

Executive Summary

Western U.P. Housing Study & Strategy

Project Need

In summer 2020, the Western Upper Peninsula Planning and Development Region (WUPPDR) received funding from the United States Economic Development Administration, originating from the CARES Act, to carry out various activities and projects to aid recovery from the COVID-19 Pandemic. One of those projects resulted in this document, the Western Upper Peninsula Housing Study & Strategy.

The pandemic exacerbated existing problems in the region while creating some positive trends. The region's housing landscape illustrated both the positive and the negative. Inadequate and insufficient housing stock have created problems for livability, in some cases affordability, and relocation of new residents into the region, with ripple effects throughout the economy. At the same time, housing values have increased due to low supply, renovations have accelerated, and clear demonstration of unmet demand has improved prospects for new development. The future is promising, but new solutions to old problems are needed.

Project Purpose and Overview

The purpose of the Housing Study & Strategy was to build an understanding of the current state of housing, explore the problems and opportunities, develop regional and county-based strategies to improve the region's housing landscape in both the near and long term, and build capacity for communities to help enhance the market's responsiveness and production in the future.

Until now, the region has lacked a cohesive, comprehensive source for detailed, localized housing data. The data that constitutes the majority of this document was obtained from a wide variety of secondary sources supplemented by original survey research and qualitative stakeholder feedback. Most secondary data are presented on both a regional and county-by-county basis. The data, along with other research that was not directly incorporated into this document, was used to identify individual county and regional issues and strategies to address them near the end of the document. Finally, a variety of funding programs and resources are detailed to assist with implementation.

Project Outcomes

The project succeeded in engaging and exciting communities, organizations, and businesses from throughout the region to think about new ways to address their housing issues. If this energy can be continued, it will be viable to implement many of the strategies that were developed. The broad intended outcome of the project is to enhance availability, quality, and affordability of housing throughout the region.

Five key regional strategies are most worthwhile to consider within the scope of this summary:

- 1. Community Housing Development Center (CHDC):** Develop a regional entity, seeded within WUPPDR, to serve as a housing clearinghouse, foster and support new development, and provide technical assistance to local governments. The center can serve as a springboard for the creation of other new entities detailed below.

2. **Community Development Corporation (CDC):** Create a nonprofit regional CDC to supplement the private sector in developing quality affordable housing. A CDC can perform broad functions including project feasibility assessments; coordination of financial tools, including grants; development site identification and assembly; and contractor procurement for large-scale streamlined developments. The CDC could be formatted to eventually merge with the CHDC.
3. **Community Land Trust (CLT):** Create a regional (or multiple local) CLT to lower the land cost burden for new housing development. A CLT facilitates development and lowers housing costs by leasing out land that underlies an owner-occupied home. The arrangement limits home equity in order to carry affordability benefits to future resales.
4. **Housing Cooperatives:** Facilitate development of housing cooperatives: real estate developments that are collectively owned and democratically controlled by the occupants. Each occupant owns a share or membership that includes an exclusive right to live in a particular unit within the development. A monthly carrying charge covers maintenance, operations, and overhead costs. Certain models allow for the membership or share to build some equity.
5. **Housing Trust Fund:** Support creation of a regional (or multiple local) housing trust fund to help address shortfalls in housing development funding through agglomeration of various public, private, and nonprofit funding sources. A housing trust fund is a flexible tool that can support a variety of housing developments without a need to create an entire new organization.

Other universal regionally relevant strategies include:

- Accessory dwelling units
- County land banks
- Development preparedness, including advancement of MEDC Redevelopment Ready Communities
- Development-oriented education and workforce engagement

A variety of strategies that may be only relevant to certain counties are also included.

Next Steps

WUPPDR endeavors to forego any additional broad housing planning and focus on implementation. The first step is to establish the CHDC through permanent WUPPDR housing staff. The second step is for the CHDC to implement one or more of the other regional strategies, with a CDC probably the highest priority. The third step is to assist counties and their communities with implementing more localized strategies; however, the bulk of those efforts will need to be locally driven.

In order to seed the CHDC and carry out its implementation strategies, a new, flexible, reliable funding source will be required to support personnel. WUPPDR's traditional revenue sources are not compatible with this type of program. We are intensively exploring new funding options, including from state agencies, supplemental state budget funds, and local fiscal relief funds from the American Rescue Plan Act. Efforts of the CHDC will begin in earnest once funding and connected staffing can be put in place.

Lack of appropriate funding has put a stop to many well-intentioned and otherwise viable projects in the past. With the current prominence of the housing problem and a historic amount of public funding available, we are confident that will not be the case this time.

