MSHDA
Michigan State Housing Development Authority

# THE FOLLOWING POINTS SUMMARIZE THE MAJOR FINDINGS OF THE STATEWIDE HOUSING NEEDS ASSESSMENT:

• Continued economic difficulties in the state, according Michigan's Department of the Treasury, should maintain the demographic trends that the state has witnessed since 2000—falling populations, slight growth in households, and lack of strong growth in household income. These three related trends would serve to reduce housing demand in general.

• At the state level, the percentage of renters among households has stayed relatively constant since 2000, counter to the trends seen over the last few census periods indicating that increased levels of homeownership were the norm. In 2000, about 26% of households rented their shelter. This percentage decreased to about 25% in 2005.

• At the state level, strong increases in median value levels took place between 2000 and 2005, but this rate of growth was much slower than what had occurred between 1990 and 2000. During the earlier period, values rose by about 9% per year on average, but between 2000 and 2005, growth slowed to just under six percent per year on average. In 2005, the median value of owner-occupied housing in the state was $149,300.

• Gross rents in the state had a median value of $655 in 2005. This represents an increase of about four percent annually on average since 2000. It is important to note that most of the trends illustrated above uncover rates of growth higher than the general level of inflation during that time. This implies that housing costs are taking up an increasing percentage of household budgets around the state.

• According to Community Research Services' analysis of mortgage lending patterns in the state, urban areas need more support in terms of attempting to gain positive treatment from the banking sector. This is very important in the case of home improvement loans, where the acceptance rate in areas of Detroit is quite low.

• In 2005, about 10% of all owner households in the state paid more than 50% of their income on housing. The renter percentage was much higher, at 26%. It is vital to policymakers to understand the ramifications of these figures. Historically, the 50% overburdened figure has been used to imply the level of incipient homelessness in an area, as households that spend this degree of their income for housing are more vulnerable to discontinuities in income due to sickness, transportation difficulties, or other factors. Read in this light, homelessness looms over as many as 550,000 households in the state, or 14% of Michigan's total household count.

• If the assumptions about economic conditions noted above hold true, the state should add approximately 105,000 households by 2010. Of these, about 20,000 are projected to have incomes below the 30% of State Median Income threshold, and another 23,000 should have incomes that would qualify for Tax Credit occupancy.

• As the issue of overburden is growing in importance in the state, the numbers reflecting large growth rates among the least affluent households in the state signals the need for increased levels of subsidized housing, as well as an expansion of tax credit projects into areas of the state that are not currently well penetrated by this type of development.

• In terms of vacancies in existing affordable housing alternatives, projects with at least some type of RHS 515 participation have a vacancy rate of 9.8%. RHS 515/LIHTC rehabbed projects are also performing under expectations.

• In many market types across the state, the rent advantage normally enjoyed by Tax Credit properties has reversed, with conventional properties now being the less expensive housing option.