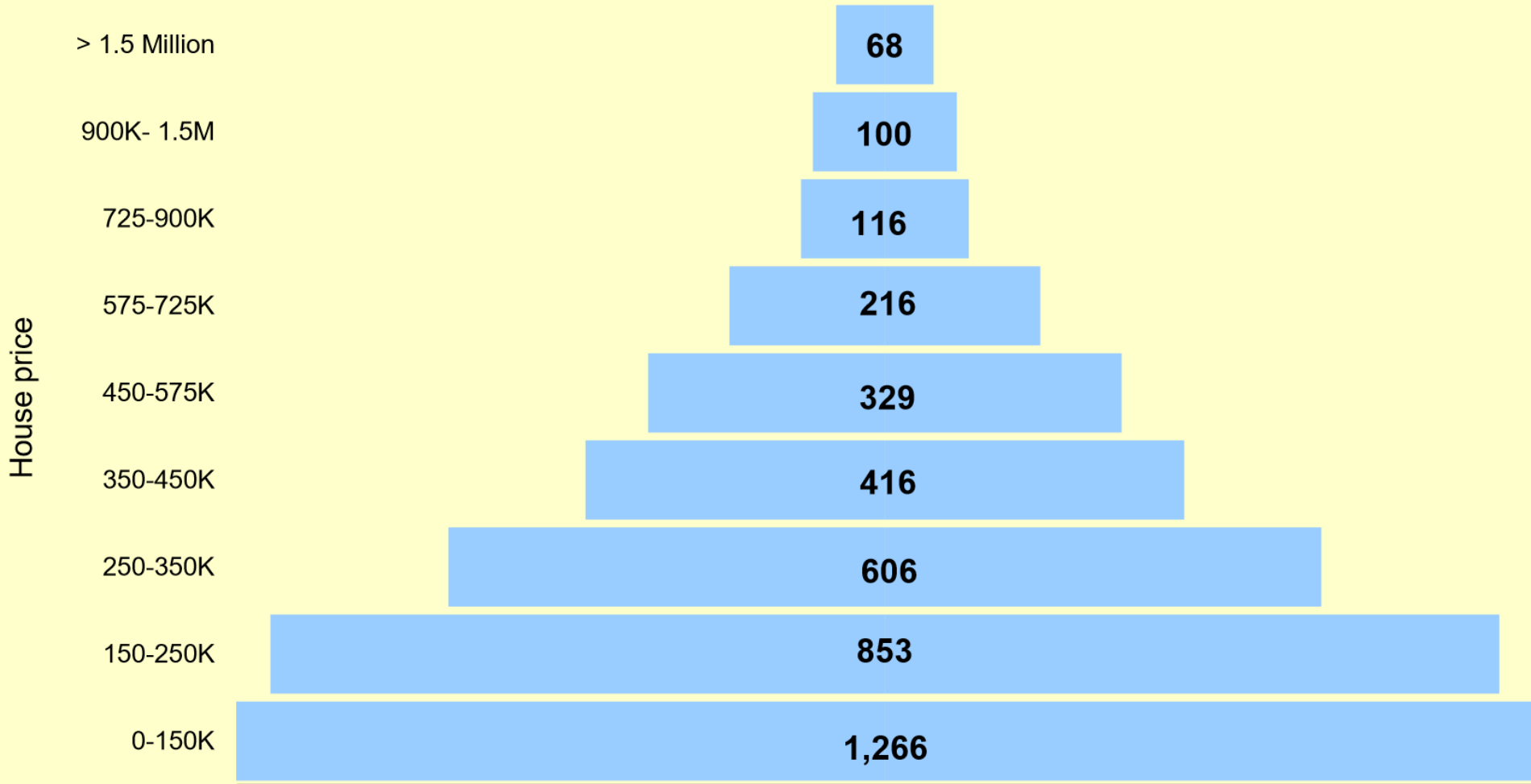


- Workforce
- Materials
- Zoning & Land Use
- Supply & Demand

Sample Project Costs



Michigan Households (in Thousands) by Highest Priced Home They Can Afford Based on Income: 2021



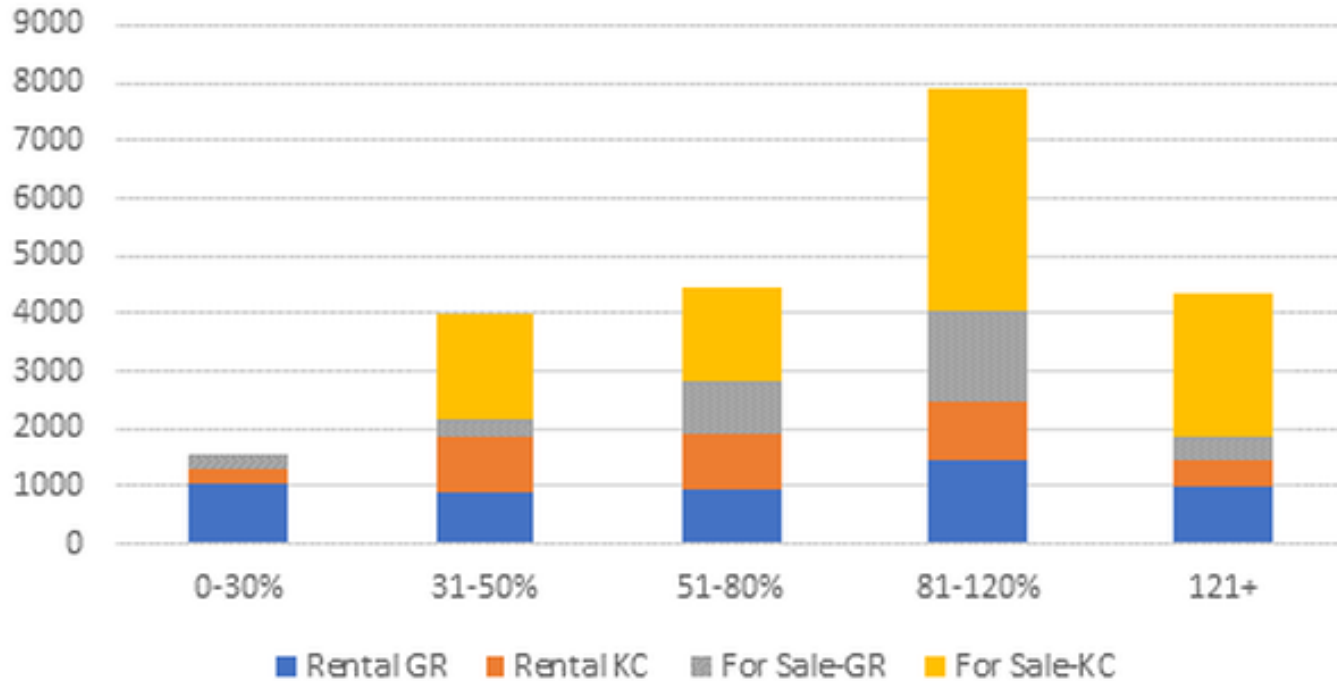
Source: Calculations by the National Association of Homebuilders Housing Policy Department, based on income data from the 2019 American Community Survey, U.S. Census Bureau



History & Current Needs



Kent County For Sale/Rental by 2025



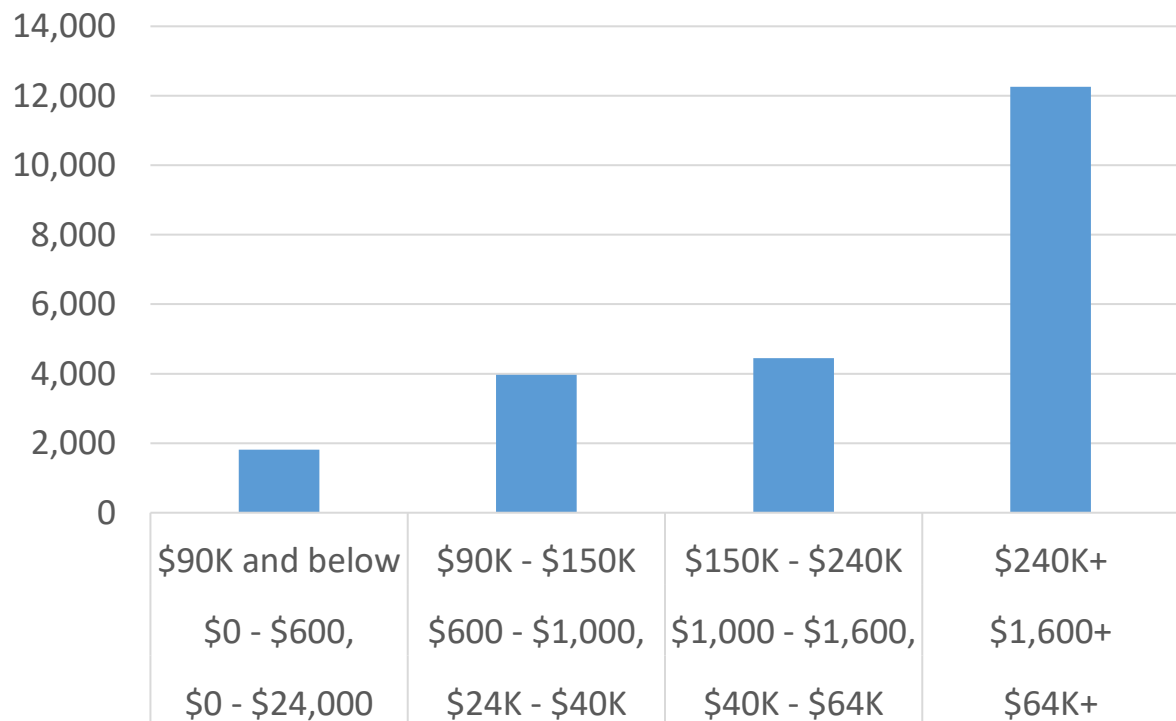
**Grand Rapids & Kent County Housing Needs Assessment*

Homes for sale: As of 2015, the average home sales price in the GR metro area was \$141,549. At the end of 2020, the average sale price had climbed to \$237,837. **A roughly 68% increase in average sales price over 6 years.**

Homes for rent: As of 2015, the average home/apartment rented for \$930/mo. At the end of 2020, the average rent had climbed to \$1,296/mo. **A roughly 39% increase in average rent over 6 years**

Kent & Ottawa Counties have grown by 90,000 in the latest census and only built 7,800 units in the same time frame.

Units Needed - Kent County



Units Needed - Ottawa County

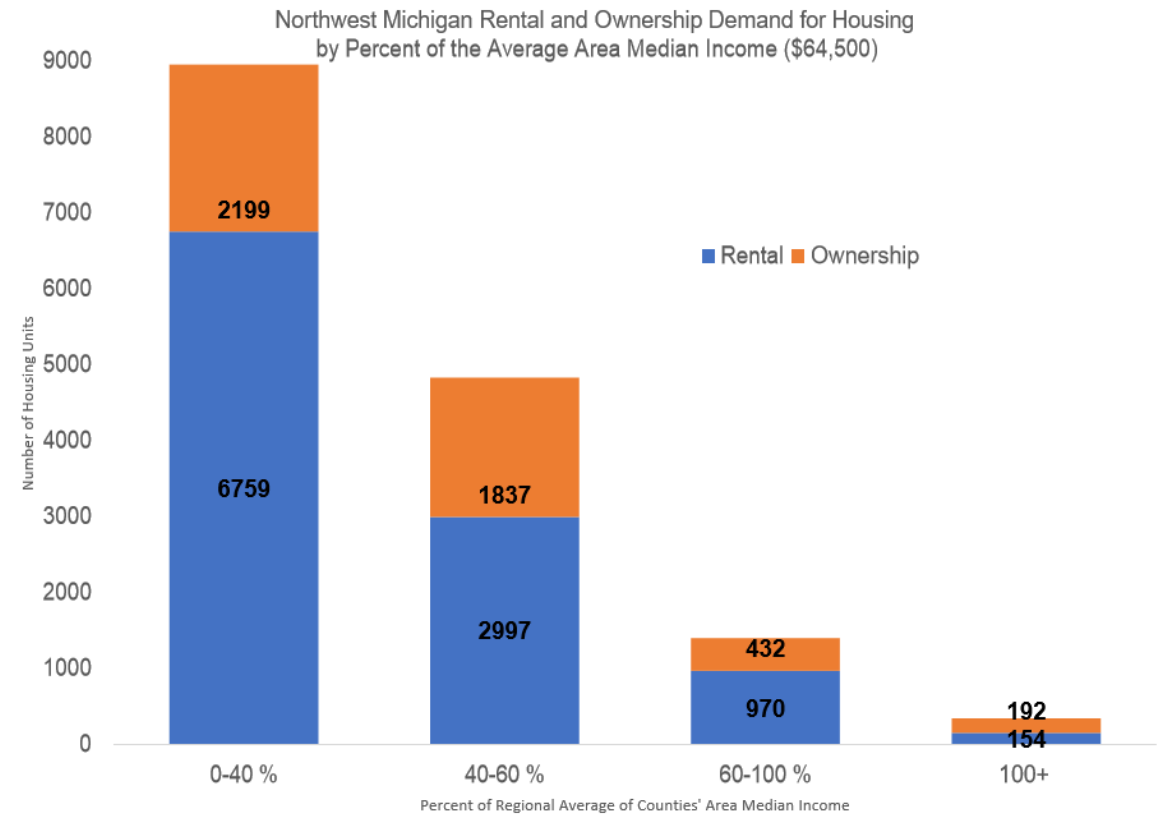
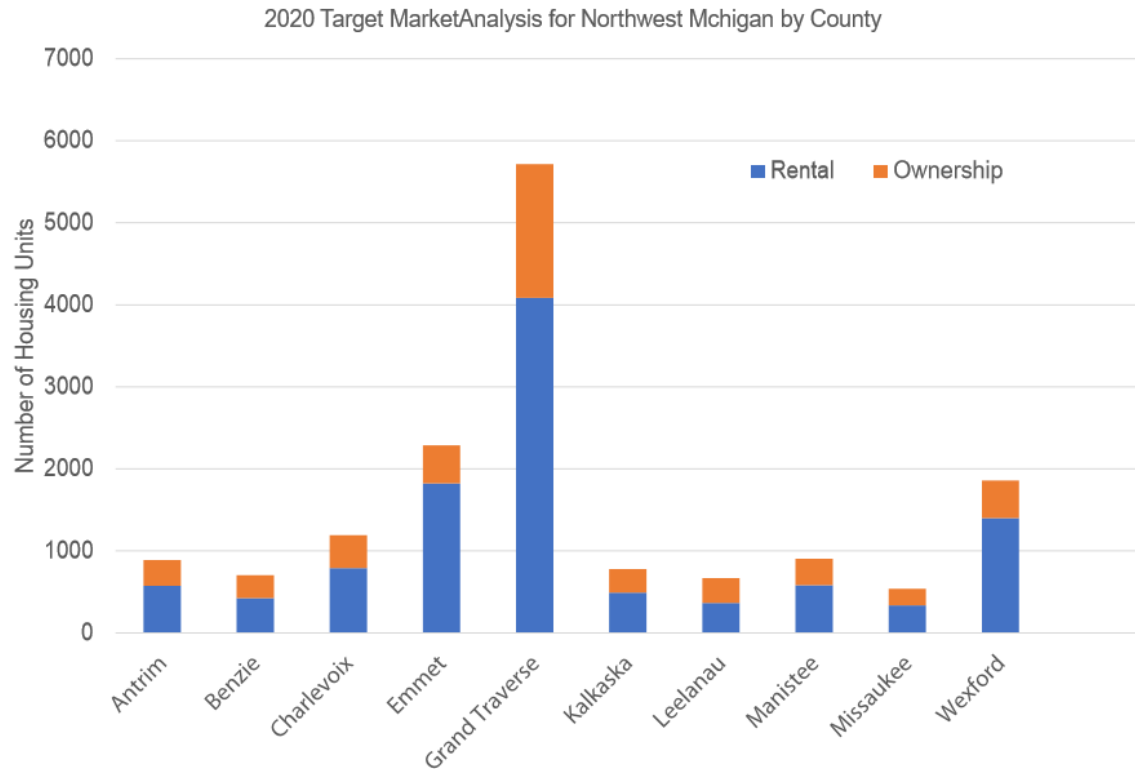


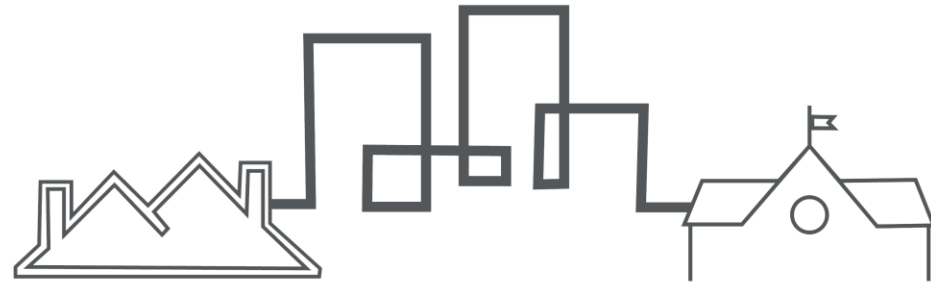
Income

Rent

Price

History & Current Needs





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What can we do about it?

Common Principles



Building the toolbox

- **Local control** – the local units will be able to decide many of the terms including affordability requirement, length of the credit and where it can be applied.
- **Flexibility** – allowing for local decision making in affordability targets up to 120% of area median income (AMI) and the term length, allows these tools to be applied based on local conditions and need.
- **Workforce housing** – these tools will likely provide the most opportunities to support project for residents who have difficulty obtaining market-rate housing but have more income than would qualify for “affordable housing.” Our goal is to increase the supply of housing where demand is the highest and a gap has been identified.

STATUS OF LEGISLATION



Introduced Legislation			
Description	Sponsored By:	Senate Bill #	House Bill #
Employer-Supported Housing Credit	Sen. Victory & Rep. Huizenga	360, 361	4649, 4650
Attainable Housing & Rehabilitation Act	Sen. Brinks & Rep. Sabo	362	4647
Re-Establish Code Promulgation Committee	Sen. Daley & Rep. Tate	363	4648
Expand NEZ's to Additional Local Gvt Units	Sen. Moss & Rep. Bolden	364	4646
Community Land Trusts	Sen. Victory & Rep. Lilly	420, 421	4713, 4714
Residential Facilities Exemption	Sen. Horn & Rep. Roth	422	4827
Allow PILOTS for Housing	Sen. Schmidt	432	

Conclusion

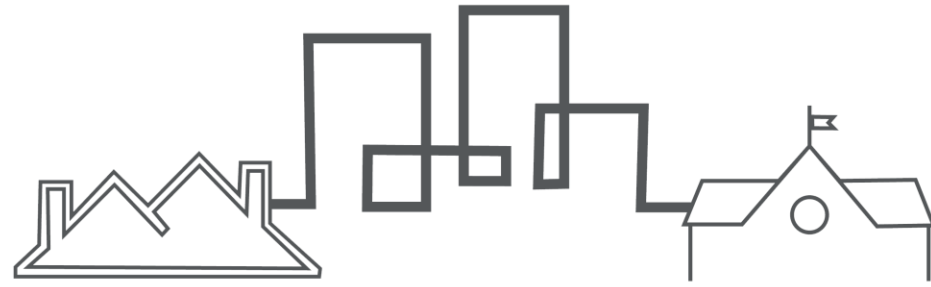


There is no easy solution, but we are committed to improving outcomes.

Housing is a foundational piece that so many other systems are influence by.

If we can create conditions to support a healthier housing market and increase the supply of attainable housing in Michigan, we will have a positive impact on:

- Access to jobs
- Health outcomes
- Economic & community development
- Student outcomes
- Reducing poverty
- Quality of life
- And more!



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Questions?