



**A Housing Market
Analysis of
West Branch, MI**

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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by Beckett & Raeder, Inc. to investigate housing market conditions across the West Branch area. West Branch is located within the northeast section of northern lower Michigan, within the southwest corner of Ogemaw County. The city is approximately 50 miles from Bay City, approximately 90 miles from Traverse City, and approximately 150 miles from Lansing.

CRS has been tasked to investigate the viability of various housing options, based on 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 the West Branch area, in some instances assumptions will be made regarding the likely participation of households outside of the West Branch area.

West Branch was originally established as a lumber community, with its name originating from its designation along the Michigan Central Railroad. The city's location along primary roadways is clearly an asset to the community, including Exits 212 and 215 off Interstate 75. Existing railways and a local airport are also essential transportation assets for the area. This background with natural resources and manufacturing employment has slowly shifted toward an economy primarily based in services. Today's local economy exhibits somewhat lower prevailing wages and income levels, limited professional employment opportunities, and unskilled positions within the service and retail sectors. Prevailing population trends reflect an aged population, smaller than typical households, and reduced family sizes totals due to a decreased birth rate, among other factors. These trends are not unique to West Branch, but the lower than average wages and limited employment opportunities have hampered the community's potential, despite the transportation-related advantages listed above.

This analysis will attempt to quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the local housing marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

No assumptions or analysis will be made regarding the separate market viability of higher-priced homeownership options, 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. This will be demonstrated through an in-depth analysis of local and regional demographic and income trends, economic and employment patterns, and existing housing conditions, as well as a supply and demand analysis of available residential alternatives within the region.

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 assumes the examination of West Branch city and the four townships within the southeast corner of Ogemaw County as one combined market area. Other geographic measures used throughout the analysis include West Branch City and Ogemaw County. The market area is appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely expand the market area beyond the city and townships. This is of course dependent upon assumptions regarding location and accessibility.
- Three primary target markets (market subsets) were examined for this analysis, including:
 - Senior rental housing – for those persons or couples age 55 and older, that are able to live an independent lifestyle, and are primarily retired or work on a part-time basis. The segment is divided into an affordable band (with incomes between \$15,000 and \$30,000) and market rate band (\$40,000 and above).
 - 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 typically within the services or hospitality sectors;
 - Workforce housing – for singles, couples, or small families of all ages, with incomes between approximately \$25,000 and \$75,000 (depending upon family size), with some degree of specialized training or educational attainment, employed within manufacturing, services, or other moderate-wage sectors. Rental and homeownership considerations will be included.
- Positive factors include the following:
 - The region exhibits strong transportation linkages, with two exits off Interstate 75, and direct access to M-55, M-30 and M-76, along with proximity to M-33. The community also features an active airport for small aircraft.
 - Ogemaw County contains a number of recreational areas, lakes, and parkland. Such areas are popular destination points for both local and regional use, and also encourage consideration of the West Branch area as a retirement destination. The community's large concentration of seniors is a testament to this trend, helping to stabilize overall migration patterns. Additional placemaking considerations are favorable, as the community contains sufficient retail and service outlets to support daily living activities.
 - Housing prices are relatively modest, despite some price inflation due to the presence of retirement homes found along lakes and other resort-oriented

locations. Comparisons regarding housing cost with other northern Michigan communities are generally favorable for both owner-occupied and rental options.

- The community exhibits relatively little blight, and most residential areas are in fair to good condition, with a degree of stability that is a positive influence upon the community. While improvements within the housing stock are always welcome, the overall quality of the community's housing stock is not an immediate issue at this time.
- Impediments and other problematic considerations include:
 - Long term demographic trends for population and household totals are generally stagnant. The West Branch area's population for 2023 will reflect a decline of five percent from 2010.
 - The population across the West Branch area is aging in place, and along with migration into the region by retirees the size of the non-senior labor force continues to decline. By 2023 senior households age 55 and older will represent more than 57 percent of the area's total. Such trends are not sustainable, and will result in a rapidly declining workforce, shrinking school age population, and reduced tax base.
 - Income levels for West Branch and Ogemaw County have not significantly changes since 2000 on a real income basis. Minimal gains have not maintained pace with overall inflation levels.
 - Limited supply of market rate rental housing is present, and is an impediment to the potential relocation of younger households with professional skills/talents into the community. While affordability of housing is not an acute issue, the availability of housing proximate to likely employment locations within the city is clearly lacking.
 - The conversion of formerly owner-occupied single-family homes into rental housing options is a common trend across most Michigan communities over the past two decades, but this conversion has reduced the availability of local housing units for those families seeking a starter home or entry into the community.
 - The city's lack of a formal rental inspection program/process is apparent, as such a program would improve the housing stock among the most distressed rental units, maintain a minimal quality standard among existing units, and make local landlords aware of expectations regarding housing stock quality and conditions.
 - Diversity within the employment base is shrinking across Ogemaw County. The area features a larger than average leisure/hospitality sector (representing 13 percent of private sector employment, as of 2017), declining high-wage blue collar positions, and long-term growth within primarily service-oriented occupations. While any employment creation is welcome, leisure/hospitality positions historically provide only low-wage, part-time employment. Core professional services (finance/healthcare/business) are also less than ideal in terms of concentration as compared to other similarly-sized communities. It is a healthy combination of manufacturing and professional employment options that

provide a base of moderate-income households that are readily able to raise families and age in place.

- Development costs are somewhat prohibitive, reflecting a range of issues that make affordable housing more difficult. These include environmental concerns, zoning requirements, permit costs, and other factors that are becoming more common across the region and statewide. The ability to reduce the cost of development is critical to the ability of a community to provide affordable housing.
 - Declining birth rates are prevalent across Michigan, but this trend within the West Branch area is exacerbated by the community's increasing concentration of senior households. As a result of such trends, local schools typically increasingly seek out alternatives to stabilize enrollment, decide to reduce budgets/payroll, or investigate consolidations with other neighboring areas.
 - While the area's home sales market is relative stable, many of these homes are not ideal for entry level professionals or blue-collar families that are seeking to establish more permanent residences within West Branch. While some options are present within West Branch, many of these options may be aged, undersized, or inadequate to serve the demand potential within the community. Many of the homes that are perhaps more suited for the primary target market segments are not found within the immediate West Branch area, but are located near recreational areas that are perhaps not the first choice for relocation.
- Primary findings for this analysis include:
 - The West Branch Area's ability to attract entry level households across the moderate-income and upper-income ranges is limited by a lack of supply for both rentals and homes for purchase, despite relatively reasonable price points across the community. These factors negate the strong level of Placemaking assets found across the West Branch Area. In addition, an increasing senior segment and declining birthrates will lead a shift in the community's characteristics which may negatively impact the school system, tax base, employment base, and retail/service availability.
 - Relatively few market rate rental developments are present within the West Branch area. In addition, affordable rental developments for both open occupancy and senior occupancy are fully occupied and continue to draw strong traffic levels. Thus, future development should reflect primarily market rate options, with secondary consideration for additional affordable units that would serve both the low-income and moderate-income household segments. The introduction of up to 40 units of market rate rental housing is strongly suggested, coupled with single family homeownership options (single family or duplex-style units) that reflect prevailing market conditions and demand levels.
 - It is suggested that local leaders investigate the viability of forming a local entity (such as a community development corporation, 501(3)c, or similar organization) to actually develop housing within the community. Such an entity could be formed as a nonprofit, private/public organization, or private subsidiary of an

existing organization (among other forms), and potentially benefit from direct and indirect contributions from the community. Such an entity would specifically address the needs of the community from a housing standpoint (rather than pursue the most profitable alternatives), could seek a wide range of financing opportunities, may select experienced consultants to aid in the development process, and would allow for local control to remain within the community before, during, and after the development process is complete. The use of such an entity may allow for cost reductions within the development process that would aid in the establishment of more affordable price points. The entity could also directly or informally partner with local employers to pre-lease or conditionally lease a set of units/homes for new arrivals to the community, reducing the pressure on these new residents to find a local residence.

- It is also suggested that consideration be given to the use of a Request for Qualifications to seek out a development professional that would actively collaborate with local leaders toward the development of housing needs. Assuming the community wished to have some degree of control over the development of city-owned property (or other parcels), the use of an RFQ would formalize an understanding with a selected development entity, and allow for ongoing participation throughout the development process. As with the previous bullet item, the use of an RFQ may ideally reduce some development costs that would directly translate to more flexibility with price points without impacting the overall viability of the development itself.
- Two locations within the city were discussed for development options. The southwest parcel off M-30 is ideal for both single family and rental housing options, with a preference for a combination of rental apartments and duplex/townhome style units either for rent or for purchase. The bicycle factory location, however, is problematic from both a cost and market standpoint. The West Branch area is not a suitable location for the type of redevelopment activity that typically is associated with an adaptive reuse proposal such as the bicycle factory. In addition, lower than required housing price points, lack of local expertise, and insufficient market size are all negative factors that are likely impossible to overcome.
- Long-term trends point to the need for additional senior housing options within the West Branch area. However, this demand should not be considered a primary need at this time. Future development plans for additional senior housing should be a primary need within the next five to ten years, but it is strongly recommended that a possible solution that addresses the need for workforce/market rate housing be considered first.

The findings point to sufficient statistical support and market depth for rental development that addresses the moderate-income band, generally described by households between 60 percent and 120 percent of Area Median Income. Based on the preliminary findings, such a development should feature the following characteristics:

Project Size:	Approximately 40 units (with additional phases possible)
Project Type:	Market rate units, with a combination of garden apartments and lower-density townhomes The inclusion of affordable and market rate units within a mixed-income proposal is also suggested, but it is difficult to minimize the inclusion of affordable units within such a proposal
Unit mix:	Combination of one-bedroom / two-bedroom options
Targeted Incomes:	\$35,000 - \$75,000
Preliminary Pricing:	\$850+ – 1BR \$1,050+ – 2BR <i>Rents do not include utilities, and assume a 2020 market entry</i>
Amenities/features:	Commensurate with modern rental developments found within nearby metropolitan areas such as Midland
Additional considerations:	Collaboration with local employers to pre-lease or sponsor units for occupancy by employees on either a temporary or permanent basis

A need for additional homeownership options within the community for moderate income households is an additional recommendation from this analysis. Suggested features for such a proposal would include:

Project Type:	Single family or duplex structures with attached garage, targeted for couples and small families
Unit mix:	3BR/2bth structures
Targeted Incomes:	\$50,000 - \$75,000
Preliminary Pricing:	\$160,000 - \$195,000
Amenities/features:	Commensurate with modern owner-occupied housing found across the community
Additional considerations:	Collaboration with local employers to help sponsor financing options, or establishment of a sponsored down-payment assistance program to rapidly move potential employees into desirable homes for permanent occupancy

Considering the long-term trends regarding seniors, aging in place, and the high level of attraction to West Branch by retirees from across the region, sufficient market demand for a senior residential facility for independent-living households age 55 and older will increasingly be present within the community. While affordability is always important, it is suggested that the senior facility target moderate income to higher income households, with no rent or income restrictions. A possible development alternative would include mixed income development, through the use of the Low Income Housing Tax Credit or other financing vehicle.

The following preliminary recommendation for senior housing includes the following:

Project Size:	Approximately 20 apartment units
Unit Type:	Independent Living units with one-bedroom/two-bedroom combinations – options for personal care services contracted separately
Additional phases:	Uncertain – primarily dependent upon the lease-up and ongoing occupancy levels of the initial phase
Suggested Structure type:	Duplex or four-plex style units with attached garage, along with a community building/office
Unit Mix:	20% one-bedroom / 80% two-bedroom (approx.)
Preliminary Pricing: (Average)	\$1,200 – one-bedroom unit \$1,395 – two-bedroom unit
Does not include utilities, or any personal care services that may be provided separately	
Proposed Amenities:	Full kitchens with refrigerator, range, dishwasher, and disposal; central air conditioning, in-unit laundry, and ample closet space.
Project Features:	Ample green space, sufficient community space for resident use, and on-site management.

These recommendations are preliminary only. A positive recommendation for a more specific proposal would be dependent upon the utilization of a specific targeting plan, inclusion of amenities and building design that reflects the market, availability of on-site services (if applicable), and professional preleasing and management. Assumptions also include a positive location with ample visibility and strong access from across the region, as well as no delays during the eventual development process.

Map: West Branch



III. MARKET PROFILE

Target Market Identification

In general, a housing 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. By separating the overall rental market into separate target market segments based on age, income, or other unique and pertinent aspects, a more specific examination and recommendation can be made for the community that specifically reflects the area's characteristics.

From a purely demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for younger adults, older adults, and senior citizens is approximately the same. Only the senior segment demonstrates any growth trends, and the vast majority of this growth is simply aging in place. Describing the community from a very generalized social/economic standpoint, the largest segments include blue-collar unskilled laborers, retirees, and non-seniors those that do not participate within the labor force. Wage levels are generally lower than other communities across northern lower Michigan, and while some degree of wealth is present, it is found primarily within resort homes and retirees.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the West Branch area an imbalance appears present for moderate income households seeking both rental and homeownership options. From a local employment standpoint, a majority of the potential residents that may occupy such homes would have backgrounds within the service and leisure/hospitality sectors, as well as sales/retail occupations. This may also include entry level professionals that are employed within the West Branch area.

For this analysis, Community Research has narrowed the list of applicable target market segments to the following groups:

- Moderate income households seeking homeownership options
- Working class households seeking non-subsidy rental housing options
- Senior citizens seeking independent living alternatives

The likely market demand for housing types that may match the primary target market segments is evident to community leaders based on interviews conducted for this report.

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

- Lower-income to moderate-income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the service and leisure/hospitality sectors, potentially seeking workforce housing options
- Moderate income households (all ages, and including singles, couples, and small families), with a wide range of backgrounds and educational attainment, many of which are relocating to the community, and feature either strong educational attainment or workforce experience that results in higher than average income potential. This is the “missing middle” most communities are lacking
- Moderate income to higher income senior households (age 55 and older), with minimal or no participation within the labor force, able to live an independent lifestyle, potentially seeking a rental housing option designated for senior occupancy

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

- Larger-sized lower-income families seeking rental housing
- Higher income households seeking homeownership opportunities
- Senior households seeking assisted living/nursing care housing
- Households seeking 2nd home or vacation homes

Primary and Secondary Market Area Determination

The West Branch area is a distinct market, with adjacent communities within and adjacent to Ogemaw County representing generally separate regions. The most conservative measure of the local market would include the City of West Branch and the four townships within the southwest corner of Ogemaw County. Due to proximity to the city and the existing roadways, it would be difficult to remove any of these four townships from the market area designation. This is what this analysis will use as a baseline for demographic analysis and demand calculations. The Primary Market Area includes the following subdivisions of Ogemaw County:

- West Branch City
- West Branch Township
- Ogemaw Township
- Horton Township
- Edwards Township

Secondary Market Area considerations are perhaps not as important, as the only other organized community within the county is Rose City, within the northern half of Ogemaw County. Care must also be taken to not overestimate the potential draw of West Branch from other nearby communities, despite the presence of I-75, M-55, M-33, and M-30. Both migration data and commuting patterns indicate a generally low to moderate degree of movement from other nearby cities and villages with West Branch. While the roadways would clearly favor such movement, available evidence and data do not point to such trends. In addition, local retirees appear to be primarily households aging in place, with a minority of such elderly households originating from outside of the region.

From a senior housing standpoint, Secondary Market considerations may be somewhat more liberal, and include former residents of the West Branch area, regardless of their current address, that would strongly consider relocating to the community if a residential option was available. 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 traffic patterns, inquiries, and the eventual relocation of residents from outside of the region.

Map: West Branch Primary Market Area



IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented 47 percent of all market area workers. With the city this percentage was nearly 63 percent, reflective of a combination of highly concentrated service jobs and a lack of other options within the community. Retail trade positions represented 15 percent of the market area's labor force, while manufacturing jobs accounted for just nine percent of the area's labor force.

The percentage of employment within other typically higher wage positions is also relatively low within the city and across the market area. Communities that exhibit more stable income/wage patterns also exhibit higher manufacturing employment levels as observed.

Table: Employment by Industry

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
Agriculture and Mining	11	207	460
Percent	1.4%	6.2%	6.0%
Construction	38	197	528
Percent	4.9%	5.9%	6.9%
Manufacturing	38	314	807
Percent	4.9%	9.4%	10.5%
Wholesale Trade	16	117	236
Percent	2.1%	3.5%	3.1%
Retail Trade	110	508	1,223
Percent	14.2%	15.2%	15.9%
Transportation & Utilities	33	174	366
Percent	4.3%	5.2%	4.8%
Information	3	26	92
Percent	0.4%	0.8%	1.2%
Finance, Insurance, & Real Estate	17	97	214
Percent	2.2%	2.9%	2.8%
Services	482	1,560	3,502
Percent	62.6%	47.1%	46.1%
Professional & Managerial Serv	33	218	504
Percent of All Services	6.8%	14.0%	14.4%
Educational & Healthcare Serv	247	873	1,925
Percent of All Services	51.2%	56.0%	55.0%
Arts/Entertainment Services	184	343	765
Percent of All Services	38.2%	22.0%	21.8%
Other Services	18	126	308
Percent of All Services	3.7%	8.1%	8.8%
Public Administration	25	136	261
Percent	3.2%	4.1%	3.4%

SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau

Due to employment losses over the past two decades, the West Branch Area exhibits a reduced level of “blue collar” and manufacturing employment similar to most other cities across Michigan.

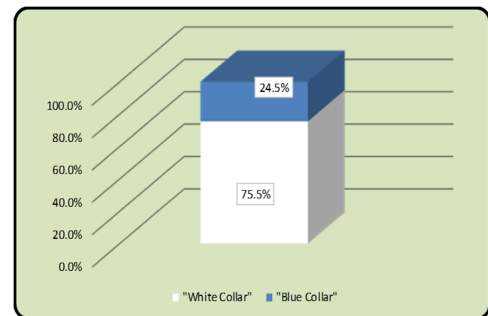
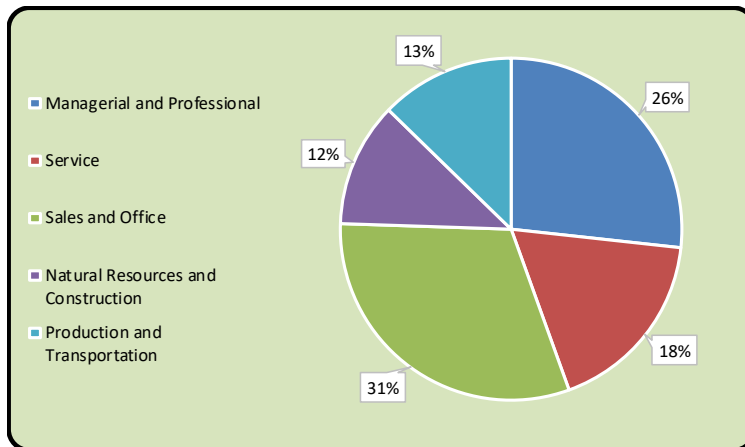
Employment by Occupation data from the American Community Survey indicates the majority of workers are employed in professional, sales, or office positions. These sectors combined totaled more than 75 percent of the area’s labor force. The area’s concentration of “blue collar” positions represented approximately 25 percent of the labor force, with a smaller concentration within the city (13 percent) and larger concentration across Ogemaw County (nearly 28 percent).

Table: Employment by Occupation

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
Managerial and Professional	205	892	1,901
Percent	26.5%	26.7%	24.7%
Service	222	592	1,519
Percent	28.7%	17.7%	19.8%
Sales and Office	248	1,035	2,143
Percent	32.1%	31.0%	27.9%
Natural Resources and Construction	35	392	992
Percent	4.5%	11.8%	12.9%
Production and Transportation	63	425	1,134
Percent	8.2%	12.7%	14.7%

SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau

Figure One: Employment by Occupation Breakdown – West Branch Area



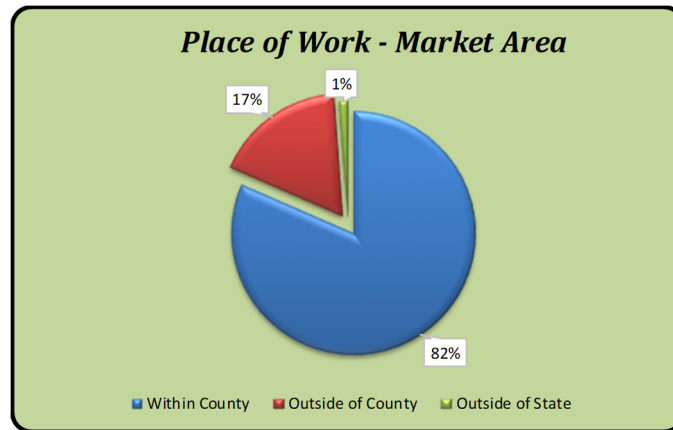
The area's labor force is primarily local, with patterns that are similar to most other communities within northern Michigan. The percentage of people working outside of Ogemaw County reflects commuting opportunities along I-75 and other primary roadways, despite distances to other larger employment concentrations that approach or exceed one hour.

Table: Employment by Place of Work

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
Place of Work within County	666	2,702	5,715
Percent	85.8%	81.5%	75.9%
Place of Work Outside of Coun	88	574	1,719
Percent	11.3%	17.3%	22.8%
Place of Work Outside of State	22	38	98
Percent	2.8%	1.1%	1.3%

SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau

Figure Two: Employment by Place of Work Breakdown



Migration patterns for persons within Ogemaw County provide another indication of the prevailing direction of overall demographic and economic trends. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error. However, the prevailing direction is that a loss of population over the next few years should be anticipated, despite an increasingly favorable economy. Examining the data, much of the net migration is a direct

Migration patterns are slightly positive across Michigan, but Ogemaw County is losing population to other communities across NE Lower Michigan

indication of the lack of housing options, and perhaps an indirect reflection of the West Branch area's lagging recovery from an employment and income standpoint. In comparison to Ogemaw County's adjacent areas, the area has a net loss in terms of migration patterns. Positive trends are present from Crawford, Iosco, and Gladwin Counties, but this infusion of persons is negated by a loss of population from Arenac, Roscommon, and Iosco Counties. A net positive shift is present from the greater Detroit area as well as statewide, most likely reflective of retirees relocating to the West Branch and Rose City areas. Nationwide, Ogemaw County has experienced a slight loss in population (a 65-person net loss), which is relatively common for most rural Michigan counties. These migration trends are reflected within the county's population projections from ESRI, with declines in overall population anticipated between 2010 and 2023.

While the overall net loss is relatively small, the larger losses of population to adjacent sections of northeast lower Michigan are clearly reflective of an economic disadvantage, potentially due to a wide range of explanations. These may include an imbalance in the housing market, limited employment opportunities, less attractive community services, reputation-related reasons, or simply a less competitive environment that places communities within Ogemaw County at a disadvantage.

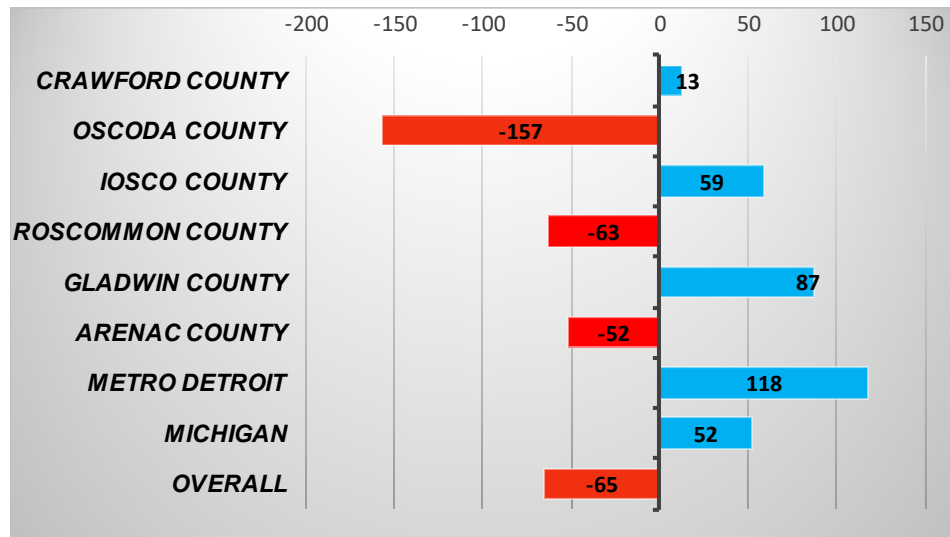
It should be reiterated that the migration data is at the county level, and it is entirely possible that the West Branch Area exhibits slightly stronger migration patterns as compared to Ogemaw County as a whole. Even with this consideration, migration trends are only a small portion of the overall population base, but any trend that may reflect poorly on the community requires examination. Conversations with local leaders appear to confirm issues regarding difficulties with new employees and professionals finding permanent housing options, due to a combination of affordability and availability. Despite this simple supply vs. demand issue, various impediments to new entries into the housing marketplace appear to exacerbate these migration trends against the West Branch area.

Table: Annual Migration Patterns – Ogemaw County

	<u>Flow Into Ogemaw County</u>	<u>Flow Out of Ogemaw County</u>	<u>Net Migration Ogemaw County</u>
Crawford County	13	0	13
Percent of Total	1.1%	0.0%	---
Oscoda County	14	171	-157
Percent of Total	1.2%	13.5%	---
Iosco County	177	118	59
Percent of Total	14.7%	9.3%	---
Roscommon County	73	136	-63
Percent of Total	6.1%	10.7%	---
Gladwin County	107	20	87
Percent of Total	8.9%	1.6%	---
Arenac County	96	148	-52
Percent of Total	8.0%	11.7%	---
Metropolitan Detroit	176	58	118
Percent of Total	14.6%	4.6%	---
Michigan	1,086	1,034	52
Percent of Total	90.1%	81.4%	---
United States	1,205	1,270	-65
Percent of Total	100.0%	100.0%	---

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

Figure Three: Annual Net Migration – Ogemaw County



Employment Trends

Ogemaw County residential employment totals have not exhibited significant gains since the early 2000s, despite a statewide and regional economic recovery that has taken place over the past six years. Employment totals peaked in 2005, at 9,126 jobs, with a corresponding unemployment rate of 7.7 percent. While unemployment levels have recently stabilized just below eight percent, the number of jobs across the county has not recovered. Such trends are indicative of permanent employment loss, mostly within manufacturing occupations. While many portions of Michigan have recovered from pre-recessionary employment levels, with job totals near or exceeding levels observed during the late 2000s, unfortunately Ogemaw County is not one of these areas, as the county has lost approximately 1,500 jobs since 2005. In fact, since 2005 only two years have demonstrated employment growth (2014 and 2017), and monthly totals for the past year do not indicate any near-term reversal of this trend. A parallel reduction in the size of the county's labor force has moderated these trends somewhat, but a lack of employment growth severely negates a region's ability to exhibit positive economic trends, attract new employers, and generate positive wage/income levels over a sustained period of time.

While employment levels are lagging behind trends from the previous decade, unemployment ratios for Ogemaw County have recovered to historically stable levels. The county's unemployment rate for 2017 was recorded at 7.8 percent, much improved from the high level of 14.5 percent recorded in 2010. Since 2015 the annual unemployment rate has remained below eight percent, with relatively small variations in the labor force and employment totals over the past three years. By comparison, Michigan's unemployment rate was 4.6 percent for 2017, while the national unemployment rate was reported at 4.4 percent.

For 2017, the Ogemaw County employment base totaled 7,592 persons. This level is nearly identical from 2016, but is well below the peak employment level in 2005. Such trends across the region are mixed, as other counties within northern Michigan have also struggled to replace employment options that were lost during the past recessionary period. Thus, Ogemaw County's job trends are not unique, but a unique set of solutions are needed to stabilize and grow the community's employment base.

Figure Four: Area Employment Trends – Ogemaw County

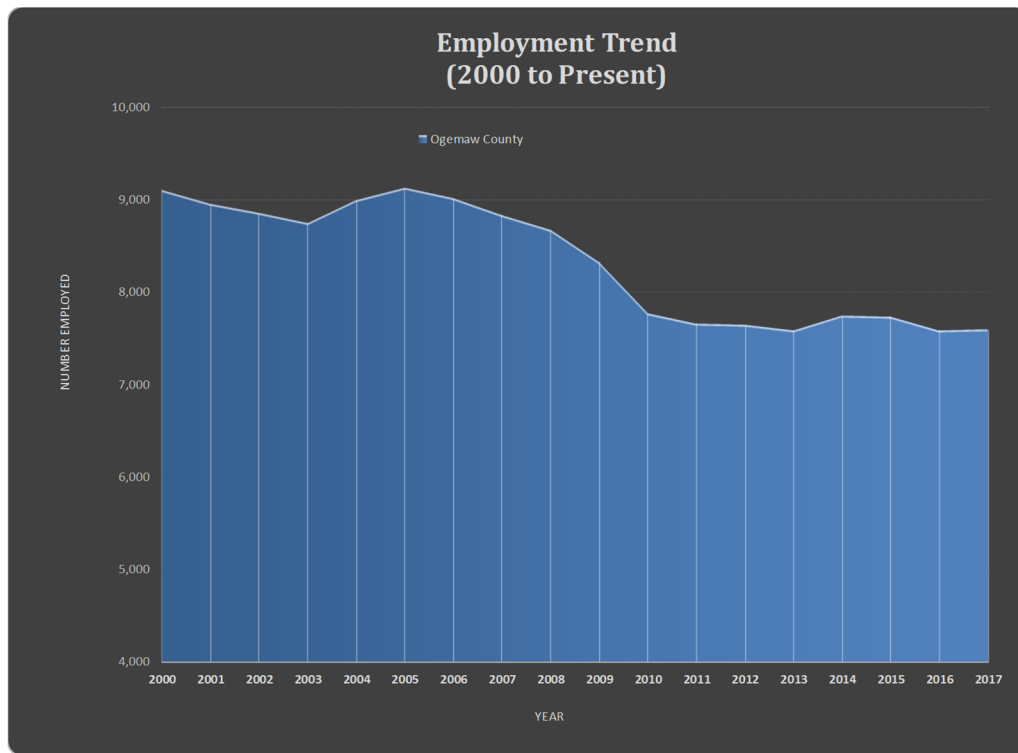


Figure Five: Annual Change in Employment

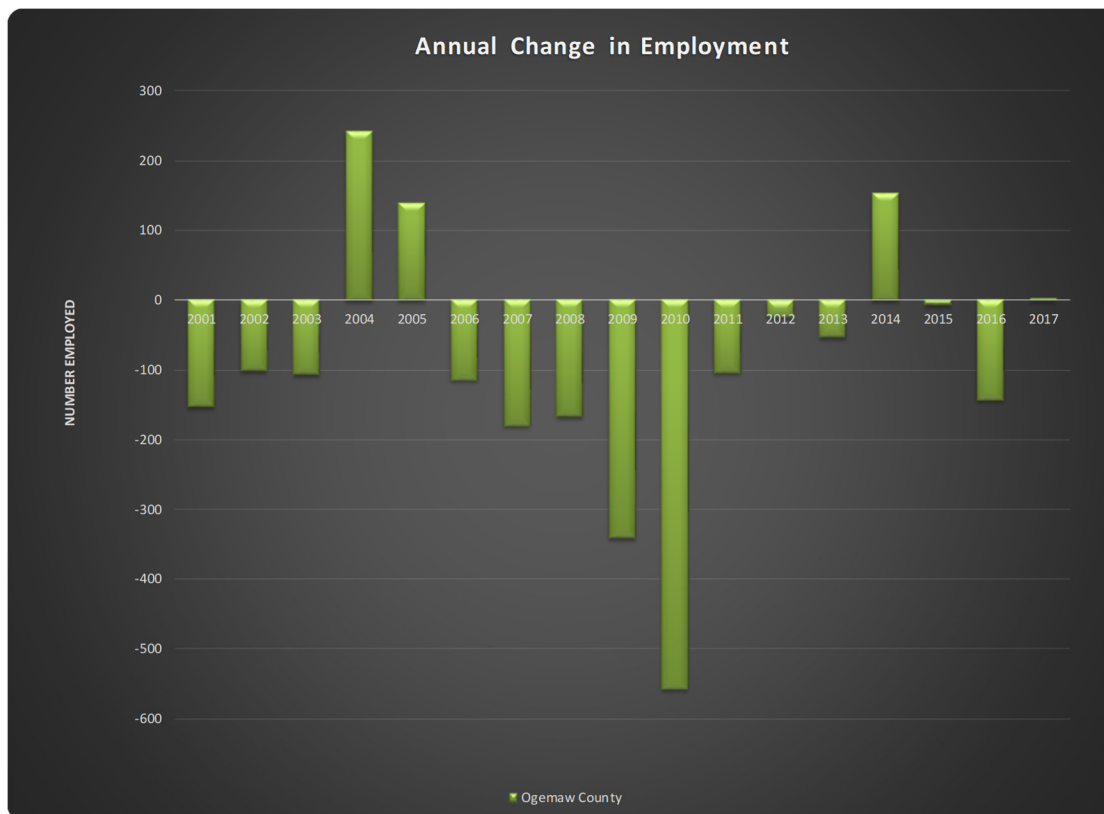


Figure Six: Unemployment Rate Comparison

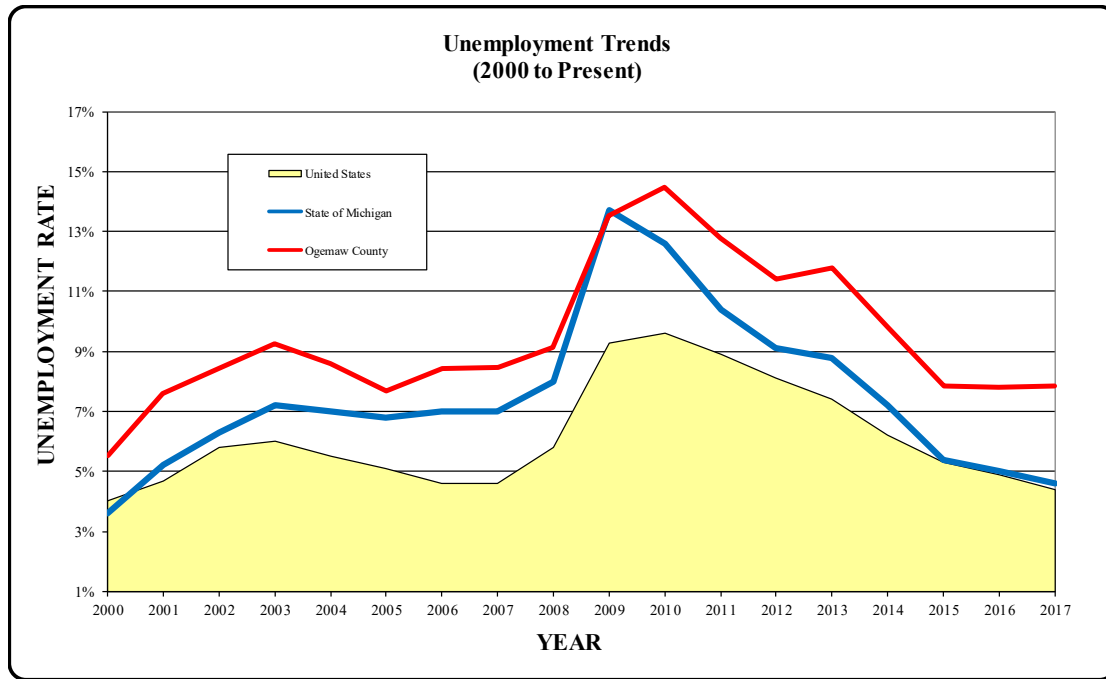


Table: Employment Trends (2000 to Present)

	Ogemaw County				State of Michigan	United States
Year	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
2000	9,640	9,105	---	5.5%	3.6%	4.0%
2001	9,690	8,953	(152)	7.6%	5.2%	4.7%
2002	9,665	8,852	(101)	8.4%	6.3%	5.8%
2003	9,639	8,746	(106)	9.3%	7.2%	6.0%
2004	9,830	8,987	241	8.6%	7.0%	5.5%
2005	9,884	9,126	139	7.7%	6.8%	5.1%
2006	9,842	9,012	(114)	8.4%	7.0%	4.6%
2007	9,651	8,832	(180)	8.5%	7.0%	4.6%
2008	9,536	8,665	(167)	9.1%	8.0%	5.8%
2009	9,627	8,325	(340)	13.5%	13.7%	9.3%
2010	9,082	7,767	(558)	14.5%	12.6%	9.6%
2011	8,786	7,663	(104)	12.8%	10.4%	8.9%
2012	8,623	7,639	(24)	11.4%	9.1%	8.1%
2013	8,599	7,586	(53)	11.8%	8.8%	7.4%
2014	8,580	7,739	153	9.8%	7.2%	6.2%
2015	8,392	7,732	(7)	7.9%	5.4%	5.3%
2016	8,231	7,589	(143)	7.8%	5.0%	4.9%
2017	8,238	7,592	3	7.8%	4.6%	4.4%
Sep-17	8,261	7,762	---	6.0%	4.5%	4.1%
Sep-18	8,123	7,731	(31)	4.8%	3.5%	3.6%
				<u>Number</u>	<u>Percent</u>	
Change (2000-Present):				(1,513)	-16.6%	
Change (2000-2008):				(440)	-4.8%	
Change (2008-Present):				(1,073)	-12.4%	
SOURCE: Bureau of Labor Statistics.						

The region's employment base is centered within the Healthcare and Retail Trade sectors – an employment base with generally little variation with incomes and reliant upon a notable number of unskilled positions. Like most regions of Michigan and the Midwest, employment trends reflect an ongoing shift away from higher-wage manufacturing jobs toward an increasing level of lower-wage service employment. While some manufacturing employment positions are present, the shift toward service positions is clearly present across the area. The construction of the Aldi grocery store is an example of this shift toward lower-wage options becoming an increasing portion of the overall employment base.

Wages and Income Data

Employment and wage data obtained from the U.S. Census Bureau's Quarterly Census of Employment and Wages (QCEW) provides a current picture of employment distribution within Ogemaw County. This data measures private sector employment trends that take place within a given county, regardless of the residence of the labor force. As can be seen within the figures on the following pages, over the past seven years Trade/Transportation/Utilities positions remain the largest industry sector for the county, with an increase of six percent from 2010 to 2017. In 2017, this sector represented nearly 43 percent of the county's labor force. Education & Healthcare employment accounted for nearly 20 percent of the total, while Leisure/Hospitality jobs represented 13 percent of employment. Separated by the type of employment category, production positions increased by nearly 29 percent over the seven-year period, mostly due to a sharp increase in construction employment (despite a decline in manufacturing), while service positions have declined by one percent. Overall, private-sector employment has increased by 2.6 percent between 2010 and 2017 (the totals do not include public sector jobs), reflective of a partial recovery for the at-place employment base across the county.

Sizable gains within specific industries have yielded the large majority of employment and wage growth over the past seven years – mostly within the production occupations.

The number of production-related jobs has increased over the seven-year period, including Natural Resources (up 29 percent) and Construction (up 85 percent). The largest percentage declines in employment were within Financial (31 percent), Other Services (27 percent) and Professional/Business

Services (26 percent), all within the services sector. Overall figures are an improvement from

prior years, in which most categories were significantly impacted after the recessionary period of the last decade.

A primary way to illustrate the employment trends within Ogemaw County is a comparison of private sector residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are collected within separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment (7,428 jobs, estimated and adjusted for private sector jobs only, as of 2017) as compared to at-place employment (4,905 jobs, also as of 2017) is a clear illustration of the dynamics of the Ogemaw County labor market. In many aspects the West Branch area is a bedroom community, but not in the classic “suburban community” sense with a set of primary employment options present within an adjacent community. No large concentration of employment centers, metropolitan area, or large city is present within a reasonable distance of the West Branch area. The nearest such example is, at best, the Midland/Bay City area. Rather, the West Branch area does not contain a sufficient number of jobs for the local population, which along with other factors contributes to underemployment, longer than ideal commutes (and associated costs), and lower than desirable wage levels.

Leisure/Hospitality positions currently offer the lowest average wages within the county (\$15,177 in 2017), followed by Other Services positions (\$23,080 in 2017). The trend within the Natural Resources sector is not unusual, as the size and characteristics of this sector are volatile. The highest average annual wages within Ogemaw County are found within the Construction sector (\$65,190) and Information sector (\$50,212). Outside of Manufacturing positions, remaining industries are concentrated in moderate and lower-wage positions, regardless of the employment sector. Overall wages have slowly increased over the past seven years, as the private sector average annual wage in 2017 was \$32,894. Since 2010 this reflects an average annual rate of increase of 4.5 percent, which is above-average growth compared to statewide trends, but perhaps skewed greatly by the gains in select industries.

For housing needs to match these economic characteristics, pricing and project features need to reflect these recent changes within the target market segments, while recognizing that potential economic development opportunities (such as the new Aldi’s, expansion of local medical facilities, and other new or additional entry level/professional employment) may not

reflect available housing options within the West Branch area. The broadest available housing stock serves the broadest possible resident base. The identification of such gaps in the housing stock and the employment base is critical to the long-term stabilization of the West Branch community.

Table: Largest Employers – West Branch Area

Company	Employees	Product/Service
West Branch Regional Medical Center	358	Healthcare
Walmart	280	Retail Trade
West Branch / Rose City Schools	252	Education
Outlets at West Branch	250	Retail Trade
Forward Corporation	141	Retail Trade/Business Services
Sandvik Hyperion	120	Manufacturing
Au Sable Valley Community Mental Health	120	Healthcare
The Villa of Rose City	112	Healthcare
Consumer's Energy	110	Utilities
Home Depot	108	Retail Trade
The Villa of West Branch	96	Healthcare
UPS Customer Center	85	Transportation/Business Services
McDonald's	63	Retail Trade
American Plastic Toys	60	Manufacturing
Compassionate Care Home Health	55	Healthcare
Heartland Home Care & Hospice	54	Healthcare
K-Mart	53	Retail Trade
Family Fare	52	Retail Trade
Taylor Entrance Systems	50	Manufacturing
Big Boy	50	Retail Trade
Specialized Pharmacy Services	48	Retail Trade

Source: Ogemaw County EDC

Table: Ogemaw County - Employment by Industry – 2010 to 2017

Employment Categories by Industry	2010		2017		% Change
	Number Employed	Percent	Number Employed	Percent	
Construction	176	3.6%	325	6.5%	84.7%
Manufacturing	267	5.4%	256	5.1%	-4.1%
Natural Resources and Mining	135	2.8%	174	3.5%	28.9%
Total Production:	578	11.8%	755	15.0%	30.6%
Education and Health Services	981	20.0%	1,000	19.9%	1.9%
Financial Activities	213	4.3%	148	2.9%	-30.5%
Information	43	0.9%	55	1.1%	27.9%
Leisure and Hospitality	680	13.9%	644	12.8%	-5.3%
Other Services	240	4.9%	175	3.5%	-27.1%
Professional and Business Services	139	2.8%	103	2.0%	-25.9%
Trade, Transportation, and Utilities	2,031	41.4%	2,152	42.8%	6.0%
Total Services:	4,327	88.2%	4,277	85.0%	-1.2%
Overall Total:	4,905	100%	5,032	100%	2.6%

SOURCE: Bureau of Labor Statistics.

Figure Seven: Employment by Industry Breakdown – Ogemaw County

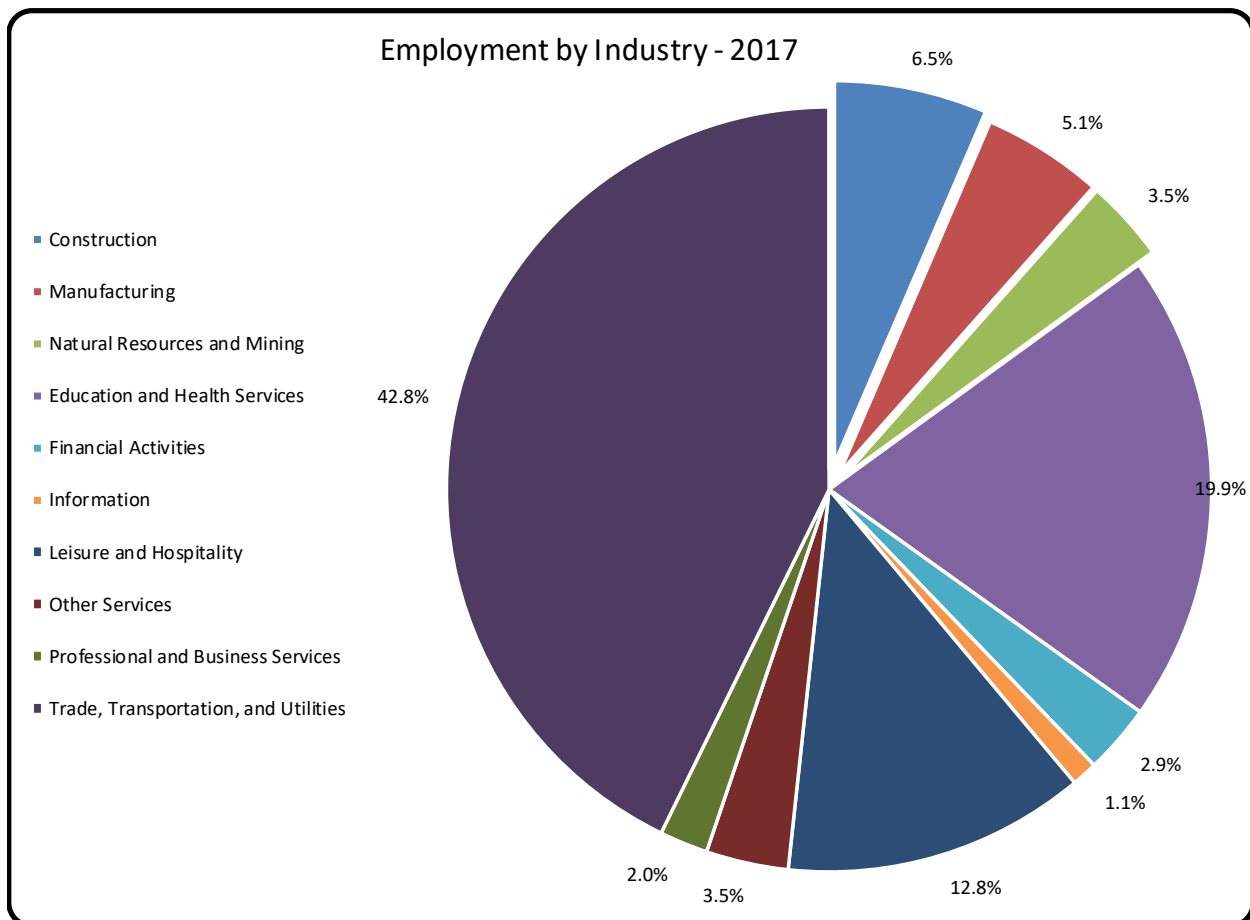
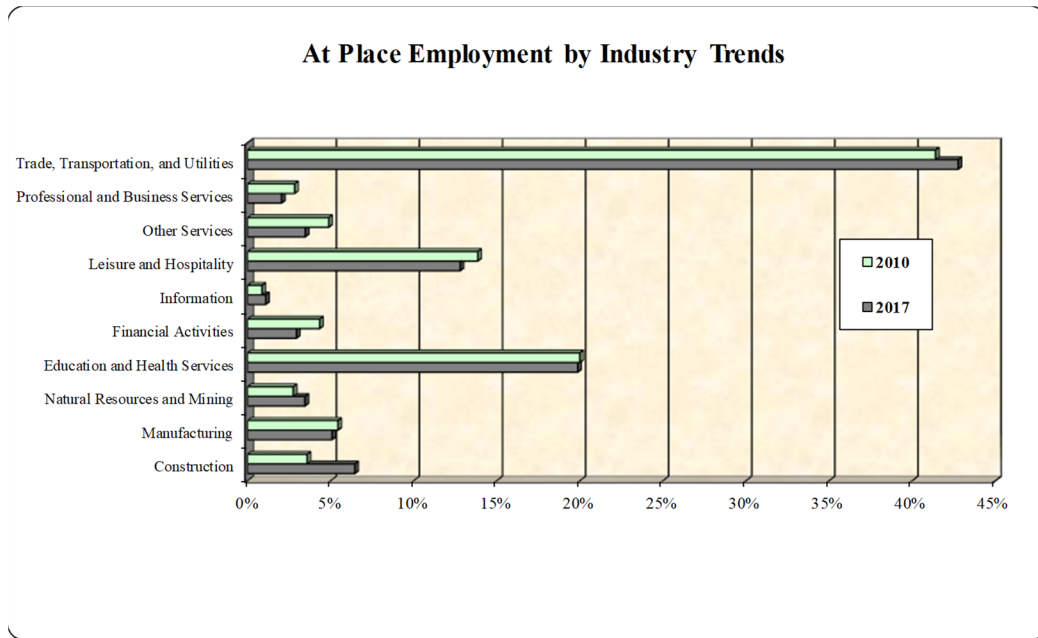


Table: Ogemaw County Wage Trends by Industry – 2010 to 2017

<i>Private Employment Categories by Industry</i>	<i>Average Annual Pay - 2010</i>	<i>Average Annual Pay - 2017</i>	<i>% of Overall Average - 2017</i>	<i>Total % Change - 2010-2017</i>	<i>Average Annual % Change - 2010-2017</i>
Construction	\$29,243	\$65,190	98.2%	122.9%	12.1%
Education and Health Services	\$26,291	\$32,401	-1.5%	23.2%	3.0%
Financial Activities	\$27,981	\$38,898	18.3%	39.0%	4.8%
Information	\$35,511	\$50,212	52.6%	41.4%	5.1%
Leisure and Hospitality	\$10,767	\$15,177	-53.9%	41.0%	5.0%
Manufacturing	\$36,088	\$38,216	16.2%	5.9%	0.8%
Natural Resources and Mining	\$28,160	\$25,554	-22.3%	-9.3%	-1.4%
Other Services	\$18,718	\$23,080	-29.8%	23.3%	3.0%
Professional and Business Services	\$33,154	\$32,975	0.2%	-0.5%	-0.1%
Trade, Transportation, and Utilities	\$24,743	\$33,477	1.8%	35.3%	4.4%
Overall Average	\$24,164	\$32,894	---	36.1%	4.5%
SOURCE: Bureau of Labor Statistics.					

Population Trends

Population totals within the West Branch area and across Ogemaw County are forecast to decline into the next decade, according to projections from ESRI. By 2023, the market area's population is projected to total 7,873 persons, reflecting a decline of approximately five percent from 2010. A similar trend is expected across Ogemaw County over the same period. These declines reflect losses due to net migration, a net decline in birth/death rates, and the local population aging in place.

Table: Population Trends (2000 to 2023)

	City of West Branch	PMA	Ogemaw County
2000 Population	2,053	8,062	21,645
2010 Population	2,139	8,295	21,699
Percent Change (2000-2010)	4.2%	2.9%	0.2%
Average Annual Change (2000 to 2010)	0.4%	0.3%	0.0%
2018 Population Estimate	2,086	8,067	20,883
Percent Change (from 2010)	-2.5%	-2.7%	-3.8%
Average Annual Change (2010 to 2017)	-0.4%	-0.4%	-0.5%
2021 Population Forecast	2,055	7,951	20,519
Percent Change (from 2010)	-3.9%	-4.2%	-5.4%
Average Annual Change (2010 to 2020)	-0.4%	-0.4%	-0.6%
2023 Population Forecast	2,035	7,873	20,277
Percent Change (from 2010)	-4.9%	-5.1%	-6.6%
Average Annual Change (2010 to 2022)	-0.4%	-0.4%	-0.6%

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

The following chart shows a population projection for the city and market area, providing an indication of the prevailing trend forward from 2010, reflecting slowly shrinking totals.

Figure Eight: Population Trends/Projections



For this type of housing analysis, 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.

Growth in senior population, primarily due to aging in place, represents the primary demographic change in the West Branch Area.

The ideal distribution of age within a community has the largest concentrations among the younger adults and non-adult populations, which transition into increasing household totals and family creation, while allowing older adults to age in place. Within the West Branch area, the young

adult and older adult segments are similar in size, between 26 percent and 28 percent. Non-adults (less than age 20) also represented a sizable portion of the area's total, at 25 percent. Seniors within the area in 2010 accounted for 20 percent of the local population, indicative of an older-than-typical population base.

According to ESRI forecasts, by 2023 the size of each age cohort will be much more similar. Across the West Branch Area, the three adult cohorts will be generally similar in concentration, while the number of children across the region will decline by more than 18 percent. This shift in population is primarily aging in place by the local population, rather than a significant influx of seniors or younger adults. The degree of senior concentration projected is actually greater across Ogemaw County, reflective of an anticipated influx of seniors to the area along with sizable aging in place by the local population.

Correspondingly, the West Branch Area's non-senior population will continue to decline, projected to represent 75 percent of the 2023 population; in 2010, the non-senior population accounted for 79 percent of the total population. These shifts are more notable across Ogemaw County as a whole.

Figure Nine: West Branch Area Age Distribution (2010 to 2023)

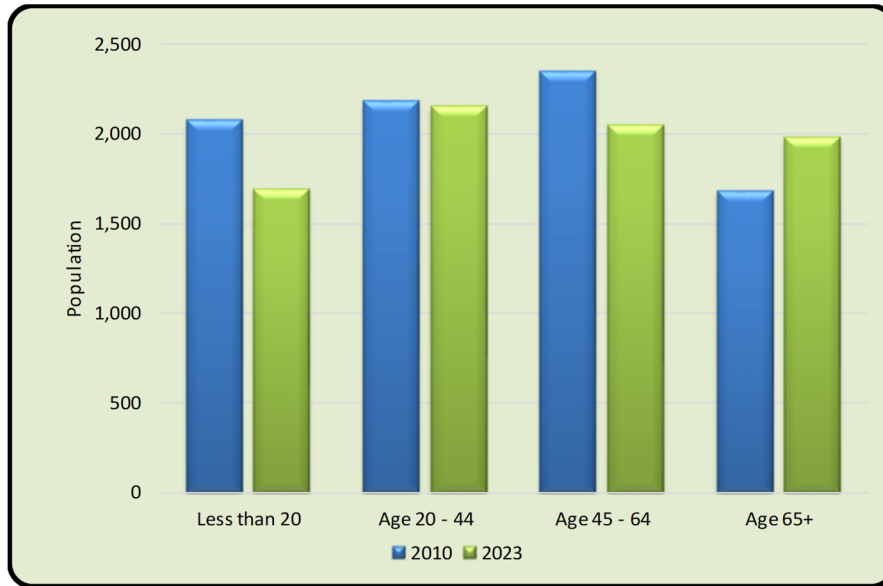


Table: Age Distribution (2010 to 2023)

	City of <u>West Branch</u>	<u>PMA</u>	Ogemaw <u>County</u>
Age Less than 20 - 2010	498	2,075	4,887
Percent of total 2010 population	23.3%	25.0%	22.5%
Age Between 20 and 44 - 2010	583	2,183	5,178
Percent of total 2010 population	27.3%	26.3%	23.9%
Age Between 45 and 64 - 2010	539	2,353	6,869
Percent of total 2010 population	25.2%	28.4%	31.7%
Age 65 and Over - 2010	519	1,684	4,765
Percent of total 2010 population	24.3%	20.3%	22.0%
Age Less than 20 - 2023	411	1,695	3,868
Percent of total 2023 population	20.2%	21.5%	19.1%
Percent change (2010 to 2023)	-17.5%	-18.3%	-20.9%
Average Annual Change (2010 to 2023)	-1.6%	-1.7%	-1.9%
Age Between 20 and 44 - 2023	619	2,154	4,795
Percent of total 2023 population	30.4%	27.4%	23.6%
Percent change (2010 to 2023)	6.2%	-1.3%	-7.4%
Average Annual Change (2010 to 2023)	0.5%	-0.1%	-0.6%
Age Between 45 and 64 - 2023	495	2,051	5,789
Percent of total 2023 population	24.3%	26.1%	28.5%
Percent change (2010 to 2023)	-8.2%	-12.8%	-15.7%
Average Annual Change (2010 to 2023)	-0.7%	-1.1%	-1.4%
Age 65 and Over - 2023	510	1,978	5,825
Percent of total 2023 population	25.1%	25.1%	28.7%
Percent change (2010 to 2023)	-1.7%	17.5%	22.2%
Average Annual Change (2010 to 2023)	-0.1%	1.3%	1.7%

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

Table: Senior Population Trends (2010 to 2023)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Senior Population (55 years and Over)	464	2,163	6,946
Percent of total 2000 population	21.7%	26.1%	32.0%
2010 Senior Population (55 years and Over)	761	2,803	8,171
Percent of total 2010 population	36.5%	34.7%	39.1%
Percent change (2000 to 2010)	64.0%	29.6%	17.6%
Average Annual Change (2000 to 2010)	5.1%	2.6%	1.6%
2018 Senior Population (55 years and Over)	784	3,039	8,982
Percent of total 2018 population	38.1%	38.2%	43.8%
Percent change (2010 to 2018)	3.0%	8.4%	9.9%
Average Annual Change (2010 to 2018)	0.4%	1.2%	1.4%
2021 Senior Population (55 years and Over)	790	3,083	9,131
Percent of total 2021 population	38.4%	38.8%	44.5%
Percent change (2010 to 2021)	3.8%	10.0%	11.7%
Average Annual Change (2010 to 2021)	0.4%	1.0%	1.1%
2023 Senior Population (55 years and Over)	794	3,113	9,230
Percent of total 2023 population	39.0%	39.5%	45.5%
Percent change (2010 to 2023)	4.3%	11.1%	13.0%
Average Annual Change (2010 to 2023)	0.4%	0.9%	1.0%
2000 Senior Population (65 years and Over)	301	1,298	4,064
Percent of total 2000 population	14.1%	15.6%	18.7%
2010 Senior Population (65 years and Over)	519	1,684	4,765
Percent of total 2010 population	24.9%	20.9%	22.8%
Percent change (2000 to 2010)	72.4%	29.7%	17.2%
Average Annual Change (2000 to 2010)	5.6%	2.6%	1.6%
2018 Senior Population (65 years and Over)	504	1,802	5,307
Percent of total 2018 population	24.5%	22.7%	25.9%
Percent change (2010 to 2018)	-2.9%	7.0%	11.4%
Average Annual Change (2010 to 2018)	-0.4%	1.0%	1.6%
2021 Senior Population (65 years and Over)	508	1,908	5,618
Percent of total 2021 population	24.7%	24.0%	27.4%
Percent change (2010 to 2021)	-2.2%	13.3%	17.9%
Average Annual Change (2010 to 2021)	-0.2%	1.3%	1.7%
2023 Senior Population (65 years and Over)	510	1,978	5,825
Percent of total 2023 population	25.1%	25.1%	28.7%
Percent change (2010 to 2023)	-1.7%	17.5%	22.2%
Average Annual Change (2010 to 2023)	-0.1%	1.3%	1.7%
2000 Senior Population (75 years and Over)	162	623	1,698
Percent of total 2000 population	7.6%	9.6%	13.2%
2010 Senior Population (75 years and Over)	326	805	1,974
Percent of total 2010 population	15.6%	10.0%	9.5%
Percent change (2000 to 2010)	101.2%	29.2%	16.3%
Average Annual Change (2000 to 2010)	7.2%	2.6%	1.5%
2018 Senior Population (75 years and Over)	280	823	2,151
Percent of total 2018 population	13.6%	10.4%	10.5%
Percent change (2010 to 2018)	-14.1%	2.2%	9.0%
Average Annual Change (2010 to 2018)	-2.1%	0.3%	1.2%
2021 Senior Population (75 years and Over)	279	859	2,294
Percent of total 2021 population	13.6%	10.8%	11.2%
Percent change (2010 to 2021)	-14.3%	6.7%	16.2%
Average Annual Change (2010 to 2021)	-1.5%	0.7%	1.5%
2023 Senior Population (75 years and Over)	279	883	2,389
Percent of total 2023 population	13.7%	11.2%	11.8%
Percent change (2010 to 2023)	-14.4%	9.7%	21.0%
Average Annual Change (2010 to 2023)	-1.3%	0.8%	1.6%
SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.			

Figure Ten: Senior Population Trends/Projections – West Branch Area

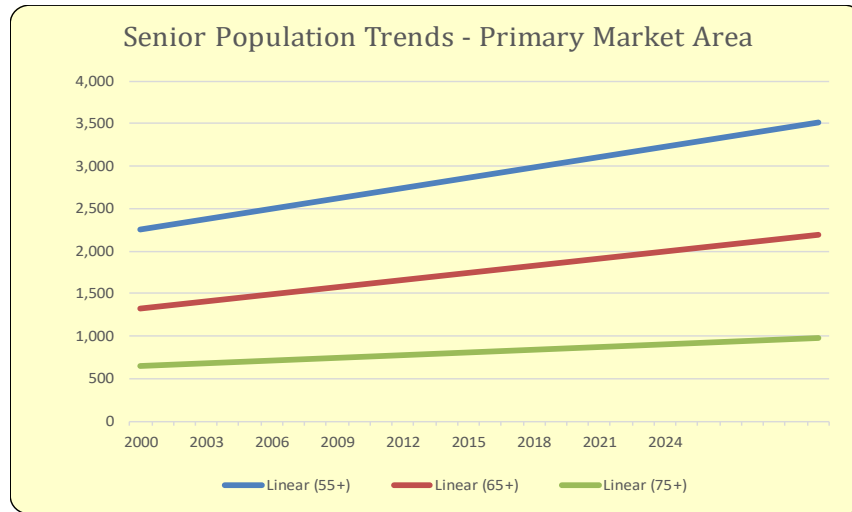
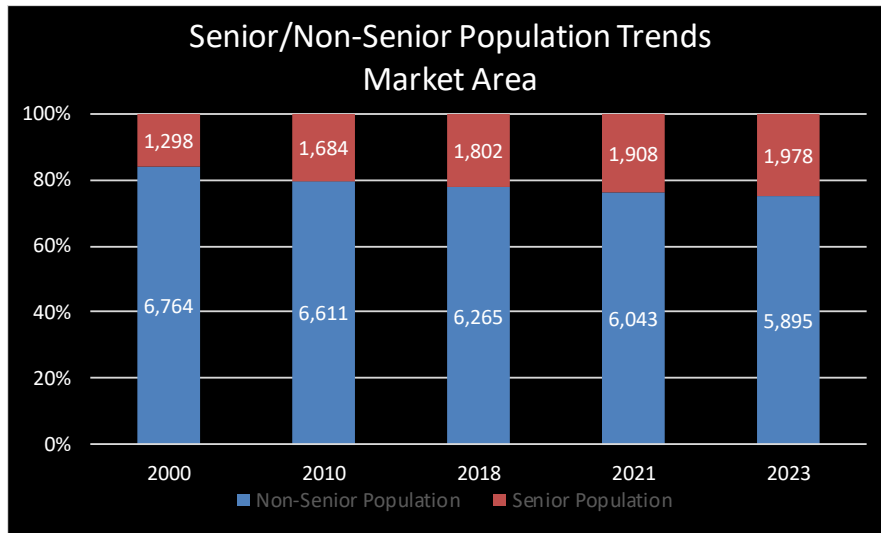


Table: Senior/Non-Senior Population Trends (2010 to 2023)

	City of <u>West Branch</u>	<u>PMA</u>	Ogemaw <u>County</u>
2000 Non-Senior Population	1,752	6,764	17,581
Percent of total 2000 population	85.9%	84.4%	81.3%
2010 Non-Senior Population	1,620	6,611	16,934
Percent of total 2010 population	75.1%	79.1%	77.2%
2018 Non-Senior Population	1,582	6,265	15,576
Percent of total 2018 population	75.5%	77.3%	74.1%
Percent change (2010 to 2018)	-2.3%	-5.2%	-8.0%
2021 Non-Senior Population	1,548	6,043	14,902
Percent of total 2021 population	75.3%	76.0%	72.6%
Percent change (2010 to 2021)	-2.2%	-3.5%	-4.3%
2023 Non-Senior Population	1,525	5,895	14,452
Percent of total 2023 population	74.9%	74.9%	71.3%
Percent change (2010 to 2023)	-1.5%	-2.4%	-3.0%
2000 Senior Population (65 years and Over)	301	1,298	4,064
Percent of total 2000 population	14.1%	15.6%	18.7%
2010 Senior Population (65 years and Over)	519	1,684	4,765
Percent of total 2010 population	24.9%	20.9%	22.8%
Percent change (2000 to 2010)	72.4%	29.7%	17.2%
2018 Senior Population (65 years and Over)	504	1,802	5,307
Percent of total 2018 population	24.5%	22.7%	25.9%
Percent change (2010 to 2018)	-2.9%	7.0%	11.4%
2021 Senior Population (65 years and Over)	508	1,908	5,618
Percent of total 2021 population	24.7%	24.0%	27.4%
Percent change (2010 to 2021)	-2.2%	13.3%	17.9%
2023 Senior Population (65 years and Over)	510	1,978	5,825
Percent of total 2023 population	25.1%	25.1%	28.7%
Percent change (2010 to 2023)	-1.7%	17.5%	22.2%

SOURCE: 2000-2010 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Figure Eleven: Senior/Non-Senior Population – West Branch Area



The average household size across the West Branch Area is currently estimated at 2.32 persons – notably smaller than statewide estimates. The county’s average household size is similar, at 2.27 persons, while the city’s ratio is much smaller, at 1.91 persons. In the future, household sizes will vary little from 2017 estimates.

Among seniors, the average household size is slowly rising within West Branch and across Ogemaw County, indicative of increased senior lifespans and more senior couples continuing to reside as an independent household. Such trends should continue into the next decade and beyond.

Table: Average Household Size (2000 to 2023)

	City of <u>West Branch</u>	<u>PMA</u>	Ogemaw <u>County</u>
2000 Average Household Size	2.28	2.48	2.41
2010 Average Household Size	2.07	2.36	2.30
Percent Change (2000-2010)	-9.2%	-4.9%	-4.5%
2018 Average Household Size Estimate	1.91	2.32	2.28
Percent Change (2010-2018)	-7.9%	-1.7%	-0.9%
2021 Average Household Size Forecast	1.90	2.32	2.28
Percent Change (2000-2021)	-8.2%	-1.9%	-1.1%
2023 Average Household Size Forecast	1.90	2.31	2.27
Percent Change (2010-2023)	-8.4%	-2.1%	-1.3%
SOURCE: 2000/2010 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.			

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Average Household Size - Age 65+	1.27	1.46	1.47
2010 Average Household Size - Age 65+	1.32	1.47	1.49
Percent Change (2000-2010)	3.6%	0.3%	1.1%
2018 Average Household Size Estimate - Age 65+	1.27	1.48	1.51
Percent Change (2010-2018)	-3.6%	1.1%	1.9%
2021 Average Household Size Forecast - Age 65+	1.27	1.50	1.53
Percent Change (2010-2021)	-3.8%	2.2%	2.1%
2023 Average Household Size Forecast - Age 65+	1.27	1.51	1.55
Percent Change (2010-2023)	-3.8%	2.2%	2.1%

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

Household Trends

Households within the PMA follow trends similar to that of the population, with small losses across the region. By 2023 the market area is projected to contain 3,311 households, reflecting a decrease of nearly four percent from 2010. Similar trends are anticipated for the city.

Table: Household Trends (2000 to 2023)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Households	876	3,180	8,842
2010 Households	1,006	3,442	9,283
Percent Change (2000-2010)	14.8%	8.2%	5.0%
Average Annual Change (2000 to 2010)	1.4%	0.8%	0.5%
2018 Household Estimate	992	3,383	9,014
Percent Change (2010-2018)	-1.4%	-1.7%	-2.9%
Average Annual Change (2010 to 2018)	-0.2%	-0.2%	-0.4%
2021 Household Forecast	979	3,340	8,874
Percent Change (2010-2021)	-2.7%	-3.0%	-4.4%
Average Annual Change (2000 to 2021)	-0.3%	-0.3%	-0.4%
2023 Household Forecast	970	3,311	8,781
Percent Change (2010-2023)	-3.6%	-3.8%	-5.4%
Average Annual Change (2010 to 2023)	-0.3%	-0.3%	-0.5%

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

Less than half of all occupied rental units across the West Branch Area were available for moderate-income households. This total is likely insufficient to address current and future demand for rental housing.

West Branch features an estimated occupied renter household percentage of 52 percent, with a total of 515 units, as estimated by ESRI for 2018. Across the West Branch Area, rental units represent an estimated 27 percent of all households in 2018 (915 units). This concentration of rentals is somewhat higher than most rural communities the size of West Branch, and under

normal conditions should be more than sufficient to meet the needs of the area. However, the concentration of rental units that are intentionally or unintentionally targeted for occupancy by lower-income households account for a large portion of the rental housing stock. Based on 2010 information, among all rental units at that time within the city, 47 percent were subsidized or rent restricted, either by the local housing authority or other entities. In addition, approximately seven percent of the West Branch Area's rentals are mobile homes, typically occupied by lower-income households or seniors with fixed incomes. As a result, just 46 percent of available rental units in 2010 were likely available for moderate-income households within West Branch – the large majority of which are single family rental units. As a result, despite a large number of rental units within the community, an insufficient number of rental units are likely present for renters within some the target market segments of interest within this analysis.

The West Branch Area's total housing stock (occupied and vacant) in 2010 was approximately 20 percent vacant, further limiting available units for conventional rental options.

Figure Twelve: Household Tenure Trends – West Branch Area

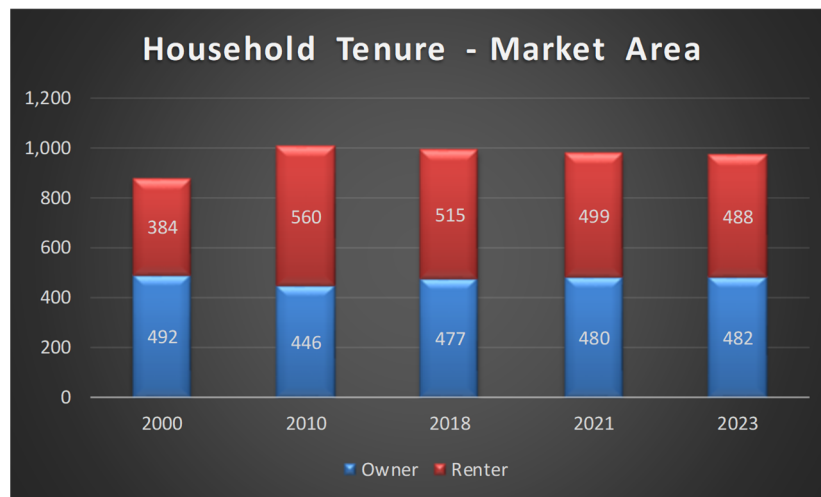


Table: Households by Tenure (2000 to 2023)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Renter-Occupied Households	384	670	1,360
Percent of total 2000 households	43.8%	21.1%	15.4%
2010 Renter-Occupied Households	560	872	1,734
Percent of total 2010 households	55.7%	25.3%	18.7%
Percent change (2000 to 2010)	45.8%	30.1%	27.5%
2018 Renter-Occupied Households	515	915	1,815
Percent of total 2018 households	51.9%	27.0%	20.1%
Percent change (2010 to 2018)	-8.0%	4.9%	4.7%
2021 Renter-Occupied Households	499	880	1,735
Percent of total 2021 households	51.0%	26.4%	19.6%
Percent change (2010 to 2021)	-10.9%	0.9%	0.1%
2023 Renter-Occupied Households	488	857	1,682
Percent of total 2023 households	50.3%	25.9%	19.2%
Percent change (2010 to 2023)	-12.9%	-1.7%	-3.0%
2000 Owner-Occupied Households	492	2,510	7,482
Percent of total 2000 households	56.2%	78.9%	84.6%
2010 Owner-Occupied Households	446	2,570	7,549
Percent of total 2010 households	44.3%	74.7%	81.3%
Percent change (2000 to 2010)	-9.3%	2.4%	0.9%
2018 Owner-Occupied Households	477	2,468	7,199
Percent of total 2018 households	48.1%	73.0%	79.9%
Percent change (2010 to 2018)	7.0%	-4.0%	-4.6%
2021 Owner-Occupied Households	480	2,460	7,139
Percent of total 2021 households	49.0%	73.6%	80.4%
Percent change (2010 to 2021)	7.6%	-4.3%	-5.4%
2023 Owner-Occupied Households	482	2,454	7,099
Percent of total 2023 households	49.7%	74.1%	80.8%
Percent change (2010 to 2023)	8.1%	-4.5%	-6.0%
SOURCE: 2000/2010 Census of Population and Housing, SF1, U.S. Census Bureau: ESRI			

As with the senior population, senior households will exhibit the most robust gains within the West Branch Area for the foreseeable future. By 2023, the number of senior households age 65+ across the market area will total 1,244 units, accounting for 38 percent of all households. The younger senior segment (age 55 and older) will represent a majority of the market area's

Senior households age 55+ across the West Branch Area will represent 57 percent of all occupied units by 2023. Such a high concentration of seniors will ultimately negatively impact the tax base and employment base.

households by 2023, with 1,891 units. The 2023 concentration of younger senior households within the West Branch Area will represent 57 percent of all households. The implications regarding schools, the local tax base, the labor force, and the future of the community overall are quite evident within this statistic. Even with increased longevity, by 2040 the West Branch Area may be significantly depopulated of non-senior households to the point where the composition and viability of the community will be greatly different. Such trends are already becoming evident across sections of the western Upper Peninsula.

Senior rental housing appears present across the West Branch community. Four rental developments solely designated for senior independent living occupancy are present, representing 21 percent of all rental units currently estimated to exist within the city. All senior households, regardless of structure type or specific designation, represented approximately 43 percent of all renters within the city and 38 percent across the market area in 2010. These households would include those within assisted living developments, conventional apartment units, and rental homes of any type. Higher priced senior rental units are also present within the community, along with assisted living facilities that allow for individuals to age in place without concerns regarding daily living needs.

Figure Thirteen: Senior Household Trends – West Branch Area

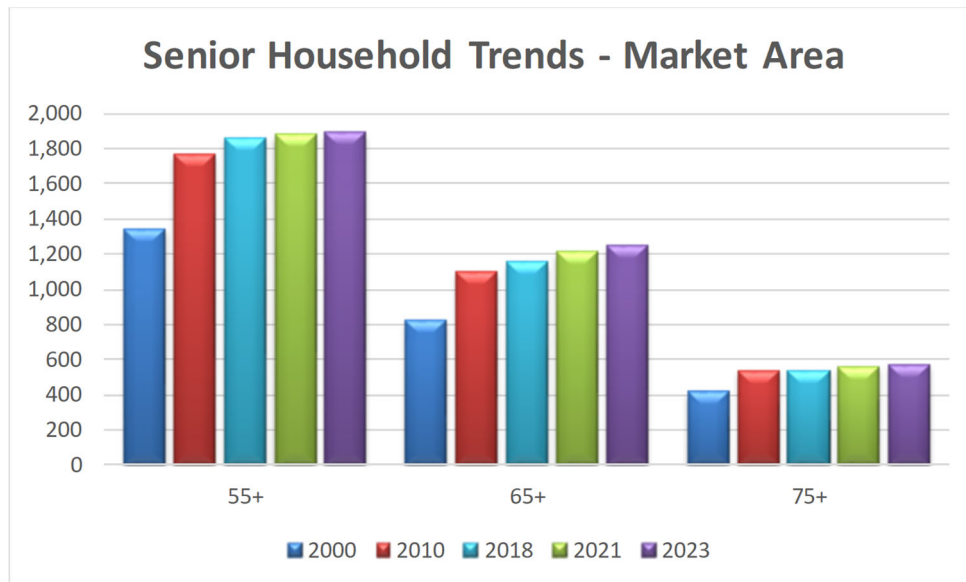


Table: Senior Household Trends (2000 to 2023)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Senior Households (55 years and Over)	332	1,340	4,279
Percent of total 2000 households	37.9%	42.1%	48.4%
2010 Senior Households (55 years and Over)	498	1,769	5,127
Percent of total 2010 households	49.5%	51.4%	55.2%
Percent change (2000 to 2010)	50.0%	32.0%	19.8%
2018 Senior Households (55 years and Over)	504	1,863	5,467
Percent of total 2018 households	50.8%	55.1%	60.7%
Percent change (2010 to 2018)	1.2%	5.3%	6.6%
Average Annual Change (2010 to 2018)	0.2%	0.7%	0.9%
2021 Senior Households (55 years and Over)	509	1,880	5,513
Percent of total 2021 households	52.0%	56.3%	62.1%
Percent change (2010 to 2021)	2.2%	6.3%	7.5%
Average Annual Change (2010 to 2021)	0.2%	0.6%	0.7%
2023 Senior Households (55 years and Over)	512	1,891	5,544
Percent of total 2023 households	52.8%	57.1%	63.1%
Percent change (2010 to 2023)	2.8%	6.9%	8.1%
Average Annual Change (2010 to 2023)	0.2%	0.6%	0.7%
2000 Senior Households (65 years and Over)	234	826	2,626
Percent of total 2000 households	26.7%	26.0%	29.7%
2010 Senior Households (65 years and Over)	345	1,102	3,133
Percent of total 2010 households	34.3%	32.0%	33.7%
Percent change (2000 to 2010)	47.4%	33.4%	19.3%
2018 Senior Households (65 years and Over)	328	1,153	3,386
Percent of total 2018 households	33.1%	34.1%	37.6%
Percent change (2010 to 2018)	-4.9%	4.6%	8.1%
Average Annual Change (2010 to 2018)	-0.7%	0.6%	1.1%
2021 Senior Households (65 years and Over)	332	1,208	3,546
Percent of total 2021 households	33.9%	36.2%	40.0%
Percent change (2010 to 2021)	-3.9%	9.6%	13.2%
Average Annual Change (2010 to 2021)	-0.4%	0.9%	1.2%
2023 Senior Households (65 years and Over)	334	1,244	3,652
Percent of total 2023 households	34.4%	37.6%	41.6%
Percent change (2010 to 2023)	-3.2%	12.9%	16.6%
Average Annual Change (2010 to 2023)	-0.3%	1.0%	1.3%
2000 Senior Households (75 years and Over)	138	414	1,116
Percent of total 2000 households	15.8%	13.0%	12.6%
2010 Senior Households (75 years and Over)	209	535	1,373
Percent of total 2010 households	20.8%	15.5%	14.8%
Percent change (2000 to 2010)	51.4%	29.2%	23.0%
2018 Senior Households (75 years and Over)	170	537	1,457
Percent of total 2018 households	17.1%	15.9%	16.2%
Percent change (2010 to 2018)	-18.7%	0.4%	6.1%
Average Annual Change (2010 to 2018)	-2.9%	0.1%	0.9%
2021 Senior Households (75 years and Over)	170	557	1,540
Percent of total 2021 households	17.4%	16.7%	17.4%
Percent change (2010 to 2021)	-18.7%	4.2%	12.2%
Average Annual Change (2010 to 2021)	-2.0%	0.4%	1.2%
2023 Senior Households (75 years and Over)	170	571	1,596
Percent of total 2023 households	21.5%	18.5%	17.5%
Percent change (2010 to 2023)	-18.7%	6.7%	16.2%
Average Annual Change (2010 to 2023)	-1.7%	0.5%	1.3%

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

Table: Senior Renter Household Trends (2000 to 2010)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
2000 Senior Renter Households (65 years and Over)	94	120	239
Percent of total 2000 senior households	40.2%	14.5%	9.1%
2010 Senior Renter Households (65 years and Over)	185	233	390
Percent of total 2010 senior households	53.6%	21.1%	12.4%
Percent change (2000 to 2010)	96.8%	94.2%	63.2%
Percent of Total 2010 Renter Households	33.0%	26.7%	22.5%
2000 Senior Renter Households (55 years and Over)	124	174	372
Percent of total 2000 senior households	37.3%	21.1%	14.2%
2010 Senior Renter Households (55 years and Over)	242	330	605
Percent of total 2010 senior households	48.6%	18.7%	11.8%
Percent change (2000 to 2010)	95.2%	89.7%	62.6%
Percent of Total 2010 Renter Households	43.2%	37.8%	34.9%

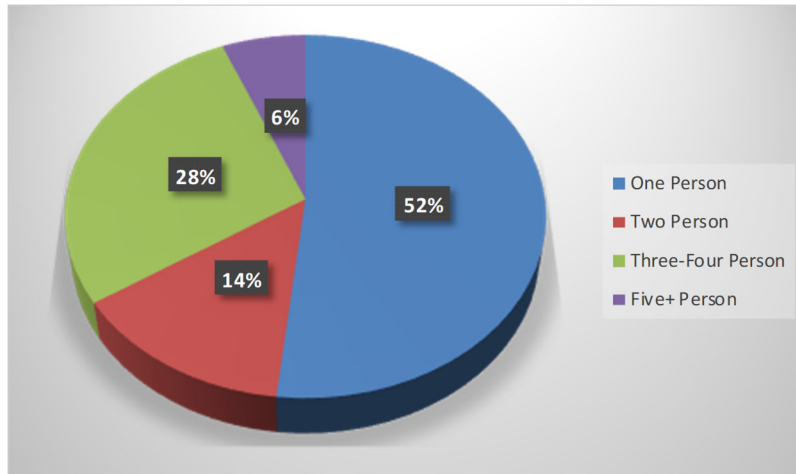
SOURCE: 2000/2010 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau

The division of renter households by size appears to be a function of the subsidy and affordable units, as indicated by data reporting rental households by the number of occupants. For the market area, this would include apartments as well as rental homes generally suited for family occupancy. Based on the most recent data from the American Housing Survey, 52 percent of the renter-occupied households in the market area were one-person households, while two-person households accounted for just 14 percent. Three-and four-person renter households totaled 28 percent as well, while five or more-person renters represented just six percent of renter households. By comparison, 47 percent of rental units in 2010 were one-person rentals across the market area.

Table: Rental Unit Size Distribution

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
One Person	340	428	705
Percent of total renter household	60.7%	51.8%	43.3%
Two Persons	91	116	317
Percent of total renter household	16.3%	14.0%	19.5%
Three or Four Persons	91	232	477
Percent of total renter household	16.3%	28.1%	29.3%
Five or More Person	38	51	129
Percent of total renter household	6.8%	6.2%	7.9%

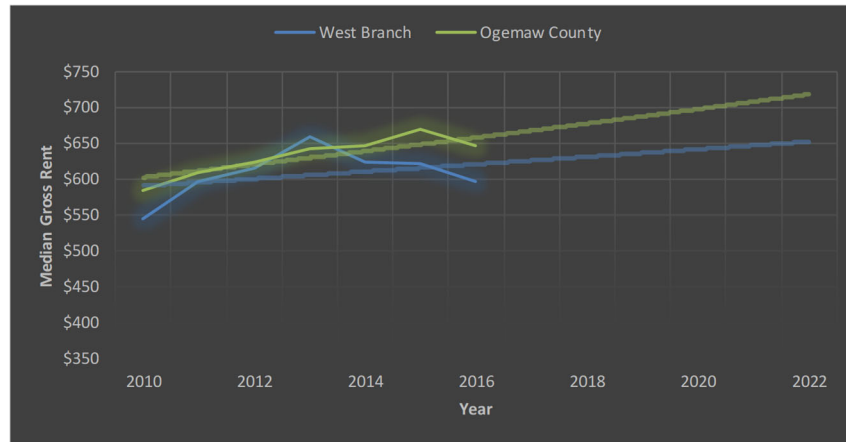
SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau



The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. The impact of a limited number of market rate rentals is evident, despite the concentration of subsidy and rent-restricted units. The projected pricing for rental housing exceeds anticipated growth in prevailing incomes, further squeezing affordability and potentially forcing possible renters to consider housing outside of the West Branch Area.

Table: Median Gross Rent Trends

	City of <u>West Branch</u>	<u>PMA</u>	Ogemaw <u>County</u>
2010 Median Gross Rent Estimate	\$545	\$566	\$585
2016 Median Gross Rent Estimate	\$596	\$647	\$646
2020 Median Gross Rent Forecast	\$630	\$701	\$687
Total percent change (2010 to 2020)	15.6%	23.8%	17.4%
Annual percent change (2010 to 2020)	1.5%	2.2%	1.6%
SOURCE: American Community Survey, U.S. Census Bureau; CRS.			



Household Income Trends

The median household income figures for the West Branch Area previously exceeded countywide trends, but after the recent recessionary period prevailing incomes across Ogemaw County are now very similar to those found within the West Branch Area. This is evident from the overall rate of growth for the two geographic levels. Neither are representative of reasonable rates of income growth. Income growth within the West Branch Area are essentially stagnant, while the county's rate of income growth is slightly stronger but well below inflation-adjusted

The West Branch area exhibits minimal income growth, with real income trends essentially stagnant after inflation is taken into consideration.

levels that are found across most of southeast and southwest Michigan, while many rural communities across Michigan experienced both real and nominal declines in median household income since 2010. This is additional evidence of the local economy's incomplete recovery as compared to statewide and national trends.

At \$39,677, the 2018 median household income estimate for the market area is less than four percent greater than the 2010 median, over an eight-year period. Limited growth was present across all of Ogemaw County, with real incomes slowly declining when adjustments for inflation are made. Within West Branch, the estimated median is currently \$30,159 – virtually identical to the 1999 level in nominal terms.

ESRI forecasts predict that incomes in the region will slowly increase, but this growth will not likely exceed the prevailing rate of inflation. By 2023 the market area's median



household income is forecast at \$41,992, reflecting an average annual increase of just 0.8 percent from 2010 totals. Median income projected for Ogemaw County is forecast at \$40,571 for 2023,

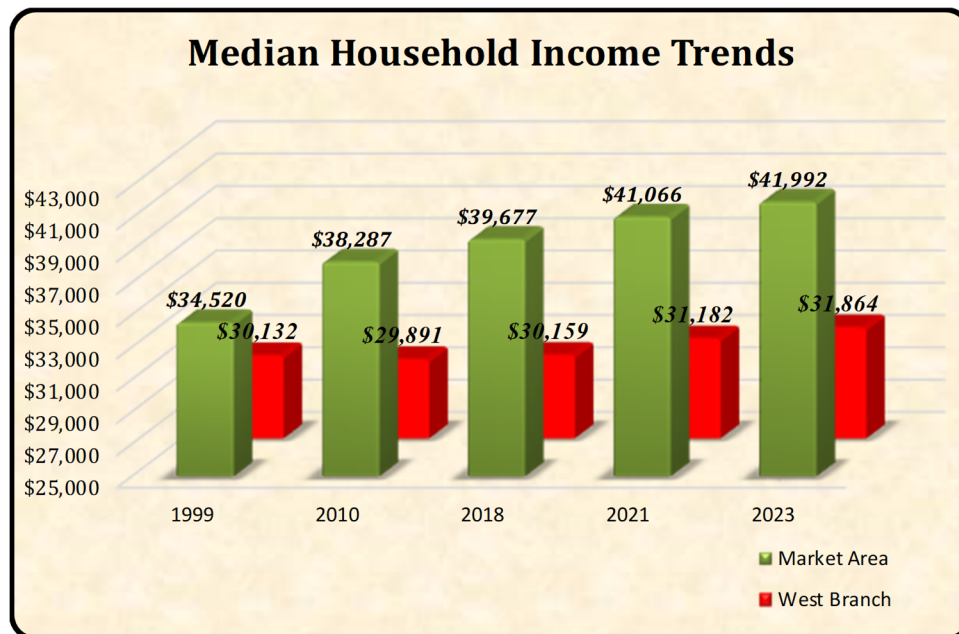
As the overall annual inflation rate for the nation has averaged 1.7 percent since 2010, it is highly likely that no real income growth has taken place within the West Branch area since at least 2000.

Table: Median Household Incomes (1999 to 2023)

	<u>City of West Branch</u>	<u>PMA</u>	<u>Ogemaw County</u>
1999 Median Household Income	\$30,132	\$34,520	\$30,474
2010 Median Household Income	\$29,891	\$38,287	\$35,968
Total percent change (1999 to 2010)	-0.8%	10.9%	18.0%
Annual percent change (1999 to 2010)	-0.1%	0.9%	1.5%
2018 Estimated Median Household Income	\$30,159	\$39,677	\$38,314
Total percent change (2010 to 2018)	0.9%	3.6%	6.5%
Annual percent change (2010 to 2018)	0.1%	0.5%	0.9%
2021 Forecast Median Household Income	\$31,182	\$41,066	\$39,668
Total percent change (2010 to 2021)	4.3%	7.3%	10.3%
Annual percent change (2010 to 2021)	0.4%	0.7%	1.0%
2023 Forecast Median Household Income	\$31,864	\$41,992	\$40,571
Total percent change (2010 to 2023)	6.6%	9.7%	12.8%
Annual percent change (2010 to 2023)	0.5%	0.8%	1.0%

SOURCE: 2000 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Figure Twelve: Median Household Incomes – 1999 to 2023



Household Income Distribution

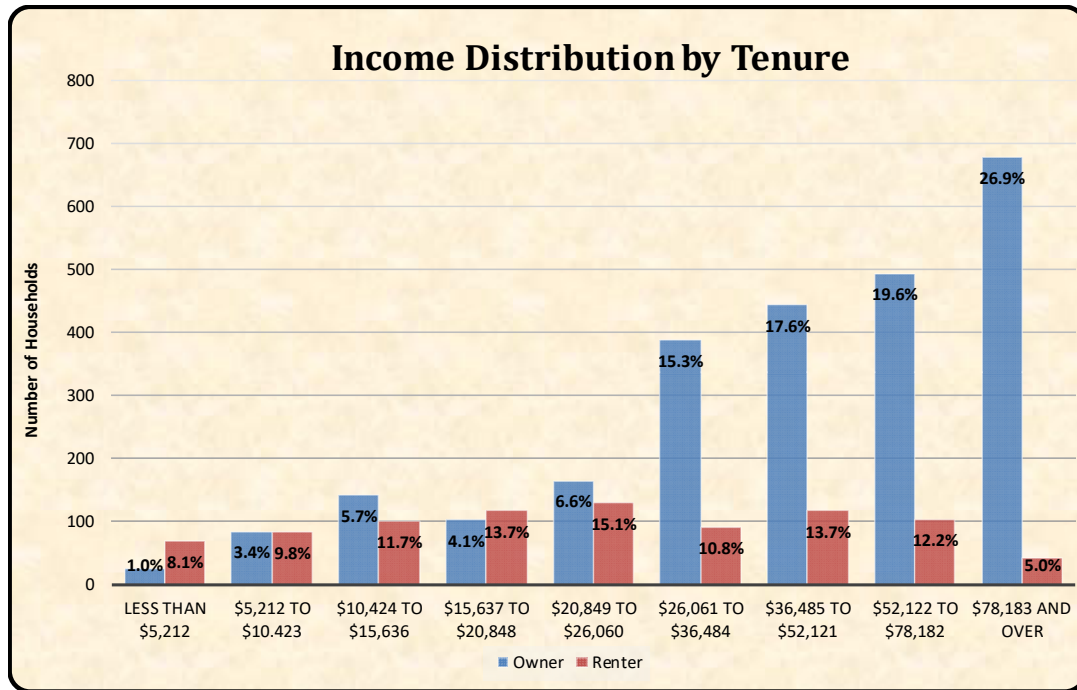
The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data is a reflection of available rental units, with a greater concentration of subsidy and affordable units based on prevailing incomes. This distribution is not surprising, given the lack of market rate rentals found across the West Branch Area.

Also, the community's owner households exhibit an evident upper-income component – not necessarily unexpected, but indicative of a market rate potential for renter households by residents that may prefer a shift away from homeownership. Since the housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student 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. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive, despite generally stagnant population and income trends.

Table: Household Income Distribution by Tenure – West Branch Area (2018)

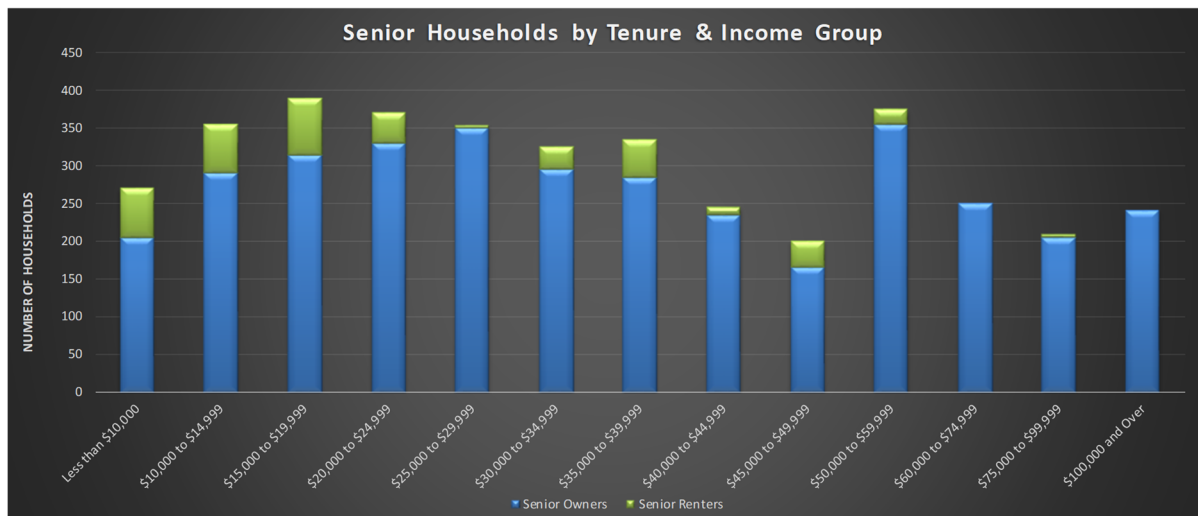
	<u>Total Households</u>	<u>Owner Households</u>	<u>Renter Households</u>
Less than \$5,212	94	25	69
Percent of 2018 Households	2.7%	1.0%	8.1%
\$5,212 to \$10,423	169	85	84
Percent of 2018 Households	4.9%	3.4%	9.8%
\$10,424 to \$15,636	243	143	101
Percent of 2018 Households	7.1%	5.7%	11.7%
\$15,637 to \$20,848	220	103	117
Percent of 2018 Households	6.4%	4.1%	13.7%
\$20,849 to \$26,060	295	166	130
Percent of 2018 Households	8.6%	6.6%	15.1%
\$26,061 to \$36,484	480	388	92
Percent of 2018 Households	14.3%	15.3%	10.8%
\$36,485 to \$52,121	561	444	117
Percent of 2018 Households	16.6%	17.6%	13.7%
\$52,122 to \$78,182	599	494	105
Percent of 2018 Households	17.8%	19.6%	12.2%
\$78,183 and Over	722	679	42
Percent of 2018 Households	21.7%	26.9%	5.0%
SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau; BLS Consumer Price Index			

Figure Thirteen: Household Income Distribution by Tenure – West Branch Area (2018)



A distribution of senior household income (age 65 and older) for the West Branch Area is illustrated within the following table. The spread of households across various income levels is indicative of the high number of subsidy rental units. The movement of senior owners into a rental option is increasingly observed across much of Michigan and regionally, but is not clear that such a trend is immediately prevalent within the West Branch area, as it currently seems that most seniors entering the community are seeking homeownership options.

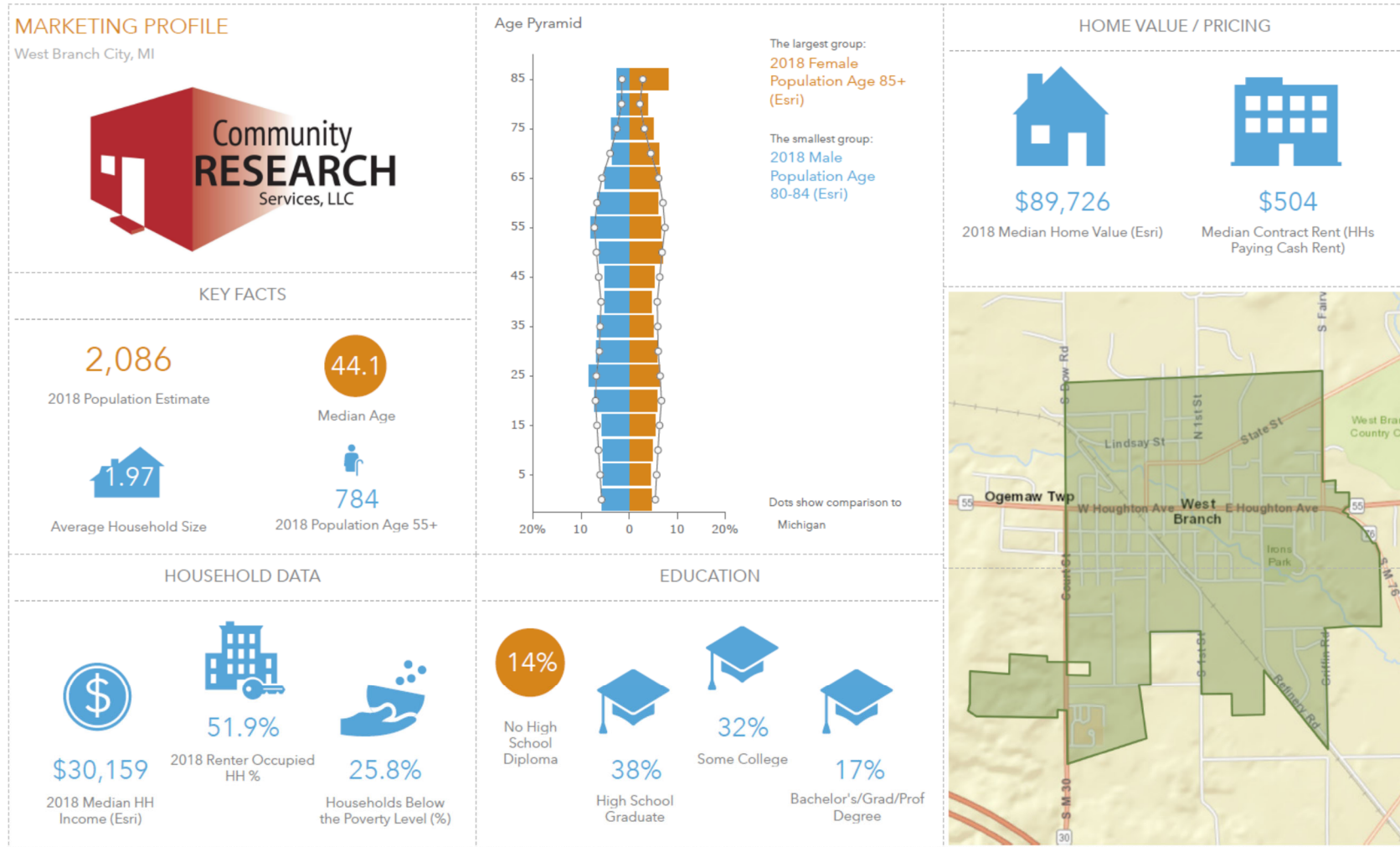
Table: Senior Household Income Distribution by Tenure – West Branch Area (2016)



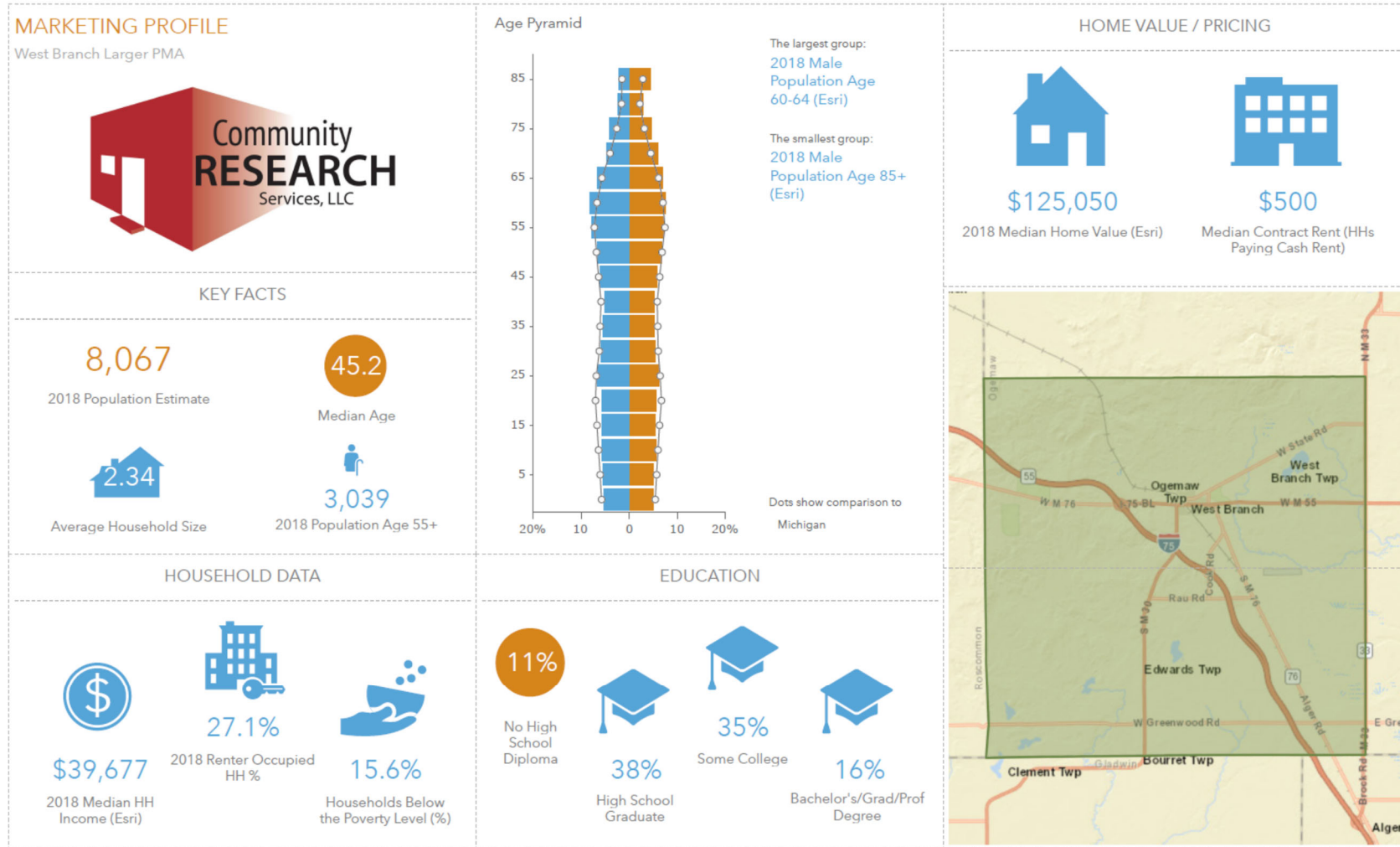
A summary of key demographic and economic statistics is presented within the following pages in an infographic format. While much of the information was previously presented, two considerations of note are worthy of mention. One, the prevailing poverty rate for West Branch is higher than anticipated, but reflective of the number of subsidy units found within the city. Across the market area the poverty rate is slightly lower.

Secondly, the population totals for the city, the West Branch Area, and Ogemaw County are 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 area. A “healthy” population pyramid will actually resemble a pyramid, with ample younger population to support a reasonable percentage of older adults. The West Branch Area, and the city specifically, features population pyramids that are 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.

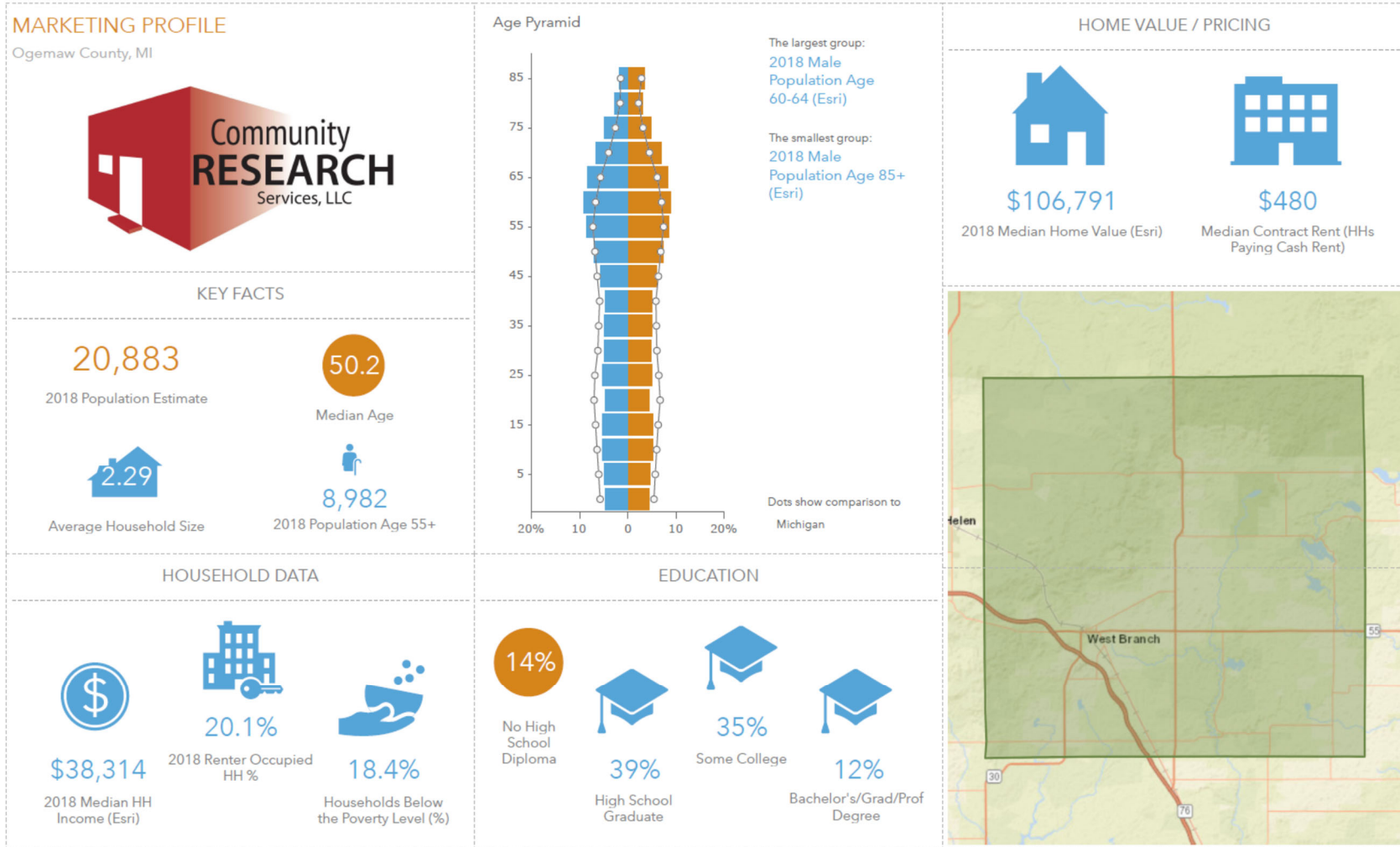
Infographics: Key Demographic/Economic Data City of West Branch



West Branch Market Area



Ogemaw County



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.

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. At best this tool helps to refine target market identification and provides a secondary source of market demand. 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>.

ESRI Tapestry segments found within the West Branch Area are best matched to the senior target market segment. As for the open (non-senior) target market segments, it appears that insufficient concentrations of these target market segments are found locally.

Across Ogemaw County, six separate segments were identified by ESRI as representing a significant portion of the overall population. According to ESRI, four of the six segments are directly or indirectly tied to seniors, reflective of the aged population totals found within the West Branch area and all of Ogemaw County. The other two segments (Small Town Simplicity and Southern Satellites) reflect the majority of non-senior families across the community – lower to moderate incomes,

smaller family sizes, and ties to rural living (such as employment or recreation). Segments tied to young adults and other age cohorts are not sufficiently large to be clustered within this analysis. A brief identification and description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Ogemaw County Households	% of U.S. Households
Rural Resort Dwellers	Older, moderate/higher income singles/couples	39.6%	1.0%
Senior Escapes	Older, lower income, within mobile homes or older homes	17.7%	0.9%
Rooted Rural	Empty nesters with lower incomes in rural areas	16.2%	2.0%
Small Town Simplicity	Rural families with kids, generally lower incomes	15.5%	1.9%
Midlife Constants	Empty nesters with moderate incomes in rural areas	6.8%	2.5%
Southern Satellites	Married with kids, w/moderate incomes, in rural areas	4.1%	3.1%
Total		100.0%	11.3%

Source: ESRI Tapestry

Upon review of these categories, none of the six categories reflect the two primary non-senior target market segments that were identified earlier. While this does not mean these people do not exist within Ogemaw County, the concentration of such individuals is quite minimal to the point that it does not register within the cluster analysis calculations used to determine ESRI Tapestry segments. Thus, the vast majority of desirable singles and households that fall within the two target market categories identified by this analysis may come from both the primary and secondary market sources.

As for the senior target market segment, four of the six Tapestry segments appear to at least partially describe the segment. This is no surprise, given the strong demographic trends discussed previously for seniors. The key issue now is to determine the ideal mix of housing options for these senior residents so they can remain within the West Branch area. Given the size of the local senior population segment, the senior Tapestry segments should increase in size over time.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as sufficient income levels, moderate to advanced educational attainment, and professional background ranging from market entry to near retirement. Exact matches or comparisons to target market categories are always somewhat rarely made, with indirect comparisons to general target market descriptions perhaps more reasonable and readily understood. Tapestry data is also ideally used for larger metropolitan areas, rather than rural communities or counties.

This is why the use of Tapestry data to determine statistical demand is not advised. An example of this is 2016 TMA Report for Ogemaw County, which is primary based on a separate, but similar, cluster analysis such as the Tapestry data discussed previously. Within the report, an annual demand for housing within West Branch was reported at 139 units. Over a five-year period, this would total nearly 700 units, which would necessarily assume a significant increase in the community's growth rate or family sizes, or a combination of the two. Such trends are not evident, nor are they anticipated by the Census Bureau or ESRI. While the TMA report does provide excellent information on the community's assets, it is not a reasonable measure of statistical housing demand potential, and is actually somewhat misleading in terms of market depth and need.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across the West Branch Area is somewhat diverse, based on target market, location, and structure type as well as other factors. While seasonal and vacation homes are a sizable portion of the current housing 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 county's housing landscape, vacation homes along the many lakes across Ogemaw County reflect a high-end marketplace that is not attainable for many within the target market segments. On the other side of the marketplace, a portion of the current home sales market includes lower-priced structures that do not reflect the type of modern units many of those within the target market segments would prefer to occupy.

One way to demonstrate the various segments of the home sales market is to broadly describe what is currently available within the West Branch area. According to www.Realtor.com a total of 91 homes are currently for sale with a West Branch address. This includes locations within the market area, as well as within the adjacent townships. All listings have a West Branch address. Of these 91 homes, just 25 (27 percent) are priced at or below \$100,000. The balance of homes researched are primarily between \$100,000 and \$200,000, with a few homes priced above \$300,000. Pricing on these homes currently ranges from \$18,020 to \$850,000.

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 1,864 square feet. Broken down by number of bedrooms, average and median data are as follows:

	# For Sale	Median Price	Average Price	Average Size	Price Per Sq. Ft.
One-Bedroom	2	\$82,400	\$82,400	470	\$175.32
Two-Bedroom	23	\$115,500	\$150,231	1,308	\$114.86
Three-Bedroom	43	\$158,900	\$167,829	1,864	\$90.04
Four+ Bedroom	23	\$189,000	\$288,185	2,504	\$115.09
TOTAL	91	\$149,900	\$176,758	1,855	\$95.29

It is evident from the data that size, and most likely age have less to do with pricing as compared to location and perhaps style. Many of these homes are along the various lakes within the region, and correspondingly have relatively higher prices as compared to generally comparable structures closer to town. Despite the price inflation for some of these homes due to location, the average price/sq. ft. is on average below \$100 – typically indicative of commonly found pricing for homes across many Michigan markets.

The average year of construction among these homes is 1972 – perhaps better than many northern Michigan communities, but likely skewed due to development near the recreational areas. The current time on the market varies greatly among the for-sale data, ranging from one day to more than a year, with the average period at 138 days. The vast majority of homes for sale are standard stick-built structures, with just two mobile homes and three condominiums within the totals. Only one for sale home was specifically listed as a foreclosure.

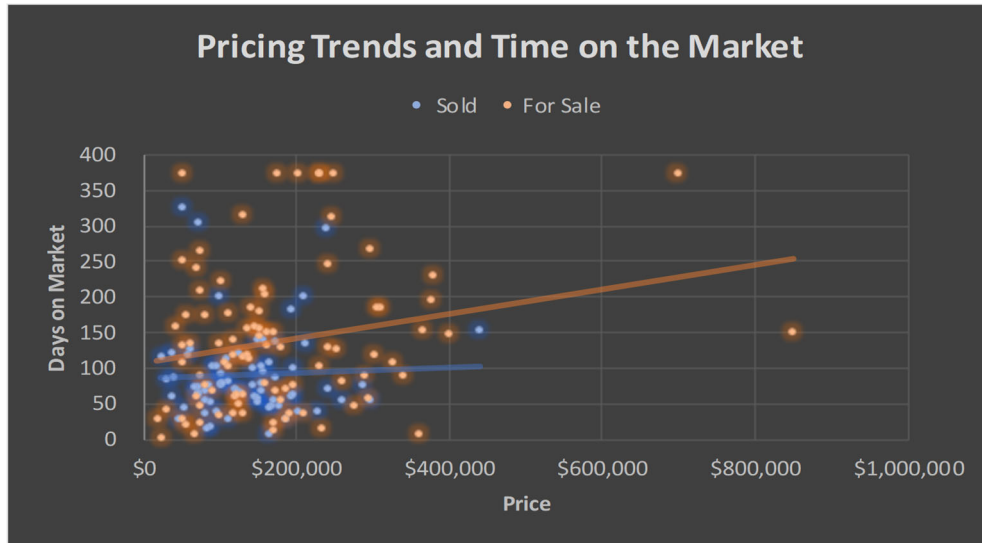
The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are clustered around the lakes/recreational areas within the surrounding area (such as Lake Ogemaw). While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the city have generally limited choices, as many of the homes in and around West Branch are priced below \$100,000, virtually eliminating moderate and higher-income households from the for-sale marketplace.

A similar examination was conducted for those homes that have recently sold, which provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period, a total of 71 homes with a West Branch address have closed. Among these, 26 were priced below \$100,000, while just nine were priced above \$200,000. The largest category of these sales are three-bedroom homes. A summary of the data includes the following:

	# Sold	Median Price	Average Price	Average Size	Price Per Sq. Ft.
One-Bedroom	1	\$28,000	\$28,000	935	\$29.95
Two-Bedroom	17	\$146,000	\$137,879	1,502	\$91.80
Three-Bedroom	37	\$120,000	\$121,703	1,651	\$73.71
Four-Bedroom+	16	\$158,907	\$165,488	2,278	\$72.65
TOTAL	71	\$123,000	\$134,124	1,746	\$76.82

Other interesting notes from the data include:

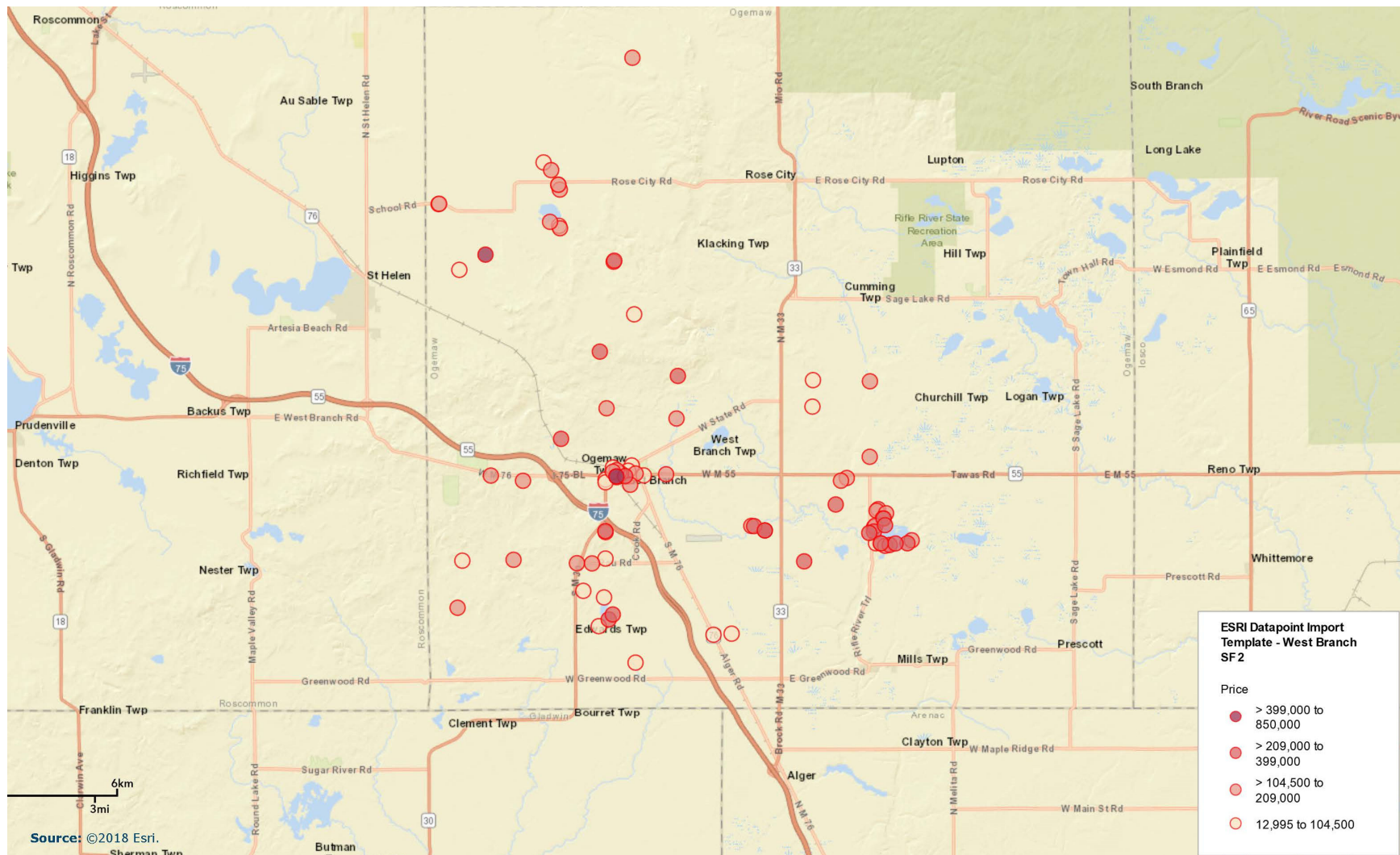
- The average period on the marketplace for the recently sold properties was 91 days, ranging from 7 to 326 days; for the currently for-sale properties the average listing period is 138 days, ranging from one day to four that are more than one year. A graph of these trends demonstrates the difference:



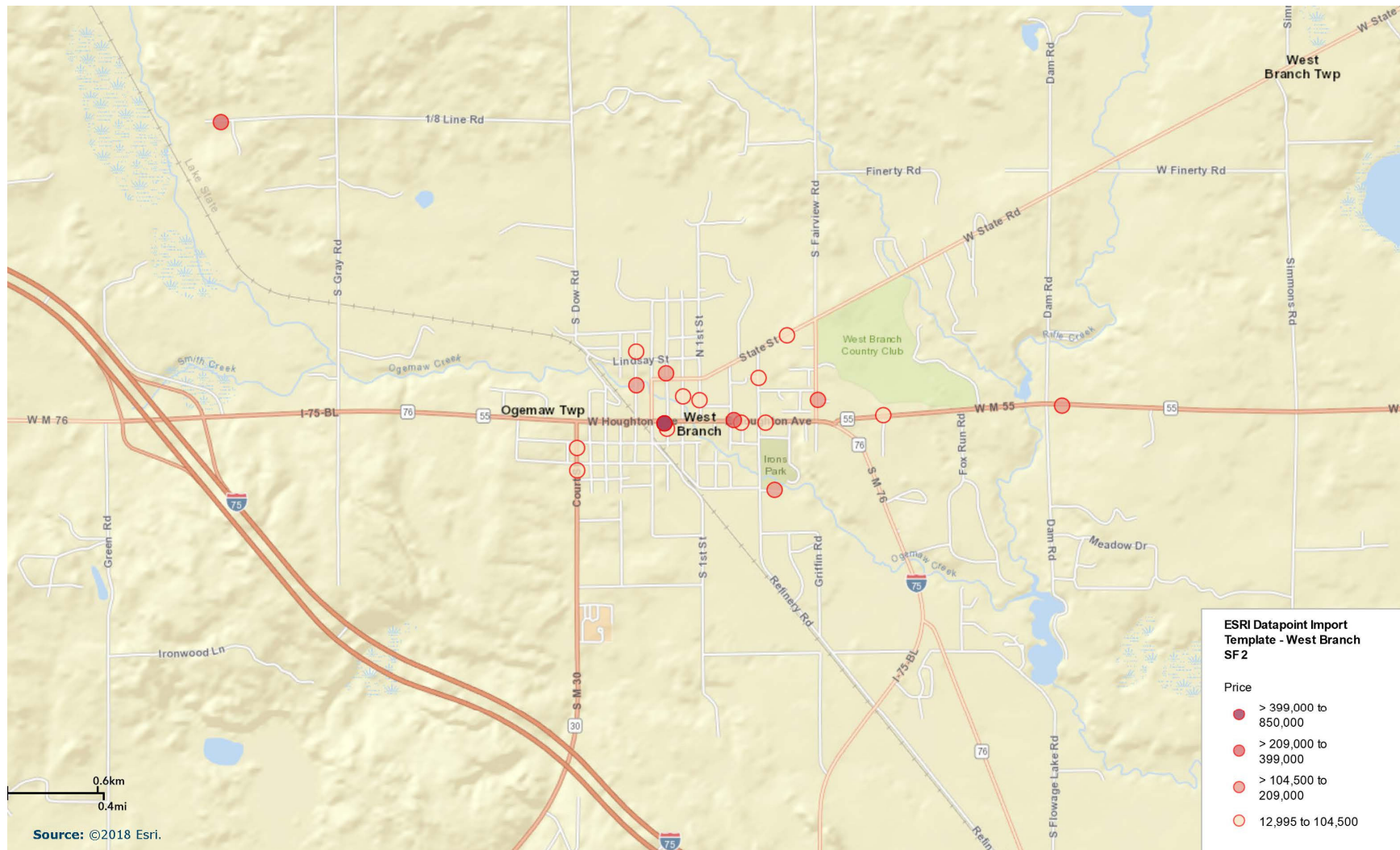
The trend line shows the relationship between pricing and time on market. The Sold data points (in blue) exhibits very little added value, based on a willingness to maximize the sale, while the For-Sale data points (orange) do indicate some degree of relationship in this manner. This may also be an illustration of expectations vs. reality, and that the West Branch marketplace is essentially homogenous in terms of perceived value, with the recreational marketplace having relatively little influence upon the overall trends.

- Nearly all of the homes sold dropped price from the original listing rate, by an average of seven percent. Just nine of the 71 homes sold for list price or above. Approximately 20 percent of the sold properties reduced price between 20 and 50 percent.
- Average year of construction for the sold properties was 1978, slightly newer than the current listings (1972).
- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located along recreational areas, but a somewhat broader distribution of homes by price is found within the city. This indicates a likely acceptance of prices for all sizes of homes in exchange for a location within the immediate West Branch area.
- The price differential for homes recently sold between two-bedroom and three-bedroom units is somewhat unusual, but attributable to the pricing differences for homes located on recreational sites as compared to more traditional lots. It is also likely that age, condition, and size of the lots may have also influenced these trends.

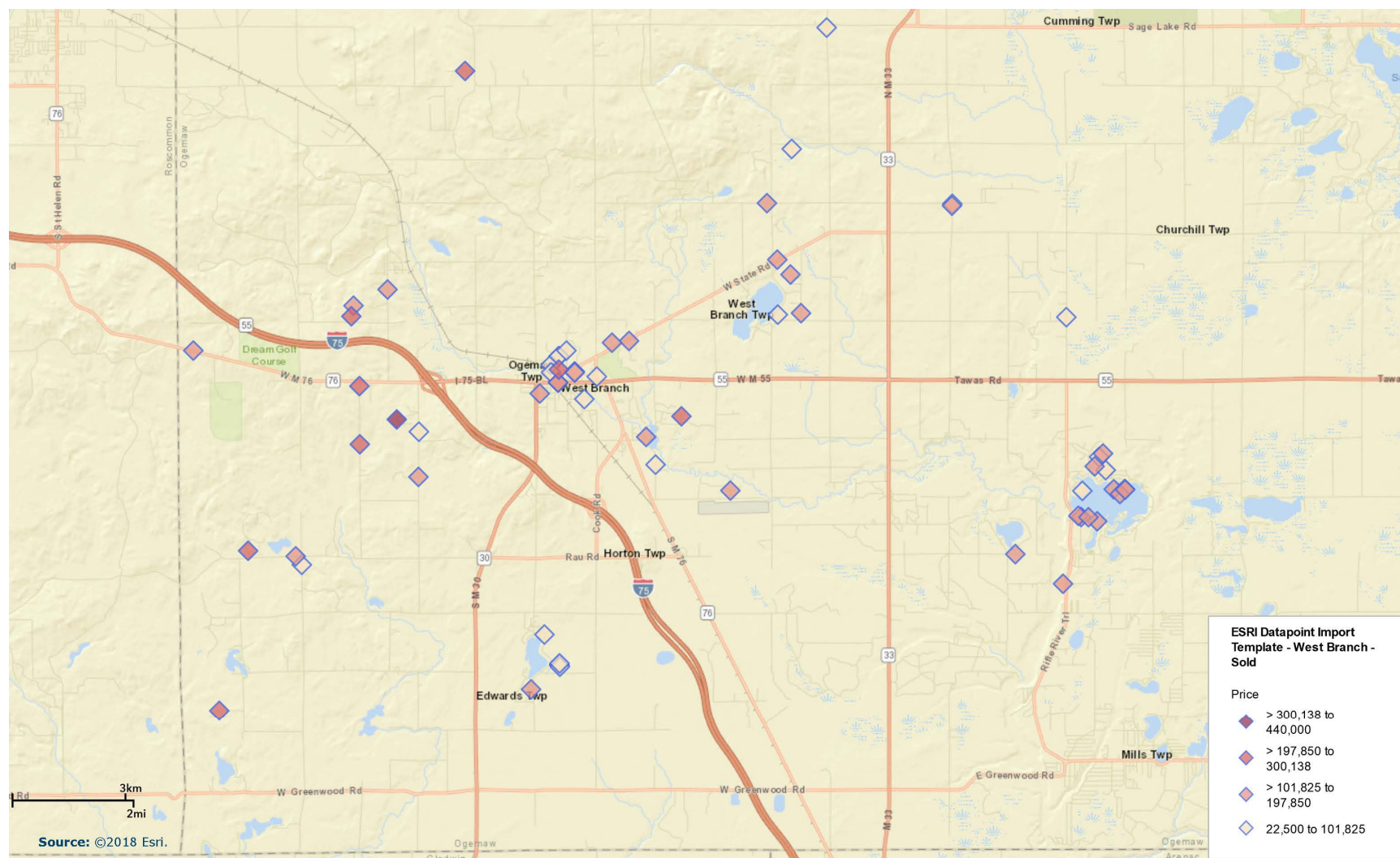
Map: Homes Currently For Sale - West Branch Area



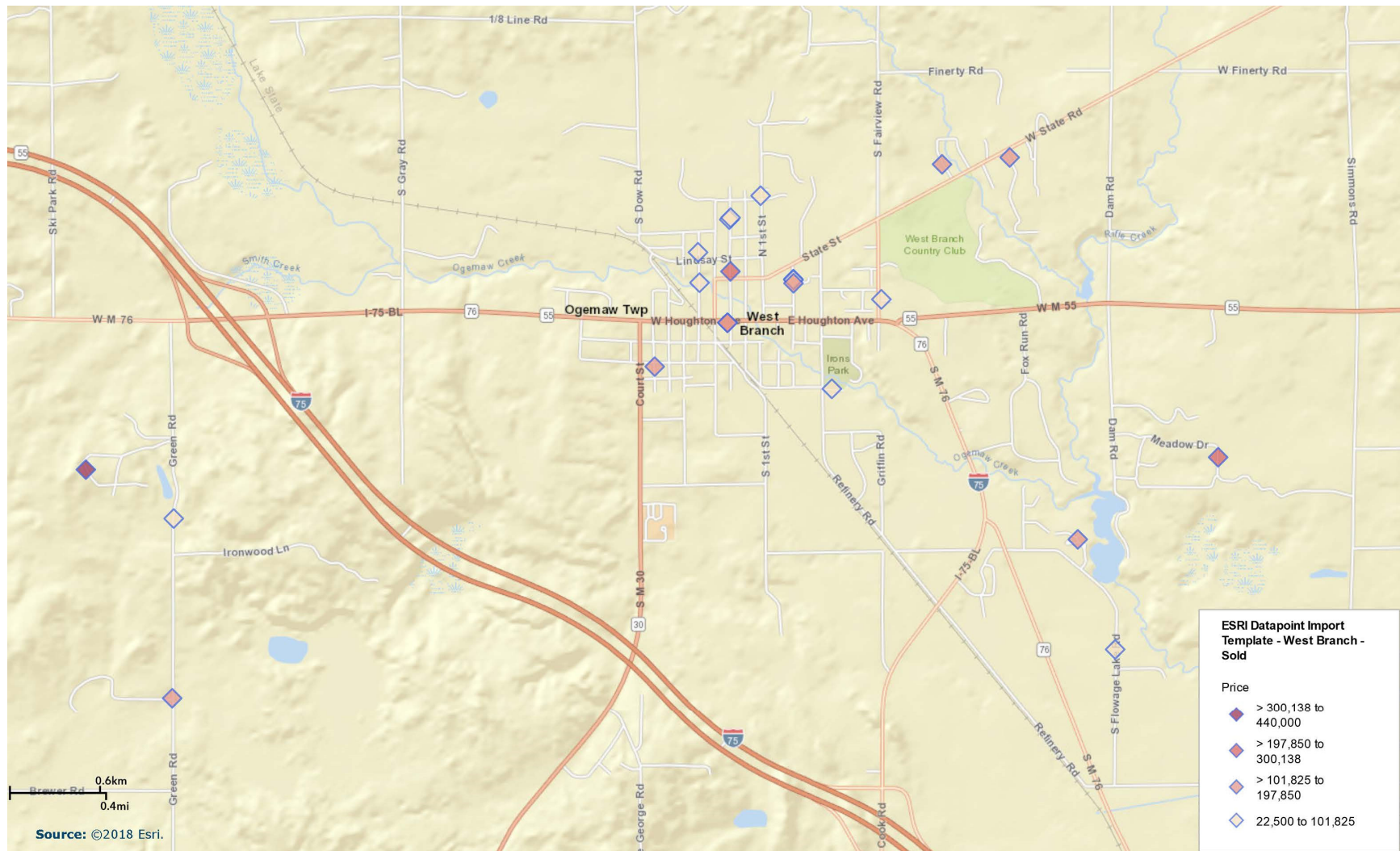
West Branch Housing Needs Assessment – November 15, 2018



Map: Homes Recently Sold - West Branch Area



West Branch Housing Needs Assessment – November 15, 2018



Rental trends within the West Branch area are greatly influenced by subsidy units and income-restricted apartments that utilize the Low Income Housing Tax Credit (LIHTC). As stated previously, such apartment options represent a sizable portion of local rental units, and a large majority of all apartment options.

Subsidy units within the area are in generally fair to good condition, and always are at or near full occupancy. These units are constructed through HUD or Rural Housing Service. These units include:

- Ogemaw Hills (Open)
- Griffin Place (Open)
- Sleepy Oaks (Senior)
- Maplewood Manor (Senior)

Apartments deemed “affordable” are not subsidized based on rent, but are income-restricted through the use of tax credits or subsidized financing. Four such developments are present within the West Branch area. One is Southside, a two-phased open complex with a total of 84 units. The property was constructed in 2006 and 2010, and has remained at or near full occupancy. Rental rates are targeted for singles and families between 40 percent of Area Median Income (AMI) and 60 percent AMI. Another open LIHTC project is The Trails at West Branch, a 60-unit complex constructed in 2001. The property contains one-, two-, and three-bedroom units, targeted between 45 percent AMI and 60 percent AMI. The development is fully occupied with a small waiting list.

The other two LIHTC properties are designated for senior occupancy. One is Victorian Trails, with a total of 36 units. The development includes one- and two-bedroom units with income targeting between 30 percent AMI and 60 percent AMI. The development also has a few market rate units. It has one vacancy at this time. The other senior development is West River Park, a 10-unit complex consisting of two-bedroom single family homes with garage. Units are targeted at 60 percent AMI. No vacancies are present and a waiting list are currently maintained. All of the LIHTC properties are in good condition and appear to be well managed.

Four market rate apartment developments were also contacted. These include:

- White Birch – 18 units
- Essex Apartments – 18 units

- Oak Forest – 10 units
- State Street Townhomes – 20 units

White Birch was originally constructed as a LIHTC development, but has left the program after the development's 15-year affordability obligation was completed. The property contains one-, two-, and three-bedroom units, and is in good condition. State Street Townhomes consists of two-bedroom units in good condition. The other two developments are in generally fair condition, and are also near full occupancy.

The rental units within the community are in generally good condition, and appear to suit the needs of the local rental marketplace. The overall occupancy rate based on our research is quite high, at 99.7 percent. While waiting lists may be small at most of the developments, vacancies appear to be filled relatively quickly. Other comments taken from the interviews of local leasing agents and managers include:

- Many of the residents within the affordable units carry a Section 8/Housing Choice Voucher or other subsidy, with some properties indicating that approximately ½ of all units have such subsidies available. While no comments regarding affordability issues were brought up by the leasing agents, this degree of participation with a voucher does indicate that a portion of the affordable market is perhaps more reflective of 30 percent AMI and 40 percent AMI rents, rather than the 60 percent AMI units some of these households currently occupy.
- Between one-third and one-half of all traffic coming to the affordable family properties are over-qualified based on income, and cannot reside at the facilities. Managers have few options to refer these individuals or families within the West Branch area.
- At least one of the affordable properties is considering leaving the LIHTC program within the next year. By 2025 all of the affordable developments within the West Branch area would be eligible to do so, assuming their owners did not agree to an extended affordability period. This would eliminate some of the issues regarding over-income households, but the removal of units targeted between 40 percent and 60 percent AMI would be difficult to overcome by these lower-income households.
- Little information is available regarding downtown rental units, typically found above ground floor commercial establishments. Such options are increasingly popular in more urban communities, favoring occupancy by younger adults without children. Given the available commercial establishments downtown, the prevailing demographic trends within the West Branch area, and the limited concentrations of professional/entrepreneurial opportunities indicated within

current and future economic data, the demand potential for such units may be somewhat limited.

- Demand trends are shifting toward a greater need for two-bedroom units, followed by one-bedroom units. The demand potential for three-bedroom units has remained sufficiently stable to maintain occupancy levels, but fewer inquiries for such units are taking place.
- Between 25 percent and 33 percent of the open units are occupied by a senior citizen, most likely the majority of one-bedroom units available. Such senior concentrations within non-senior apartments are not unusual, but these households essentially crowd out the market potential for younger singles to lease an apartment.
- Two properties mentioned that considerations for an additional phase are informally being investigated, based on current and anticipated traffic and continued occupancy levels.

Mobile home parks within the area include two specific properties. One is County Village Estates, a 53-site location that caters to seniors age 55+. It is located at 2522 Woodlawn Drive. The other site is Twin Pines, a 30-lot location off Rau Road. Based on the latest American Community Survey data, a total of 257 mobile homes are currently occupied within the market area. Of these, 25 percent are rented, with the balance owner-occupied units. This does not include the large number of vacant and seasonal mobile homes are present within the West Branch area and across Ogemaw County. It is generally understood that seasonal units (in use or vacant) vary greatly in terms of quality, time of use, and value.

Remaining rentals consist of select condominium units for rent and single-family homes for rent. Most of these rentals are listed on local or internet sources (Craigslist, Backpage, and other sources), or are made known via word-of-mouth. Many listings are for summer/seasonal rentals, but some submissions on these sites are for rental homes or apartments previously discussed, with pricing ranging up to \$700 per month.

According to the latest American Community Survey data, approximately 41 percent of all occupied rental units within the market area are single family homes (both attached and detached structures), while 12 percent are duplex to four-plex style units. The vast majority of duplex-style units are found within West Branch, but the number of single-family rentals is nearly equally divided between the city and the surrounding townships. Those that are clearly within recreational areas are in many cases utilized for short-term rental use, and thus are

unavailable for households seeking a permanent residence.

Despite an increasing demand for such long-term rentals, the potential value of many of these homes as a seasonal rental alternative clearly outweighs their use as a traditional rental unit, based on a cursory examination of short-term rental data on such websites as www.airbnb.com, www.VRBO.com, and others. These sites list at least 80 homes as available for short-term rentals across the market area, with the least expensive option listed at \$80 per night. It is evident that nearly all of these homes for short term rent are located within recreational areas, and would likely not be perceived as a viable rental option for some households; however, the removal of up to 20 percent of the available rental housing stock to those seeking a permanent home does result in increasing rents, lower turnover, and fewer options for new residents to the community.

Table: Rental Households by Structure Size

	City of West Branch	Market Area	Ogemaw County
Total Occupied Rental Units	560	827	1,628
1 Unit	155	340	908
% of Total	27.7%	41.1%	55.8%
2 to 4 Units	93	99	116
% of Total	16.6%	12.0%	7.1%
5 to 19 Units	148	159	216
% of Total	26.4%	19.2%	13.3%
20 to 49 Units	83	83	103
% of Total	14.8%	10.0%	6.3%
50 or more Units	81	81	82
% of Total	14.5%	9.8%	5.0%
Mobile Home/Boat/Other	0	65	203
% of Total	0.0%	7.9%	12.5%

SOURCE: 2012-2016 American Community Survey, U.S. Census Bureau

Admittedly, much of these trends regarding short-term rentals are anecdotal in nature, with little hard data available for examination from traditional demographic sources. Also, many short-term rental units were originally developed solely as vacation/short-term rentals (and thusly were not removed from the available rental housing stock for permanent residents). However, all available data does point to the lack of reasonably priced rental homes clearly increasing across the area, despite a definite demand for such units within the West Branch

community that, within a normal housing market, should lead to additional development proposals.

Senior rental housing options for those persons able to live an independent lifestyle include subsidized and affordable developments, as mentioned previously. One additional option is the Brook of West Branch, a 64-unit property that includes 32 independent living units and 32 assisted living units. The rent for the independent living units begins at \$1,648 per month, but does include a wide range of amenities and unit features. A meal plan is also available for a monthly fee of \$430. Assisted living units are leased at a minimum of \$2,898 per month. The property is fully occupied and maintains a waiting list, but is not ideally priced for moderate income seniors that may not require nor desire on-site services or a meal plan. Thus, the West Branch community lacks a market rate independent living rental option for active seniors. Considering the high rate of growth for senior households, locals aging in place, and the prospects of additional seniors seeking a retirement alternative from other sections of the state, demand for such units may be present, if alternative rentals for seniors (such as rental homes or open rentals occupied by seniors) are no longer available.

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2018 and three-year projections for households within the target market income ranges, defined within two segments – and open occupancy and independent living seniors age 55 and older. Both target markets will be divided into affordable and market rate income levels. For the open segment the affordable income range is between \$15,000 and \$35,000, with actual eligibility based on household size and the desired income targeting (in this case such targeting would be between 40 percent of Area Median Income (AMI) and 60 percent of Area Median Income). The eligibility range for the affordable segment reflects the current income and rent restrictions placed upon such units by the federal and state financing programs currently in use for the development affordable rental housing. The market rate segment is between \$35,000 and \$75,000 annual income. The upper range of \$75,000 is used as a measure of conservatism and assumes that those households above \$75,000 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 2018) is calculated. This total is adjusted to exclude larger-sized households that would require more than a three-bedroom unit to house such a larger-sized family. This number is applied to the percentage of households that relocate to rental housing on an annual basis, using available 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 2021.

Statistical demand forecasts favor the development of market rate rental housing, reflecting the greatest need within the community.

The resulting demand forecast is 29 affordable units and 55 market rate units. Assuming the development of a 24-unit property, the penetration rate is 4.0 percent – indicating that four percent of eligible households would be required to absorb the proposal. Among market rate eligible households, the penetration capture rate is 2.3 percent. The ideal penetration rate is below three percent, with larger ratios indicative of overly aggressive project sizes and/or relatively

weak market trends from a statistical standpoint. A second statistical demand ratio commonly used is the capture rate, indicating how much statistical demand would be required to absorb a proposal. Based on a 24-unit proposal, the capture rate for the affordable range is 83 percent, while the market rate capture rate is 44 percent. Capture rates that approach or exceed 50 percent typically exhibit questionable demand levels, as a majority of all households likely to move within a given year would be required to move into the proposed facility.

The results suggest a minimal demand currently for affordable units, but a notably greater market potential for a market rate rental project. A mixed-income facility (with both affordable and market rate units) would also be acceptable from a statistical standpoint, but such options are typically difficult to finance and generally feature a small portion of the project as market rate.

A similar method can be used to determine senior demand. In this case, the demand forecast is based on seniors age 55 and older, as this represents the broadest base of potential senior occupancy, assuming seniors can live an independent lifestyle. Using the same methodology and two income ranges – affordable (\$15,000 to \$30,000) and market rate (\$40,000 and above), a 2021 demand for senior rental housing was calculated at 26 units within the affordable range and 28 units within the market rate income range. The corresponding capture rate for this calculation was 93 percent for the affordable range and 85 percent for the market rate range. The penetration rates were 4.8 percent and 4.5 percent, respectively. Both the demand levels and ratios are not indicative of sufficient market depth.

Please note that the senior demand is not a complete subset of the overall open demand calculation, as it utilizes separate migration and income eligibility factors.

One other note is important to reiterate – the demand forecasts are based on seniors age 55 and older. This segment is reflective of the eligibility range for senior housing, but the average age of most senior independent living facilities exceeds 75 years of age. Occupancy within a senior development is more dependent upon health and the condition of the prior residence than purely the age of the household. As a result, most analysts are wary of exceedingly strong demand forecasts based on the 55 and older age segment. For this analysis the demand equation utilized very cautious measures to maintain a degree of conservatism and avoid an overly optimistic demand forecast.

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 changes that may take place within the market area. Any of these items could significantly alter the calculated demand for a given project. Please note that these demand forecasts are also dependent 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
- Future demand forecasts would potentially utilize a broader area that many include additional sections of Ogemaw County, as well as adjacent sections of Gladwin and Roscommon Counties
- 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

Statistical demand forecasts exist within a “*ceteris paribus*” environment in which all other factors outside the equation are held constant. If any of these considerations are not present, however, or if a specific characteristic of the proposal is deemed excessively negative within the community, the demand potential for any proposal could be greatly diminished.

Table: Statistical Demand Calculation – Open Rental Units

2018 Total Occupied Households	3,383		
2018 Owner-Occupied Households	2,579		
2018 Renter-Occupied Households	804		
		Total Affordable Range	Total Market Rate Range
QUALIFIED-INCOME RANGE <i>(unduplicated)</i>			
Minimum Annual Income		\$15,000	\$25,000
Maximum Annual Income		\$35,000	\$75,000
PERCENTAGE SMALL SIZED OWNER HH		65.0%	65.0%
PERCENTAGE SMALL SIZED RENTER HH		65.8%	65.8%
DEMAND FROM EXISTING HOUSEHOLDS			
Percent Income Qualified Owner Households		23.0%	50.4%
Percent Income Qualified Renter Households		39.3%	39.7%
Income Qualified Owner Households		387	846
Income Qualified Renter Households		208	210
Annual Movership Rate - Owner to Renter		5.7%	5.7%
Annual Movership Rate - Renter to Renter		3.8%	3.8%
Total Income-Qualified Owner to Renter Movers		22	48
Total Income-Qualified Renter to Renter Movers		8	8
Total Demand from Existing Households		30	56
DEMAND FROM NEW RENTER HOUSEHOLDS			
Projected 2021 Renter Households	794		
Annual Change in Renter Households, 2018-2020	-3		
Percent Qualified Renter Households		39.3%	39.7%
Total Annual Demand From New Households		(1)	(1)
TOTAL DEMAND		29	55
PROPOSED NUMBER OF UNITS		24	24
CAPTURE RATE		83.2%	43.7%
PENETRATION RATE		4.0%	2.3%
Note: Totals may not sum due to rounding or differences in income ranges			
SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau			
American Community Survey, U.S. Census Bureau			
ESRI Business Analyst			

Table: Statistical Demand Calculation – Senior Rental Units

2018 Total Occupied Households 55+	1,863		
2018 Owner-Occupied Households 55+	1,515		
2018 Renter-Occupied Households 55+	348		
		Total Affordable Range	Total Market Rate Range
QUALIFIED-INCOME RANGE <i>(unduplicated)</i>			
Minimum Annual Income		\$15,000	\$40,000
Maximum Annual Income		\$30,000	And Above
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 55+			
Percent Income Qualified Owner Households		24.8%	29.1%
Percent Income Qualified Renter Households		34.1%	24.9%
Income Qualified Owner Households		376	441
Income Qualified Renter Households		119	87
Annual Movership Rate - Owner to Renter		6%	6%
Annual Movership Rate - Renter to Renter		4%	4%
Total Income-Qualified Owner to Renter Movers		21	25
Total Income-Qualified Renter to Renter Movers		4	3
Total Demand from Existing Households		26	28
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 55+			
Owner Household Growth, 2018-2021		14	14
Percent Income Qualified Owner Households		24.8%	29.1%
Renter Household Growth, 2018-2021		3	3
Percent Income Qualified Renter Households		34.1%	12.4%
Total Demand From New Households		0	0
TOTAL DEMAND		26	28
LESS: Total Comparable Units Placed in Service Since 2018		0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0
TOTAL NET DEMAND		26	28
PROPOSED NUMBER OF UNITS		24	24
CAPTURE RATE		93.0%	85.0%
PENEIRATION RATE		4.8%	4.5%
Note: Totals may not sum due to rounding			
SOURCE: U.S. Census of Population and Housing, U.S. Census Bureau American Community Survey, U.S. Census Bureau ESRI Business Analyst			

Statistical Demand for Owner Housing Units

Demand forecasts for homeownership analysis are rarely utilized, as the homeownership marketplace has numerous factors that are difficult to readily quantify within a simple algorithm such as the rental demand forecast. A regression analysis is typically provided for such an analysis, but the West Branch area is relatively small to provide this type of analysis with a high degree of confidence. However, the following information may shed light on the statistical aspects of the local homeownership market:

- Annual movership ratios for households into owner-occupied units was calculated as follows for the West Branch PMA, based on the latest American Community Survey data:

○ Previous Owner into Owner-Occupied Units:	1.7 Percent
○ Previous Renter into Owner-Occupied Units:	1.2 Percent

For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 100 to 120 units. Based on the number of homes currently for sale, the difference in the market area and the Realtor.com trade area, and closing data listed on Realtor.com, these statistics appear slightly conservative, but are a reasonable assessment of the degree of movership within the community on an annual basis.

- Realtor.com describes the local housing market slightly favorable to buyers, as homes over the past few months have sold for approximately five percent below asking price. The median number of days homes have been on the marketplace is currently 78 days, notably improved from much of 2017, when listing periods were on average well over 150 days.
- The number of owner-occupied homes is forecast to decline over the next few years, based on ESRI data. While some of these homes may convert to rental units, it is more likely that some of the lower-quality homes within the market area may be vacated or removed from the available housing stock. Based on the latest American Community Survey data, 1.9 percent of market area owner-occupied households are considered substandard, totaling 51 units for 2018.
- Sales data and overall homeowner information is skewed somewhat by the number of homes used for recreational use. Within the market area as of 2010, the number of housing units used for recreational use totaled 516 units, representing nearly 12 percent of all housing units. In all, over 20 percent of the market area's housing units in 2010 were not available for occupancy, including vacancies, for-sale units, recreational/seasonal units, and other categories. Across Ogemaw County, the number of non-occupied units represented 42 percent of all 2010 housing units.

VII: SPECIFIC LOCATIONS OF INTEREST

Community Research was also tasked to evaluate the viability for housing development specific locales that may generate demand potential for housing development. Consideration will remain within the housing types and markets previously discussed, with potential target markets restricted to the three groups originally mentioned.

West Side – property adjacent to The Brook

The first location is on the southwest edge of the city, on the west side of M-30 near The Brook of West Branch senior community. The site is a city-owned 10-acre parcel, currently cleared and vacant with all utilities available. It is assumed that no environmental issues are present that would prevent development activity from taking place.

Based on the findings and data collected for this analysis, the following considerations are forwarded:

- Due to the proximity of The Brook, senior housing options are a consideration, but such development activity may be infeasible due to project size considerations.
- The strongest need within the community is for market rate rentals – Considering the lack of available units, the low quality of many units, and the limited opportunities for a modern home at moderate price points, the logical alternative for most households looking to relocate to the area, seeking to downsize, or experiencing a transition in employment/lifestyle would be an apartment option that does not contain any rent or income restrictions. Current statewide and regional trends also point to an increasing desire for a rental housing option for the typical household, based on long-term demographics, seniors aging in place and remaining active, smaller family sizes, the lingering impact of the prior recession, along with local market factors.
- Consideration should also be made for the construction of duplex-style units that may be available for both homeownership options as well as rentals. The potential sponsorship of individual units by local employers for use as a short-term rental option may also fulfill a market niche that requires attention within the community.
- Adjacent land is undeveloped, and also may be available for development activity. If land restrictions regarding the 10-acre parcel are present, the additional land may provide solutions to such problems, particularly if the potential development uses include duplex units or single family options upon standard sized lots.
- The location will retain value – The site's proximity to medical facilities is ideal, and availability of M-30 makes the site an attractive option. The distance to downtown and I-

75 is also a short drive from the site. The placement of sidewalk or biking lanes would also facilitate movement from the site to the community's adjacent assets.

- Long-term demand potential points to smaller-sized units intended for smaller families – Demographic trends for the community into the next decade indicate no real change in household sizes and family composition, with the exception of seniors continuing to age in place. As a result, little to no demand consideration should be given to apartment unit sizes larger than two-bedrooms.

Taking these factors into consideration, it is suggested that a combination of traditional apartments and lower-density rentals be considered. If sufficient acreage is present, the inclusion of both a traditional senior-designated building and market-rate apartments targeted for open occupancy be considered. Secondary considerations for homeownership options should also be investigated, as the number of modern housing units available to young professionals within the immediate West Branch area is quite small. From a pure housing demand standpoint, it is surprising that these segments have not been addressed, as ample demand and limited supply both are present within the West Branch Market Area. Considerations regarding development costs will be the primary determination of potential viability as a reasonably-priced housing option.

Bicycle Factory – North Eight Street

The second location is an abandoned industrial site, a former bicycle factory, consisting of 76,000 square feet and adjacent acreage. This site is Brownfields eligible, and has been abandoned since the 1970s.

Without any specific information on the structure, it is difficult to assume any rehabilitation or adaptive reuse of the site is possible. Assuming no such impediments are present, from a housing standpoint the site is not a strong fit for the West Branch area. It is unlikely a conversion to lofts or senior housing would be successful, as the size of that target market segment (young singles, for example) is not sufficient to justify rehabilitation of the structure.

The degree of effort to undertake such a renovation is perhaps overly burdensome as well. A knowledgeable consultant would need to be engaged, along with a redevelopment team of experts in such renovation activity. Based on the prevailing price points for housing options in West Branch, I cannot see a sufficient economic return generated by the renovations. In addition, the local economy does not have the size to support a mixed-use alternative

(combination residential/commercial use). One other negative factor is the location of the factory. The site is within the northwest corner of the city, away from daily traffic and a sufficiently long distance from I-75 that drive-by opportunities are not present. Lastly, prior experience with large adaptive reuse projects almost always requires the use of various financing options, soft money, grants, and other resources that would reduce the project's costs. Such resources are rare enough within large urban areas, but within a rural marketplace such financial resources are rarely available.

As a result, I would not suggest any residential or mixed-use rehabilitation efforts for the property.

VIII: DATA & SOURCES

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ESRI TAPESTRY DATA



Tapestry Segmentation Area Profile

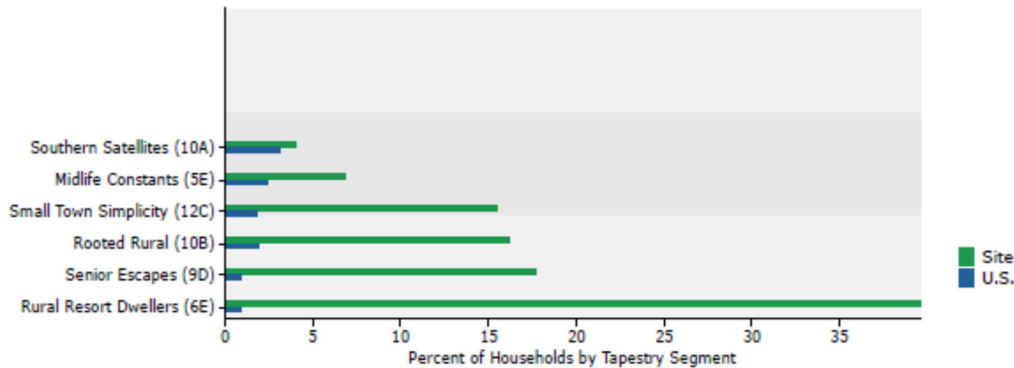
Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

Prepared by Esri

Top Twenty Tapestry Segments

Rank	Tapestry Segment	2018 Households		2018 U.S. Households		Index
		Percent	Cumulative Percent	Percent	Cumulative Percent	
1	Rural Resort Dwellers (6E)	39.6%	39.6%	1.0%	1.0%	3959
2	Senior Escapes (9D)	17.7%	57.3%	0.9%	1.9%	1,952
3	Rooted Rural (10B)	16.2%	73.5%	2.0%	3.9%	826
4	Small Town Simplicity (12C)	15.5%	89.0%	1.9%	5.8%	834
5	Midlife Constants (5E)	6.8%	95.8%	2.5%	8.3%	276
Subtotal		95.8%		8.3%		
6	Southern Satellites (10A)	4.1%	99.9%	3.1%	11.4%	130
Subtotal		4.1%		3.1%		
Total		100.0%		11.3%		882

Top Ten Tapestry Segments Site vs. U.S.



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

October 24, 2018

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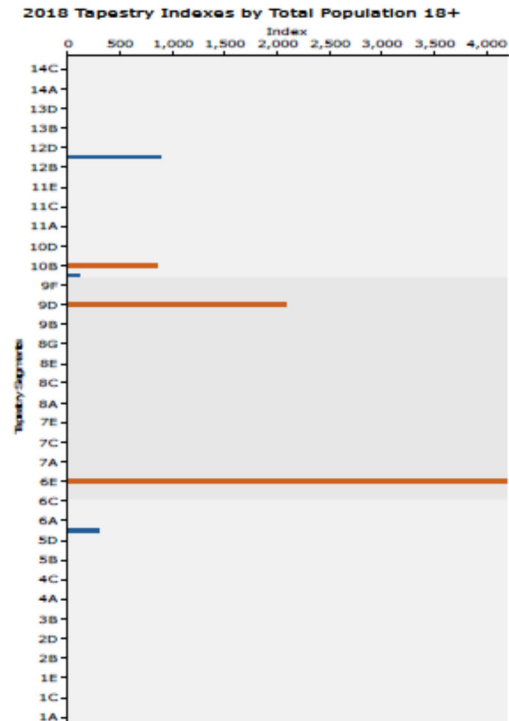
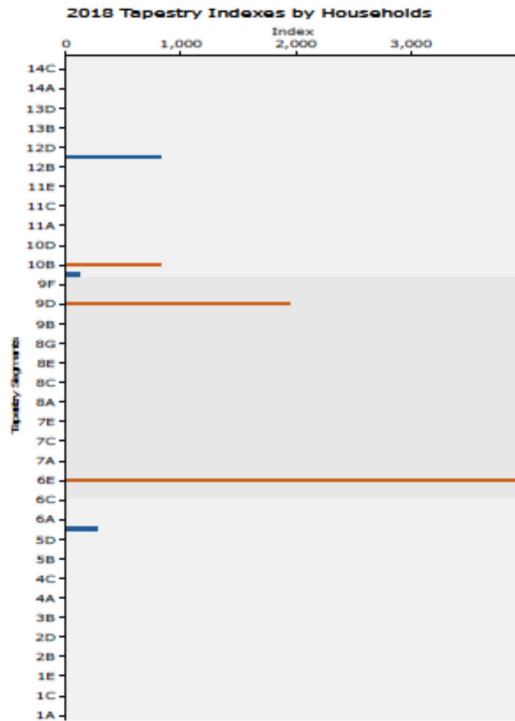
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Tapestry Segmentation Area Profile

Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

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.

Sources: Esri

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Tapestry Segmentation Area Profile

Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

Prepared by Esri

Tapestry LifeMode Groups	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	9,014	100.0%		17,196	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	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	616	6.8%	60	1,254	7.3%	67
Comfortable Empty Nesters	0	0.0%	0	0	0.0%	0
In Style (5B)	0	0.0%	0	0	0.0%	0
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)	616	6.8%	276	1,254	7.3%	311
6. Cozy Country Living	3,571	39.6%	331	6,705	39.0%	330
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)	3,571	39.6%	3,959	6,705	39.0%	4,202
Heartland Communities (6F)	0	0.0%	0	0	0.0%	0
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

October 24, 2018



Tapestry Segmentation Area Profile

Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

Prepared by Esri

Tapestry LifeMode Groups	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	9,014	100.0%		17,196	100.0%	
8. Middle Ground	0	0.0%	0	0	0.0%	0
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	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)	0	0.0%	0	0	0.0%	0
Hardscrabble Road (8G)	0	0.0%	0	0	0.0%	0
9. Senior Styles	1,599	17.7%	306	3,043	17.7%	354
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)	1,599	17.7%	1,952	3,043	17.7%	2,094
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	1,832	20.3%	247	3,591	20.9%	251
Southern Satellites (10A)	368	4.1%	130	703	4.1%	129
Rooted Rural (10B)	1,464	16.2%	826	2,888	16.8%	863
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	1,396	15.5%	252	2,603	15.1%	261
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)	1,396	15.5%	834	2,603	15.1%	904
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	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.

Sources: Esri

October 24, 2018



Tapestry Segmentation Area Profile

Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

Prepared by Esri

Tapestry Urbanization	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	9,014	100.0%		17,196	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	0	0.0%	0	0	0.0%	0
In Style (5B)	0	0.0%	0	0	0.0%	0
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)	0	0.0%	0	0	0.0%	0
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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October 24, 2018

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Tapestry Segmentation Area Profile

Ogemaw County, MI
Ogemaw County, MI (26129)
Geography: County

Prepared by Esri

Tapestry Urbanization	2018 Households			2018 Adult Population		
	Number	Percent	Index	Number	Percent	Index
Total:	9,014	100.0%		17,196	100.0%	
4. Suburban Periphery	616	6.8%	21	1,254	7.3%	22
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	0	0.0%	0	0	0.0%	0
Parks and Rec (5C)	0	0.0%	0	0	0.0%	0
Midlife Constants (5E)	616	6.8%	276	1,254	7.3%	311
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	2,995	33.2%	356	5,646	32.8%	365
Middleburg (4C)	0	0.0%	0	0	0.0%	0
Heartland Communities (6F)	0	0.0%	0	0	0.0%	0
Valley Growers (7E)	0	0.0%	0	0	0.0%	0
Senior Escapes (9D)	1,599	17.7%	1,952	3,043	17.7%	2,094
Down the Road (10D)	0	0.0%	0	0	0.0%	0
Small Town Simplicity (12C)	1,396	15.5%	834	2,603	15.1%	904
6. Rural	5,403	59.9%	357	10,296	59.9%	356
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)	3,571	39.6%	3,959	6,705	39.0%	4,202
Southern Satellites (10A)	368	4.1%	130	703	4.1%	129
Rooted Rural (10B)	1,464	16.2%	826	2,888	16.8%	863
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

October 24, 2018

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

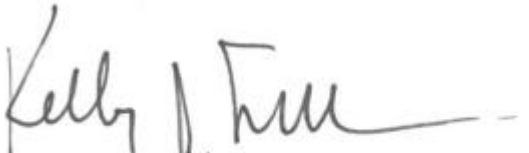
It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

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: November 15, 2018

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, is the co-chair of the Peer Review committee, and will lead the council as Chairman during the upcoming 2019-2020 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.