



**A Housing Market
Analysis of
Mancelona, MI**

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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by Mancelona Community Resource Development, Inc., to investigate housing market conditions across the Mancelona area. The village is located within the southern side of Antrim County, west of Gaylord and northeast of Traverse City, within the northwest section of lower Michigan. The village is approximately 37 miles from Traverse City, approximately 53 miles from Cadillac, and approximately 150 miles from Grand Rapids.

CRS has been tasked to investigate the viability of workforce housing options, based on current and projected market conditions, identified target market segments, and the status of prevailing and projected economic conditions. While the market conditions are measured for those within the local area, in some instances assumptions will be made regarding the likely participation of households outside of the Mancelona region.

This analysis will attempt to quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the local housing marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

No assumptions or analysis will be made regarding the separate market viability of higher-priced homeownership options, luxury homes (rental or owner), senior citizen options, nor the potential for 2nd homes/vacation residences. Comments and market criteria for these segments will be included when necessary as part of an examination of overall housing market conditions.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data as well as Tapestry information provided by ESRI, which examines local population segments within a series of generalized categories based on prevailing incomes, educational attainment, and other factors. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment.

II. EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and primary research of the community:

- The analysis assumes the examination of Mancelona Village and the four townships within the southern section of Antrim County as one combined market area. Other geographic measures used throughout the analysis include Mancelona Village and Antrim County. The market area is appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely expand the market area beyond the village and townships. This is of course dependent upon assumptions regarding location and accessibility.
- Two primary target markets (market subsets) were examined for this analysis, including:
 - **Affordable Rental Housing** – for singles, couples, or small families of all ages, with incomes between \$15,000 and \$35,000 (depending on family size), typically with low to moderate educational attainment, generally employed either part-time or full time within unskilled or entry-level positions typically within the services or hospitality sectors;
 - **Workforce housing** – for singles, couples, or small families of all ages, with incomes between approximately \$35,000 and \$75,000 (depending upon family size), with some degree of specialized training or educational attainment, employed within manufacturing, services, or other moderate-wage sectors. Rental and homeownership considerations will be included.
- Positive factors include the following:
 - The Village and market area exhibit stable demographic trends. Population and households are forecast to increase slightly into the next decade, and family sizes are near the statewide ratio. While a small portion of the overall population at this time, the senior segment is the fastest growing age cohort, and will represent an increasing larger portion of the overall population into the 2020s and beyond.
 - Mancelona is found along US 131/M-66, providing excellent visibility and access for commuters and travelers from across the region. The village is within a reasonable driving distance of nearly all primary employment and service destination points across northwest lower Michigan. The development of new, modern, and attractive home options would give commuters an additional reason to consider relocating to the Mancelona area.
 - The suggested locations for this analysis exhibit strong market-related features, including sufficient acreage, access to US 131, and potential for attractive site plans. Homes that are available for rent and for sale would be appropriate at these locations. This assumes reasonable development costs and no environmental issues are present.

- Housing prices are relatively modest across the Mancelona area, with home purchase pricing and prevailing rental rates generally found within a reasonable price range. More expensive housing levels are found within many nearby communities, providing Mancelona with a potential competitive advantage when housing affordability is a primary concern.
- Impediments and other problematic considerations include:
 - Income levels for Mancelona have not significantly changed since 2000 on a real income basis. Minimal gains have not maintained pace with overall inflation levels. It is hoped that future economic activity will spur ongoing wage and income gains.
 - The Village is relatively small, with a downtown district that lacks a diverse set of retail and service outlets. While additional commercial options are found within the community, the proximity of alternatives across Antrim and Kalkaska Counties are also available, reducing the community’s commercial placemaking potential. Recreational options, leisure/hospitality opportunities, and employment choices are also found outside of the Mancelona area.
 - Increasing senior population and household totals are found within the Mancelona area, with 2024 totals for senior households age 55+ to represent nearly 56 percent of all households. An increasing senior segment will have profound impacts upon the local school district, tax base, and retail/service opportunities.
 - An examination of home sales data points to a limited number of moderately priced homes that would ideally suit the target market segment. Homes within this segment are rapidly sold, and less than two percent of housing units have been constructed this decade. This lack of residential options exacerbates the demand levels for the Mancelona area, regardless of price points, structure type, or location.
 - While not a primary focus of this analysis, an above-average degree of substandard housing and general blight is present within the village. Such trends place a lag upon housing prices, regardless of location or structural options.
 - Available rental developments include both subsidized and market rate apartment structures. At this time the rental market for these types of units is stable, with developments at or near stabilized occupancy levels. A minimal level of demand potential appears present for additional rental housing units, based on both statistical demand calculations and prevailing occupancy trends.
- Primary findings for this analysis include:
 - The Mancelona Area’s ability to attract entry level households across the moderate-income range is limited by a lack of supply of moderate and upper-moderate homes for purchase, despite relatively reasonable price points across the community. Eventually, an increasing senior household segment and declining birthrates will lead a shift in the community’s characteristics which may negatively impact the school system, tax base, employment base, and retail/service availability. If the Mancelona community does not find methods to

attract additional families to the market area, by the early 2030s the community will rapidly age, face a decline in tax base, and ultimately realize an unfortunate reduction in the size and earning potential of the local labor force.

- The rental market within Mancelona should be considered stable, with minimal market potential for either mixed income or market rate rental units. Household growth is insufficient to drive statistical demand, as demand potential is essentially driven by secondary market sources and local movership.
- A focus of housing improvements should also be made by local leaders. Single family rentals are widely present across the Mancelona area, and any attempts to improve the condition and value of these options should be encouraged by local leaders.
- Tapestry segmentation by ESRI does not identify within the Mancelona market area in sufficient quantities any of the primary target market segments identified and investigated by this analysis. While some ESRI segments are somewhat near matches for the target market segments, the data indicates that it is likely that future residents will include persons from both primary and secondary market locations – from both the Mancelona area and outside of the community.

A need for additional homeownership options within the community for moderate income households is an additional recommendation from this analysis. Suggested features for such a proposal would include:

Project Type:	Single family or duplex structures with attached garage, targeted for couples and small families
Unit mix:	3BR/2bth structures
Targeted Incomes:	\$35,000 - \$75,000 (However, this does not exclude higher income households seeking housing options that may prove popular regardless of income)
Preliminary Pricing:	\$175,000 - \$225,000
Amenities/features:	Commensurate with modern owner-occupied housing found across the community
Additional considerations:	Collaboration with local employers to help sponsor financing options, or establishment of a sponsored down-payment assistance program to rapidly move families into desirable homes for permanent occupancy

A need for additional rental housing within the community is also recommended, based on the following characteristics:

Project Type:	Duplex or four-plex buildings
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Project Size:	Phased, with additional buildings constructed based on market potential
Unit Mix:	One-bedroom and two-bedroom units
Initial Market Rents:	\$650 – one-bedroom unit \$875 – two-bedroom unit
Amenities:	High-quality features found in modern rental developments across the region

These recommendations are preliminary only. A positive recommendation for a more specific proposal would be dependent upon the utilization of a specific targeting plan, inclusion of amenities and building design that reflects the market, availability of on-site services (if applicable), and professional preleasing and management. Assumptions also include a positive location with ample visibility and strong access from across the region, as well as no delays during the eventual development process.

III. MARKET PROFILE

Target Market Identification

In general, a housing market analysis will identify a key target market segment or segments as the primary focus for examination and market potential, taking into consideration associated demographic and economic features. By separating the overall housing market into separate target market segments based on age, income, or other unique and pertinent aspects, a more specific examination and recommendation can be made for the community that specifically reflects the area's characteristics.

From a purely demographic standpoint, no one segment of the local population is clearly dominant, as the area's net population for younger adults, older adults, and senior citizens is generally similar in terms of growth potential. Describing the community from a very generalized social/economic standpoint, the largest segments include blue-collar unskilled laborers, professional/managerial workers, and retirees that most likely do not participate within the labor force. Income levels for the Mancelona area are somewhat below average in comparison to statewide levels, and are somewhat lower than many neighboring communities, such as Traverse City, Gaylord, and Kalkaska, among other larger communities. This is not entirely a negative aspect of the local marketplace, assuming prevailing home prices are appropriate for prevailing incomes within the community.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the Mancelona area, along with many sections of Michigan, an imbalance appears present for moderate income households seeking primarily homeownership options. From a local employment standpoint, a majority of the potential residents that may occupy such homes would have backgrounds within the service and leisure/hospitality sectors, as well as sales/retail occupations. This may also include entry level professionals that are employed both locally and across the northwest section of lower Michigan.

Correspondingly, the two primary target market segments for this analysis can be described as:

- **Affordable Rental Housing** - Lower-to-moderate income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the service and leisure/hospitality sectors, seeking affordable rental housing options. Incomes will range between \$15,000 and \$35,000, depending on family size.
- **Workforce Housing** - Moderate income households (all ages, and including singles, couples, and small families), with a wide range of backgrounds and educational attainment, many of which are relocating to the community, and feature either strong educational attainment or workforce experience that results in higher than average income potential. This is the “missing middle” most communities are lacking – Overall incomes \$35,000 to \$75,000, depending on family size.

As a result, the target market segments studied for this analysis are specifically defined, and do not include other segments of the housing marketplace, such as the following:

- Larger-sized extremely-low income families seeking subsidized rental housing
- Higher income households seeking homeownership opportunities
- Independent living senior households seeking a residential alternative
- Senior households seeking assisted living/nursing care housing
- Households seeking 2nd home or vacation homes

Primary and Secondary Market Area Determination

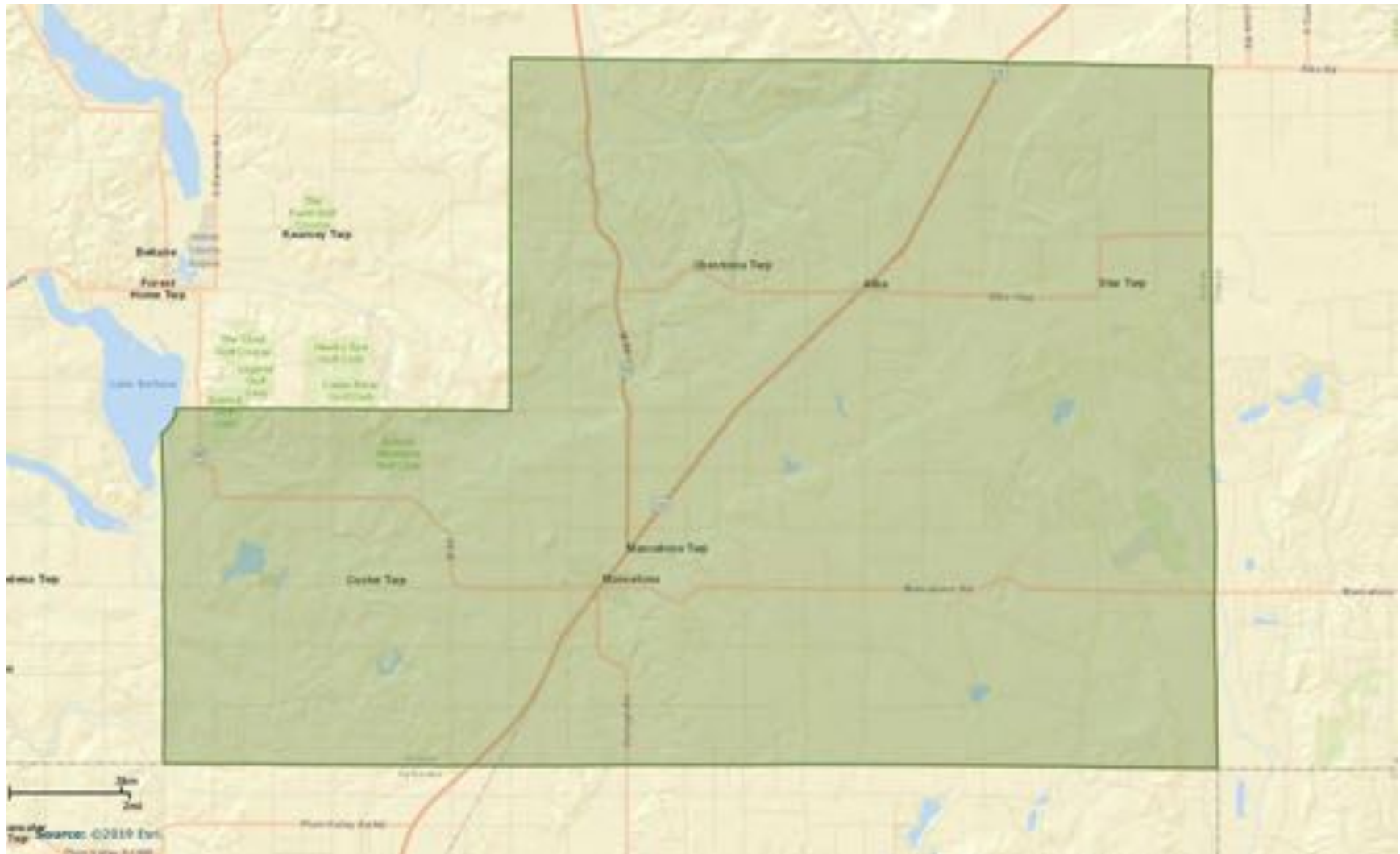
The Mancelona area is a distinct market, with adjacent communities within and adjacent to Antrim County representing generally separate regions. Typically, census tracts are used for most demographic examinations, but within Antrim County the boundaries of the census tracts are overly broad and are not very useful for this examination. As a result, the most conservative measure of the local market would include the Village of Mancelona and the four townships that surround the Village within the southern section of Antrim County. This is what this analysis will use as a baseline for demographic analysis and demand calculations. The Primary Market Area includes the following subdivisions of Antrim County:

- Mancelona Township (includes Mancelona Village)
- Chestonia Township
- Custer Township
- Star Township

Secondary Market Area considerations are more important than usual, as the balance of Antrim County, along with adjacent sections of Otsego, Kalkaska, and Charlevoix Counties are competitive alternatives for potential residents within the target market segments. The most proximate of these options include Bellaire (12 miles distant), Central Lake (20 miles), East Jordan (20 miles), and Kalkaska (13 miles).

Both migration data and commuting patterns indicate a surprisingly strong degree of movement from these areas into Mancelona Village. In addition, these alternative areas exhibit strong transportation-related characteristics, with multiple state roadways and federal highways present, making some of these communities equally attractive to potential commuters. From a community asset standpoint, Mancelona's location along a primary roadway should be considered a positive aspect, with reasonable travel distance to all communities within the Northwest lower Michigan region. Combined with likely price point advantages, any new housing options would likely attract both primary market and secondary market households. The ideal household of interest would be mobile, assimilated to commuting across the region, and seeking reasonably priced housing options that negate any location-related value associated with housing found within more urban sections of the region.

Map: Manelona Primary Market Area



IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented 49 percent of all market area workers. With the Village this percentage was also 49 percent, reflective of a combination of concentrated service jobs and a limited number of other options within the community. Manufacturing positions represented 17 percent of the market area’s labor force, while retail trade jobs accounted for 14 percent of the area’s labor force.

Table: Employment by Industry

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
Agriculture and Mining	11	83	343
Percent	1.9%	3.0%	3.5%
Construction	25	206	774
Percent	4.3%	7.5%	7.9%
Manufacturing	157	482	1,742
Percent	26.7%	17.4%	17.8%
Wholesale Trade	3	19	224
Percent	0.5%	0.7%	2.3%
Retail Trade	62	390	1,086
Percent	10.5%	14.1%	11.1%
Transportation & Utilities	34	87	296
Percent	5.8%	3.1%	3.0%
Information	5	28	121
Percent	0.9%	1.0%	1.2%
Finance, Insurance, & Real Estate	0	53	407
Percent	0.0%	1.9%	4.2%
Services	285	1,343	4,491
Percent	48.9%	49.1%	46.5%
Professional & Managerial Serv	32	251	848
Percent of All Services	11.2%	18.7%	18.9%
Educational & Healthcare Serv	115	556	1,921
Percent of All Services	40.4%	41.4%	42.8%
Arts/Entertainment Services	92	384	1,238
Percent of All Services	32.3%	28.6%	27.6%
Other Services	46	152	484
Percent of All Services	16.1%	11.3%	10.8%
Public Administration	6	73	287
Percent	1.0%	2.7%	3.0%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

The Mancelona Area exhibits a slightly higher than typical level of “blue collar” and manufacturing employment as compared to most other cities across Michigan.

Employment by occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled 68 percent of the area’s labor force. The area’s concentration of “blue collar” positions represented approximately 32 percent of the labor force, with a higher concentration within the village, at 39

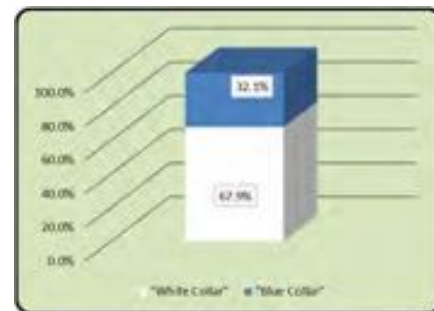
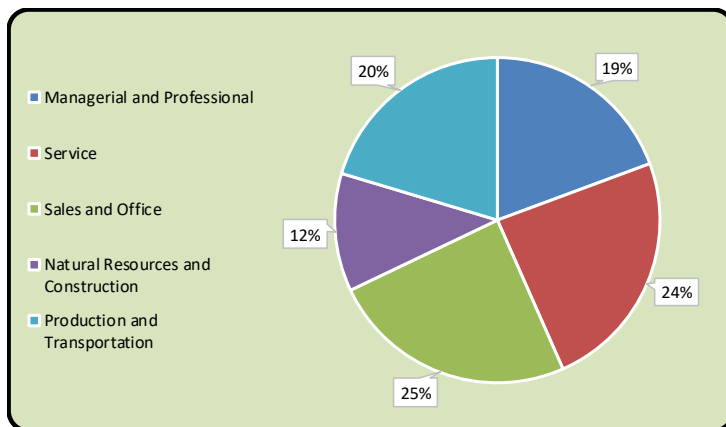
percent.

Table: Employment by Occupation

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
Managerial and Professional	120	535	2,686
Percent	20.4%	19.4%	27.5%
Service	156	664	2,109
Percent	26.5%	24.0%	21.6%
Sales and Office	82	678	2,197
Percent	13.9%	24.5%	22.5%
Natural Resources and Constructio	51	324	1,053
Percent	8.7%	11.7%	10.8%
Production and Transportation	179	563	1,726
Percent	30.4%	20.4%	17.7%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

Figure: Employment by Occupation Breakdown – Mancelona Area



The area’s labor force is more regional than local, with patterns that indicate commuting is common across the area. The percentage of people working outside of Antrim County reflects mostly commuting opportunities within Traverse City and Kalkaska, as well as other communities across northwest lower Michigan.

Table: Employment by Place of Work

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
Place of Work within County	264	1,129	4,852
Percent	46.2%	42.3%	50.9%
Place of Work Outside of Coun	308	1,500	4,528
Percent	53.8%	56.2%	47.5%
Place of Work Outside of State	0	40	148
Percent	0.0%	1.5%	1.6%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

Figure: Employment by Place of Work Breakdown



Migration patterns for persons within the Mancelona area provide another indication of the prevailing direction of overall demographic and economic trends. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error. However, the prevailing trend

Migration patterns are much more positive within the Mancelona area, as sizable shifts in population are indicated across the balance of Antrim County.

indicates little change in population over the next few years. However, the data for both the market area and Antrim County indicate notable losses in population to many nearby communities across Michigan, and movement within Antrim County is a net loss for the market

area. Examining the data, the trends are quite different for the market area Antrim County as a whole.

The market area's net gain in migration is quite small, at just two persons, but local trends indicate a population loss to the balance of Antrim County, as well as Otsego County (Gaylord). The rest of the northwest lower Michigan region contributes residents to the market area, with a net gain of nine persons. In addition, the market area gains an estimated 70 persons from the balance of Michigan, which offsets a loss of population from outside of the state.

For Antrim County, however, sizable losses from nearly all portions of northwest lower Michigan was observed, with a net loss for the county of nearly 300 persons. A gain from metropolitan Detroit offsets losses from the balance of Michigan, and additional losses were noted for the nation as a whole. The largest loss to Antrim County was to Kalkaska County, and just Wexford County reported a net gain for Antrim County's totals.

While the overall net loss is relatively small, the larger losses of population to adjacent sections of the region and the state of Michigan overall are indicative of an economic or placemaking disadvantage. Some potential explanations include an imbalance in the housing market, limited employment opportunities, less attractive community services, reputation-related reasons, or simply a less competitive environment that places the Mancelona area at a disadvantage regardless of the improvements made within the local community.

It should be reiterated that the migration data is at the Minor Civil Division level, with a high error rate. Even with this consideration, migration trends are only a small portion of the overall population base, but any trend that may reflect poorly on the community requires examination.

Figure: Annual Net Migration – Mancelona Area

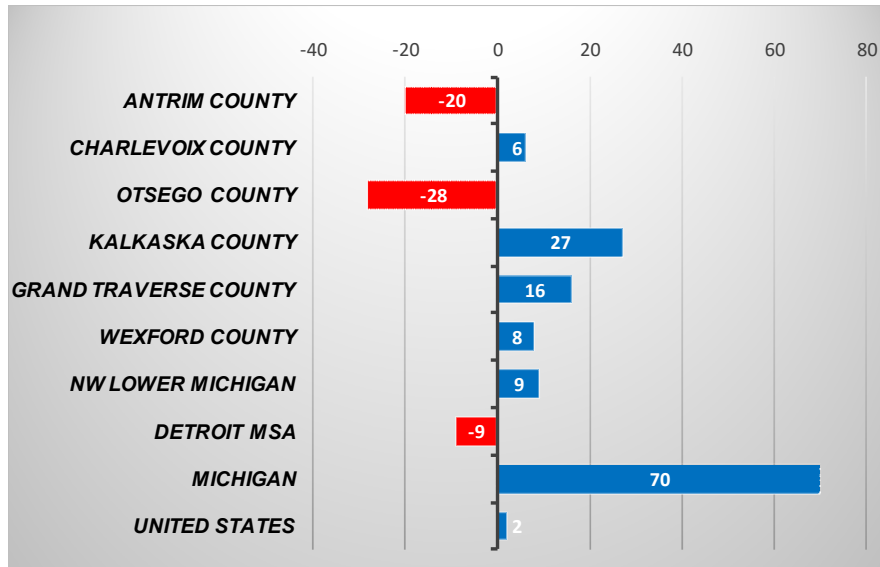


Table: Annual Migration Patterns – Mancelona Area

	Flow Into Market Area	Flow Out of Market Area	Net Migration Market Area
Antrim County	126	146	-20
Percent of Total	25.9%	30.2%	---
Charlevoix County	9	3	6
Percent of Total	1.9%	0.6%	---
Otsego County	0	28	-28
Percent of Total	0.0%	5.8%	---
Kalkaska County	89	62	27
Percent of Total	18.3%	12.8%	---
Grand Traverse County	29	13	16
Percent of Total	6.0%	2.7%	---
Wexford County	8	0	8
Percent of Total	1.6%	0.0%	---
NW Lower Michigan	261	252	9
Percent of Total	53.7%	52.1%	---
Detroit MSA	20	29	-9
Percent of Total	4.1%	6.0%	---
Michigan	455	385	70
Percent of Total	93.6%	79.5%	---
United States	486	484	2
Percent of Total	100.0%	100.0%	---

SOURCE: 2012/2016 American Community Survey, U.S. Census Bureau

Figure: Annual Net Migration – Antrim County

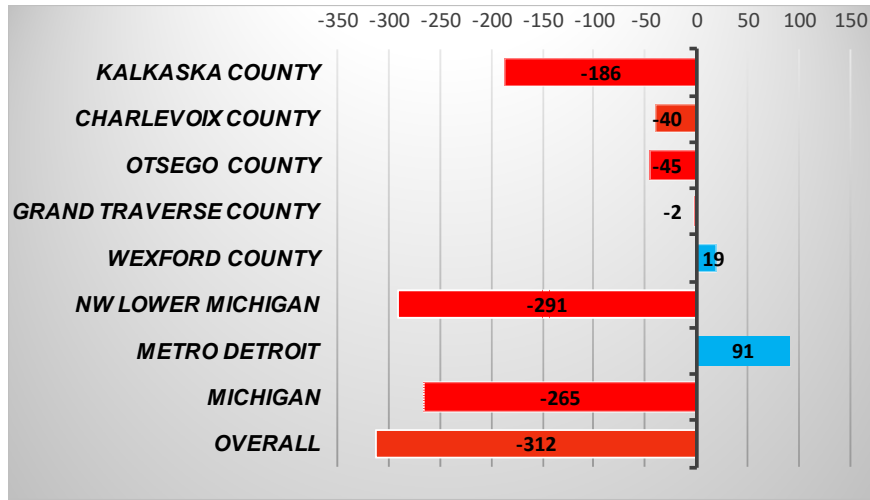


Table: Annual Migration Patterns – Antrim County

	<u>Flow Into Antrim County</u>	<u>Flow Out of Antrim County</u>	<u>Net Migration Antrim County</u>
Kalkaska County	167	353	-186
Percent of Total	13.7%	23.1%	---
Charlevoix County	90	130	-40
Percent of Total	7.4%	8.5%	---
Otsego County	17	62	-45
Percent of Total	1.4%	4.1%	---
Grand Traverse County	126	128	-2
Percent of Total	10.4%	8.4%	---
Wexford County	30	11	19
Percent of Total	2.5%	0.7%	---
NW Lower Michigan	468	759	-291
Percent of Total	38.5%	49.7%	---
Metropolitan Detroit	129	38	91
Percent of Total	10.6%	2.5%	---
Michigan	963	1,228	-265
Percent of Total	79.2%	80.4%	---
United States	1,216	1,528	-312
Percent of Total	100.0%	100.0%	---

SOURCE: 2012/2016 American Community Survey, U.S. Census Bureau

Employment Trends

Antrim County's employment trends have generally followed statewide patterns, with somewhat more sizable employment losses on a percentage basis as compared to many other regions of the state. However, the county has not experienced a high degree of job growth found within many other sections of the state that have demonstrated full recoveries from the 2008-2010 period. Within Antrim County, employment have not yet regained levels observed during the year 2000, at 11,098 jobs, with a corresponding unemployment rate of just 4.7 percent. The most recent period of employment growth began in 2014, and has led to an increase of nearly 700 jobs, most of which are found within the private sector.

As mentioned, Antrim County exhibits unemployment ratios generally above statewide levels. The county's unemployment rate for 2018 was recorded at 5.6 percent, much improved from the high level of 16.0 percent recorded in 2010. Since 2014 the annual unemployment rate has remained below 10 percent, with steady increases in both the labor force and employment levels over the past four years. By comparison, Michigan's unemployment rate was 4.1 percent for 2018, while the national unemployment rate was reported at 3.9 percent.

For 2018, the Antrim County employment base totaled 9,543 persons. This level is an increase of just one percent from 2017, but is indicative of the region's slow-but-steady employment patterns. Such trends across other sections of Michigan are generally similar, but other metropolitan sections of the state are exhibiting higher levels of employment recovery, as many have exceeded employment and unemployment levels found prior to the 2008-2010 recession.

Figure: Area Employment Trends – Antrim County

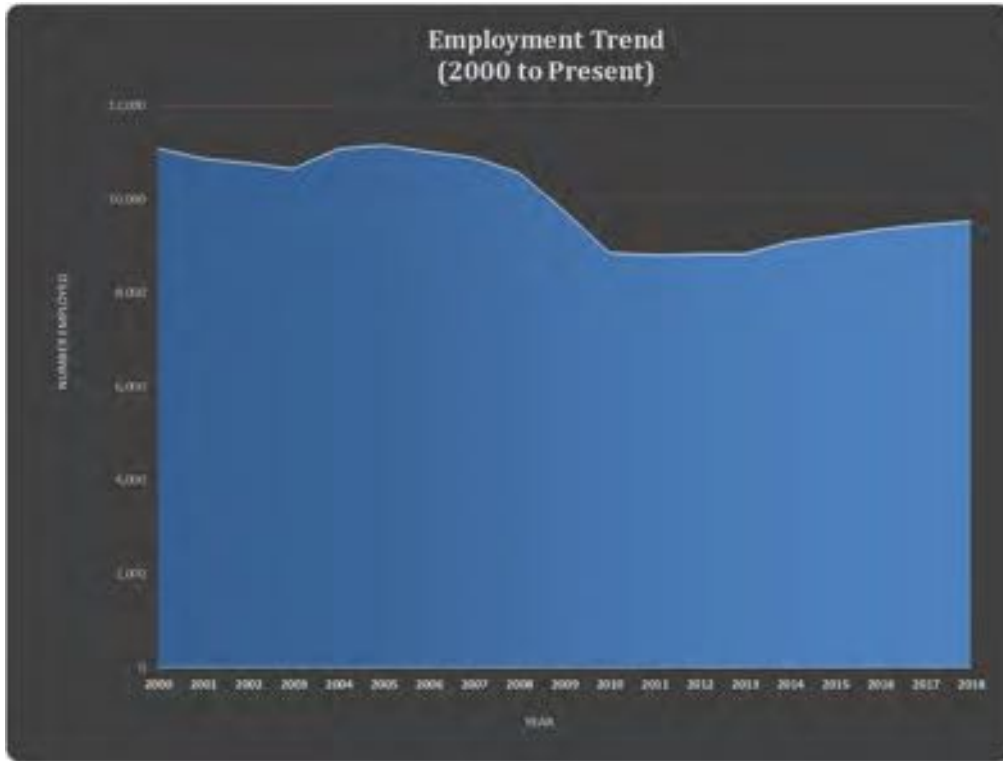


Figure: Annual Change in Employment

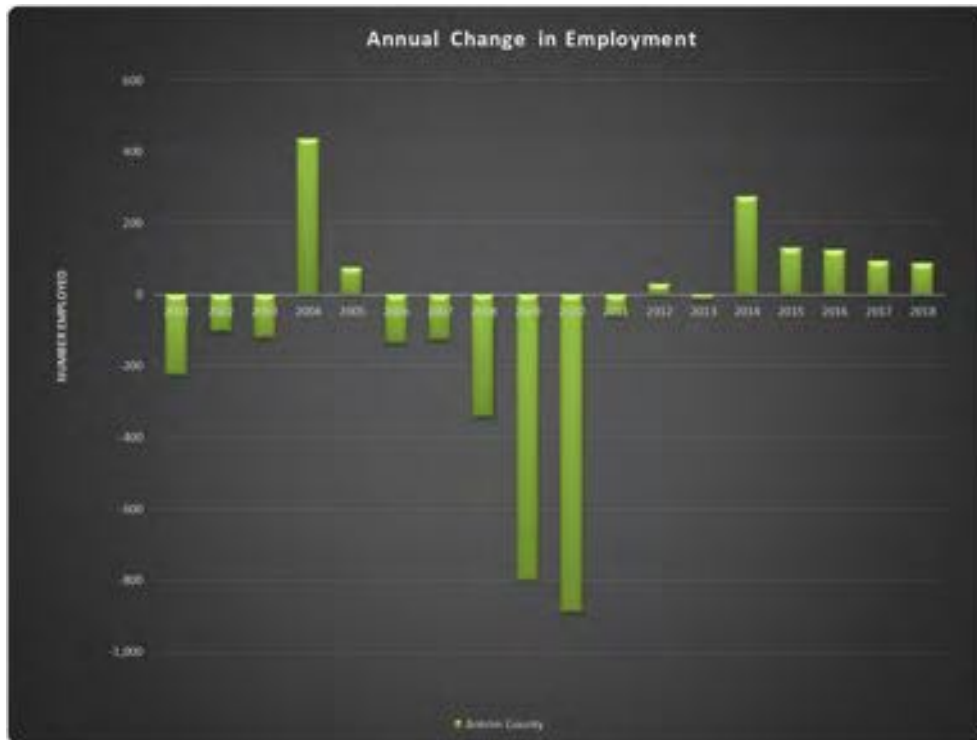


Figure: Unemployment Rate Comparison

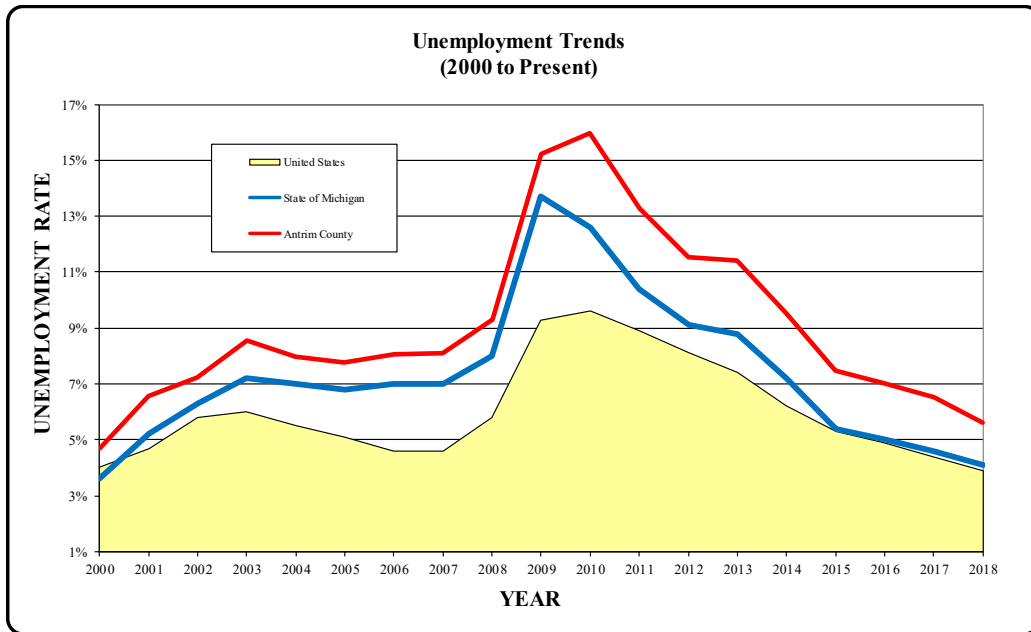


Table: Employment Trends (2000 to Present)

Year	Antrim County				State of Michigan	United States
	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
2000	11,647	11,098	---	4.7%	3.6%	4.0%
2001	11,641	10,875	(223)	6.6%	5.2%	4.7%
2002	11,613	10,773	(102)	7.2%	6.3%	5.8%
2003	11,649	10,652	(121)	8.6%	7.2%	6.0%
2004	12,048	11,088	436	8.0%	7.0%	5.5%
2005	12,103	11,164	76	7.8%	6.8%	5.1%
2006	11,992	11,028	(136)	8.0%	7.0%	4.6%
2007	11,860	10,901	(127)	8.1%	7.0%	4.6%
2008	11,644	10,560	(341)	9.3%	8.0%	5.8%
2009	11,514	9,763	(797)	15.2%	13.7%	9.3%
2010	10,563	8,875	(888)	16.0%	12.6%	9.6%
2011	10,165	8,817	(58)	13.3%	10.4%	8.9%
2012	10,001	8,848	31	11.5%	9.1%	8.1%
2013	9,975	8,835	(13)	11.4%	8.8%	7.4%
2014	10,066	9,108	273	9.5%	7.2%	6.2%
2015	9,985	9,237	129	7.5%	5.4%	5.3%
2016	10,071	9,362	125	7.0%	5.0%	4.9%
2017	10,117	9,456	94	6.5%	4.6%	4.4%
2018	10,111	9,543	87	5.6%	4.1%	3.9%
Apr-18	9,501	8,879	---	6.5%	3.7%	3.9%
Apr-19	9,892	9,313	434	5.9%	3.7%	3.3%

	Number	Percent
Change (2000-Present):	(1,555)	-14.0%
Change (2000-2008):	(538)	-4.8%
Change (2008-Present):	(1,017)	-9.6%

SOURCE: Bureau of Labor Statistics.

The region’s employment base features concentrations within manufacturing, education, resorts/recreation positions, and public service occupations.

Table: Antrim County – Largest Employers

Entity	Employees	Product/Service
Shanty Creek Resorts	600	Recreation/Resort
Great Lakes Packing	300	Food Processing
Antrim County	200	Public Administration
Elk Rapids School District	180	Education
Central Lake Armor Express	165	Manufacturing (Body Armor)
Anchor Lamina	160	Manufacturing (Electroplating)
Cherry Ke	150	Food Processing
Meadowbrook Medical Center	125	Healthcare (Nursing Home)
Short's Brewing	75	Beverage Processing
Central Lake Public Schools	67	Education
Bellaire Public Schools	55	Education
Mancelona Public Schools	55	Education

Source: Northern Lakes Economic Alliance

Like most regions of Michigan and the Midwest, employment trends reflect an ongoing shift away from higher-wage manufacturing jobs toward an increasing level of lower-wage service employment. While manufacturing employment positions remain a primary component of the labor force, the shift toward service positions is clearly present across the area. Locally, most retail options needed for daily living are generally found across the region, rather than the immediate Mancelona area. While most outlets are present within the village, wider choices for various products and services are found across Antrim County and across the NW lower Michigan region.

Wages and Income Data

Employment and wage data obtained from the U.S. Census Bureau’s Quarterly Census of Employment and Wages (QCEW) provides a current picture of employment distribution within

Comparisons between the residential labor force and in-place labor force are readily explained by commuting patterns, with the Mancelona area exhibiting characteristics of a bedroom community.

Antrim County (data is only available at the county level). This data measures private and public sector employment trends that take place within a given county, regardless of the residence of the labor force. As can be seen within the figures on the following pages, over the past eight years production-oriented

employment has experienced significant increases among all employment categories, including construction (120 percent), manufacturing (22 percent), and natural resources/mining (39 percent). In 2018, production occupations represented 30 percent of the county's labor force. Trends among the services sectors are mixed, as seen within the following table. The largest gains are found within the finance and information sectors, but these two areas do not employ a significant number of local workers. The overall services sectors' employment grew by just one percent between 2010 and 2018. Overall, the county's at-place employment grew by 10 percent.

These trends are not reflective of the labor force data discussed previously, which points to a likely difference in the local labor force as compared to the jobs that are available locally. Approximately 60 percent of the residential labor force are commuters, a trend that has likely remained within the region for many years.

A primary way to illustrate the employment trends within Antrim County is a comparison of private sector residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are collected within separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment (9,543 jobs, as of 2018) as compared to at-place employment (5,260 jobs, also as of 2018) is a clear illustration of the dynamics of the Antrim County labor market. With a majority of residential workers commuting outside of the county, it may be somewhat accurate to describe the Mancelona area as a probable bedroom community, as significant employment concentrations are found across the region.

Wage levels across Antrim County have not demonstrated significant gains over the past decade. Information positions currently offer the lowest average wages within the county (\$17,289 in 2018). This is unusual, as typically the leisure/hospitality sector is the lowest wage sector. The demand for such positions has likely pushed these wages somewhat higher than other sections of northern Michigan. The highest average annual wages within Antrim County are found within the education/healthcare sector (\$41,637) and manufacturing sector (\$41,194). Overall wages have slowly increased over the past eight years, as the private sector average annual wage in 2018 was \$31,163. Since 2010 this reflects an average annual rate of increase of 2.9 percent, which is actually a stronger rate of growth than most other sections of Michigan.

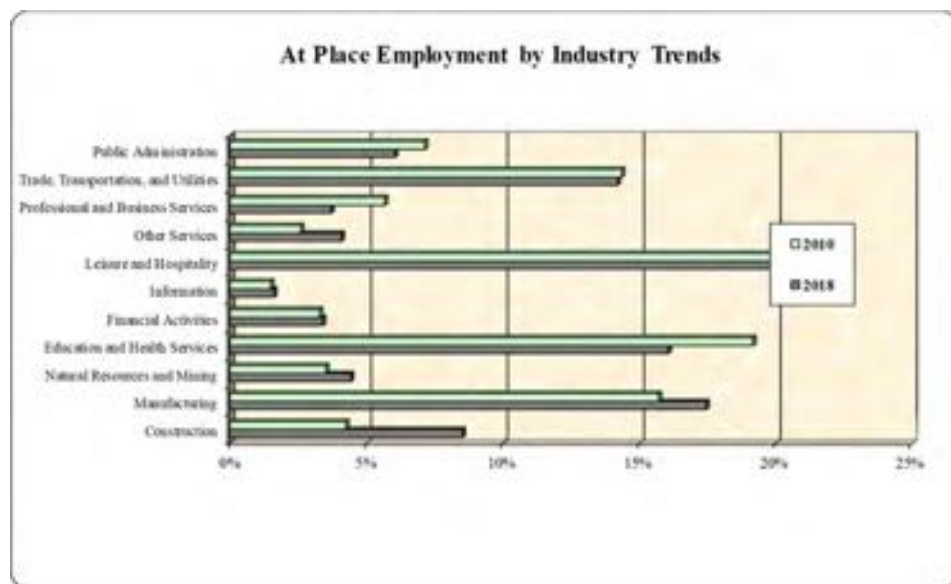
For housing market trends to address the most attractive target market segments, the identification of gaps within the housing stock need to be identified and addressed, with the goal of providing the widest range possible of housing choices that will attract potential residents from across the region. The broadest available housing stock serves the broadest possible resident base.

Table: Antrim County - Employment by Industry – 2010 to 2018

<i>Employment Categories by Industry</i>	<i>2010</i>		<i>2018</i>		<i>% Change</i>
	<i>Number Employed</i>	<i>Percent</i>	<i>Number Employed</i>	<i>Percent</i>	
Construction	203	4.3%	448	8.5%	120.7%
Manufacturing	750	15.7%	918	17.5%	22.4%
Natural Resources and Mining	168	3.5%	233	4.4%	38.7%
Total Production:	1,121	23.5%	1,599	30.4%	42.6%
Education and Health Services	915	19.2%	845	16.1%	-7.7%
Financial Activities	157	3.3%	179	3.4%	14.0%
Information	72	1.5%	85	1.6%	18.1%
Leisure and Hospitality	1,086	22.8%	1,077	20.5%	-0.8%
Other Services	124	2.6%	215	4.1%	73.4%
Professional and Business Services	271	5.7%	195	3.7%	-28.0%
Trade, Transportation, and Utilities	685	14.4%	747	14.2%	9.1%
Total Services:	3,310	69.4%	3,343	63.6%	1.0%
Public Administration	341	7.1%	318	6.0%	-6.7%
Overall Total:	4,772	100%	5,260	100%	10.2%

SOURCE: Bureau of Labor Statistics.

Figure: Employment by Industry Breakdown – Antrim County



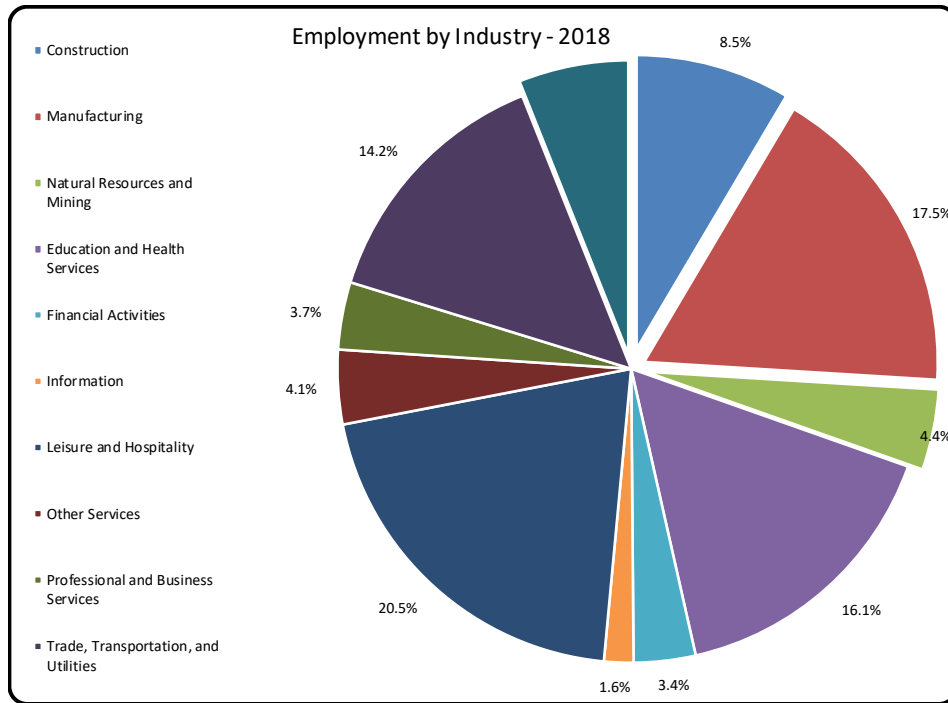
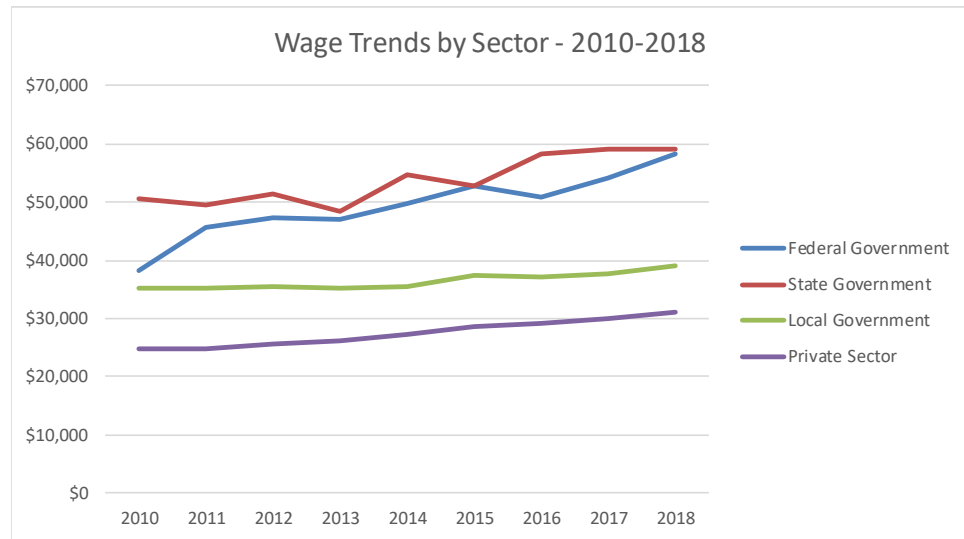
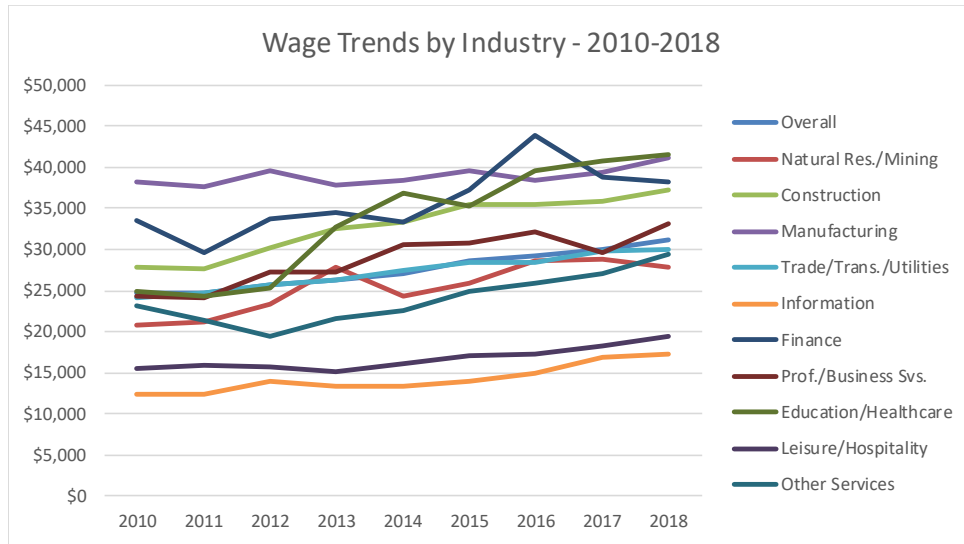


Table: Antrim County Wage Trends by Industry – 2010 to 2018

<i>Private Employment Categories by Industry</i>	<i>Average Annual Pay - 2010</i>	<i>Average Annual Pay - 2018</i>	<i>% of Overall Average - 2018</i>	<i>Total % Change - 2010-2018</i>	<i>Average Annual % Change - 2010-2018</i>
Construction	\$27,807	\$37,231	19.5%	33.9%	3.7%
Education and Health Services	\$24,903	\$41,637	33.6%	67.2%	6.6%
Financial Activities	\$33,484	\$38,303	22.9%	14.4%	1.7%
Information	\$12,420	\$17,289	-44.5%	39.2%	4.2%
Leisure and Hospitality	\$15,618	\$19,377	-37.8%	24.1%	2.7%
Manufacturing	\$38,255	\$41,194	32.2%	7.7%	0.9%
Natural Resources and Mining	\$20,821	\$27,777	-10.9%	33.4%	3.7%
Other Services	\$23,232	\$29,500	-5.3%	27.0%	3.0%
Professional and Business Services	\$24,366	\$33,137	6.3%	36.0%	3.9%
Trade, Transportation, and Utilities	\$24,126	\$29,967	-3.8%	24.2%	2.7%
Overall Average	\$24,757	\$31,163	---	25.9%	2.9%

SOURCE: Bureau of Labor Statistics.



Population Trends

Population totals within the Mancelona area and across Antrim County are forecast to slowly increase into the next decade, according to projections from ESRI. By 2024, the market area’s population is projected to total 7,274 persons, reflecting a gain of four percent from 2010. Gains are also anticipated within the village (four percent) and across the county, at approximately five percent for the same time period.

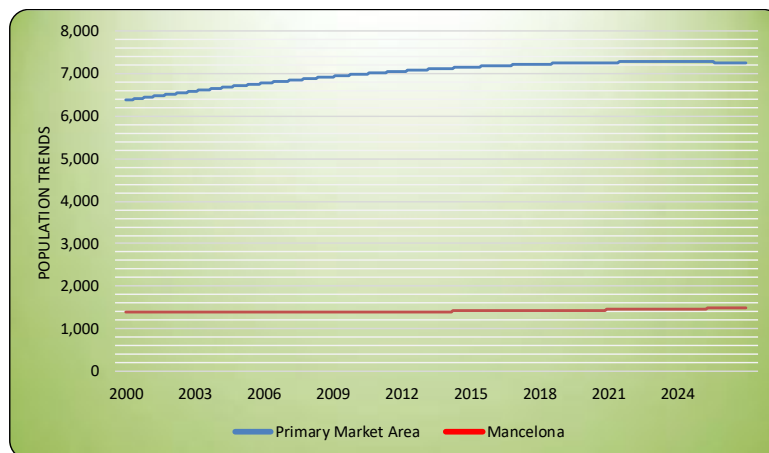
Table: Population Trends (2000 to 2024)

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
2000 Population	1,411	6,371	23,110
2010 Population	1,390	6,973	23,580
Percent Change (2000-2010)	-1.5%	9.4%	2.0%
Average Annual Change (2000 to 2010)	-0.1%	0.9%	0.2%
2019 Population Estimate	1,441	7,224	24,611
Percent Change (from 2010)	3.7%	3.6%	4.4%
Average Annual Change (2010 to 2017)	0.5%	0.5%	0.6%
2022 Population Forecast	1,447	7,254	24,759
Percent Change (from 2010)	4.1%	4.0%	5.0%
Average Annual Change (2010 to 2020)	0.4%	0.4%	0.5%
2024 Population Forecast	1,451	7,274	24,857
Percent Change (from 2010)	4.4%	4.3%	5.4%
Average Annual Change (2010 to 2022)	0.4%	0.4%	0.4%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

The following chart shows a population projection for the village and market area, providing an indication of the prevailing trend forward from 2010, reflecting generally stable forecasts.

Figure: Population Trends/Projections



Growth in senior population, primarily due to aging in place, represents the primary demographic change in the Mancelona Area.

For this type of housing analysis, it is common to separate population totals into various age cohorts that reflect key age segments. In this analysis, this has been done as well, and include four key cohorts – Less than Age 20, Age 20 to 44, Age 45 to 65, and Age 65 and older.

The ideal distribution of age within a community has the largest concentrations among the younger adults and non-adult populations, which transition into increasing household totals and family creation, while allowing older adults to age in place.

According to ESRI forecasts, by 2024 the size of the senior age segment will increase by 54 percent, to a total of 1,660 persons. Trends for seniors within Mancelona and across the county are also positive. For all of Antrim County, the number of seniors age 65 and older is forecast to total 7,516 persons.

It also should be noted that non-adults (age 19 and younger) will decline across the region, along with the younger adult and older adult segments. By 2024 the number of children will total 1,755 persons across the market area – a loss of more than 200 persons. Considering how many communities are struggling with declining school enrollment, such concerns will continue into the next decade.

The Mancelona Area’s non-senior population will continue to decline, projected to represent 77 percent of the 2024 population; in 2010, the non-senior population accounted for 88 percent of the total population. These shifts are more notable across Antrim County as a whole.

Figure: Mancelona Area Age Distribution (2010 to 2024)

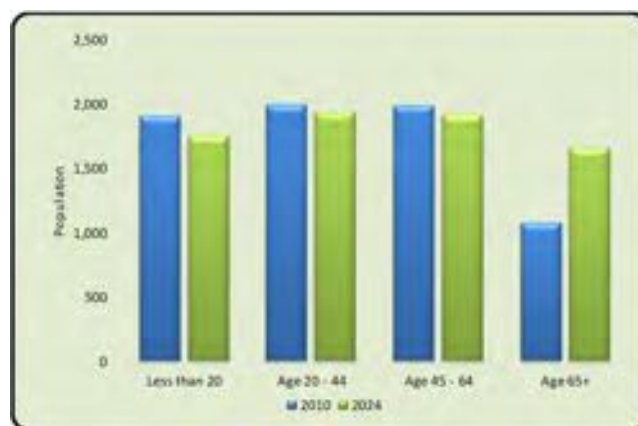


Table: Age Distribution (2010 to 2024)

	Village of Mancelona	PMA	Antrim County
Age Less than 20 - 2010	449	1,911	5,403
Percent of total 2010 population	32.3%	27.4%	22.9%
Age Between 20 and 44 - 2010	450	1,996	5,576
Percent of total 2010 population	32.4%	28.6%	23.6%
Age Between 45 and 64 - 2010	323	1,987	7,385
Percent of total 2010 population	23.2%	28.5%	31.3%
Age 65 and Over - 2010	168	1,079	5,216
Percent of total 2010 population	12.1%	15.5%	22.1%
Age Less than 20 - 2024	424	1,755	4,849
Percent of total 2024 population	29.2%	24.1%	19.5%
Percent change (2010 to 2024)	-5.6%	-8.2%	-10.3%
Average Annual Change (2010 to 2024)	-0.5%	-0.7%	-0.9%
Age Between 20 and 44 - 2024	464	1,936	5,730
Percent of total 2024 population	32.0%	26.6%	23.1%
Percent change (2010 to 2024)	3.1%	-3.0%	2.8%
Average Annual Change (2010 to 2024)	0.3%	-0.3%	0.2%
Age Between 45 and 64 - 2024	340	1,921	6,762
Percent of total 2024 population	23.4%	26.4%	27.2%
Percent change (2010 to 2024)	5.3%	-3.3%	-8.4%
Average Annual Change (2010 to 2024)	0.4%	-0.3%	-0.7%
Age 65 and Over - 2024	223	1,660	7,516
Percent of total 2024 population	15.4%	22.8%	30.2%
Percent change (2010 to 2024)	32.7%	53.8%	44.1%
Average Annual Change (2010 to 2024)	2.4%	3.7%	3.1%

SOURCE: 2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure: Senior/Non-Senior Population – Mancelona Area

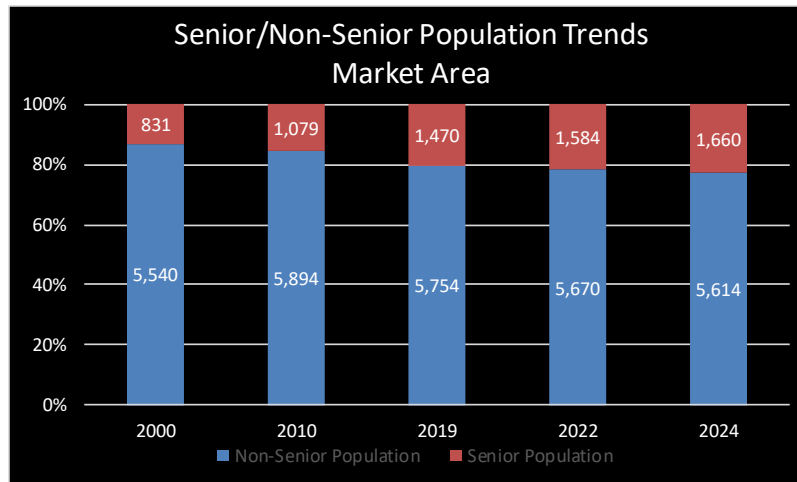


Table: Senior/Non-Senior Population Trends (2010 to 2024)

	Village of Mancelona	PMA	Antrim County
2000 Non-Senior Population	1,245	5,540	19,077
Percent of total 2000 population	88.1%	88.1%	82.9%
2010 Non-Senior Population	1,222	5,894	18,364
Percent of total 2010 population	88.3%	85.1%	78.8%
2019 Non-Senior Population	1,226	5,754	18,057
Percent of total 2019 population	85.1%	79.7%	73.5%
Percent change (2010 to 2019)	0.3%	-2.4%	-1.7%
2022 Non-Senior Population	1,227	5,670	17,627
Percent of total 2022 population	84.8%	78.2%	71.2%
Percent change (2010 to 2022)	0.1%	-1.5%	-2.4%
2024 Non-Senior Population	1,228	5,614	17,341
Percent of total 2024 population	84.6%	77.2%	69.8%
Percent change (2010 to 2024)	0.1%	-1.0%	-1.6%
2000 Senior Population (65 years and Over)	166	831	4,033
Percent of total 2000 population	11.9%	11.9%	17.1%
2010 Senior Population (65 years and Over)	168	1,079	5,216
Percent of total 2010 population	11.7%	14.9%	21.2%
Percent change (2000 to 2010)	1.2%	29.8%	29.3%
2019 Senior Population (65 years and Over)	215	1,470	6,554
Percent of total 2019 population	14.9%	20.3%	26.5%
Percent change (2010 to 2019)	28.0%	36.2%	25.7%
2022 Senior Population (65 years and Over)	220	1,584	7,131
Percent of total 2022 population	15.2%	21.8%	28.8%
Percent change (2010 to 2022)	30.8%	46.8%	36.7%
2024 Senior Population (65 years and Over)	223	1,660	7,516
Percent of total 2024 population	15.4%	22.8%	30.2%
Percent change (2010 to 2024)	32.7%	53.8%	44.1%

SOURCE: 2000-2010 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

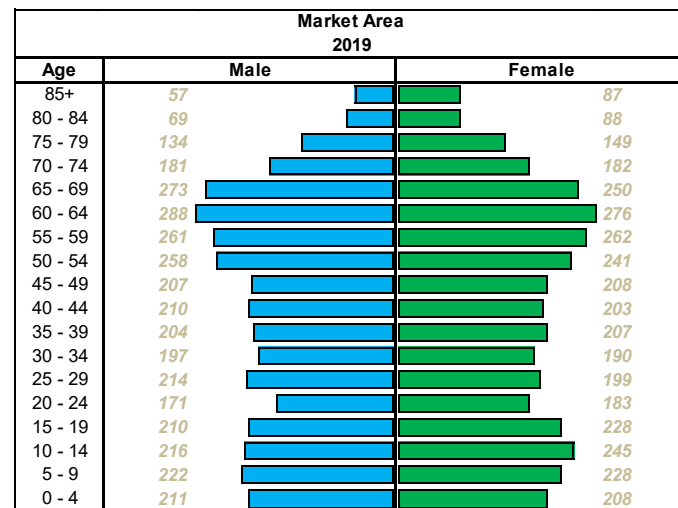
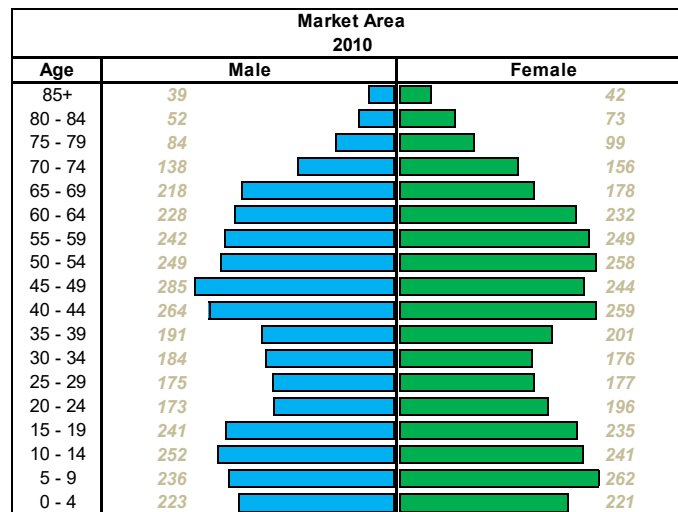
Another way to illustrate population shifts is to use a population pyramid, to reflect individual age group concentrations and shifts in how these groups move over time. The pyramid below is for the Mancelona Market Area, with sizable segments that reflect both the Baby Boom generation and the Millennials. As you can see, over time nearly all of the Baby Boom generation ages in place locally; the Millennials, however, appear to dissipate as the pyramid shifts from 2010 to 2024. This visualization also illustrates the increasing imbalance within the market area (along with most other sections of Michigan) in regard to increasing burdens placed upon a shrinking workforce population.

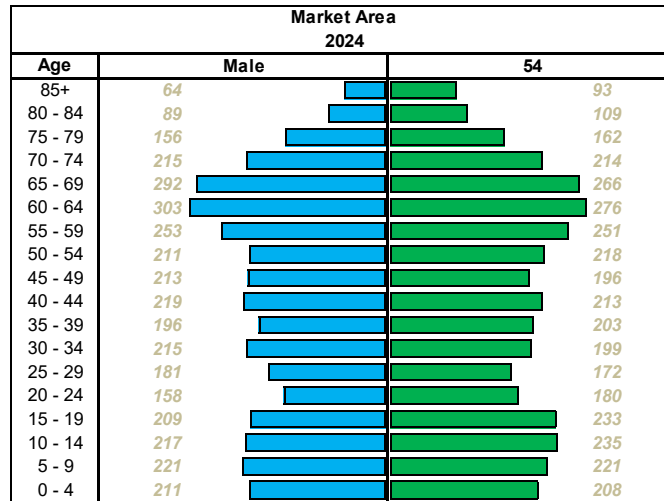
Most communities are struggling with what are becoming inverted population pyramids – with an insufficient number of non-seniors supporting an ever-increasing senior population. In

such instances the pyramid now resembles a column and eventually, an inverted pyramid – such trends are already present across much of Michigan’s Upper Peninsula, in which the number of seniors and households headed by a senior citizen are to the point that school districts are rapidly depopulating, tax base issues are becoming prevalent, and the number of retail/service outlets and their composition/target market is shifting toward the senior segment.

Fortunately, the Mancelona area does not exhibit these trends yet, but the foundation for such dramatic changes is being made today – thus the importance of a more balanced housing stock that would ideally stabilize the local population around a beneficial combination of families, singles, and seniors.

Figure: Population Pyramids by Sex - Mancelona Area





The average household size across the Mancelona Area is currently estimated at 2.53 persons – slightly below statewide estimates. The county’s average household size is lower, while the village’s ratio is slightly larger. In the future, household sizes will continue to slowly decrease from the current estimates.

Table: Average Household Size (2000 to 2024)

	Village of Mancelona	PMA	Antrim County
2000 Average Household Size	2.65	2.65	2.47
2010 Average Household Size	2.67	2.55	2.36
Percent Change (2000-2010)	1.0%	-3.7%	-4.8%
2019 Average Household Size Estimate	2.67	2.53	2.34
Percent Change (2010-2019)	-0.1%	-0.7%	-0.5%
2022 Average Household Size Forecast	2.67	2.53	2.34
Percent Change (2000-2022)	-0.1%	-0.9%	-0.6%
2024 Average Household Size Forecast	2.67	2.52	2.34
Percent Change (2010-2024)	-0.1%	-1.0%	-0.7%

SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

Households within the PMA follow trends similar to that of the population, with gains across the three geographic levels. By 2024 the market area is projected to contain 2,878 households, reflecting an increase of five percent from 2010. Somewhat larger gains are projected across Antrim County.

Table: Household Trends (2000 to 2024)

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
2000 Households	531	2,403	9,222
2010 Households	518	2,731	9,890
Percent Change (2000-2010)	-2.4%	13.6%	7.2%
Average Annual Change (2000 to 2010)	-0.2%	1.3%	0.7%
2019 Household Estimate	538	2,849	10,392
Percent Change (2010-2019)	3.9%	4.3%	5.1%
Average Annual Change (2010 to 2019)	0.5%	0.6%	0.7%
2022 Household Forecast	540	2,866	10,469
Percent Change (2010-2022)	4.3%	5.0%	5.9%
Average Annual Change (2000 to 2022)	0.4%	0.5%	0.6%
2024 Household Forecast	542	2,878	10,520
Percent Change (2010-2024)	4.6%	5.4%	6.4%
Average Annual Change (2010 to 2024)	0.4%	0.4%	0.5%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

A slight majority of the market area’s rental stock consists of single-family rentals and home conversions into multiple unit buildings. The balance includes apartment buildings and mobile homes.

Mancelona features an estimated occupied renter household percentage of 29 percent, with a total of 154 units, as estimated by ESRI for 2019. Across the Mancelona Area, rental units represent an estimated 17 percent of all households in 2019 (488 units). This concentration of rentals is much lower than most communities the size and characteristics of Mancelona.

Some of the rental stock are found within apartment developments, but the majority of local rentals are within single family structures or duplex-style options. Based on 2010 information and adjusting to the 2019 estimated data from ESRI, among all rental units across the market area, within the village, 19 percent are traditional apartment units. An additional 22 percent are within duplex to four-plex units, which includes both subdivided single-family homes as well as originally constructed multiple-unit buildings. Eight percent are mobile homes.

As a result, the remaining 51 percent of available rental units estimated to exist for 2019 (81 units) are single family rental units – with likely target markets ranging from lower-income ranges to upper-income households. Without a specific count and survey of all available rental units of all types, it is not possible to definitively qualify how many units are available for persons at various income levels, but this does correspond with the most current American Community Survey data. While vacancies are relatively rare, it does not appear that this total of

rental opportunities is insufficient for the entire marketplace. It is more likely that specific market segments are lacking in rental opportunities that match the price points that such households can reasonably afford. This lack of rental housing options for the most sought-after population segments may inhibit the community’s ability to compete with nearby towns and cities that do have a greater degree of housing options available.

The Mancelona Area’s total housing stock (occupied and vacant) in 2010 was approximately 43 percent vacant, which includes units for rent, homes for sale, part-time residences, and residential structures that are no longer occupied. The number of seasonal units explains this high rate. The Village’s vacancy rate among housing units was just 13 percent in 2010. This percentage is reasonable, reflects prevailing market conditions at that time, and is comparable to most other communities in northern Michigan.

Figure: Household Tenure Trends – Mancelona Area



Table: Households by Tenure (2000 to 2024)

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
2000 Renter-Occupied Households	159	431	1,397
Percent of total 2000 households	29.9%	17.9%	15.1%
2010 Renter-Occupied Households	160	495	1,597
Percent of total 2010 households	30.9%	18.1%	16.1%
Percent change (2000 to 2010)	0.6%	14.8%	14.3%
2019 Renter-Occupied Households	154	488	1,629
Percent of total 2019 households	28.6%	17.1%	15.7%
Percent change (2010 to 2019)	-3.8%	-1.4%	2.0%
2022 Renter-Occupied Households	153	482	1,618
Percent of total 2022 households	28.3%	16.8%	15.5%
Percent change (2010 to 2022)	-4.5%	-2.6%	1.3%
2024 Renter-Occupied Households	152	478	1,611
Percent of total 2024 households	28.0%	16.6%	15.3%
Percent change (2010 to 2024)	-5.0%	-3.4%	0.9%
2000 Owner-Occupied Households	372	1,972	7,825
Percent of total 2000 households	70.1%	82.1%	84.9%
2010 Owner-Occupied Households	358	2,236	8,293
Percent of total 2010 households	69.1%	81.9%	83.9%
Percent change (2000 to 2010)	-3.8%	13.4%	6.0%
2019 Owner-Occupied Households	384	2,361	8,763
Percent of total 2019 households	71.4%	82.9%	84.3%
Percent change (2010 to 2019)	7.3%	5.6%	5.7%
2022 Owner-Occupied Households	388	2,384	8,851
Percent of total 2022 households	71.7%	83.2%	84.5%
Percent change (2010 to 2022)	8.3%	6.6%	6.7%
2024 Owner-Occupied Households	390	2,400	8,909
Percent of total 2024 households	72.0%	83.4%	84.7%
Percent change (2010 to 2024)	8.9%	7.3%	7.4%

SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau; ESRI

Table: Households by Size

	<u>Village of Mancelona</u>	<u>Market Area</u>	<u>Antrim County</u>
Total Occupied Owner Units	374	2,140	8,243
1 Unit	350	1,864	7,537
% of Total	93.6%	87.1%	91.4%
2 to 4 Units	8	8	58
% of Total	2.1%	0.4%	0.7%
5 to 19 Units	0	7	85
% of Total	0.0%	0.3%	1.0%
20 to 49 Units	0	0	5
% of Total	0.0%	0.0%	0.1%
50 or more Units	0	0	5
% of Total	0.0%	0.0%	0.1%
Mobile Home/Boat/Other	16	261	553
% of Total	4.3%	12.2%	6.7%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

	<u>Village of Mancelona</u>	<u>Market Area</u>	<u>Antrim County</u>
Total Occupied Rental Units	159	470	1,489
1 Unit	81	272	869
% of Total	50.9%	57.9%	58.4%
2 to 4 Units	35	46	151
% of Total	22.0%	9.8%	10.1%
5 to 19 Units	14	60	207
% of Total	8.8%	12.8%	13.9%
20 to 49 Units	0	0	25
% of Total	0.0%	0.0%	1.7%
50 or more Units	16	16	26
% of Total	10.1%	3.4%	1.7%
Mobile Home/Boat/Other	13	76	211
% of Total	8.2%	16.2%	14.2%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

The division of households by size is primarily due to the prior needs of the community and corresponding building patterns, and may not reflect prevailing needs for today or the future.

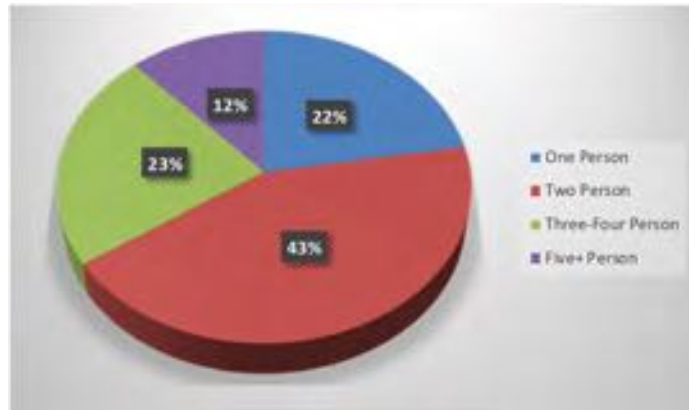
Owner occupied units in the market area are mostly two to four person homes, which represent a combined 66 percent of the market area, based on the latest ACS data. Approximately 22 percent were single person owner units. Considering the average household size ratio, these percentages are not surprising.

Among renters, the percentage of one person rentals is somewhat low, but reasonable when considering the low percentage of rental units, and the low percentage of actual apartment units found across the market area.

Table: Occupied Household Size Distribution

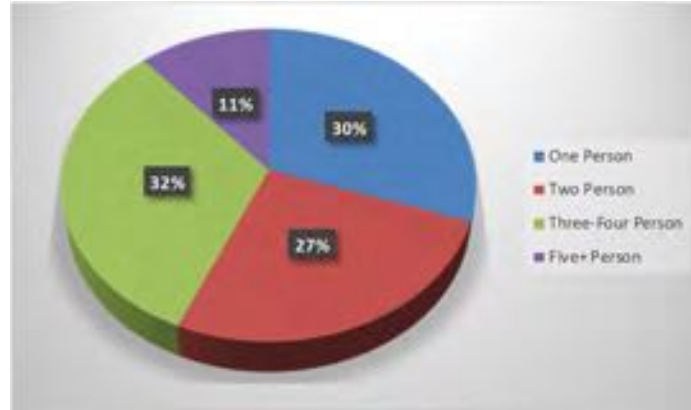
	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
One Person	77	478	1,886
Percent of total owner household	20.6%	22.3%	22.9%
Two Persons	109	925	4,033
Percent of total owner household	29.1%	43.2%	48.9%
Three or Four Persons	132	486	1,668
Percent of total owner household	35.3%	22.7%	20.2%
Five or More Person	56	251	656
Percent of total owner household	15.0%	11.7%	8.0%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau



	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
One Person	72	142	544
Percent of total renter household	45.3%	30.2%	36.5%
Two Persons	31	124	366
Percent of total renter household	19.5%	26.4%	24.6%
Three or Four Persons	56	151	403
Percent of total renter household	35.2%	32.1%	27.1%
Five or More Person	0	53	176
Percent of total renter household	0.0%	11.3%	11.8%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

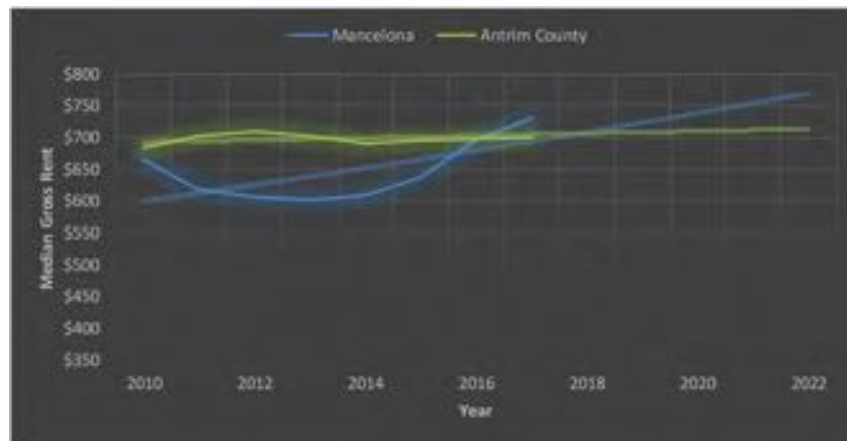


The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. These trends appear to indicate that rental price points within the village vary somewhat, while countywide price points have been generally stable for the decade. The projected pricing for rental housing is an estimate at best, and the lack of price points makes any projection potentially inaccurate.

Table: Median Gross Rent Trends

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
2010 Median Gross Rent Estimate	\$664	\$618	\$663
2017 Median Gross Rent Estimate	\$730	\$688	\$701
2020 Median Gross Rent Forecast	\$758	\$718	\$717
Total percent change (2010 to 2020)	14.2%	16.3%	8.2%
Annual percent change (2010 to 2020)	1.3%	1.5%	0.8%

SOURCE: American Community Survey, U.S. Census Bureau; CRS.



Household Income Trends

The median household income figures for the Mancelona Area have historically exceeded trends within the Village, with higher incomes found outside of the market area. This is evident from the overall rate of growth for the various geographic levels. Income growth within the Mancelona Area and across Antrim County is essentially stagnant, as inflation-adjusted levels would reflect little to no income appreciation since the late 1990s. Such patterns are not unique to Mancelona, but are found within nearly all communities across Michigan and the Midwest, as

The Mancelona area exhibits minimal income growth, with real income trends essentially stagnant after inflation is taken into consideration.

wage gains and prevailing income trends have been minimal over the past two decades. In fact, like many communities, the Mancelona area experienced both real and nominal income declines during sections of the prior decade, as economic trends across Michigan were stagnant at best prior to the national recession.

At \$44,490, the 2019 median household income estimate for the market area is an increase of 27 percent from the 2010 median, over an eight-year period. Limited growth was present across all of Antrim County, with real incomes essentially stable when adjustments for inflation are made. Within Mancelona, the estimated median is currently \$38,118 – an increase of 28 percent from 2010 levels.

ESRI forecasts predict that incomes in the region will slowly increase, but this growth will not likely exceed the prevailing rate of inflation. By 2024 the market area’s median household income is forecast at \$49,532, reflecting an average annual increase of 2.5 percent from 2010 totals. Median income projected for Antrim County is forecast at \$59,874 for 2024, an average annual increase of 2.4 percent. Income levels within the Village are improved, but still lag behind market area and countywide median levels.

As the overall annual inflation rate for the nation has averaged 1.7 percent since 2010, it is highly likely that very little real income growth has taken place across the Mancelona area since at least 2000.

Table: Median Household Incomes (1999 to 2024)

	<u>Village of Mancelona</u>	<u>PMA</u>	<u>Antrim County</u>
1999 Median Household Income	\$29,583	\$34,040	\$38,107
2010 Median Household Income	\$29,861	\$34,946	\$43,123
Total percent change (1999 to 2010)	0.9%	2.7%	13.2%
Annual percent change (1999 to 2010)	0.1%	0.2%	1.1%
2019 Estimated Median Household Income	\$38,118	\$44,490	\$54,725
Total percent change (2010 to 2019)	27.7%	27.3%	26.9%
Annual percent change (2010 to 2019)	2.7%	2.7%	2.7%
2022 Forecast Median Household Income	\$40,561	\$47,515	\$57,814
Total percent change (2010 to 2022)	35.8%	36.0%	34.1%
Annual percent change (2010 to 2022)	2.6%	2.6%	2.5%
2024 Forecast Median Household Income	\$42,190	\$49,532	\$59,874
Total percent change (2010 to 2024)	41.3%	41.7%	38.8%
Annual percent change (2010 to 2024)	2.5%	2.5%	2.4%

SOURCE: 2000 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Figure: Median Household Incomes – 1999 to 2024



Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data does exhibit the types of housing options present across the Mancelona area. This would include a range of rental unit types, ranging from very-low income units to higher priced apartments and single-family rentals, along with a homeownership segment that is concentrated among moderate income and higher income households. Comparing this data to the available apartments found within the village, it is likely that single family rentals and other non-apartment units represent a significant part of the community’s rental housing stock.

Also, the community’s owner households exhibit an evident upper-income component – not necessarily unexpected, but indicative of a market rate potential for renter households by residents that may prefer a shift away from homeownership. The data also indicates that the concentration of owner households is found within the moderate/upper-moderate income range, rather than the higher income levels. This is not uncommon within rural Michigan communities, but does also reflect the generally lower income and wealth levels found within the market area.

Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive.

Figure: Household Income Distribution by Tenure – Mancelona Area (2019)

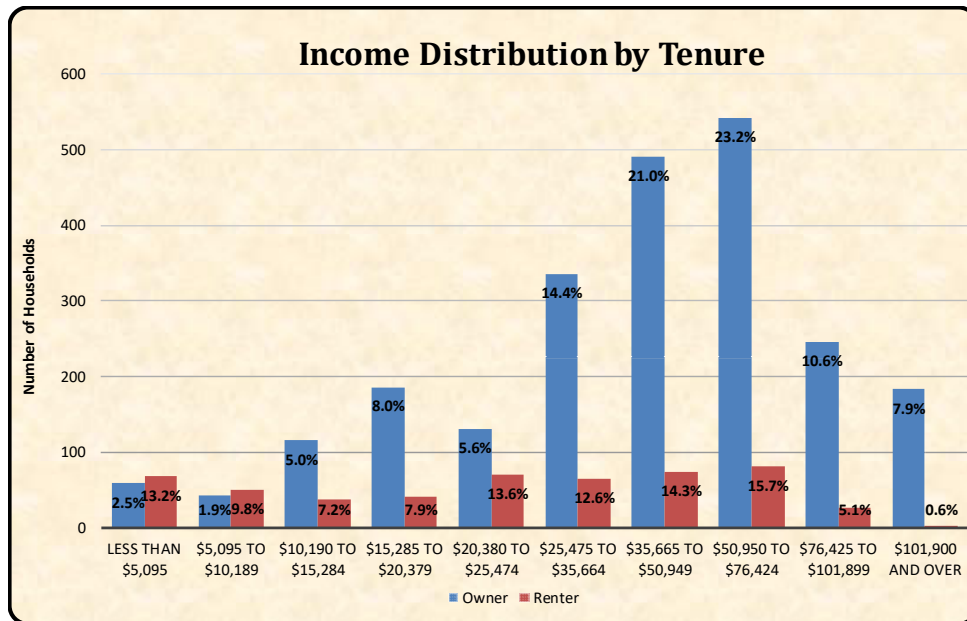


Table: Household Income Distribution by Tenure – Mancelona Area (2019)

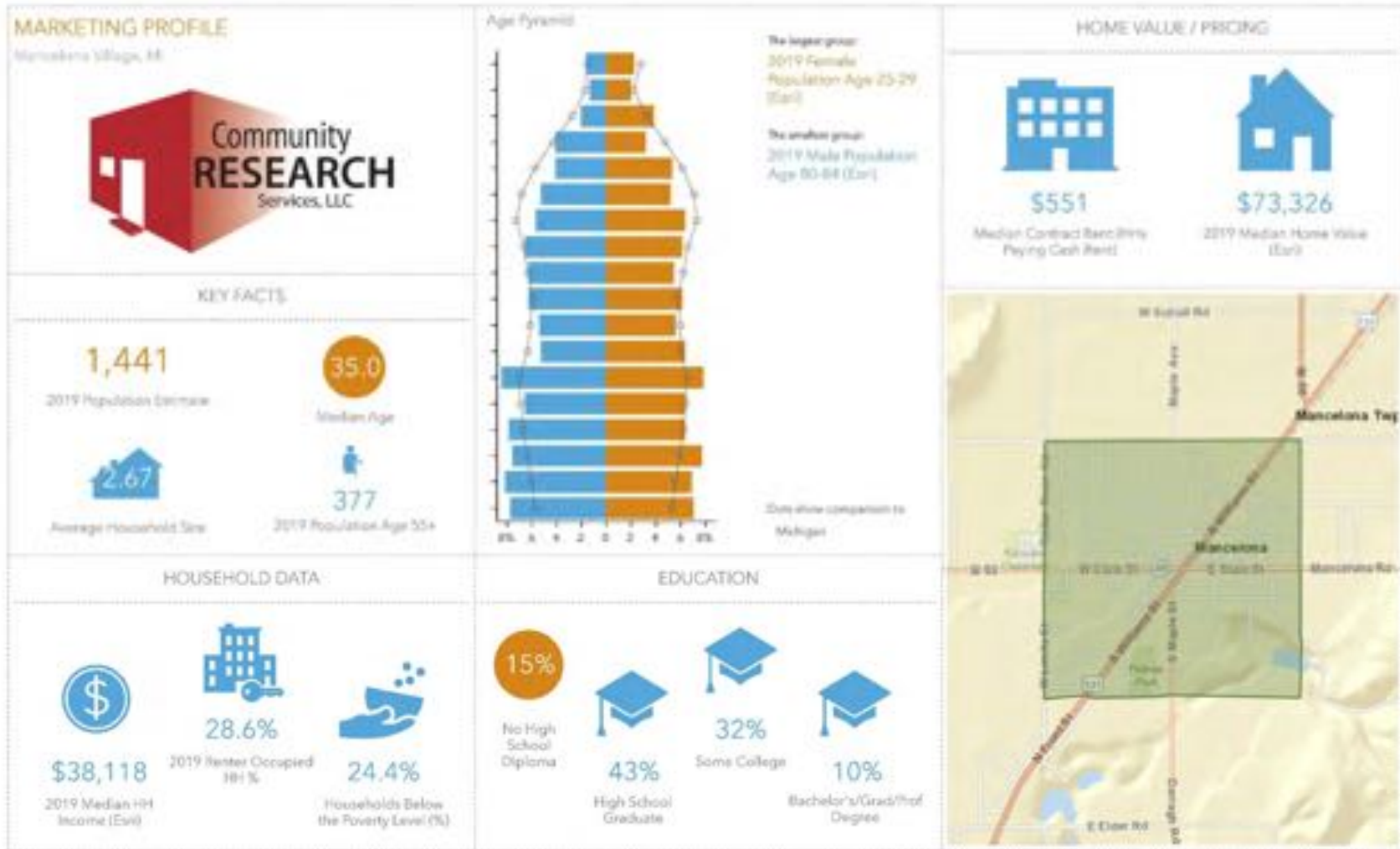
	Total <u>Households</u>	Owner <u>Households</u>	Renter <u>Households</u>
Less than \$5,095	127	59	68
Percent of 2019 Households	4.4%	2.5%	13.2%
\$5,095 to \$10,189	94	44	51
Percent of 2019 Households	3.3%	1.9%	9.8%
\$10,190 to \$15,284	153	116	37
Percent of 2019 Households	5.4%	5.0%	7.2%
\$15,285 to \$20,379	227	186	41
Percent of 2019 Households	8.0%	8.0%	7.9%
\$20,380 to \$25,474	201	131	70
Percent of 2019 Households	7.0%	5.6%	13.6%
\$25,475 to \$35,664	401	336	65
Percent of 2019 Households	14.1%	14.4%	12.6%
\$35,665 to \$50,949	564	491	74
Percent of 2019 Households	19.8%	21.0%	14.3%
\$50,950 to \$76,424	623	542	81
Percent of 2019 Households	21.9%	23.2%	15.7%
\$76,425 to \$101,899	273	246	26
Percent of 2019 Households	9.6%	10.6%	5.1%
\$101,900 and Over	186	183	3
Percent of 2019 Households	6.6%	7.9%	0.6%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau; BLS Consumer Price Index

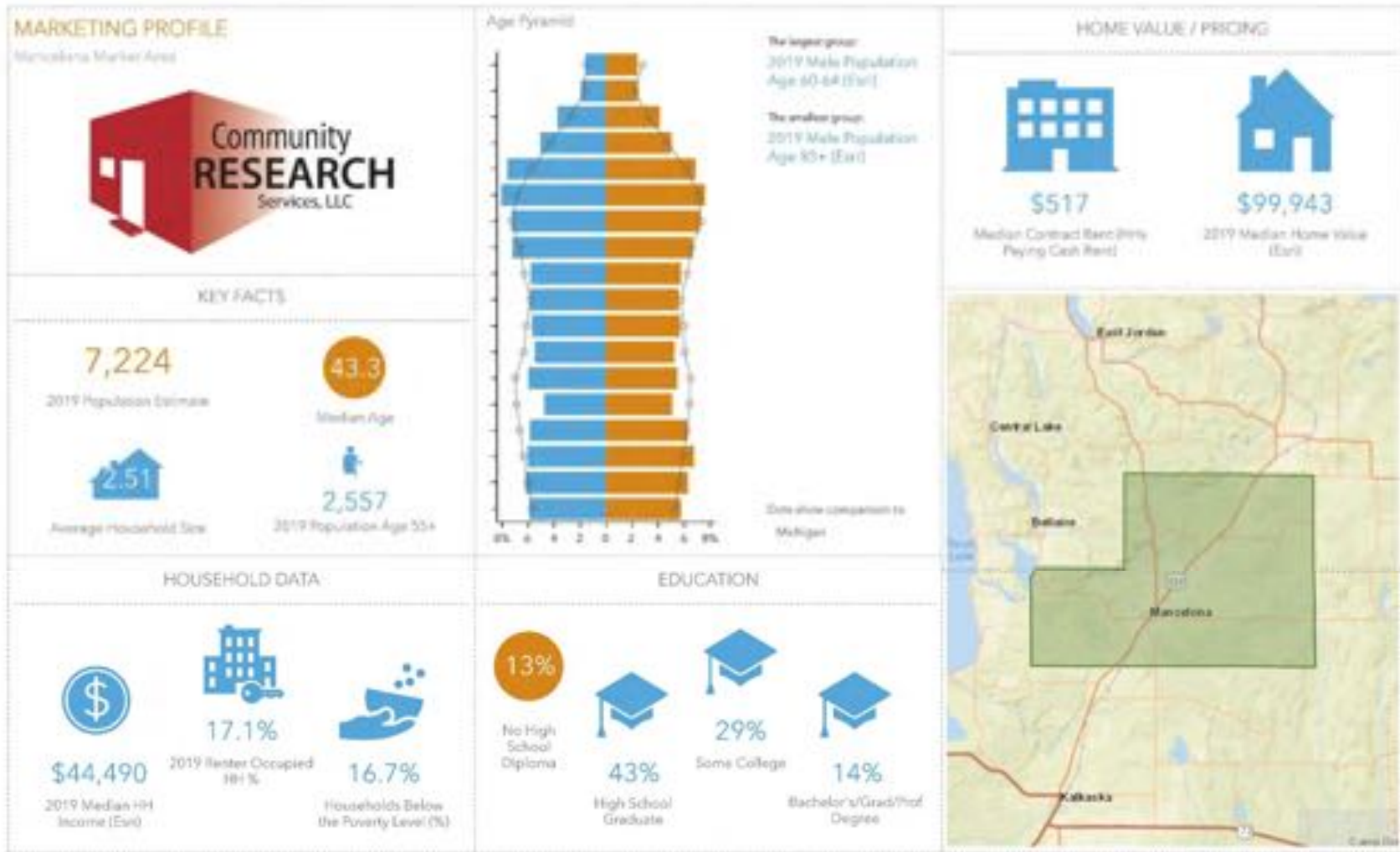
A summary of key demographic and economic statistics is presented within the following pages in an infographic format. While much of the information was previously presented, two considerations of note are worthy of mention. One, the prevailing poverty rate for Mancelona is notably higher than anticipated – at 24.4 percent for 2017, but reflective of the number of lower income renters found within the village. Across the market area the poverty rate is lower, closer to statewide levels.

Secondly, the median housing prices for the village (both owner-occupied housing value and median gross rents) are lower across the village, somewhat higher for the market area, and increasingly higher for the county as a whole. Prevailing values within the village may be a reflection of generally substandard housing options, particularly in comparison to adjacent communities within Antrim County.

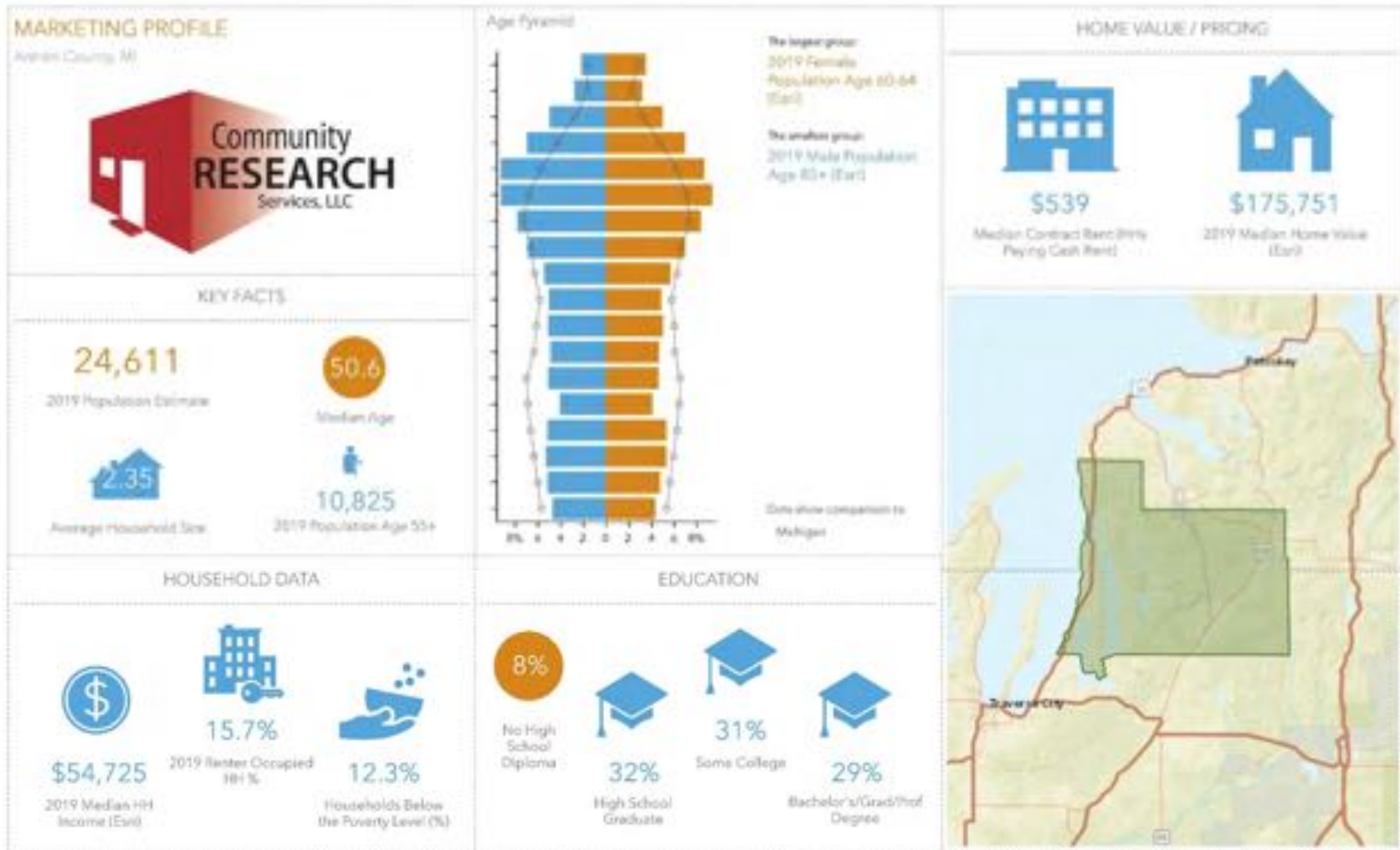
Infographics: Key Demographic/Economic Data
Village of Mancelona



Mancelona Market Area



Antrim County



ESRI Tapestry Information

A method of describing the socio-economic patterns that are prevalent within a specific community has been developed by ESRI. Called Tapestry, this type of analysis uses a set of pre-defined descriptions that provide a convenient way to examine areas. A total of 67 separate segments have been identified, based on unique demographic, economic, educational, housing, and purchasing characteristics. Some of these definitions are quite similar, but have been separated due to a key factor, such as urban/suburban/rural, preferred employment options, or typical housing choices, among other factors.

In addition, the 67 segments have been coordinated into 15 separate “LifeMode” groups, which permit cross tabulations of the segments by urban locations or senior citizens, for example. Thus, the Tapestry analysis can be based on either the identification of key segments within a specific area, or the collective review of various segments that may exist within a defined area. Either approach provides a new and interesting way to identify market demand and long-term market depth for a wide range of products and services.

While these definitions of population segments are broadly defined, this type of segmentation allows for a more target-market approach to the segmentation of a specific market area or community. Identification of specific Tapestry segments that matches a desired target market allows for a secondary identification of market depth, potential flexibility in regard to key project features, and a higher level of background information in regard to a defined market area.

Segmentation analysis is difficult to describe briefly, and caution should be used in regard to this tool being over-used as a primary determinant of market potential. Entire recommendations by inexperienced analysts have been made primarily based on segmentation-type tools, without any significant examination of site, demographic, and economic factors. At best this tool helps to refine target market identification and provides a secondary source of market demand. A summary of the Tapestry data is present at the end of this report. Detailed descriptions of individual Tapestry segments are found at <http://www.esri.com/landing-pages/tapestry>.

For this analysis, while the Mancelona market area is somewhat small, the balance of Antrim County appears in many ways quite different from the Mancelona area. As a result, the smaller market area was used for this analysis rather than Antrim County. Across the market area, four separate segments were identified by ESRI as representing a significant portion of the overall population. According to ESRI definitions, none of the four segments are clearly and directly tied to the workforce housing or affordable target market segments target markets discussed previously. Two segments – Traditional Living and Salt of the Earth – are somewhat reflective of the two target markets, but in an inexact manner.

While individuals within these attractive segments are likely present, these categories are not sufficiently large to be clustered within this analysis. A brief description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Market Area Households	% of U.S. Households
<i>Rural Resort Dwellers</i>	Moderate/higher incomes, singles/couples, mostly homeowners, ready to retire/retired	40.2%	1.0%
<i>Traditional Living</i>	Low-moderate incomes, families w/small children, mixed housing types, generally lower educational attainment	25.5%	1.9%
<i>Rural Bypass</i>	Lower income couples, no children, older, own homes or mobile homes, minimal educational attainment	20.7%	1.3%
<i>Salt of the Earth</i>	Moderate incomes, families w/children, mostly homeowners, lower educational attainment	13.5%	2.9%
Total (Rounded)		100.0%	7.1%

Source: ESRI Tapestry

ESRI Tapestry segments found within the Mancelona Area are at best indirect reflections of the key target market segments identified previously.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as sufficient income levels, moderate to advanced educational attainment, and professional background ranging from entry-level positions to near retirement. Exact matches or comparisons to target market categories are always somewhat rarely made, with indirect comparisons to general target market descriptions perhaps more reasonable and readily understood.

The end result of the Tapestry analysis points to the strong likelihood that potential residents of new housing options within the Mancelona area are most likely to come from outside of the community, not only due to the size of the market area, but the prevailing characteristics of the community are not strongly reflective of the target market segments discussed previously.

Tapestry data is also ideally used for larger metropolitan areas, rather than rural communities or counties. This is why the use of Tapestry data to determine statistical demand is not advised. However, the data does demonstrate that primary target markets within the Mancelona area are not directly in-line with the key target market segments identified earlier. This does suggest a cautious approach to new development options, as potential residents will likely come from both primary and secondary market sources.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across the Mancelona area lacks diversity in comparison to many other communities of a similar size and type across the state. Within the village, just 16 units of housing have been constructed since 2010, and countywide data indicates that all new housing constructed this decade represents less than two percent of available occupied units. The area's housing stock is quite aged, with approximately 18 percent of all occupied housing units across the county constructed prior to 1950. Home prices and associated values appear generally reasonable, so it is surprising the overall housing demand levels are not corresponding to an increased interest in new residential development.

Existing housing options seem to be moderately priced, based on a review of available sales data from www.realtor.com. This region of the state does contain a significant number of vacation/2nd homes, and there are a sizable number of seasonal structures for part-time use (34 percent of housing units are for seasonal/recreational use across the market area, as of 2010). Thus, to a certain extent, the current marketplace is skewed slightly by this concentration of residential units.

While this analysis does not examine blight or overall housing conditions, considering the age of much of the housing stock, such issues may be a key component to overall home value. In addition, while specific structures may not appear blighted, many may be considered substandard based on smaller unit sizes, a lack of modern features, or the inability to retrofit various amenities upon older structures. Such homes are to some extent a drag upon the housing market, as these units are mostly priced to reflect the limited degree of competitiveness within the marketplace, either from a rental standpoint or as a for-sale opportunity.

One way to demonstrate the various segments of the home sales market is to broadly describe what is currently available within the Mancelona area. According to www.Realtor.com a total of 59 homes are currently for sale with a Mancelona address. This includes locations within the village and the adjacent townships. Of these 59 homes, 23 priced at or below \$100,000 (39 percent). The balance of homes researched are primarily between \$100,000 and \$250,000, with five homes priced greater than \$400,000. Pricing is also impacted by property

size, as some of the higher priced properties are also located on multiple-acre lots.

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 1,724 square feet. Broken down by number of bedrooms, average and median data are as follows:

	# For Sale	Median Price	Average Price	Average Size	Price Per Sq. Ft.
One/Two-Bedroom	12	\$87,000	\$111,179	1,065	\$104.39
Three-Bedroom	33	\$119,900	\$159,489	1,735	\$91.92
Four+ Bedroom	14	\$154,450	\$228,400	2,263	\$100.93
TOTAL	59	\$119,900	\$166,015	1,724	\$96.30

Within this marketplace, location, the relative age of the property, along with the square footage, are stronger determinants of pricing. This reflects the relatively small set of for-sale homes, along with a limited degree of housing choices from a structure standpoint. This set of homes is aged, and in some cases is limited due to the current state of the structure. The strongest value appears among the three-bedroom homes, despite the smaller unit sizes as compared to the overall data.

The overall average year of construction among these homes is 1977 – indicative of a somewhat mixed status for the housing stock. However, the most telling statistic is the time on the market. Overall, the average time is 57 days, primarily due to a few long-term outliers. Remove these outliers, and the time on the marketplace is a very efficient and short 49 days. Even more telling, the median days on market is just 39 days. Most homes are standard stick-built structures, with a few older brick structures also present. Seven of the homes were mobile homes. None were specifically listed as a foreclosure.

The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are mostly found outside of the village, near recreational areas. Many of these options, however, also include larger sized lots that clearly impact the overall price. While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the village have generally limited choices, as few homes are found within the ideal range for market entry by the primary target market segment and are considered examples of modern residential homes.

This “missing middle” is not unusual, and is problematic within many other communities across Michigan. Mancelona’s primary issue from a home sales standpoint is a lack of supply for the primary target market segments.

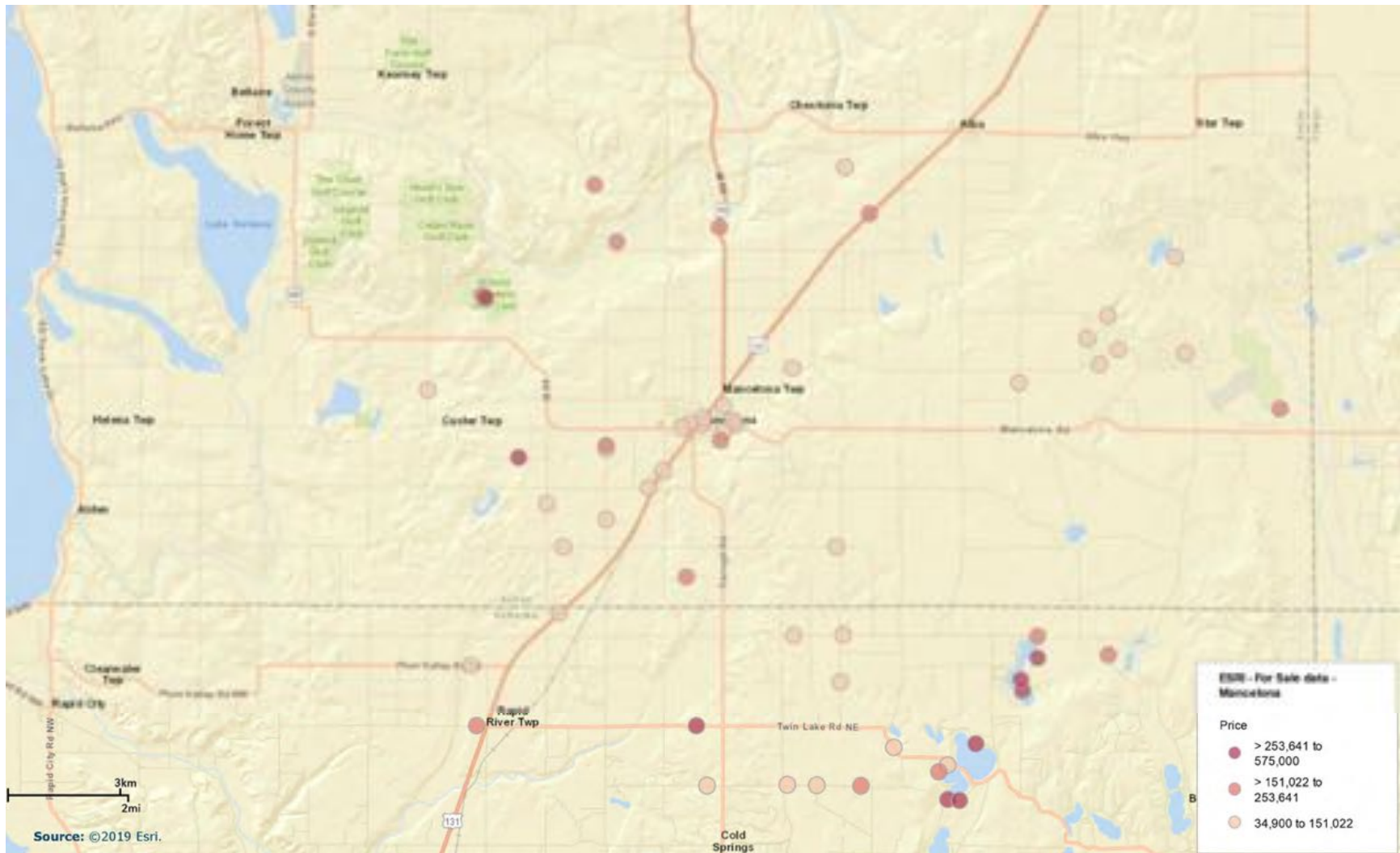
A similar examination was conducted for those homes that have recently sold, which provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period, a total of 30 homes with a Mancelona address have closed. Among these, 15 were priced below \$100,000 (50 percent), while just one was priced above \$300,000. The largest category of these sales are three-bedroom homes, representing 53 percent of all homes sold. Pricing, unit sizes, and price ratios are all lower among the sold homes as compared to the for-sale data. A summary of the data includes the following:

	# Sold	Median Price	Average Price	Average Size	Price Per Sq. Ft.
Two-Bedroom	7	\$84,500	\$92,500	1,067	\$86.69
Three-Bedroom	16	\$104,000	\$138,809	1,635	\$84.90
Four-Bedroom+	7	\$104,000	\$108,714	1,994	\$54.52
TOTAL	30	\$101,000	\$120,981	1,586	\$76.28

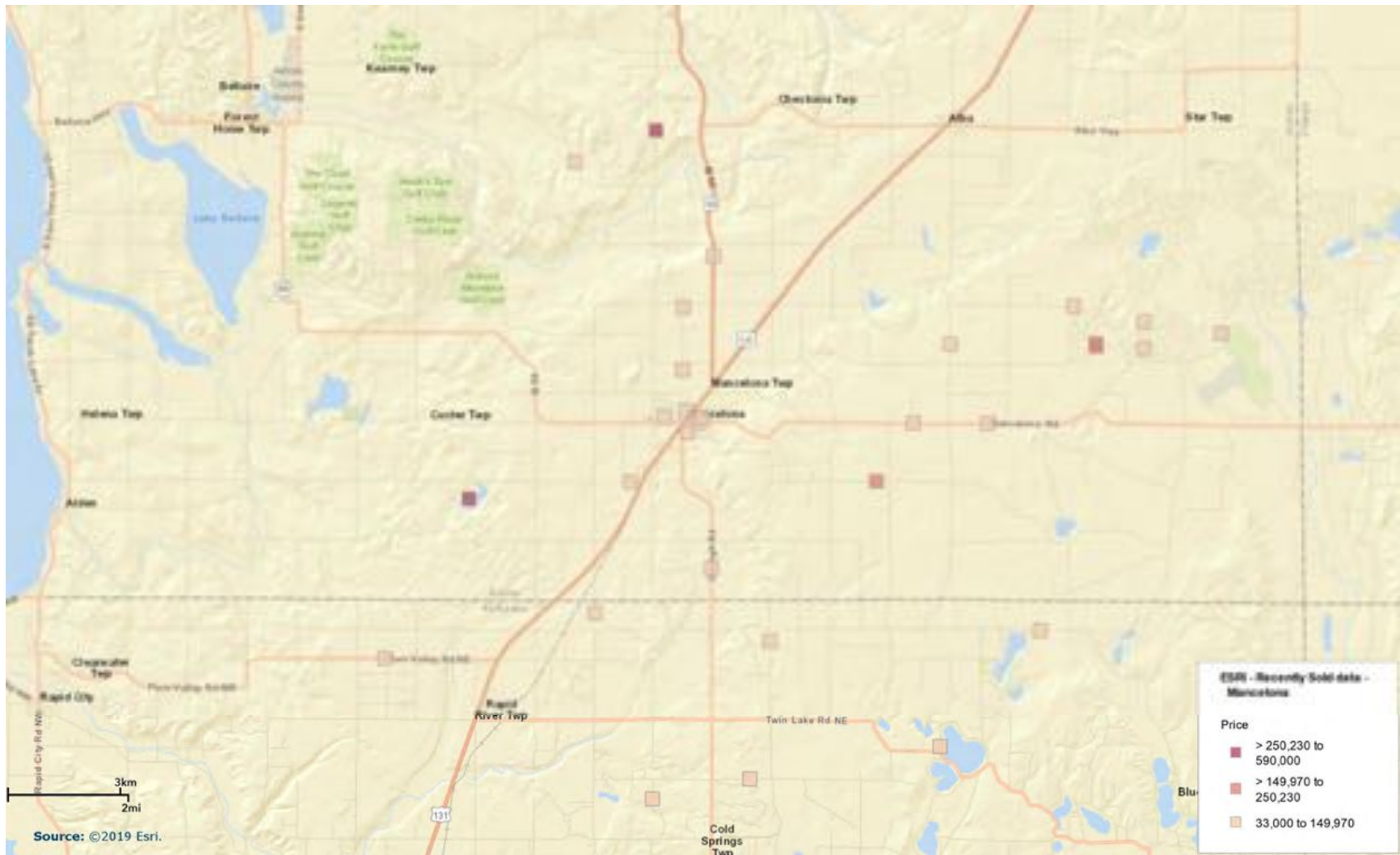
Other interesting notes from the data include:

- Time on the marketplace for the recently sold homes for all units was on average 131 days. Removing the outliers, the average time was reduced to 92 days. This data was greatly influenced by those homes within recreational areas with large acreage. Two-bedroom units sold on average 70 days.
- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located across the townships, with homes near and within the village within the lower pricing range.
- The relative popularity of three-bedroom homes is not unusual, and such pricing preferences are found within other communities. However, this pricing preference is not apparent within the Mancelona data. This is a reflection of available housing stock, rather than a significant/historical preference for larger or smaller-sized units. This size home best matches the prevailing demographic composition of the Mancelona area, which favors family-oriented residential options over single-person and two-person households.
- The difference between the number of homes for sale (59) and recently sold (30) points to the mismatch in housing stock verses demographic trends. Ideally, data should be generally equal, or favoring the recently sold totals. While a longer-term examination of sales data would likely provide a more definitive answer regarding the direction of the marketplace, it does appear that a lack of supply is present, and sufficient choices are found across the region to prevent a significant premium from being attached to Mancelona residences.

Map: Homes Currently for Sale - Mancelona Area



Map: Homes Recently Sold - Mancelona Area



Rental trends within the Mancelona area are indicative of any rural community with a minimal number of apartment units, with single family and mobile home rentals representing the balance of rental housing demand. Just one rental development is found within the village. Called Meadow Run Apartments, the complex consists of 16 total units, with eight one-bedroom units, five two-bedroom units, and three three-bedroom units. Located at 311 Limits Street (across from the high school), the two-story structure is a walk-up design with internal individual entrances. Eight of the 16 units contain project-based subsidies, in which rental rates for such units are based on a percentage of monthly income. The remaining units are standard Rural Housing units, with rental rates based on income, with targeting up to 60 percent of Area Median Income (AMI). The complex was constructed in 1983, and is currently fully occupied with a waiting list. It is in good condition overall, despite its age.

Another apartment option is Elder Road Apartments, located south of the village limit, within Mancelona Township. This complex is a market rate facility, and includes six six-plex buildings, with 36 units total. These units are a combination of single-story units (one the wings) and two-story options (within the central section of each six-plex). These units are in fair to good condition, but occupancy status is unknown.

In addition, six units within duplex-style units are also present within the village, located along the south side of Downey Street, west of US 131 (Williams Street). These units are in fair condition. A few additional rental options were noted within the village, but most options for rent appear to be individual rental homes, based on demographic data and the number of apartment developments present.

In all, apartment style units appear to represent approximately 15 percent of all rental units, with mobile home rentals representing approximately 16 percent of the market area's total. Thus, the large majority of rental units are rental homes, including single unit structures along with former single-family homes that have been modified into multiple-unit structures. A small portion of these rentals are listed on local or internet sources, with most units unlisted or are made known via word-of-mouth. The community does not feature a significant number of seasonal or vacation rentals that may elevate prevailing price levels. This is fortunate from an affordability and availability standpoint, as some Michigan communities with some degree of vacation occupations are struggling with home rentals that are removing potential permanent

residences from the housing stock in favor of part-time/seasonal rentals.

Other information regarding the rental market includes:

- Little information is available regarding downtown rental units, typically found above ground floor commercial establishments. Such options are increasingly popular in more urban communities, favoring occupancy by younger adults without children. Just one such option was noted during site visits to the village, with an asked rent of \$150/week. It would appear that downtown rentals within the village are not prevalent, nor is a sufficient demand level present to spur additional interest in such options.
- With many neighboring communities nearby, the demand for rental options specifically within Mancelona may be skewed downward, particularly considering that Bellaire, East Jordan, and Kalkaska clearly contain a wider range of rental options (including both apartments and single-family options). While the ideal way to measure market demand is to examine communities individually, the reality of housing markets historically demonstrates that all markets not only overlap, but are dynamic in terms of ongoing influence upon pricing and immediate impact in terms of the introduction of new units.
- While rental homes are found across the market area, many of these are not listed publicly, are utilized within families or farms, and may not include cash rent. Public listing such as www.realtor.com list a few rental homes, ranging from \$500 and above. Given the price points for market rate rentals, comparisons to a single-family rental unit at a similar rate appear quite reasonable. Of course, likely price points will vary greatly depending upon the size of the home, location, and overall quality.

Mobile homes are prevalent throughout the Mancelona area, totaling 337 occupied units as of the 2017 American Community Survey. This includes 76 rental units (16 percent of all rentals) and 261 owner-occupied units (12 percent of all owner units). These units are scattered throughout the market area, as no mobile home/manufactured home parks are found within the area. It is also likely that a majority of the seasonal homes within the market area (approximately 1,600 as of 2010) are mobile homes within recreational areas. The condition of these units is problematic, as the useful life of mobile homes is notably less than traditionally-constructed homes.

Table: Households by Tenure & Structure Size

	<u>Village of Mancelona</u>	<u>Market Area</u>	<u>Antrim County</u>
Total Occupied Owner Units	374	2,140	8,243
1 Unit	350	1,864	7,537
% of Total	93.6%	87.1%	91.4%
2 to 4 Units	8	8	58
% of Total	2.1%	0.4%	0.7%
5 to 19 Units	0	7	85
% of Total	0.0%	0.3%	1.0%
20 to 49 Units	0	0	5
% of Total	0.0%	0.0%	0.1%
50 or more Units	0	0	5
% of Total	0.0%	0.0%	0.1%
Mobile Home/Boat/Other	16	261	553
% of Total	4.3%	12.2%	6.7%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

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Total Occupied Rental Units	159	470	1,489
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2 to 4 Units	35	46	151
% of Total	22.0%	9.8%	10.1%
5 to 19 Units	14	60	207
% of Total	8.8%	12.8%	13.9%
20 to 49 Units	0	0	25
% of Total	0.0%	0.0%	1.7%
50 or more Units	16	16	26
% of Total	10.1%	3.4%	1.7%
Mobile Home/Boat/Other	13	76	211
% of Total	8.2%	16.2%	14.2%

SOURCE: 2013-2017 American Community Survey, U.S. Census Bureau

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2019 and three-year projections for households within the target market income ranges – affordable range (\$15,000 to \$25,000) and moderate range (\$25,000 to \$35,000). These ranges approximate the affordable income range that would reflect a LIHTC allocation and/or financing with MSHDA. The higher range is indicative of prevailing rental rates and income levels within the market area, recognizing that households exceeding \$35,000 are more likely to seek a homeownership option, if available.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2019) is calculated. This total is adjusted to exclude larger-sized households that would require more than a three-bedroom unit to house such a larger-sized family. This number is applied to the percentage of households that relocate to rental housing on an annual basis, using available information from the American Community Survey. This yields the annual demand for the current year. Future demand includes any additional renter households that are projected to be added to the marketplace. This results in a demand estimate for 2022.

Statistical demand forecasts are somewhat minimal in terms of additional rental units – ideal project sizes typically contain more units.

The resulting demand forecast is 21 affordable units and 21 market rate units. Assuming the development of a 24-unit property across the two income ranges, the penetration rate is approximately five percent – indicating that five percent of eligible households would be required to absorb such a proposal. The ideal penetration rate is below three percent, with larger ratios indicative of overly aggressive project sizes and/or relatively weak market trends from a statistical standpoint. A second statistical demand ratio commonly used is the capture rate, indicating how much statistical demand would be required to absorb a proposal. Based on a 24-unit proposal, the capture rate for the affordable range is 56 percent, while the market rate capture rate is 58 percent. Capture rates that approach or exceed 50 percent typically exhibit questionable demand levels, as a majority of all households likely to move within a given year would be required to move into the proposed facility.

The results suggest a minimal demand currently for affordable units, but essentially all of the demand comes from movership within the market area, rather than a strong degree of household growth. Such a forecast is overly sensitive to prevailing occupancy levels, and is not the ideal statistical demand for a new development opportunity. Based on these figures, the ideal suggested option for rental development would include both market rate and affordable units within one facility. This result corresponds with prevailing market trends discussed previously.

A smaller-sized proposal appears feasible, but would be difficult to develop due to fixed development costs, pre-development expenses, and limitations on market rent potential. Most rental developments require larger unit totals in order to realize economies of scale and increased cash flow from rental income. While some degree of participation from outside of the market area is likely, it is not appropriate to automatically assume such participation to justify a specific project size or set of price points. Under such a scenario, if a smaller-sized development can be made feasible by reduced pre-development costs, lowered land costs, and other methods to increase financial feasibility, sufficient market depth would be present.

Other factors outside the demand forecasts' ability to measure should also be considered. These factors include the overall attractiveness of the subject's location, marketing and outreach efforts by the community and management agents, and ongoing economic changes that may take place within the market area. Any of these items could significantly alter the calculated demand for a given project. Please note that these demand forecasts are also dependent on the following assumptions:

- The demand forecasts should be considered preliminary. A more specific and definitive demand forecast can be determined when a specific site is determined, project characteristics are finalized, and price points are set
- Future demand forecasts would potentially utilize a broader area that many include additional sections of Antrim County, as well as adjacent sections of neighboring counties
- The eventual development team is experienced and no delays in construction will take place
- Proposed developments will be constructed at a location that maximizes visibility, access to the site, and is not adjacent to a detrimental feature (such as a landfill)
- Pre-leasing and outreach efforts are maximized to positively impact the planned development, by a management company with experience leasing affordable and market rate rental units

- Community support for the proposal is present
- If necessary, pricing and project features are adjusted to reflect ideal market conditions

Statistical demand forecasts exist within a “*ceteris paribus*” environment in which all other factors outside the equation are held constant. If any of these considerations are not present, however, or if a specific characteristic of the proposal is deemed excessively negative within the community, the demand potential for any proposal could be greatly changed in either direction.

Table: Statistical Demand Calculation – Open Rental Units

2019 Total Occupied Households	2,849		
2019 Owner-Occupied Households	2,361		
2019 Renter-Occupied Households	488		
		Total Market Rate Range	Total Affordable
QUALIFIED-INCOME RANGE (unduplicated)			
Minimum Annual Income		\$25,000	\$15,000
Maximum Annual Income		\$35,000	\$25,000
PERCENTAGE SMALL SIZED OWNER HH		65.6%	65.6%
PERCENTAGE SMALL SIZED RENTER HH		56.6%	56.6%
DEMAND FROM EXISTING HOUSEHOLDS			
Percent Income Qualified Owner Households		12.8%	12.6%
Percent Income Qualified Renter Households		14.3%	18.1%
Income Qualified Owner Households		198	196
Income Qualified Renter Households		40	50
Annual Movership Rate - Owner to Renter		8.5%	8.5%
Annual Movership Rate - Renter to Renter		10.0%	10.0%
Total Income-Qualified Owner to Renter Movers		17	17
Total Income-Qualified Renter to Renter Movers		4	5
Total Demand from Existing Households		21	22
DEMAND FROM NEW RENTER HOUSEHOLDS			
Projected 2021 Renter Households	482		
Annual Change in Renter Households, 2019-2022	-2		
Percent Qualified Renter Households		14.3%	18.1%
Total Annual Demand From New Households		(0)	(0)
TOTAL DEMAND		21	21
LESS: Total Comparable Units Placed in Service Since 2018		0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0
TOTAL NET DEMAND		21	21
PROPOSED NUMBER OF UNITS		12	12
CAPTURE RATE		58.2%	55.9%
PENETRATION RATE		5.1%	4.9%
SATURATION RATE		5.1%	4.9%
Note: Totals may not sum due to rounding or differences in income ranges			
SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau American Community Survey, U.S. Census Bureau ESRI Business Analyst			

Statistical Demand for Owner Housing Units

Statistical demand forecasts for homeownership analysis are rarely utilized, as the homeownership marketplace has numerous factors that are difficult to readily quantify within a simple algorithm such as the rental demand forecast. A regression analysis is typically provided for such an analysis, but the Mancelona area and similarly-sized communities are relatively small to provide this type of analysis with a high degree of confidence. However, the following information may shed light on the statistical aspects of the local homeownership market:

- Annual movership ratios for households into owner-occupied units was calculated as follows for the Mancelona market area, based on the latest American Community Survey data:
 - Previous Owner into Owner-Occupied Units: 2.4 Percent
 - Previous Renter into Owner-Occupied Units: 2.8 Percent

For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 70 to 80 units. Based on the number of homes currently for sale, the difference in the market area and the Realtor.com trade area, and closing data listed on Realtor.com, these statistics appear slightly higher than the most recent sales data. It is hoped that this reflects a temporary reduction in home sales activity – a lack of supply (a much more reasonable conclusion) rather than a permanent shift in housing demand (less likely, given the various data collected within this report). In any case, continued monitoring of home sales trends over the balance of 2019 will provide more data and trends regarding prevailing movership within the Mancelona community.

- Realtor.com describes the local housing market slightly favorable to buyers, as homes over the past few months have sold generally below asking price. The median number of days homes have been on the marketplace was relatively short as well. This data is hopefully indicative of an improving marketplace, as it is likely that listing periods were significantly longer during the early portion of this decade.
- Renter households are forecast to decline slightly into the next decade, while owner households are expected to increase slightly, based on ESRI data. It is likely that some of the lower-quality homes within the market area may be vacated or removed from the available housing stock. Based on the latest American Community Survey data, 3.3 percent of market area owner-occupied households are considered substandard, totaling 11 units; across Antrim County 4.6 percent of renters are considered substandard. Additional homes may not be considered substandard (based on the U.S. Census Bureau definition), but are most likely of low quality and beyond reasonable costs for rehabilitation/renovation.

VII: SUMMARY AND RECOMMENDATIONS

The Mancelona area exhibits many positive traits in regard to housing development, including positive transportation linkages, proximity to regional employment and retail concentrations, modest housing price point advantages, and generally stable overall demographic trends. These positive aspects are somewhat minimized by the community's relatively small size/household base, a rapidly aging population, generally stagnant wage/income trends, and a housing marketplace restricted by a lack of supply (and other factors, such as overall quality, comparative disadvantages with neighboring communities, and limited retail/service options within the market area). While most communities face similar disadvantages, some of these factors are generally unique to Mancelona; such factors can be diminished by the development of attractive, affordable, and convenient housing options that would appeal to both local and regional residents.

The utilization of various lots on the south side of the community (off East Elder Road, east of US 131, as well as off US 131) for the development of housing options would fulfill these considerations, and should be considered a reasonable location. This assumes no environmental issues are present, and that an attractive site plan can be utilized.

Based on the various demand and supply factors discussed within this analysis, sufficient support can be identified to justify the introduction of additional housing options. The primary focus of development activity should be homes available for purchase, targeting moderate-income households within the workforce target market segment. If feasible, secondary consideration should be given to the development of rental housing options, with demand potential carefully considered based on final price points and project amenities/features.

VIII: DATA & SOURCES

BIBLIOGRAPHY

2000 U.S. Census of Population and Housing, SF1/SF3, U.S. Census Bureau

2010 U.S. Census of Population and Housing, SF1, U.S. Census Bureau

2013-2017 American Housing Survey, U.S. Census Bureau and U.S. Department of Housing and Urban Development

ESRI Business Analyst Online, 2019-2024 Demographic Estimates and Projections

Thematic maps and Tapestry data through ESRI Business Analyst, Version 7.2

U.S. Department of Labor, Bureau of Labor Statistics

Local housing trends/data - Realtor.com

Employment and economic data/trends – Northern Lakes Economic Alliance

Interviews with local community leaders, government officials, and housing specialists

ESRI TAPESTRY DATA



Tapestry Segmentation Area Profile

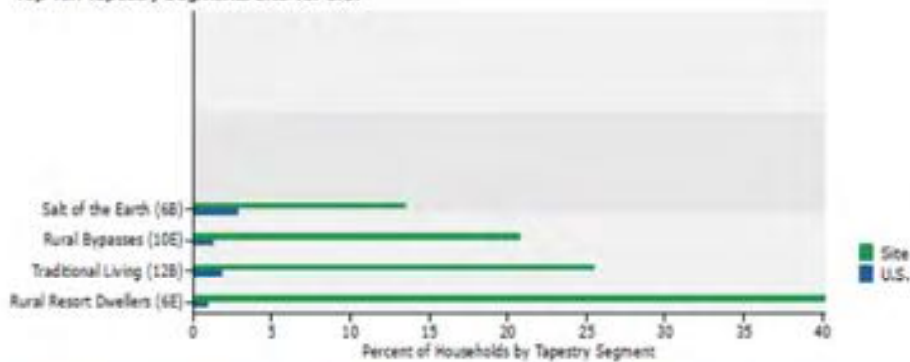
Mancelona Market Area
 Chestonia township, MI (2600915380) et al.
 Geography: County Subdivision

Prepared by Esri

Top Twenty Tapestry Segments

Rank	Tapestry Segment	2019 Households		2019 U.S. Households		Index
		Percent	Cumulative Percent	Percent	Cumulative Percent	
1	Rural Resort Dwellers (6E)	40.2%	40.2%	1.0%	1.0%	3984
2	Traditional Living (12B)	25.5%	65.7%	1.9%	2.9%	1,330
3	Rural Bypasses (10E)	20.7%	86.4%	1.3%	4.2%	1,557
4	Salt of the Earth (6B)	13.5%	99.9%	2.9%	7.1%	473
Subtotal		99.9%		7.1%		
Total		100.0%		7.1%		1404

Top Ten Tapestry Segments Site vs. U.S.



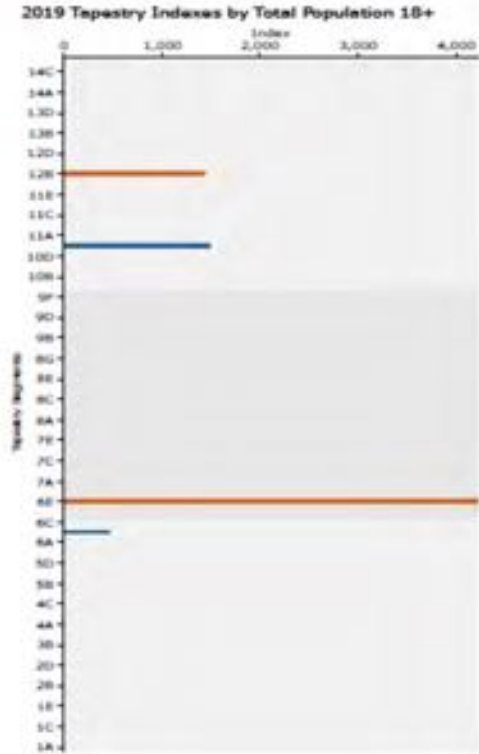
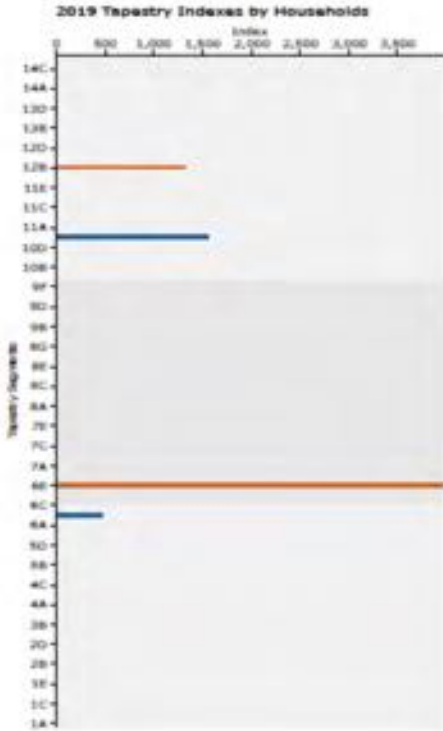
Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.
 Source: Esri



Tapestry Segmentation Area Profile

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Source: Esri

July 15, 2019



Tapestry Segmentation Area Profile

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Prepared by Esri

Tapestry LifeMode Groups	2019 Households			2019 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	2,949	100.0%		5,606	100.0%	
1. Affluent Estates	0	0.0%	0	0	0.0%	0
Top Tier (1A)	0	0.0%	0	0	0.0%	0
Professional Pride (1B)	0	0.0%	0	0	0.0%	0
Boomburbs (1C)	0	0.0%	0	0	0.0%	0
Savvy Suburbanites (1D)	0	0.0%	0	0	0.0%	0
Erurbanites (1E)	0	0.0%	0	0	0.0%	0
2. Upscale Avenues	0	0.0%	0	0	0.0%	0
Urban Chic (2A)	0	0.0%	0	0	0.0%	0
Pleasantville (2B)	0	0.0%	0	0	0.0%	0
Pacific Heights (2C)	0	0.0%	0	0	0.0%	0
Enterprising Professionals	0	0.0%	0	0	0.0%	0
3. Uptown Individuals	0	0.0%	0	0	0.0%	0
Laptops and Lattes (3A)	0	0.0%	0	0	0.0%	0
Metro Renters (3B)	0	0.0%	0	0	0.0%	0
Trendsetters (3C)	0	0.0%	0	0	0.0%	0
4. Family Landscapes	0	0.0%	0	0	0.0%	0
Soccer Moms (4A)	0	0.0%	0	0	0.0%	0
Home Improvement (4B)	0	0.0%	0	0	0.0%	0
Middleburg (4C)	0	0.0%	0	0	0.0%	0
5. GenXurban	0	0.0%	0	0	0.0%	0
Comfortable Empty Nesters	0	0.0%	0	0	0.0%	0
In Style (5B)	0	0.0%	0	0	0.0%	0
Parks and Rec (5C)	0	0.0%	0	0	0.0%	0
Rustbelt Traditions (5D)	0	0.0%	0	0	0.0%	0
Midlife Constants (5E)	0	0.0%	0	0	0.0%	0
6. Cozy Country Living	1,531	53.7%	447	2,994	53.4%	451
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	386	13.5%	473	774	13.8%	480
The Great Outdoors (6C)	0	0.0%	0	0	0.0%	0
Prairie Living (6D)	0	0.0%	0	0	0.0%	0
Rural Resort Dwellers (6E)	1,145	40.2%	3,984	2,220	39.6%	4,239
Hearthland Communities (6F)	0	0.0%	0	0	0.0%	0
7. Ethnic Enclaves	0	0.0%	0	0	0.0%	0
Up and Coming Families (7A)	0	0.0%	0	0	0.0%	0
Urban Villages (7B)	0	0.0%	0	0	0.0%	0
American Dreamers (7C)	0	0.0%	0	0	0.0%	0
Barrios Urbanos (7D)	0	0.0%	0	0	0.0%	0
Valley Growers (7E)	0	0.0%	0	0	0.0%	0
Southwestern Families (7F)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

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Tapestry LifeMode Groups	2019 Households			2019 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	2,849	100.0%		5,606	100.0%	
8. Middle Ground	0	0.0%	0	0	0.0%	0
City Lights (8A)	0	0.0%	0	0	0.0%	0
Emerald City (8B)	0	0.0%	0	0	0.0%	0
Bright Young Professionals	0	0.0%	0	0	0.0%	0
Downtown Melting Pot (8D)	0	0.0%	0	0	0.0%	0
Front Porches (8E)	0	0.0%	0	0	0.0%	0
Old and Newcomers (8F)	0	0.0%	0	0	0.0%	0
Hardscrabble Road (8G)	0	0.0%	0	0	0.0%	0
9. Senior Styles	0	0.0%	0	0	0.0%	0
Silver & Gold (9A)	0	0.0%	0	0	0.0%	0
Golden Years (9B)	0	0.0%	0	0	0.0%	0
The Elders (9C)	0	0.0%	0	0	0.0%	0
Senior Escapes (9D)	0	0.0%	0	0	0.0%	0
Retirement Communities (9E)	0	0.0%	0	0	0.0%	0
Social Security Set (9F)	0	0.0%	0	0	0.0%	0
10. Rustic Outposts	591	20.7%	251	1,163	20.7%	249
Southern Satellites (10A)	0	0.0%	0	0	0.0%	0
Rooted Rural (10B)	0	0.0%	0	0	0.0%	0
Diners & Miners (10C)	0	0.0%	0	0	0.0%	0
Down the Road (10D)	0	0.0%	0	0	0.0%	0
Rural Bypasses (10E)	591	20.7%	1,557	1,163	20.7%	1,500
11. Midtown Singles	0	0.0%	0	0	0.0%	0
City Strivers (11A)	0	0.0%	0	0	0.0%	0
Young and Restless (11B)	0	0.0%	0	0	0.0%	0
Metro Fusion (11C)	0	0.0%	0	0	0.0%	0
Set to Impress (11D)	0	0.0%	0	0	0.0%	0
City Commons (11E)	0	0.0%	0	0	0.0%	0
12. Hometown	727	25.5%	419	1,449	25.8%	449
Family Foundations (12A)	0	0.0%	0	0	0.0%	0
Traditional Living (12B)	727	25.5%	1,330	1,449	25.8%	1,446
Small Town Simplicity (12C)	0	0.0%	0	0	0.0%	0
Modest Income Homes (12D)	0	0.0%	0	0	0.0%	0
13. Next Wave	0	0.0%	0	0	0.0%	0
International Marketplace	0	0.0%	0	0	0.0%	0
Las Casas (13B)	0	0.0%	0	0	0.0%	0
NeWest Residents (13C)	0	0.0%	0	0	0.0%	0
Fresh Ambitions (13D)	0	0.0%	0	0	0.0%	0
High Rise Renters (13E)	0	0.0%	0	0	0.0%	0
14. Scholars and Patriots	0	0.0%	0	0	0.0%	0
Military Proximity (14A)	0	0.0%	0	0	0.0%	0
College Towns (14B)	0	0.0%	0	0	0.0%	0
Dorms to Diplomas (14C)	0	0.0%	0	0	0.0%	0
Unclassified (15)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

July 15, 2019



Tapestry Segmentation Area Profile

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 Chestonia township, MI (2600915380) et al.
 Geography: County Subdivision

Prepared by Esri

Tapestry Urbanization	2019 Households			2019 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	2,849	100.0%		5,606	100.0%	
1. Principal Urban Center	0	0.0%	0	0	0.0%	0
Laptops and Lattes (3A)	0	0.0%	0	0	0.0%	0
Metro Renters (3B)	0	0.0%	0	0	0.0%	0
Trendsetters (3C)	0	0.0%	0	0	0.0%	0
Downtown Melting Pot (8D)	0	0.0%	0	0	0.0%	0
City Strivers (11A)	0	0.0%	0	0	0.0%	0
NeWest Residents (13C)	0	0.0%	0	0	0.0%	0
Fresh Ambitions (13D)	0	0.0%	0	0	0.0%	0
High Rise Renters (13E)	0	0.0%	0	0	0.0%	0
2. Urban Periphery	0	0.0%	0	0	0.0%	0
Pacific Heights (2C)	0	0.0%	0	0	0.0%	0
Rustbelt Traditions (5D)	0	0.0%	0	0	0.0%	0
Urban Villages (7B)	0	0.0%	0	0	0.0%	0
American Dreamers (7C)	0	0.0%	0	0	0.0%	0
Barrios Urbanos (7D)	0	0.0%	0	0	0.0%	0
Southwestern Families (7F)	0	0.0%	0	0	0.0%	0
City Lights (8A)	0	0.0%	0	0	0.0%	0
Bright Young Professionals (8C)	0	0.0%	0	0	0.0%	0
Metro Fusion (11C)	0	0.0%	0	0	0.0%	0
Family Foundations (12A)	0	0.0%	0	0	0.0%	0
Modest Income Homes (12D)	0	0.0%	0	0	0.0%	0
International Marketplace (13A)	0	0.0%	0	0	0.0%	0
Las Casas (13B)	0	0.0%	0	0	0.0%	0
3. Metro Cities	727	25.5%	141	1,449	25.8%	154
In Style (5B)	0	0.0%	0	0	0.0%	0
Emerald City (8B)	0	0.0%	0	0	0.0%	0
Front Porches (8E)	0	0.0%	0	0	0.0%	0
Old and Newcomers (8F)	0	0.0%	0	0	0.0%	0
Handscrabble Road (8G)	0	0.0%	0	0	0.0%	0
Retirement Communities (9E)	0	0.0%	0	0	0.0%	0
Social Security Set (9F)	0	0.0%	0	0	0.0%	0
Young and Restless (11B)	0	0.0%	0	0	0.0%	0
Set to Impress (11D)	0	0.0%	0	0	0.0%	0
City Commons (11E)	0	0.0%	0	0	0.0%	0
Traditional Living (12B)	727	25.5%	1,330	1,449	25.8%	1,446
College Towns (14B)	0	0.0%	0	0	0.0%	0
Dorms to Diplomas (14C)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

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Tapestry Urbanization	2019 Households			2019 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	2,049	100.0%		5,606	100.0%	
4. Suburban Periphery	0	0.0%	0	0	0.0%	0
Top Tier (1A)	0	0.0%	0	0	0.0%	0
Professional Pride (1B)	0	0.0%	0	0	0.0%	0
Boomburbs (1C)	0	0.0%	0	0	0.0%	0
Savvy Suburbanites (1D)	0	0.0%	0	0	0.0%	0
Exurbanites (1E)	0	0.0%	0	0	0.0%	0
Urban Chic (2A)	0	0.0%	0	0	0.0%	0
Pleasantville (2B)	0	0.0%	0	0	0.0%	0
Enterprising Professionals (2D)	0	0.0%	0	0	0.0%	0
Soccer Moms (4A)	0	0.0%	0	0	0.0%	0
Home Improvement (4B)	0	0.0%	0	0	0.0%	0
Comfortable Empty Nesters	0	0.0%	0	0	0.0%	0
Parks and Rec (5C)	0	0.0%	0	0	0.0%	0
Midlife Constants (5E)	0	0.0%	0	0	0.0%	0
Up and Coming Families (7A)	0	0.0%	0	0	0.0%	0
Silver & Gold (9A)	0	0.0%	0	0	0.0%	0
Golden Years (9B)	0	0.0%	0	0	0.0%	0
The Elders (9C)	0	0.0%	0	0	0.0%	0
Military Proximity (14A)	0	0.0%	0	0	0.0%	0
5. Semirural	0	0.0%	0	0	0.0%	0
Middleburg (4C)	0	0.0%	0	0	0.0%	0
Heartland Communities (6F)	0	0.0%	0	0	0.0%	0
Valley Growers (7E)	0	0.0%	0	0	0.0%	0
Senior Escapes (9D)	0	0.0%	0	0	0.0%	0
Down the Road (10D)	0	0.0%	0	0	0.0%	0
Small Town Simplicity (12C)	0	0.0%	0	0	0.0%	0
6. Rural	2,122	74.5%	443	4,157	74.2%	439
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	306	13.5%	473	774	13.0%	480
The Great Outdoors (6C)	0	0.0%	0	0	0.0%	0
Prairie Living (6D)	0	0.0%	0	0	0.0%	0
Rural Resort Dwellers (6E)	1,145	40.2%	3,904	2,220	39.6%	4,239
Southern Satellites (10A)	0	0.0%	0	0	0.0%	0
Rooted Rural (10B)	0	0.0%	0	0	0.0%	0
Diners & Miners (10C)	0	0.0%	0	0	0.0%	0
Rural Bypasses (10E)	591	20.7%	1,557	1,163	20.7%	1,500
Unclassified (15)	0	0.0%	0	0	0.0%	0

Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

July 15, 2019

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

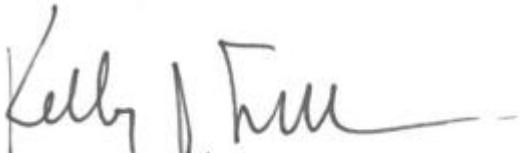
It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

While the sponsor has paid for the market research services rendered, the undersigned certifies that no fees will be collected or payments received contingent upon the success of the proposal. In addition, the undersigned further certifies that no ownership interest exists concerning the proposal.

While the document specifies Community Research Services, LLC, the certification is always signed by the individual completing the study and attesting to the certification.



COMMUNITY RESEARCH SERVICES, LLC



Kelly J. Murdock

Date: July 16, 2019

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

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, and senior citizen communities. 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 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, nonprofit organizations, as well as state and local governments.

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 previously served on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock serves on the executive committee of NCHMA as Vice-Chair, is the co-chair of the Peer Review committee, and will lead the council as Chairman during the upcoming 2019-2020 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.