



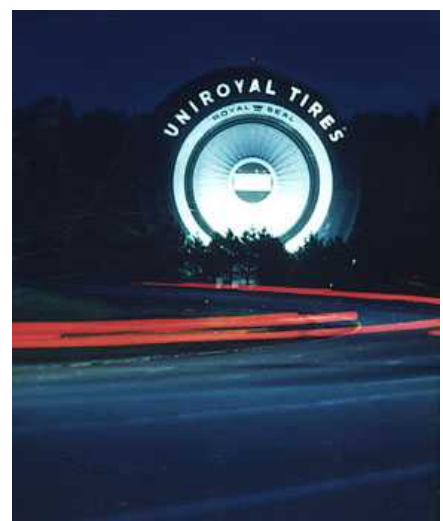
Community Research Services, LLC

Affordable Housing Market Trends: Michigan - 2007



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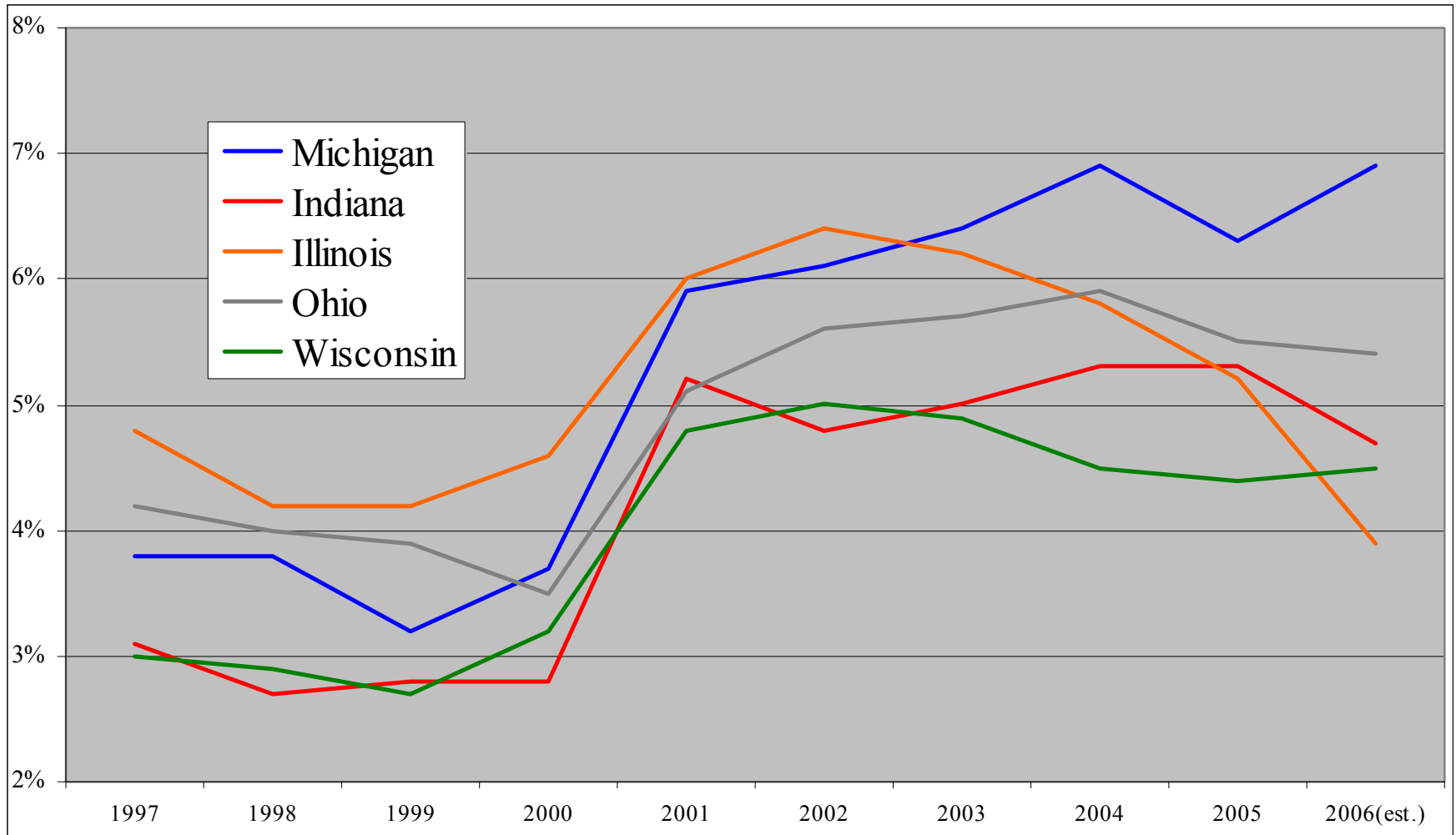
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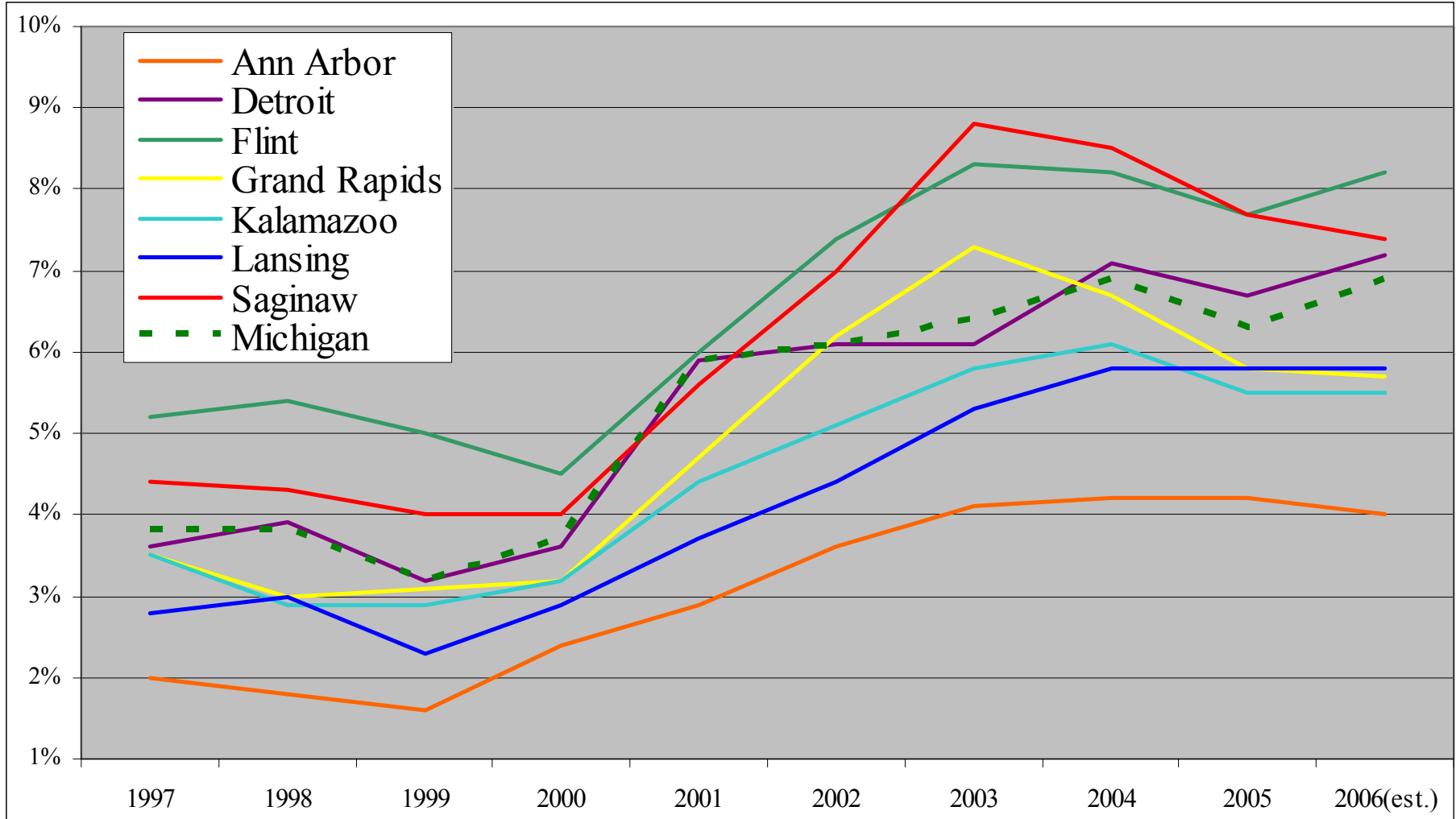
Discussion Summary

- Prevailing economic trends and key variables
- Comparisons to other metropolitan areas/states
- Implications regarding future housing markets
- Current status of MI housing markets
 - Underperforming vs. positive markets
 - Available alternatives/suggestions
- Other issues
 - Suggested market review process changes
 - Statewide Housing Needs Assessment

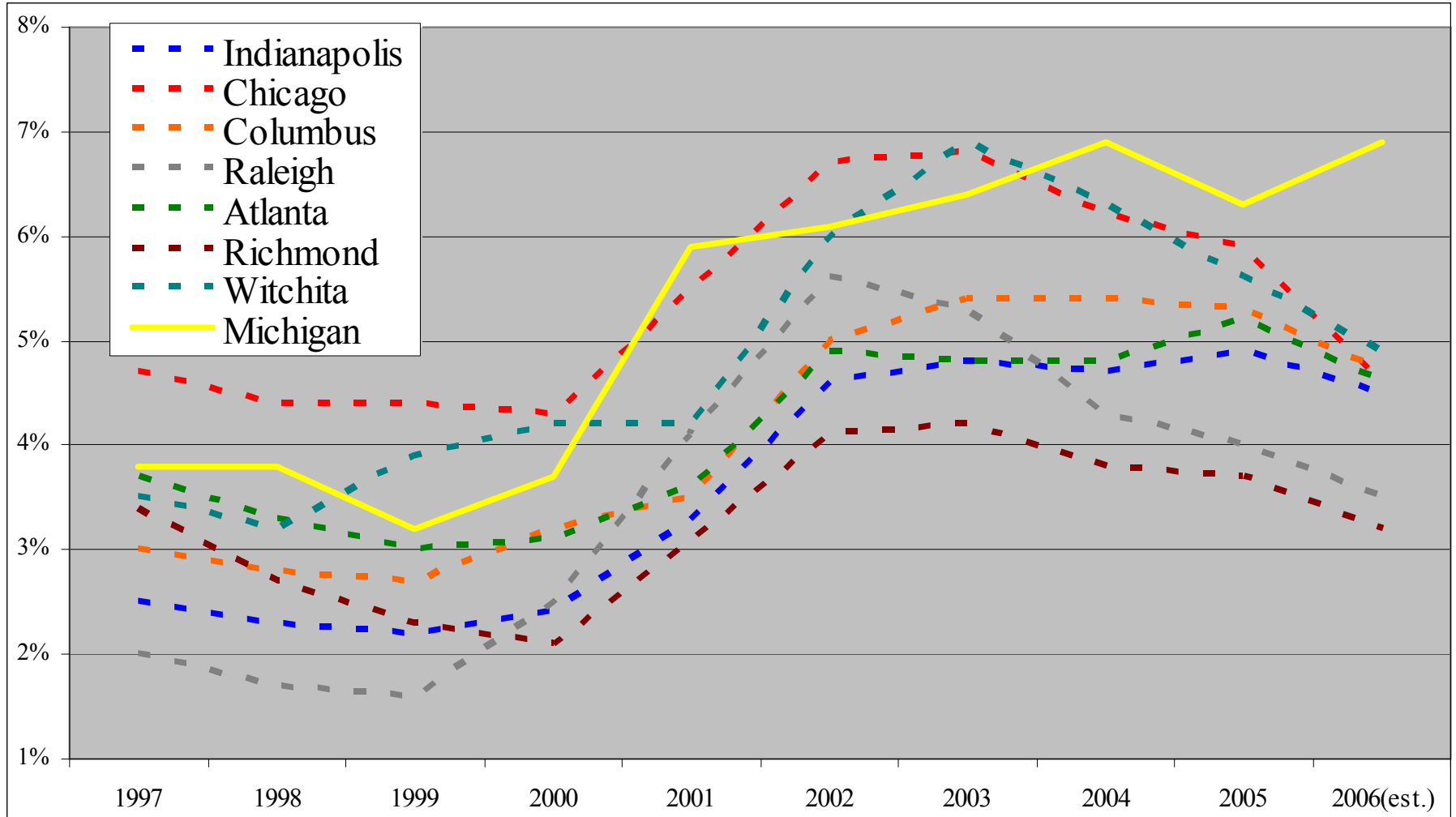
Unemployment Rates – 1997 - 2006



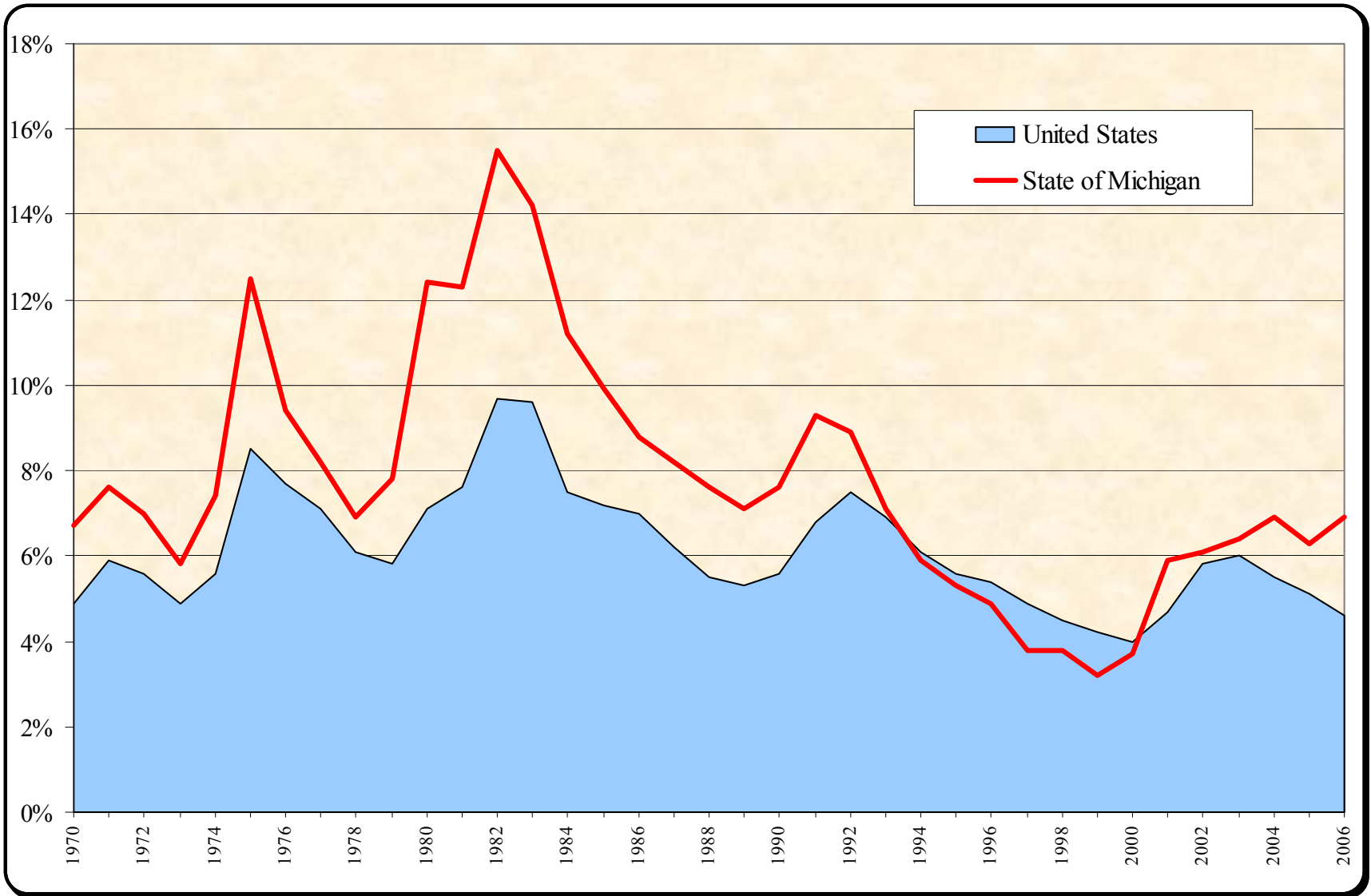
MI Metropolitan Unemployment Rates: 1997-2006



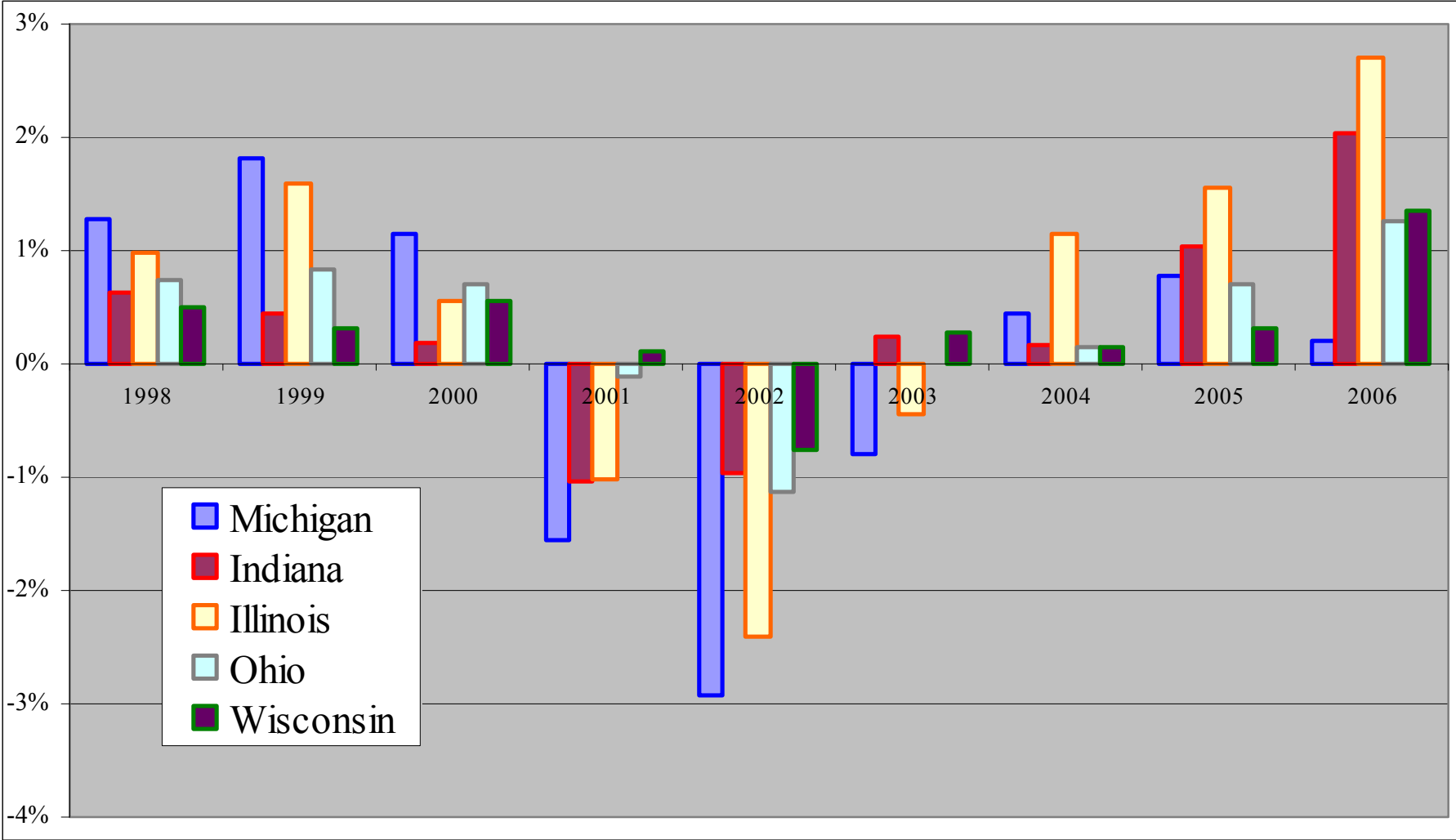
Select Metropolitan Unemployment Rates: 1997-2006



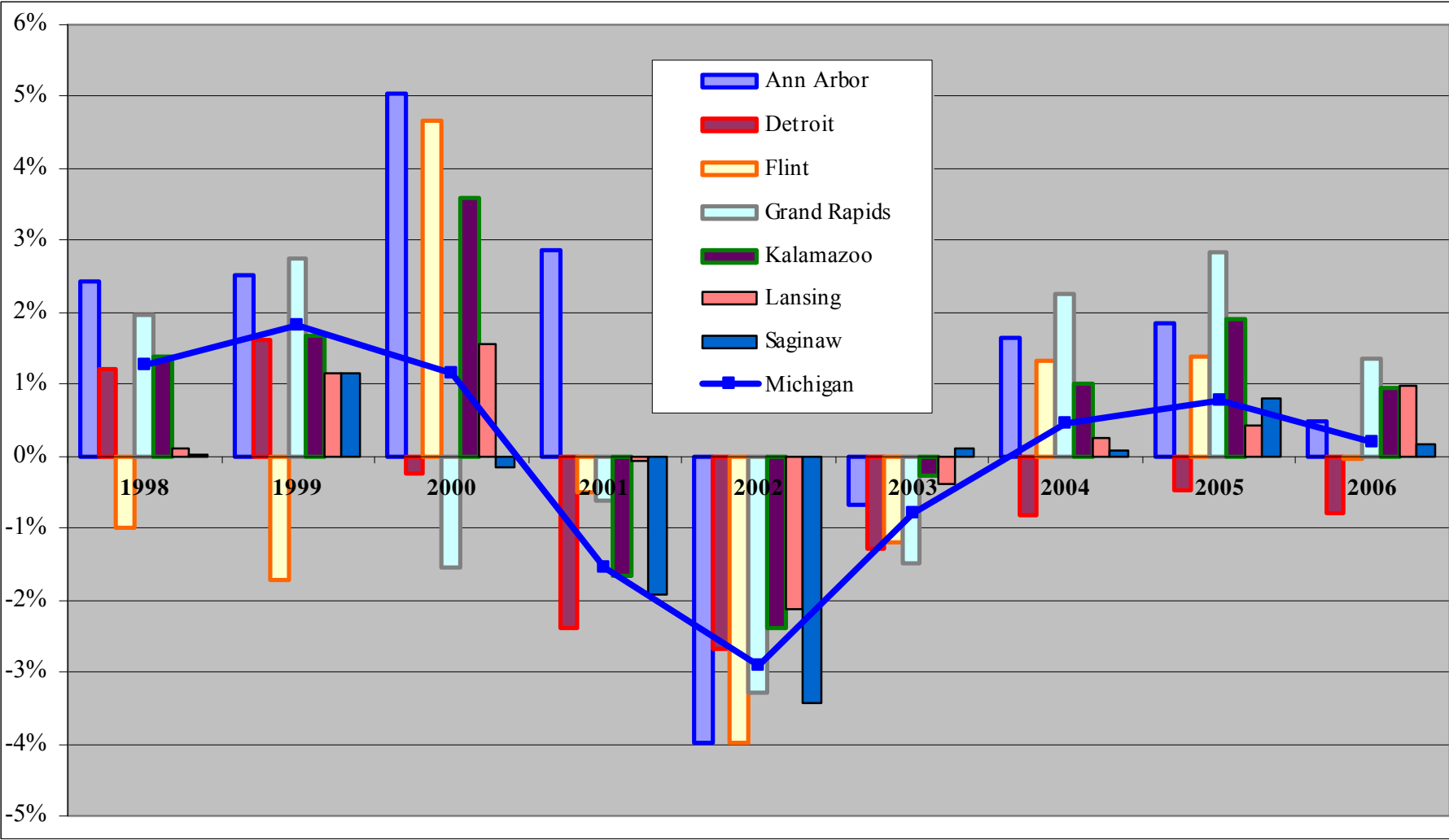
Michigan Unemployment Rates – 1970 - 2006



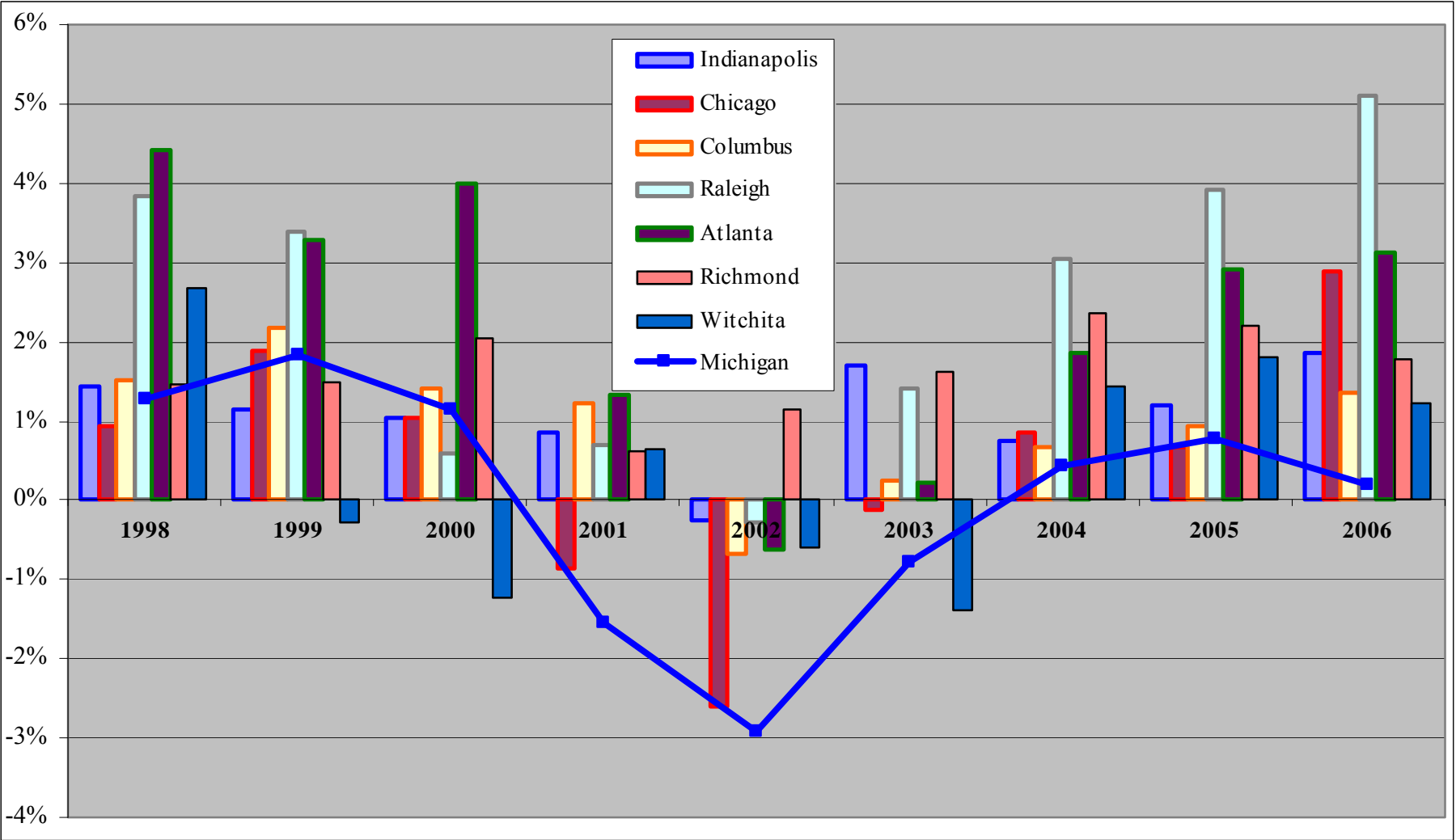
Annual Change in Employment – 1998 - 2006



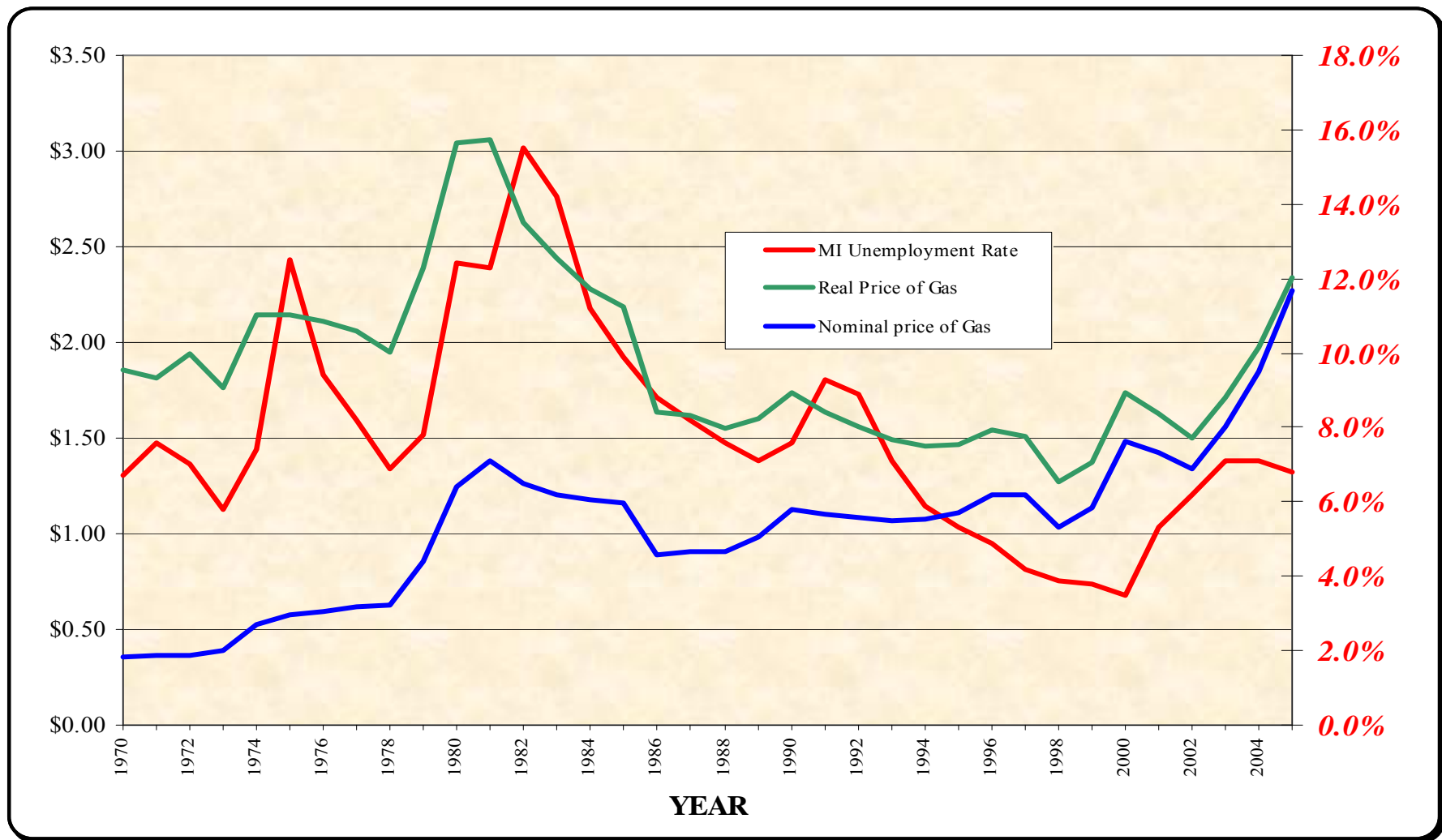
Annual Change in Employment – 1998 - 2006



Annual Change in Employment – 1998 - 2006



MI Unemployment vs. Price of Gasoline–1970-2005



Michigan Housing Market Implications:

- Population and household growth is generally stable
- Income growth is at or slightly above overall inflation
- Interest rates – long-term rates may stabilize for balance of 2007 – still a buyers market for SF homes (if buyers can be found...)
- Employment gains are not strongly anticipated within MI for 2007 and perhaps 2008. Ongoing manufacturing losses are not being totally replaced by ongoing private sector growth.

Market Implications for Affordable Housing

- No employment growth = limited demand potential
- Turnover - the primary determinant for demand
- Niche markets, unique developments, and community-based alternatives are the remaining options within most markets
- Replacement housing, rehabilitation, and adaptive re-use also represent available development alternatives

Current Market Trends – In Brief

- Stable to positive markets:
 - Traverse City
 - Midland
 - Portions of Grand Rapids
 - Portions of Kalamazoo
 - Portions of Suburban Detroit
- Remaining markets – are either:
 - Saturated
 - Lack demand potential
 - Cannot provide all elements necessary

Other Issues/Market Questions/Comments:

Michigan Statewide Housing Needs Assessment –
presentation at the MI Conference on Affordable Housing
(April 30th – May 2nd)

Michigan Housing Council – recommended changes to
market review process currently under review by MSHDA

LIHTC Schedule Change – May 1st (pre-review by April 1st)
for 9% Applications