Washtenaw County
Housing Affordability and Economic Equity - Analysis

czb is an Alexandria, Virginia - based community planning practice specializing in econometric analysis, community engagement, and strategy and comprehensive planning - www.czb.org
Agenda

• Introduce Washtenaw County Office of Community and Economic Development (OCED)

• The Equity Imperative

• Housing Affordability and Economic Equity Analysis
  – Findings
  – Implementation Tools and Process
Housing Affordability and Economic Equity Analysis

• Update to 2007 report
  – Understand housing market spatially
  – Numeric goals and targets
  – Local policy

• Funded by
  – HUD Sustainable Communities Planning Grant
  – City of Ann Arbor
  – Ann Arbor DDA
Inequity Playing Out Locally

• Asset Limited, Income Constrained, Employed (ALICE) in Washtenaw County [www.umich.org/alice](http://www.umich.org/alice)
  – 24% of HHs

• “Growing Together or Drifting Apart?”
  – 9 of 10 largest job categories pay < $32k/year
Equity as Economic Growth

• Economic exclusion
  – reduces wages; and
  – increases employment gaps; and
  – increases public service costs

• 2012, GDP in A2 region $1.4B lower
  – Due to racial gaps in income
College Degree or More
Nearly every HH paying >30% of their income for housing

UNAFFORDABILITY: 56% of all renters pay more than 30% of their income on housing
UNAFFORDABILITY: 32% of all renters pay more than 50% of their income on housing.
Unaffordability: % paying >30% of income for housing

<table>
<thead>
<tr>
<th>City</th>
<th>&lt; $20,000</th>
<th>$20,000 - $34,999</th>
<th>$35,000 - $49,999</th>
<th>$50,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Arbor City</td>
<td>94%</td>
<td>87%</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Pittsfield</td>
<td>96%</td>
<td>74%</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>Ypsilanti City</td>
<td>94%</td>
<td>65%</td>
<td>23%</td>
<td>2%</td>
</tr>
<tr>
<td>Ypsilanti Township</td>
<td>98%</td>
<td>75%</td>
<td>20%</td>
<td>4%</td>
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Poor HHs
What’s Driving Rental Increases?

• Rents are rising faster than incomes because...
  – A large student population competes for existing rental units;
  – High-wage workers, whose numbers are growing and whose incomes are rising (as low-wage workers’ incomes stagnate) do, too; and
  – The new construction of multifamily units significantly trails that of single-family units.
Little New Rental Construction

- Between 2000 and 2013, over 14,000 single-family units were permitted in Washtenaw County, compared to less than 3,000 multi-family units.

![Cumulative # of Building Permits Issued in Washtenaw County by Type, 2000-2013](chart.png)
Differing Recoveries: Pay Differential High/Low Wage

Trends in Average Pay for High-Wage and Low-Wage Work in Washtenaw County, 2000-2012
I in 3 Washtenaw County Jobs Pay Too Little to Keep Pace With Housing Costs
So **who** are we talking about?

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<th>Hourly</th>
<th>Max Rent</th>
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<tr>
<td>Dishwasher; Mani Osteria Restaurant</td>
<td>15,342</td>
<td>7.67</td>
<td>426</td>
<td>46,026</td>
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<tr>
<td>Receptionist, Zengenuity Design</td>
<td>19,809</td>
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**31% OF OUR WORKFORCE**
Resulting Market Trends: Sale Price SF Homes

Average Sale Price of Single-family Homes in Washtenaw County Target Area Census Tracts by Market Strength, 2005-2014

- **Hot**
- **Very Strong**
- **Strong**
- **Moderate**
- **Weaker**
- **Very Weak**

The chart illustrates the average sale price of single-family homes in Washtenaw County Target Area Census Tracts from 2005 to 2014, categorized by market strength.
Resulting Market Trends: Sale Price SF Homes

Average Sale Price of Single-family Homes in Washtenaw County Target Area Census Tracts by Market Strength, 2005-2014

- **ANN ARBOR MARKETS**
  - Hot
  - Very Strong
  - Strong
  - Moderate
  - Weaker
  - Very Weak

- **PITTSFIELD MARKETS**
  - Hot
  - Very Strong
  - Strong
  - Moderate
  - Weaker
  - Very Weak

- **YPISILANTI MARKETS**
  - Hot
  - Very Strong
  - Strong
  - Moderate
  - Weaker
  - Very Weak
Present Day Status Quo

- Strong and Rising Demand
- Rising Values and Decreasing Affordability
- Increasing Fiscal Capacity
- Higher Quality Amenities
- Higher Levels of Public Service

Weak and Flat Demand
- Falling Values and Increasing Affordability
- Decreasing Fiscal Capacity
- Lower Quality Amenities
- Lower Levels of Public Service
How this Hurts the Region

• A weak and weakening Ypsilanti City and Ypsilanti Township will continue to struggle with…

  – Concentrations of poverty;
  – Higher tax rates but lower revenues and lower-quality public services and amenities; and
  – Decreasing demand for local housing and neighborhoods.
How this Hurts the Region

• A booming Ann Arbor and Pittsfield will continue to struggle with...

  – **Growing affordability challenges** for working households; and

  – **Increasing commuting pressure** and congestion on area roads.
Charting a Different Course

- **Bring the target area markets into balance →** higher long term GDP for county
- **Invest in transit-oriented development along Washtenaw Avenue →** lower congestion
- **Invest in mixed-income housing and affordable non-student rentals →** greater equity
- **Invest in the revitalization of Ypsilanti City and Ypsilanti Township →** stronger municipal fiscal strength and regional competitiveness
Rebalancing As A Way to Think About Progress

- + 2,787 Units of Workforce Housing Needed
- + 350 Units of Workforce Housing Needed

Demand by BA+ HHs for +1,383 Units

Demand by BA+ HHs for +2,795 Units

3,137

4,178
To Add Opportunity Units

High Impact Strategies:

- **Zoning**
  - Premium vs inclusionary
  - Units vs cash

- **Housing Trust Fund**
  - Examine all financing tools – brownfields, entitlements, millage, bonding, tax increment financing, etc.

- **Utilize Public land**
To Add Opportunity Units

**Moderate Impact Strategies:**

- Accessory Dwelling Units
- Maximize utility of Housing Choice Vouchers
- Tax Foreclosures
- Tax Exemption
- Section 108 Financing (CDBG)
To Add Demand Units

High Impact Strategies:

- Invest in Quality of Life Amenities
  - Parks, community centers, etc.

- Regulatory Updates
  - Adequate zoning, rental property inspection, code enforcement

- Expand Transportation Options, Infrastructure
To Add Demand Units

High Impact Strategies:

- Combine School Districts
- Neighborhood Stabilization
- Limit additional affordable housing
- Home purchase/rental assistance
To Add Demand Units

**Moderate Impact Strategies:**

- Demolish vacant, dangerous, unsalvageable buildings
- Tax Increment Financing
- Development Review
- Land Control
- Energy Efficiency
Process

• Local Units Adopted Findings and Numeric Goals

• Regional Working Group
  – Sustain Urgency

• Technical Policy Committee
  – Develop Specific Work Plan
    • Policies and Targets for each Jurisdiction
    • Evaluate Progress
Implementation

- Incorporate Recommendations into Funding, Decision Making Processes
  - Equity Index
More Information

- [www.ewashtenaw.org/affordablehousing](http://www.ewashtenaw.org/affordablehousing)
- [@WashtenawOCED](https://twitter.com/WashtenawOCED)
- Mary Jo Callan, [callanm@ewashtenaw.org](mailto:callanm@ewashtenaw.org)
- Brett Lenart, [lenartb@ewashtenaw.org](mailto:lenartb@ewashtenaw.org)
- Stephen Wade, [wades@ewashtenaw.org](mailto:wades@ewashtenaw.org)