



**A Housing Market
Analysis of
Mackinac Island**

Final Report

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Prepared for:

City of Mackinac Island – Housing Committee

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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by Cinnaire to investigate the market conditions present for both affordable and market rate housing options for the permanent population that resides on Mackinac Island. Located near the Straights of Mackinac, close to St. Ignace and Mackinaw City, the Island is perhaps Michigan’s best-known tourism destination, as a popular summer destination for more than a century, with a sizable influx of part-time employees that provide necessary services for visitors. However, during the winter months the community’s overall population is greatly reduced, with an increasingly limited choice of residential options due to the high demand for seasonal housing.

CRS has been tasked to investigate the viability of various housing options, based on the 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 Mackinac Island, assumptions will also be made regarding the likely participation of households outside of the Island, found within adjacent sections of the Straights area.

No assumptions or analysis will be made regarding the separate market viability of part-time workforce housing, luxury homes (rental or owner), 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.

The primary purpose of the following market analysis is to provide sufficient evidence that market depth and demand may or may not exist for potential housing development. No assumptions regarding site location, sponsorship, or financing options will be made, unless specifically stated within the analysis.

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 utilizes Mackinac Island as the primary market area, with no direct participation from secondary market sources from either Mackinac County, Cheboygan County, or Emmet County.
- Prior research on housing needs has pointed toward unmet needs for local residents, and the increasing difficulty regarding the development of affordable options. The most recent analysis was provided by LandUse USA, which identified an “aggressive” scenario for more than 100 new housing units for Mackinac Island over a five-year period. While providing valuable data regarding the community’s assets, the methodology for determining demand is questionable at best, and does not reflect the specific characteristics of the Island, due to the sample size and methodology community used for qualitative analysis.
- Two primary target markets were examined for this analysis, including:
 - Affordable rental housing – for singles, couples, or small families of all ages, with incomes up to approximately \$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 within the services or hospitality sectors;
 - Workforce rental housing – for singles, couples, or small families of all ages, with incomes of \$35,000 and up (depending upon family size), with some degree of specialized training or educational attainment, employed within services or other moderate-wage sectors, or provide services in demand within the community.
- Positive factors include the following:
 - Demographic trends reflect an aging, stable population with most of the anticipated growth coming from retirees and other older adults, rather than younger adults. By 2021 the Island’s population will total 505 persons, based on ESRI forecasts. The forecast also indicates a slight increase in the number of children (age 0-19), which is somewhat rare for most northern Michigan communities.
 - Employment trends across the community reflect the permanent population, and clearly demonstrate a local economy based in service positions, followed by sales and managerial/professional occupations. Virtually no production-oriented occupations are present on the Island.
 - Placemaking considerations are extremely favorable, as the community’s status as a regional destination point is very strong. Tourism-related outlets, including

hotels, restaurants, specialty outlets, and transportation services are all highly prominent.

- Impediments and other problematic considerations include:
 - Excessive pricing for most housing options, due to vacation/2nd homes, a lack of available land, and available utilities, among other factors. Such trends are also found across select communities within Northern Michigan, but the unique circumstances found on the Island make pricing pressures extremely acute.
 - Diversity within the employment base is lacking on the Island, with a lack of professional employment and production-oriented jobs. Such trends are not unique to Mackinac Island, but are commonly found within communities that are primary tourism destinations, as the economic opportunities of such an environment exclude the natural development of a more diverse employment base. This is further exacerbated by the isolation of the Island, as every “brick and stick” for development and job creation must be imported from St. Ignace or Mackinaw City. This “crowding out” aspect of the local economy has led to a significant shortage of residential housing for local residents, as the opportunity cost will always favor the non-residential option. In addition, these historic trends have shaped the local population
 - Development costs are somewhat prohibitive, reflecting a range of conditions that make affordable housing more difficult. These include environmental concerns, available utilities, shipping costs for materials, and a simple lack of available land for potential development. The ability to reduce the cost of development is critical to the ability of a community to provide affordable housing.
 - Seasonal economic patterns are very evident, and make permanent affordable housing demand somewhat difficult to quantify. The increased need for housing options for the influx of workers during the summer months has been well documented. The reduced demand for such housing and the associated reduction in economic activity during the off-season winter months provide a degree of doubt regarding the true demand for workforce housing on an annual basis.
- Primary findings for this analysis include:
 - The size of Mackinac Island makes even the smallest introduction of housing units into the community impactful. With only a projected 2021 population of 505 permanent residents and 250 occupied households, the introduction of any units would perhaps alleviate a significant degree of the projected housing demand for the community.
 - Affordability is perhaps not as great a concern regarding housing needs as availability. While pricing is clearly important, the simple lack of any choices for moderate-income residents of the community is the most striking issue. Simple supply and demand considerations will lead to pricing levels that are not reasonable for most residents.

- Data collected by the Mackinac Island Community Foundation from households interested in housing options yielded the following information:
 - A large majority of respondents are Mackinac Island residents
 - The average household size is 2.0 persons; just one household was larger than four persons
 - The respondents have an average annual income of \$38,958
 - The average age of the householder was 35 years
 - Just two households would be income eligible for affordable housing
 - A slight majority of respondents are interested in homeownership, with the balance indicating a preference for rental housing
 - The collected data represents a “pent-up” demand scenario, in which the market potential does not materialize due to a lack of product, rather than insufficient demand
- Residents of Mackinac Island make a very specific and reasoned choice to reside within the community. Isolated by water, the community is not a reasonable choice based on commuting patterns, a compromise between other regions, nor a destination point among the general population for employment opportunities. This makes the choice for residing on the Island perhaps one of the more binary choices for potential residents. Similarly, 2nd generation residents are already aware of the unique characteristics of the community, with many selecting to stay. It is a lack of housing choices for both scenarios (new residents and 2nd generation residents) that threatens the long-term viability of the community.
- The most immediate method to address the community’s housing needs is with a rental housing alternative. The costs of such units can be reduced by various construction and development methods, and more reasonable cost points may be more attainable through a rental housing option as compared to a single-family owner-occupied alternative.
- The development of rental housing alternatives may be possible within a wider range of locations, including available single-family sites, infill options, reclaimed lots that may be suitable for residential use, and in-fill opportunities that may be present. A wider range of building examples may be used as well.
- A collaboration within the development and leasing process of local employers would greatly enhance the viability of the proposal. This includes an understanding that rental units would be primarily intended for year-round occupancy by long-term residents, as compared to seasonal rental housing for temporary workers.

The findings point to sufficient statistical support and market depth for rental development that addresses primarily the moderate-income “workforce housing” income band. Based on the preliminary findings, such a development should feature the following characteristics:

- Project Size: Approximately 10-12 units (with additional phases possible)
- Project Type: Townhomes, with a minimum 1,000 square feet, with single story and two-story options
- Unit mix: Two-bedroom options, depending on site and floor plan differences
- Targeted Incomes: \$20,000 - \$32,000 – Low-Income
(based on household size) \$32,000 and above – Moderate-Income

It can be assumed that some degree of overlap in these designations will be present

Preliminary Pricing: \$675 - \$800 (Affordable/Market Rate)

Rents do not include utilities (heat, electric, garbage)

Amenities/features – laundry hook-ups, storage space, full kitchen with modern appliances, full bath, cable/internet ready, and sufficient closet space.

It is quite likely that affordable units for such a small proposal are not feasible, given the characteristics of federal and state programs. If this is the case, consideration should still be given to designating a small portion of the rental units at a lower rental rate, to provide opportunities for housing for lower-income households.

The findings also indicate a definitive demand for homeownership options. Such options for the permanent population on the Island would clearly serve those households that participated in the Mackinac Island Community Foundation survey, but others on the Island that already own homes may seek to improve their housing arrangements, based on household size, improved amenities, location, or other considerations. Homes priced between \$130,000 and \$180,000 would appear reasonable for most households that participated within the survey, assuming no unusual financial considerations or restrictions. It is unknown, however, if new homes can be easily constructed on Mackinac Island under such pricing levels.

These recommendations should be considered preliminary. A positive final recommendation is dependent upon the utilization of a specific marketing plan, inclusion of amenities and building design that reflects the market, and professional preleasing and management. Assumptions also include a positive location with sufficient visibility and access from across the Island. It is also assumed that no delays in the development process will take place that would negate marketing efforts.

III. BACKGROUND – MACKINAC ISLAND - HOUSING

As part of this analysis, an examination of prior research regarding affordable housing issues was undertaken. Mackinac Island has been the subject of housing research over the past two decades, and this report and analysis will benefit from such prior research as both a starting point and review of historical trends.

Personnel at Community Research have participated in preliminary research regarding rental housing on the island, initially dating back to the late 1990s. Even at that time a need for non-workforce housing that would be affordable to permanent residents was recognized. At that time small-scale survey research was conducted to help verify the need for such housing options. However, these efforts were stalled, and efforts to provide new housing options were redirected to encouraging single family development and the availability of utilities within newer subdivisions.

A much more comprehensive examination of housing needs was recently sponsored by Michigan Upper Peninsula Prosperity Region 1c and MSHDA, via a 2016 Target Market Analysis (TMA) authored by Land Use/USA. A TMA uses a combination of placemaking impacts and target market clusters to determine market potential, rather than a more conventional algorithm that directly uses Census information and demographic projections to determine a statistical demand forecast.

The 2016 report for Mackinac County provided a separate summary for Mackinac Island. This concluded that sufficient market depth is present for a minimum of 75 housing units to a maximum of 190 housing units over a full five-year period. Broken down by tenure, the TMA recommendations from the executive summary and subsequent exhibits for market potential are as follows (figures are either directly from the report or extrapolated, and totals may not reflect sums of the data):

Tenure	Conservative Annual Demand	Conservative Five-Year Demand	Aggressive Annual Demand	Aggressive Five-Year Demand
Owner Households	1	5	4	20
Renter Households	14	70	34	170
TOTAL	15	75	38	190

The TMA provides additional information on the relative strength of Mackinac County and individual communities in regard to various placemaking features, including such items as the status of local planning documents, and unique community amenities (such as shopping outlets, entertainment options, and the presence of any festivals or celebrations).

The 2016 Target Market Analysis for Mackinac County yields some useful information on community assets, but provided demand estimates that clearly overstated housing market potential

While the TMA does contain some valuable information, based on prior experience and the utilization of generally accepted methodology, the recommendations somewhat to significantly overstate the likely market demand for housing options that may appeal to those within the target market segments of importance. For example, the aggressive five-year demand for housing implies a population growth rate of

more than 380 persons (assuming household sizes remain constant) for the target market segments that reflect less than the total population on the island (as indicated within the TMA's executive summary). This would result in a 2021 overall population increase to approximately 880 persons (an aggressive forecast that assumes the remaining 75 percent of the county's population demonstrates more reasonable growth rate). By comparison, ESRI forecasts the 2021 population for Mackinac Island at 505 persons. The conservative scenario within the TMA, resulting in an estimated 2021 population of approximately 657 persons (following the same criteria as previously listed), is clearly more reasonable, but still not commensurate with ESRI forecasts.

The only other potentially reasonable method to justify the TMA's demand forecasts would be a sizable increase in the average household size; based on census data this is not the case, and in fact overall household sizes are projected to remain relatively small into the next decade and beyond. This is widely accepted by analysts familiar with demographic trends across the vast majority of markets within Michigan and the Midwest. These conditions also correspond with the region's aging population, smaller family sizes, and a shift away from larger-sized homeownership options into generally smaller rental units.

In addition, it is unclear how income qualification of the demand potential within the Target Market Analysis report was determined, placing the demand totals listed above in further

doubt. Without any such assumptions regarding which target market segments exhibit reasonable income-qualification criteria, the reliability of the results cannot be verified by more conventional market demand statistics.

Based on these reasons, the perception of housing demand potential across Mackinac County and Mackinac Island by many community leaders and residents may be overly generous. As a result, this Housing Market Analysis will utilize both placemaking concepts found within the TMA as well as more traditional and established methods used for the examination and determination of housing market demand.

Without specific product types, locations, and knowledge of the quality and experience of the potential development team(s), assumptions regarding the likely impact of such characteristics upon overall housing demand will not be included. This will introduce an additional level of conservatism for the resulting demand projections.

Map: Mackinac Island



IV. MARKET PROFILE

Typical 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. For this analysis, the characteristics of Mackinac Island's economy and history point to a primary target market segment that lacks a wide range of housing choices. While millennials will reflect the largest age cohort into the next decade regionally and statewide, older adults also represent a key segment on the Island that lacks housing options. Part-time and seasonal employment has led to an emphasis on temporary housing during the Island's tourism season, and the lack of available land and locations has yielded a lack of reasonably priced housing (both owner and rental) for the Island's permanent residents.

This report was initiated to determine market viability for housing options for permanent residents, regardless of income or profession. Investigation of this segment indicates that the large majority of permanent residents exhibit moderate incomes, permanent jobs, and a desire to remain on the Island as a permanent resident.

Correspondingly, the primary target market segment for this analysis will include:

- Moderate-Income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the service management sectors, seeking either rental or homeowner permanent workforce housing options

As a result, the target market segments studied for this analysis do not include the following:

- Higher-Income households
- Senior households able to live independently
- Larger-sized families
- Senior households seeking assisted living/nursing care housing
- Households seeking 2nd home or vacation homes

Primary and Secondary Market Area Delineation

Mackinac Island is the sole focus for this analysis and will serve as the Primary Market Area (PMA), but comparisons to nearby areas that have similar traits are often helpful to point out differences and unique housing issues. For this analysis, a Secondary Market Area (SMA)

will include Mackinaw Township (Cheboygan County) and St. Ignace City (Mackinac County), as well as Mackinac Island. The combination of these areas will serve for comparison purposes only, but may enlighten the reader with differences in various demographic and economic categories. In addition, data from Mackinac County as a whole will also be presented.

While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. Such factors are readily determined after the development process, based on visits, various inquiries, and the eventual relocation of residents from outside of the region.

Individuals and households that wish to live on Mackinac Island make a very specific and reasoned choice to reside within the community. Isolated by water, the community is not a reasonable choice based on commuting patterns, a compromise between other cities or towns, nor a destination point among the general population for employment opportunities. This makes the choice for residing on the Island perhaps one of the more binary choices for potential residents. Similarly, 2nd generation residents are already aware of the unique characteristics of the community, with many selecting to stay. It is a lack of housing choices for both scenarios (new residents and 2nd generation residents) that threatens the long-term viability of the community. Thus, the target market for new housing options on the Island is unique, relatively small, and perhaps more determined to relocate than a typical target market segment.

V. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Employment by Industry data from the American Community Survey indicates the most common industry for employed residents of the Island to work in was services, which represented 69 percent of all market area workers, and 59 percent of all workers across the Secondary Market Area. Retail trade employment on the Island represented nearly nine percent of the local labor force, while transportation/utilities accounted for nearly six percent of the local labor force.

Table: Employment by Industry

	Mackinac Island	Secondary Market Area	Mackinac County
Agriculture and Mining	0	3	135
Percent	0.0%	0.2%	3.0%
Construction	9	75	359
Percent	2.1%	4.6%	8.0%
Manufacturing	19	50	209
Percent	4.3%	3.0%	4.7%
Wholesale Trade	2	14	35
Percent	0.5%	0.9%	0.8%
Retail Trade	38	165	431
Percent	8.7%	10.0%	9.6%
Transportation & Utilities	26	104	249
Percent	5.9%	6.3%	5.6%
Information	4	14	39
Percent	0.9%	0.9%	0.9%
Finance, Insurance, & Real Estate	36	112	275
Percent	8.3%	6.9%	6.2%
Services	301	970	2,328
Percent	69.2%	59.5%	52.5%
Professional & Managerial Serv	36	92	272
Percent of All Services	12.0%	9.5%	11.7%
Educational & Healthcare Serv	45	266	907
Percent of All Services	15.0%	27.4%	39.0%
Arts/Entertainment Services	216	521	884
Percent of All Services	71.8%	53.7%	38.0%
Other Services	4	91	265
Percent of All Services	1.3%	9.4%	11.4%
Public Administration	4	137	410
Percent	0.9%	8.4%	9.3%

SOURCE: 2011-2015 American Community Survey, U.S. Census Bureau

Mackinac Island’s residential employment base is overwhelmingly within the service sector, with a very limited number of “blue collar” positions.

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 95 percent of the Island’s labor force. The Island’s concentration of “blue collar” positions represented just five percent of the labor force. The County’s totals are more in-line with other rural communities, with a 24 percent “blue collar” labor force.

Table: Employment by Occupation

	Mackinac Island	Secondary Market Area	Mackinac County
Managerial and Professional	112	428	1,083
Percent	25.5%	26.0%	24.2%
Service	179	524	1,252
Percent	40.8%	31.9%	28.0%
Sales and Office	127	469	1,058
Percent	28.9%	28.5%	23.7%
Natural Resources and Construction	20	100	555
Percent	4.6%	6.1%	12.4%
Production and Transportation	1	123	522
Percent	0.2%	7.5%	11.7%

SOURCE: 2011-2015 American Community Survey, U.S. Census Bureau

The Island’s labor force is overwhelmingly local, with 99 percent of residential workers living within Mackinac County. It is believed that more than 80 percent of these persons live on Mackinac Island itself (no information on this dataset is available below the county level). Given the unique employment and geographic characteristics of the Island, these trends are not surprising.

Table: Employment by Place of Work

	Mackinac Island	Secondary Market Area	Mackinac County
Place of Work within County	429	1,471	3,365
Percent	98.8%	89.5%	77.2%
Place of Work Outside of Coun	5	165	961
Percent	1.2%	10.0%	22.1%
Place of Work Outside of State	0	8	32
Percent	0.0%	0.5%	0.7%
SOURCE: 2011-2015 American Community Survey, U.S. Census Bureau			

Employment Trends

Employment trends are provided at the county level, so specific data unique to Mackinac Island is not available. For Mackinac County, overall employment levels have declined for most of the past two decades. Since 2000, the county’s employment total has declined by nearly 35 percent, with a loss of more than 1,600 workers. Much of these losses were during the latter part of the last decade, as the recession inhibited expenditures on the region’s primary industries – leisure/hospitality and retail trade. The past four years (through 2016) have demonstrated a higher level of stability, but the trend pales in comparison to most other rural areas of northern Michigan, and especially the Grand Traverse region.

Unemployment ratios for Mackinac County on an annual basis are slowly declining from the high of 14.6 percent in 2010. The county’s annual unemployment rate for 2016 was recorded at 9.4 percent, slightly down from 9.6 percent in 2015. By comparison, Michigan’s 2016 unemployment rate was 4.9 percent, as was the national unemployment rate.

For 2016, Mackinac County employment base totaled 4,737 persons. This represented the largest total since 2010, but falls well below employment totals recorded in the early 2000s. Trends for 2017 regarding job totals and unemployment are mixed thus far, but on an annual basis it is assumed that continued gains in the labor force will result a larger workforce, but may not positively impact unemployment totals. The region’s lack of occupational diversity results in a slower than ideal economic recovery, as employment growth is primarily dependent upon continued growth within tourism, and to a lesser extent other service-related occupations.

Figure: Area Employment Trends – Mackinac County

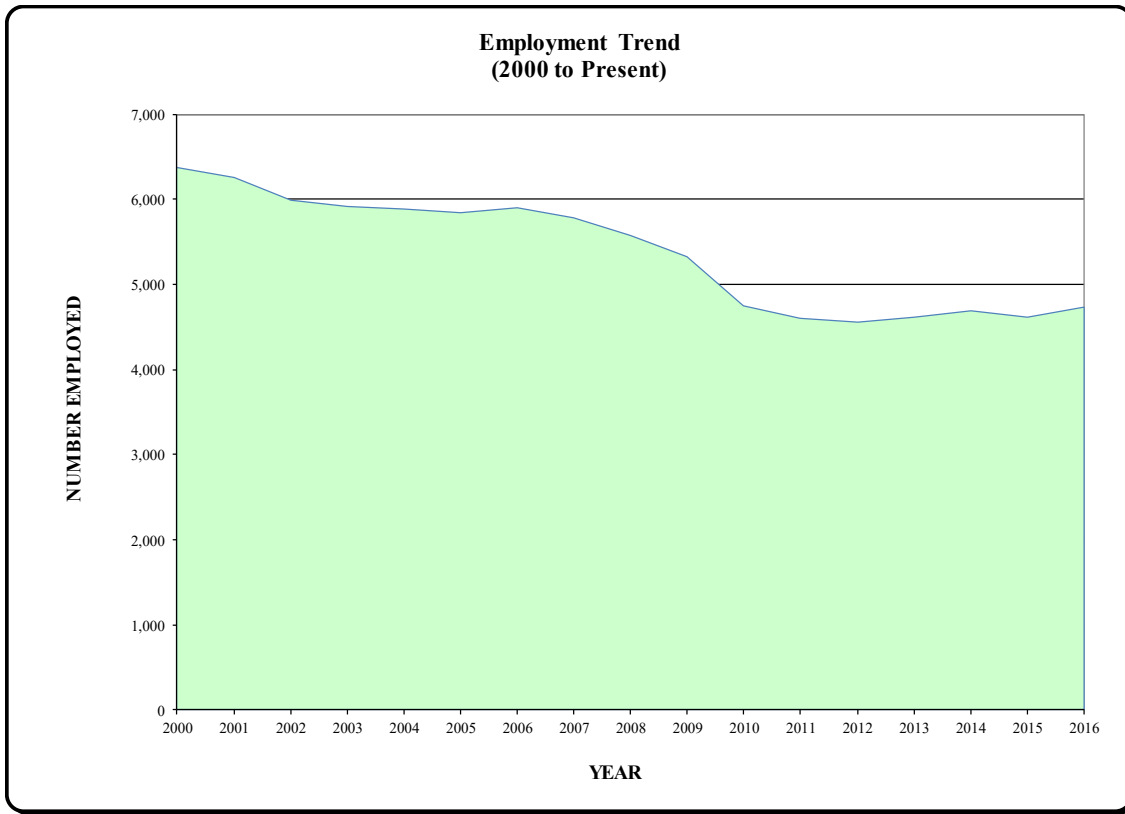


Figure: Annual Change in Employment – Mackinac County

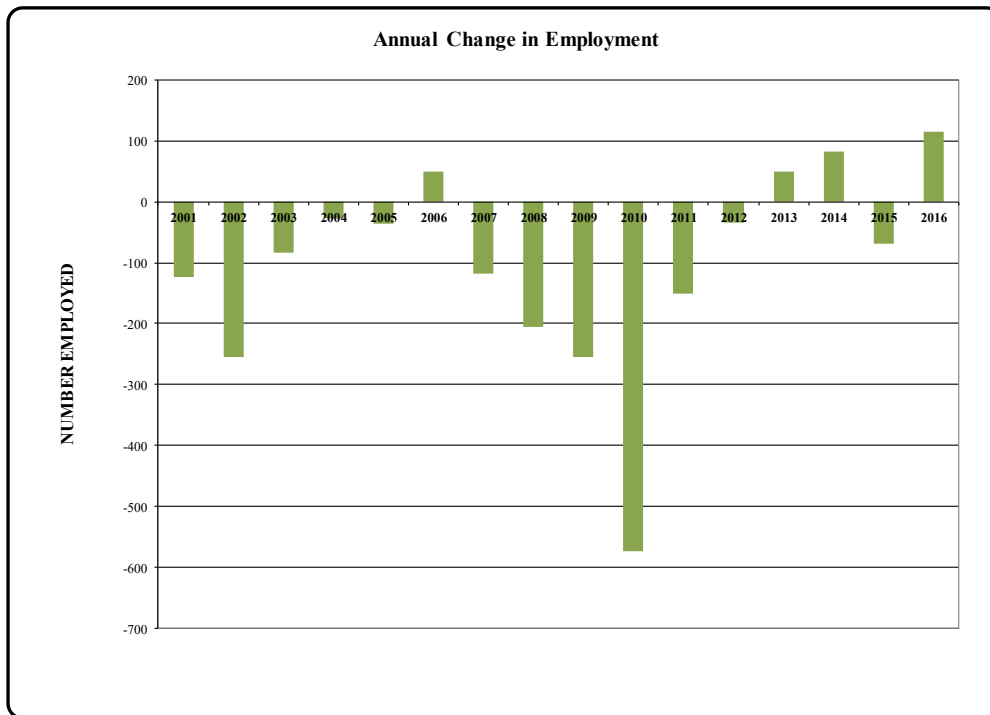


Figure: Unemployment Rate Comparison

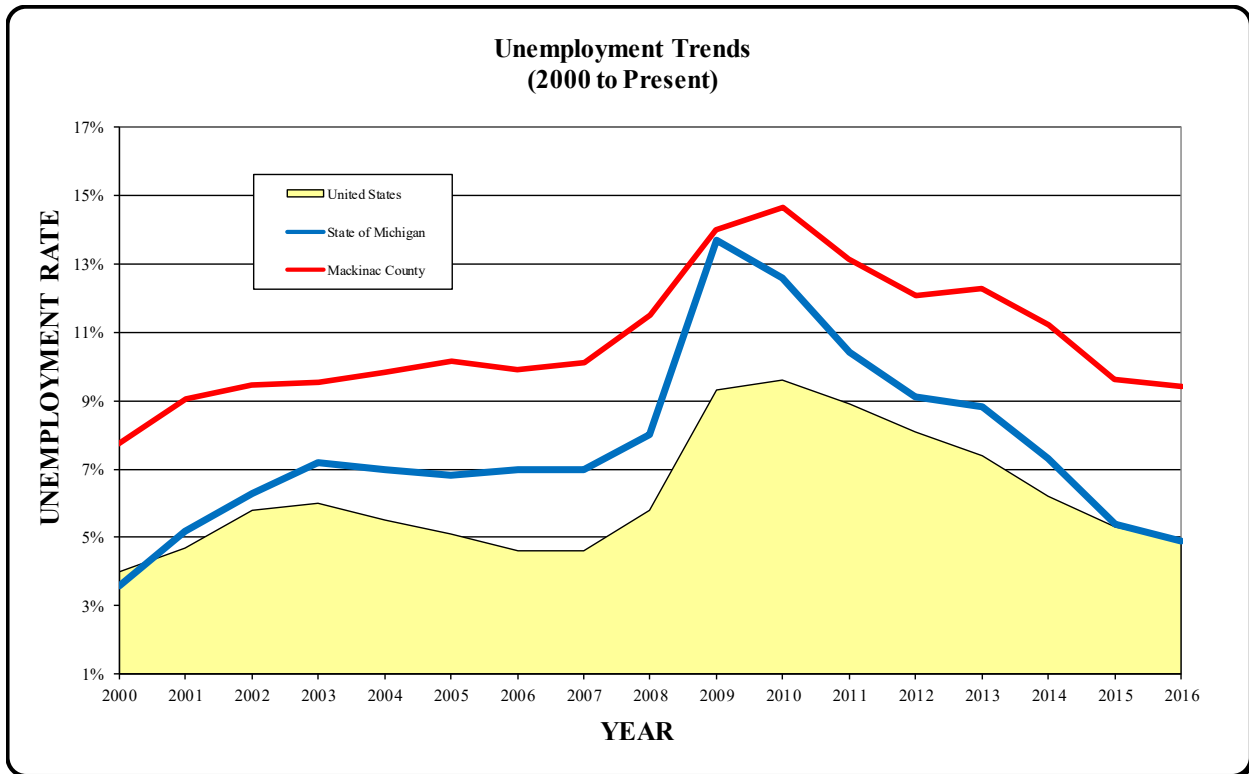


Table: Employment Trends (2000 to Present)

Year	Mackinac County				State of Michigan	United States
	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
2000	6,909	6,375	---	7.7%	3.6%	4.0%
2001	6,873	6,251	(124)	9.0%	5.2%	4.7%
2002	6,623	5,996	(255)	9.5%	6.3%	5.8%
2003	6,534	5,912	(84)	9.5%	7.2%	6.0%
2004	6,525	5,885	(27)	9.8%	7.0%	5.5%
2005	6,509	5,849	(36)	10.1%	6.8%	5.1%
2006	6,546	5,898	49	9.9%	7.0%	4.6%
2007	6,430	5,779	(119)	10.1%	7.0%	4.6%
2008	6,298	5,573	(206)	11.5%	8.0%	5.8%
2009	6,185	5,319	(254)	14.0%	13.7%	9.3%
2010	5,560	4,746	(573)	14.6%	12.6%	9.6%
2011	5,289	4,595	(151)	13.1%	10.4%	8.9%
2012	5,187	4,560	(35)	12.1%	9.1%	8.1%
2013	5,256	4,610	50	12.3%	8.8%	7.4%
2014	5,285	4,692	82	11.2%	7.3%	6.2%
2015	5,116	4,623	(69)	9.6%	5.4%	5.3%
2016	5,230	4,737	114	9.4%	4.9%	4.9%
Nov-16	4,451	3,996	---	10.2%	4.2%	4.7%
Nov-17	4,522	4,046	50	10.5%	4.0%	4.1%

	Number	Percent
Change (2000-Present):	(1,638)	-34.6%
Change (2000-2008):	(802)	-14.4%
Change (2008-Present):	(836)	-17.6%

SOURCE: Bureau of Labor Statistics.

Population Trends

The permanent population across Mackinac Island will not change much over the next few years, according to forecasts from ESRI. By 2021, the Island’s population is projected to total 505 persons, reflecting an increase of more than two percent from 2010 totals. Across Mackinac County a nearly five percent gain is forecast for the same period.

Table: Population Trends (2000 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
2000 Population	523	3,802	11,943
2010 Population	492	3,483	11,113
Percent Change (2000-2010)	-5.9%	-8.4%	-6.9%
Average Annual Change (2000 to 2010)	-0.6%	-0.9%	-0.7%
2016 Population Estimate	499	3,490	11,426
Percent Change (from 2010)	1.4%	0.2%	2.8%
Average Annual Change (2010 to 2016)	0.2%	0.0%	0.5%
2019 Population Forecast	503	3,494	11,553
Percent Change (from 2010)	2.2%	0.3%	4.0%
Average Annual Change (2010 to 2019)	0.2%	0.0%	0.4%
2021 Population Forecast	505	3,497	11,638
Percent Change (from 2010)	2.6%	0.4%	4.7%
Average Annual Change (2010 to 2021)	0.2%	0.0%	0.4%

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

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 largest age cohort in 2010 across Mackinac Island included persons Age 45 to 64, with 34 percent of the total population. This is also the case across the Secondary Market Area and Mackinac County, and is indicative of a region that has already experienced a sizable degree of aging in place without a sufficient local birth rate to maintain a stable population trend. This is found within many northern Michigan communities, and is a legacy of prior economic uncertainties during the past two decades in which migration to southern and western sections of the nation was common for those unable to find stable employment during the 1970s and 1980s. The second largest age group in the county in 2010 included persons age 20 to 44, comprising much of the “Baby Boom” generation born between 1945 and 1964. This segment was also

prominent on the Island, at 33.5 percent, but represented just 23 percent of the county’s 2010 population. This is partially due to a significant concentration of seniors across the county, representing 22 percent of the 2010 total. On Mackinac Island, however, seniors accounted for just 13 percent of all persons in 2010.

According to ESRI forecasts, by 2021 the size of each age cohort will be much more similar. Across the county, the largest cohort will remain the older adult segment (age 45 to 64), representing 31 percent of the total population, closely followed by the senior segment, representing 29 percent of the projected 2021 population. Within Mackinac Island, the young adult and older adult segments will be nearly identical in size, ranging from 29 percent to nearly 30 percent of the total projected population. A slight increase in the number of children is also forecast, but the largest gains will be within the senior segment, which is projected to increase by 67 percent from 2010.

These trends are mostly a reflection of local seniors aging in place, with virtually no migration of residents into the community. Correspondingly, the Island and the County’s non-senior population will continue to decline, projected to represent 78 percent and 71 percent of the respective 2021 populations; in 2010, the non-senior population accounted for 87 percent of the Island’s population and 78 percent of the County’s total population.

Figure: Age Distribution – Mackinac Island (2010 to 2021)

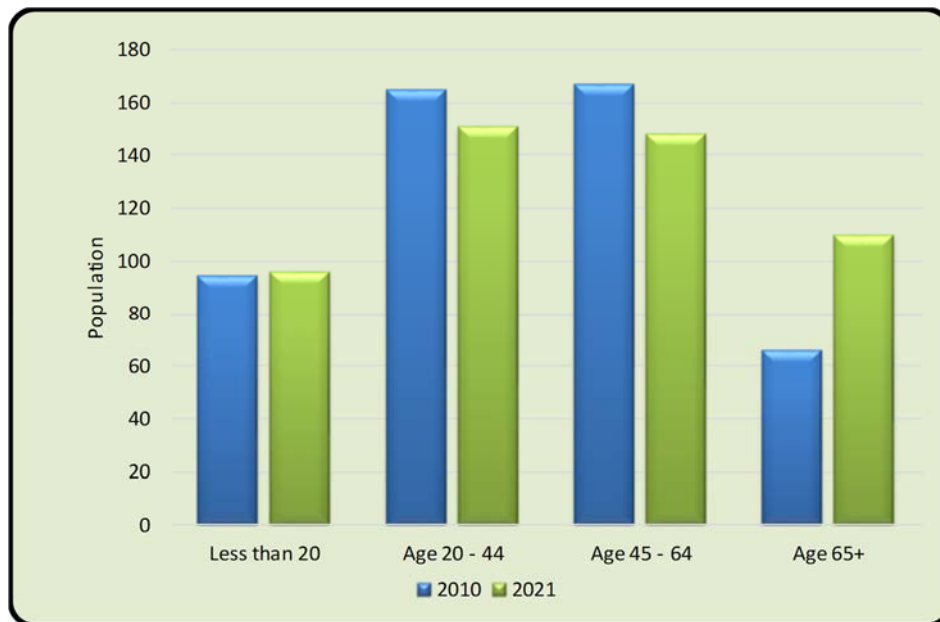


Table: Age Distribution (2010 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
Age Less than 20 - 2010	94	748	2,270
Percent of total 2010 population	19.1%	21.5%	20.4%
Age Between 20 and 44 - 2010	165	965	2,581
Percent of total 2010 population	33.5%	27.7%	23.2%
Age Between 45 and 64 - 2010	167	1,122	3,775
Percent of total 2010 population	33.9%	32.2%	34.0%
Age 65 and Over - 2010	66	648	2,487
Percent of total 2010 population	13.4%	18.6%	22.4%
Age Less than 20 - 2021	96	638	2,085
Percent of total 2021 population	19.0%	18.2%	17.9%
Percent change (2010 to 2021)	2.1%	-14.7%	-8.1%
Average Annual Change (2010 to 2021)	0.2%	-1.4%	-0.8%
Age Between 20 and 44 - 2021	151	901	2,571
Percent of total 2021 population	29.9%	25.8%	22.1%
Percent change (2010 to 2021)	-8.5%	-6.6%	-0.4%
Average Annual Change (2010 to 2021)	-0.8%	-0.6%	0.0%
Age Between 45 and 64 - 2021	148	1,034	3,595
Percent of total 2021 population	29.3%	29.6%	30.9%
Percent change (2010 to 2021)	-11.4%	-7.8%	-4.8%
Average Annual Change (2010 to 2021)	-1.1%	-0.7%	-0.4%
Age 65 and Over - 2021	110	921	3,387
Percent of total 2021 population	21.8%	26.3%	29.1%
Percent change (2010 to 2021)	66.7%	42.1%	36.2%
Average Annual Change (2010 to 2021)	4.8%	3.2%	2.8%

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

Figure: Senior Population Projections – Mackinac Island

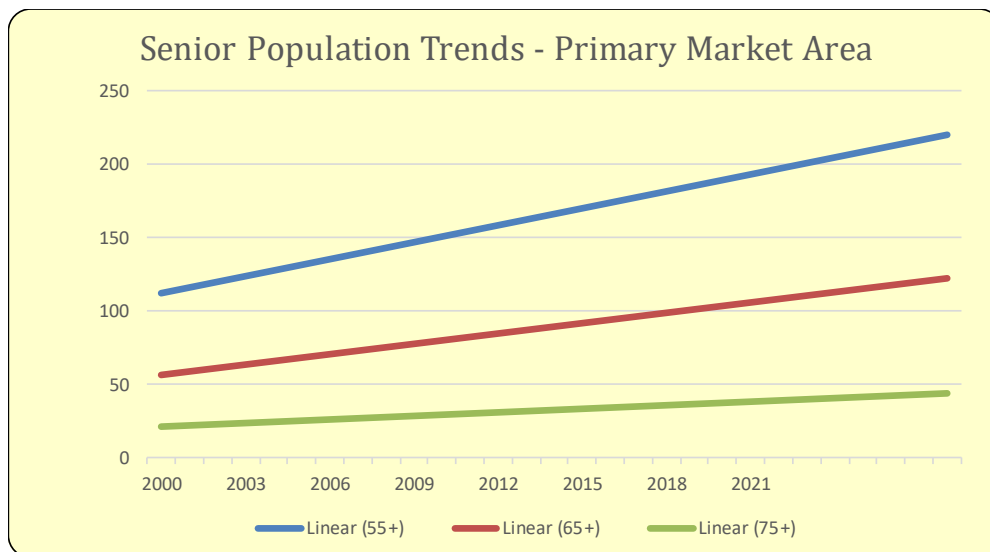


Table: Senior Population Trends (2010 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
2000 Senior Population (55 years and Over)	114	1,024	3,748
Percent of total 2000 population	23.2%	29.4%	33.7%
2010 Senior Population (55 years and Over)	146	1,207	4,428
Percent of total 2010 population	29.3%	34.6%	38.8%
Percent change (2000 to 2010)	28.1%	17.9%	18.1%
Average Annual Change (2000 to 2010)	2.5%	1.7%	1.7%
2016 Senior Population (55 years and Over)	176	1,389	5,058
Percent of total 2016 population	35.0%	39.8%	43.8%
Percent change (2010 to 2016)	20.5%	15.1%	14.2%
Average Annual Change (2010 to 2016)	3.2%	2.4%	2.2%
2019 Senior Population (55 years and Over)	183	1,448	5,342
Percent of total 2019 population	36.3%	41.5%	46.2%
Percent change (2010 to 2019)	25.1%	20.0%	20.6%
Average Annual Change (2010 to 2019)	2.5%	2.0%	2.1%
2021 Senior Population (55 years and Over)	187	1,488	5,531
Percent of total 2021 population	37.0%	42.6%	47.5%
Percent change (2010 to 2021)	28.1%	23.3%	24.9%
Average Annual Change (2010 to 2021)	2.3%	1.9%	2.0%
2000 Senior Population (65 years and Over)	64	659	2,178
Percent of total 2000 population	13.0%	18.9%	19.6%
2010 Senior Population (65 years and Over)	66	648	2,487
Percent of total 2010 population	13.2%	18.6%	21.8%
Percent change (2000 to 2010)	3.1%	-1.7%	14.2%
Average Annual Change (2000 to 2010)	0.3%	-0.2%	1.3%
2016 Senior Population (65 years and Over)	89	786	2,892
Percent of total 2016 population	17.7%	22.5%	25.0%
Percent change (2010 to 2016)	34.8%	21.3%	16.3%
Average Annual Change (2010 to 2016)	5.1%	3.3%	2.5%
2019 Senior Population (65 years and Over)	102	867	3,189
Percent of total 2019 population	20.2%	24.8%	27.6%
Percent change (2010 to 2019)	53.9%	33.8%	28.2%
Average Annual Change (2010 to 2019)	4.9%	3.3%	2.8%
2021 Senior Population (65 years and Over)	110	921	3,387
Percent of total 2021 population	21.8%	26.3%	29.1%
Percent change (2010 to 2021)	66.7%	42.1%	36.2%
Average Annual Change (2010 to 2021)	4.8%	3.2%	2.8%

SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

The average household size across the Island is currently estimated at 2.03 persons – well below the statewide ratio of 2.60 persons. The county’s ratio is only slightly higher, at 2.16 persons. An aged population and notably fewer families with children are the two primary reasons for these statistics. In the future, household sizes will vary little from 2016 estimates, reflecting ongoing aging in place and decreasing concentrations of children.

Table: Average Household Size (2000 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
2000 Average Household Size	2.08	2.27	2.32
2010 Average Household Size Percent Change (2000-2010)	2.05 -1.2%	2.12 -6.4%	2.17 -6.3%
2016 Average Household Size Percent Change (2010-2016)	2.03 -1.1%	2.13 0.5%	2.16 -0.5%
2019 Average Household Size Forecast Percent Change (2000-2019)	2.02 -1.3%	2.12 0.1%	2.15 -1.0%
2021 Average Household Size Forecast Percent Change (2010-2021)	2.02 -1.5%	2.12 -0.1%	2.15 -1.3%

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

Household Trends

Households totals on Mackinac Island follow trends similar to that of the population, with slight gains throughout the county. By 2021 the county is projected to contain 5,381 households, reflecting an increase of seven percent from 2010. Within Mackinac Island, the projected growth is also positive, forecast at four percent by 2021. While positive, this is an increase of just 10 households from 2010.

Table: Household Trends (2000 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
2000 Households	252	1,620	5,067
2010 Households	240	1,581	5,024
Percent Change (2000-2010)	-4.8%	-2.4%	-0.8%
Average Annual Change (2000 to 2010)	-0.5%	-0.2%	-0.1%
2016 Household Estimate	246	1,604	5,242
Percent Change (2010-2016)	2.5%	1.5%	4.3%
Average Annual Change (2010 to 2016)	0.5%	0.3%	0.9%
2019 Household Forecast	248	1,612	5,325
Percent Change (2010-2019)	3.5%	2.0%	6.0%
Average Annual Change (2010 to 2019)	0.4%	0.2%	0.7%
2021 Household Forecast	250	1,618	5,381
Percent Change (2010-2021)	4.2%	2.3%	7.1%
Average Annual Change (2010 to 2021)	0.4%	0.2%	0.7%

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

Data from the 2010 US Census indicates that just 24% of all housing units on Mackinac Island were occupied by a permanent resident. With recent development activity, this ratio is now likely less than 20% of all units.

One of the issues for Mackinac Island that impede the previously identified target market is quite simple - a lack of rental options, regardless of the structure type. As mentioned previously, a significant number of units available for rent are being used exclusively for part-time workers during the primary tourism season. According to the 2010 US Census, while 240 occupied units were present on Mackinac Island, a total of 708 units were available for only seasonal/recreational/occasional use – representing nearly 71 percent of all available units in 2010. This total includes a wide range of seasonal homes, ranging from luxury homes on large lots to small apartment units solely used by seasonal workers. Based on building permit data since 2010, the number of seasonal units has only increased. While vacant during the winter months, permanent residents clearly require permanent residences, and continually moving every few months into a newly vacated seasonal unit is not a reasonable residential alternative.

Table: Housing Units by Occupancy Status - 2010

	Mackinac Island	Secondary Market Area	Mackinac County
Total Housing Units	1,002	2,879	11,010
Occupied Units	240	1,581	5,024
Percent Occupied	24.0%	54.9%	45.6%
Vacant Units:	762	1,298	5,986
For Rent	18	123	138
Rented - Not Occupied	4	9	16
For Sale	7	51	142
Sold - Not Occupied	3	15	18
Seasonal/Recreational Use	708	993	5,318
For Migrant Workers	1	3	1
Other Vacant	21	104	353
Percent Vacant	76.0%	45.1%	54.4%
SOURCE: 2010 Census of Population and Housing, SF1, U.S. Census Bureau			

Because of the size and unique economy on Mackinac Island, trends regarding rental housing and overall household tenure are more a reflection of the market’s inability to respond to normal demand and supply considerations than an accurate depiction of the Island’s housing needs. Over the past decade, the number of occupied rental units remained essentially the same (104 rental units, as of 2010), while owner occupied units declined by nine percent, to just 136 owner-occupied units. Based on housing supply data further elaborated within other sections of this report, it is clear that a demand for additional units is present, but prohibitive costs, limited land, and the rather small size of the Mackinac Island market make realization of housing demand for moderate-income households nearly impossible.

While affordability is clearly a long-term issue for the target market segment, affordability is not the primary issue facing those households seeking a residential option on Mackinac Island.

Table: Households by Tenure (2000 to 2010)

	Mackinac Island	Secondary Market Area	Mackinac County
2000 Renter-Occupied Households	102	546	1,054
Percent of total 2000 households	40.5%	33.7%	20.8%
2010 Renter-Occupied Households	104	592	1,087
Percent of total 2010 households	43.3%	37.4%	21.6%
Percent change (2000 to 2010)	2.0%	8.4%	3.1%
Average Annual Change (2000 to 2010)	0.2%	0.8%	0.3%
2000 Owner-Occupied Households	150	1,074	4,013
Percent of total 2000 households	59.5%	66.3%	79.2%
2010 Owner-Occupied Households	136	989	3,937
Percent of total 2010 households	56.7%	62.6%	78.4%
Percent change (2000 to 2010)	-9.3%	-7.9%	-1.9%
Average Annual Change (2000 to 2010)	-1.0%	-0.8%	-0.2%

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

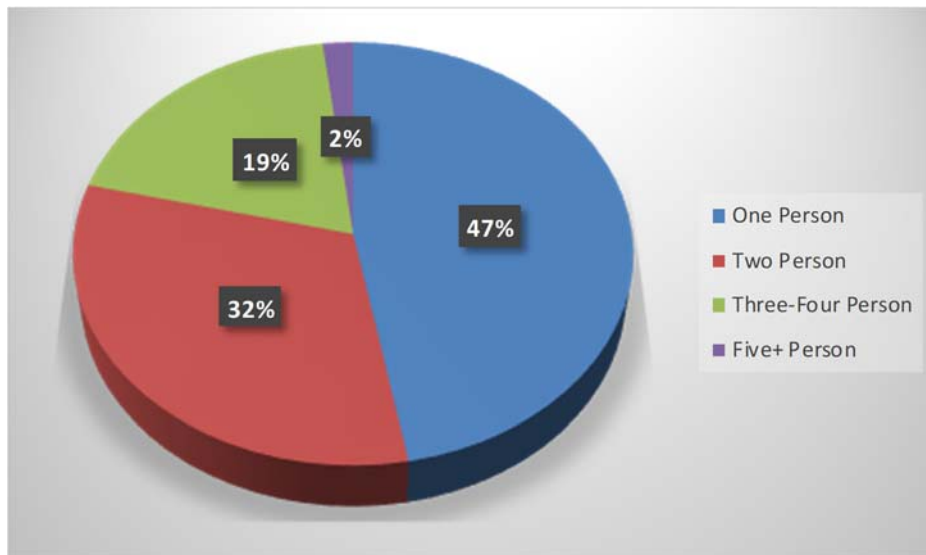
The division of renter households by size clearly favors single-person households and smaller-sized families. For Mackinac Island, this would include apartments as well as rental homes generally suited for family occupancy. In 2010, 47 percent of the renter-occupied households on the Island were one-person households, while two-person households accounted for 32 percent. Three- and four-person renter households totaled 19 percent, while five or more-person renters represented just two percent of renter households in 2010. Trends are generally similar for both the Secondary Market Area and Mackinac County.

This data comes from 2010 Census, based on what rental units were present at that time. It is likely that the percentage of single person households exceeds 50 percent at this time. Given the increasing presence of seniors and the smaller family sizes that are more likely in the near future, a decreasing emphasis on larger-sized rental units appears warranted.

Table: Rental Unit Size Distribution (2010)

	Mackinac Island	Secondary Market Area	Mackinac County
One Person	49	283	469
Percent of total renter household	47.1%	47.8%	43.1%
Two Persons	33	157	304
Percent of total renter household	31.7%	26.5%	28.0%
Three or Four Persons	20	120	255
Percent of total renter household	19.2%	20.3%	23.5%
Five or More Person	2	32	59
Percent of total renter household	1.9%	5.4%	5.4%

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



A key statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. Oddly, trends for Mackinac Island between 2010 and 2015 demonstrate a substantial decline in the median gross rent – from \$715 to \$487. This is a decline of close to 50 percent over the five-year period. The primary explanation from the available data is a decline in the number of rental units priced above \$1,000 (by 57 percent), while additional rental units priced below \$750 were added to the housing stock. It is unclear if these are new units or a conversion of the higher-priced units into lower-cost rentals. It is more likely that the higher priced rentals were converted to owner-occupied or

seasonal units, and thus removed from the rental housing stock. Across Mackinac County, rental pricing reflects a more common pattern found within northern Michigan, in which rental pricing varies relatively little.

Table: Median Gross Rent Trends

	Mackinac Island	Secondary Market Area	Mackinac County
2010 Median Gross Rent Estimate	\$715	\$590	\$558
2015 Median Gross Rent Estimate	\$487	\$566	\$578
Total percent change (2010 to 2015)	-46.8%	-4.4%	3.5%
Annual percent change (2010 to 2015)	-7.4%	-0.8%	0.7%
SOURCE: American Community Survey, U.S. Census Bureau			

Household Income Trends

The median household income figures for Mackinac Island are consistently higher than both the Secondary Market Area and Mackinac County. However, overall growth in terms of median income is mixed, and trends are generally smaller than the county as a whole. The Island’s trend is similar to most sections of Michigan over the past decade, in which both real and nominal declines in median household income were experienced after 2010, due to the lingering impacts of the Great Recession of the prior decade. However, no such trend was found within Mackinac County as a whole - most likely reflecting the slightly more diverse economic conditions found across many sections of northern Michigan. At \$46,418, the 2016 median household income estimate for Mackinac Island is a 4.5 percent decline from 2010. A four percent increase in median income was recorded across Mackinac County during the same period.

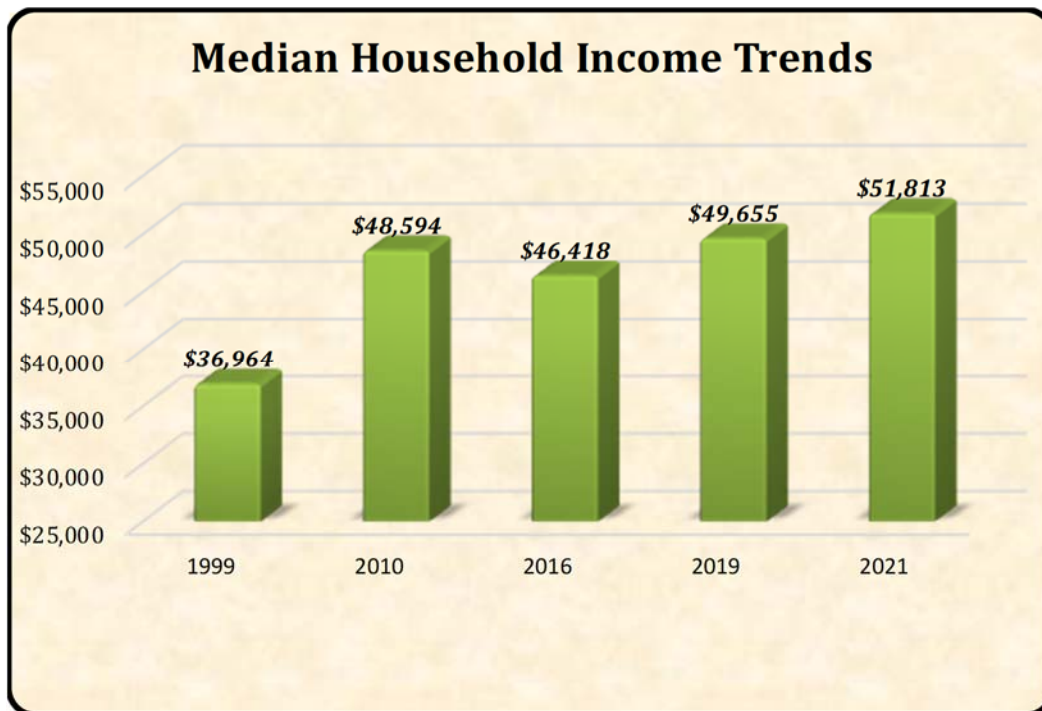
ESRI forecasts predict that incomes in the region will slowly increase, but this growth within Mackinac Island will not likely exceed the prevailing rate of inflation. By 2021 the county’s median household income is forecast at \$51,813, reflecting an average annual increase of less than one percent from 2010 totals. Median income levels forecast for the Secondary Market Area and Mackinac County will be notably stronger.

Table: Median Household Incomes (1999 to 2021)

	Mackinac Island	Secondary Market Area	Mackinac County
1999 Median Household Income	\$36,964	\$35,487	\$33,356
2010 Median Household Income	\$48,594	\$38,786	\$39,339
Total percent change (1999 to 2010)	31.5%	9.3%	17.9%
Annual percent change (1999 to 2010)	2.5%	0.8%	1.5%
2016 Estimated Median Household Income	\$46,418	\$42,477	\$40,912
Total percent change (2010 to 2016)	-4.5%	9.5%	4.0%
Annual percent change (2010 to 2016)	-0.8%	1.5%	0.7%
2019 Forecast Median Household Income	\$49,655	\$45,439	\$44,261
Total percent change (2010 to 2019)	2.2%	17.2%	12.5%
Annual percent change (2010 to 2019)	0.2%	1.8%	1.3%
2021 Forecast Median Household Income	\$51,813	\$47,413	\$46,494
Total percent change (2010 to 2021)	6.6%	22.2%	18.2%
Annual percent change (2010 to 2021)	0.6%	1.8%	1.5%

SOURCE: 2000 Census of Population and Housing; American Comm. Srvy., U.S. Census Bureau; ESRI Business A

Figure Twelve: Median Household Incomes – Mackinac Island (1999 to 2021)



Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. Two items of note are evident. One is the larger than typical concentration of renter households at the moderate and upper income levels. Given the characteristics on the Island, this is not unexpected.

Secondly, the community's owner households exhibit a strong upper-income component – also not necessary unexpected, but indicative of a housing market with few moderate-income choices, regardless of whether the household would prefer a rental or homeownership option. Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and continues to do so. Across Michigan, younger households are delaying a home purchase for various reasons (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. To some extent this trend is most likely present to some degree across the Island.

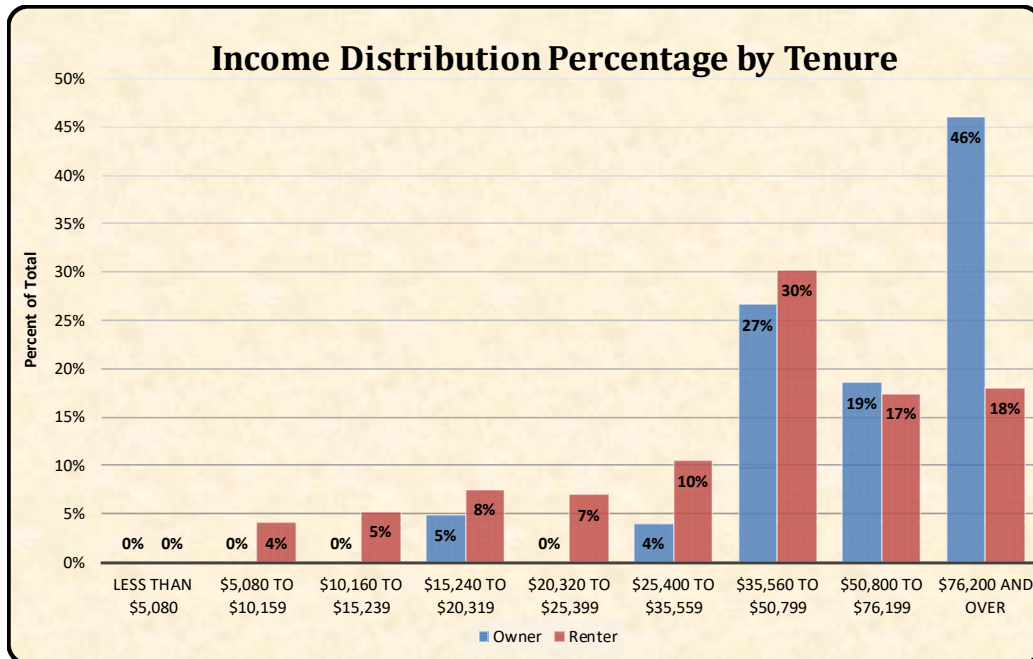
One other item to note – the size of Mackinac Island is relatively small in terms of total population and households, so the data collected via the American Housing Survey may exhibit a higher than typical rate of error. As a result, corresponding demand forecasts may also include a lower degree of accuracy.

Table: Household Income Distribution by Tenure – Mackinac Island (2016)

	Total Households	Owner Households	Renter Households
Less than \$5,080	0	0	0
Percent of 2016 Households	0.0%	0.0%	0.0%
\$5,080 to \$10,159	4	0	4
Percent of 2016 Households	2.4%	0.0%	4.1%
\$10,160 to \$15,239	6	0	6
Percent of 2016 Households	3.0%	0.0%	5.2%
\$15,240 to \$20,319	15	7	8
Percent of 2016 Households	6.4%	4.8%	7.6%
\$20,320 to \$25,399	7	0	7
Percent of 2016 Households	4.1%	0.0%	7.0%
\$25,400 to \$35,559	17	6	11
Percent of 2016 Households	7.8%	4.0%	10.5%
\$35,560 to \$50,799	69	37	32
Percent of 2016 Households	28.7%	26.6%	30.2%
\$50,800 to \$76,199	44	26	19
Percent of 2016 Households	17.9%	18.5%	17.4%
\$76,200 and Over	83	64	19
Percent of 2016 Households	29.7%	46.0%	18.0%

SOURCE: 2011-2015 American Community Survey, U.S. Census Bureau; BLS Consumer Price Index

Figure: Household Income Distribution by Tenure – Mackinac Island (2016)

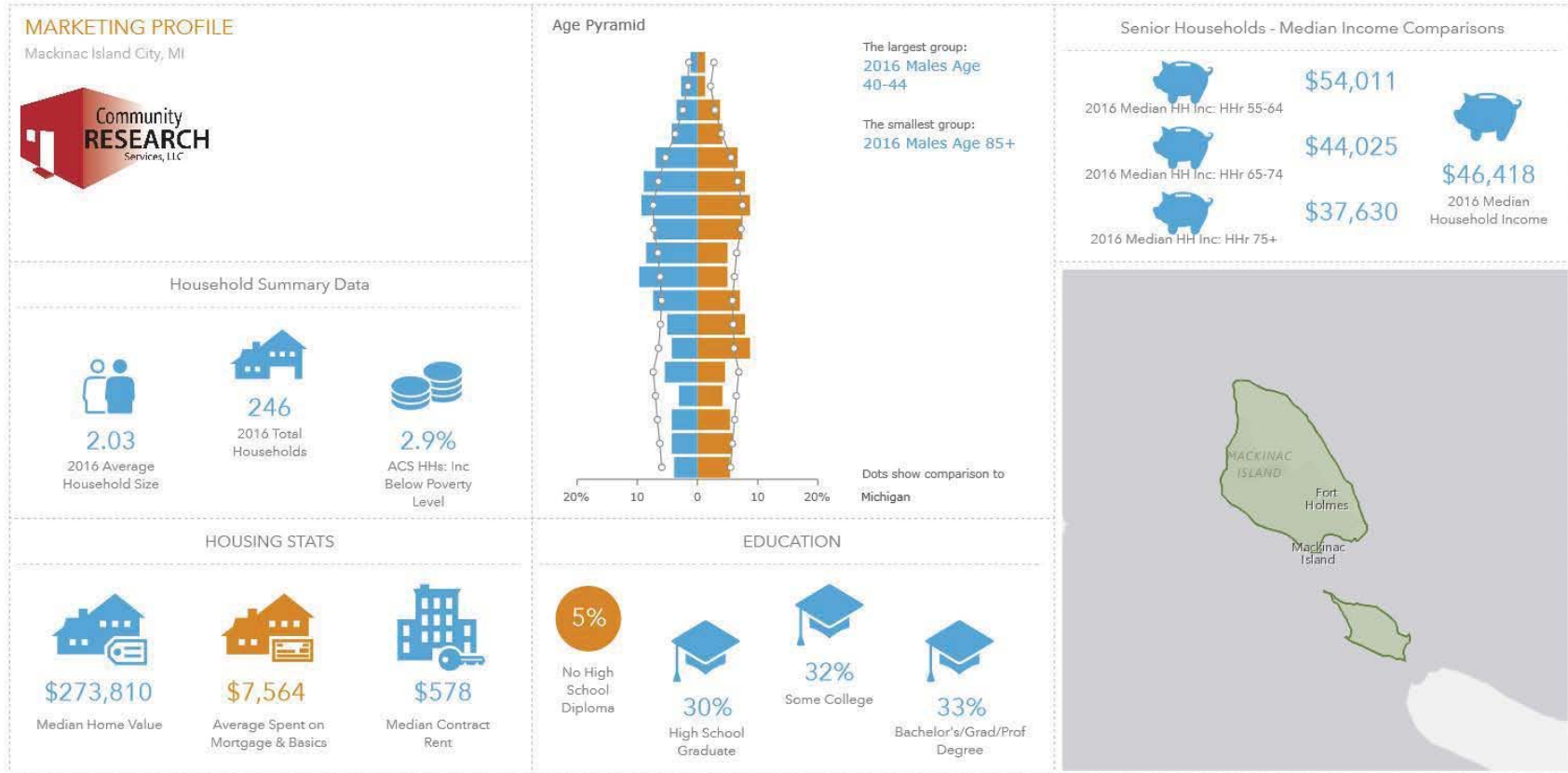


A summary of key demographic and economic statistics for Mackinac Island is presented within the following page in an infographic format. While much of the information was previously presented, two considerations of note are worthy of mention. One, the prevailing poverty rate for Mackinac Island is quite low, at just 2.9 percent of all Island households. In addition, just one percent of residents on Mackinac Island receive some type of assistance (excluding Social Security). This is not surprising, but it does illustrate that the marketplace for housing generally does not include a large number of subsidized or affordable households.

Secondly, the population for Mackinac Island is illustrated within a population pyramid format, with comparisons to the State of Michigan illustrated by connected line segments. This is an excellent illustration of the high concentration of seniors across the community. A “healthy” population pyramid will actually resemble a pyramid, with ample younger population to support a reasonable percentage of older adults. Mackinac Island features a population pyramid that is becoming insufficient to readily support the community’s economy, employment base, and other characteristics. As a result, an increasing reliance will be required upon positive net migration to augment these demographic trends; along with other community and economic factors, this cannot be achieved unless sufficient housing options are present.

Infographics: Key Demographic/Economic Data

Mackinac Island



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. A complete description of each Tapestry segmentation and the 15 LifeMode groups can be found at <http://desktop.arcgis.com/en/arcmap/10.3/guide-books/extensions/business-analyst/tapestry-descriptions.htm> or at www.ESRI.com.

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. In addition, the size of Mackinac Island and the likely higher degree of error present provide an even less accurate depiction of the target market segments that are present across the Island.

Given the small size of Mackinac Island and the decreasing degree of accuracy present within a small sample size, the use of ESRI Tapestry (or other similar segmentation analysis) as a primary research tool should be strongly discouraged.

Insufficient population size is present for any reasonable use of Tapestry segmentation for Mackinac Island (in fact, the only Tapestry segment that was statistically significant was “In Style”). Using all of Mackinac County would likely dilute the depiction of target market segments that are present on the Island with other non-related segments. A compromise was to use the Secondary Market Area (which includes Mackinac Island, St. Ignace, and Mackinaw City) to provide an

indication of likely Tapestry segmentation that may be present on the Island. Within the Secondary Market Area, five separate segments were identified by ESRI as representing a significant portion of the overall population. According to ESRI, these segments reflect just a portion of the key target market segments of interest within this analysis in regard to moderate-income market rate rental housing. A brief identification and description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint, with a probable Tapestry segment match to one of the target market segments discussed previously discussed:

Tapestry Segment	Brief Description	% of SMA Households	% of U.S. Households
Rural Resort Dwellers	Empty nesters near retirement – upper/moderate income, mostly found near resort areas	26.1%	1.0%
Heartland Communities	Empty nesters near retirement – lower/moderate income, mostly found in rural areas	22.9%	2.4%
Small Town Simplicity	Lower income households, mix of owners/renters and younger/older households	18.5%	1.9%
Old and Newcomers	Single person households with lower incomes, combination of young and old	17.1%	2.3%
In Style	Higher-income households, mostly homeowners, with professional backgrounds, typically no children	15.3%	2.3%
Total		99.9%	9.9%

Source: ESRI Tapestry

Upon review of these categories, no one category directly reflects the key target market segment identified earlier within this analysis. While it is likely that a portion of some of these Tapestry segments will likely contribute future residents to the Island, the use of segmentation analysis does not provide a clear indication either way of market support for moderately priced housing options.

What is perhaps more important to note is that key Tapestry segments that reflect the younger, entry level or professional households, that are mobile, and would potentially consider relocation to Mackinac Island as a residential option are not sufficiently present within the Secondary Market Area to justify a separate Tapestry segment. This would indicate a few things:

- *A higher than typical percentage of potential residents for open (non-senior) housing options will likely choose to relocate due to specific employment or family related conditions;*
- *Not only is the size of the overall marketplace relatively small, but the size of the identified target market segment is also quite small. This “size” issue cuts both ways, as the relative demand is equally small in terms of the number households required to satisfy the Island’s housing needs within the target market segment;*
- *Despite the size of the demand and the Island housing market, any successful housing development that targets younger adults and small families will still need to be competitive – including the creation of a strong marketing/pre-leasing effort, initiation of outreach options that reflect the preferences and demands of the desired target market segment, coordination of marketing efforts with local employers, and the realization that pricing must reflect the ability of the target market segment to reasonably afford residency on the Island, despite the unique and in some ways difficult environment those within the target market segment may face.*

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>.

VI: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing options on Mackinac Island reflect the community's long history as a resort community, with the vast majority of residences consisting of either condominium units, older homes of relatively modest size, and luxury manors found on ample lot sizes. This excludes the part-time rental units that have been exclusively used by seasonal workers during the resort season. Along with the high cost of construction, limited availability of land (particularly close to the commercial areas of the Island), and the small size of Mackinac Island's housing market, one can readily identify the various barriers present within the community that prevent a normal housing market from taking place.

While luxury and vacation homes are the primary focus for much of the Island's homeownership marketplace, such options are not a focus of this analysis. The impact of these higher-priced homes upon the target market segments of interest, however, is very worthy of mention within this section. As perhaps the most profitable portion of the Island's housing landscape, the luxury sector continues to place pressure upon other housing alternatives, both in terms of reducing available land for development, as well lowering the already minimally low incentive for builders and developers to broaden new home opportunities for more moderate-income households.

Across Mackinac Island, 43 property listings are currently for sale, according to information on www.realtor.com. Of these, three are condominium units, with an average listing price of \$95,633. However, these three listings are for timeshare-style units, to be shared with by seven other owners. Six listings are for large, luxury-style homes on generally large lots. The

Due to the unique characteristics of the local housing market, numerous barriers to entry have evolved to prevent any natural or market-based solutions that ideally serve the permanent residents of Mackinac Island.

average price of these homes is \$2.6 Million – excellent opportunities no doubt, but well outside of the target market's reach. The remaining 34 listings are for available vacant lots, ranging in price from \$33,500 to \$259,000. Few of the lots have utilities immediately available, which makes potential development costs notably higher.

Upon review of the available data, it is evident that those Island residents seeking a moderately and reasonably priced home (owner or rental) have no realistic opportunities available. While it is likely that “arm’s length” transactions among family and friends take place, based on the size of the market, the availability of homes, and the extremely high prices present for luxury/vacation homes, no market mechanisms are present to address the demand potential for what is typically referred to as “workforce housing”. While such inefficient housing markets are found in many vacation/resort areas, the situation for Mackinac Island is additionally exacerbated by the high cost of construction and the limited availability of land. The most similar marketplace comparison that Community Research has examined over the past decades is the housing market on the US Virgin Islands, which also faces many of the high cost, transportation barriers, limited land, and pricing issues facing Mackinac Island. The only beneficial characteristic in favor of Mackinac Island is its small size, thus making even a minimal housing adjustment a significant improvement for the local residents.

As discussed previously, the Island’s household ratio by tenure is approximately 43% renter and 57 owner households, as of the 2010 Census. Recent trends suggest the ratio will vary little, as few new permanent housing units have been constructed over the past decade. Also, the Island does not contain a significant number of apartment-style housing units available for rent year-round. The large majority of multiple-unit structures are condominiums or temporary housing units for the seasonal workforce. Some of the older homes on the Island have been subdivided into duplex or four-plex rental units, but this is a fraction of all rentals available.

Placemaking Characteristics

One clearly positive aspect of Mackinac Island is the presence of positive Placemaking characteristics, with most notable features reflecting the community’s tourism/historic background. The 2016 Target Market Analysis provides an excellent summary of Mackinac Island and Mackinac County’s various features and amenities that yield positive influences upon the housing marketplace. Rather than reiterate these aspects, it is suggested that the reader examine the TMA for Mackinac County. In general, for Mackinac Island these include:

- Prominent tourism destination – for more than 100 years, Mackinac Island has been a leading vacation and recreation spot for Michigan residents as well as those from across the Midwest

- Historical landmarks – including the Grand Hotel, Fort Mackinac, Mackinac Island State Park, Mission Pointe Resort, and other places of interest
- Tourism-based economic features – including Shepler’s, Star Line, the Grand Hotel, and other larger employers on the Island
- Public/natural assets – including various natural features on the Island, as well as beaches, walking trails, and state and local parkland

Housing Survey Results – Mackinac Island

Results of the 2017 survey of interest by local households provides the best information regarding housing demand, pricing, and affordability on the Island. Along with traditional housing market analysis, a need for moderately-priced units can be demonstrated.

As part of this analysis, a survey of local households interested in potential residential options on Mackinac Island was undertaken with the assistance of the Mackinac Island Community Foundation. In all, 19 households responded to the survey requests, and provided valuable data regarding housing demand on the Island. A summary of the findings includes the following:

- A large majority of respondents are Mackinac Island residents – as all but three are current residents of the Island. From the survey responses, these families currently live within inadequate or substandard rentals, or reside with relatives. It is assumed that the remaining three non-resident households are either employed on the Island, are former residents of the Island, or are relatives of current Mackinac Island residents.
- The average household size is 2.0 persons, which almost identically matches prevailing US Census data. Just one household was larger than four persons, indicating that demand for housing should not assume larger-sized structures that would be more reflective of families with multiple children.
- The respondents have an average annual income of \$38,958. Incomes ranged from \$15,600 to \$68,800, but relatively few households fell within the “affordable” income range (generally \$30,000 or below). The distribution of household income was as follows:
 - Less than \$20,000: 2
 - \$20,000 - \$30,000: 2
 - \$30,000 - \$40,000: 5
 - More than \$40,000: 8
 - Unknown: 2

As a result, pricing and overall affordability of new housing options may not be as sensitive as other Northern Michigan communities that typically feature lower prevailing incomes.

- The average age of the householder was 35 years – also generally similar to US Census data, and indicative of a more mature household with stable employment options, rather than entry level/unskilled households.
- Just two households would be income eligible for affordable housing. Given the prior household data discussed in the above findings, this is not unexpected.
- A slight majority of respondents are interested in homeownership, with the balance indicating a preference for rental housing. This distribution of housing choice is encouraging, and points to a potential combination of housing needs that are present among the target market segment. It also may indicate a desire for residency on Mackinac Island, regardless of the type of housing unit.
- The findings also indicate a definitive demand for homeownership options. Such options for the permanent population on the Island would be of interest to all permanent residents of the Island, not just the respondents of the survey. Existing permanent residents may seek to improve their housing arrangements, based on household size, improved amenities, location, or other considerations. Homes priced between \$130,000 and \$180,000 would appear reasonable for most households that participated within the survey, assuming no unusual financial considerations or restrictions. It is unknown, however, if new homes can be easily constructed on Mackinac Island under such pricing levels.
- The collected data represents a “pent-up” demand scenario, in which the market potential does not materialize due to a lack of product, rather than insufficient demand. The previously listed barriers to a stable housing market are the primary reasons for such a scenario (limited options, lack of choice, unattainable price points, diminished incentives for reasonably priced housing, among others).

To summarize housing supply on Mackinac Island, the vast majority of existing residential structures (70 percent of all housing units) are either vacation or seasonal units, not intended or not suited for year-round occupancy. Historical and current trends will not provide a purely market-driven solution to the lack of housing for the permanent population, due to various barriers to entry, cost issues, and a luxury/vacation marketplace that provides clear market and profit-driven advantages for builders and developers.

VII: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2016 and three-year projections for households within the target market income range, defined within two segments – affordable (assuming use of the Low Income Housing Tax Credit) and market rate (with no income restrictions). The overall income-eligibility range is approximately \$22,286 to \$100,000. The upper range of \$100,000 is used as a measure of conservatism and assumes that those households above \$100,000 income would have a broader set of housing alternatives.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2016) is calculated. This is applied to the percentage of households that relocate to rental housing on an annual basis, based on prevailing movership info and 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 2019. The resulting demand forecast is just six units within the affordable income range, and 24 units within the market rate income range.

Statistical demand forecasts using standard housing demand methodology indicates support for additional rental housing, targeting the moderate-income households that reflect the primary target market segment

The inclusion of affordable units may not be necessary, based on the distribution of household incomes mentioned within a prior section, along with the data collected from the 2017 housing survey. It would appear that insufficient demand is present for what is generally referred to as “affordable” rental housing. The statistical results suggest that units that reflect the “Workforce Housing” segment of the rental market are in demand,

and represent the members of the target market segment, as established previously.

It is worth noting at this time that these movership calculations do not consider the additional interest or marketing efforts of a new rental facility, which could greatly increase the interest for moving into the subject proposal. Such an option typically would increase traffic and marketing results, yielding a larger pool of potentially interested residents. Given the unique

characteristics of Mackinac Island, however, such additional interest in a new rental facility cannot be guaranteed.

The demand forecasts represent the minimum demand potential for the proposed facility. 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 improvements that are anticipated within the market area. Any of these items could significantly raise the actual demand for a given project.

Please note that these demand forecasts are based 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.
- The 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 for the planned target market segments

Table: Statistical Demand Calculation – Rental Units

2016 Total Occupied Households	246		
2016 Owner-Occupied Households	130		
2016 Renter-Occupied Households	116		
		Market	Affordable
		Rate	Range
QUALIFIED-INCOME RANGE <i>(unduplicated)</i>			
Minimum Annual Income		\$32,000	\$22,286
Maximum Annual Income		\$100,000	\$32,000
DEMAND FROM EXISTING HOUSEHOLDS			
Percent Income Qualified Owner Households		46.8%	9.7%
Percent Income Qualified Renter Households		52.9%	11.0%
Income Qualified Owner Households		42	13
Income Qualified Renter Households		45	13
Annual Movership Rate - Owner to Renter		15.0%	15.0%
Annual Movership Rate - Renter to Renter		35.0%	35.0%
Total Income-Qualified Owner to Renter Movers		6	2
Total Income-Qualified Renter to Renter Movers		16	4
Total Demand from Existing Households		22	6
DEMAND FROM NEW RENTER HOUSEHOLDS			
Projected 2019 Renter Households	121		
Annual Change in Renter Households, 2016-2019	5		
Percent Qualified Renter Households		52.9%	11.0%
Total Annual Demand From New Households		2	1
TOTAL DEMAND		24	7
LESS: Total Comparable Units Placed in Service Since 2015		0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0
TOTAL NET DEMAND		24	7
PROPOSED NUMBER OF UNITS		10	6
CAPTURE RATE		41.0%	86.6%
PENETRATION RATE		11.4%	23.7%
Note: Totals may not sum due to rounding or differences in income ranges			
SOURCE: 2010 U.S. Census of Population and Housing, U.S. Census Bureau American Community Survey, U.S. Census Bureau ESRI Business Analyst			

VIII: DATA & SOURCES

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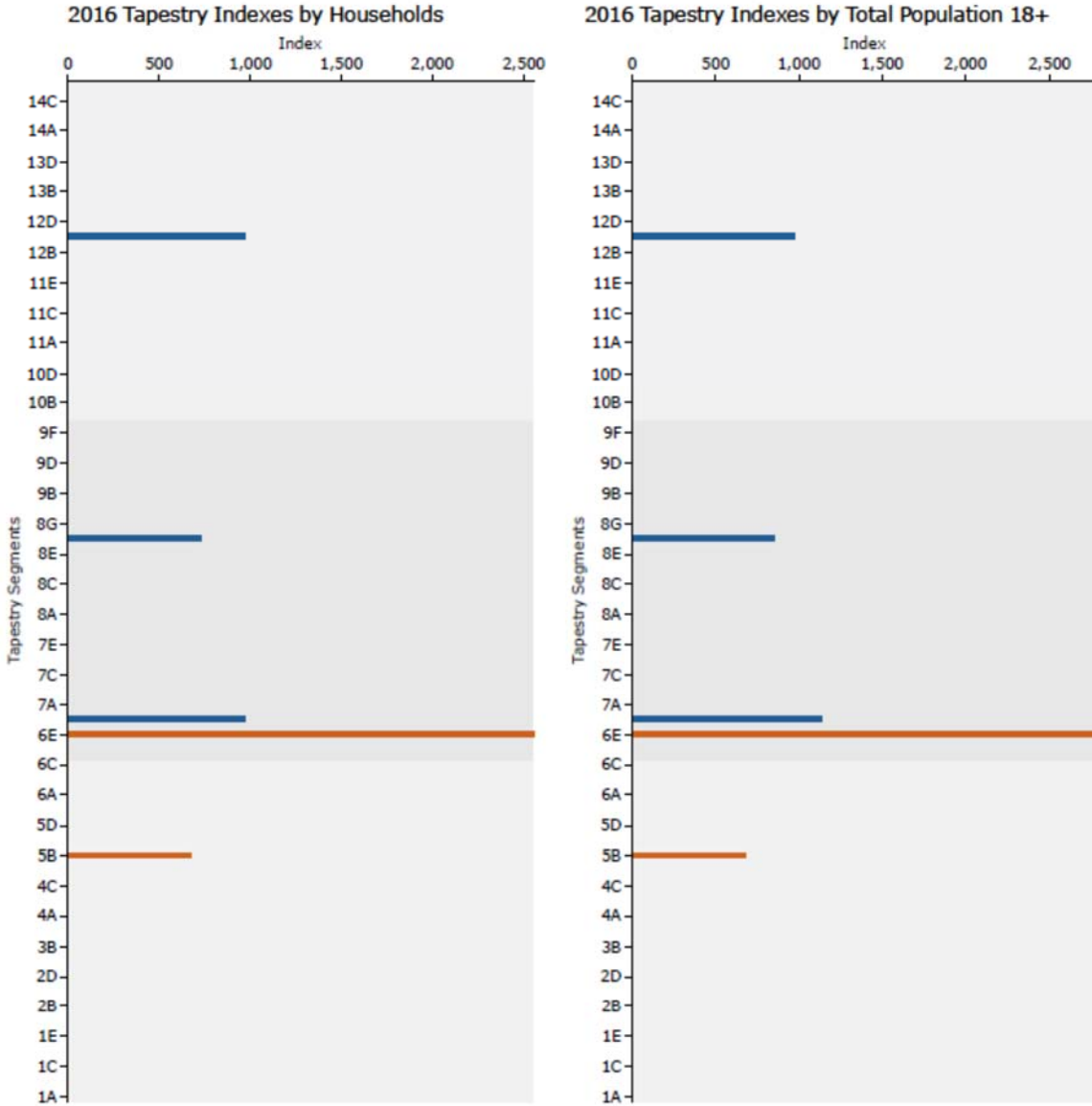
“New Nonprofit Will Address Housing Needs on Island” – Mackinac Island Town Crier – June 2016



Tapestry Segmentation Area Profile

Straights Communities
 Mackinaw township, MI (2603150300) et al.
 Geography: County Subdivision

Prepared by Esri



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

June 15, 2017



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Prepared by Esri

Tapestry LifeMode Groups	2016 Households			2016 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	1,604	100.0%		2,890	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
Exurbanites (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 (2D)	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	246	15.3%	134	417	14.4%	131
Comfortable Empty Nesters (5A)	0	0.0%	0	0	0.0%	0
In Style (5B)	246	15.3%	680	417	14.4%	686
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	786	49.0%	404	1,488	51.5%	432
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	0	0.0%	0	0	0.0%	0
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)	418	26.1%	2,564	763	26.4%	2,800
Heartland Communities (6F)	368	22.9%	974	725	25.1%	1,142
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	2016 Households			2016 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	1,604	100.0%		2,890	100.0%	
8. Middle Ground	275	17.1%	157	499	17.3%	169
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 (8C)	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)	275	17.1%	737	499	17.3%	858
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	0	0.0%	0	0	0.0%	0
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)	0	0.0%	0	0	0.0%	0
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	297	18.5%	296	486	16.8%	284
Family Foundations (12A)	0	0.0%	0	0	0.0%	0
Traditional Living (12B)	0	0.0%	0	0	0.0%	0
Small Town Simplicity (12C)	297	18.5%	974	486	16.8%	979
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 (13A)	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

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Tapestry Segmentation Area Profile

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Tapestry Urbanization Groups	2016 Households			2016 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	1,604	100.0%		2,890	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	521	32.5%	178	916	31.7%	187
In Style (5B)	246	15.3%	680	417	14.4%	686
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)	275	17.1%	737	499	17.3%	858
Hardscrabble 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)	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

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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	Number	Percent	Index	Number	Percent	Index
Total:	1,604	100.0%		2,890	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 (5A)	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	665	41.5%	442	1,211	41.9%	463
Middleburg (4C)	0	0.0%	0	0	0.0%	0
Heartland Communities (6F)	368	22.9%	974	725	25.1%	1,142
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)	297	18.5%	974	486	16.8%	979
6. Rural	418	26.1%	153	763	26.4%	155
Green Acres (6A)	0	0.0%	0	0	0.0%	0
Salt of the Earth (6B)	0	0.0%	0	0	0.0%	0
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)	418	26.1%	2,564	763	26.4%	2,800
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)	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

June 15, 2017

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

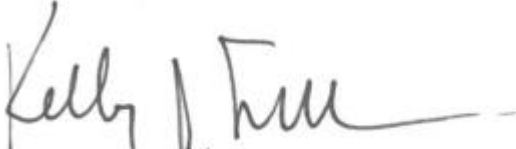
It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

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: December 14, 2017

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, and will lead the council as Chairman during the upcoming 2018-2020 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.