BREAKFAST & BUSINESS

2024 Quarter 1
Focus: Housing

Thank you to our
topic sponsor
Build U.P.

BUILD U.P.

WELCOME

▶ Sponsor Comments: Build U.P.

▶ LSCP Housing Strategic Framework

▶ Target Market Analysis

▶ Panel: Housing Challenges and Solutions

▶ Wrap Up: Actions You Can Take

Cash Collateral Program provides cash collateral to enhance U.P. lending institution funding. Recipients must partner with a local lending institution to access funds. Funds may cover all or a portion of a calculated shortfall (as described by the lending institution).

Residential Infrastructure Loan Program provides financial assistance to Upper Peninsula cities, villages, counties, and townships to facilitate infrastructure extensions to new residential or rehabilitated housing; such as water, sewer, and road improvements. Build U.P. will loan the local unit of government funds by purchasing their bonds at interest rates favorable to the local unit.

BUILD U.P.™

THANK YOU!

LSCP STRATEGIC FRAMEWORK: HOUSING

Adopted November 2023

Guides the LSCP's work, including collaboration with various partners

Living, breathing document

Available online soon!

LSCP STRATEGIC FRAMEWORK: HOUSING

The Lake Superior Community Partnership recognizes the importance of a diversified housing ecosystem that provides sufficient housing opportunity for residents of all incomes and stages in life.

New housing development has fallen well behind historic trends, creating a shortage of housing options. This was amplified by the 2020 pandemic which has increased the demand for housing in rural communities offering a high quality of life and access to recreational assets, such as Marquette County. Housing shortages have also been amplified by an increase in short-term rentals which generally provide a higher return on investment. The LSCP also recognizes that new development is facing historically high material costs, outdated regulatory processes, a shortage of skilled trades workers, and cash flow challenges. This increased demand and constrained supply has led to historic increases in pricing, placing the average home in many parts of the county out of reach of a family making the median income. This, in turn, is having an impact on our area's ability to retain and attract new workers to the area. Given our area's attractiveness as a climate haven, demand is only expected to grow.

We believe a healthy market consists of all types and price points including single family, missing middle, apartments, condos, and more. The LSCP is encouraged by a significant pipeline of potential housing projects in the county and new tools coming online through state and federal resources. In collaboration with its partners, LSCP will take a leadership role in facilitating the local conversation and encouraging new development through a variety of methods to add to this existing pipeline.

LSCP STRATEGIC FRAMEWORK: HOUSING

ENCOURAGE ONGOING COLLABORATION AMONG INTERESTED PARTNERS
- Convene Intergovernmental Housing Taskforce
- Elevate the housing conversation in all things LSCP
- Participate in other housing-related initiatives, groups, etc.
- Continually look for opportunities to facilitate partnerships

MAINTAIN ACCURATE, UP-TO-DATE DATA TO FACILITATE DECISION MAKING
- Maintain a master list of known housing developments countywide
- Establish ad hoc group of REALTORS, bankers, and developers to provide real-time insight
- Partner with MCLBA for completion of TMA
- Utilize new statewide housing data portal

LSCP STRATEGIC FRAMEWORK: HOUSING

SUPPORT STREAMLINED AND PREDICTABLE DECISION MAKING FOR SITE PLANS AND PERMITS)

- Assist any community with Housing Ready Checklist review
- Encourage Redevelopment Ready Communities certification
- Encourage maximum use of by-right zoning regulations
- Collect feedback from developers on permitting experience
- Support "pattern book" effort to reduce initial soft costs

PROMOTE A ROBUST TOOLBOX OF FINANCIAL INCENTIVES WHICH REDUCE THE COST OF BUILDING

- Remain informed of existing and new state funding programs
- Work with local governments to establish clear guidelines for local tools such as brownfields and Payment in Lieu of Taxes (PILOT)
- Create a housing developer online toolkit on the LSCP website

LSCP STRATEGIC FRAMEWORK: HOUSING

DEVELOP AND SUPPORT A ROBUST PIPELINE OF SMALL-SCALE HOUSING DEVELOPERS

- Work with partners to develop and implement a local "Build my Community" training program for small-scale developers
- Hold emerging developer events in Marquette County in partnership with MEDC
- Include technical assistance resources in the developer online toolkit

EDUCATE THE PUBLIC ON HOUSING DEVELOPMENT AND THE NEED FOR HOUSING AT ALL PRICE POINTS

- Create a "critical issue" page on the LSCP website dedicated to housing to provide resources and encourage healthy, well-informed discussions on the issue
- Submit comments on proposed housing development to local planning commissions and governing bodies supporting new development
- Talk more frequently on local media about housing as an issue and our efforts to address it

TARGET MARKET ANALYSIS

DRAFT Dec. 23, 2023

MARKET POTENTIAL

Underway by:

LandUseUSA
UrbanStrategies

DRAFT Dec. 23, 2023

REAL ESTATE ANALYSIS

Underway by:

LandUseUSA
UrbanStrategies

DRAFT Nov. 27, 2023

DEMOGRAPHIC ANALYSIS

Residential
Target Market Analysis

Prepared for the
Lake Superior
Community Partnership

Underway by:

LandUseUSA
UrbanStrategies

Provides up-to-date data on market potential, current housing statistics, and demographics

Project timeline: July 2023 – January 2024

Market projects are annual and valid for up to five years

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Opportunities for a deeper dive will come this spring

REAL ESTATE ANALYSIS

&

DEMOGRAPHICS

Recently Sold Housing Units
Price per Square Foot v. Submarket
Marquette County, Michigan | 2022 - 2023

◆ City of Ishpeming
◇ Ishpeming Twp

Sold Price per Square Foot
Available Square Feet
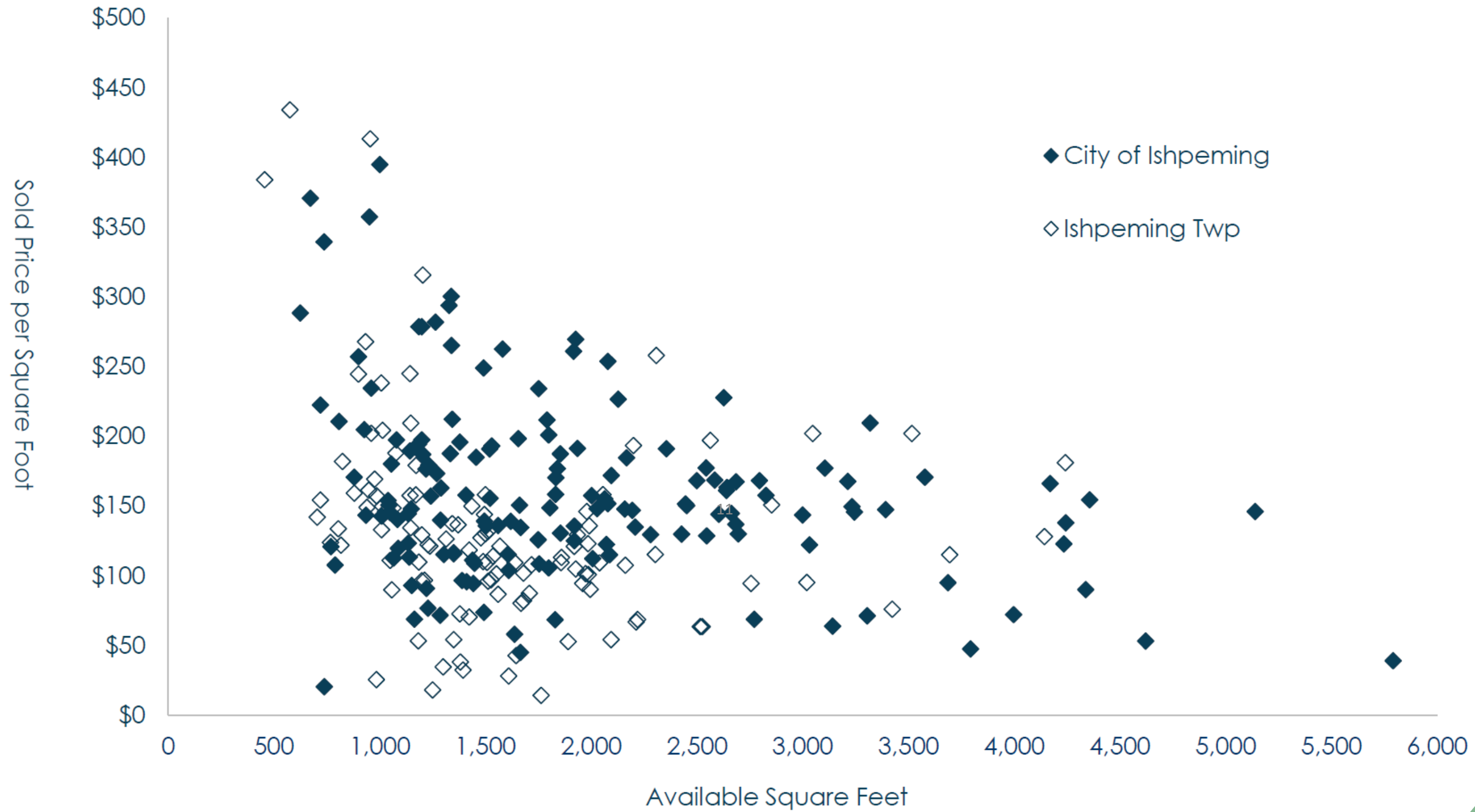
Source: Underlying data was contributed by Stephanie Jones, Associate Broker, Select Realty; 2023.
Analysis and exhibit prepared by LandUseUSA | Urban Strategies; 2023.

Recently Advertised For-Lease Units
Price per Square Foot v. Submarket
Marquette County, Michigan | 2023

Source: Underlying data based on county surveyor records, CoStar data, phone surveys, and independent field observations completed by LandUseUSA | Urban Strategies in 2023.

Units by Decade Built | Marquette County

A comparison of the share of total housing units by tenure and decade built, 2021.

Owner-Occupied Housing Units
Share by Decade Built
Marquette County
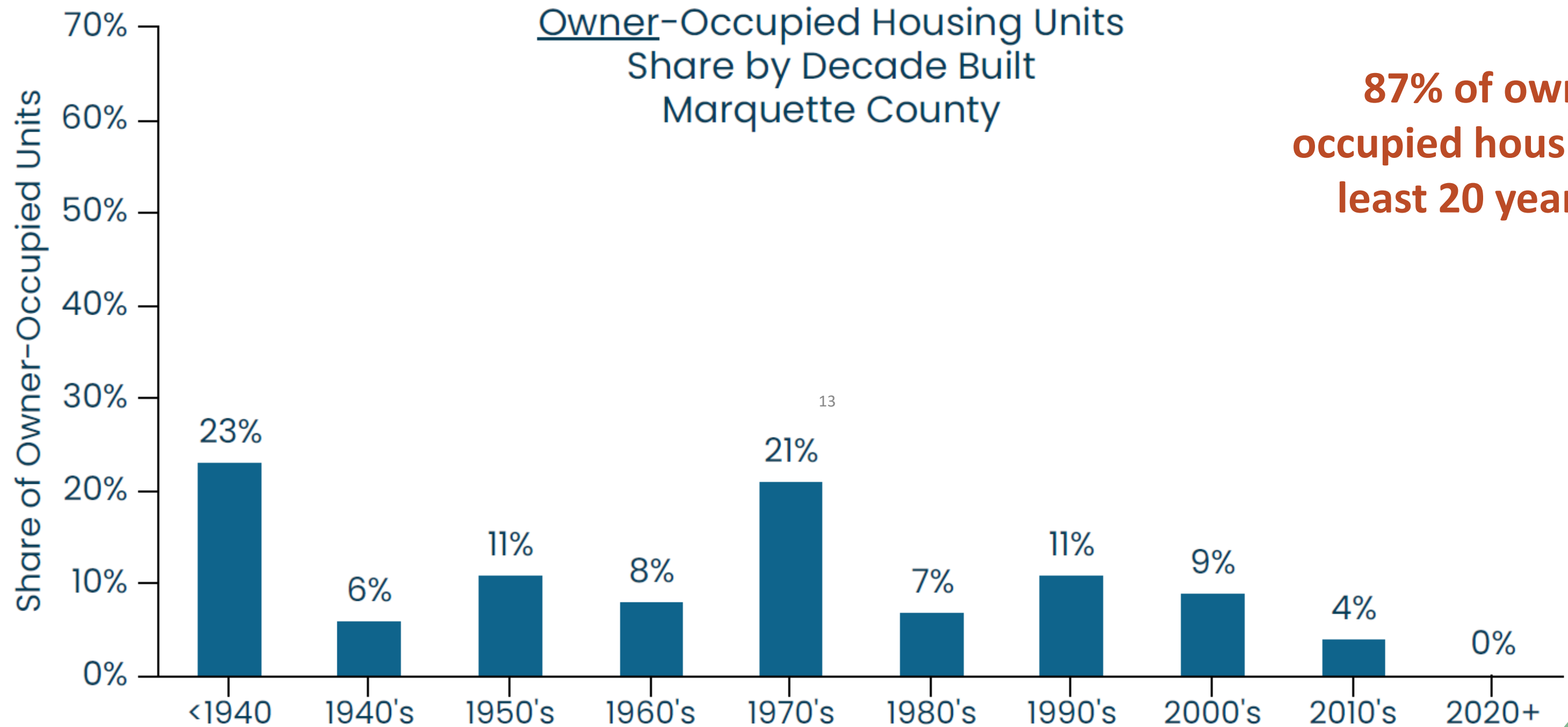
87% of owner-occupied housing is at least 20 years old

13

Share of Owner-Occupied Units

Decade	Share
<1940	23%
1940's	6%
1950's	11%
1960's	8%
1970's	21%
1980's	7%
1990's	11%
2000's	9%
2010's	4%
2020+	0%

Units by Decade Built | Marquette County

A comparison of the share of total housing units by tenure and decade built, 2021.

Renter-Occupied Housing Units
Share by Decade Built
Marquette County

Share of Renter-Occupied Units

70%	
60%	
50%	
40%	
30%	
20%	
10%	
0%	

<1940: 21%
1940's: 6%
1950's: 8%
1960's: 14%
1970's: 22%
1980's: 12%
1990's: 9%
2000's: 4%
2010's: 5%
2020+: 0%
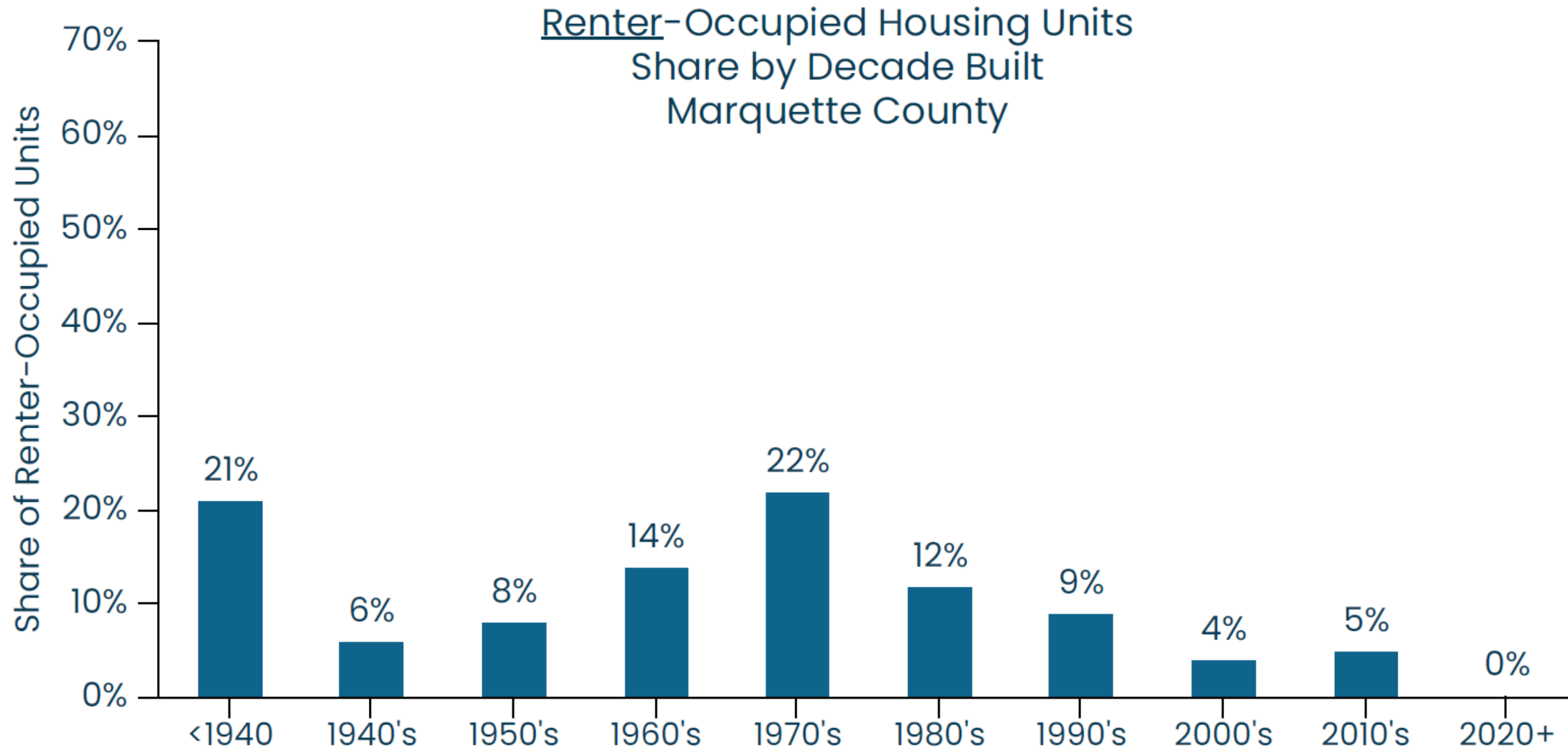
of Approved Housing Permits | Marquette County

An assessment of approved building permits over time by format (detached v. attached).
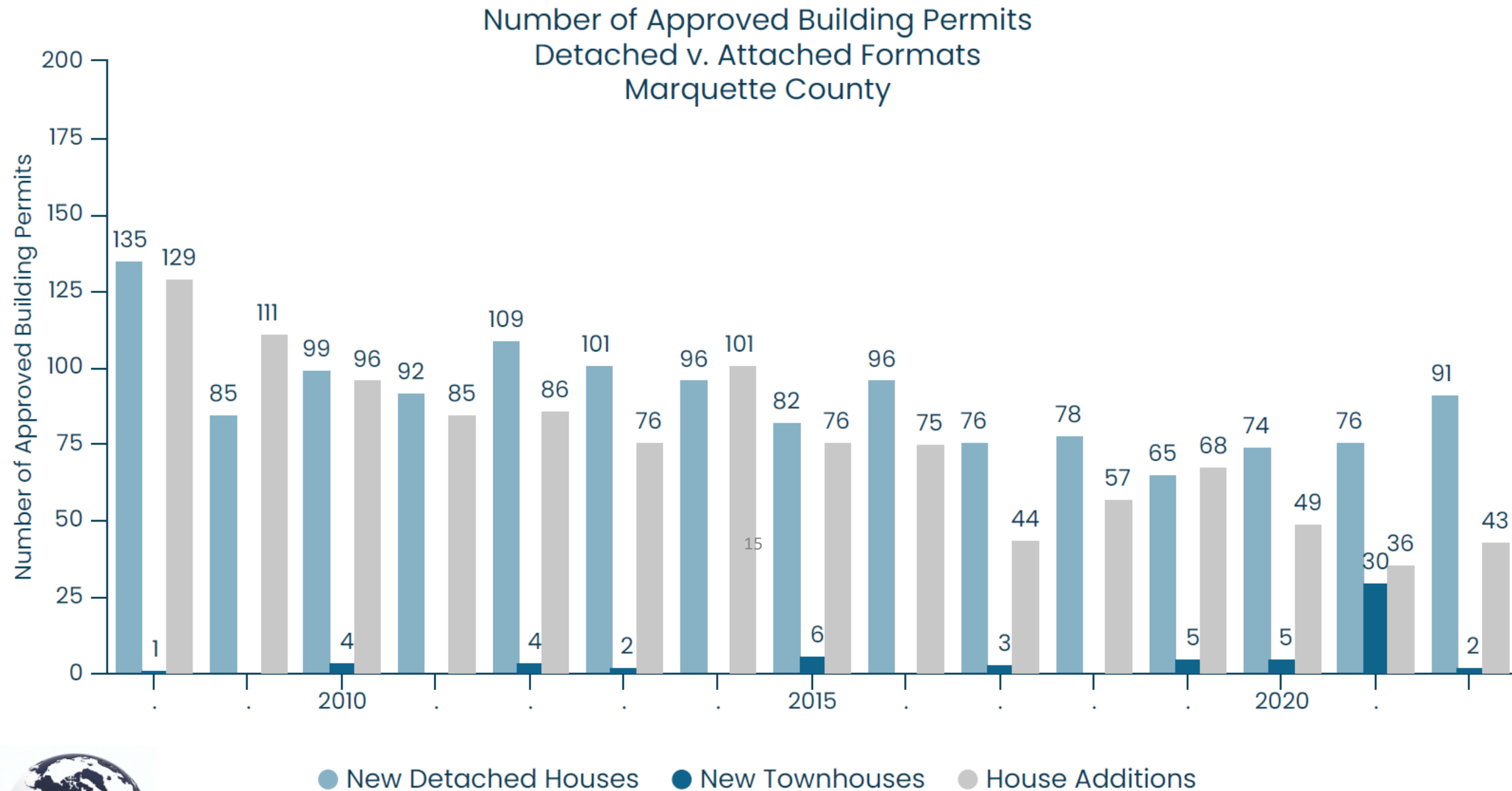
Number of Approved Building Permits
Detached v. Attached Formats
Marquette County

Legend: ● New Detached Houses   ● New Townhouses   ● House Additions

LandUseUSA
UrbanStrategies

Average Housing Unit Investment | Marquette County

An assessment of average reported investment over time for additions and new constructions.
(Excludes conventional apartment buildings.)

Average Reported Investment per Unit
Detached v. Attached Formats
Marquette County

Average Reported Investment per Unit (y-axis): $0,000 to $600,000

- New Detached Houses
- New Townhouses
- House Additions

Data labels by year group:
- $170k, $230k, $30k
- $180k, $25k
- $150k, $35k
- $170k, $20k
- $190k, $135k, $30k
- $180k, $200k, $55k
- $200k, $20k
- $195k, $250k, $30k
- $215k, $35k
- $200k, $175k, $45k
- $260k, $55k
- $265k, $240k, $60k
- $300k, $250k, $60k
- $300k, $170k, $75k
- $355k, $300k, $75k

x-axis years: 2010, 2015, 2020

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Underlying data provided by Marquette County Building Codes Department; 2023.
Analysis & exhibit prepared by LandUseUSA | Urban Strategies; 2023.

LandUseUSA
UrbanStrategies

Average Housing Unit Investment | 3 Cities, Marquette Co

An assessment of average reported investment over time for additions and new constructions.
(Excludes conventional apartment buildings.)

Average Reported Investment per Unit
Detached v. Attached Formats
The Cities of Marquette, Ishpeming, and Negaunee
(combined)

Average Reported Investment per Unit

$600,000

$500,000

$400,000

$300,000

$200,000

$100,000

$0,000

$240k
$200k
$35k
$215k
$15k
$245k $250k
$30k
$265k
$35k
$215k
$175k
$20k
$280k
$35k
$260k
$240k
$65k
$455k
$250k
$45k
$390k
$250k
$55k
$535k
$300k
$60k

17

2010   2015   2020

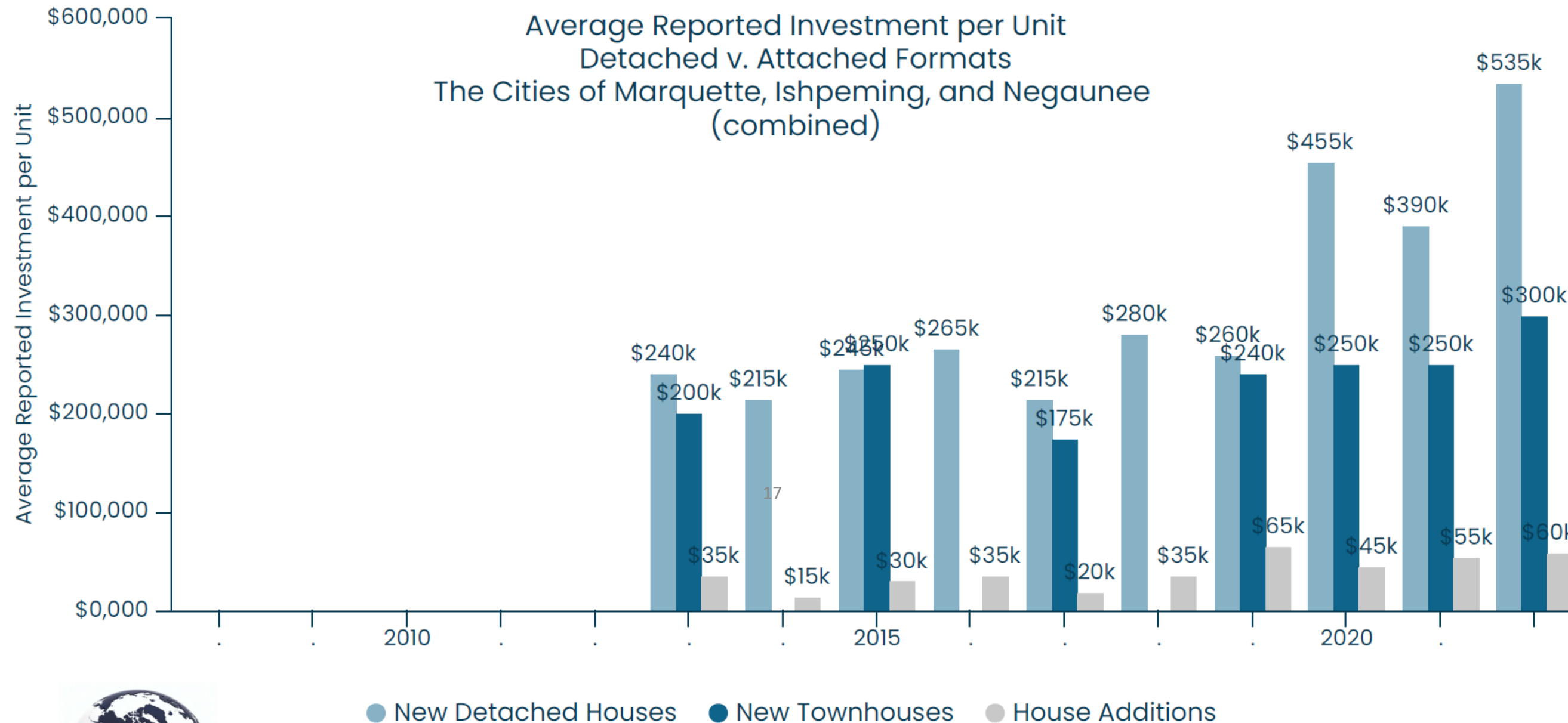● New Detached Houses   ● New Townhouses   ● House Additions

LandUseUSA
UrbanStrategies

Underlying data provided by Marquette County Building Codes Department; 2023.
Analysis & exhibit prepared by LandUseUSA | Urban Strategies; 2023.

Vacancies by Tenure | Marquette County

A comparison of the number of housing vacancies by tenure and over time.

For-<u>Sale</u> Vacancies
(not yet sold; or sold but not yet occupied)
Marquette County
Current Vacancy Rate is <1%

18

Number of Vacant Units

Year	Value
2010	590
2011	590
2012	525
2013	467
2014	386
2015	443
2016	494
2017	447
2018	348
2019	372
2020	258
2021	195
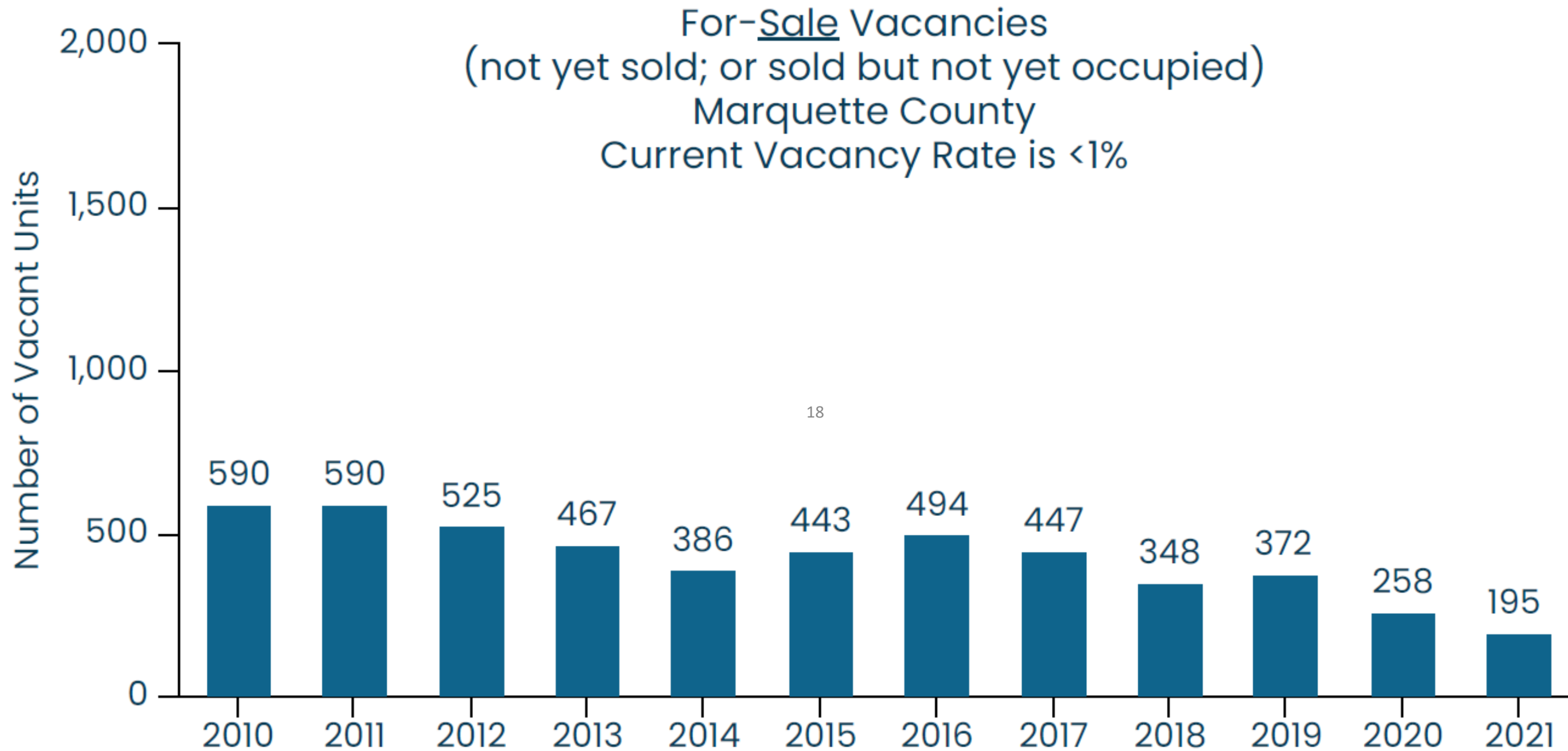
Vacancy Rate (For Sale, For Rent, Other)
Comparison Places for Marquette County
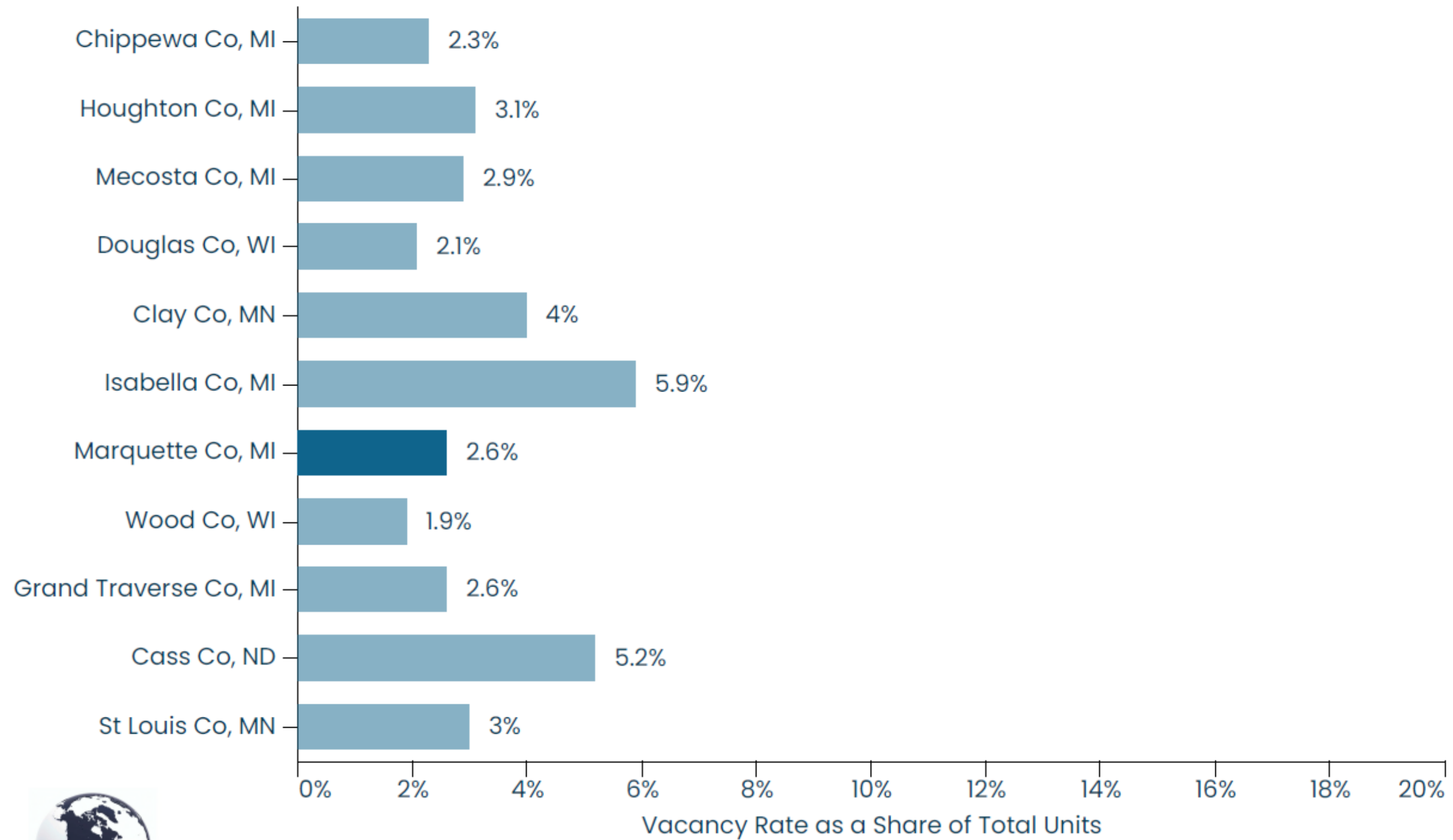
Place	Vacancy Rate
Chippewa Co, MI	2.3%
Houghton Co, MI	3.1%
Mecosta Co, MI	2.9%
Douglas Co, WI	2.1%
Clay Co, MN	4%
Isabella Co, MI	5.9%
Marquette Co, MI	2.6%
Wood Co, WI	1.9%
Grand Traverse Co, MI	2.6%
Cass Co, ND	5.2%
St Louis Co, MN	3%

Vacancy Rate as a Share of Total Units

REMOTE WORKERS IN MARQUETTE COUNTY

Worked from Home: 8%

Taxi, Motorcycle, Bicycle: 1%

Walked to Work: 4%

Public Transportation: 0%

Car - Carpooled: 8%
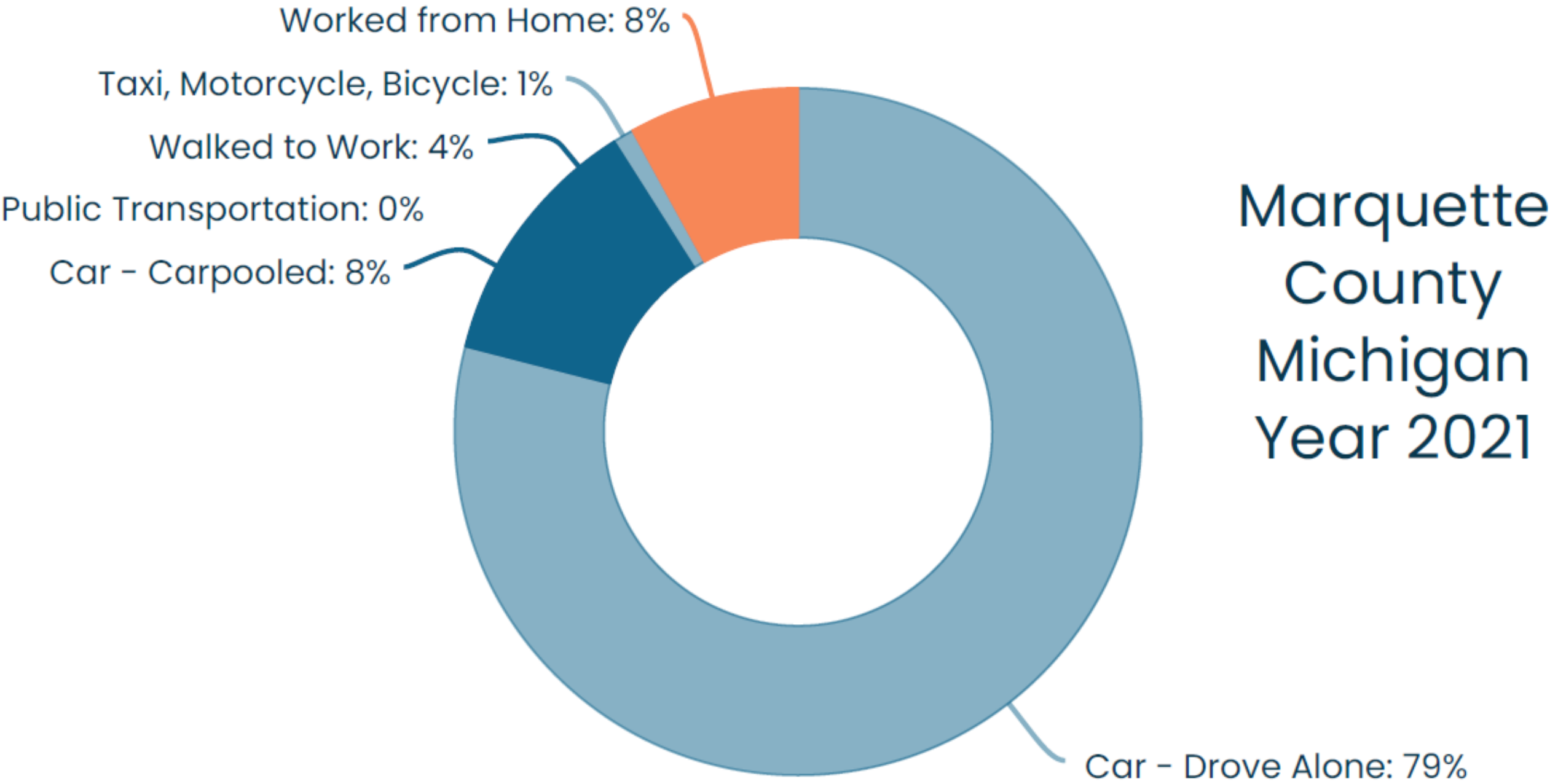
Marquette County Michigan Year 2021

Car - Drove Alone: 79%

Median Values & Rents | Marquette County

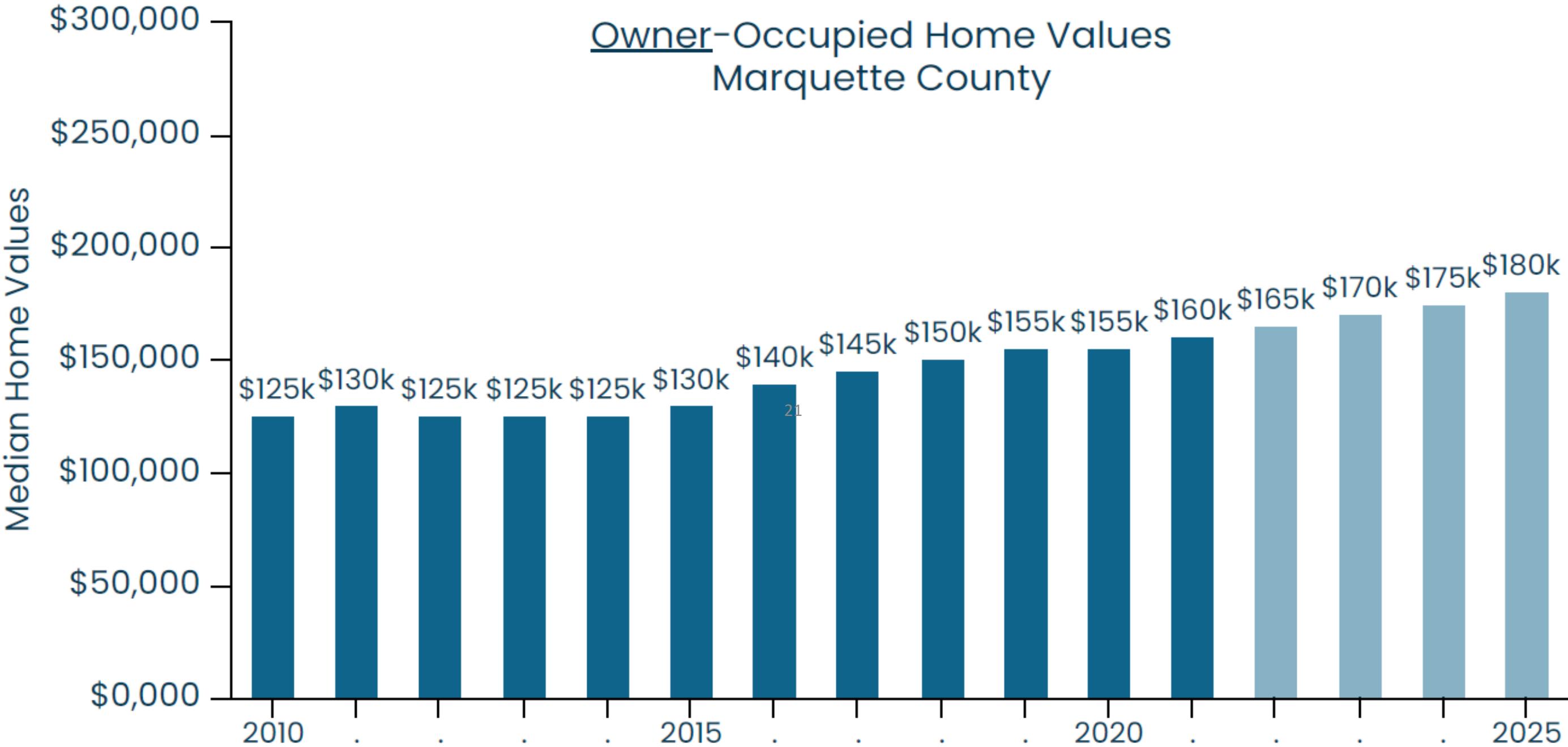Household prices are used to forecast future price tolerances for housing units.
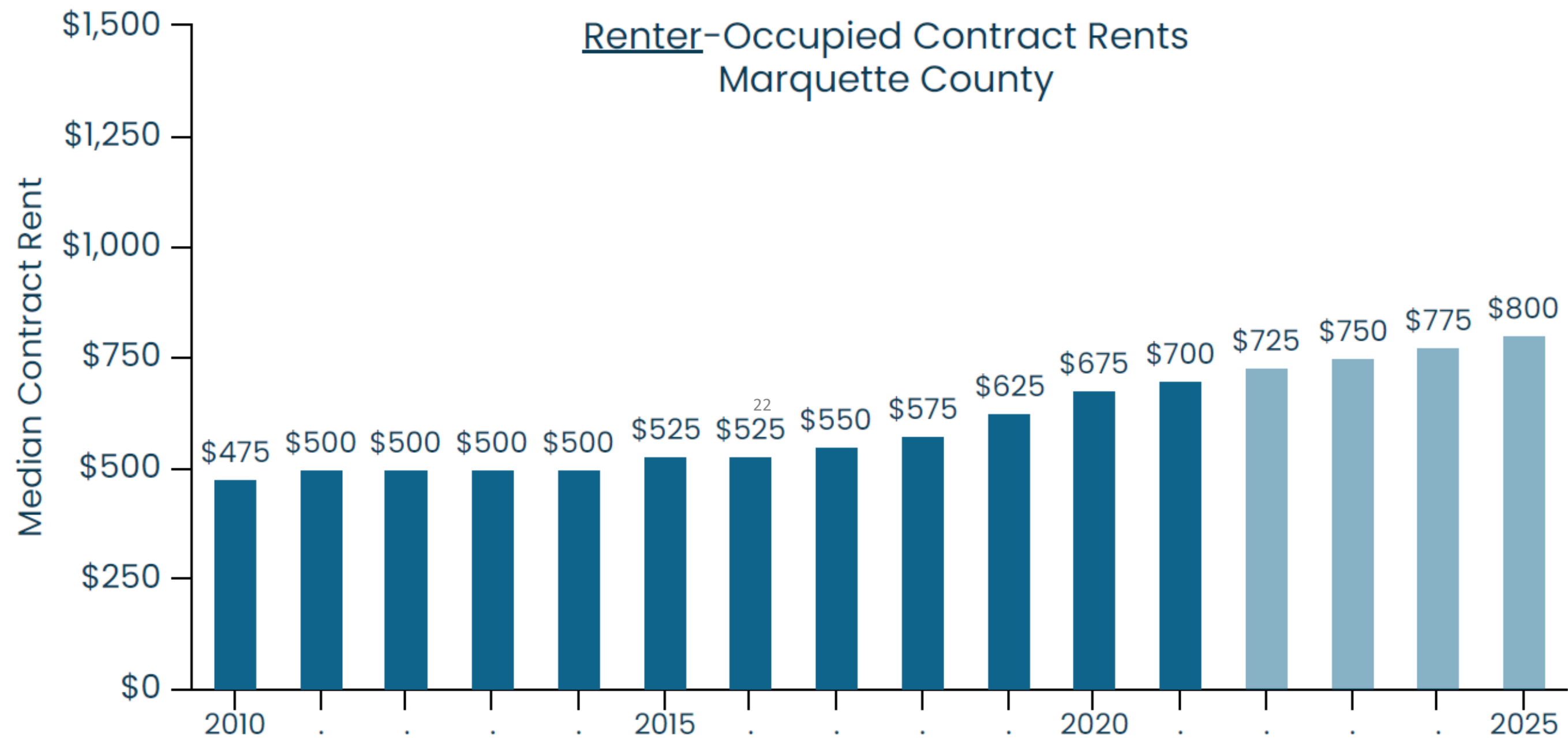
Owner-Occupied Home Values
Marquette County

Median Values & Rents | Marquette County

Household prices are used to forecast future price tolerances for housing units.

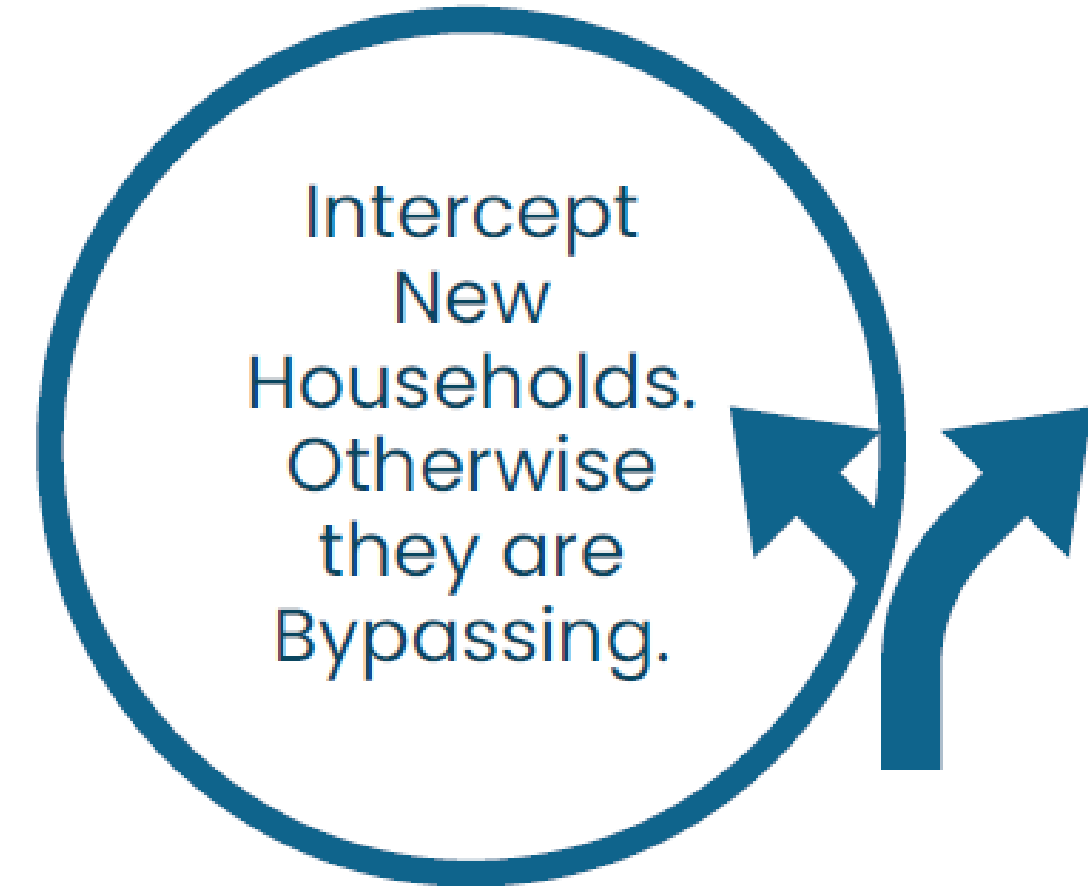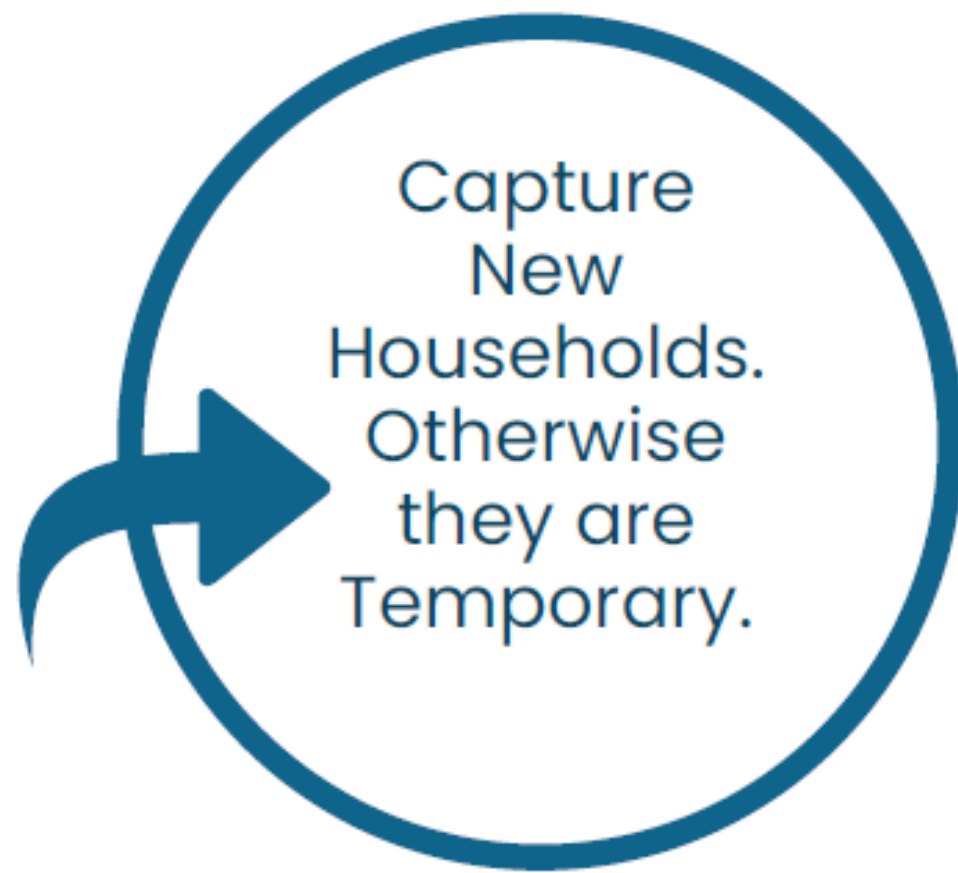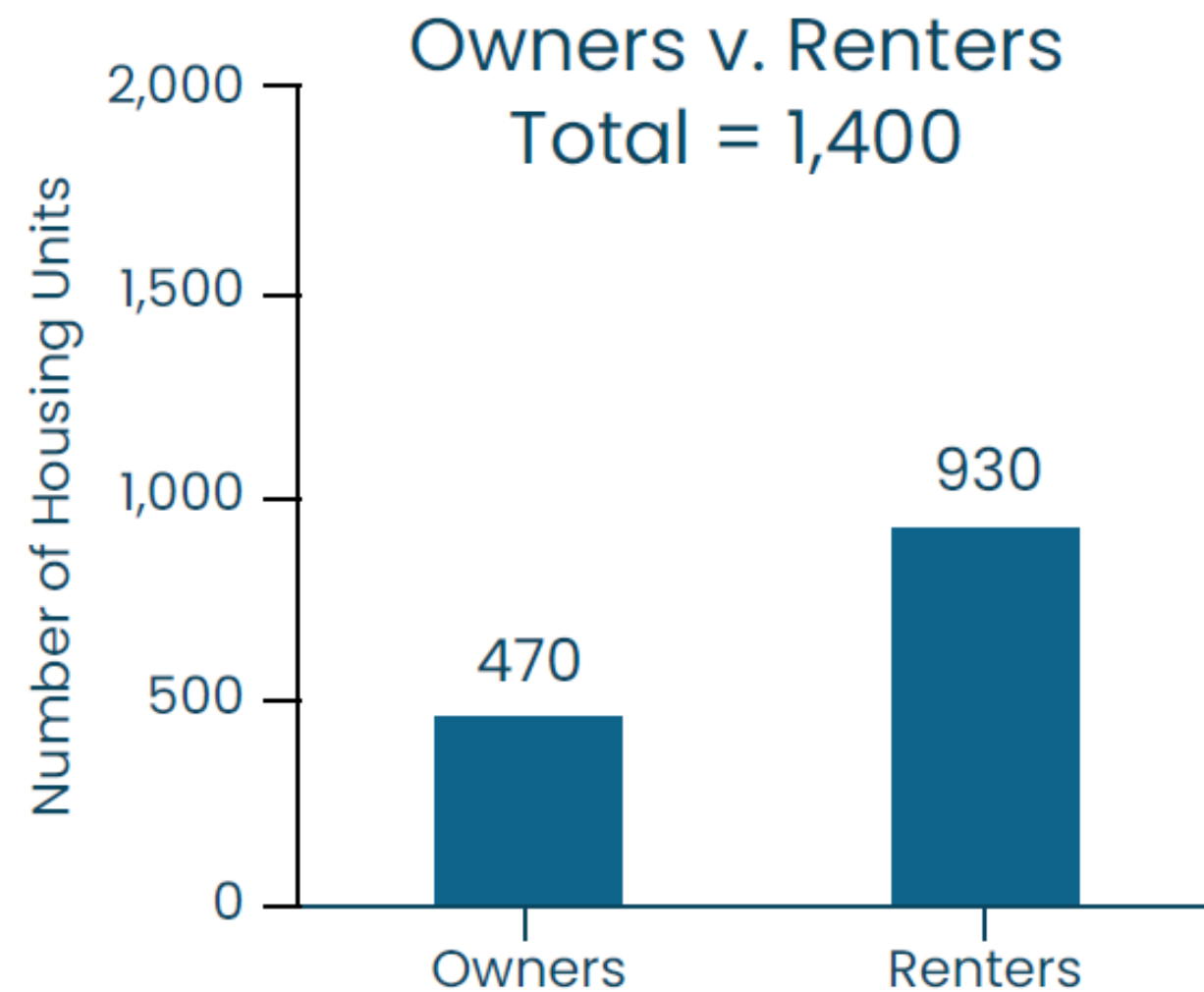Renter-Occupied Contract Rents
Marquette County

MARKET POTENTIAL DATA

Capture New Households. Otherwise they are Temporary.

Retain Existing Households. Otherwise they are Leaving.

Intercept New Households. Otherwise they are Bypassing.

Annual Market Potential | Marquette County Capture with New Builds | Year 2025

Owners v. Renters
Total = 1,400

Number of Housing Units

2,000

1,500

1,000 — 930

500 — 470

0

Owners   Renters

The 930 renter households include 420 student households

Capture New Households. Otherwise they are Temporary.
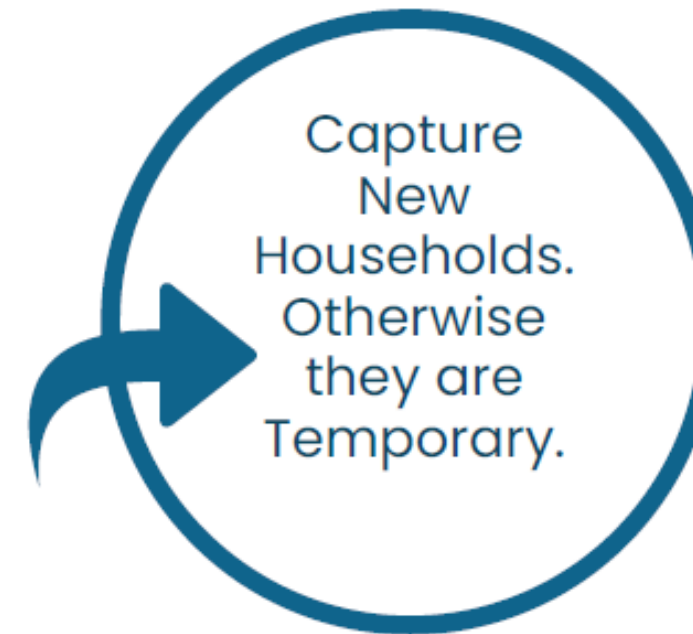
Both charts on this page represent a conservative market potential based on in-migration by new households only, and excluding internal movership by existing households. There is a need to CAPTURE these new households that are moving into Marquette County by building new housing units every year. All figures are unadjusted for out-migration, current vacancies, and competing developments that might be in the construction pipeline.

Tenure Allocated to Formats
Total = 1,400

Number of Housing Units (y-axis): 0, 500, 1,000, 1,500, 2,000

Category	Value
OWNERS Houses Large Cottages Private Yards	305
OWNERS Town Houses Side-Side Lg Porch Vista View	115
OWNERS Condo Style Apartments Shared Entrances	50
RENTERS Urban Lofts Walkups Courtyard Apartments	330
RENTERS Town Houses Side-Side Sm Porch Some View	110
RENTERS Accessory Small Cottages Subdivided Houses	490

LandUseUSA
UrbanStrategies

Home Value Tolerance | Marquette County
Capture with New-Builds | Year 2025
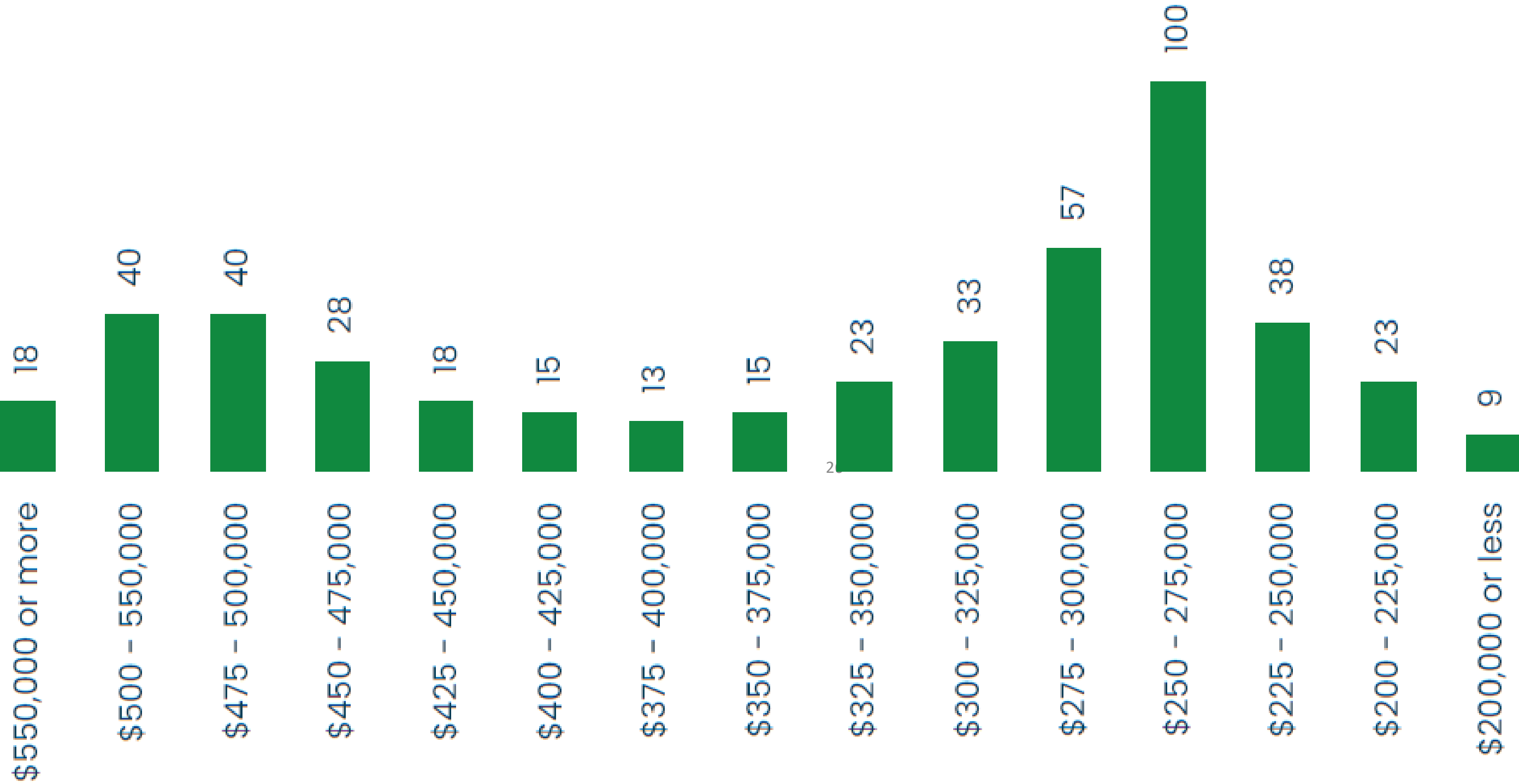
New-Build Home Value Brackets

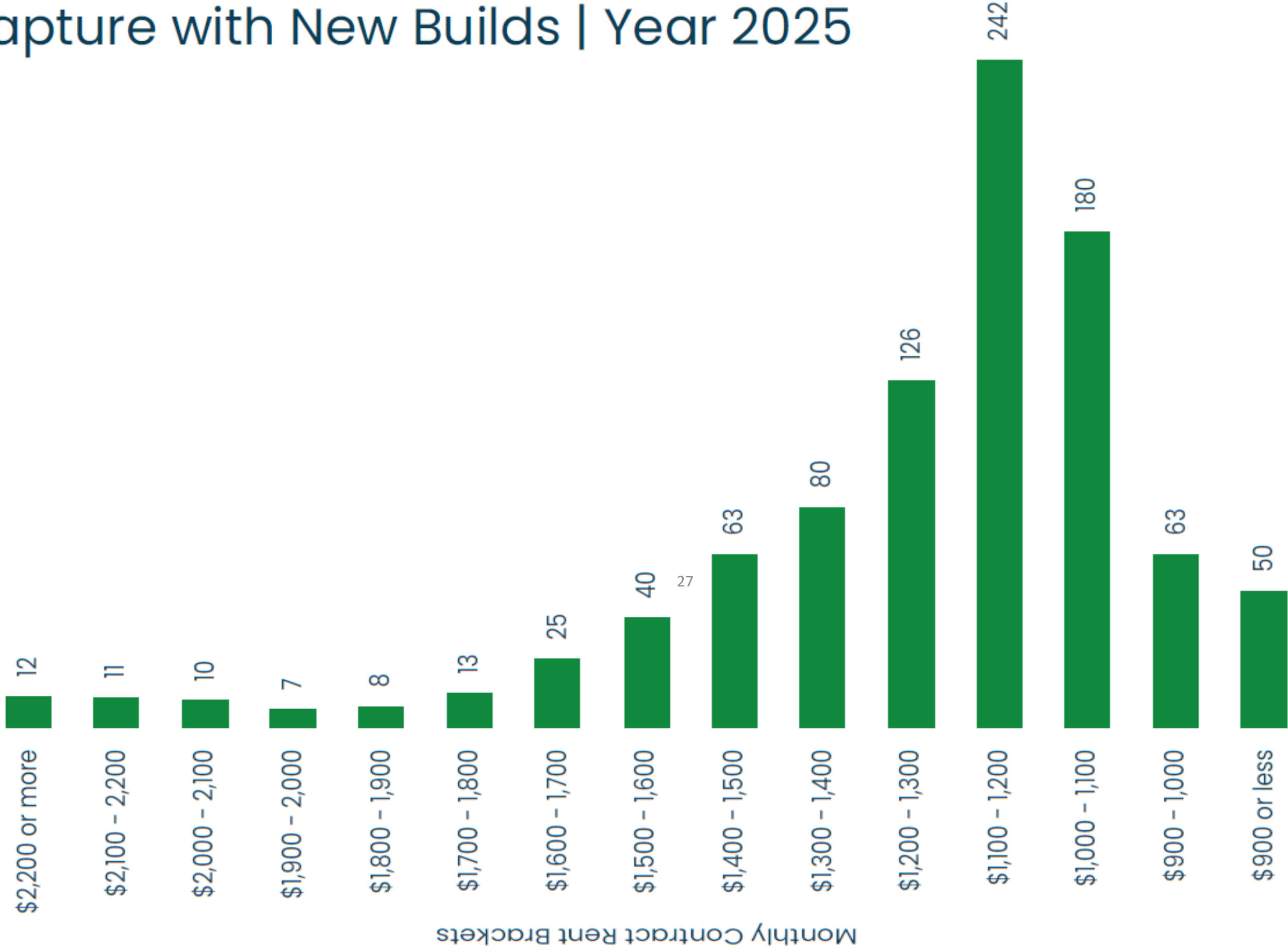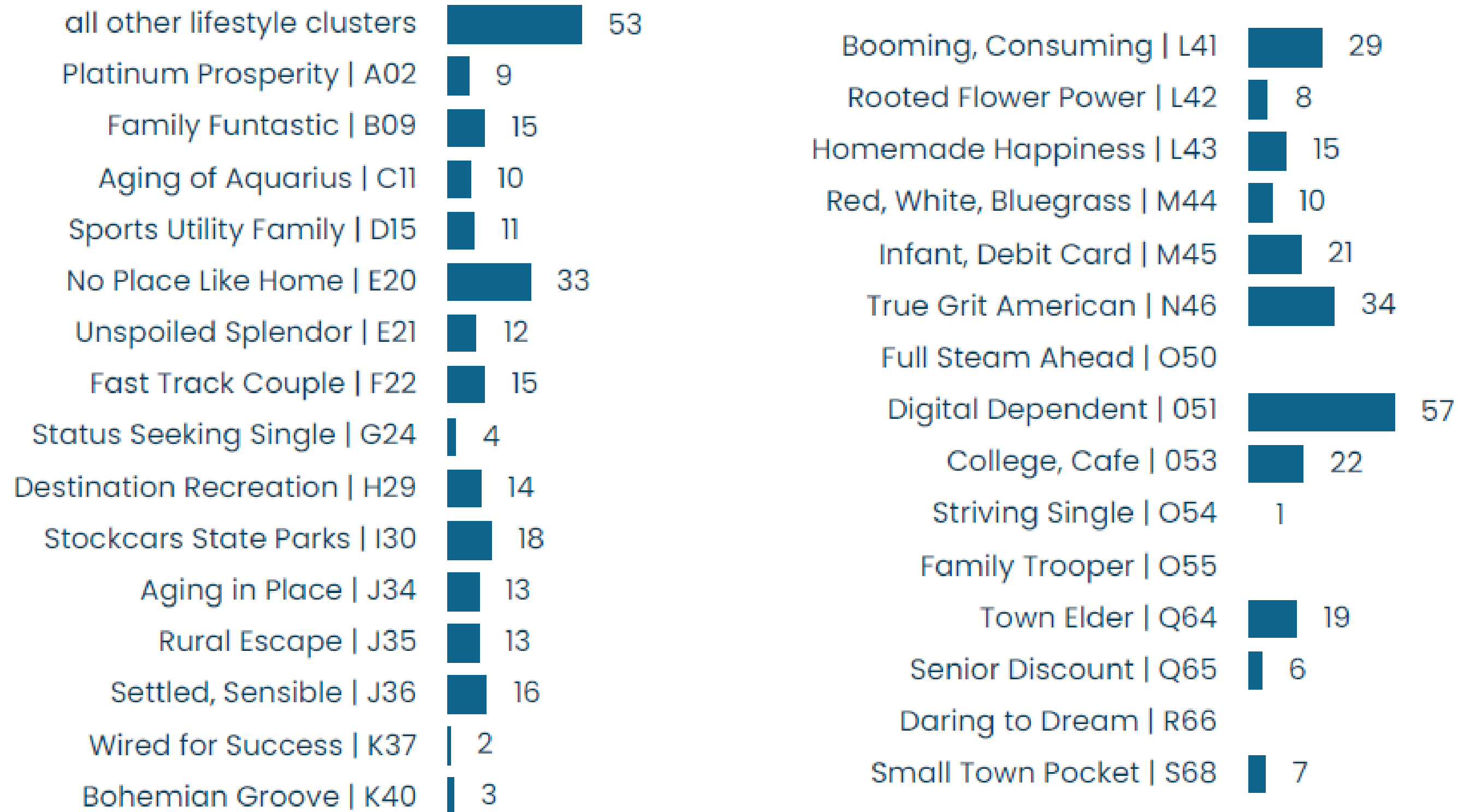| Bracket	Value
$550,000 or more	18
$500 – 550,000	40
$475 – 500,000	40
$450 – 475,000	28
$425 – 450,000	18
$400 – 425,000	15
$375 – 400,000	13
$350 – 375,000	15
$325 – 350,000	23
$300 – 325,000	33
$275 – 300,000	57
$250 – 275,000	100
$225 – 250,000	38
$200 – 225,000	23
$200,000 or less	9

Monthly Rent Tolerance | Marquette County Capture with New Builds | Year 2025

Annual Market Potential | Marquette County
Capture of New Owners | Year 2025

Cluster	Value
all other lifestyle clusters	53
Platinum Prosperity | A02	9
Family Funtastic | B09	15
Aging of Aquarius | C11	10
Sports Utility Family | D15	11
No Place Like Home | E20	33
Unspoiled Splendor | E21	12
Fast Track Couple | F22	15
Status Seeking Single | G24	4
Destination Recreation | H29	14
Stockcars State Parks | I30	18
Aging in Place | J34	13
Rural Escape | J35	13
Settled, Sensible | J36	16
Wired for Success | K37	2
Bohemian Groove | K40	3

Cluster	Value
Booming, Consuming | L41	29
Rooted Flower Power | L42	8
Homemade Happiness | L43	15
Red, White, Bluegrass | M44	10
Infant, Debit Card | M45	21
True Grit American | N46	34
Full Steam Ahead | O50	
Digital Dependent | 051	57
College, Cafe | 053	22
Striving Single | O54	1
Family Trooper | O55	
Town Elder | Q64	19
Senior Discount | Q65	6
Daring to Dream | R66	
Small Town Pocket | S68	7

71 Lifestyle Clusters - The Mosaic
Experian Decision Analytics; 2020-2023

Characteristics and Attributes

Demographics	Socio-economics	Location	Financial measures	Property characteristics
Age	Education/qualifications	Urbanity/rurality	Income	Tenure
Marital status	Occupation	Means of transport	Credit behaviour	Property value
Household composition	Industry	Travel to work time	Owner of multiple homes	Number of rooms
Length of residency	Hours worked		Social security/assistance	Year built
Presence of children	Home business			Number of dwellings
Number of occupants	Vehicle ownership			Rent amount
Ethnicity				Group quarters
Language ability				

71 Lifestyle Clusters - The Mosaic
Experian Decision Analytics; 2020-2023
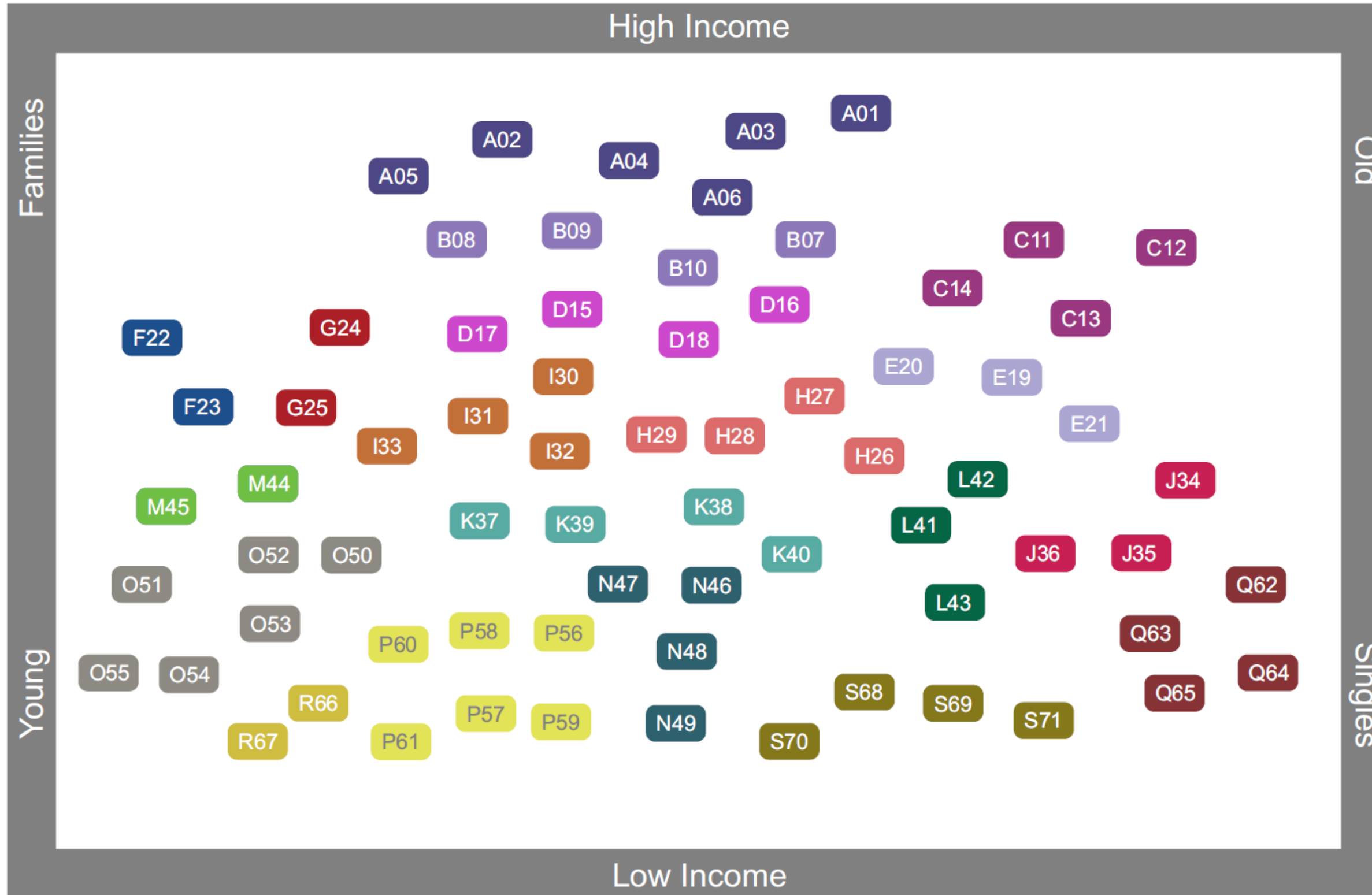
71 Lifestyle Clusters - The Mosaic
Experian Decision Analytics; 2020-2023

A POWER ELITE

American Royalty A01
Age: 51-65 years, $250k
Single Family, 5+
Age of children: 13-18
Tech Use: Below Average
Prestigious housing; Luxury living;
Upscale cars; Healthy lifestyles;
Charitable giving; World travelers

Couples with Clout A05
Age: 36-45. $175-$199k
Single family, 2
Tech Use: Excellent
Affluent; Designer-brand
conscious; Politically conservative;
Risk takers; Active social lives;
Highly educated

Jet Set Urbanites A06
Age: 51-65 years, $250k
Multi-family, 1
Tech Use: Excellent
Upscale urban living; Busy social
lives; Highly educated; Supporter
of fine arts; Avid *NY Times* readers;
Politically liberal

Golf Carts and Gourmets C12
Age: 66-75, $100-124k
Single family, 2
Tech Use: Below Average
Resort sports; Highly educated;
Luxury living; Country club
members; Financially savvy;
Music lover

Silver Sophisticates C13
Age: 66-75, $175-199k
Single family, 2
Tech Use: Below Average
Retiring in comfort; Experienced
travelers; Art connoisseurs;
Philanthropic; Retirement
investments; Ecological lifestyles

D SUBURBAN STYLE

Cul de Sac Diversity D17
Age: 36-45, $75-99k
Single family, 2
Age of children: 13-18
Tech Use: Below Average
Bilingual; Career-focused;
2nd generation success; Saving
for college; Outdoor activities;

Urban Edge G25
Age: 25-30, $50-74k
Multi-family: 101+, 1
Tech Use: Above Average
Progressive views; Urban-
dwellers; Environmental
advocates; Ambitious; Highly
educated; Exercise enthusiasts

H MIDDLE-CLASS MELTING POT

Birkenstocks and Beemers H27
Age: 46-50, $50-74k
Single family, 1
Age of children: 13-18
Tech Use: Below Average
Suburb living; Active investors;
Comfortable spending; Yogis;
Charitable giving; Outdoor
activities

Destination Recreation H29
Age: 36-45, $50-74k
Single family, 1
Age of children: 13-18
Tech Use: Below Average

K SIGNIFICANT SINGLES

Bohemian Groove K40
Age: 51-65, <$15k
Single family, 1
Tech Use: Very Poor
Apartment dwellers; Single adults;
Environmentally sympathetic;
Modest living; Value-conscious
shoppers; Eclectic interests

Gotham Blend K38
Age: 51-65, $50-74k
Multi-family: 2 units, 1
Tech Use: Excellent
City lifestyle; Environmental donor;
Bilingual; Aspirational consumers;
Culturally diverse Newspaper
readers

Metro Fusion K39
Age: 36-45, $50-74k
Single family, 1
Tech Use: Excellent
City apartment living; Family
abroad; Ethnically diverse; Modest
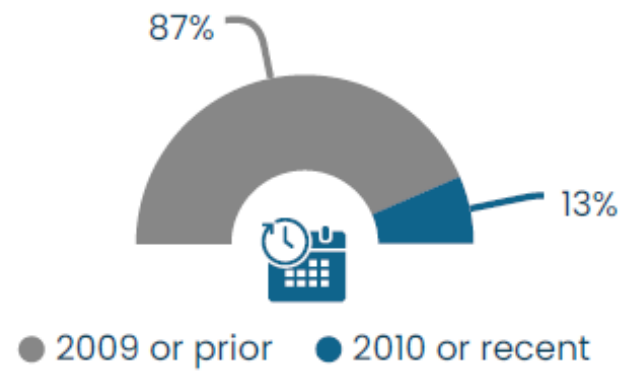investments; Digitally dependent;
Youthful perseverance

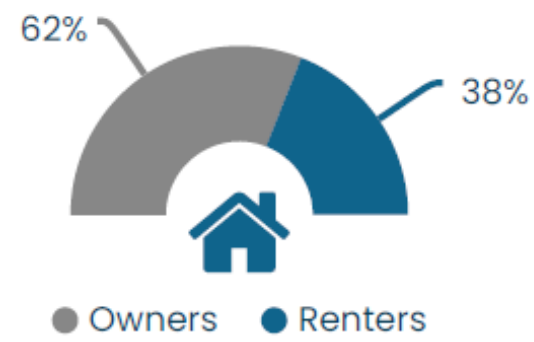# 71 Lifestyle Clusters - The Mosaic
Experian Decision Analytics; 2020-2023

Digital Dependents | O51
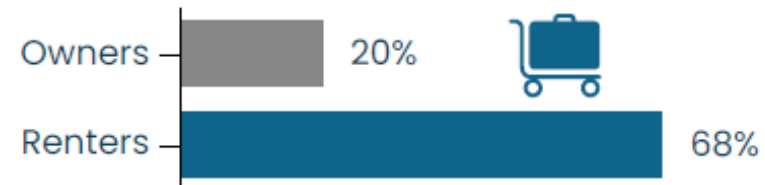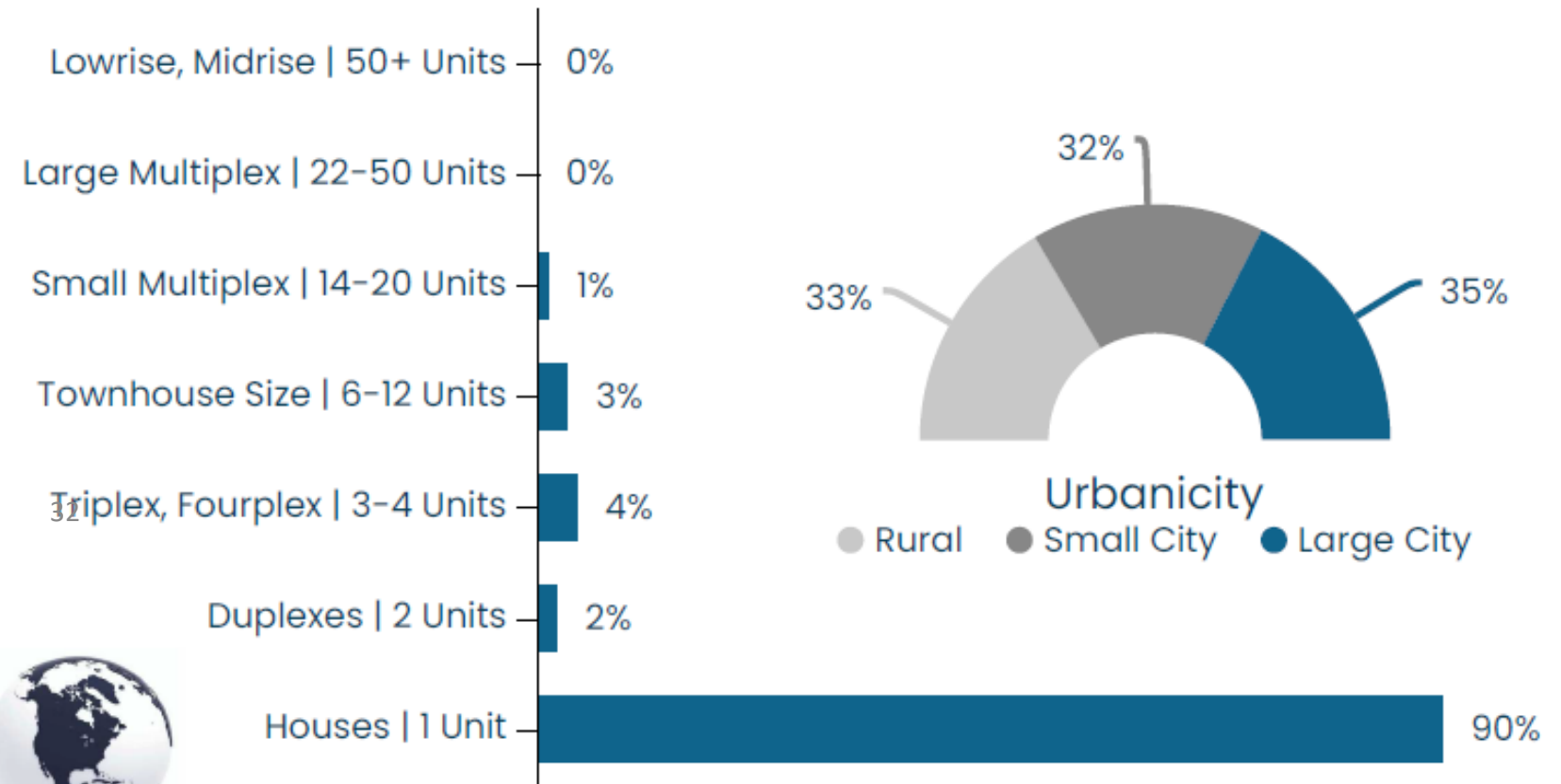Lifestyles and Housing Preferences | National Averages

Units by Decade Built
87%
13%
● 2009 or prior ● 2010 or recent

Households by Tenure
62%
38%
● Owners ● Renters

Share that Moves each Year
Owners — 20%
Renters — 68%

Inclination for Units by Building Size and Urbanicity

Building Size	Inclination
Lowrise, Midrise	50+ Units	0%
Large Multiplex	22-50 Units	0%
Small Multiplex	14-20 Units	1%
Townhouse Size	6-12 Units	3%
Triplex, Fourplex	3-4 Units	4%
Duplexes	2 Units	2%
Houses	1 Unit	90%

Urbanicity
33%
32%
35%
● Rural ● Small City ● Large City

TOP LIFESTYLE CLUSTERS: MARQUETTE COUNTY

Colleges and Cafes O53
Age: 19-24, $<15k
Multi-family: 101+ units, 1
Tech Use: Very Poor
University towns; Single adults;
Risk takers; Active lifestyles;
Politically disengaged;
Well-educated

Aging in Place J34
Age: 66-75, $50-74k
Single family, 2
Tech Use: Very Poor
Retired; Fine arts appreciation;
Financially secure; AARP
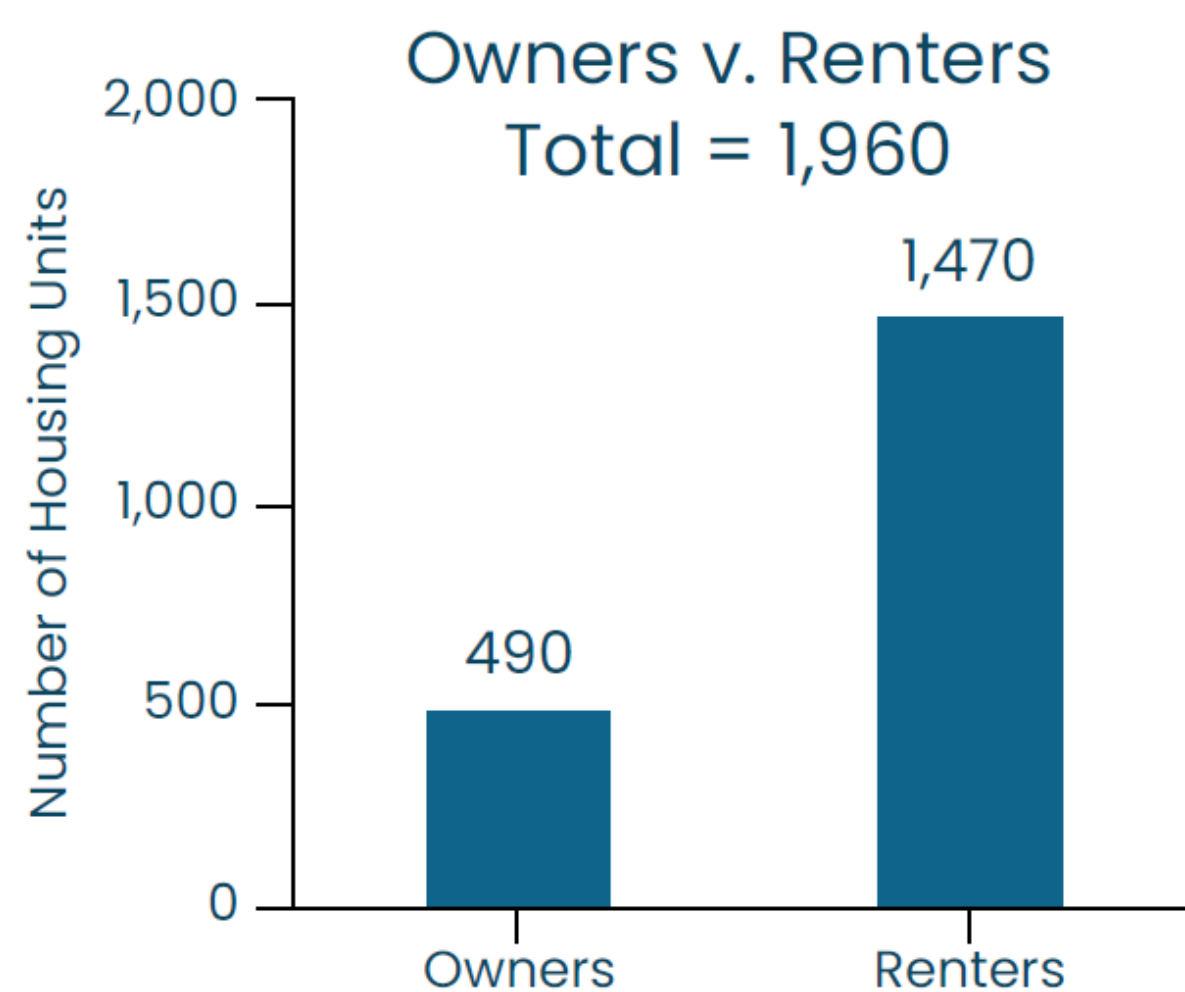members; Avid newspaper reader;
Republican

Town Elders Q64
Age: 76+, $15-24k
Single family, 1
Tech Use: Very Poor
Spiritual, Cautious money
managers; Seniors, Home-
centered activities; Health-related
purchases; Rural lifestyle

No Place Like Home E20
Age: 51-65, $75-99k
Single family, 5+
Age of children: 0-3
Tech Use: Below Average
Smart shoppers; Contribute to
charities; Multi-generational
homes; Tailgaters; Financially
informed; Conservative values

Unspoiled Splendor E21
Age: 51-65, $50-74k
Single family, 2
Tech Use: Below Average
Price conscious; Politically
conservative; Do-it-yourselfers;
NASCAR fanatics; Outdoor
enthusiasts; Domestic travelers

Stock Cars and State Parks I30
Age: 46-50, $50-74k
Single family, 5+
Age of children: 13-18
Tech Use: Below Average
Country living; Outdoor activities;
Blue-collar jobs; Family-centric
activities; Conservative views;
Motor sports fans

Annual Market Potential | Marquette County
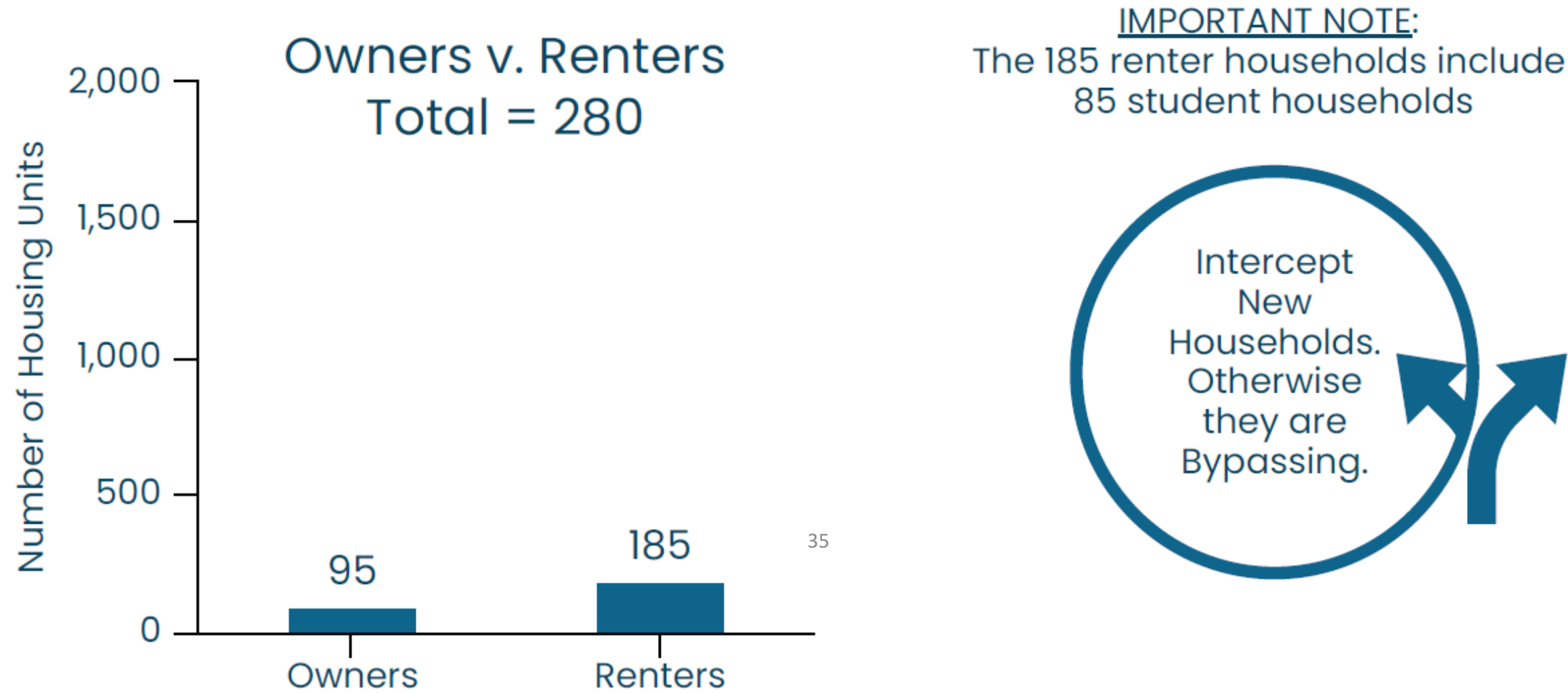## Retain with Rehabs | Year 2025

Owners v. Renters
Total = 1,960

Number of Housing Units

- 2,000
- 1,500 — 1,470
- 1,000
- 500 — 490
- 0

Owners   Renters

The 1,470 renter households
include 515 student households

Retain Existing Households. Otherwise they are Leaving.

Both charts on this page represent a conservative market potential based on internal movership by existing households only, and excluding in-migration by new households. There is a need to RETAIN these existing households that are moving within Marquette County by rehabbing outdated units every year. All figures are unadjusted for out-migration, current vacancies, and competing developments that might be in the construction pipeline.

Annual Market Potential | Marquette County Intercept with New Builds | Year 2025

Owners v. Renters
Total = 280

Number of Housing Units

- 2,000
- 1,500
- 1,000
- 500
- 0

95 — Owners
185 — Renters
35
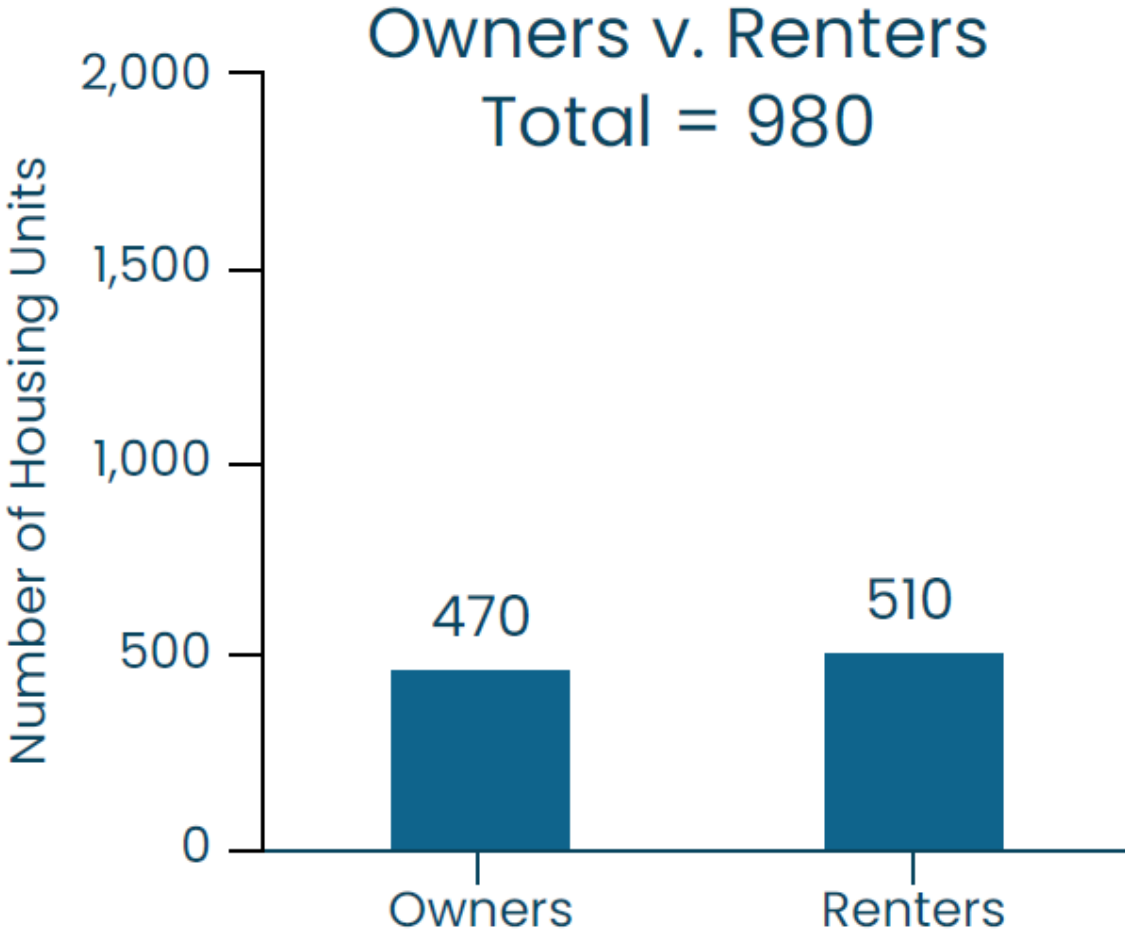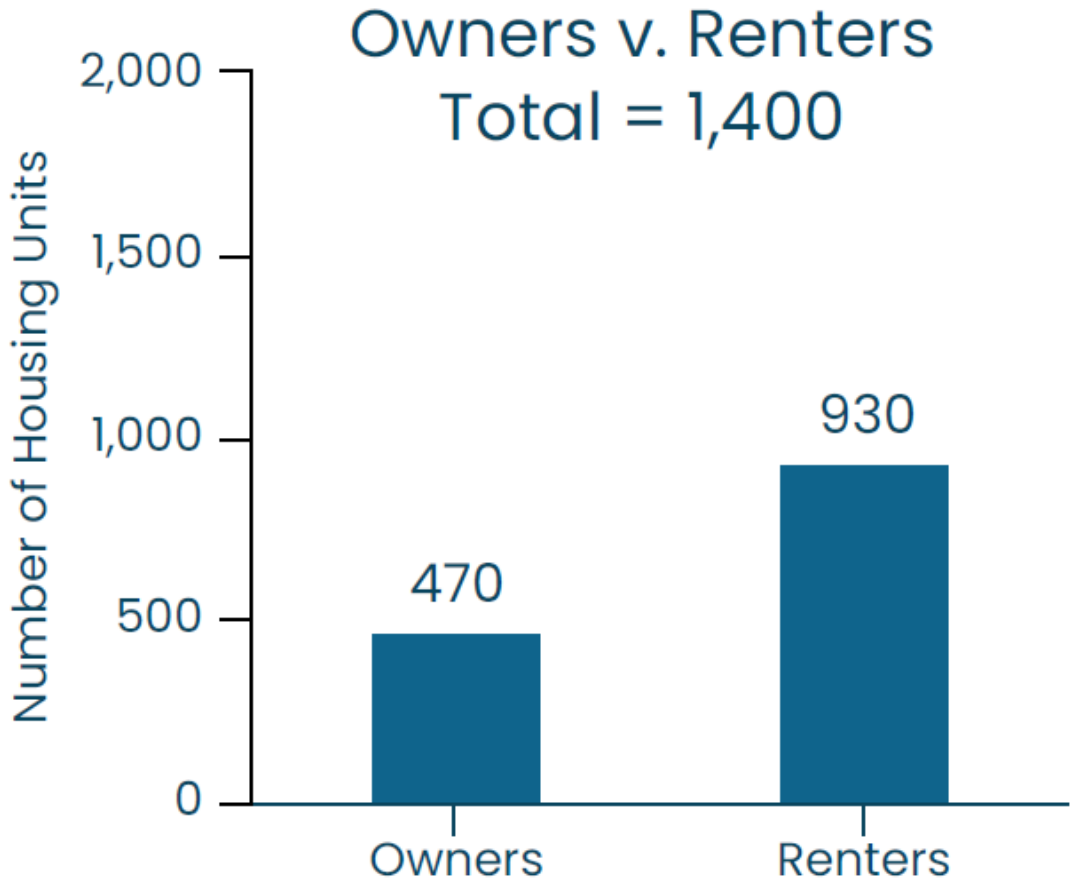
Intercept New Households. Otherwise they are Bypassing.

Both charts on this page represent an upside potential based on the interception of other households that are on the move but currently bypassing Marquette County. There is an upside potential to INTERCEPT these households by building new housing formats that are under-represented in the market. All figures are unadjusted for out-migration, current vacancies, and competing developments that might be in the construction pipeline.
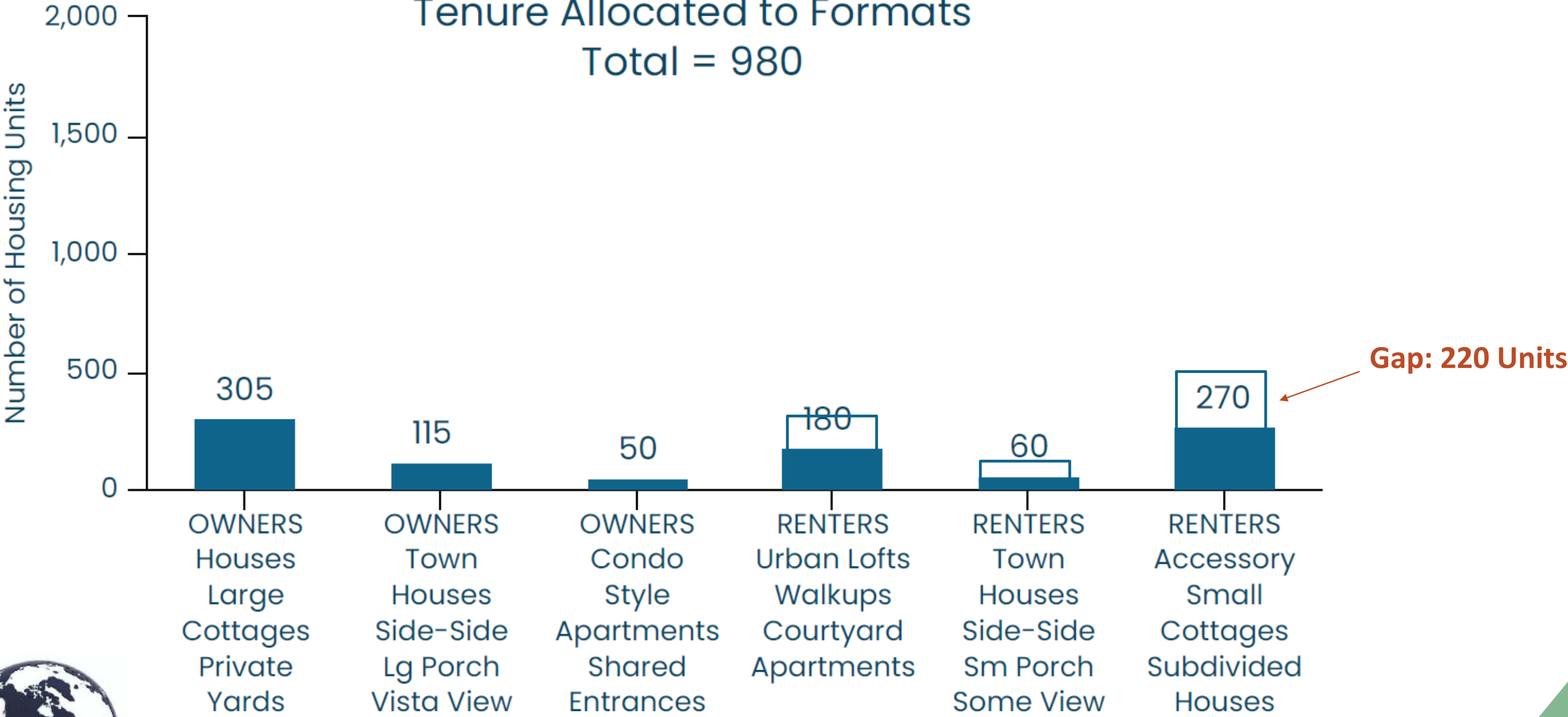
STUDENT IMPACT ON HOUSING DEMAND

Annual Market Potential | Marquette County
Capture with New Builds | Year 2025
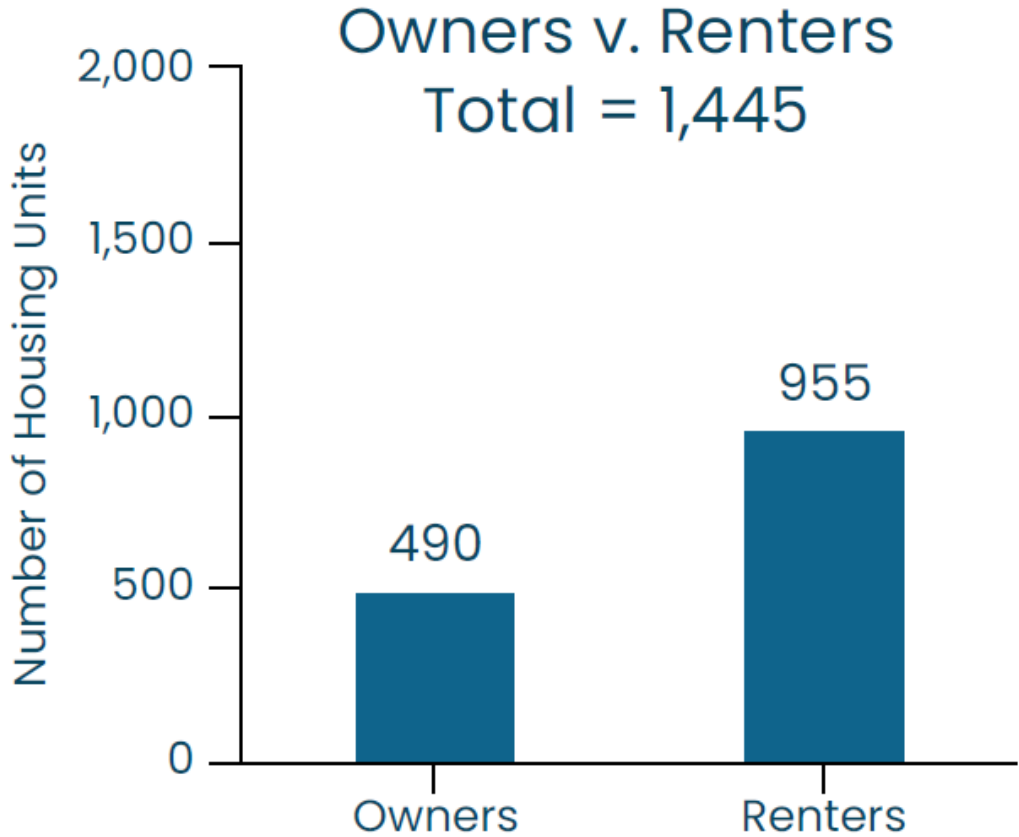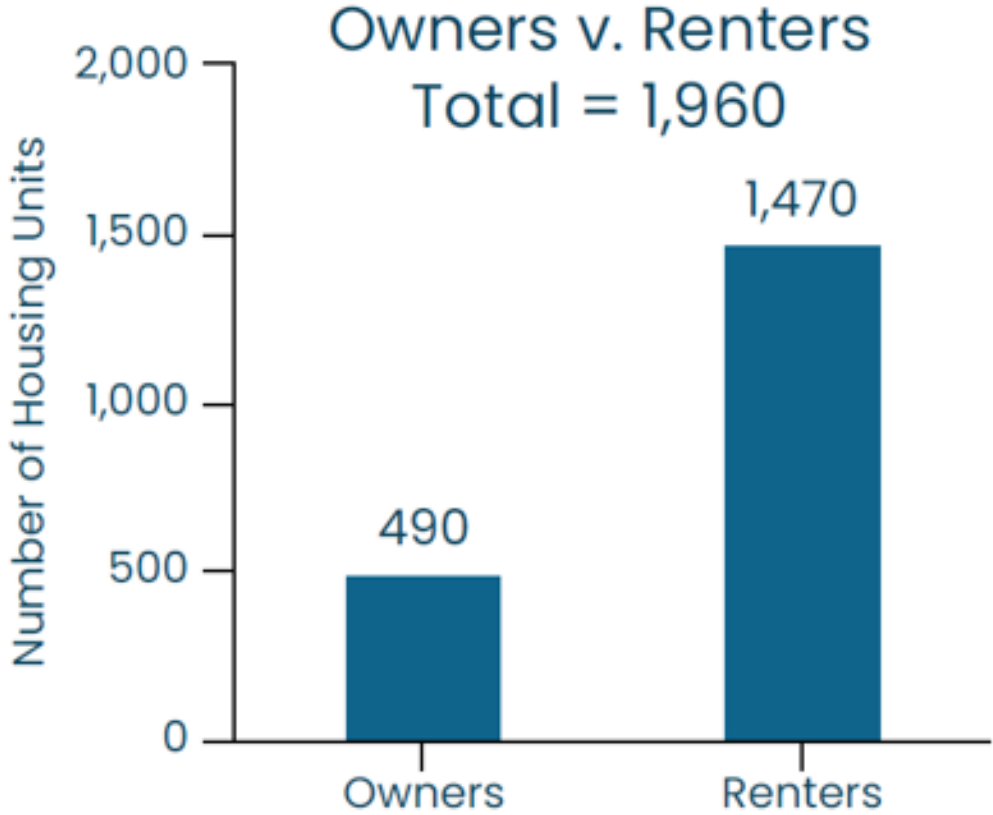
Tenure Allocated to Formats
Total = 980

Number of Housing Units (y-axis: 0, 500, 1,000, 1,500, 2,000)

OWNERS Houses Large Cottages Private Yards	OWNERS Town Houses Side-Side Lg Porch Vista View	OWNERS Condo Style Apartments Shared Entrances	RENTERS Urban Lofts Walkups Courtyard Apartments	RENTERS Town Houses Side-Side Sm Porch Some View	RENTERS Accessory Small Cottages Subdivided Houses
305	115	50	180	60	270

Gap: 220 Units

Source: Target market analysis and exhibit prepared by LandUseUSA | Urban Strategies; 2023. Based on the 2022 actual migration of households migrating into Marquette County.
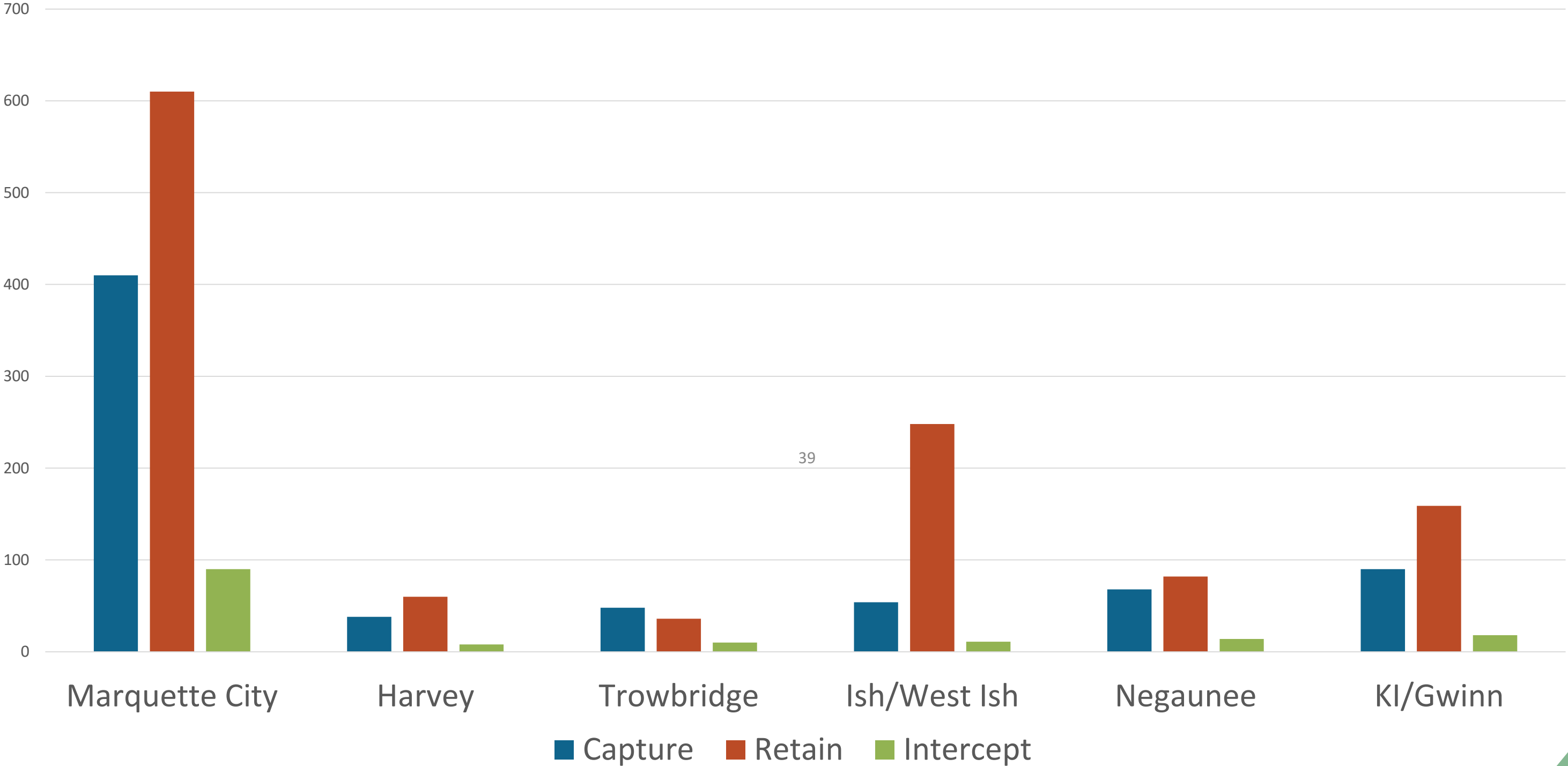
LandUseUSA
UrbanStrategies

SNAPSHOT: SUBAREA DEMAND

TMA INVESTORS

The Target Market Analysis was funded via a combination of state and local funds

STATE - **$50,000**
Michigan Department of Agriculture & Development Rural Development Fund

LOCAL GOVERNMENTS - $27,500

Marquette County Land Bank Authority
City of Marquette
City of Negaunee
City of Ishpeming

Chocolay Township
Forsyth Township
Marquette Township
Ishpeming Township

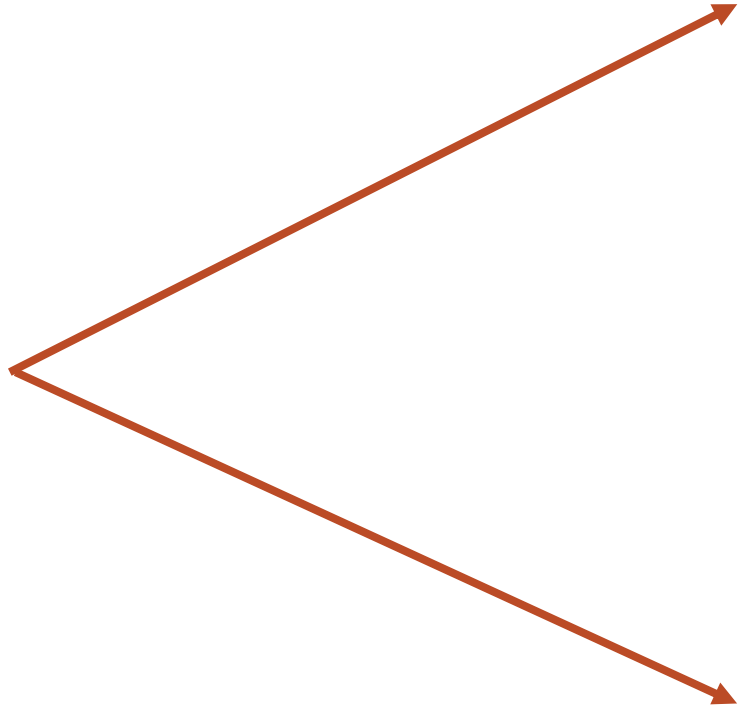**PRIVATE & NONPROFIT SECTOR - $11,000**
LSCP Chairman's Circle
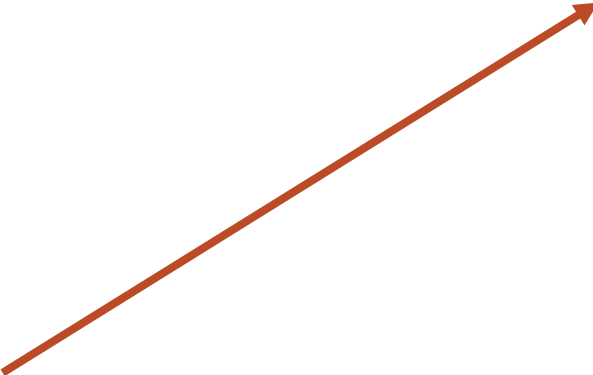Community Foundation of Marquette County
DTE Foundation

NEXT STEPS

Share Results

Finalize Documents

Strategize Implementation

Build + Rehab!

HOUSING PANEL: QUICK FIRE VERSION

ANNE GIROUX
EXECUTIVE DIRECTOR, MARQUETTE COUNTY LAND BANK AUTHORITY

ALYSSA ARWOOD
DIRECTOR OF REAL ESTATE DEVELOPMENT, JM LONGYEAR

RYAN SOUCY
SENIOR COMMUNITY & ECONOMIC DEVELOPMENT PLANNER, CUPPAD

TAKING ACTION
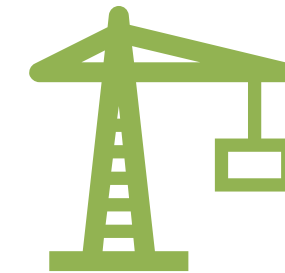
TELL others about what you learned today

READ existing strategies

JOIN an Emerging Developers Meet Up

WRITE legislators to keep housing top of mind

BUILD your first (or maybe 100th) unit!

THANK YOU