



**A Housing Needs
Assessment of
Chippewa County, MI**

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Prepared for:

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Table of Contents

I. INTRODUCTION.....	1
II. EXECUTIVE SUMMARY	3
RECOMMENDATIONS SUMMARY MATRIX.....	10
<i>Target Market Segments – Open & Senior.....</i>	<i>10</i>
RANKINGS – HOUSING RECOMMENDATIONS	13
<i>Map: Chippewa County</i>	<i>14</i>
III. MARKET PROFILE.....	15
TARGET MARKET IDENTIFICATION.....	15
PRIMARY AND SECONDARY MARKET AREA DETERMINATION	17
<i>Map: Sault Ste. Marie City.....</i>	<i>19</i>
<i>Map: Central Market Area.....</i>	<i>20</i>
<i>Map: Southeast Market Area</i>	<i>21</i>
<i>Map: Northwest Market Area.....</i>	<i>22</i>
IV. DEMOGRAPHIC & ECONOMIC TRENDS.....	24
ECONOMIC TRENDS	24
<i>Table: Employment by Industry</i>	<i>24</i>
<i>Table: Employment by Occupation</i>	<i>25</i>
<i>Graphic: Employment by Occupation Breakdown – Chippewa County</i>	<i>26</i>
COMMUTING PATTERNS	26
<i>Graphic: Employment by Place of Work Breakdown.....</i>	<i>26</i>
<i>Table: Employment by Place of Work.....</i>	<i>27</i>
<i>Map: Worker Population by Minor Civil Division – Chippewa County</i>	<i>27</i>
<i>Table: Daily Commuting Patterns</i>	<i>28</i>
<i>Graphic: Residential and Commuting Population Trends – Sault Ste. Marie</i>	<i>28</i>
MIGRATION TRENDS.....	29
<i>Table: Annual Migration Patterns – Chippewa County.....</i>	<i>30</i>
<i>Graphic: Annual Net Migration – Chippewa County</i>	<i>31</i>
<i>Table: Annual Migration Patterns – Sault Ste. Marie.....</i>	<i>31</i>
<i>Graphic: Annual Net Migration – Sault Ste. Marie</i>	<i>32</i>
EMPLOYMENT TRENDS	32
<i>Graphic: Labor Force Trends.....</i>	<i>33</i>
<i>Graphic: Area Employment Trends – Chippewa County.....</i>	<i>34</i>
<i>Graphic: Annual Change in Employment</i>	<i>35</i>
<i>Graphic: Unemployment Rate Comparison</i>	<i>35</i>
<i>Table: Employment Trends (2000 to Present).....</i>	<i>36</i>
WAGES AND INCOME DATA.....	36
<i>Table: Chippewa County - Employment by Industry – 2013 to 2023.....</i>	<i>38</i>
<i>Graphic: Employment by Industry Breakdown – Chippewa County.....</i>	<i>40</i>
<i>Table: Chippewa County Wage Trends by Industry – 2013 to 2023</i>	<i>41</i>
POPULATION TRENDS	43
<i>Table: Population Trends/Projections (2010 to 2029).....</i>	<i>43</i>
<i>Table: Age Distribution (2020 to 2029)</i>	<i>45</i>
<i>Graphic: Chippewa County - Age Distribution (2020 to 2029)</i>	<i>46</i>
<i>Graphic: Senior/Non-Senior Population – Chippewa County</i>	<i>46</i>
<i>Table: Senior Population Trends (2010 to 2029).....</i>	<i>47</i>
<i>Table: Senior/Non-Senior Population Trends (2010 to 2029)</i>	<i>48</i>
<i>Graphic: Population Pyramids by Sex – Sault Ste. Marie</i>	<i>49</i>
<i>Graphic: Population Pyramids by Sex – Chippewa County</i>	<i>49</i>

<i>Table: Average Household Size (2000 to 2029)</i>	50
HOUSEHOLD TRENDS	50
<i>Table: Household Trends (2010 to 2029)</i>	51
<i>Graphic: Household Tenure Breakdown</i>	53
<i>Table: Households by Tenure (2010 to 2029)</i>	54
<i>Table: Owner Households by Size</i>	55
<i>Table: Renter Households by Size</i>	55
<i>Graphic: Senior Household Trends – Chippewa County</i>	57
<i>Table: Senior Household Trends (2010 to 2029)</i>	58
<i>Table: Senior Renter Household Trends (2010 to 2020)</i>	59
<i>Table: Rental Unit Size Distribution</i>	60
<i>Graphic: Rental Unit Size Distribution – Chippewa County</i>	60
<i>Table: Owner Unit Size Distribution</i>	61
<i>Graphic: Owner Unit Size Distribution – Chippewa County</i>	61
<i>Table: Median Gross Rent Trends</i>	62
<i>Graphic: Median Gross Rent Trends</i>	62
HOUSEHOLD INCOME TRENDS	63
<i>Graphic: Median Household Income by Age – 2010 to 2022 – Chippewa County</i>	65
<i>Table: Median Household Incomes (2010 to 2029)</i>	65
<i>Graphic: Median Household Incomes – 2010 to 2029</i>	66
HOUSEHOLD INCOME DISTRIBUTION	66
<i>Table: Household Income Distribution by Tenure – Chippewa County (2022)</i>	67
<i>Graphic: Household Income Distribution by Tenure – Chippewa County (2022)</i>	68
<i>Graphic: Senior Household Income Distribution by Tenure – Chippewa County (2022)</i>	68
<i>Table: Senior Household Income Distribution by Tenure – Chippewa County (2022)</i>	69
OTHER DEMOGRAPHIC FACTORS	69
<i>Infographics: Key Demographic/Economic Data</i>	73
ESRI TAPESTRY INFORMATION	81
V: HOUSING CONDITIONS AND CHARACTERISTICS	85
HOUSING MARKET CHARACTERISTICS	85
<i>Map: Homes Currently for Sale – Chippewa County</i>	90
<i>Table: Housing Units by Type & Occupancy</i>	95
<i>Table: Population by Household Type & Relationship</i>	96
<i>Graphic: Occupied Households by Year Built – Chippewa County</i>	98
<i>Table: Occupied Owner Households by Year Built</i>	99
<i>Table: Occupied Renter Households by Year Built</i>	99
VI: DEMAND ANALYSIS	100
STATISTICAL DEMAND FOR RENTAL HOUSING UNITS	100
STATISTICAL DEMAND FOR SENIOR RENTAL HOUSING UNITS	102
STATISTICAL DEMAND FOR ASSISTED-LIVING UNITS	104
<i>Table: Statistical Demand Calculation – Open Rental Units</i>	106
<i>Table: Statistical Demand Calculation – Senior Rental Units</i>	107
<i>Table: Statistical Demand Calculation – Assisted Living Senior Units</i>	108
STATISTICAL DEMAND FOR OWNER HOUSING UNITS	109
IMPACT OF EXISTING AND POTENTIAL ECONOMIC IMPACTS	110
VIII: DATA & SOURCES	112
BIBLIOGRAPHY	112
CERTIFICATION	113
RESUME AND BACKGROUND	114

I. INTRODUCTION

Community Research Services, LLC has been commissioned to investigate housing market potential across Chippewa County. This document serves as an update of the 2021 housing assessment completed for the Chippewa County Economic Development Corporation and Sault Ste. Marie Economic Development Corporation. The study will provide an analysis of existing housing conditions across the county, determine market potential for various target market segments, and provide recommendations for future development opportunities.

The county is located within the northeast section of Michigan’s Upper Peninsula, with Sault Ste. Marie as the county’s primary economic and cultural destination point. Sault Ste. Marie was established in 1668, one of the oldest established communities within the nation, is found within the northern edge of the county along the St. Mary’s River. The city is approximately 53 miles from the Mackinac Bridge, approximately 290 miles from Lansing, and approximately 350 miles from Detroit. Villages and Census Designated Places (CDP) within Chippewa County include De Tour Village, Brimley CDP, and Kincheloe CDP. Many other unincorporated towns are found across the area.

The Sault region predates the formation of the United States, with fur trading initiated with native tribes by the French and subsequently by the British. However, the construction of the first of the Soo Locks in 1855 initiated significant development activity within the city. With two modern locks and a third under construction, shipping/transportation remains a primary economic force within the area. Tourism, retail trade, healthcare, and education are also primary sources of employment and economic activity. The International Bridge connects the city to Sault Ste. Marie, Ontario – a much larger city with approximately 76,000 persons.

This analysis will attempt to quantify prevailing housing conditions, identify the county’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. The examination of demographic and economic factors, compared to supply-side trends that are present within the subject area is the primary tool for this analysis. As no specific site locations or project proposals are a part of this examination, such recommendations will not be provided. However,

based on these demographic trends and select target market factors, a broad set of recommendations across various market categories will be provided.

A discussion of the likely target market segments that match the product types under examination will be also included, using standard demographic/economic data as well as Tapestry information provided by ESRI (Environmental Systems Research Institute, Inc.), a leading provider of demographic and economic data and forecasts throughout the United States and worldwide. Tapestry data examines local population segments within a series of generalized categories based on prevailing incomes, educational attainment, employment levels, and other factors. Key or notable figures within the demographic and economic sections will be notated with a red circle, or highlighted within a separate text box.

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 uses Chippewa County, Sault Ste. Marie, and three separate sections of the county as the market areas for much of the statistical and demographic analysis. The city and adjacent townships are referred to as the Central Market Area, while De Tour Village, Drummond Island, and the southeast corner of the county are defined as the Southeast Market Area. The remaining central and northwest sections of the county, including Paradise and Rudyard, comprise the Northwest Market Area. The various market areas are appropriate for the preliminary examination of housing options; however, the size and characteristics of any subsequent housing proposal would likely depend on a unique market area that reflects a specific location. This is of course dependent upon assumptions regarding potential draw of a specific location and accessibility.
- A number of identifiable target market categories are present within Chippewa County. While many target market categories overlap in terms of age, educational attainment, housing status, and incomes, the analysis will focus on the general categories, including:
 - Senior housing – for this analysis defined as those persons or couples age 65 and older, that are able to live an independent lifestyle, and are primarily retired or work on a part-time basis.
 - Couples/families with moderate incomes, seeking homeownership options – for families of all ages, typically with some specialized training/education, within a wide range of occupational backgrounds.
 - Singles, couples, and small families seeking rental housing options - with moderate income levels, including both entry level and unskilled occupations, employed within retail trade, services, or leisure/hospitality positions.
- Findings within the analysis include the following:
 - Chippewa County and the three market areas exhibit generally stable to slowly declining demographic trends, with very little change in overall population and household totals from 2020. However, the community is aging, and exhibits increasingly higher senior concentrations, along with most other communities across northern Michigan. Seniors will reflect an increasingly influential segment of the county’s overall population, and exhibit the strongest growth patterns of any age cohort.
 - Chippewa County features both federal and state primary highways, providing necessary transportation linkages to destinations across the region, strong tourism-related community assets, and is recognized as a vacation and retirement destination point. Sault Ste. Marie is a long-time destination point for year-round

- activities, and features attractive retail and service locations that draw individuals and families from across the region.
- Chippewa County exhibits a higher concentration of governmental/public sector employment from the federal and state level, contains a lower-than-average production-oriented labor force, with average levels of services occupations. The level of professional employment is also somewhat lower than other similarly-sized counties across northern Michigan.
 - The county’s residential employment base is employed locally, with 93 percent of the county’s workforce employed within Chippewa County. The concentration of the area’s employment opportunities in and around Sault Ste. Marie makes this a reasonable pattern.
 - Information on commuting and retail/service travel into Sault Ste. Marie indicates that the city’s average daily daytime population is just 131 percent of the city’s permanent resident total. These percentages are well below the daytime population trends of other major northern Michigan communities such as Gaylord or Traverse City, which have daytime population totals that exceed 200 percent of permanent population. This indicates that the local economy is somewhat more insular and localized as compared to other parts of northern Lower Michigan. Much of this is simply the distance from other population centers, rather than a reflection of the city’s retail and services competitiveness.
 - Migration trends from the U.S. Census Bureau reflect a relatively small but positive trend of persons into Chippewa County from adjacent counties, with a net positive migration total for the balance of Michigan as well as across the United States. These net migration totals represent less than one percent of the county’s population estimated for 2024. The data is prior to the pandemic, and follows a pattern of reduced migration as compared to the prior decade.
 - County employment trends for 2022 and 2023 demonstrate a complete recovery from the economic impacts of the 2020 pandemic. A few employment segments are still not quite back to pre-pandemic levels, such as leisure/hospitality and education/healthcare jobs. It is hoped that by 2025 these separate sectors will demonstrate continued improvements.
 - The number of senior households age 55+ will continue to increase over the balance of the decade, and is now estimated as the largest single household category for the market areas and all of Chippewa County. By 2029 this age segment will represent nearly 53 percent of all households.
 - Most renter households within Chippewa County are one-person units, either occupied by seniors or single-person households. Correspondingly, the community’s rental housing stock exhibits a smaller than typical concentration of family-oriented rentals. Larger-sized rental units are mostly found within single-family rentals or home conversions into duplex-type units.
 - Median gross rents for the county and Sault Ste. Marie exhibit growth over the past decade, but are at higher-than-average rates of growth, and clearly exceed the rate of wage and income appreciation over the same period. This results in

- increasingly difficult affordability concerns, as well as a lower-than-average concentration of rental units suitable for workforce households.
- A review of the county’s distribution of incomes by tenure indicate that a broad range of income levels is present for both renters and especially homeowners. Such trends indicate that demand potential for both tenure types would extend across a wider than average range of household incomes.
 - Poverty levels for Chippewa County are slightly elevated, at 13.4 percent, similar to the statewide level of 12.6 percent. For Sault Ste. Marie, the latest poverty rate is 20.8 percent – not surprising given the concentration of subsidy housing within the city and concentration of public services. Such trends are not unexpected, as extremely-low-income singles and families are often concentrated within a town or village.
 - Tapestry segmentation by ESRI separates the county’s households into target market categories with unique features and attributes. A total of 14 such categories are present within Chippewa County. However, these segments reflect the generally aged housing count, lower to moderate income levels, and limited concentrations of professional and managerial employment. This points to the county’s characteristics as a mismatch for the most ideal demographic and economic features, such as younger population, higher incomes, and diverse employment base. It also indicates that additional demand for Chippewa County housing would reflect a combination of primary and secondary market sources, some of which would be from adjacent areas of Chippewa County. However, three of the 14 categories are oriented toward preferable senior target market categories, which is not unexpected.
 - Home sales data for the past four months demonstrates increasing numbers of homes sold, with quite minimal recorded sales, pointing to a higher favorable market for buyers. Options for various price points and locations are available, but a large portion of these homes available for sale are on large-sized lots, are not located near the Soo region’s primary roadways, or are primarily intended for vacation/2nd home type purchases.
 - Existing apartment developments are primarily located within the Central Market Area, and include a range of target market categories based on family size and income levels. Occupancy trends are at stabilized levels, and ongoing statistical demand can be demonstrated. Coupled with ongoing and future economic development projects across the Eastern Upper Peninsula, additional rental market demand will be exhibited into the balance of the decade.
 - Seasonal/vacation homes are widely present throughout Chippewa County, with many found on individual lots within recreational areas, as well as part of resort communities. Approximately 25 percent of all county housing units (occupied and vacant) fall within this category, representing more than 5,143 units, ranging from hunting shacks to luxury vacation homes. Short-term rentals are also widely present across the county, with more than 100 such options available for short term rental use.

- Similar to many other areas of Michigan, the prior decade experienced a significant drop in regard to housing development activity, reflective of the long-term impacts of the 2008 housing crisis, which resulted in the removal of housing development capacity across the state. Ultimately, such trends have led to an increasing lack of housing supply, particularly within the homeowner segment.
- Lake Superior State University provides an additional source of housing demand, in addition to on-campus dormitories and student apartments directly operated by the university. Enrollment trends are down compared to the prior decade, but actions taken by the university are underway to increase student population totals.
- Continued demand potential is present for assisted-living and memory care options within Chippewa County. Ongoing demographic growth within the senior segment, future migration by seniors from outside of the region, and aging in place by local residents that are no longer to maintain an independent living lifestyle all point to further market potential for the balance of the decade.
- An insufficient number of homes are available for purchase across Chippewa County, and the number of options at the key purchase range of \$225,000 to \$300,000 is especially inadequate. Homes within this segment of the housing market are rapidly sold, and the lack of such homes will have an increasingly unfavorable impact upon the local economy, school district, and labor force. Such trends are not unique to the Soo region, but are found across most of northern Michigan and the Upper Peninsula. Any opportunity for local housing development needs to place a strong emphasis on increasing the availability of these moderately-priced homes.
- Primary findings for this analysis include:
 - Chippewa County’s ability to attract new residents (singles, couples, and families) across the most desirable target market segments is limited by a lack of supply of homes properly priced for these workforce and professional target market segments that are reflective of modern homeownership options. This is despite generally reasonable price points across the community (particularly in comparison to higher-priced locations in other sections of northern Michigan).
 - Despite the county’s employment composition, it is still difficult to find and relocate qualified workers for various employment opportunities that may exist within Chippewa County, regardless of the type of industry or occupation. Various factors contribute to this trend, including the distance from other communities, a lack of residential choices, and a housing marketplace that currently favors vacation/2nd homes rather than entry-level homes for new residents or step-up homes for maturing families. The current infusion of workers for the Soo Locks project and associated crowding out of potential options for longer-term or permanent residents provides additional indications of the lack of supply.
 - Demographic and economic trends point to Chippewa County’s positive characteristics in attracting seniors to the community. Positive migration patterns

for a northern Michigan county somewhat rare, but do exist for Chippewa County, reflecting a combination of workers and retirees. While the county does demonstrate aging-in-place trends and senior household growth, the overall demographic composition of Chippewa County is somewhat more diverse than other sections of northern Michigan and the Upper Peninsula, which are greatly influenced by rapid aging in place, decreasing family sizes, and reduced fertility levels.

- From a housing market standpoint, the more diversity in terms of housing choices and price points, the greater impacts upon the economy, job market, and overall health of the region. Sault Ste. Marie features all the retail, service, educational, and recreational options necessary to attract additional residents. Other sections of Chippewa County feature characteristics that would attract a wide range of households at various income levels, including various outdoor/recreational features and a preference for rural living.
- The rental market across the Soo region is greatly influenced by options found in Sault Ste. Marie and the Central Market Area. The overall market appears stable, with additional demand factors present, including stabilized occupancy levels, generally reasonable price points, and a lack of new product. While economic and inflationary patterns would clearly influence the strength of the rental marketplace, the long-term pattern for this housing segment indicates ongoing market potential. It would appear that Chippewa County is in need of additional options, particularly within the workforce and market rate segments.
- Existing senior rental housing options are present across Chippewa County, serving both affordable and moderate-income levels. These facilities appear to adequately serve the current market demands of the community, but continued demand will clearly increase into the next decade. Pursuit of senior-oriented housing at local locations (near available medical and retail/service location) are recommended. This also includes senior ownership options for empty nesters that reflect the youngest senior age categories, such as senior-oriented duplex units or condominium facilities on locations that would justify premium price levels. This ongoing senior demand for housing includes both independent living and assisted living options, which should continue to demonstrate market potential over the balance of the decade within the moderate-income and higher-income segments.

A need for additional homeownership options within the community for moderate income and higher income households is a primary 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: Primarily 3BR/2bth structures

Targeted Incomes: \$60,000 - \$150,000

Preliminary Pricing: \$225,000 - \$300,000

Amenities/Features: Commensurate with modern owner-occupied housing found across the community

Additional considerations:

- Collaboration with local employers to help streamline financing options, refer possible homebuyers to possible home alternatives, and streamline the introduction of new households into the county
- Development of additional community features or parks, assuming sufficient land/resources are present, proximate to any new housing opportunities
- Possible reduction in development-oriented costs, fees, or other barriers to the addition of new housing by local governments
- A portion of this housing demand could include some type of condominium-type development; while perhaps ideal in a downtown location, such development may not ideally fit the primary target market segments

A need for additional market rate rental housing is an additional recommendation from this analysis. This would address a combination of “workforce” housing and missing middle segments that are generally used for this segment’s target market description. Suggested features for such a proposal would include:

Project Type: Traditional garden-style apartments or townhome-style units, targeted for singles, couples and small families

Unit Mix: Ranging between one-bedroom and two-bedroom options

Targeted Incomes: \$35,000 - \$100,000

Preliminary Pricing: Ranging between \$995 to \$1,300, depending on unit type

Suggested Features: Full kitchens with refrigerator, range, dishwasher, disposal, and microwave; central heat/air conditioning, private patio, washer/dryer units, and ample closet space. Premium kitchen fixtures and appliances. Some garage units are recommended, with available storage space. Project features to include multiple community rooms with flexible uses found throughout the site (including gaming area, theater, and exercise room), green space/walking paths, dog park, and on-site office/management. Wi-fi availability in all public areas.

A need for additional senior housing is also recommended. This would provide additional alternatives for a wider range of seniors that no longer wish to maintain a household, but have the resources to obtain either a market-rate rental option or consider a condominium-type alternative. Suggested features for such a proposal would include:

- Project Type: Senior-oriented single-story townhome or duplex style units for lease or for sale, with sufficient storage and garages
- Or
- Multi-unit condominiums for lease or sale, with a select location that justifies price-point premiums due to proximity to services, retail, or community amenities
- Unit Mix: Ranging between one-bedroom and two-bedroom options
- Targeted Incomes: \$40,000 - \$120,000
- Preliminary Pricing: Variable – depending upon leasing vs. owner arrangements, but price points would likely be similar to the owner and rental recommendations previously provided
- Suggested Features: Similar to other modern senior-oriented features found in other communities, including a full kitchen with refrigerator, range, dishwasher, disposal, and microwave; central heat/air conditioning, private patio, washer/dryer units, and ample closet space. Premium kitchen fixtures and appliances. Maximize accessibility and green spaces for senior use. Project features to include multiple community rooms with flexible uses found throughout the site – oriented toward senior occupancy and use.

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.

Recommendations Summary Matrix

Target Market Segments – Open & Senior

Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Subsidy/Affordable Rental	\$20,000 to \$50,000	40 units	Assumed that such units would be developed through MSHDA or a LIHTC allocation; Targeted between 40% and 60% AMI. Focus should be upon two-bedroom units; Ideal location is near employment & retail outlets
Workforce Housing Rental	\$35,000 to \$65,000	36 units	Units could be included in mixed-income property with affordable options, or options such as “Missing Middle” program; one-bedroom and two-bedroom unit mix, with community features; Ideal sites are near retail outlets
Market Rate Rental	\$45,000 to \$120,000	72 units	Combination of one-bedroom and two-bedroom units; price points begin around \$995; Focus on community features and options for work-at-home residents. Consider covered/garage parking options, on-site gym/recreation room, media center, ample community space, and services targeted for working singles.
Affordable Rental – Senior	\$15,000 to \$40,000	24 units	Demand for affordable senior units is primarily within the lower income bands (less than 50% AMI); Existing properties are currently serving this target market.

Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Market Rate Rental - Senior	\$40,00 to \$120,000	56 units	Price points would begin above \$1,000, with added consideration for larger unit sizes, unit location/view, and the inclusion of various personal care or in-unit services; combination of one-bedroom and two-bedroom units; a downtown location would maximize rent potential; target market would focus on independent living seniors, but those with minimal personal care needs are also of interest.
Assisted Living – Senior	Exhibits sufficient resources/wealth for assisted living residency	24 units	Base rental rate would begin at approximately \$3,000, with added fees based on degree of personal care services needed, unit size, and single/double occupancy choices; Existing assisted living developments are currently meeting this segments’ needs; Increasing market potential as population ages in place/migration trends continue.
Senior Homeownership Options	Varies depending upon type of home, financial characteristics of the buyer, and other factors	Variable – dependent upon pricing, product, location and target market	As the community ages, a wider range of senior-oriented housing options will be necessary to serve all potential senior target market segments. Either duplex/townhome style options or a multi-unit condo alternative would be appropriate. Locations much justify price premiums and level of amenities expected for that target market segment.

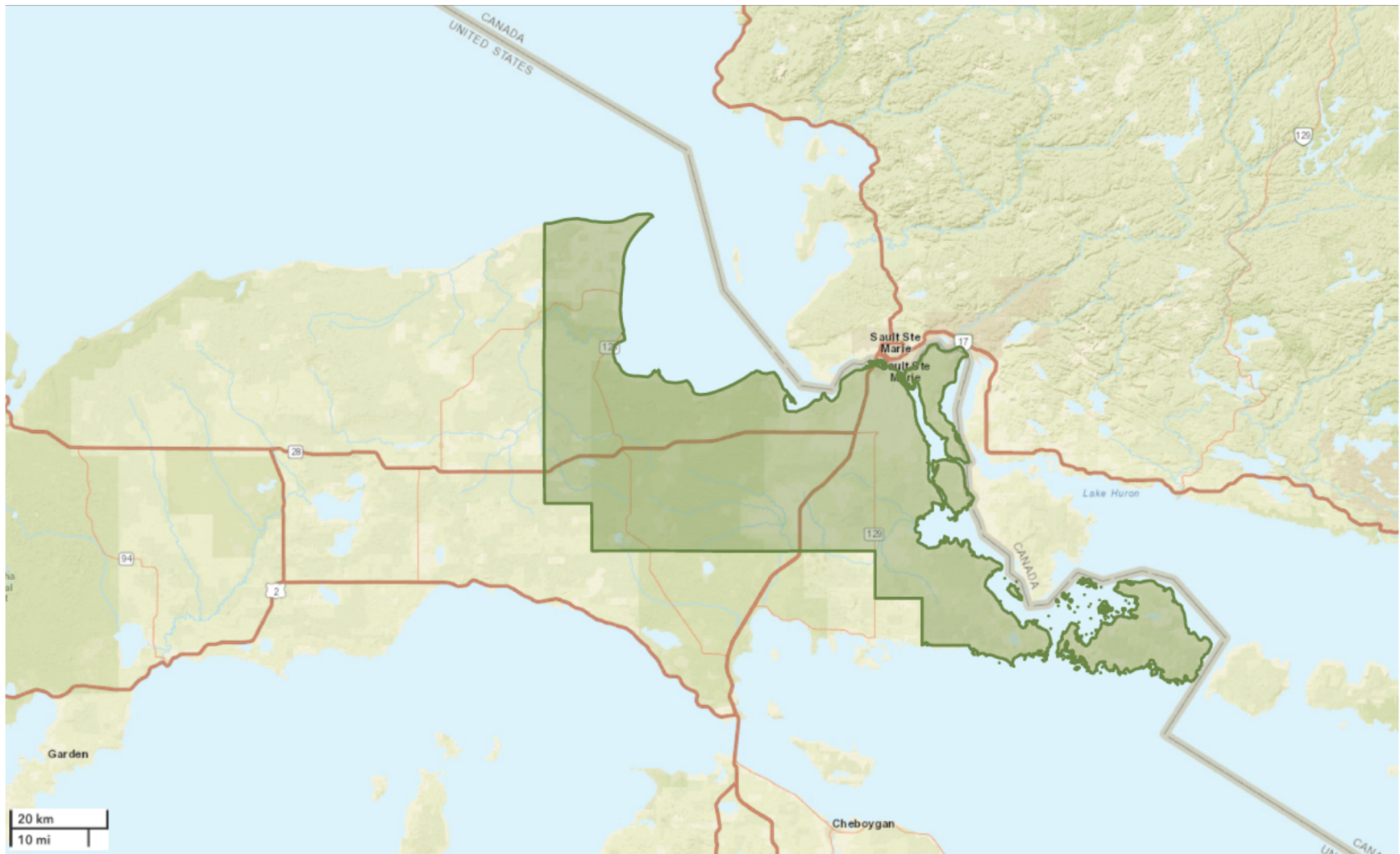
Target Market	Income Eligibility Range	Approximate Demand Potential	Preliminary Recommendation
Homeownership Options	Varies depending upon type of home, financial characteristics of the buyer, and other household or home purchase specific factors	Variable – dependent upon pricing, product, location, and target market – but the Chippewa County housing market does exhibit a clear lack of moderately-priced homes intended for both entry level workers or moderate-income families. This is most impactful for those households seeking to relocate to the area.	The local area has at this shifted toward a buyers’ market, based on recent sales volume trends and the short time most properties remain on the market. What is discernable is the lack of new construction for homeowners since 2010, which has led to a decreasing market volume as compared to prior decades, regardless of yearly economic factors, the pandemic, or permanent changes in the local employment base. In today’s home sales marketplace, very few homes are being developed, and most are only high-end luxury-oriented homes, due to the combination of market and cost factors facing the northern Michigan area and much of the state overall. Moderate-sized homes priced between \$200,000 to \$300,000 would represent a significant introduction to the local market that would be immediately absorbed by a wide range of household types. As such price points for homeownership development are quite difficult to create, this represents a sizable barrier in regard to increasing in-migration and positive movership trends by young adults and families – which represent the future of any community.

Rankings – Housing Recommendations

A summary ranking of each housing recommendation discussed within the assessment:

Housing Option	Summary Comments
1) Homeownership Options	Chippewa County cannot progress economically, become more diverse demographically, or attract/maintain high-wage positions within the area without additional homeownership options, serving primarily moderate to upper-moderate income families. At this time, this represents the primary challenge from a housing standpoint for the community.
2) Workforce Rental Housing	The introduction of new workforce housing will help to stabilize the local labor force and encourage long-term residency among moderate-income households
3) Market Rate Rental Housing	Such market rate options will serve new residents to the community, provide active empty nesters a new alternative, and (assuming a downtown location) encourage continued development of the downtown district
4) Senior Homeownership Options	This would serve the strongest demographic segment within Chippewa County, and further diversify an already prominent portion of the local housing marketplace. Such options near medical and service/retail outlets would be well received by those seniors seeking to reduce their involvement in unit/home maintenance
5) Market Rate Senior Rental Housing	Market potential for this segment will increase over time, with current demand indicative of the area’s aging in place and migration by seniors from other parts of Michigan
6) Assisted Living Housing	Existing assisted living properties appear stable, but future needs will point to added attention for this segment
7) Affordable Rental Housing	Demand potential is present for additional units, but such options are present within the community, with future development dependent on continued economic stability
8) Affordable Senior Rental Housing	Existing affordable developments are adequate for current needs, but future growth within the senior segment will necessitate additional units in the near future

Map: Chippewa County



III. MARKET PROFILE

Target Market Identification

By dividing households across Chippewa County by various categories based on a combination of factors, such as age, income, educational attainment, or employment segments, we can refine the research for this assessment with a focus on those categories that exhibit the greatest housing needs, or provide the strongest housing demand potential. Most target markets are similar across the state and nation, but identification of the specific characteristics of the Soo region may point to any factors that result in the community's potentially unique housing needs.

Across Chippewa County from a demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for non-adults (children), younger adults, older adults, and senior citizens is generally the same. Trends within each primary age cohort, however, are different, with notable declines forecast for younger adults and non-adults, as compared to significant gains within the senior segment. As for socio/economic categories, as a primarily rural community, Chippewa County exhibits somewhat greater concentrations of service and retail employment, with somewhat smaller concentrations of professional/managerial and manufacturing occupations (as compared to more developed communities within other sections of Michigan). Prevailing incomes are a reflection of the region's occupations, and are indicative of service, retail, and leisure/hospitality occupations found across the Soo region.

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. Most communities across the state, and particularly northern Michigan regions, exhibit an imbalance regarding the types of housing available as compared to the characteristics of the local/regional population. Available choices are often mismatched as compared to those household segments that exhibit the strongest housing needs. Much of this is due to aging in place by the local population, regional economic trends in terms of employment and wages/incomes, and the reduced level of housing development activity prevalent across nearly all sections of the state. This mismatch also appears present regarding the ideal household segments that would potentially relocate to the area.

From an area employment standpoint, nearly all workers are employed locally within Chippewa County or adjacent sections of the eastern Upper Peninsula. Correspondingly, the degree of non-senior commuting and migration into Chippewa County is somewhat lower than some neighboring areas such as Gaylord or Traverse City. Both factors, in some ways, contribute to a lower than anticipated level of interest in existing or possible housing options within Chippewa County. Such trends will be further examined within housing supply sections of the report, providing a snapshot of current market trends and available options for both locals and those households from outside of the region.

For this assessment, Community Research has narrowed the list of applicable target market segments to the following groups, based on the size, depth, or strength of the individual housing segment:

- Young adults with unskilled occupations in need of rental options
- Young couples/families with seeking first time home purchase
- Established couples/families interested in “move-up” homes
- Single-parent families seeking affordable housing options
- Empty nester couples seeking to downsize
- Moderate income households moving from rentals to homeownership options
- Working class households seeking non-subsidy rental housing options
- Senior citizens seeking independent living alternatives
- Senior citizens unable to live independently that are seeking a residential option

The likely market demand for housing types that may match the primary target market segments is common for most rural communities in northern Michigan, as well as other sections of the state. Such target markets reflect the most desirable segments of the overall population, indicative of various positive demographic and economic factors, such as higher incomes, larger family sizes, professional occupations, ample disposable income, or entry level households that will become fully participatory residents of the community. 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 services sector (such as retail or office positions) and leisure/hospitality sectors (hotel and resort positions), 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
- Moderate-income and higher-income seniors that are no longer able to live independently, are seeking to relocate to an assisted-living residential option, and are willing to utilize both income and wealth to support such a relocation

While vacation and second-home purchases are a definitive segment of the county’s housing stock, such options are perhaps more readily available within the current housing market, and as a result will not be a primary focus of this analysis.

Primary and Secondary Market Area Determination

Chippewa County is a larger and somewhat diverse area. As mentioned previously, Chippewa County features only one city – Sault Ste. Marie, representing the commercial and professional center for the county. The southeast section features Drummond Island and a greater concentration of tourism and vacation-oriented locations/outlets as compared to the other rural sections of the county. This section of the county also exhibits a higher degree of seasonal population. The central/northwest area of the county is the largest section, but is perhaps somewhat sparsely populated, with fewer destination points as compared to the central and eastern sections. Much of this area is also within the Hiawatha National Forest and Lake Superior State Forest. Separating the county into these three sections seemed a logical method to make comparisons that reflect the unique characteristics of each area.

For countywide assessments, census tracts are often used for separate market area designations. For Chippewa County, however, individual tract boundaries are somewhat irregularly shaped, so township boundaries were used to assemble the three different market areas. These three market areas include the following townships:

Central Market Area	Southeast Market Area	Northwest Market Area
Bay Mills Township	DeTour Township	Chippewa Township
Bruce Township	Drummond Township	Hulbert Township
Dafter Township	Pickford Township	Kinross Charter Township
Sault Ste. Marie City	Raber Township	Rudyard Township
Soo Township		Trout Lake Township
Sugar Island Township		Whitefish Township
Superior Township		

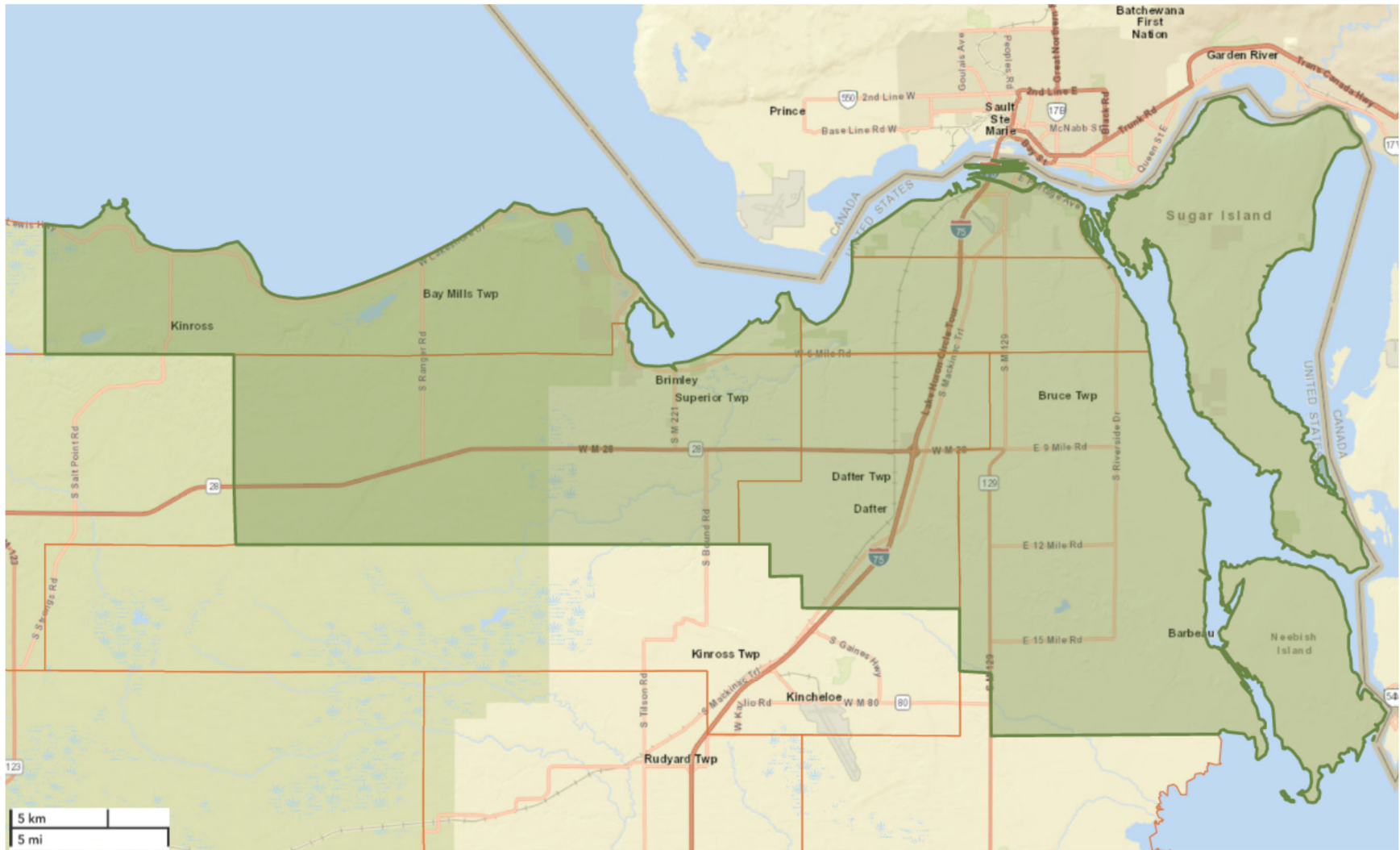
Throughout the report, demographic data will be provided for Sault Ste. Marie, the three market areas described above, and Chippewa County overall. Demographic data is also collected for De Tour Village and Brimley CDP (Census Designated Place) and will be cited when appropriate within the analysis.

Secondary Market considerations may be somewhat more broadly defined, and at a minimum include adjacent/nearby sections of other Upper Peninsula counties, including Mackinac County, Luce County, and Schoolcraft County. Contributions from outside of the county from an employment standpoint are also present to a small degree. 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. As a result, the focus for housing demand and supply will be Chippewa County as a whole.

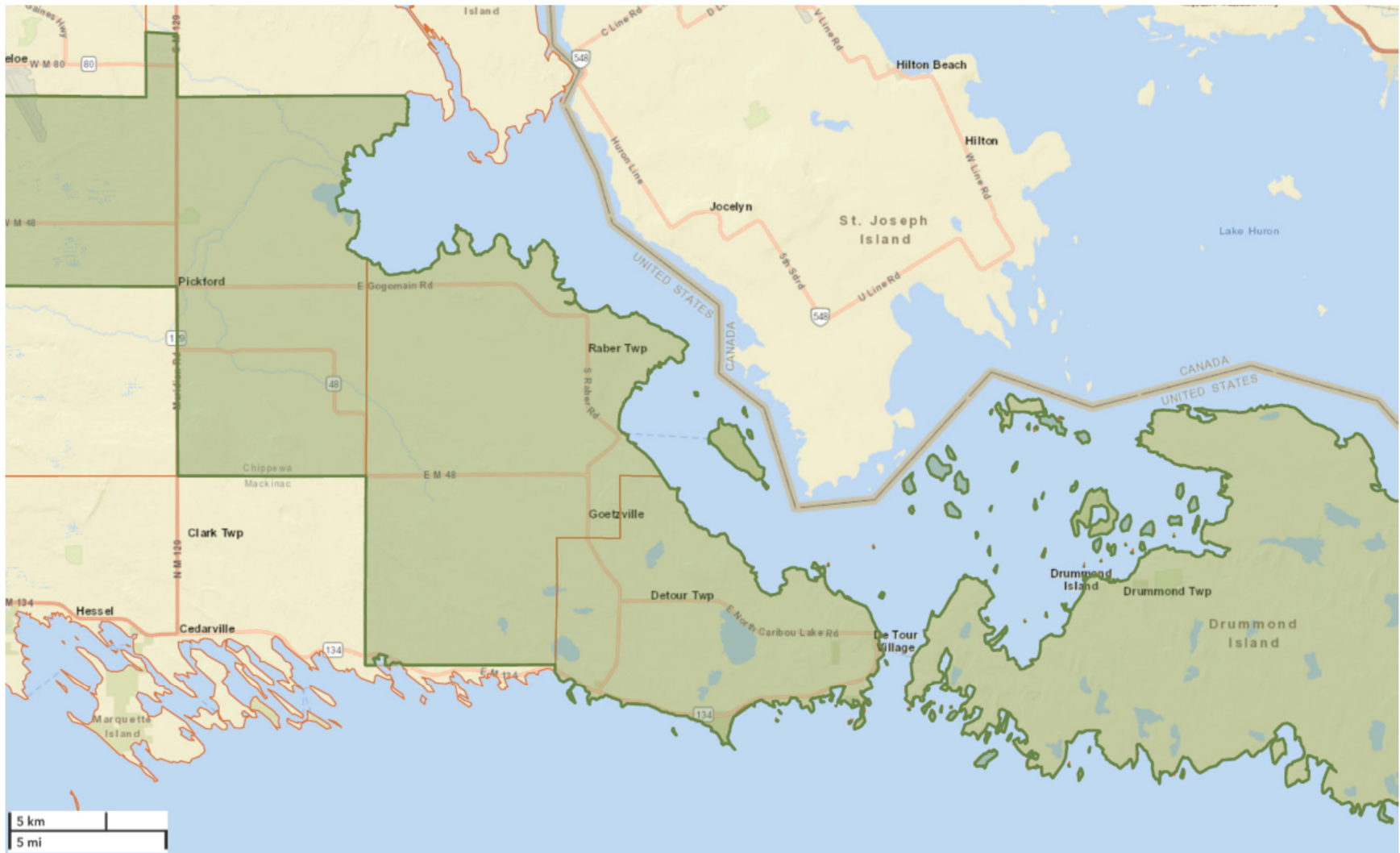
Map: Sault Ste. Marie City



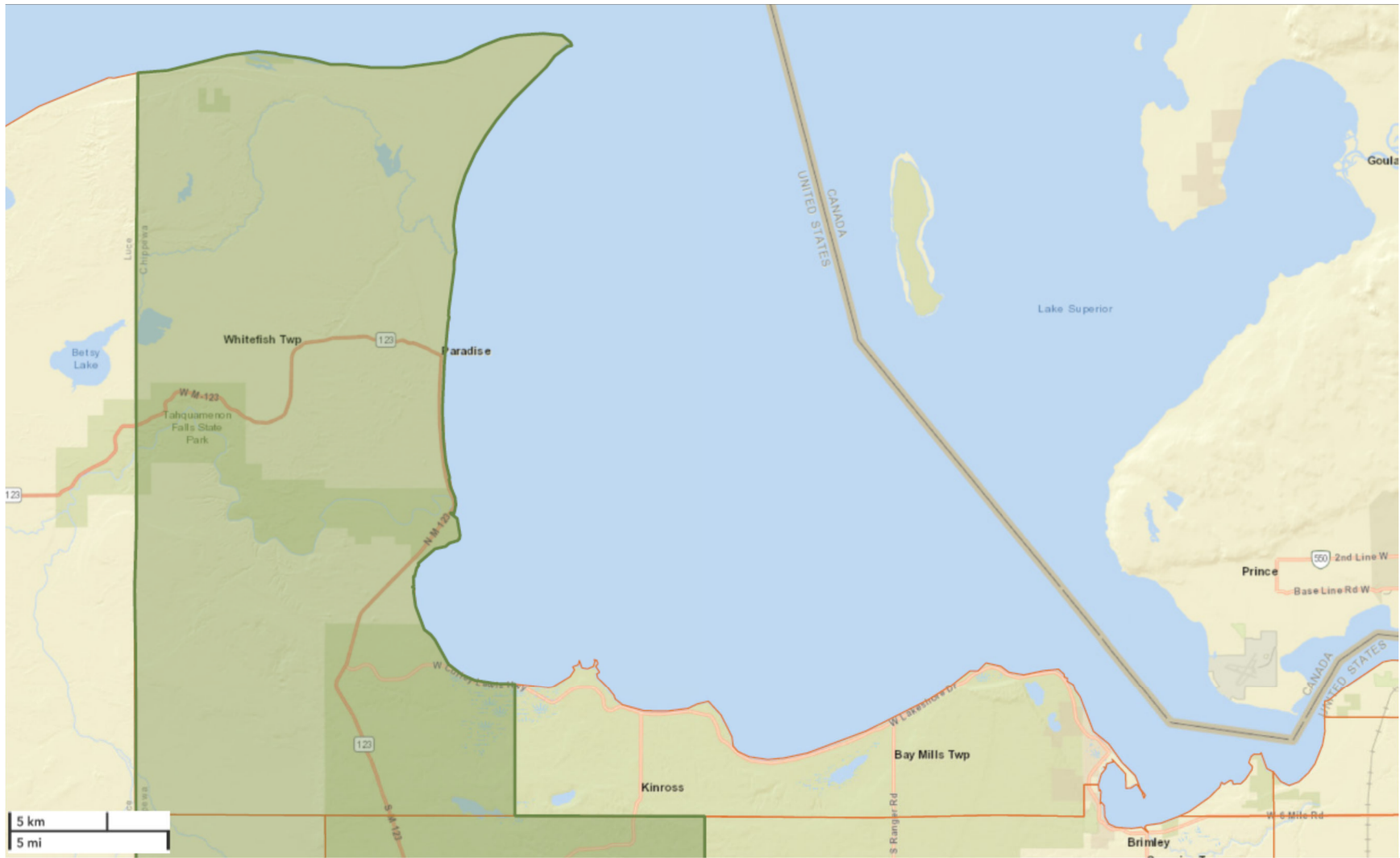
Map: Central Market Area



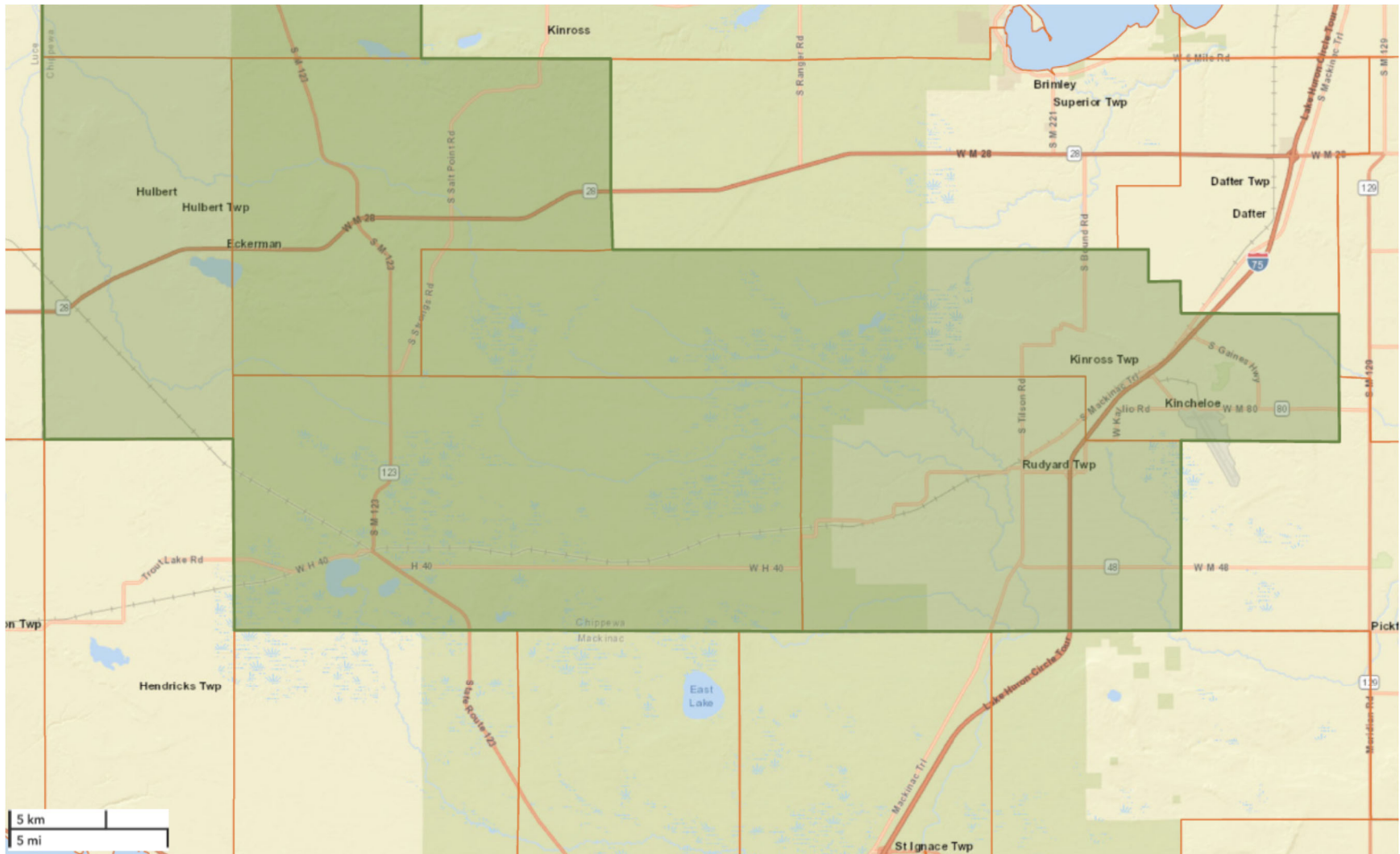
Map: Southeast Market Area



Map: Northwest Market Area



Housing Needs Assessment – Chippewa County – November 30, 2024



IV. DEMOGRAPHIC & ECONOMIC TRENDS

Economic Trends

Federal employment data can be categorized by the type of industry each position is based. Employment by industry data from the American Community Survey indicates the most common industry for employed residents to work in was services, which represented approximately 49 percent of local workers throughout Chippewa County. The percentages are similar within the city and central market area. Retail trade positions represented 12 percent of the county’s labor force, while manufacturing jobs accounted for less than seven percent of the county’s labor force. The percentage of public administration positions is approximately 11 percent, reflective of higher federal and state employment levels.

Table: Employment by Industry

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Agriculture and Mining	58	21	198	53	272
Percent	0.9%	0.9%	1.7%	3.7%	1.7%
Construction	383	159	677	198	1,034
Percent	5.9%	6.4%	5.7%	13.9%	6.6%
Manufacturing	493	132	789	144	1,065
Percent	7.6%	5.4%	6.7%	10.1%	6.8%
Wholesale Trade	182	104	213	10	327
Percent	2.8%	4.2%	1.8%	0.7%	2.1%
Retail Trade	813	313	1,452	107	1,872
Percent	12.6%	12.7%	12.3%	7.5%	11.9%
Transportation & Utilities	228	191	487	225	903
Percent	3.5%	7.7%	4.1%	15.8%	5.7%
Information	86	9	192	12	213
Percent	1.3%	0.4%	1.6%	0.8%	1.4%
Finance, Insurance, & Real Estate	289	98	482	121	701
Percent	4.5%	4.0%	4.1%	8.6%	4.5%
Services	3,376	1,184	5,987	440	7,611
Percent	53.0%	48.0%	51.5%	31.1%	49.1%
Professional & Managerial Serv	393	190	660	50	900
Percent of All Services	11.6%	16.0%	11.0%	11.4%	11.8%
Educational & Healthcare Serv	1,606	521	2,915	234	3,670
Percent of All Services	47.6%	44.0%	48.7%	53.2%	48.2%
Arts/Entertainment Services	1,043	418	1,805	65	2,288
Percent of All Services	30.9%	35.3%	30.1%	14.8%	30.1%
Other Services	334	55	607	91	753
Percent of All Services	9.9%	4.6%	10.1%	20.7%	9.9%
Public Administration	543	255	1,342	116	1,713
Percent	8.5%	10.3%	11.5%	8.2%	11.1%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Chippewa County exhibits a higher level of public administration and services employment, with fewer manufacturing options located within the county.

Another way to categorize employment is by occupation categories, which reflect the type of job that a worker maintains, regardless of what type of industry it may arise. For example, a managerial or sales occupation/position may be found within a manufacturing entity.

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 79 percent of the county’s labor force. The area’s concentration of “blue collar” positions represented approximately 21 percent of the labor force across Chippewa County. These blue-collar concentrations are similar to many other Michigan communities, with the southeast market area exhibiting greater concentrations of production and construction employment.

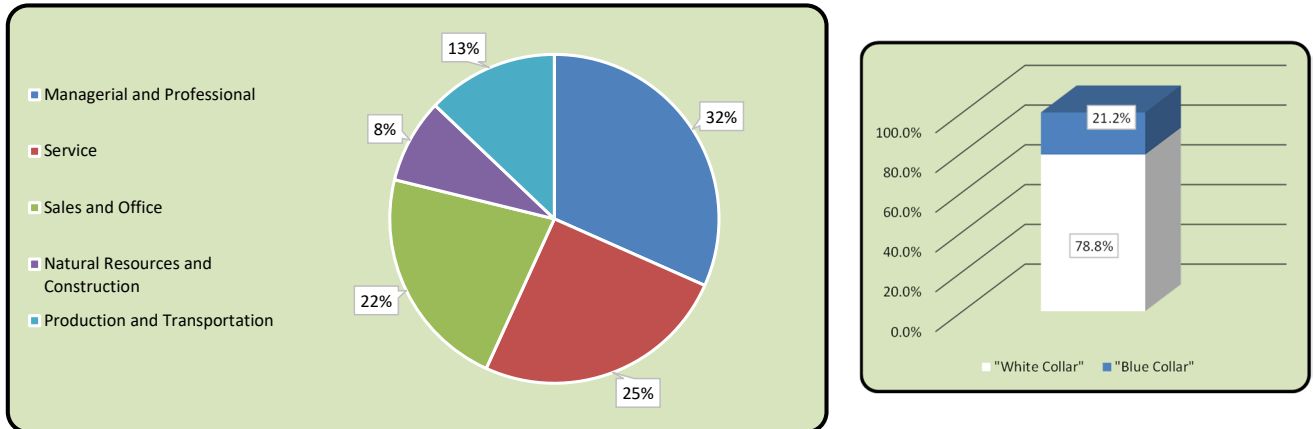
A diverse employment base is an ideal goal from an economic standpoint, as no one sector of the local or regional labor force is vulnerable to downturns or other shocks to the economy. For Chippewa County, the distribution of employment by occupation does illustrate a generally diverse economy, but preferable concentrations of employment among manufacturing and professional sectors are somewhat lower than ideal to generate the strongest wages/income levels. It is important to differentiate these high-wage blue-collar occupations from low-skilled service-oriented positions, most of which feature lower wage levels and often are within part-time employment arrangements.

Table: Employment by Occupation

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Managerial and Professional	2,084	790	3,763	417	4,970
Percent	32.3%	32.0%	31.8%	29.2%	31.6%
Service	1,579	674	3,077	202	3,953
Percent	24.5%	27.3%	26.0%	14.2%	25.2%
Sales and Office	1,607	458	2,782	221	3,461
Percent	24.9%	18.6%	23.5%	15.5%	22.0%
Natural Resources and Construction	442	200	915	186	1,301
Percent	6.9%	8.1%	7.7%	13.0%	8.3%
Production and Transportation	739	344	1,282	400	2,026
Percent	11.5%	13.9%	10.8%	28.1%	12.9%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Graphic: Employment by Occupation Breakdown – Chippewa County



Commuting Patterns

The county’s residential labor force is overwhelmingly local, with 93 percent of residential workers employed within Chippewa County. Approximately six percent are employed within other sections of Michigan, most likely Mackinac or Luce Counties. The size of the county’s job base and the longer than average distance to other sizable employment centers/cities both reflect anticipated outcomes and historic trends regarding commuting and employment. The data within the following table reflects employed persons age 16 and older that reside within the referenced geographic area.

Graphic: Employment by Place of Work Breakdown

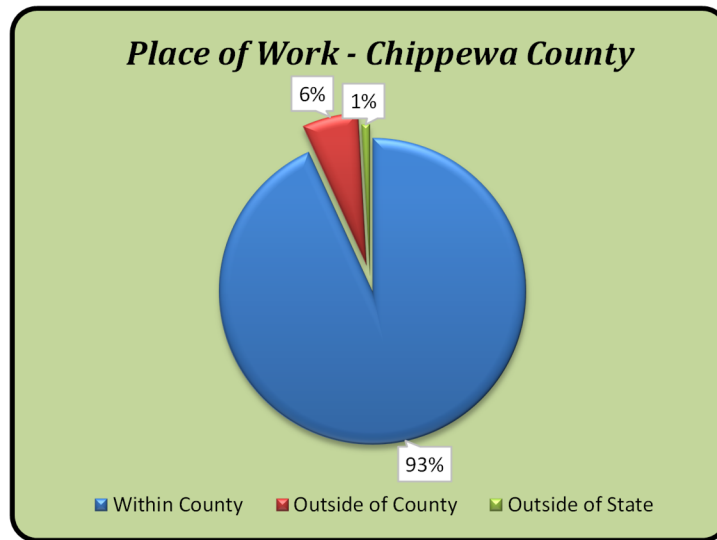


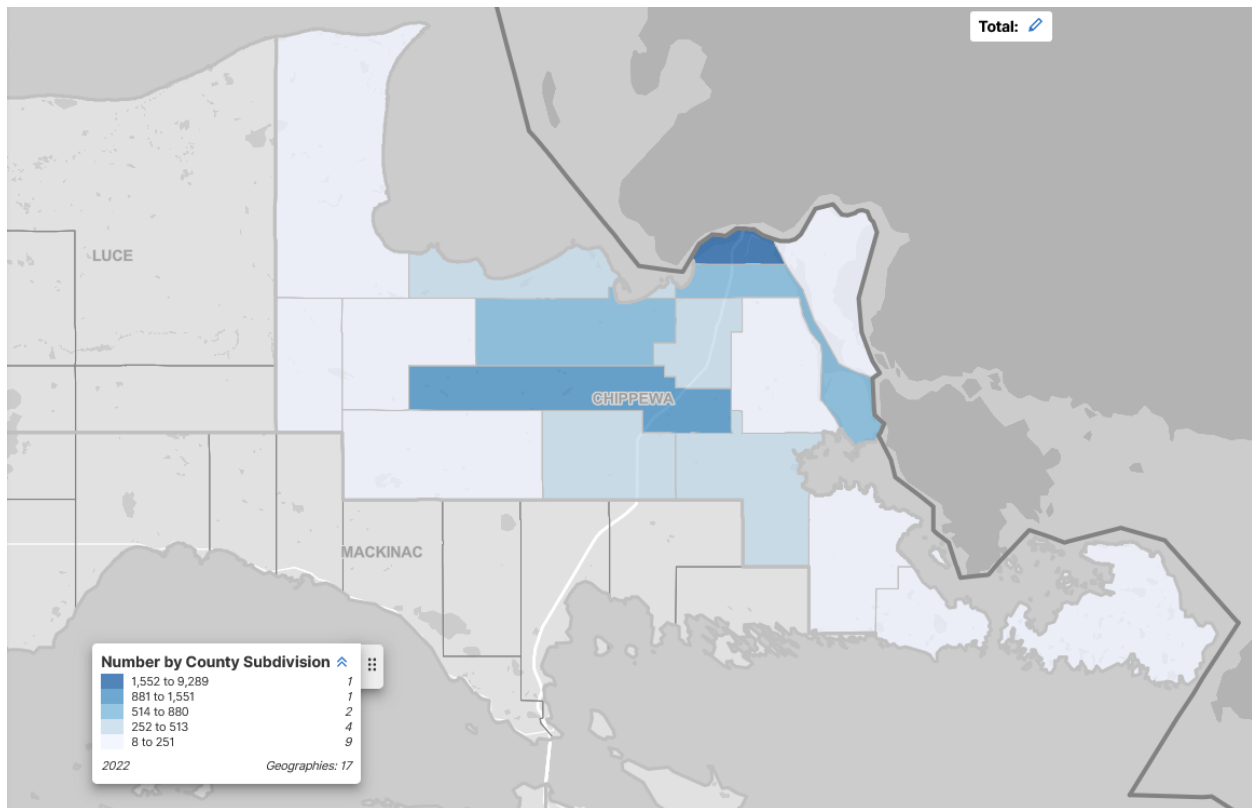
Table: Employment by Place of Work

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Place of Work within County	6,237	2,087	11,181	1,179	14,447
Percent	96.8%	85.9%	95.6%	85.9%	93.2%
Place of Work Outside of County	148	322	421	177	920
Percent	2.3%	13.3%	3.6%	12.9%	5.9%
Place of Work Outside of State	57	21	99	17	137
Percent	0.9%	0.9%	0.8%	1.2%	0.9%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Detailed commuting data from the American Community Survey provide an indication of Chippewa County’s influx of workers on a daily basis, with total daytime population totals demonstrating the strongest influx of workers within Sault Ste. Marie and Kinross communities. Such trends are not surprising, given the limited number of communities within the county and the relative concentration of employment opportunities.

Map: Worker Population by Minor Civil Division – Chippewa County



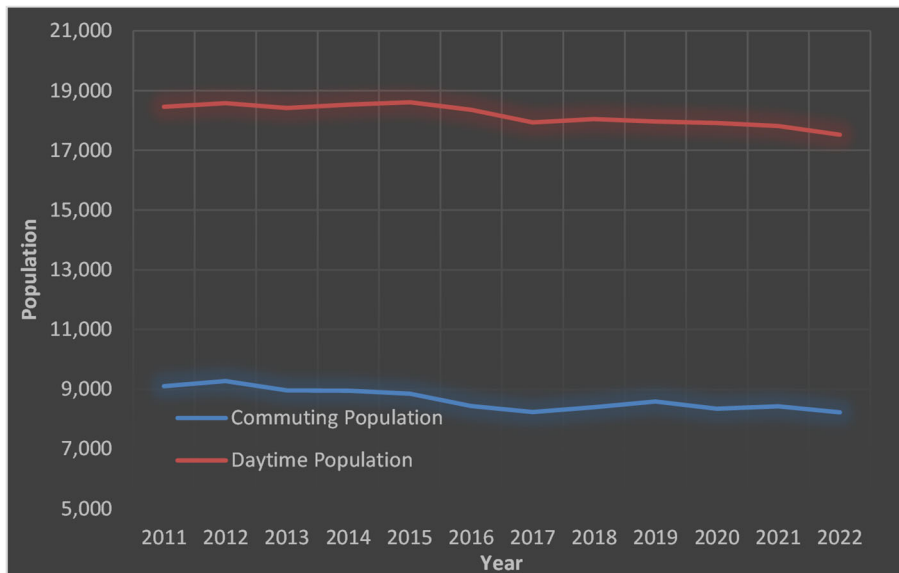
Trends for commuting totals over the past decade reflect a stable pattern of residential and commuting workforce totals. The ratio of daytime population to residential population is estimated at 131 percent the city’s permanent residential population. This is only a slight increase from the countywide ratio, indicating that most employees and daily visitors to Sault Ste. Marie are local residents. Within the city, these trends have varied little over the past decade, indicating that employment commuting trends for the region have not materially changed, despite various changes in local employment options and establishments. Compared to other nearby regions such as Gaylord or Traverse City, these statistics reflect lower than usual economic participation from non-local workers and other visitors, as other cities experience more than two-to-one ratios of daytime to permanent population.

Table: Daily Commuting Patterns

	City of Sault Ste. Marie	Chippewa County
Total Population - ACS Estimate	13,409	36,670
Total Daytime Population	17,519	44,445
Percent of Total Population	130.7%	121.2%
Commuting Population	4,110	7,775
Percent of Total Population	30.7%	21.2%
Resident Workforce	5,179	7,569
Percent of Total Workforce	80.4%	48.8%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Graphic: Residential and Commuting Population Trends – Sault Ste. Marie



Migration Trends

An examination of net migration patterns across Chippewa County provides a more complete picture of movership patterns across the region. These trends provide an indication of

Migration patterns are slightly positive for Chippewa County in comparison to statewide and national flows. For Sault Ste. Marie, net negative migration flows were found for nearly all adjacent communities, as well as the state and nation overall.

the positive migration patterns that have helped to stabilize the community's overall population totals over the past few years. At the county level, migration patterns are slightly favorable, with net positive trends for most of the state and nation overall, but net losses to most other sections of northern Michigan. These trends are exhibited within

the following data and chart. Slightly negative migration flows are found from Luce, Alger, and Schoolcraft Counties, as well as the balance of the Upper Peninsula. A very slight net positive migration flow was noted from Mackinac County. Notable net migration trends are favorable from Ionia County (most likely due to prison personnel relocations) as well as the Detroit area overall (Wayne, Oakland, and Macomb Counties). Across Michigan, the county has experienced positive net migration patterns; however, this level is reduced from the remaining 49 states.

For a county the size and composition of Chippewa County, the influx of population due to migration trends represents a minimal offset from population declines due to deaths and declining family sizes. Considering the sources of various migration flows, the income population totals likely reflect a combination of younger workers and older retirees. Under both categories, the size of the inflow is quite minimal, representing less than ½ of one percent of the county's total population estimated for 2024.

Migration data for Sault Ste. Marie reflects a net loss of population, mostly to other sections of Chippewa County. Movement from outside of the city into outlying areas of Chippewa County represented 25 percent of all outflows, based on the latest migration data. Net losses were recorded in favor of Michigan and the nation as a whole, with outflows to other sections of Michigan representing 75 percent of all movement. The combination of relatively weak daytime population trends and net negative outflows for migration help to explain the declines in population for the city, as well as the county overall.

The area’s physical characteristics, distance to other population centers, and available employment positions have all contributed to this employment/commuting/migration pattern over time. Thus, the importance can be observed regarding the addition of new housing opportunities that would positively impact migration patterns, ultimately encouraging the permanent relocation of new individuals and families to the region.

Table: Annual Migration Patterns – Chippewa County

	<u>Flow Into Chippewa County</u>	<u>Flow Out of Chippewa County</u>	<u>Net Migration Chippewa County</u>
Mackinac County	76	70	6
Percent of Total	2.8%	2.7%	---
Luce County	10	42	-32
Percent of Total	0.4%	1.6%	---
Alger County	24	258	-234
Percent of Total	0.9%	9.9%	---
Schoolcraft County	0	14	-14
Percent of Total	0.0%	0.5%	---
Upper Peninsula	209	537	-328
Percent of Total	7.7%	20.7%	---
Ionia County	147	6	141
Percent of Total	5.4%	0.2%	---
Detroit MSA	453	182	271
Percent of Total	16.8%	7.0%	---
Michigan	2,103	1,807	296
Percent of Total	77.9%	69.6%	---
United States	2,698	2,596	102
Percent of Total	100.0%	100.0%	---

SOURCE: 2018/2022 American Community Survey, U.S. Census Bureau

Graphic: Annual Net Migration – Chippewa County

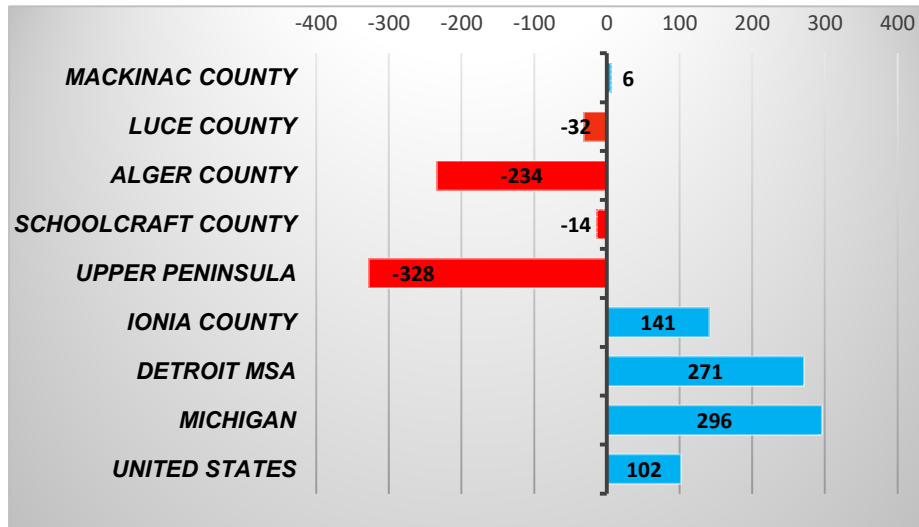
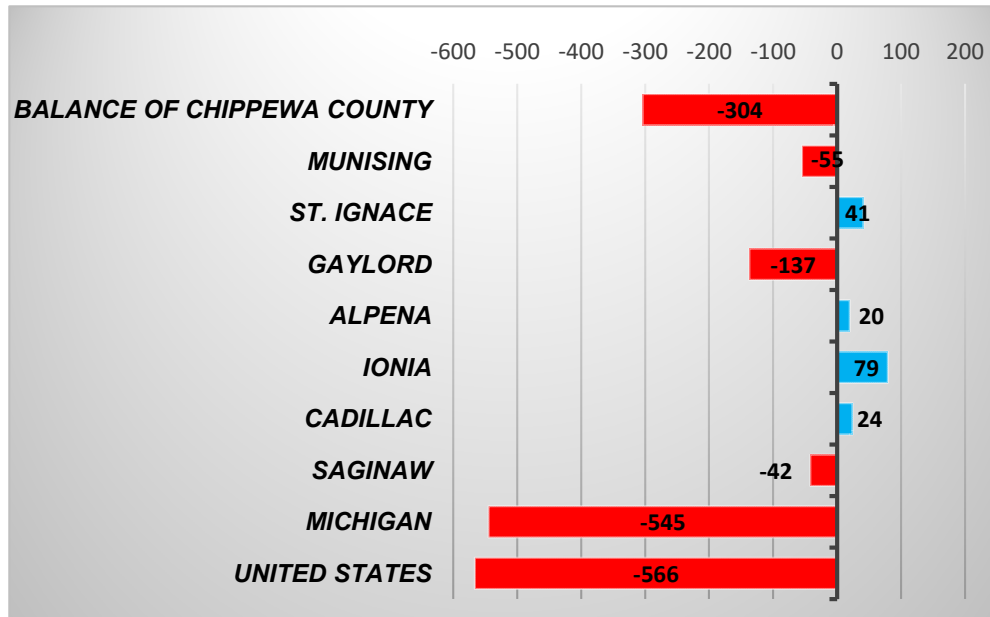


Table: Annual Migration Patterns – Sault Ste. Marie

	Flow Into <u>S.S. Marie</u>	Flow Out of <u>S.S. Marie</u>	Net Migration <u>S.S. Marie</u>
Balance of Chippewa County	105	409	-304
Percent of Total	9.7%	24.9%	---
Munising	0	55	-55
Percent of Total	0.0%	3.3%	---
St. Ignace	41	0	41
Percent of Total	3.8%	0.0%	---
Gaylord	0	137	-137
Percent of Total	0.0%	8.3%	---
Alpena	24	4	20
Percent of Total	2.2%	0.2%	---
Ionia	79	0	79
Percent of Total	7.3%	0.0%	---
Cadillac	24	0	24
Percent of Total	2.2%	0.0%	---
Saginaw	0	42	-42
Percent of Total	0.0%	2.6%	---
Michigan	694	1,239	-545
Percent of Total	64.4%	75.4%	---
United States	1,077	1,643	-566
Percent of Total	100.0%	100.0%	---

SOURCE: 2018/2022 American Community Survey, U.S. Census Bureau

Graphic: Annual Net Migration – Sault Ste. Marie



Employment Trends

Labor and employment data collected by the Bureau of Labor Statistics reflects residential employment, regardless of location (inside or outside of Chippewa County). The county has demonstrated a small but generally steady loss of employment since 2008, a loss of more than 170 jobs for a county that at peak employment (2000) only contained approximately 16,300 employed persons. Since 2010, local employment has been stagnant, despite notable job growth observed within the past six years in many other sections of Michigan (outside of the 2020 Pandemic).

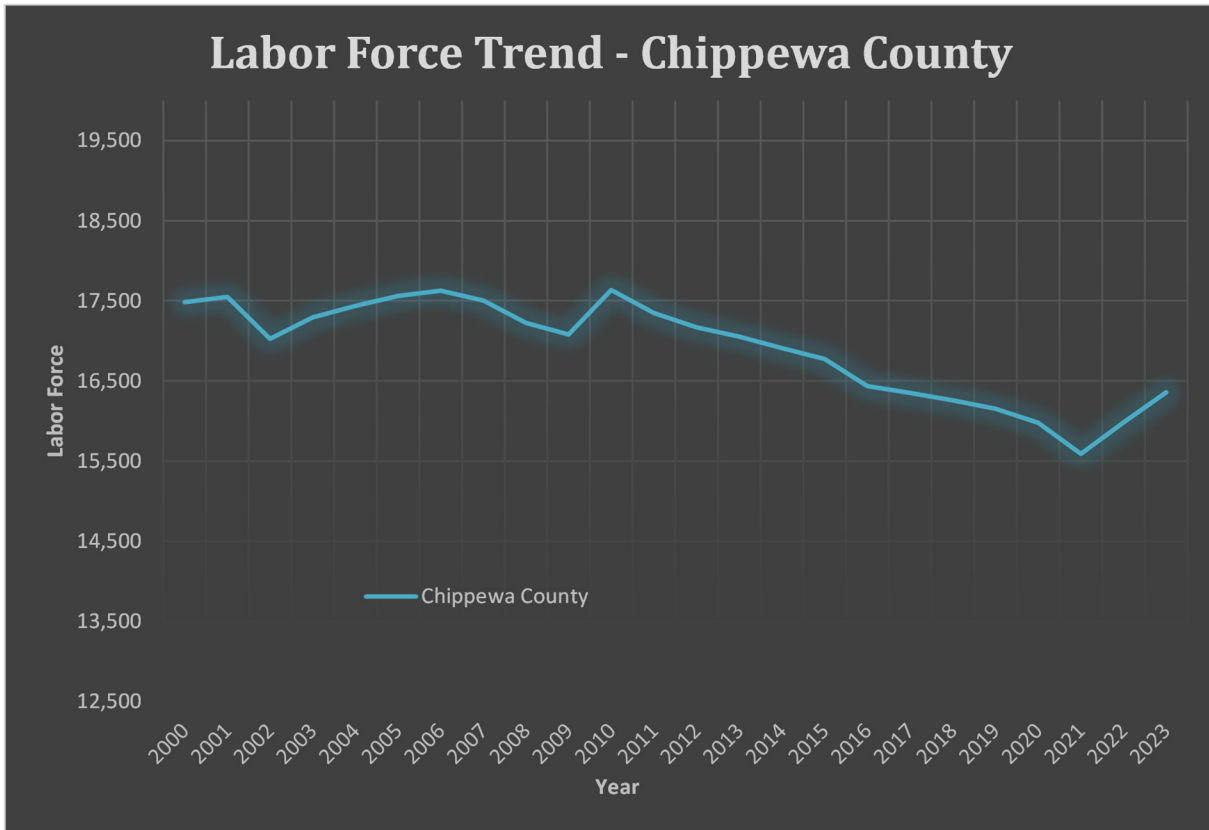
From the residential employment data collected from the US Bureau of Labor Statistics, a recovery from the pandemic-related decline in 2020 is reflected in the 2023-2024 data. However, since 2010, the number of county residents employed has increased by just 424 persons. Such trends lag behind higher-growth communities across Michigan, such as Traverse City or Grand Rapids.

For 2023, Chippewa County employed residents totaled 15,393 persons. This level is the highest job total for the county since 2015, but still reflects minimal growth over the prior decade. As with other sections of Michigan, the post-pandemic trends reflect a recovery of professional and most service-sector positions, with the leisure/hospitality and other unskilled

jobs initially lagging in terms of recovery to pre-pandemic levels, but this sector has demonstrated a clear recovery from 2020. The last three years have demonstrated the most positive trendline since the early 2000s.

A clear indication of the county’s increasingly larger retiree concentration is found within the labor force trends since 2000. A total of 1,277 persons have been removed from the county’s residential labor force since the peak total of 2010. With the exception of the Pandemic recovery over the past three years, this trend has declined for nearly two decades, paralleling the increasingly aged population and influx of senior residents.

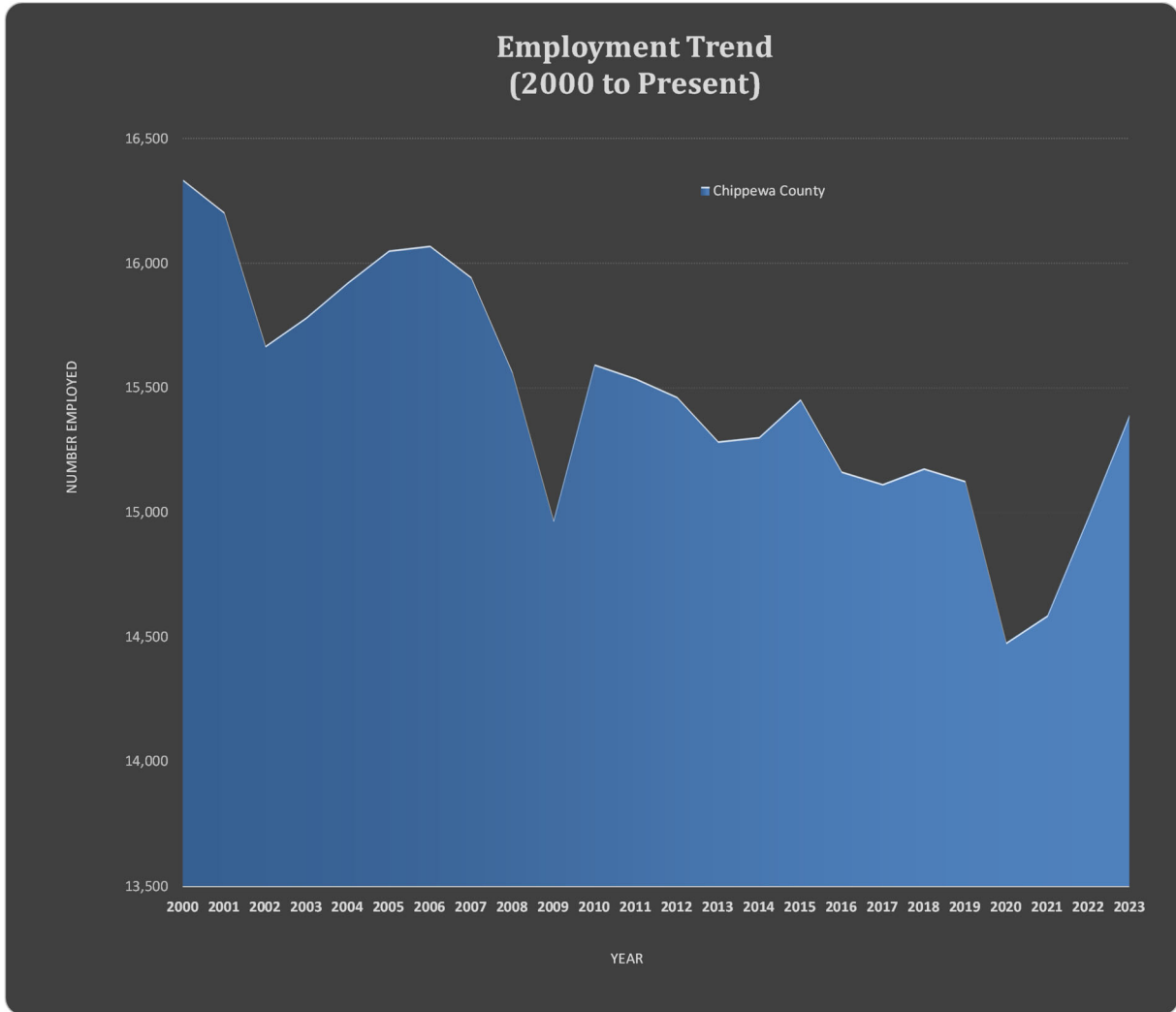
Graphic: Labor Force Trends



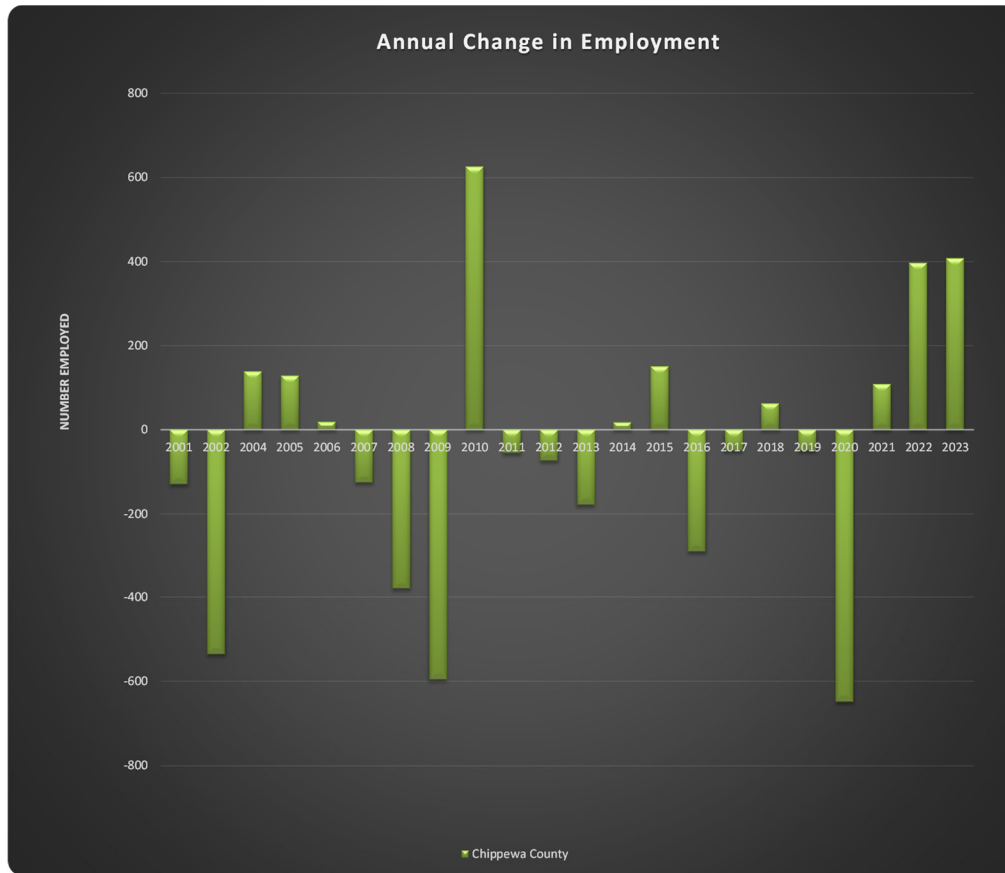
Unemployment trends have historically been notably higher than statewide or national levels, as demonstrated within the following tables and charts. For 2023, the county’s unemployment rate was 5.9 percent, as compared to the statewide level of 3.9 percent. While the measurement of unemployment levels is impacted by the degree of seasonal and part-time employment found within a community, the continued pattern of local unemployment rates

exceeding statewide and national levels does indicate a limited ability within the region to generate new employment opportunities, attract new workers, or maintain existing job concentrations. Considering the previous discussions regarding migration and commuting patterns, these trends are not surprising.

Graphic: Area Employment Trends – Chippewa County



Graphic: Annual Change in Employment



Graphic: Unemployment Rate Comparison

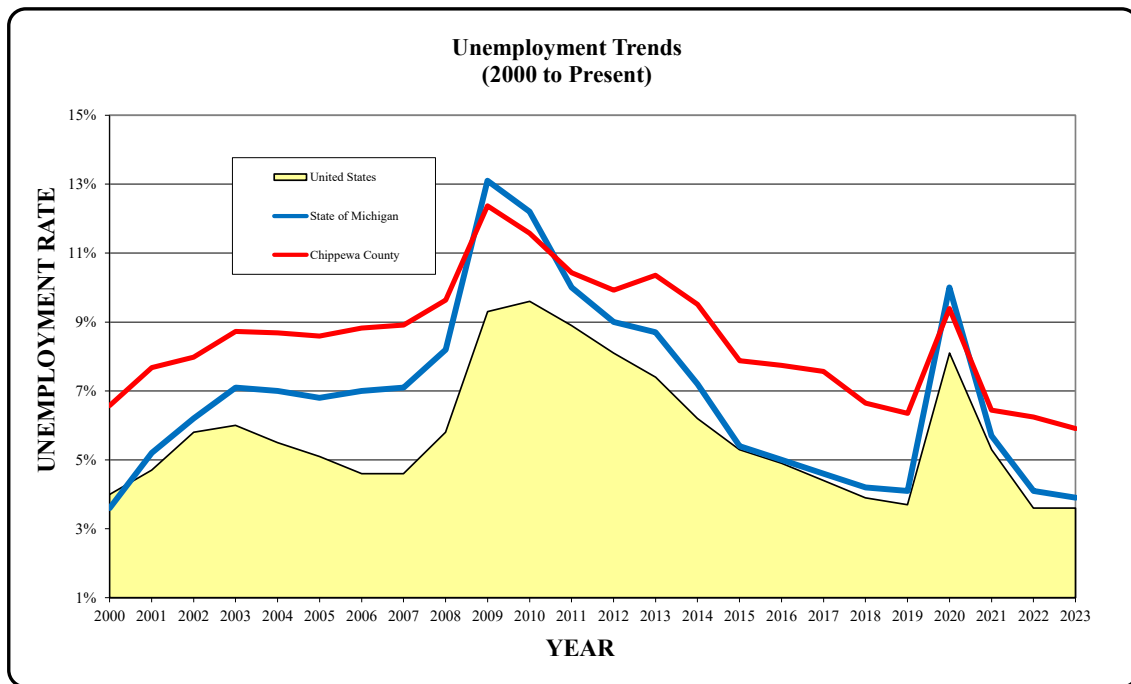


Table: Employment Trends (2000 to Present)

	Chippewa County				State of Michigan	United States
Year	Labor Force	Number Employed	Annual Change	Unemployment Rate	Unemployment Rate	Unemployment Rate
2000	17,485	16,335	---	6.6%	3.6%	4.0%
2001	17,552	16,205	(130)	7.7%	5.2%	4.7%
2002	17,028	15,669	(536)	8.0%	6.2%	5.8%
2003	17,293	15,784	115	8.7%	7.1%	6.0%
2004	17,437	15,923	139	8.7%	7.0%	5.5%
2005	17,561	16,052	129	8.6%	6.8%	5.1%
2006	17,626	16,071	19	8.8%	7.0%	4.6%
2007	17,505	15,945	(126)	8.9%	7.1%	4.6%
2008	17,225	15,565	(380)	9.6%	8.2%	5.8%
2009	17,083	14,969	(596)	12.4%	13.1%	9.3%
2010	17,637	15,595	626	11.6%	12.2%	9.6%
2011	17,348	15,539	(56)	10.4%	10.0%	8.9%
2012	17,169	15,465	(74)	9.9%	9.0%	8.1%
2013	17,052	15,286	(179)	10.4%	8.7%	7.4%
2014	16,912	15,304	18	9.5%	7.2%	6.2%
2015	16,776	15,455	151	7.9%	5.4%	5.3%
2016	16,438	15,165	(290)	7.7%	5.0%	4.9%
2017	16,352	15,115	(50)	7.6%	4.6%	4.4%
2018	16,259	15,178	63	6.6%	4.2%	3.9%
2019	16,153	15,128	(50)	6.3%	4.1%	3.7%
2020	15,980	14,479	(649)	9.4%	10.0%	8.1%
2021	15,592	14,588	109	6.4%	5.7%	5.3%
2022	15,983	14,985	397	6.2%	4.1%	3.6%
2023	16,360	15,393	408	5.9%	3.9%	3.6%
Jul-23	16,542	15,634	---	5.5%	4.3%	3.5%
Jul-24	16,904	15,858	224	6.2%	5.8%	4.3%
			<u>Number</u>	<u>Percent</u>		
			Change (2000-Present):	(942)	-5.8%	
			Change (2000-2008):	(770)	-4.7%	
			Change (2008-Present):	(172)	-1.1%	

SOURCE: Bureau of Labor Statistics.

Wages and Income Data

At-Place 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

Wage levels across Chippewa County increased by an average annual rate of 5.3% over the past ten years – one of the highest rates of growth across northern Michigan.

distribution within Chippewa County (data is only available at the county level). This data measures both public and private sector employment trends that take place within a given county, regardless of the residence of the labor force. This is a different survey as compared to the Bureau of Labor Statistics information presented previously, and reflects local jobs within Chippewa

County, regardless of the residence of the worker. As can be seen within the figures on the following pages, over the past ten years Public Administration positions remain the largest industry sector for the county. In 2023, this sector represented nearly 25 percent of the county's labor force, as compared to 26 percent for 2013. Education/Health Care jobs represented 22 percent of 2023 employment, identical to the 2013 ratio. All but four sectors reported declines in employment, some of which were significant job losses, as indicated within the following table. Overall, public and private employment has declined by a combined two percent between 2013 and 2023 – despite an increase in production-oriented positions over the same 10-year period (34 percent gain). These trends do reflect a recovery from employment dips across most sectors due to the pandemic in 2020, but the data has yet to achieve levels found in the prior decade.

An alternative way to illustrate employment trends within Chippewa County is a comparison of residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are organized through separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment jobs, regardless of location (15,393 jobs, as of 2023) as compared to at-place employment (12,606 jobs, also as of 2023) shows the degree of commuting by local residents to alternative employment options outside of Chippewa County. This differential in employment categories has remained similar across the prior decade.

Leisure/Hospitality positions currently offer the lowest average wages within the county (\$24,268 in 2023). The highest average annual wages within Chippewa County are found within the construction sector (\$78,625). Overall private-sector wages have increased over the past ten years, as the private sector average annual wage in 2023 was \$43,675. Since 2013 this reflects an average annual rate of increase of 5.3 percent, which is perhaps one of the strongest rates of growth for this statistic as compared to other counties across the state.

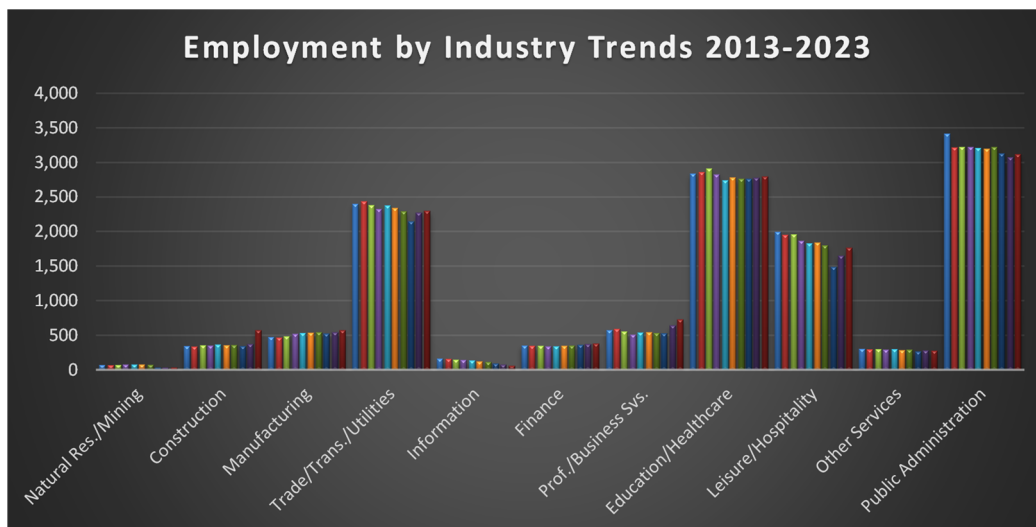
For housing market trends to address the most attractive target market segments, the identification of gaps within the housing stock needs to be identified and addressed, with the goal of providing the widest range possible of housing choices that will attract potential residents from across the region. The employment data suggests that limited job trends over the past decade most likely reflects the community's difficulty to attract new employment options, as well as a potential disadvantage in retaining existing job options, due to long-term advantages

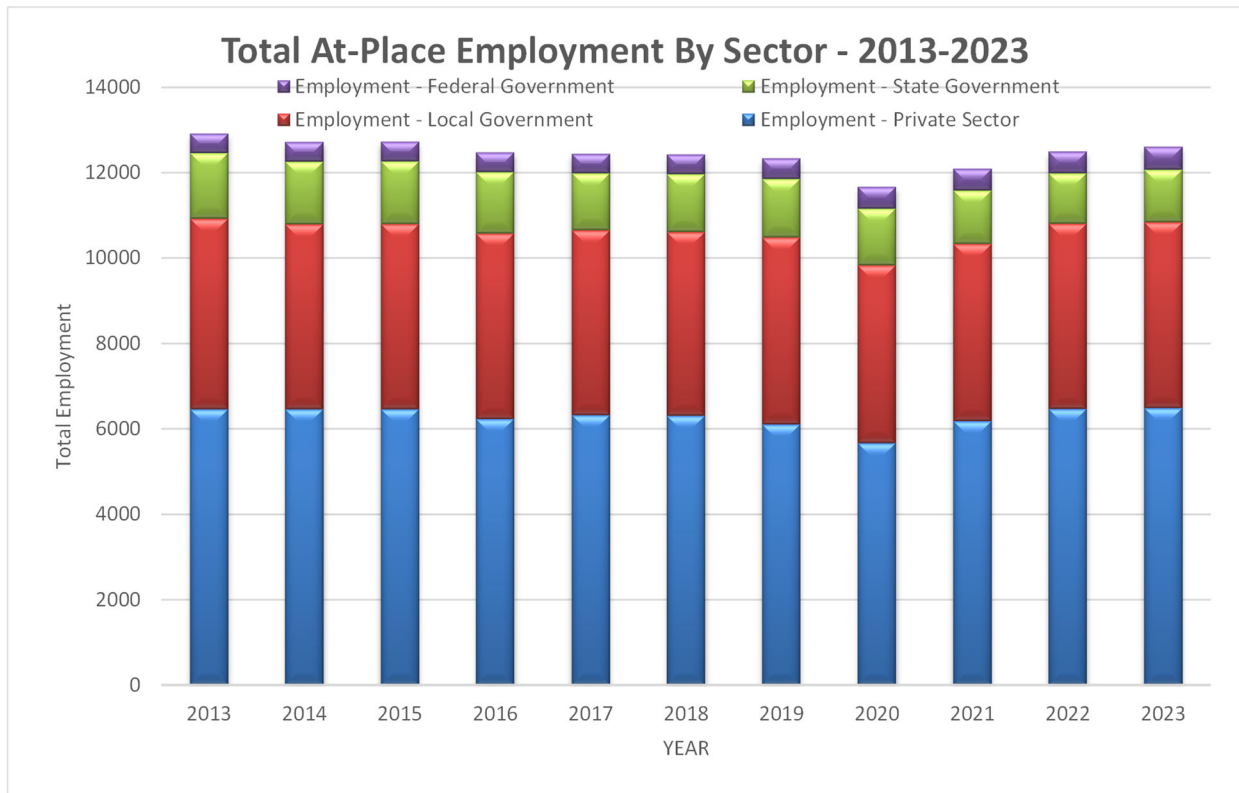
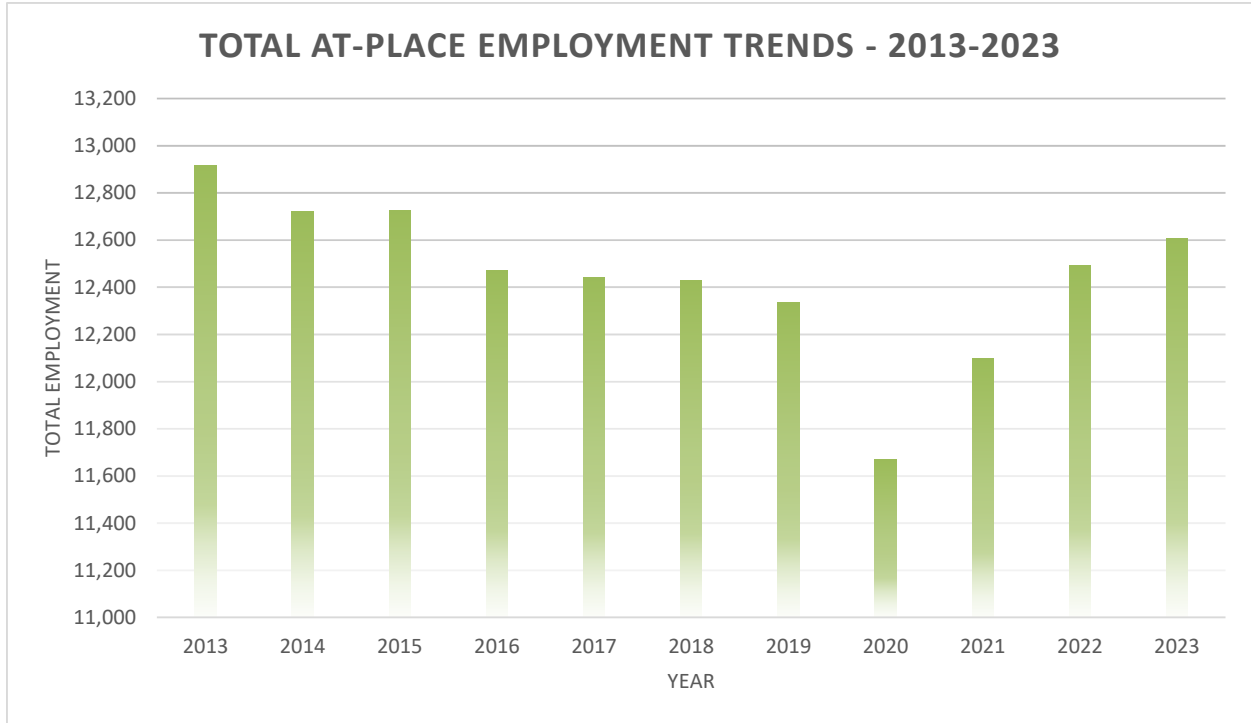
enjoyed by other nearby communities in northern Michigan. Trends for the past three years are clearly favorable, and hopefully reflect a long-term trend in terms of employment growth. Regardless of prevailing trends, the identification of gaps in the housing stock with new development opportunities may provide local housing leaders/developers with potential pricing and amenities information that would make the future housing stock much more competitive with neighboring communities across northern Michigan.

Table: Chippewa County - Employment by Industry – 2013 to 2023

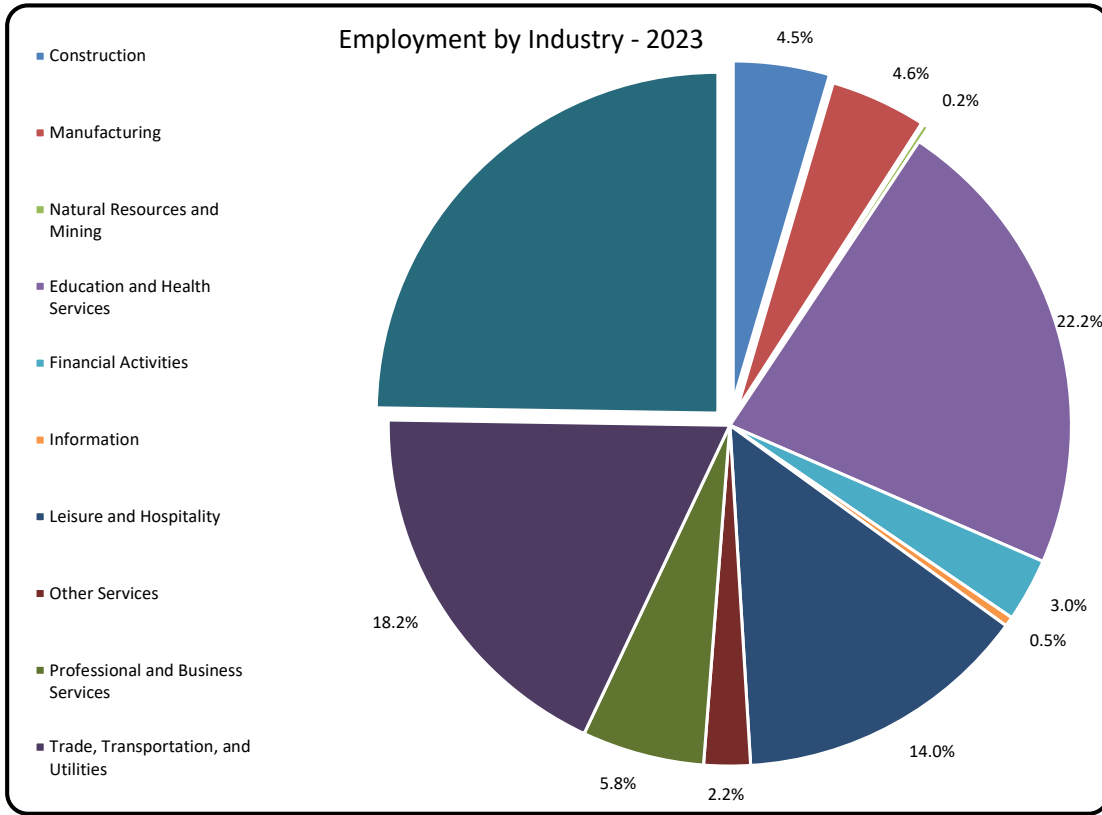
<i>Employment Categories by Industry</i>	2013		2023		% Change
	Number Employed	Percent	Number Employed	Percent	
Construction	341	2.6%	573	4.5%	68.0%
Manufacturing	471	3.6%	574	4.6%	21.9%
Natural Resources and Mining	<u>67</u>	0.5%	<u>31</u>	0.2%	-53.7%
Total Production:	879	6.8%	1,178	9.3%	34.0%
Education and Health Services	2,838	22.0%	2,798	22.2%	-1.4%
Financial Activities	351	2.7%	379	3.0%	8.0%
Information	160	1.2%	58	0.5%	-63.8%
Leisure and Hospitality	1,997	15.5%	1,768	14.0%	-11.5%
Other Services	303	2.3%	277	2.2%	-8.6%
Professional and Business Services	574	4.4%	729	5.8%	27.0%
Trade, Transportation, and Utilities	2,400	18.6%	2,299	18.2%	-4.2%
Public Administration	<u>3,416</u>	26.4%	<u>3,120</u>	24.8%	-8.7%
Total Services:	12,039	93.2%	11,428	90.7%	-5.1%
Overall Total:	12,918	100%	12,606	100%	-2.4%

SOURCE: Bureau of Labor Statistics.





Graphic: Employment by Industry Breakdown – Chippewa County



EMPLOYMENT DIFFERENTIAL - CHIPPEWA COUNTY

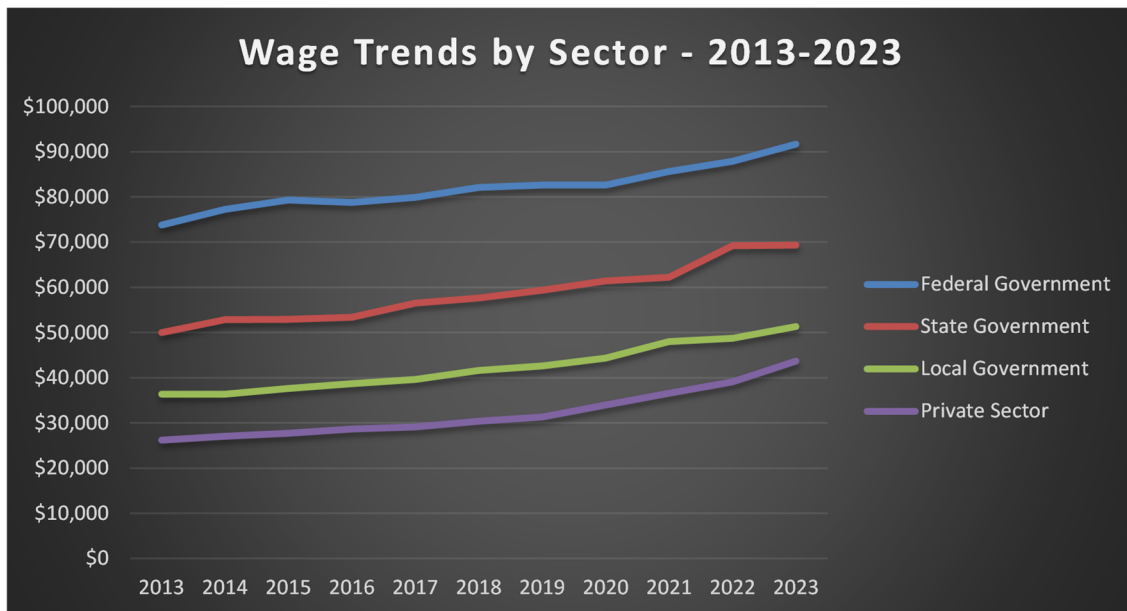


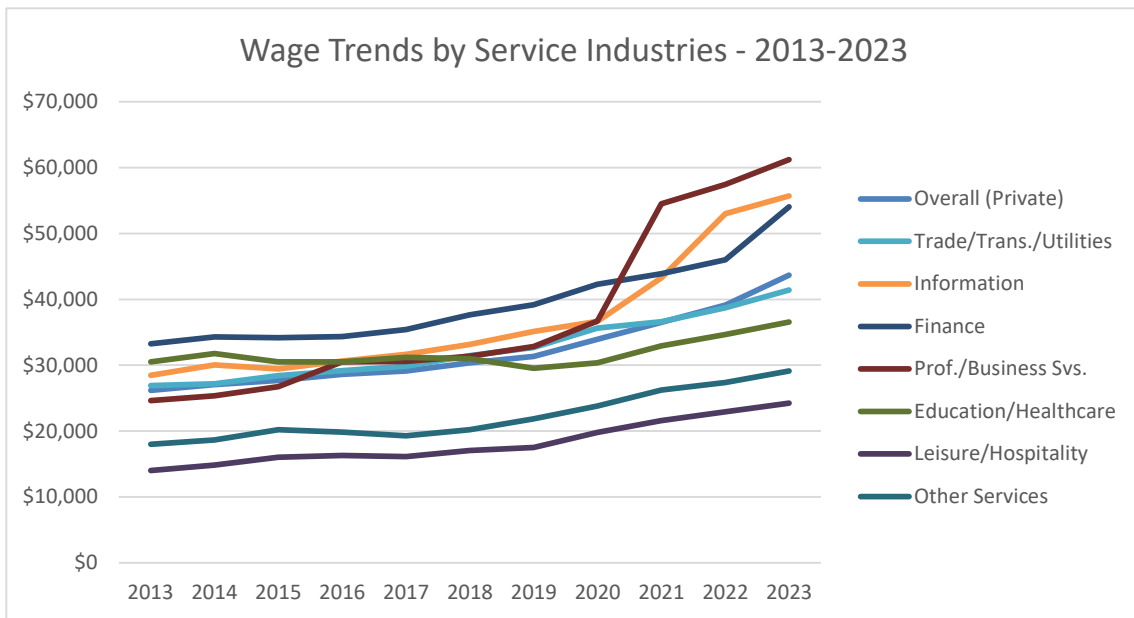
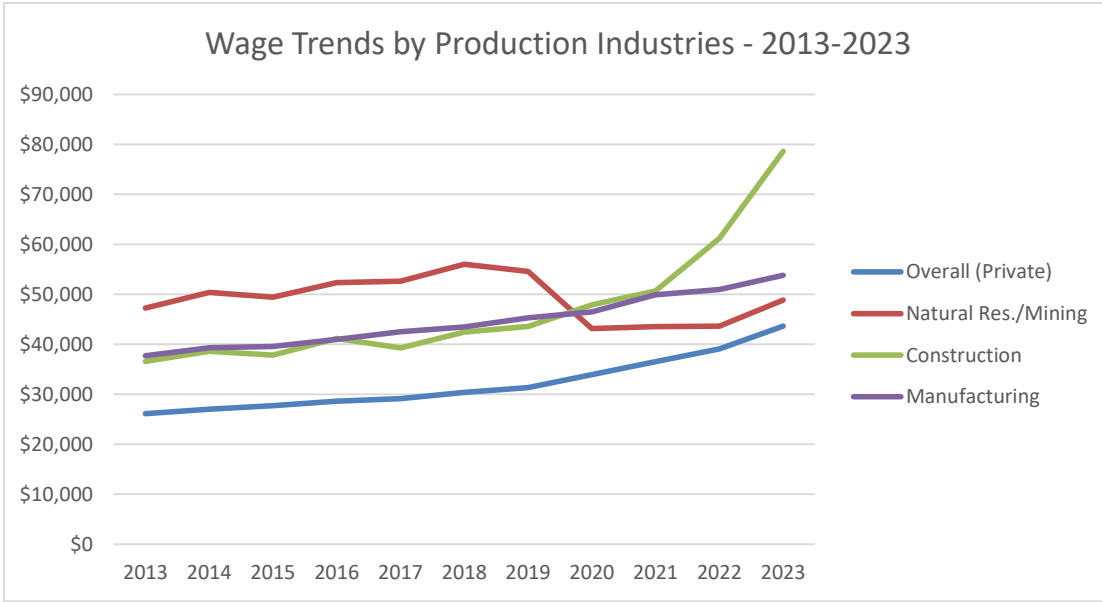
Table: Chippewa County Wage Trends by Industry – 2013 to 2023

Private Employment Categories by Industry	3 Average Annual Pay - 2012	Average Annual Pay - 2023	% of Overall Average - 2023	Total % Change - 2013-2023	Average Annual % Change - 2013-2023
Construction	\$36,640	\$78,625	80.0%	114.6%	7.9%
Education and Health Services	\$30,500	\$36,578	-16.2%	19.9%	1.8%
Financial Activities	\$33,276	\$54,053	23.8%	62.4%	5.0%
Information	\$28,476	\$55,692	27.5%	95.6%	6.9%
Leisure and Hospitality	\$14,035	\$24,268	-44.4%	72.9%	5.6%
Manufacturing	\$37,711	\$53,852	23.3%	42.8%	3.6%
Natural Resources and Mining	\$47,241	\$48,856	11.9%	3.4%	0.3%
Other Services	\$18,027	\$29,142	-33.3%	61.7%	4.9%
Professional and Business Services	\$24,644	\$61,204	40.1%	148.4%	9.5%
Trade, Transportation, and Utilities	\$26,899	\$41,446	-5.1%	54.1%	4.4%
Overall Average	\$26,163	\$43,675	--	66.9%	5.3%

SOURCE: Bureau of Labor Statistics.

Sizable increases in wage levels were found within many of the employment categories, regardless of type, as indicated within the above table. These wage gains within the leisure/hospitality sector were coupled with sizable increase in the number of jobs after the 2020 Pandemic, which was acutely damaging to nearly all job categories. The size of the education/healthcare and mining sectors in terms of wage gains are notably smaller by comparison. All categories demonstrated continued wage/income appreciation, particularly over the past three years as indicated within the following graphics.





Population Trends

Population trends across Chippewa County are forecast to slowly decline for the balance of this decade, with losses for all areas anticipated by 2029. The Central Market Area will slowly decline in overall population, with countywide trends also exhibiting similar losses. By 2029, the county’s population is projected at 35,787 persons, a decline of three percent from 2020. For Sault Ste. Marie, the 2029 population is projected to total 12,868 persons, a decline of 3.5 percent from 2020.

Table: Population Trends/Projections (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Population	14,144	10,271	24,142	4,107	38,520
2020 Population	13,337	8,592	23,126	5,067	36,785
Percent Change (2010-2020)	-3.3%	-16.3%	-1.2%	23.4%	-2.6%
Average Annual Change (2010 to 2020)	-0.6%	-1.8%	-0.4%	2.1%	-0.5%
2024 Population Estimate	12,945	8,327	22,867	4,737	35,931
Percent Change (from 2020)	-2.9%	-3.1%	-1.1%	-6.5%	-2.3%
Average Annual Change (2020 to 2024)	-0.7%	-0.8%	-0.3%	-1.7%	-0.6%
2027 Population Forecast	12,899	8,311	22,844	4,690	35,845
Percent Change (from 2020)	-3.3%	-3.3%	-1.2%	-7.4%	-2.6%
Average Annual Change (2020 to 2027)	-0.5%	-0.5%	-0.2%	-1.1%	-0.4%
2029 Population Forecast	12,868	8,300	22,828	4,659	35,787
Percent Change (from 2020)	-3.5%	-3.4%	-1.3%	-8.1%	-2.7%
Average Annual Change (2020 to 2029)	-0.4%	-0.4%	-0.1%	-0.9%	-0.3%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

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 (children), Age 20 to 44 (young adults), Age 45 to 65 (older adults), and Age 65 and older (seniors).

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. For Chippewa County, the young adult cohort was the largest segment, represented 33 percent of the 2020 population, followed by older adults, which represented 27 percent of the 2020 population. The other two

Growth in senior population, due to both aging in place and migration, represents the primary demographic change across Chippewa County.

primary age segments are notably smaller in terms of concentration across the county. Chippewa County's senior population concentration is one of the smallest across northern Michigan.

According to ESRI forecasts, by 2029 the senior segment will further increase in both size and concentration, reflecting 23 percent of the county's estimated 2029 population, and 21 percent of the city's 2029 population. By comparison, the remaining age cohorts are all projected to decline, as the region begins to notably age in place. Non-seniors across Chippewa County are projected to represent 77 percent of the 2029 population, a decline of 7.5 percent from 2020.

These trends are more acute within the Southeast region, in which seniors are forecast to represent 31 percent of the 2029 population. The Northwest region is somewhat younger by comparison, but still reflects an aging community in comparison prior years. These trends are primarily attributable to simple aging in place, but some degree of migration by older adults and elderly households are likely, and will represent an increasing portion of these aging trends into the next decade.

Correspondingly, the non-senior population will continue to decline for the county overall, along with each geographic component. Countywide, the concentration of non-seniors is forecast to decline by nearly 7.5 percent between 2020 and 2029, projected to represent 77 percent of the 2029 population. Typical northern Michigan non-senior concentrations are around 70 to 75 percent, so Chippewa County is actually somewhat younger in terms overall population as compared to other northern Michigan communities. By comparison, in 2010 the non-senior concentration was 85 percent of the county's total population; by 2020 it was 81 percent.

The ideal trend would be a stabilization of this aging pattern across the county, reflecting the Soo area's ability to attract the most desirable household and family types that would ideally become permanent long-term residents of the county. While the current trends regarding aging in place and net migration are preferable to other less desirable options, continued aging patterns over time will result in a further concentration of empty nesters and seniors within the Soo region, with associated shifts in terms of healthcare, retail outlets, and community services; corresponding declines and shifts for younger adults, families with children, and the workforce

would lead to a less desirable tax base, reduction in the variety of retail/commercial outlets, decline in the size and impact of the local school districts, and a drop in the size and composition of the county’s labor force. Balance and growth/stability for all age cohorts would be preferable over the next decade and beyond.

Table: Age Distribution (2020 to 2029)

	City of <u>Sault Ste. Marie</u>	Northwest <u>Market Area</u>	Central <u>Market Area</u>	Southeast <u>Market Area</u>	Chippewa <u>County</u>
Age Less than 20 - 2020	3,237	1,657	5,546	688	7,891
Percent of total 2020 population	24.3%	19.3%	24.0%	13.6%	21.5%
Age Between 20 and 44 - 2020	4,777	3,412	7,234	1,466	12,112
Percent of total 2020 population	35.8%	39.7%	31.3%	28.9%	32.9%
Age Between 45 and 64 - 2020	3,027	2,321	5,895	1,570	9,786
Percent of total 2020 population	22.7%	27.0%	25.5%	31.0%	26.6%
Age 65 and Over - 2020	2,296	1,202	4,451	1,343	6,996
Percent of total 2020 population	17.2%	14.0%	19.2%	26.5%	19.0%
Age Less than 20 - 2029	2,995	1,417	5,092	666	7,175
Percent of total 2029 population	23.3%	17.1%	22.3%	14.3%	20.0%
Percent change (2020 to 2029)	-7.5%	-14.5%	-8.2%	-3.2%	-9.1%
Average Annual Change (2020 to 2029)	-0.9%	-1.7%	-0.9%	-0.4%	-1.1%
Age Between 20 and 44 - 2029	4,581	3,329	7,200	1,306	11,835
Percent of total 2029 population	35.6%	40.1%	31.5%	28.0%	33.1%
Percent change (2020 to 2029)	-4.1%	-2.4%	-0.5%	-10.9%	-2.3%
Average Annual Change (2020 to 2029)	-0.5%	-0.3%	-0.1%	-1.3%	-0.3%
Age Between 45 and 64 - 2029	2,590	2,099	5,209	1,247	8,555
Percent of total 2029 population	20.1%	25.3%	22.8%	26.8%	23.9%
Percent change (2020 to 2029)	-14.4%	-9.6%	-11.6%	-20.6%	-12.6%
Average Annual Change (2020 to 2029)	-1.7%	-1.1%	-1.4%	-2.5%	-1.5%
Age 65 and Over - 2029	2,702	1,455	5,327	1,440	8,222
Percent of total 2029 population	21.0%	17.5%	23.3%	30.9%	23.0%
Percent change (2020 to 2029)	17.7%	21.0%	19.7%	7.2%	17.5%
Average Annual Change (2020 to 2029)	1.8%	2.1%	2.0%	0.8%	1.8%

SOURCE: 2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

Graphic: Chippewa County - Age Distribution (2020 to 2029)



Graphic: Senior/Non-Senior Population – Chippewa County

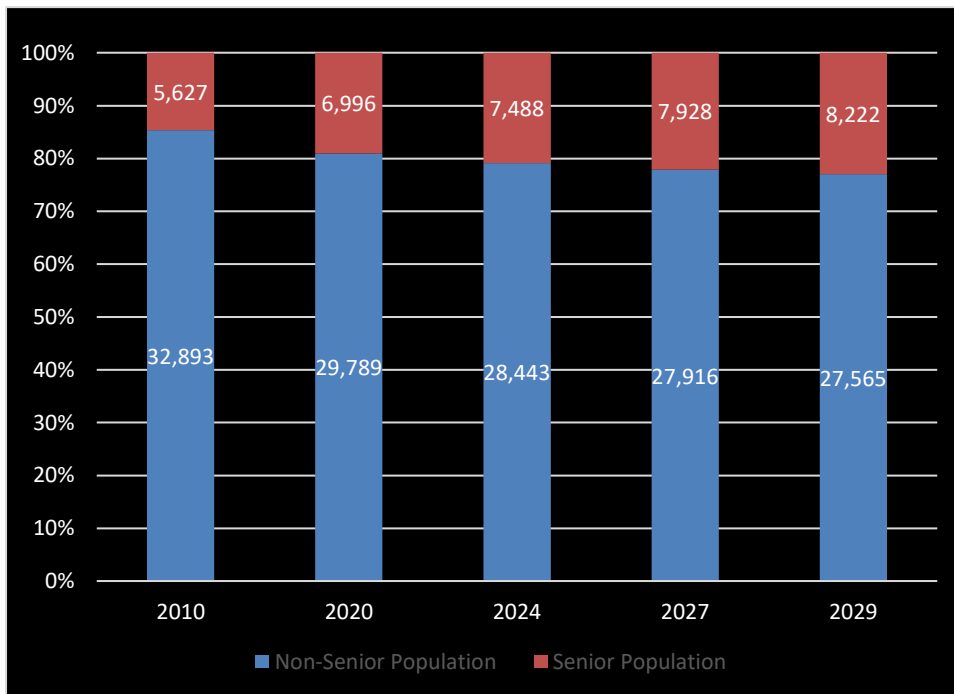


Table: Senior Population Trends (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Senior Population (55 years and Over)	3,523	2,008	6,616	1,829	10,453
Percent of total 2010 population	24.9%	19.6%	28.9%	38.6%	29.1%
2020 Senior Population (55 years and Over)	3,967	2,388	7,698	2,172	12,258
Percent of total 2020 population	29.7%	27.8%	33.3%	42.9%	33.3%
Percent change (2010 to 2020)	12.6%	18.9%	16.4%	18.8%	17.3%
Average Annual Change (2010 to 2020)	1.2%	1.7%	1.5%	1.7%	1.6%
2024 Senior Population (55 years and Over)	3,834	2,348	7,682	2,134	12,164
Percent of total 2024 population	29.6%	28.2%	33.6%	45.0%	33.9%
Percent change (2020 to 2024)	-3.4%	-1.7%	-0.2%	-1.7%	-0.8%
Average Annual Change (2020 to 2024)	-0.8%	-0.4%	-0.1%	-0.4%	-0.2%
2027 Senior Population (55 years and Over)	3,895	2,368	7,816	2,099	12,283
Percent of total 2027 population	30.2%	28.5%	34.2%	44.8%	34.3%
Percent change (2020 to 2027)	-1.8%	-0.8%	1.5%	-3.4%	0.2%
Average Annual Change (2020 to 2027)	-0.3%	-0.1%	0.2%	-0.5%	0.0%
2029 Senior Population (55 years and Over)	3,935	2,381	7,906	2,076	12,363
Percent of total 2029 population	30.6%	28.7%	34.6%	44.6%	34.5%
Percent change (2020 to 2029)	-0.8%	-0.3%	2.7%	-4.4%	0.9%
Average Annual Change (2020 to 2029)	-0.1%	0.0%	0.3%	-0.5%	0.1%
2010 Senior Population (65 years and Over)	1,972	926	3,616	1,085	5,627
Percent of total 2010 population	13.9%	9.0%	15.0%	26.4%	14.6%
2020 Senior Population (65 years and Over)	2,296	1,202	4,451	1,343	6,996
Percent of total 2020 population	17.2%	14.0%	19.2%	26.5%	19.0%
Percent change (2010 to 2020)	16.4%	29.8%	23.1%	23.8%	24.3%
Average Annual Change (2010 to 2020)	1.5%	2.6%	2.1%	2.2%	2.2%
2024 Senior Population (65 years and Over)	2,377	1,303	4,765	1,420	7,488
Percent of total 2024 population	18.4%	15.6%	20.8%	30.0%	20.8%
Percent change (2020 to 2024)	3.5%	8.4%	7.1%	5.7%	7.0%
Average Annual Change (2020 to 2024)	0.9%	2.0%	1.7%	1.4%	1.7%
2027 Senior Population (65 years and Over)	2,572	1,394	5,102	1,432	7,928
Percent of total 2027 population	19.9%	16.8%	22.3%	30.5%	22.1%
Percent change (2020 to 2027)	12.0%	16.0%	14.6%	6.6%	13.3%
Average Annual Change (2020 to 2027)	1.6%	2.1%	2.0%	0.9%	1.8%
2029 Senior Population (65 years and Over)	2,702	1,455	5,327	1,440	8,222
Percent of total 2029 population	21.0%	17.5%	23.3%	30.9%	23.0%
Percent change (2020 to 2029)	17.7%	21.0%	19.7%	7.2%	17.5%
Average Annual Change (2020 to 2029)	1.8%	2.1%	2.0%	0.8%	1.8%
2010 Senior Population (75 years and Over)	1,093	344	1,746	431	2,521
Percent of total 2010 population	7.7%	3.3%	7.2%	10.5%	6.5%
2020 Senior Population (75 years and Over)	984	427	1,801	544	2,772
Percent of total 2020 population	7.4%	5.0%	7.8%	10.7%	7.5%
Percent change (2010 to 2020)	-10.0%	24.1%	3.2%	26.2%	10.0%
Average Annual Change (2010 to 2020)	-1.0%	2.2%	0.3%	2.4%	1.0%
2024 Senior Population (75 years and Over)	1,032	476	2,014	612	3,102
Percent of total 2024 population	8.0%	5.7%	8.8%	12.9%	8.6%
Percent change (2020 to 2024)	4.9%	11.5%	11.8%	12.5%	11.9%
Average Annual Change (2020 to 2024)	1.2%	2.8%	2.8%	3.0%	2.9%
2027 Senior Population (75 years and Over)	1,174	536	2,270	654	3,460
Percent of total 2027 population	9.1%	6.4%	9.9%	13.9%	9.7%
Percent change (2020 to 2027)	19.3%	25.5%	30.0%	20.2%	37.2%
Average Annual Change (2020 to 2027)	2.5%	3.3%	3.4%	2.7%	3.2%
2029 Senior Population (75 years and Over)	1,268	576	2,440	682	3,698
Percent of total 2029 population	9.9%	6.9%	10.7%	14.6%	10.3%
Percent change (2020 to 2029)	28.9%	34.9%	35.5%	25.4%	33.4%
Average Annual Change (2020 to 2029)	2.9%	3.4%	3.4%	2.5%	3.3%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

Table: Senior/Non-Senior Population Trends (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Non-Senior Population	12,172	9,345	20,526	3,022	32,893
Percent of total 2010 population	86.1%	91.0%	85.0%	73.6%	85.4%
2020 Non-Senior Population	11,041	7,390	18,675	3,724	29,789
Percent of total 2020 population	82.8%	86.0%	80.8%	73.5%	81.0%
Percent change (2010 to 2020)	-9.3%	-20.9%	-9.0%	23.2%	-9.4%
2024 Non-Senior Population	10,568	7,024	18,102	3,317	28,443
Percent of total 2024 population	81.6%	84.4%	79.2%	70.0%	79.2%
Percent change (2020 to 2024)	-4.3%	-5.0%	-3.1%	-10.9%	-4.5%
2027 Non-Senior Population	10,327	6,917	17,741	3,258	27,916
Percent of total 2027 population	80.1%	83.2%	77.7%	69.5%	77.9%
Percent change (2020 to 2027)	-6.5%	-6.4%	-5.0%	-12.5%	-6.3%
2029 Non-Senior Population	10,166	6,845	17,501	3,219	27,565
Percent of total 2029 population	79.0%	82.5%	76.7%	69.1%	77.0%
Percent change (2020 to 2029)	-7.9%	-7.4%	-6.3%	-13.6%	-7.5%
2010 Senior Population (65 years and Over)	1,972	926	3,616	1,085	5,627
Percent of total 2010 population	13.9%	9.0%	15.0%	26.4%	14.6%
2020 Senior Population (65 years and Over)	2,296	1,202	4,451	1,343	6,996
Percent of total 2020 population	17.2%	14.0%	19.2%	26.5%	19.0%
Percent change (2010 to 2020)	16.4%	29.8%	23.1%	23.8%	24.3%
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Percent of total 2024 population	18.4%	15.6%	20.8%	30.0%	20.8%
Percent change (2020 to 2024)	3.5%	8.4%	7.1%	5.7%	7.0%
2027 Senior Population (65 years and Over)	2,572	1,394	5,102	1,432	7,928
Percent of total 2027 population	19.9%	16.8%	22.3%	30.5%	22.1%
Percent change (2020 to 2027)	12.0%	16.0%	14.6%	6.6%	13.3%
2029 Senior Population (65 years and Over)	2,702	1,455	5,327	1,440	8,222
Percent of total 2029 population	21.0%	17.5%	23.3%	30.9%	23.0%
Percent change (2020 to 2029)	17.7%	21.0%	19.7%	7.2%	17.5%

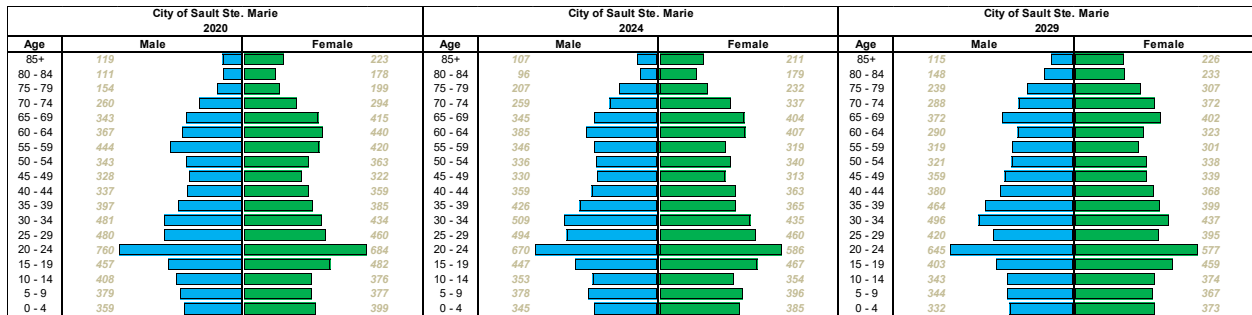
SOURCE: 2010/2020 Census STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Another way to illustrate population shifts is to use a population pyramid, to reflect individual age group concentrations and shifts in how these groups move over time. The pyramid below is for Sault Ste. Marie and Chippewa County, with sizable segments that reflect both the Baby Boom generation and Millennials. The ideal shape is a true pyramid, with a large base of younger adults supporting a smaller concentration of elderly persons. The county’s composition at this time, however, is losing a pyramid shape and morphing into a single block.

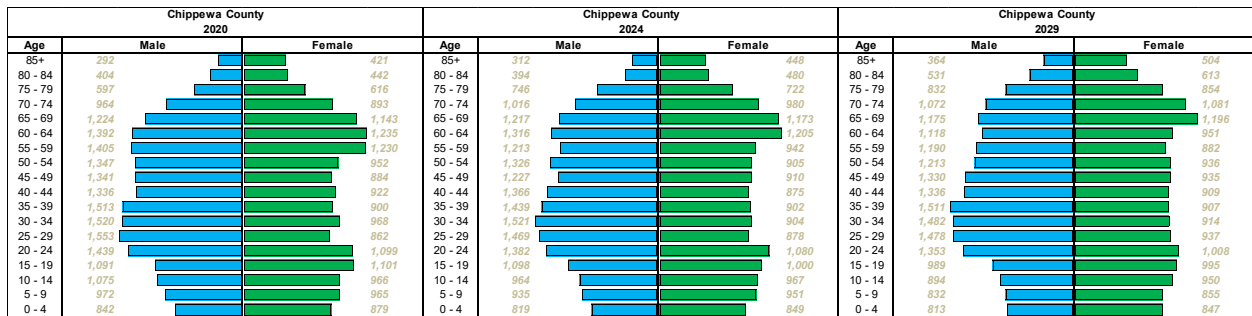
As you can see, over time nearly all of the Baby Boom generation ages in place locally; the Millennials, however, appear to dissipate as the pyramid shifts from 2020 to 2029. This visualization also illustrates the increasing imbalance within the market area (along with most other sections of Michigan) in regard to increasing burdens placed upon a shrinking workforce population.

While these trends are not ideal for the typical community, please note that the prevailing population trends are still much more favorable than many other northern Michigan and Upper Peninsula communities, in which the number of seniors and households headed by a senior citizen are to the point that school districts are rapidly depopulating, tax base issues are becoming prevalent, and the number of retail/service outlets and their composition/target market is shifting emphasis toward the senior segment. The implications for those communities are very serious into the next two decades in regard to local labor force, the availability of certain services, and the community’s ability to provide public services. Without a change in such trends, Chippewa County’s demographic composition in the coming decades will reflect a similar shift in population. However, the most preferable trend would be a more balanced pattern of both older adults and younger families choosing to relocate to the Soo region. Such a change would necessitate a more balanced and diverse housing stock that would ideally help to stabilize the local population around a more advantageous combination of families, singles, and seniors. Such a change in demographic composition cannot be made quickly, but will take continued planning, time, and resources dedicated to such a preferable balance.

Graphic: Population Pyramids by Sex – Sault Ste. Marie



Graphic: Population Pyramids by Sex – Chippewa County



The average household size across the county is currently estimated at 2.29 persons – notably lower than statewide estimates. The Southeast region is somewhat lower, at 2.08 persons, with the Northwest region more reflective of the statewide ratio, at 2.55 persons. Considering the statewide average is 2.50 persons, a majority of the county exhibits generally aged population patterns as well as decreasing concentrations of larger family sizes. In the future, household sizes will vary little from the current estimates. Among seniors, the average household size is slowly rising across most of Chippewa County, indicative of increased senior lifespans and senior couples continuing to reside as an independent household.

Table: Average Household Size (2000 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Average Household Size	2.22	2.60	2.32	2.17	2.34
2020 Average Household Size Percent Change (2010-2020)	2.19 -1.4%	2.55 -2.0%	2.28 -1.7%	2.13 -1.7%	2.30 -1.7%
2024 Average Household Size Estimate Percent Change (2020-2024)	2.13 -2.8%	2.61 2.4%	2.25 -1.3%	2.08 -2.6%	2.29 -0.7%
2027 Average Household Size Forecast Percent Change (2020-2027)	2.10 -3.8%	2.60 2.0%	2.23 -2.0%	2.06 -3.3%	2.27 -1.4%
2029 Average Household Size Forecast Percent Change (2020-2029)	2.09 -4.4%	2.59 1.8%	2.22 -2.5%	2.05 -3.8%	2.26 -1.9%

SOURCE: 2010/2020 Census of Population & Housing, U.S. Census Bureau; ESRI Business Analyst.

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Average Household Size - Age 65+	1.36	1.61	1.44	1.54	1.49
2020 Average Household Size - Age 65+ Percent Change (2010-2020)	1.45 6.3%	1.54 -4.5%	1.50 3.8%	1.70 10.3%	1.54 3.6%
2024 Average Household Size Estimate - Age 65+ Percent Change (2020-2024)	1.42 -2.2%	1.57 1.9%	1.50 0.0%	1.68 -1.5%	1.54 0.0%
2027 Average Household Size Forecast - Age 65+ Percent Change (2020-2027)	1.42 -1.9%	1.59 3.5%	1.50 0.8%	1.67 -1.8%	1.55 0.7%
2029 Average Household Size Forecast - Age 65+ Percent Change (2020-2029)	1.42 -1.7%	1.61 4.5%	1.51 0.9%	1.67 -2.1%	1.55 0.8%

SOURCE: 2010/2020 Census of Population & Housing, SF1, U.S. Census Bureau; ESRI Business Analyst.

Household Trends

Households across Chippewa County demonstrate generally stable trends, with small variations anticipated throughout the decade. This is despite the slight decline in population totals, but does reflect a slow but continual decline in household/family sizes, indicative of aging in place and the influx of older adults. By 2029 the county is projected to contain 13,976

households, reflecting an increase of one percent from 2020. Within Sault Ste. Marie, the 2029 household total is forecast at 5,738 units, an increase of two percent from 2020.

Table: Household Trends (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Households	5,995	2,380	10,056	1,893	14,329
2020 Households	5,628	2,339	9,699	1,799	13,837
Percent Change (2010-2020)	-6.1%	-1.7%	-3.6%	-5.0%	-3.4%
Average Annual Change (2010 to 2020)	-0.6%	-0.2%	-0.4%	-0.5%	-0.3%
2024 Household Estimate	5,677	2,331	9,776	1,774	13,881
Percent Change (2020-2024)	0.9%	-0.3%	0.8%	-1.4%	0.3%
Average Annual Change (2020 to 2024)	0.2%	-0.1%	0.2%	-0.3%	0.1%
2027 Household Forecast	5,714	2,333	9,840	1,765	13,938
Percent Change (2020-2027)	1.5%	-0.3%	1.5%	-1.9%	0.7%
Average Annual Change (2020 to 2027)	0.2%	0.0%	0.2%	-0.3%	0.1%
2029 Household Forecast	5,738	2,334	9,883	1,759	13,976
Percent Change (2020-2029)	2.0%	-0.2%	1.9%	-2.2%	1.0%
Average Annual Change (2020 to 2029)	0.2%	0.0%	0.2%	-0.2%	0.1%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau; ESRI Business Analyst.

The county features an estimated occupied renter household percentage of 25 percent, with a total of 3,487 units, as estimated by ESRI for 2024. Across the Southeast region, rental units are

The majority of the county’s rental housing stock within single-family homes and duplex-style units. Traditional apartment buildings are a combination of subsidy facilities and market rate options.

relatively minimal, and represent an estimated eight percent of all households in 2024 (134 units), as compared to the northwest region, at 25 percent (587 units). Within the city, rental households represent an estimated 40 percent of all occupied households, totaling 2,280 units. Given the size of the city, the presence of Lake Superior State University, and the

economic characteristics within the city, this concentration of rental units is not unexpected. In fact, the concentration of rental units within the city is slowly declining from prior decades, representing a combination of demolitions of older/obsolete units, conversion into homeownership options, and a decline in rental development activity over the past decade (as compared to the 1970s and 1980s). Coupled with the economic climate that exhibits increasing price increases and a local job market that does not favor professional or managerial entries, the rental housing stock appears to serve only specific portions of the overall market potential.

Also, the community’s rental housing stock reflects a number of senior-designated units,

with senior rental options representing 34 percent of all existing rental housing units in 2020 (nearly 1,300 units as of 2020). This includes independent living units, as well as available assisted living apartments located within separate buildings or are included as part of a senior complex that may include acute/nursing care options. The concentration of mobile homes used as rentals is not as acute as other northern Michigan counties, but is also a part of the overall rental housing stock. Quality and suitability of such units are always of concern, as many mobile home units are found to be substandard, either in terms of adequate plumbing or overcrowding. The county's mobile home rental units represent approximately four percent of all occupied rentals, with most found within the Central region (outside of the city).

Also of note is the county's substandard renter percentage, based on the latest American Community Survey data, estimated at 3.8 percent, with a higher ratio found within the Northwest region (7.1 percent). These percentages are somewhat higher than most other portions of rural northern Michigan, and often point to a lack of modern rental options. While the community status as a vacation/retirement destination makes these trends a logical result, quality and suitability issues will be present regardless of historic occupancy patterns.

Without a specific count and survey of all available rental units of all types, it is not possible to definitively qualify how many units are available for persons at various income levels, but this does correspond with the most current American Community Survey data. It is highly likely, however, based on field reviews and available data on the local rental market, that an insufficient number of these rental homes are available for moderate and higher-income households. This lack of housing options for the most sought-after population segments inhibits the community's ability to compete with nearby regions of northern Michigan that may have a greater degree of housing options available.

Graphic: Household Tenure Breakdown

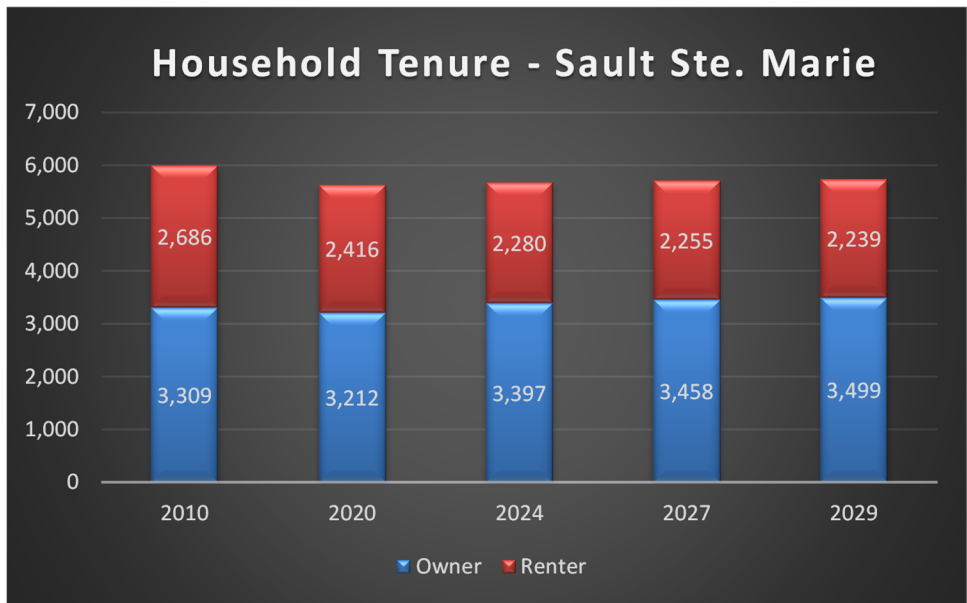
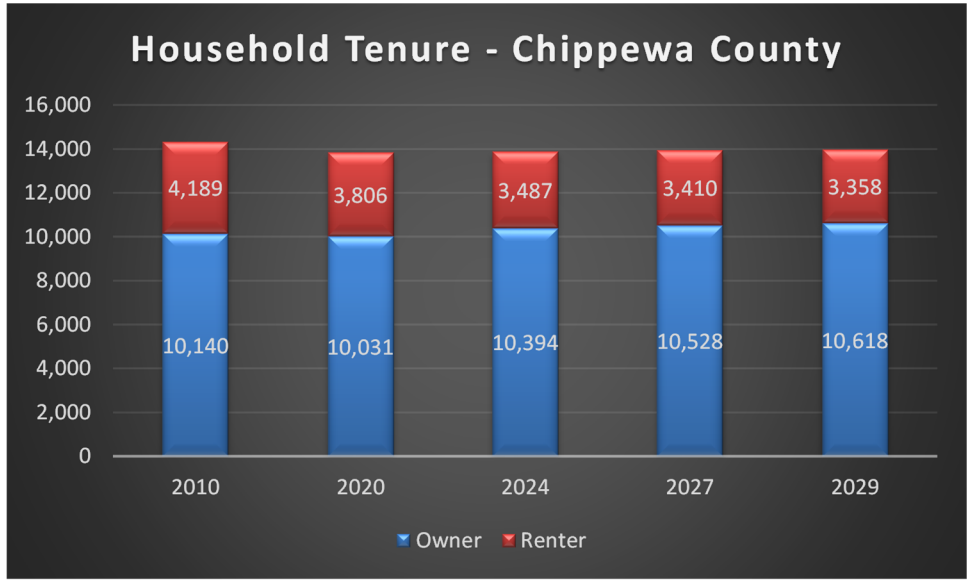


Table: Households by Tenure (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Renter-Occupied Households	2,686	679	3,302	208	4,189
Percent of total 2010 households	44.8%	28.5%	32.8%	11.0%	29.2%
2020 Renter-Occupied Households	2,416	651	2,990	165	3,806
Percent of total 2020 households	42.9%	27.8%	30.8%	9.2%	27.5%
Percent change (2010 to 2020)	-10.1%	-4.1%	-9.4%	-20.7%	-9.1%
2024 Renter-Occupied Households	2,280	587	2,766	134	3,487
Percent of total 2024 households	40.2%	25.2%	28.3%	7.6%	25.1%
Percent change (2020 to 2024)	-5.6%	-9.8%	-7.5%	-18.8%	-8.4%
2027 Renter-Occupied Households	2,255	564	2,716	129	3,410
Percent of total 2027 households	39.5%	24.2%	27.6%	7.3%	24.5%
Percent change (2020 to 2027)	-6.6%	-13.3%	-9.2%	-21.8%	-10.4%
2029 Renter-Occupied Households	2,239	550	2,683	125	3,358
Percent of total 2029 households	39.0%	23.6%	27.1%	7.1%	24.0%
Percent change (2020 to 2029)	-7.3%	-15.5%	-10.3%	-24.2%	-11.8%
2010 Owner-Occupied Households	3,309	1,701	6,754	1,685	10,140
Percent of total 2010 households	55.2%	71.5%	67.2%	89.0%	70.8%
2020 Owner-Occupied Households	3,212	1,688	6,709	1,634	10,031
Percent of total 2020 households	57.1%	72.2%	69.2%	90.8%	72.5%
Percent change (2010 to 2020)	-2.9%	-0.8%	-0.7%	-3.0%	-1.1%
2024 Owner-Occupied Households	3,397	1,744	7,010	1,640	10,394
Percent of total 2024 households	59.8%	74.8%	71.7%	92.4%	74.9%
Percent change (2020 to 2024)	5.8%	3.3%	4.5%	0.4%	3.6%
2027 Owner-Occupied Households	3,458	1,768	7,124	1,636	10,528
Percent of total 2027 households	60.5%	75.8%	72.4%	92.7%	75.5%
Percent change (2020 to 2027)	7.7%	4.8%	6.2%	0.1%	5.0%
2029 Owner-Occupied Households	3,499	1,784	7,200	1,634	10,618
Percent of total 2029 households	61.0%	76.4%	72.9%	92.9%	76.0%
Percent change (2020 to 2029)	8.9%	5.7%	7.3%	0.0%	5.9%

SOURCE: 2010/2020 Census of Population and Housing, U.S. Census Bureau: ESRI

Table: Owner Households by Size

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Total Occupied Owner Units	3,424	1,730	6,799	1,591	10,120
1 Unit	3,081	1,530	6,096	1,416	9,042
% of Total	90.0%	88.4%	89.7%	89.0%	89.3%
2 to 4 Units	38	15	65	0	80
% of Total	1.1%	0.9%	1.0%	0.0%	0.8%
5 to 19 Units	24	0	24	0	24
% of Total	0.7%	0.0%	0.4%	0.0%	0.2%
20 to 49 Units	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
50 or more Units	11	1	11	3	15
% of Total	0.3%	0.1%	0.2%	0.2%	0.1%
Mobile Home/Boat/Other	270	184	603	172	959
% of Total	7.9%	10.6%	8.9%	10.8%	9.5%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Table: Renter Households by Size

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Total Occupied Rental Units	2,363	666	2,839	122	3,627
1 Unit	872	584	1,100	100	1,784
% of Total	36.9%	87.7%	38.7%	82.0%	49.2%
2 to 4 Units	435	42	481	4	527
% of Total	18.4%	6.3%	16.9%	3.3%	14.5%
5 to 19 Units	368	6	512	0	518
% of Total	15.6%	0.9%	18.0%	0.0%	14.3%
20 to 49 Units	218	0	218	0	218
% of Total	9.2%	0.0%	7.7%	0.0%	6.0%
50 or more Units	448	0	452	0	452
% of Total	19.0%	0.0%	15.9%	0.0%	12.5%
Mobile Home/Boat/Other	22	34	76	18	128
% of Total	0.9%	5.1%	2.7%	14.8%	3.5%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

As with the senior population, senior households exhibited the most robust gains across all geographic levels within Chippewa County during the past decade, but will moderate into the balance of the 2020s as the region (and much of Michigan) ages in place. By 2029, the number of senior households age 65+ across the county will total 5,146 units, accounting for just under

Senior households age 55+ across Chippewa County will represent 53 percent of all occupied units by 2029 – Continued increasing concentrations of seniors will ultimately negatively impact the tax base and employment pool.

37 percent of all households. The younger senior segment (age 55 and older) will represent a majority of the county’s households by 2029, with 7,382 units – 53 percent of all households. These trends are not unique to Sault Ste. Marie or De Tour Village, and the impacts of such trends can be already observed within other northern Michigan communities, such as declining school enrollment, shrinking labor force, reduced retail and

commercial market potential, and an inevitable and necessary emphasis on healthcare-related outlets and occupations targeted for the elderly. The implications regarding schools, the local tax base, the labor force, and the future of the community overall are increasingly evident within this statistic.

Trends beyond 2030 from various demographic projections point to a stabilizing elderly household count, decreased family concentrations, and greater dependence on outside economic/social inputs to maintain economic stability. This demographic shift has been anticipated for decades, due to the size and composition of the Post WW II generation (Boomers), which have essentially dictated much of the region’s economic and demographic patterns since the 1960s. As this generation fades from prominence, the concentration and size of younger generations are insufficient to maintain the size and diversity of the Soo area’s population and economic characteristics. Reliance on migration by younger adults, an emphasis on retaining younger families, and continued diversification efforts across the local job market will be increasingly necessary to simply maintain the status quo in terms of the local employment market, housing market, and overall economic composition. The previously-discussed shifting population pyramid and percentage of senior households within Chippewa County are direct evidence of an approaching turning point, in which school districts and employment options as currently oriented are no longer sustainable.

Across Chippewa County, rental units occupied by a senior, including those designated for senior occupancy or undesignated options, represented 34 percent of all rental units in 2020, but only accounted for just 18 percent of all senior households in 2020. While much of these senior rental units are designated only for the elderly, it is likely that non-designated rentals occupied by an elderly person or couple are “crowding-out” housing opportunities for younger persons or families, which ultimately leads to a decline in migration patterns and the diversity of the labor force, with a greater imbalance between commuters and local residential workers.

The Soo area has been a retirement destination for seniors within the eastern Upper Peninsula, with most of these retirees exhibiting lower to moderate-income levels. Affordable and subsidized rental properties primarily serve local residents, or those from immediately adjacent sections of Chippewa County. These households would include those within independent living developments, conventional apartment units, and rental homes of any type. It would be preferable to provide a broader set of options for local and regional senior households of all incomes, by expand the type of housing available along with the price points that would attract the broadest possible group of retirees or semi-retired persons/couples.

It should be noted that assisted living and nursing care residents are considered group quarters population, and are not counted individually as a senior household or rental unit.

Graphic: Senior Household Trends – Chippewa County

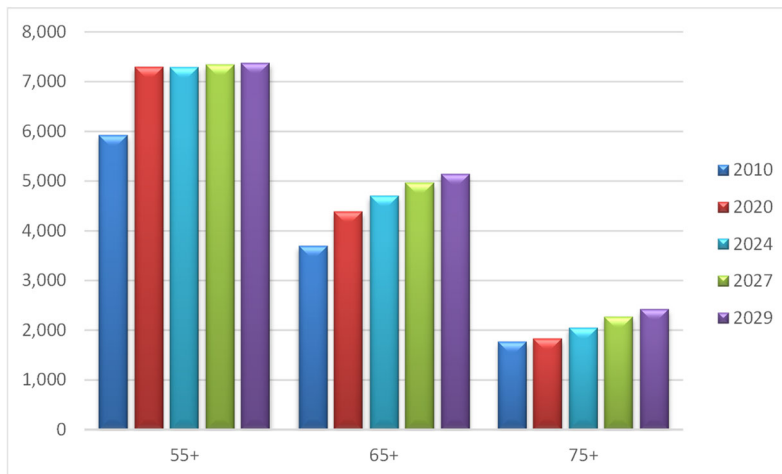


Table: Senior Household Trends (2010 to 2029)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Senior Households (55 years and Over)	2,086	974	3,890	1,065	5,929
Percent of total 2010 households	34.8%	40.9%	38.7%	56.3%	41.4%
2020 Senior Households (55 years and Over)	2,521	1,268	4,845	1,188	7,301
Percent of total 2020 households	44.8%	54.2%	50.0%	66.0%	52.8%
Percent change (2010 to 2020)	20.9%	30.2%	24.6%	11.5%	23.1%
2024 Senior Households (55 years and Over)	2,489	1,249	4,844	1,201	7,294
Percent of total 2024 households	43.8%	53.6%	49.5%	67.7%	52.5%
Percent change (2020 to 2024)	-1.3%	-1.5%	0.0%	1.1%	-0.1%
Average Annual Change (2020 to 2024)	-0.3%	-0.4%	0.0%	0.3%	0.0%
2027 Senior Households (55 years and Over)	2,531	1,248	4,911	1,188	7,347
Percent of total 2027 households	44.3%	53.5%	49.9%	67.3%	52.7%
Percent change (2020 to 2027)	0.4%	-1.6%	1.4%	0.0%	0.6%
Average Annual Change (2020 to 2027)	0.1%	-0.2%	0.2%	0.0%	0.1%
2029 Senior Households (55 years and Over)	2,559	1,247	4,956	1,179	7,382
Percent of total 2029 households	44.6%	53.4%	50.1%	67.0%	52.8%
Percent change (2020 to 2029)	1.5%	-1.7%	2.3%	-0.8%	1.1%
Average Annual Change (2020 to 2029)	0.2%	-0.2%	0.3%	-0.1%	0.1%
2010 Senior Households (65 years and Over)	1,355	574	2,421	703	3,698
Percent of total 2010 households	22.6%	24.1%	24.1%	37.1%	25.8%
2020 Senior Households (65 years and Over)	1,489	723	2,878	788	4,389
Percent of total 2020 households	24.8%	30.9%	28.6%	41.6%	30.6%
Percent change (2010 to 2020)	9.9%	26.0%	18.9%	12.1%	18.7%
2024 Senior Households (65 years and Over)	1,579	774	3,087	846	4,707
Percent of total 2024 households	27.8%	33.2%	31.6%	47.7%	33.9%
Percent change (2020 to 2024)	6.0%	7.1%	7.3%	7.4%	7.2%
Average Annual Change (2020 to 2024)	1.5%	1.7%	1.8%	1.8%	1.8%
2027 Senior Households (65 years and Over)	1,712	819	3,295	856	4,970
Percent of total 2027 households	30.0%	35.1%	33.5%	48.5%	35.7%
Percent change (2020 to 2027)	14.9%	13.3%	14.5%	8.7%	13.2%
Average Annual Change (2020 to 2027)	2.0%	1.8%	2.0%	1.2%	1.8%
2029 Senior Households (65 years and Over)	1,800	849	3,434	863	5,146
Percent of total 2029 households	31.4%	36.4%	34.7%	49.1%	36.8%
Percent change (2020 to 2029)	20.9%	17.4%	19.3%	9.5%	17.2%
Average Annual Change (2020 to 2029)	2.1%	1.8%	2.0%	1.0%	1.8%
2010 Senior Households (75 years and Over)	765	240	1,224	306	1,770
Percent of total 2010 households	12.8%	10.1%	12.2%	16.2%	12.4%
2020 Senior Households (75 years and Over)	638	304	1,185	344	1,833
Percent of total 2020 households	11.3%	13.0%	12.2%	19.1%	13.2%
Percent change (2010 to 2020)	-16.6%	26.7%	-3.2%	12.4%	3.6%
2024 Senior Households (75 years and Over)	695	317	1,336	398	2,051
Percent of total 2024 households	12.2%	13.6%	13.7%	22.4%	14.8%
Percent change (2020 to 2024)	8.9%	4.3%	12.7%	15.7%	11.9%
Average Annual Change (2020 to 2024)	2.2%	1.1%	3.0%	3.7%	2.8%
2027 Senior Households (75 years and Over)	791	351	1,498	426	2,275
Percent of total 2027 households	13.8%	15.1%	15.2%	24.1%	16.3%
Percent change (2020 to 2027)	24.0%	15.6%	26.4%	23.7%	24.1%
Average Annual Change (2020 to 2027)	3.1%	2.1%	3.4%	3.1%	3.1%
2029 Senior Households (75 years and Over)	855	375	1,606	444	2,425
Percent of total 2029 households	14.9%	16.1%	16.3%	25.2%	17.4%
Percent change (2020 to 2029)	34.0%	23.4%	35.5%	29.1%	32.3%
Average Annual Change (2020 to 2029)	3.3%	2.4%	3.4%	2.9%	3.2%

SOURCE: 2010/2020 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; ESRI Business Analyst.

Table: Senior Renter Household Trends (2010 to 2020)

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Senior Renter Households (65 years and Over)	474	65	568	48	681
Percent of total 2010 senior households	35.0%	11.3%	23.5%	6.8%	18.4%
2020 Senior Renter Households (65 years and Over)	498	79	606	36	721
Percent of total 2020 senior households	33.4%	10.9%	21.1%	4.6%	16.4%
Percent change (2010 to 2020)	5.1%	21.5%	6.7%	-25.0%	5.9%
Percent of Total 2020 Renter Households	20.6%	12.1%	20.3%	21.8%	18.9%
2010 Senior Renter Households (55 years and Over)	632	132	782	71	985
Percent of total 2010 senior households	30.3%	13.6%	32.3%	10.1%	26.6%
2020 Senior Renter Households (55 years and Over)	820	199	1,015	64	1,278
Percent of total 2020 senior households	32.5%	15.7%	20.9%	5.4%	17.5%
Percent change (2010 to 2020)	29.7%	50.8%	29.8%	-9.9%	29.7%
Percent of Total 2020 Renter Households	33.9%	30.6%	33.9%	38.8%	33.6%

SOURCE: 2010/2020 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/affordable units, along with the somewhat higher than average concentration of senior rental units, as indicated by data reporting rental households by the number of occupants. Based on the most recent data from the American Housing Survey, 49 percent of the renter-occupied households across Chippewa County were one-person households, while two-person households accounted for 23 percent. Three- and four-person renter households totaled 22 percent, while six or more-person renters represented just seven percent of renter households within the county. The Northwest region is somewhat more concentrated toward larger-sized rental households, typically occupied by families within rental homes.

Among owner occupied units, the prevailing size is within two-person units, representing 41 percent of all owner units across Chippewa County. One-person owner-occupied homes accounted for 27 percent of the county’s total, while three and four person units represented 25 percent. Larger owner-occupied units represent seven percent of the county’s total. The Southeast region features the most unique composition within this category, favoring one and two person units. As the community most oriented toward vacation/retirement options, this is not surprising.

Table: Rental Unit Size Distribution

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
One Person	1,386	164	1,545	66	1,775
Percent of total renter households	58.7%	24.6%	54.4%	54.1%	48.9%
Two Persons	480	154	650	33	837
Percent of total renter households	20.3%	23.1%	22.9%	27.0%	23.1%
Three or Four Persons	422	256	528	19	803
Percent of total renter households	17.9%	38.4%	18.6%	15.6%	22.1%
Five or More Person	75	92	116	4	212
Percent of total renter households	3.2%	13.8%	4.1%	3.3%	5.8%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Graphic: Rental Unit Size Distribution – Chippewa County

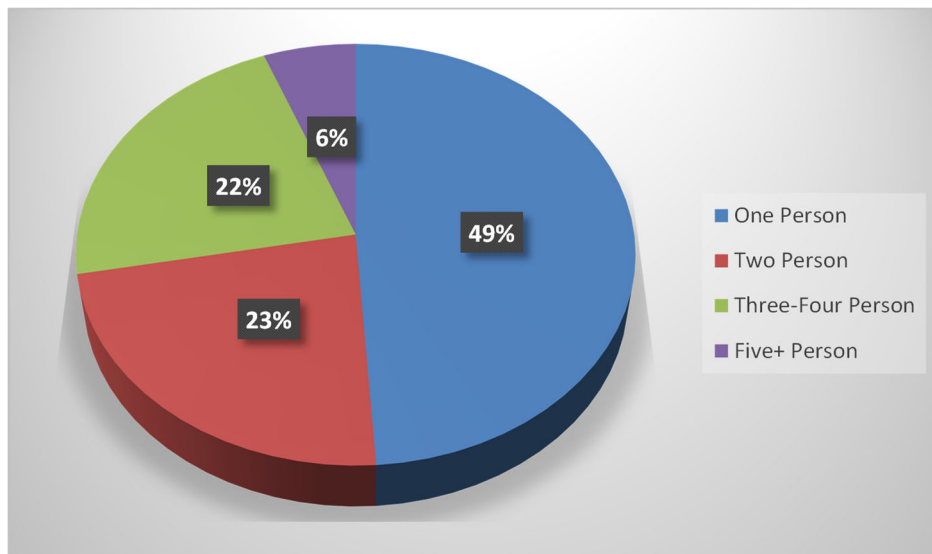
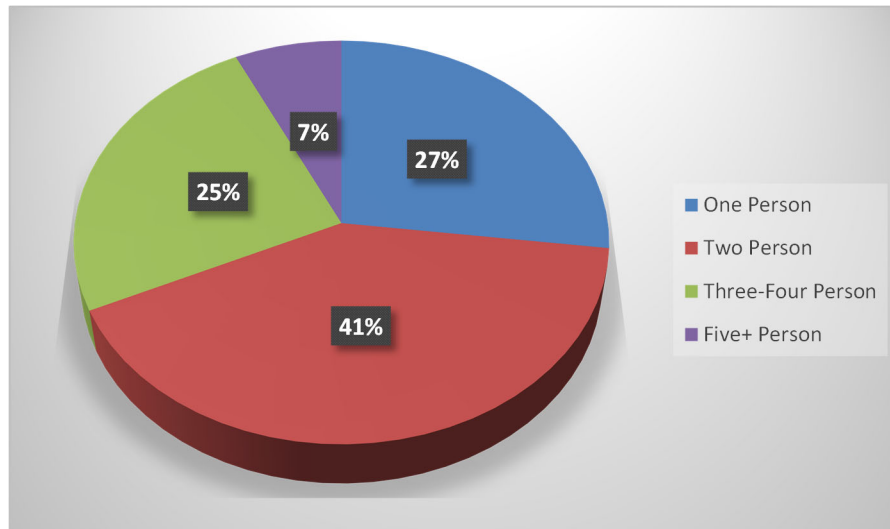


Table: Owner Unit Size Distribution

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
One Person	1,187	390	1,846	494	2,730
Percent of total owner households	34.7%	22.5%	27.2%	31.0%	27.0%
Two Persons	1,148	774	2,672	715	4,161
Percent of total owner households	33.5%	44.7%	39.3%	44.9%	41.1%
Three or Four Persons	866	416	1,779	317	2,512
Percent of total owner households	25.3%	24.0%	26.2%	19.9%	24.8%
Five or More Person	223	150	502	65	717
Percent of total owner households	6.5%	8.7%	7.4%	4.1%	7.1%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Graphic: Owner Unit Size Distribution – Chippewa County



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 by either the tenant or the property. These trends appear to demonstrate a surprising degree of rental growth stability within both the city and county overall. Average annual growth rates across the county are strongest within the Northwest region, most likely due to a lack of units among other factors. In comparison, prevailing price points within the Southeast region are the lowest across the county, but likely exhibit the lowest degree of demand potential. The region with the most rental options (Central Market Area) features a projected average annual growth rate of 4.5 percent, as compared to 5.2

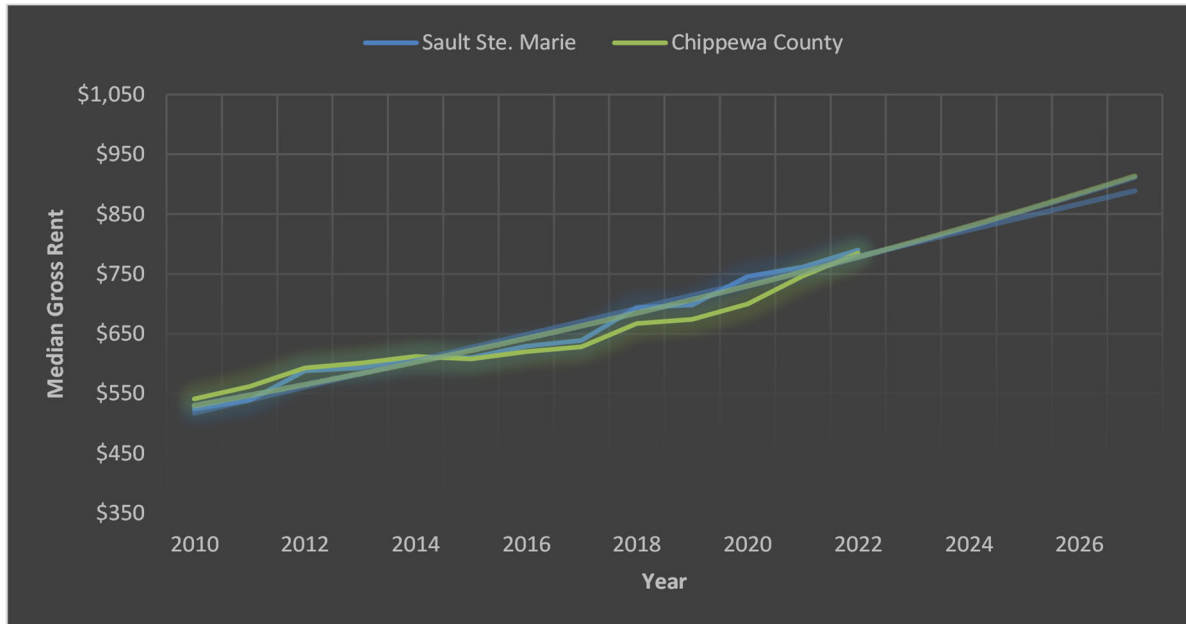
percent across the county. While indicative of ongoing rental rate growth, these percentages are still not keeping up with prevailing overall inflation levels.

Table: Median Gross Rent Trends

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
2010 Median Gross Rent Estimate	\$524	\$577	\$523	\$512	\$541
2020 Median Gross Rent Estimate	\$746	\$746	\$701	\$634	\$700
Total percent change (2010 to 2020)	42.4%	29.3%	34.0%	23.8%	29.4%
Annual percent change (2010 to 2020)	3.6%	2.6%	3.0%	2.2%	2.6%
2022 Median Gross Rent Estimate	\$790	\$836	\$772	\$684	\$785
Total percent change (2020 to 2022)	5.9%	12.1%	10.2%	7.9%	12.1%
Annual percent change (2020 to 2022)	2.9%	5.9%	5.0%	3.9%	5.9%
2027 Median Gross Rent Estimate	\$900	\$1,061	\$952	\$807	\$998
Total percent change (2020 to 2027)	20.6%	42.2%	35.9%	27.3%	42.5%
Annual percent change (2020 to 2027)	2.7%	5.2%	4.5%	3.5%	5.2%

SOURCE: American Community Survey, U.S. Census Bureau; CRS.

Graphic: Median Gross Rent Trends



Household Income Trends

The median household income figures for the county indicate the strongest gains are found within the Southeast region (De Tour Village/Drummond Island), but overall median

Median Income levels for most sections of Chippewa County are generally similar, but wage/income growth is forecast at a somewhat stronger level within the Southeast Region.

levels are generally similar across the entire county. At \$60,075, the 2024 median household income estimate for Chippewa County is 19 percent greater than the 2020 median, reflecting an average annual rate of 4.5 percent. While median income levels within the individual towns and CDPs vary somewhat, the county does exhibit a surprising degree of homogenous wage and income levels across all townships.

This appears to be a primary income-related characteristic of the Chippewa County economy since at least 2010.

ESRI forecasts predict that incomes across the county will continue to increase, with slowly decreasing growth rates continuing across the county. By 2029, the county’s median household income is forecast at \$68,690, reflecting an average annual increase of 3.5 percent from 2020 figures. For Sault Ste. Marie, the projected 2029 median income is \$57,493, reflecting a 3.0 percent average annual rate of growth from 2020. The highest projected median income level is within the Southeast region, at \$74,396 for 2029, reflecting an average annual rate of growth of 4.1 percent. While positive, with projected inflation levels between three and five percent over the next year – these income gains in a real sense will be stagnant to negative, with decreasing affordability and reduced asset accumulation within the housing marketplace.

Comparing income appreciation trends within Chippewa County to other northern Michigan regions, the rate of growth and actual median income levels are comparable to both the Gaylord region and the Traverse City region, but is similar to Alpena and West Branch. Inflationary pressures are present across nearly all Michigan communities, with concerns regarding real income growth and the inability of wages/incomes to maintain pace.

Median income data separated by age provides a unique measure of the stability of various segments of the local demographic. Across Chippewa County, the young adult segment (under age 25) demonstrated the strongest rate of growth (at 4.9 percent on an average annual basis), but remained the lowest income level among the various age segments. The highest

income levels were found within the age 25 to 44 age cohort, with a 2022 median of \$71,086. This reflects an average rate of growth over the 12-year period of 3.4 percent. Such trends are encouraging, but are somewhat surprising, as the next older age cohort (age 45 to 64) typically exhibits the highest income levels, reflecting the achievement of maximum incomes for most career-oriented individuals prior to retirement. This older (non-senior) age segment featured a median income of \$65,497 for 2022, reflecting an average annual gain of just 2.2 percent from 2010 to 2022. Seniors age 65 and older exhibited somewhat lower incomes, but the rate of growth exceeds most other age segments, at 4.2 percent on an average annual basis.

Observing the following graph of this data, a clear increase in income appreciation is evident after the pandemic, with the exception of the youngest age cohort (less than age 25). Many regions of the state have demonstrated notably higher levels of income appreciation among the younger age segments, with prevailing income levels highest among the 45 to 64 age cohort. Chippewa County is somewhat different, perhaps due to the limited number of blue-collar jobs, increased investment among state and federal employment options, and an increasingly aging in place senior segment.

The overall increase in median incomes over this 12-year period is 45 percent; for the young adult segment it is over 77 percent. Whether this trend is the result of new business creation (the most likely reason), increased employee retention, or a greater degree of entrepreneurial successes within the Soo region, further encouragement of such trends and retention of the community's youngest age segment is absolutely vital to the future viability of the community, and can hopefully expand across a wide range of industries and occupations.

While these younger adult median income figures only represent a small portion of the overall household total, they are clearly statistically significant to be included within these totals, and have an evident impact upon overall median income gains for the Soo area.

Graphic: Median Household Income by Age – 2010 to 2022 – Chippewa County

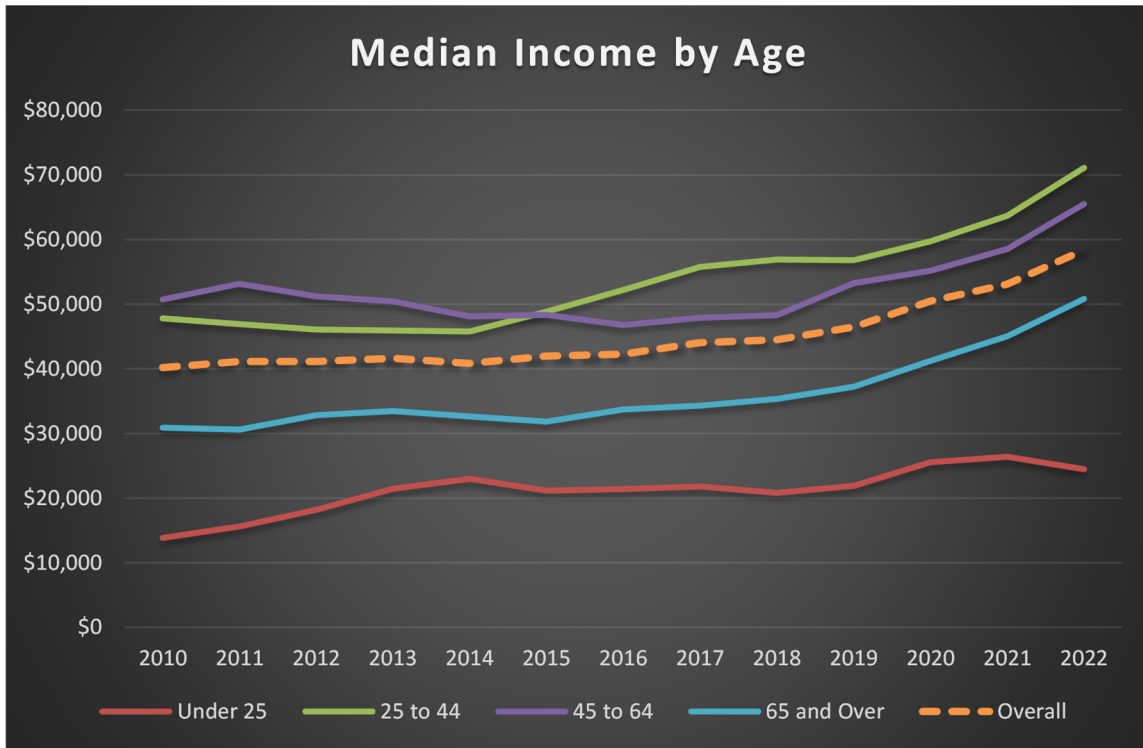


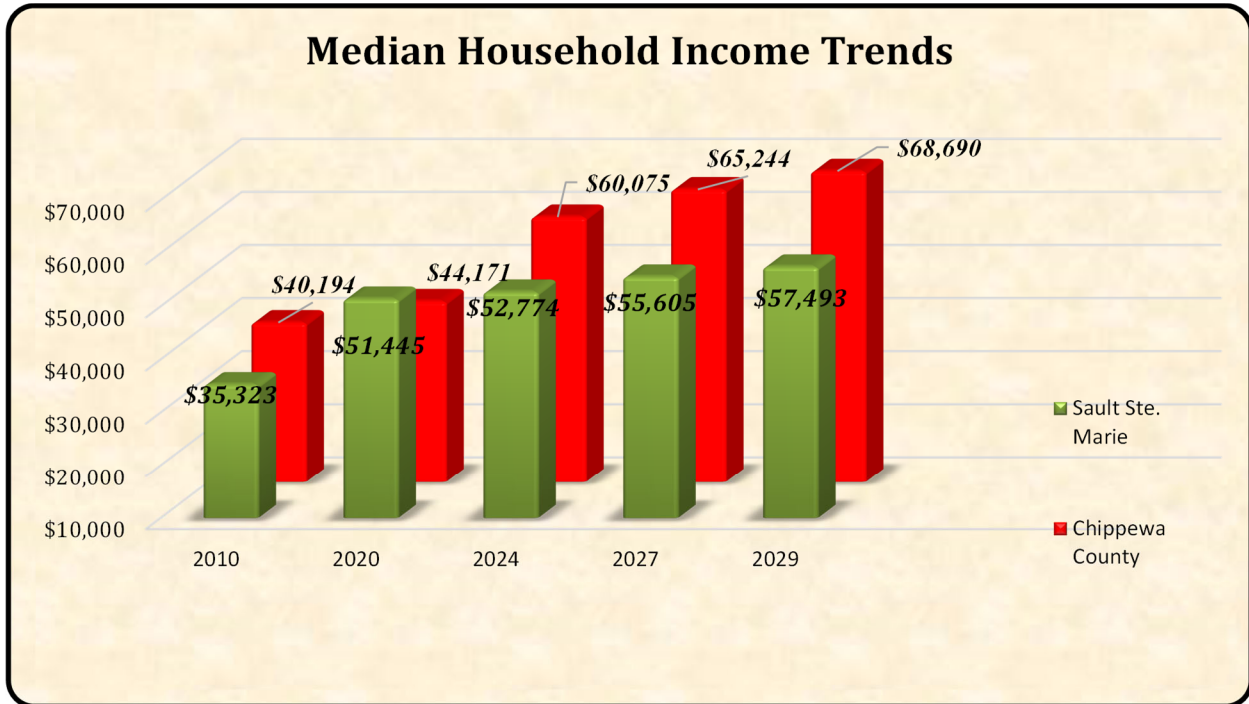
Table: Median Household Incomes (2010 to 2029)

	City of <u>Sault Ste. Marie</u>	Northwest <u>Market Area</u>	Central <u>Market Area</u>	Southeast <u>Market Area</u>	Chippewa <u>County</u>
2010 Median Household Income	\$35,323	\$42,367	\$40,549	\$41,454	\$40,194
2020 Median Household Income	\$44,171	\$52,755	\$51,445	\$51,816	\$50,454
Total percent change (2010 to 2020)	25.0%	24.5%	26.9%	25.0%	25.5%
Annual percent change (2010 to 2020)	2.3%	2.2%	2.4%	2.3%	2.3%
2024 Estimated Median Household Income	\$52,774	\$62,018	\$59,865	\$61,764	\$60,075
Total percent change (2020 to 2024)	19.5%	17.6%	16.4%	19.2%	19.1%
Annual percent change (2020 to 2024)	4.5%	4.1%	3.9%	4.5%	4.5%
2027 Forecast Median Household Income	\$55,605	\$65,022	\$64,776	\$69,343	\$65,244
Total percent change (2020 to 2027)	25.9%	23.3%	25.9%	33.8%	29.3%
Annual percent change (2020 to 2027)	3.3%	3.0%	3.3%	4.3%	3.7%
2029 Forecast Median Household Income	\$57,493	\$67,102	\$68,050	\$74,396	\$68,690
Total percent change (2020 to 2029)	30.2%	27.2%	32.3%	43.6%	36.1%
Annual percent change (2020 to 2029)	3.0%	2.7%	3.2%	4.1%	3.5%

SOURCE: 2010/2020 Census; American Comm. Srvy., U.S. Census Bureau; ESRI Business Analyst.

Note: Median Income figures are different from the prior data due to utilization of different data collection surveys from the Census Bureau

Graphic: Median Household Incomes – 2010 to 2029



Household Income Distribution

The distribution of household income by tenure type (owner vs. renter) is illustrated in the following table and chart. The data exhibits the types of housing options present across Chippewa County. This would include a range of rental unit types, ranging from subsidy units to higher priced apartments and single-family rentals, along with a homeownership segment that is concentrated among moderate-income and higher-income households. Comparing this data to the available housing options across the county, it is evident that single family rentals and other non-apartment units represent a significant part of the community’s rental housing stock.

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 2008 housing bubble and subsequent recession of the last decade, the rate of homeownership within Chippewa County has actually slowly increased, and will most likely continue to do so into the next decade. Despite younger households delaying a home purchase for various reasons (student debt load, marital status, career considerations, among other factors), a limited degree of development activity and

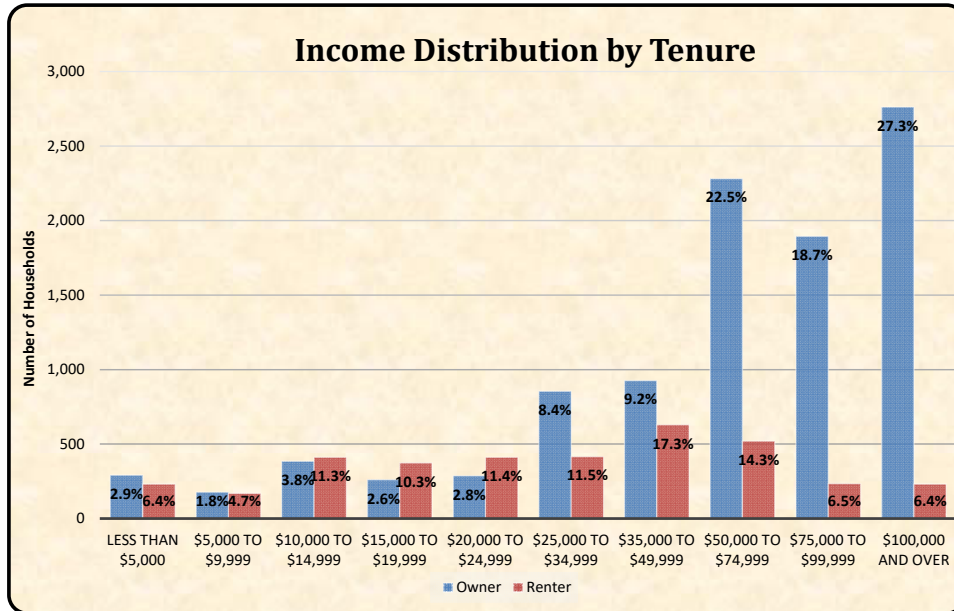
preference for owner-occupied options is present within the Soo region. This trend is somewhat unique in comparison to similar northern Michigan communities, and has likely impacted the demand potential for rental housing. As a result, demand potential for both owner-occupied and renter-occupied options may be more dependent on product characteristics and proximity to local amenities and services, as compared to prevailing demographic and economic factors.

Table: Household Income Distribution by Tenure – Chippewa County (2022)

	Total <u>Households</u>	Owner <u>Households</u>	Renter <u>Households</u>
Less than \$5,000	524	292	232
Percent of 2022 Households	3.8%	2.9%	6.4%
\$5,000 to \$9,999	347	178	169
Percent of 2022 Households	2.5%	1.8%	4.7%
\$10,000 to \$14,999	796	385	411
Percent of 2022 Households	5.8%	3.8%	11.3%
\$15,000 to \$19,999	634	261	373
Percent of 2022 Households	4.6%	2.6%	10.3%
\$20,000 to \$24,999	699	287	412
Percent of 2022 Households	5.1%	2.8%	11.4%
\$25,000 to \$34,999	1,271	855	416
Percent of 2022 Households	9.2%	8.4%	11.5%
\$35,000 to \$49,999	1,555	926	629
Percent of 2022 Households	11.3%	9.2%	17.3%
\$50,000 to \$74,999	2,800	2,281	519
Percent of 2022 Households	20.4%	22.5%	14.3%
\$75,000 to \$99,999	2,128	1,894	234
Percent of 2022 Households	15.5%	18.7%	6.5%
\$100,000 and Over	2,993	2,761	232
Percent of 2022 Households	21.8%	27.3%	6.4%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Graphic: Household Income Distribution by Tenure – Chippewa County (2022)



A distribution of senior household income (age 65 and older) for Chippewa County is illustrated within the following table. The concentration of senior renter households within the lowest income ranges reflects the presence of subsidized properties within Sault Ste. Marie. Senior owner households are more diverse across various income levels. As mentioned previously, senior growth reflects a combination of aging in place within a historically senior-oriented community and movement by retirees from across other portions of Michigan.

Graphic: Senior Household Income Distribution by Tenure – Chippewa County (2022)

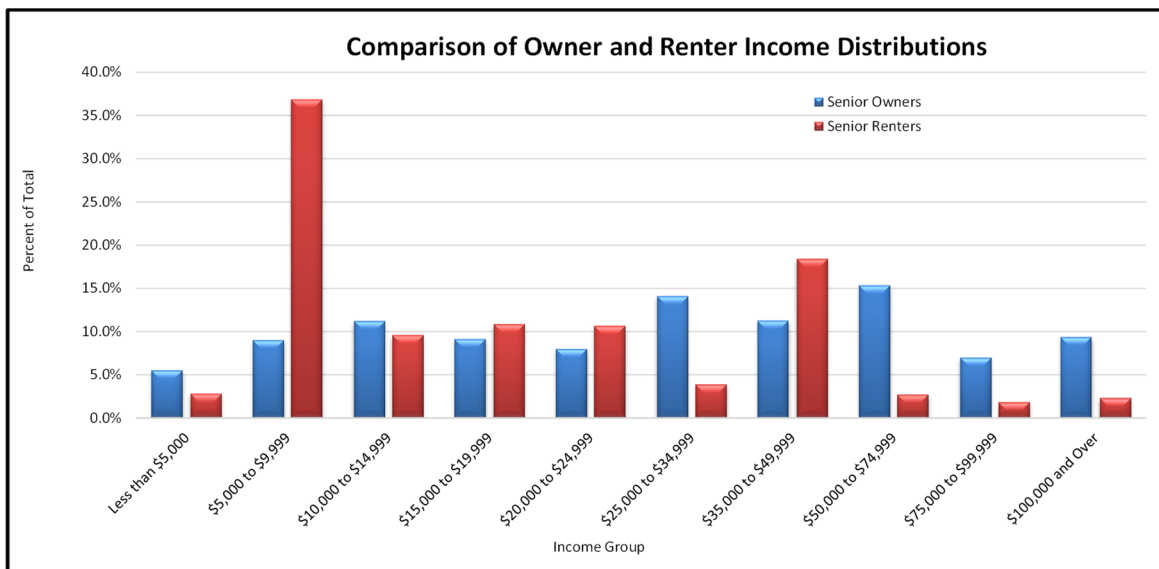


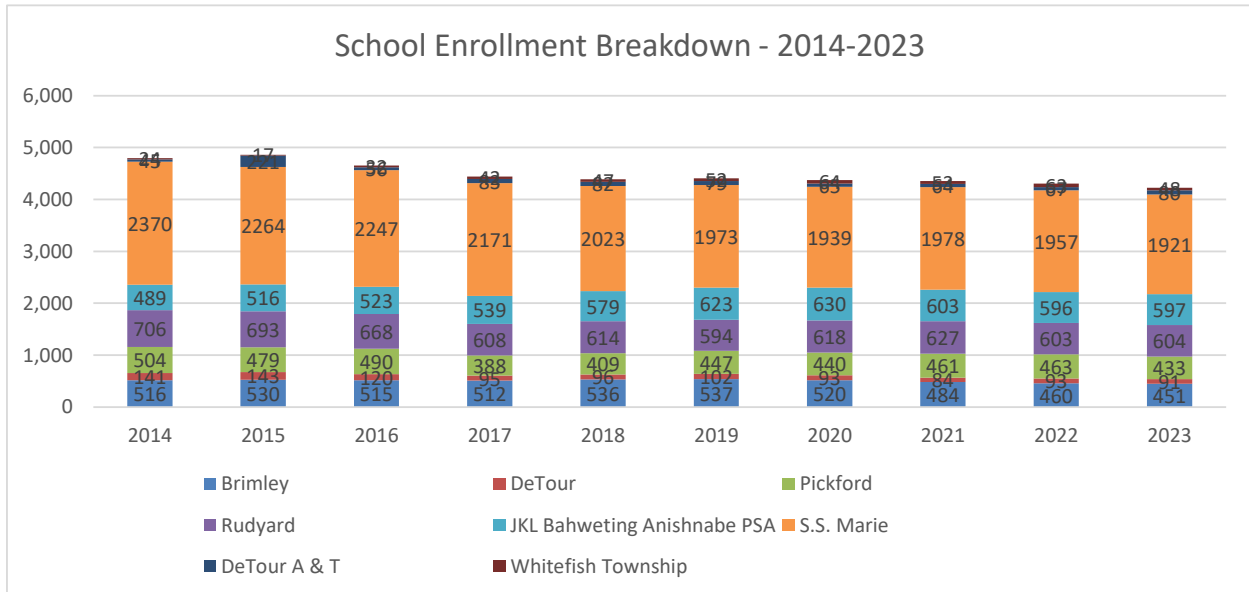
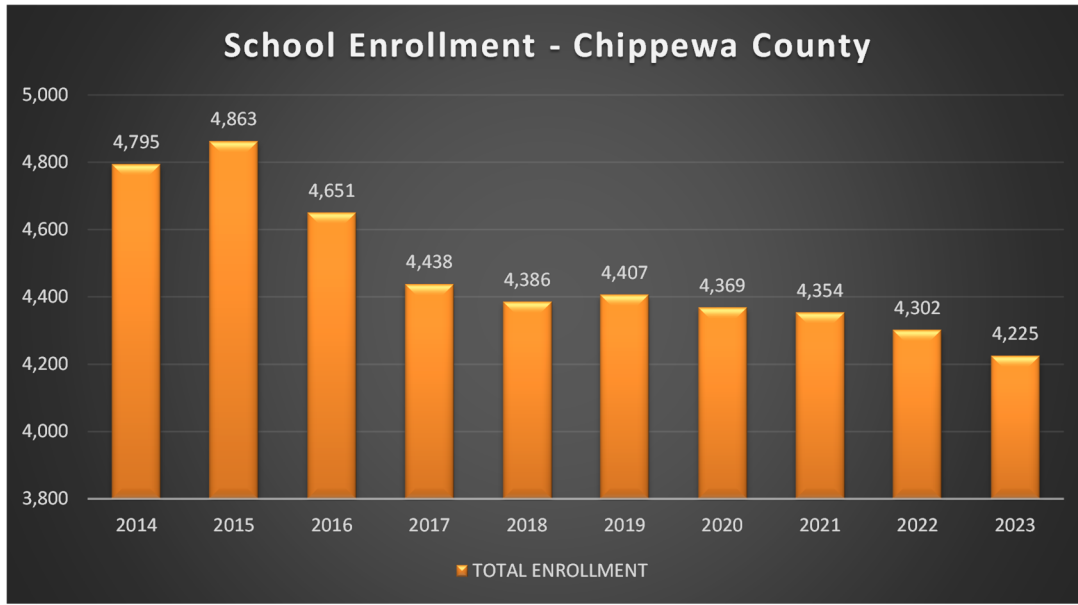
Table: Senior Household Income Distribution by Tenure – Chippewa County (2022)

	Total <u>Households</u>	Owner <u>Households</u>	Renter <u>Households</u>
Less than \$5,000	274	245	29
Percent of 2022 Households (55+)	5.0%	5.5%	2.8%
\$5,000 to \$9,999	779	399	380
Percent of 2022 Households (55+)	14.3%	9.0%	36.9%
\$10,000 to \$14,999	597	498	99
Percent of 2022 Households (55+)	10.9%	11.2%	9.6%
\$15,000 to \$19,999	517	405	112
Percent of 2022 Households (55+)	9.5%	9.1%	10.9%
\$20,000 to \$24,999	464	354	110
Percent of 2022 Households (55+)	8.5%	8.0%	10.7%
\$25,000 to \$34,999	665	625	40
Percent of 2022 Households (55+)	12.2%	14.1%	3.9%
\$35,000 to \$49,999	690	500	190
Percent of 2022 Households (55+)	12.6%	11.3%	18.4%
\$50,000 to \$74,999	708	680	28
Percent of 2022 Households (55+)	13.0%	15.3%	2.7%
\$75,000 to \$99,999	329	310	19
Percent of 2022 Households (55+)	6.0%	7.0%	1.8%
\$100,000 and Over	439	415	24
Percent of 2022 Households (55+)	8.0%	9.4%	2.3%

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

Other Demographic Factors

As indicated by both US Census data and ESRI forecasts, non-adult population totals across the county are projected to slowly decline over the balance of this decade, similar to most other northern Michigan communities. Based on data from the county’s school districts (excluding those districts located outside of Chippewa County but serve small portions of the county’s student population), enrollment trends were declining for five of the eight districts. Those districts exhibiting an increase in students include Whitefish Township, in Paradise (100% increase), Detour Arts & Technology Academy (78% increase), and JKL Bahweting Anishnabe PSA, the tribal K-8 school in Sault Ste. Marie (22% increase). The other school districts within the county – Brimley, DeTour, Rudyard, Pickford, and Sault Ste. Marie – have all experienced declines in enrollment.

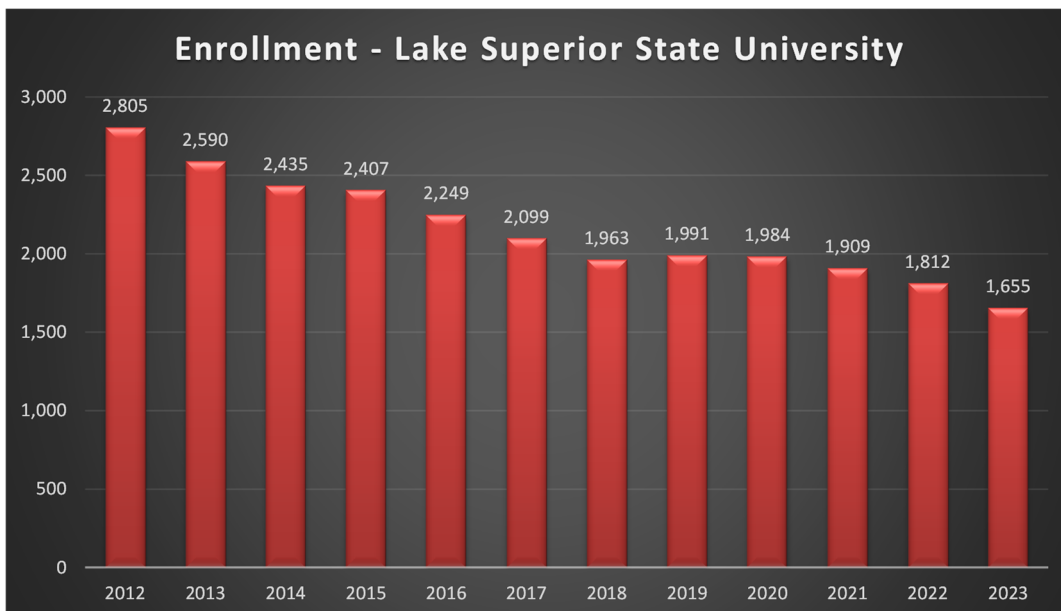


The ten-year trend reflects a decline of nearly 12 percent from 2014, with a loss of students for all but two years (2015 and 2019). The data does not include parochial schools, but the largest such option is St. Mary’s School (K-8), in Sault Ste. Marie, which features an enrollment of approximately 100 students. Data is not available for the number of homeschooled options, but according to the latest American Community Survey data, approximately 3.6 percent of children of school age are homeschooled across the State of Michigan. Thus, it is safe to say that a portion of these declines include students shifting toward homeschooling. These enrollment trends are not unusual, and are similar to most other northern Michigan regions (with the exception of the Grand Traverse and Gaylord communities). The pandemic has impacted

traditional enrollment in most areas, but no evidence of such an impact is found within the Chippewa County data. Enrollment declines are most likely due to demographic factors, such as smaller family sizes, reduced fertility ratios, and delayed family formation.

Sault Ste. Marie is the home of Lake Superior State University (LSSU), constructed on the site of Fort Brady, established in 1946, and was originally affiliated with Michigan Technological University. The school was independent of MTU in 1970, and was granted university status in 1987. The presence of LSSU has helped to stabilize the Soo region’s population to some degree, with approximately 2,000 to 2,500 students either residing on campus or attending school at the campus. On campus housing includes traditional dormitories, townhomes/apartments, and row houses, while off-campus options are nearby that are not associated within the university.

As with most colleges and universities within Michigan, notable enrollment declines have been observed over the past few years, including some that are significant losses that impact the viability of the individual institutions. Enrollment for LSSU has declined by 41 percent between 2012 and 2023, with an 8.7 percent drop in students just last year (2023). The most recent enrollment is for 2023-2024 school year, totaling 1,655 students. The university has enacted a plan to stabilize enrollment at 1,925 students by the 2025-2026 school year, and fall 2024 recruitment activity and applications are an improvement from last year, leading to a 12.9 percent increase in admissions for next year.





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, other considerations of note are worthy of mention. One is the prevailing poverty rate for some portions of Chippewa County is higher than anticipated, but perhaps to some degree is reflective of the number of subsidy units found within Sault Ste. Marie.

The infographics for each area also include a more detailed population pyramid (among other statistics of note), which illustrates slight differences in terms of young adults on a percentage basis, as compared to other smaller northern Michigan cities. This concentration does reflect at least a portion of two key target market segments, as described within the prior section of this report, and represents a likely underserved housing segment. The school enrollment impact from LSSU can be observed within the data.

Also, median home values are listed within the ESRI data, based in ACS surveys from the Census Bureau. Figures from Sault Ste. Marie, De Tour Village, Kinross, and other sections of the county all reflect a combination of various housing options, ages, and occupancy. Within the surrounding townships, prevailing home values are somewhat higher, reflective of the greater concentration of homeowners, larger structures, and the inclusion of high-end vacation and retirement homes found within certain sections of Chippewa County, especially within the Southeast Market Area (De Tour and Drummond Island) as well as specific sections surrounding Sault Ste. Marie.

Infographics: Key Demographic/Economic Data





AT RISK POPULATION PROFILE

Chippewa County, MI

Geography: County

35,931
Population

13,881
Households

2.29
Avg Size Household

41.8
Median Age

\$60,075
Median Household Income


\$162,299
Median Home Value

74
Wealth Index


139
Housing Affordability

53
Diversity Index


AT RISK POPULATION



4,345
Households With Disability




7,488
Population 65+




1,055
Households Without Vehicle


POVERTY AND LANGUAGE



16%
Households Below the Poverty Level




2,187
Households Below the Poverty Level




0
Pop 65+ Speak Spanish & No English


POPULATION AND BUSINESSES



33,505
Daytime Population

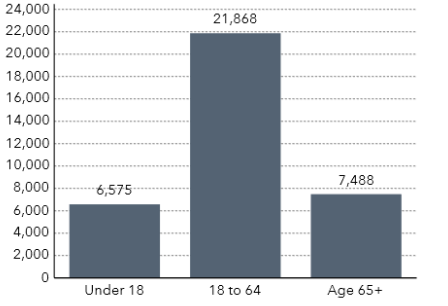


1,528
Total Businesses



17,497
Total Employees

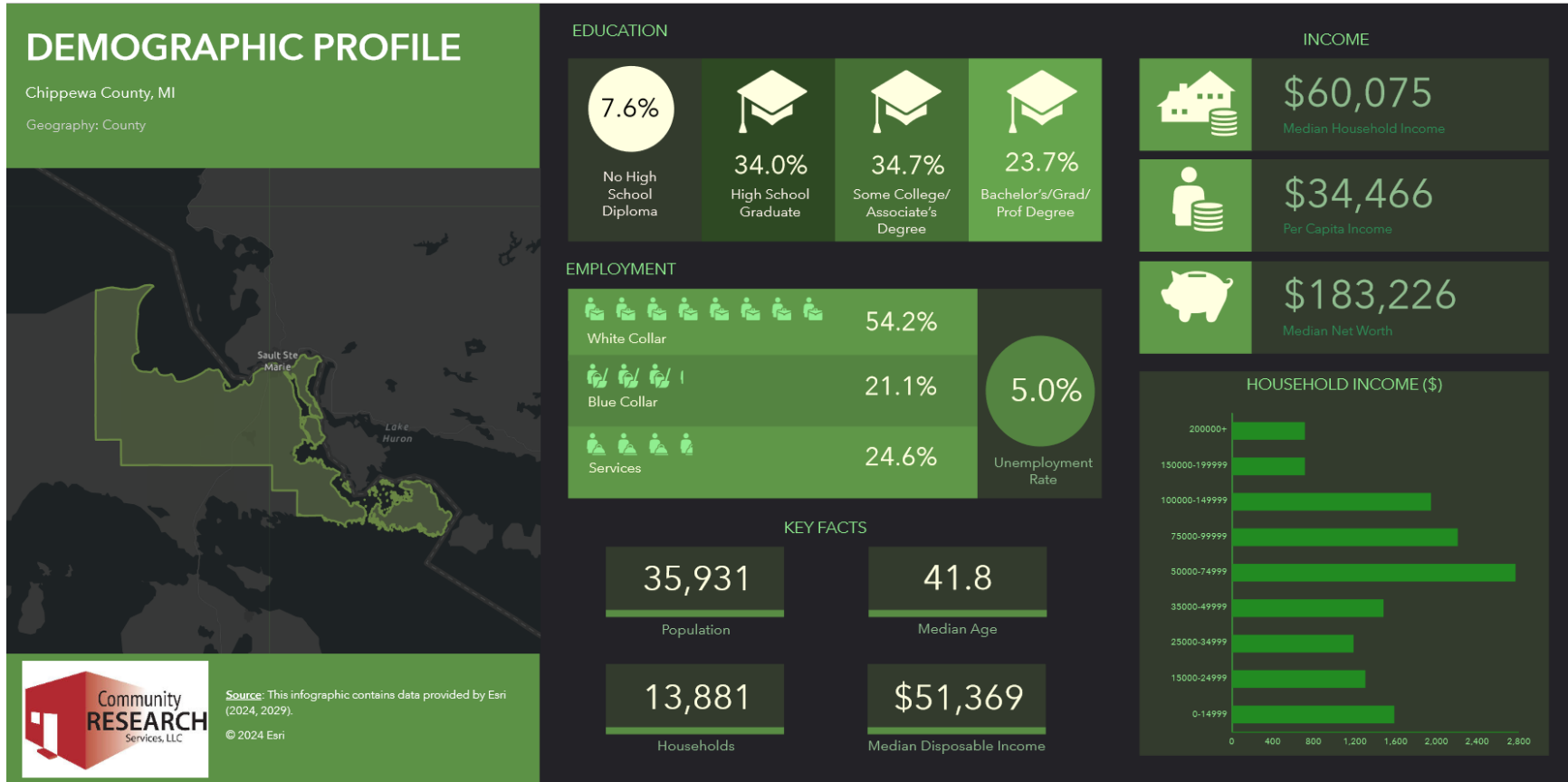
POPULATION BY AGE



Age Group	Population
Under 18	6,575
18 to 64	21,868
Age 65+	7,488

Language Spoken (ACS)	Age 5-17	18-64	Age 65+	Total
English Only	4,761	21,955	6,706	33,422
Spanish	13	330	56	399
Spanish & English Well	13	309	51	373
Spanish & English Not Well	0	21	5	26
Spanish & No English	0	0	0	0
Indo-European	64	350	74	488
Indo-European & English Well	45	289	74	408
Indo-European & English Not Well	19	61	0	80
Indo-European & No English	0	0	0	0
Asian-Pacific Island	2	214	30	246
Asian-Pacific Isl & English Well	2	205	28	235
Asian-Pacific Isl & English Not Well	0	1	2	3
Asian-Pacific Isl & No English	0	8	0	8
Other Language	42	355	36	433
Other Language & English Well	42	355	34	431
Other Language & English Not Well	0	0	2	2
Other Language & No English	0	0	0	0

Source: This infographic contains data provided by Esri (2024, 2029), ACS (2018-2022), Esri-Data Axle (2024). © 2024 Esri



COMMUNITY SUMMARY

Chippewa County, MI
Geography: County

35,931	-0.55%	2.29	53.2	41.8	\$60,075	\$162,299	\$183,226	18.3%	60.8%	20.8%
Population Total	Population Growth	Average HH Size	Diversity Index	Median Age	Median HH Income	Median Home Value	Median Net Worth	Age <18	Age 18-64	Age 65+



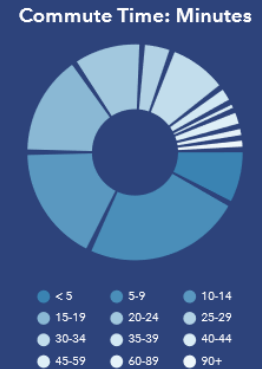
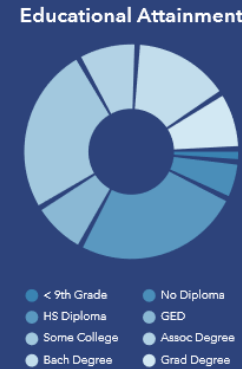
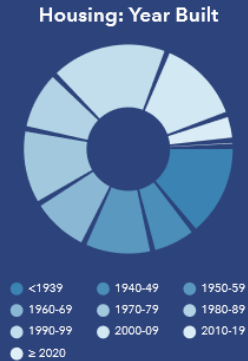
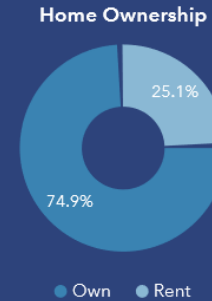
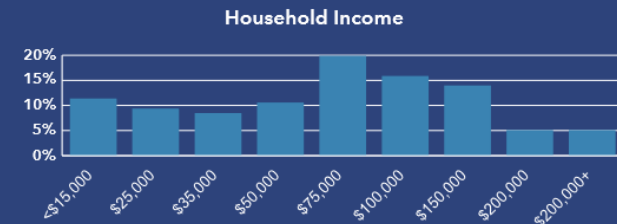
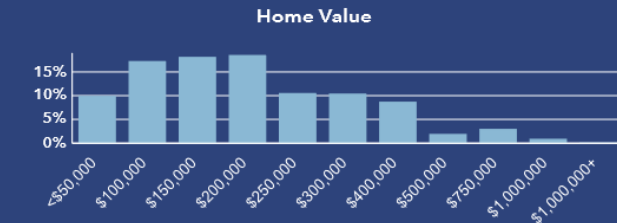
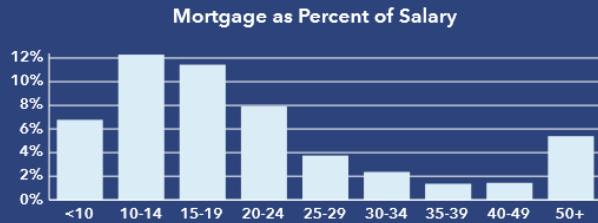
24.6%
Services



21.1%
Blue Collar



54.2%
White Collar



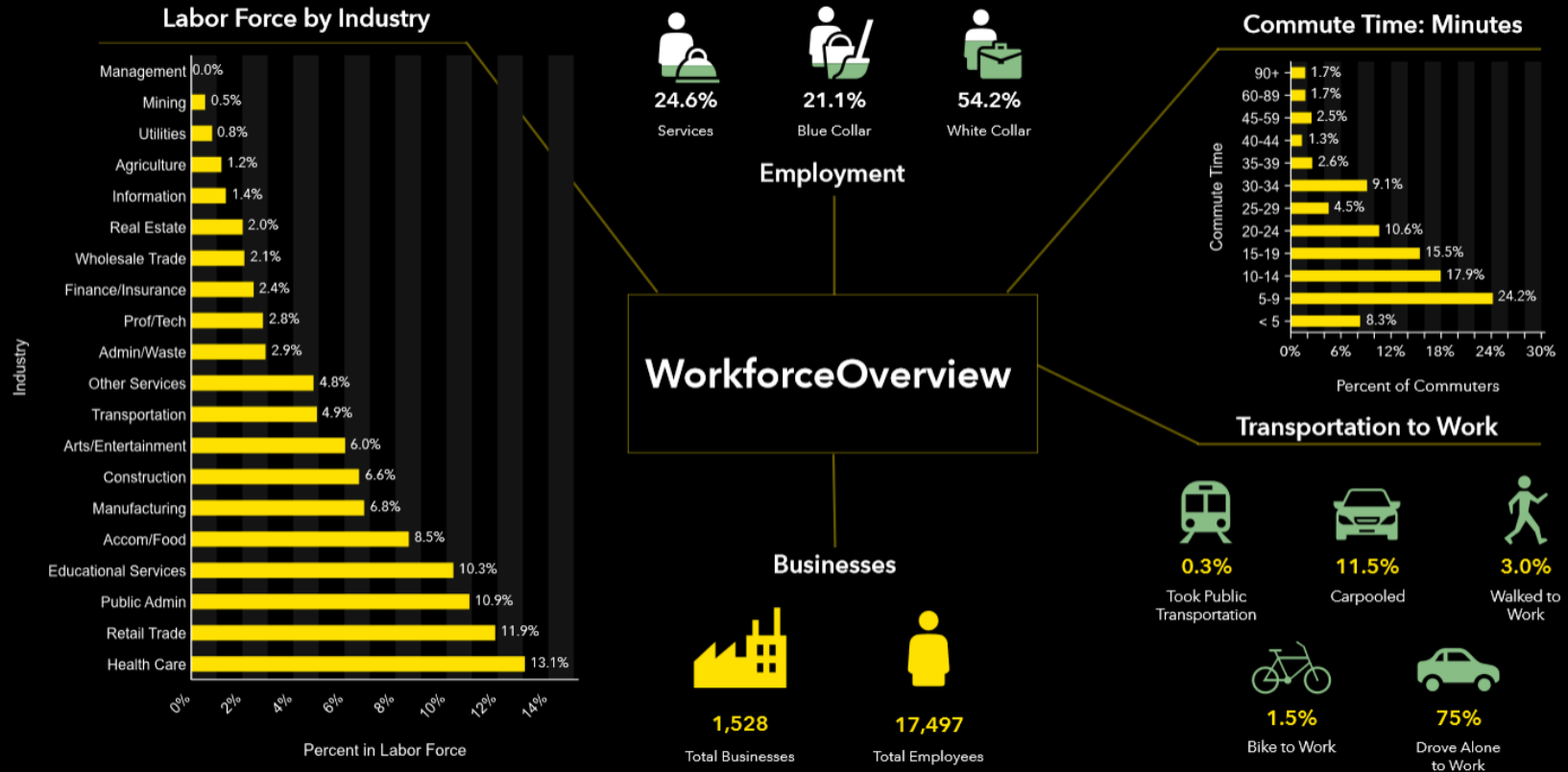
Source: This infographic contains data provided by Esri (2024), ACS (2018-2022).

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Economic Development Profile

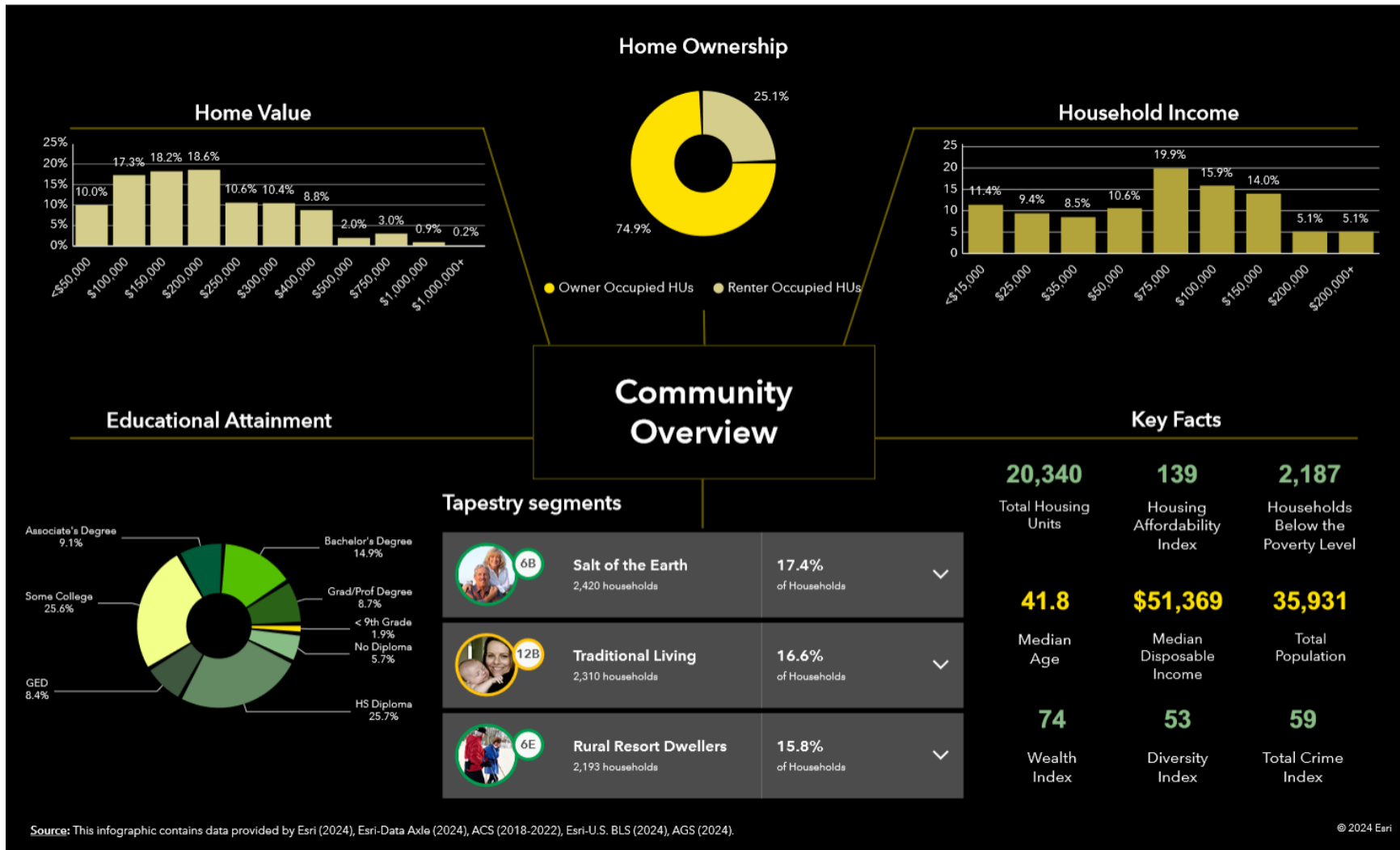
Chippewa County, MI

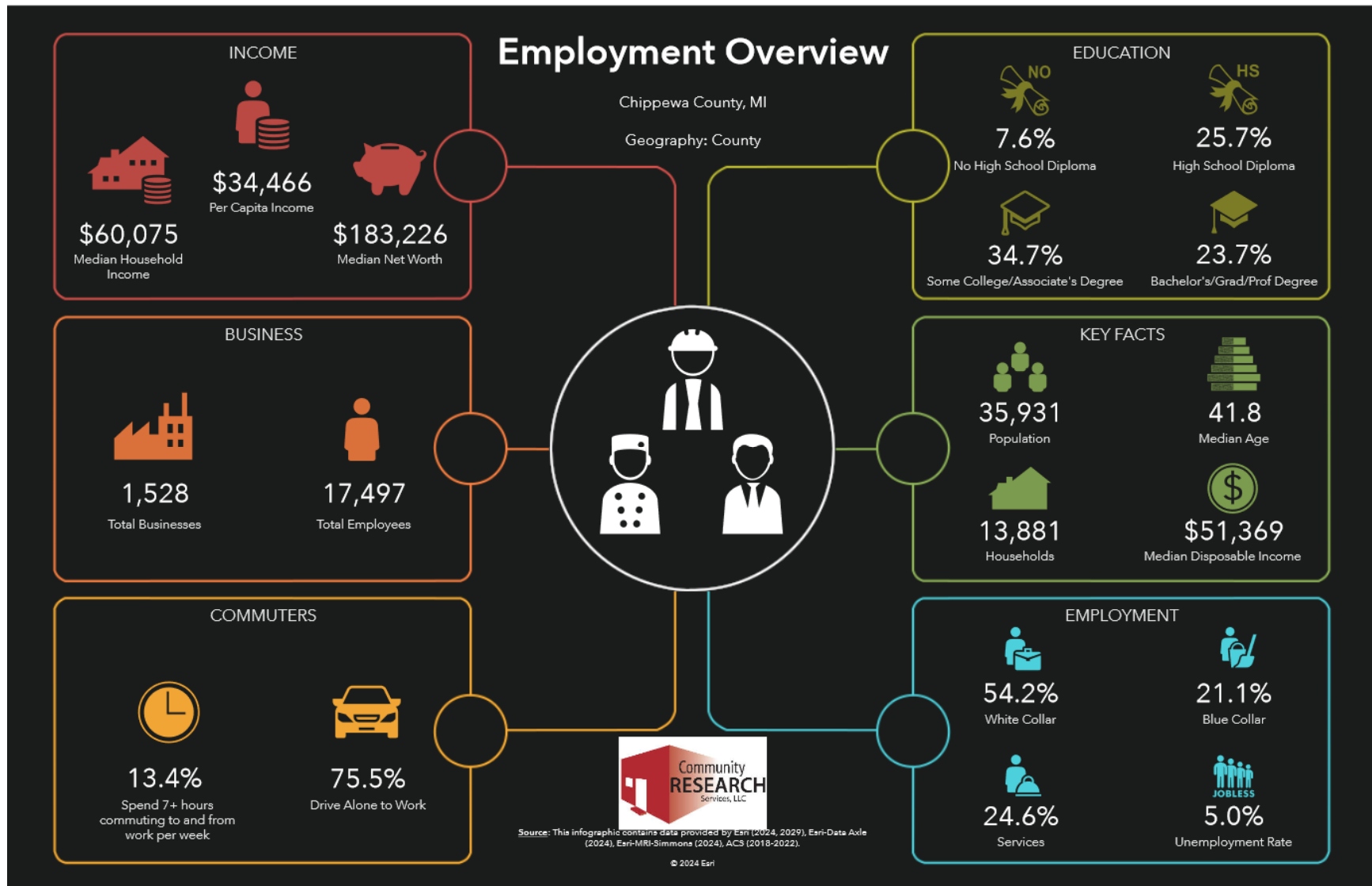
Geography: County



Source: This infographic contains data provided by Esri (2024), Esri-Data Axle (2024), ACS (2018-2022), Esri-U.S. BLS (2024), AGS (2024).

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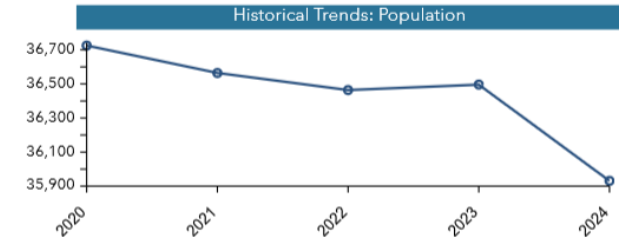


Population Trends and Key Indicators

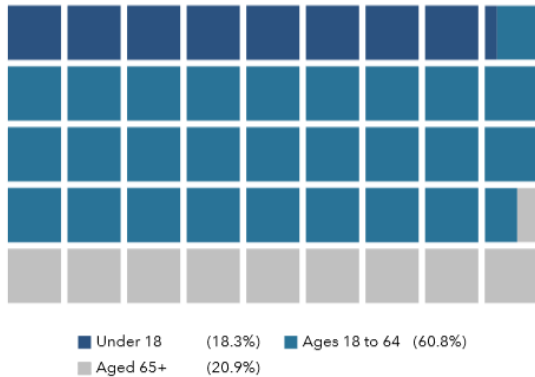
Chippewa County, MI
Geography: County

35,931	13,881	2.29	41.8	\$60,075	\$162,299	74	139	53
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

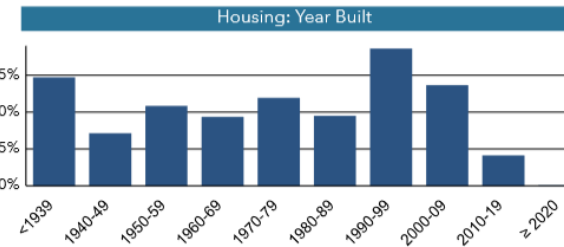
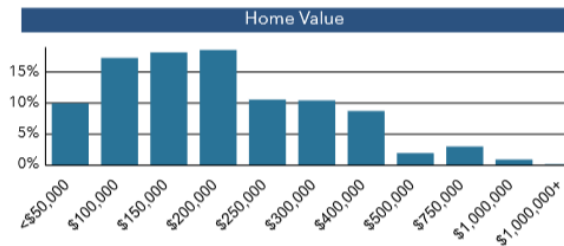
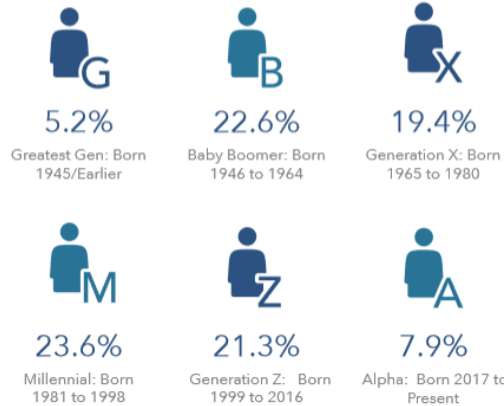
MORTGAGE INDICATORS



POPULATION BY AGE



POPULATION BY GENERATION



Source: This infographic contains data provided by Esri (2024, 2029), Esri-U.S. BLS (2024), ACS (2018-2022). © 2024 Esri

Housing Needs Assessment – Chippewa County – November 30, 2024

CHIPPEWA COUNTY PRINCIPAL EMPLOYERS—2022			
COMPANY NAME	LOCATION	DESCRIPTION	# OF EMPLOYEES
Sault Ste. Marie Tribe of Chippewa Indians	EUP Counties	All business, including governmental positions	1000
My Michigan Medical Center	Sault Ste. Marie	Health—Hospital	900
Bay Mills Indian Community	Brimley	All business, including governmental positions	645
Lake Superior State University	Sault Ste. Marie	Post-Secondary Education	597
Wal-Mart Supercenter	Sault Ste. Marie	Retail & Grocery Store	300
Sault Ste. Marie Area Public Schools	Sault Ste. Marie	Education	252
C-L-M Community Action Agency	Sault Ste. Marie	Social Services Organization	221
Chippewa County	Sault Ste. Marie	Government	212
EUP Intermediate School District	Sault Ste. Marie	Education	200
Bay Mills Community College	Brimley	Post-Secondary Education	176
Cloverland Electric Cooperative	Dafter	Utilities	120
Rudyard Area Schools	Rudyard	Education	98
Superior Health Support Systems	Sault Ste. Marie	Health	90
Soo Cooperative Credit Union	Sault Ste. Marie	Financial Institution	85
TN Michigan	Sault Ste. Marie	Manufacturing	84
Chippewa County Road Commission	Sault Ste. Marie	Road Maintenance	70
Central Savings Bank	Sault Ste. Marie	Financial Institution	68
Superior Fabrication	Kincheloe	Manufacturing	66
Northern Transitions	Sault Ste. Marie	Recycling & Rehabilitation Services	65
Pickford Public Schools	Pickford	Education	60
Smithers MSE	Brimley	Testing Facility	55
Chippewa County Health Department	Sault Ste. Marie	Health	54
J & S Lodge	Paradise	Hospitality	51
Tri-County Building Center	Pickford	Retail	50
DeTour Area School District	DeTour	Education	47
EUP Transportation Authority	Sault Ste. Marie	Transit Authority	46
Tahquamenon Falls Brewery Pub	Paradise	Restaurant and Brewery	46
Carmeuse	Drummond Island	Mining	44
Great Lakes Shipwreck Historical Society	Sault Ste. Marie	Museum	43
Chippewa County DHHS	Sault Ste. Marie	Social Services	42
Bell Tourist Enterprises	Sault Ste. Marie	Retail	40
Great Lakes Roofing	Sault Ste. Marie	Construction	38
Holiday Inn Express	Sault Ste. Marie	Hospitality	38
Marchetti Distributing	Sault Ste. Marie	Wholesale Beer and Wine Distribution	36
Fudge Du Locke	Sault Ste. Marie	Retail	35
Great Lakes Shipwreck Museum	Paradise	Museum	32
Source: EUPRPDC Employer Survey, 2022.			
Disclaimer: May not include all major employers in the county, but only those that responded to the survey.			

ESRI Tapestry Information

A method of describing the socio-economic patterns that are prevalent within a specific community has been developed by ESRI (Environmental Systems Research Institute, Inc.), a leading provider of demographic and economic data and forecasts. 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>.

A brief description of these Tapestry Segments provides an indication of market potential from a more qualitative standpoint:

Tapestry Segment	Brief Description	% of Chippewa County Households	% of U.S. Households
Salt of the Earth	Moderate incomes, families w/children, mostly homeowners, lower educational attainment	17.4%	2.8%
Traditional Living	Younger families with children, employed within non-professional jobs, with low-to-moderate incomes	16.6%	1.9%
Rural Resort Dwellers	Moderate income singles/couples, empty nesters, mostly homeowners, near retirement	15.8	1.0%
Rustbelt Traditions	Moderate income families, homeowners, within established neighborhoods	10.4%	2.1%
Small Town Sincerity	Lower-income singles/couples, mix of renters/owners, mix of ages but mostly 55+, still employed	10.0%	1.8%
College Towns	Non-family households, lower incomes, students or university employees	7.7%	0.9%
Middleburg	Younger families w/children in older homes, moderate incomes	4.3%	3.1%
Set to Impress	Singles/couples that rent, mostly students with lower incomes	3.5%	1.6%
The Great Outdoors	Moderate-income couples, some with older children, mostly homeowners, ready for retirement	3.5%	1.6%
Comfortable Empty Nesters	Moderate/higher income singles/couples, empty nesters, within owner-occupied homes, near retirement	3.3%	2.4%

Housing Needs Assessment – Chippewa County – November 30, 2024

Old and Newcomers	Singles that rent, moderate incomes, combination of young and empty nesters	3.0%	2.3%
Hometown Heritage	Blue collar families with lower incomes, mostly renters	2.1%	1.2%
Prairie Living	Moderate income families, homeowners, mix of self-employed & wage earners, in rural areas	2.0%	1.0%
Dorms to Diplomas	Young students with limited incomes, renters	0.3%	0.5%
Total		100.0%	23.9%

Within Chippewa County, 14 separate segments were identified by ESRI as representing a significant portion of the overall population. All but one are described as either moderate income or lower income household groups, with most described as established families or senior households. The segments do reflect a range of incomes, economic status, and likely household types found within the market area, but the differences among these groups are not substantial when taking the entire range of possible household characteristics into consideration. The data is a strong reflection of Chippewa County’s concentration of family-oriented households, older adults/retirees, students, persons with non-professional backgrounds, and generally lower-income households.

In terms of ideal segment characteristics, just one of the Tapestry segments is indicative of a group that would be ideal for market rate rentals or moderate/higher income homeownership housing units – “*Middleburg*” (4.3 percent of the county’s composition). This is not to say that additional households with desirable characteristics are not present, but that the predominant household/family characteristics lean toward moderate pricing in terms of housing opportunities. While individuals within these attractive segments are likely present, these categories are not sufficiently large to be clustered within this analysis.

ESRI Tapestry segments found within Chippewa County reflect a limited degree of key target market characteristics, while many of the identified segments indicate the increasing influence of senior households

According to ESRI, three Tapestry segments are oriented toward, or somewhat lean toward, senior households that may fall within the desirable target market segments – ideal for market rate rental housing or condominium-style homeownership opportunities. This is a reflection of the community’s increasing degree of aging in place, ultimately emulating many

other communities across northern Michigan and the Upper Peninsula in which the senior segments represent the most prominent features and sources of growth. These three segments are “*Rural Resort Dwellers*” (15.8% of the county’s composition), “*The Great Outdoors*” (3.5%), and “*Comfortable Empty Nesters*” (3.3%). These segments represent a total of 22.6 percent of the county’s households.

Most of these Tapestry categories feature commonalities that do not directly reflect the primary factors shared across the target markets, such as moderate/higher income levels, moderate to advanced educational attainment, and professional background ranging from entry-level positions 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. However, the data does indicate the strong influence of seniors upon the community, along with confirmation of Chippewa County’s primary demographic and economic characteristics. The Tapestry data also illustrates the limited concentration of younger households, exhibiting low to moderate income levels, with education/employment base mostly reflective of non-professional occupations.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across Chippewa County ranges from substandard mobile homes, individual apartment units, modest single-family structures, to luxury homes with the most modern features, intended for a wide range of incomes, household segments, and target market groups.

While not as diverse as housing options found within suburban and urban sections of Michigan, the county’s housing stock is a reflection of the region’s economy, prevailing incomes, and increasing concentration of retirees. Among owner-occupied units, one way to demonstrate the various segments of the home sales market is to broadly describe what is currently available across Chippewa County. According to www.Realtor.com a total of 127 homes are currently for sale with a Chippewa County address. Of these 127 homes, just 15 are priced below \$100,000 (12 percent). A total of 45 homes are priced between \$100,000 and \$200,000 (35 percent), while 28 homes are listed between \$200,000 and \$300,000 (22 percent). The remaining 39 homes (31 percent) are priced above \$300,000, with the majority of these homes less than \$500,000. Based on 2024 ESRI household estimates, 127 homes represent just over one percent of the county’s occupied housing stock (1.22%), which represents a quite small number of homes available for purchase, and well below prior years in terms of volume. This level of home sales activity is due to a combination of reduced housing development activity, increasing price levels, reduced migration trends (regionally and nationally), and perhaps uncertain or shifting economic conditions (partially due to the 2020 pandemic, among other factors).

Among the homes currently for sale, the number of one/two-bedroom and three-bedroom homes are equal, with a smaller number of larger-sized homes available for sale. 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.	Average Year Built
One/Two-Bedroom	34	\$164,000	\$217,341	1,046	\$207.78	1970
Three-Bedroom	55	\$189,900	\$233,120	1,588	\$146.80	1965
Four+ Bedroom	38	\$324,500	\$373,061	2,316	\$161.08	1960
TOTAL	127	\$214,900	\$266,437	1,661	\$160.41	1975

It is evident from the data that size, and most likely age, are characteristic of smaller-sized homes available for sale. In addition, many of these smaller-sized homes were in many cases originally intended seasonal use, or reflect primarily recreationally-oriented structures, rather than homes utilized for traditional year-round occupancy.

One/Two-bedroom homes are clearly smaller, on average, as compared to the overall housing stock available for sale. Unit sizes for nearly all homes are smaller than most modern-style homes in terms of overall square feet, and are likely reflective of the range of styles constructed over the past few decades. Pricing for this sample of homes is also greatly influenced by the size of the acreage included, for which many of the rural homes for sale are found on large parcels of land, thus inflating the price notably in many instances. This is mostly true for the four-bedroom homes, which also are reflective of the prevalence of higher-priced luxury homes. Among the homes for sale, 22 percent are located on lots of at least five acres, with many of the rural locations consisting of significantly larger lots.

The overall average year of construction among these homes is 1965 – indicative of the community’s relatively aged housing stock, and a lack of recently developed homeownership opportunities. The current time on the market varies greatly among the for-sale data, ranging from one day to more than 400 days, with the average period at 121 days, primarily due to a few long-term outliers. The median for sale period is much lower, at 87 days among the 127 homes surveyed. The majority of homes for sale are standard stick-built structures, with two condominiums and a few mobile homes, all within the lowest price range regardless of the location. Price adjustments among these homes currently for sale quite prevalent, as 41 percent have enacted a price adjustment (all downward), with the distribution of these adjusted homes found among nearly all price segments. One home was specifically listed as a foreclosure. The price shifts and longer sales periods are reflections of the market’s shift in favor of buyers.

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 found around De Tour Village, Drummond Island, and sections of Sault Ste. Marie. A summary of for sale information by community is found within the following table:

Housing Needs Assessment – Chippewa County – November 30, 2024

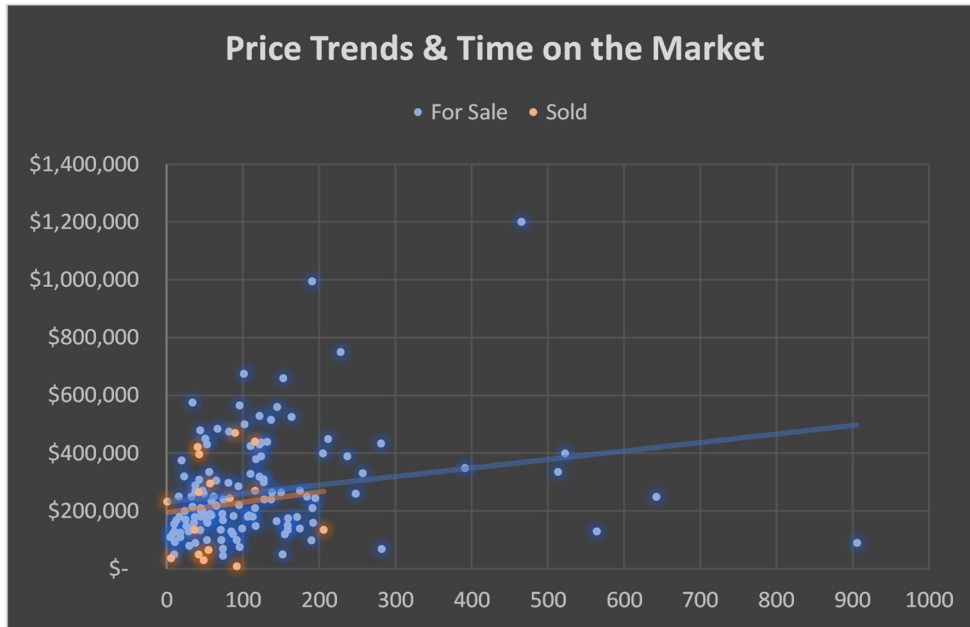
City or Town	Average Price	Average Size	Average Build Date	Average For Sale Period	# of Homes For Sale
Brimley	\$234,850	1,783	1981	96	4
Dafter	\$299,000	2,388	1979	51	6
De Tour	\$304,400	1,664	1968	148	11
Drummond Island	\$282,667	1,521	1987	289	9
Eckerman	\$241,000	1,076	1968	108	2
Goetzville	\$586,333	2,021	1985	228	3
Kinchloe	\$154,225	2,006	1962	59	4
Kinross	\$292,225	1,680	1979	48	4
Neebish Island	\$89,900	696	1975	905	1
Paradise	\$371,200	1,308	2012	142	4
Pickford	\$170,000	1,302	1988	72	3
Rudyard	\$263,060	1,649	1976	55	5
S.S. Marie	\$240,405	1,657	1947	93	58
Sugar Island	\$303,371	1,718	1979	161	7
Trout Lake	\$235,560	1,448	1975	97	5
Whitefish Township	\$180,000	937	2002	107	1
OVERALL	\$266,437	1,661	1965	121	127

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 a four-month period. For this time period (approximately 120 days), just 16 homes within Chippewa County were sold, according to www.realtor.com. Among these, five were priced below \$100,000, while four were priced above \$300,000. The largest category of these sales are three-bedroom homes, representing 63 percent of all homes sold. The primary finding comparing this data to the for-sale information is the generally reduced pricing levels found on average for the recently-sold information, as actual sale prices are notably lower than asking prices currently available. A summary of the data includes the following:

	# Sold	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	5	\$232,000	\$182,180	895	\$203.55	1994
Three-Bedroom	10	\$215,000	\$233,930	1,339	\$174.71	1984
Four-Bedroom+	1	\$245,000	\$245,000	2,200	\$111.36	1992
TOTAL	16	\$238,500	\$218,450	1,254	\$174.20	1988

Other interesting notes from the data include:

- The average period on the marketplace for the recently sold properties was 67 days, ranging from one day to more than 200 days. Among these recently sold homes, 75 percent were sold within a 90-day period. For the currently for-sale properties the average ongoing listing period is 121 days. A graph of these trends demonstrates the difference (removing the most extreme values):



The trend line shows the relationship between pricing and time on market. A slight relationship is present regarding recently sold pricing and time on the market, with a correlation coefficient of just 0.2147, indicative of a very weak relationship between price and time.

From the realtor.com data, a graph of median days on the market, demonstrating a recent trend downward in terms of sale period, with the most recent data from November 2024:

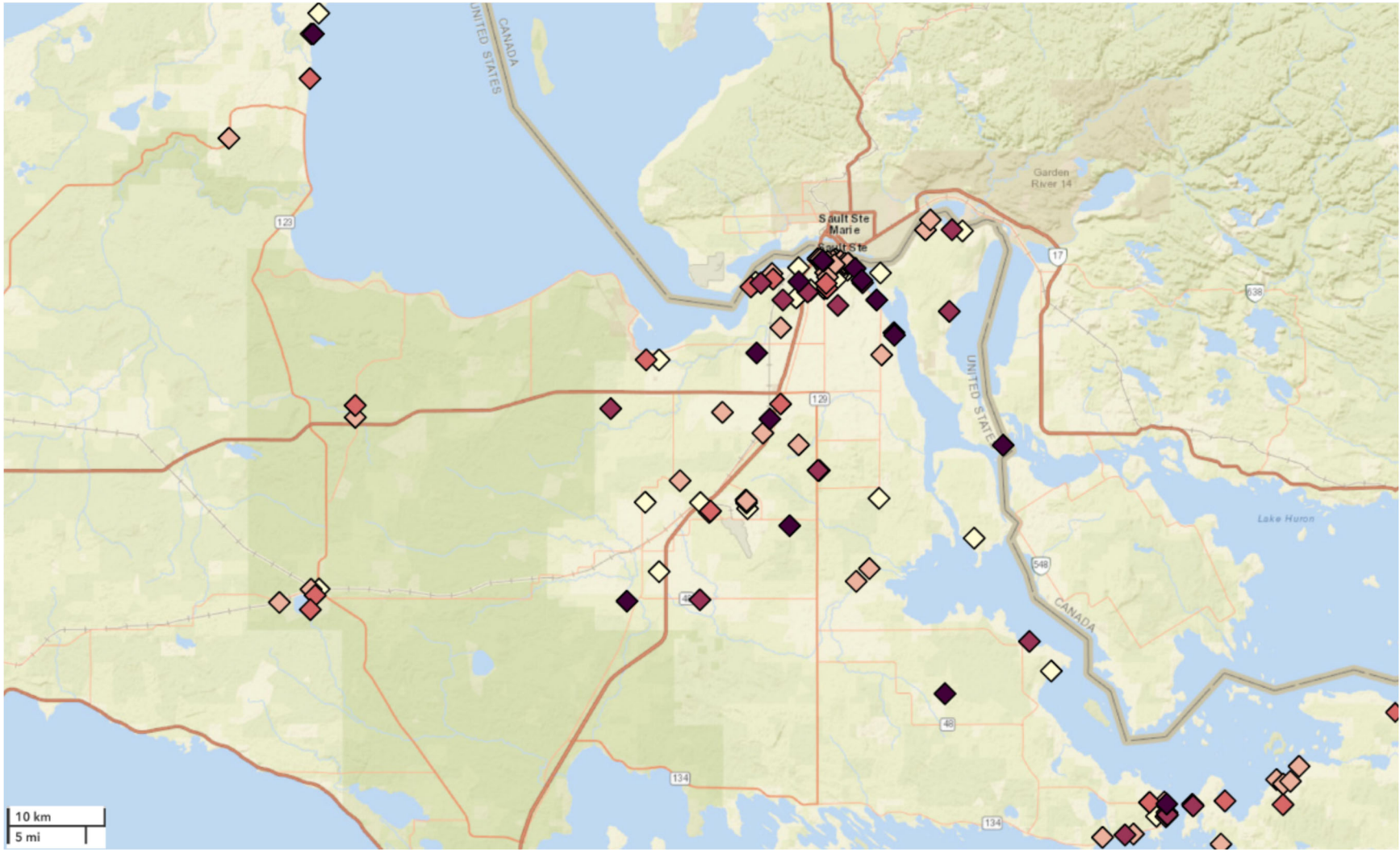


- A sizable portion of the homes currently for sale have dropped price from the original listing rate, with most price adjustments typically \$5,000 to \$10,000. Based on the

realtor.com information, 41 percent of current listings have made price adjustments, greatly contributing to the buyers' market status.

- Average year of construction for the sold properties was 1988, notably newer than the current for sale listings average of 1965. The for-sale data indicates an aged housing stock is present, particularly within Sault Ste. Marie. The for-sale homes within the Soo region are measurably older than prevailing figures regarding sales data from Gaylord and Traverse City, but are more comparable to the prevailing age across the Alpena area, based on recently completed examinations over the past two years.
- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are nearly all found within the Southeast region. The lower-priced options were found within Sault Ste. Marie and other sections of the Central region.
- The lower than typical number of homes available for sale, and the low number of homes that have been recently sold, are both a direct reflection of the lack of housing supply across Chippewa County, and such trends are prevalent across most of Michigan. These trends are illustrated within the annual construction data from the US Census Bureau. A simple lack of supply is evident, but other contributing factors are also present within the Soo region, such as reduced housing development activity over the past decade, as well as a limited degree of housing options found within the community.

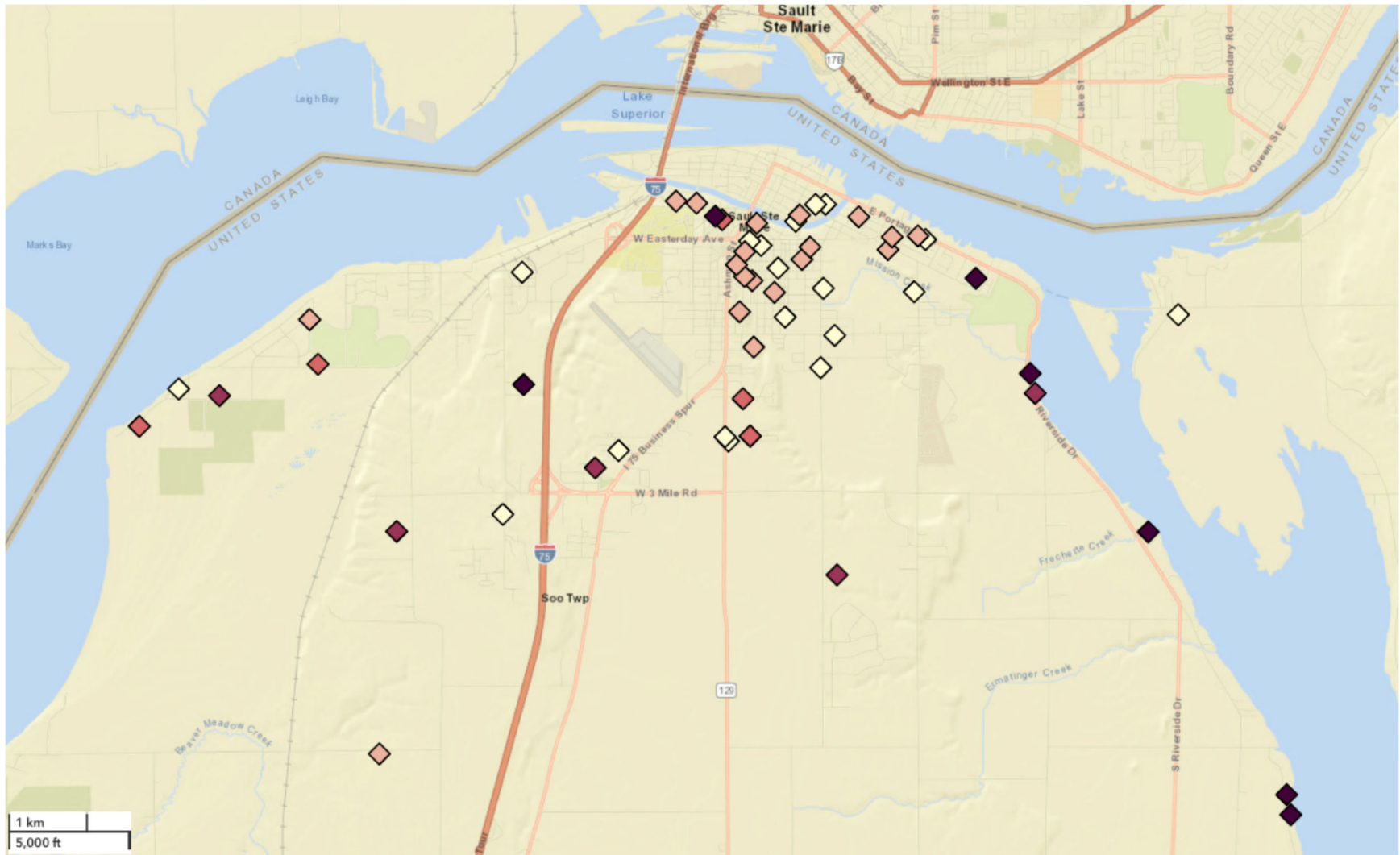
Map: Homes Currently for Sale – Chippewa County



Housing Needs Assessment – Chippewa County – November 30, 2024



Housing Needs Assessment – Chippewa County – November 30, 2024



Within the market area, twenty open/family rental apartment developments were identified and surveyed for this analysis, representing a total of 878 rental units (accounting for approximately 31 percent of all rentals across the market area). Among these units, most are two-bedroom options, followed by one-bedroom alternatives. Three-bedroom units within traditional apartment buildings are somewhat sparse within the market area. Three developments were constructed through a Low Income Housing Tax Credit (LIHTC) allocation from the Michigan State Housing Development Authority (MHSDA), and offer units with rent and income limits up to 60 percent of Area Median Income (AMI), with specific rents and income limitations based on household size. For Chippewa County, the 2024 median income is \$81,000, with LIHTC income limits based on 60 percent of this level, adjusted for household size. Two properties are public housing developments with deep subsidies for each unit. The LIHTC and RHS open/family properties within the Soo region include:

- Osborn Commons – 65 units (2020) - LIHTC
- Woodfield Apartments – 48 units (1987/2009) – LIHTC/Rural Housing
- Park Place – 24 units (1900/2011) - LIHTC

The average year of construction among this group is 1974, indicative of a generally aged rental housing market. Historical occupancy levels have been stable to strong, based on current and prior reviews of the market area by Community Research and examination of other rental housing research/studies completed by other firms over the past twenty years. Waiting lists are found at most developments. The market for rental units overall is typically very stable, and reflects essentially full occupancy across various segments and types of units. This market depth is a reflection of demand influences from LSSU as well as overall housing demand potential. A review of demographic data and comparisons to available rental units points to market potential within both the affordable/workforce segments as well as the market rate/unrestricted segment. The demand potential for market rate/unrestricted rental units is perhaps stronger than the affordable segment, but overlap between the two segments is highly likely. Market rate demand is also served by various rental homes and other housing alternatives within the city and surrounding areas.

Excluding assisted-living or intensive care facilities, a total of eight apartment properties were identified that are restricted to senior occupancy or homeless individuals, developed through deep subsidy sources (public housing or HUD) as well as MSHDA or the use of a

LIHTC allocation. In all, 385 units fall within this category, with most apartments consisting of one-bedroom units (69 percent), while the remaining units consist of two-bedroom units. With the open/family units discussed previously, the combined senior & open/family apartment units represent approximately 46 percent of the Central Market Area’s rental units estimated for 2024.

Additional Rental Options

As indicated previously, rental units have historically been a smaller portion of the rental housing options within Chippewa County. Based on the latest American Community Survey data, single family rentals represent approximately 49 percent of all available units within the Northwest and Southeast Areas (representing 88 percent and 82 percent of the total rentals, respectively). Multiple unit structures (duplexes and larger) accounted for 47 percent of the county’s rental options, while other options (mobile homes, boats, recreational vehicles, etc.) accounted for just four percent of the total. These multiple-unit concentrations are concentrated within Sault Ste. Marie and the Central Market Area, as indicated within the associated tables. Given the proximity of most of these units to various lake and water features, along with the higher degree of retirees and vacationers in that section of the county, these trends are not surprising. What is surprising is that the number of mobile home rental units across the county represents such a small percentage of housing options – in many adjacent sections of northern Michigan mobile homes are more prevalent as an active portion of the total rental housing stock. Among owner-occupied units, the vast majority are single family structures with very few condominium-style options available for sale. These single-family structures occupied by homeowners reflect 89 percent of all such units across the county. The only other notable home ownership concentration is among mobile homes and other non-traditional units, which represent 9.5 percent of the county’s owner-occupied units.

Overall, 1,087 mobile home units were estimated as occupied households across Chippewa County, based on the latest American Community Survey data. The vast majority of these units (88 percent) are owner-occupied, with most found with Central Market Area’s locations outside of the city. Four separate mobile home or manufactured home parks are located within the Soo region, with approximately 150 units; the remaining mobile homes are found on individual lots across the county.

The balance of the rental market reflects rental homes, including those primarily leased on a seasonal basis. A limited number of rental homes are noted within available public listings, but such options are always rare, and are perhaps even more difficult to lease within the Chippewa County marketplace.

According to the U.S. Census Bureau, 5,143 housing units were considered seasonal/recreational/occasional use vacancies across Chippewa County. Combined with other housing units that are vacant due for other reasons, the total percentage of vacant units represented 32 percent of the county’s housing stock. These units are found essentially across most of the county, with the exception of Sault Ste. Marie. This concentration of seasonal units not used for permanent occupancy is not unusual, and is common throughout northern lower Michigan and the Upper Peninsula. In fact, the percentage of such units within Chippewa County lags behind Luce and Mackinac Counties. These figures are similar to those collected specifically for the 2020 Census.

What is of concern is the utilization of substandard units that typically fall within a seasonal use category being used for permanent year-round shelter. While such options may be, in some cases, modern and attractive options, it is those units that are leased at a discount due to substandard amenities or unit features that are not suitable for permanent occupancy which skew housing stock figures to some degree.

Table: Housing Units by Type & Occupancy

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Total Housing Units	6,499	4,407	12,136	3,806	20,349
Occupied Units	5,787	2,396	9,638	1,713	13,747
Percent Occupied	89.0%	54.4%	79.4%	45.0%	67.6%
Vacant Units:	712	2,011	2,498	2,093	6,602
For Rent	280	35	294	25	354
Rented - Not Occupied	4	5	4	11	20
For Sale	37	34	57	62	153
Sold - Not Occupied	31	27	31	0	58
Seasonal/Recreational Use	106	1,793	1,526	1,824	5,143
For Migrant Workers	0	0	0	0	0
Other Vacant	254	117	586	171	874
Percent Vacant	11.0%	45.6%	20.6%	55.0%	32.4%
Percent Vacant Less Seasonal Use	9.5%	8.3%	9.2%	13.6%	9.6%
SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau					

Table: Population by Household Type & Relationship

	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
In Households	12,404	6,615	22,668	3,695	32,978
Percent of Total Population	92.5%	71.2%	95.7%	99.9%	89.9%
Householder	5,787	2,396	9,638	1,713	13,747
Living Alone	2,573	554	3,391	560	4,505
Not Living Alone	3,214	1,842	6,247	1,153	9,242
Male	2,572	1,288	4,731	1,022	7,041
Female	3,215	1,108	4,907	691	6,706
Spouse	1,839	1,249	4,152	954	6,355
Unmarried Partner	501	234	819	70	1,123
Children	3,229	1,931	6,303	843	9,077
Other Relative	463	383	954	96	1,433
Non-Relative	585	422	802	19	1,243
In Group Quarters	1,005	2,674	1,013	5	3,692
Percent of Total Population	7.5%	28.8%	4.3%	0.1%	10.1%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Four additional acute care senior facilities are also located within Sault Ste. Marie. These include:

- Freightier View – 41 units – independent/assisted living
- McKinley Manor – 12 units – assisted living
- Hearthside Assisted Living – 50 units – assisted living
- MediLodge of Sault Ste. Marie – 114 beds – assisted living/nursing care

Additional acute care senior options are also found within smaller-sized group homes that are present within the immediate area. Given the projected growth within the senior segment and the degree of aging in place found across the county, additional market potential for similar senior housing options is likely into the next decade.

Demand potential for various senior housing options, including assisted living rental units, will continue throughout the balance of the decade, as younger seniors continue to age in place, additional migration of seniors from across the region continues, and existing elderly residents transition from independent living status into various levels of additional care, such as assisted living. The status of these existing developments, prevailing senior household trends, and continued demand for additional personal care services for those local seniors that age in place points to continued market potential. Given the price points for such options, private sector operations are likely to demonstrate continued interest in such housing options within the

Soo region.

As discussed previously, the Soo region features a number of short-term/seasonal homes, ranging from the minimally modest single room structures to luxurious vacation homes with a wide range of amenities. Based on available short-term rental data such as VRBO, more than 51 structures are available for short-term lease in December to the public within Sault Ste. Marie. Across all of Chippewa County, an additional 52 listings are found within Drummond Island, and 42 listings within the Paradise area. Pricing for December rentals vary somewhat, but range between \$120 to \$495 per night, with a wide range of sizes, locations, and features available. These short-term rental totals are not unreasonable, given the comparable price of hotels and traditional short-term leasing alternatives. The number of seasonal and vacation homes across Chippewa County also points to the likely high volume of short-term rentals.

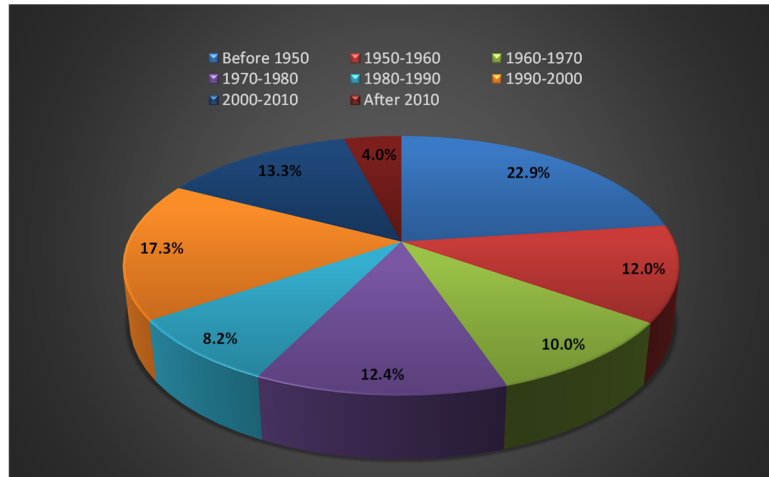
A significant number of seasonal structures are not readily available to the public, but still reflect a segment of the overall housing stock. However, future concerns are present regarding the potential increase in short-term rental use, particularly if such rentals are removed from the permanent housing stock that would normally be available for long-term occupancy or for home purchase. Most recently entire apartment developments within northwest lower Michigan are converting from permanent occupancy to short-term rentals, representing a troubling trend for those households and families seeking to relocate to the region.

One of the primary housing issues within Chippewa County and much of Michigan is simply a lack of supply. Up until the mid-2000s, housing construction trends were generally similar to prior decades, in which sufficient number of units were developed to meet the prevailing demand potential. While high-growth and high-income communities experienced some degree of limited supply, most sections of Michigan were in balance regarding development activity and market demand. After the housing crisis of 2008 and subsequent recession, a great deal of Michigan's construction and development talent and infrastructure was either forced out of business, retired, or, mostly relocated to other sections of the nation, such as Texas, Arizona, or Florida.

Based on our firm's research and experience over the past decade, only a few sections of the Detroit Metro Area and Grand Rapids region have not experienced this reduction in development activity. Reduced development capacity, coupled with a slowly recovering

economy over the next few years, has resulted in the lowest housing permit activity and construction trends in the past 70 years. These trends are clearly demonstrated within the following tables, and have been a primary factor in the current issues that most sections of Michigan are facing.

Graphic: Occupied Households by Year Built – Chippewa County



The lack of supply is evident within both the owner-occupied side and renter-occupied side of the county’s inventory, as within the following tables. Just 4.5 percent of the county’s homes occupied by homeowners had been constructed between 2010 and 2022. Among renters, these trends are indicative of even less development activity in terms of new rental housing alternatives, as less than three percent of existing rental units were constructed between 2010 and 2022. These figures are based on the latest American Community Survey data, with a 2022 baseline, so some subsequent development activity has taken place, but certainly not enough to overcome the prior decade’s minimal construction trends.

Rental housing development over the past decade is primarily due to affordable developments that have been constructed with a Low Income Housing Tax Credit allocation. The last sizable new construction rental apartment property developed was Osborn Commons, in 2020. However, renovations of some developments have taken place over the past two decades, and any rental conversions that may take place would (most likely) necessitate some degree of rehabilitation or renovations.

Even within a marketplace with reduced demand potential or limited economic growth, new rental housing and owner-occupied housing needs are present. As Chippewa County

continues to exhibit aging in place by local residents and senior citizen migration trends, continued demand for housing alternatives will remain in place, with impacts upon the non-senior housing alternatives as well.

Table: Occupied Owner Households by Year Built

<u>OWNER HOUSEHOLDS</u>	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Built Earlier than 1950	1,640	219	1,887	237	2,343
Percent of total owner households	47.9%	12.7%	27.8%	14.9%	23.2%
Built 1950 - 1959	577	234	852	127	1,213
Percent of total owner households	16.9%	13.5%	12.5%	8.0%	12.0%
Built 1960 - 1969	189	396	428	111	935
Percent of total owner households	5.5%	22.9%	6.3%	7.0%	9.2%
Built 1970 - 1979	280	187	831	227	1,245
Percent of total owner households	8.2%	10.8%	12.2%	14.3%	12.3%
Built 1980 - 1989	174	102	523	157	782
Percent of total owner households	5.1%	5.9%	7.7%	9.9%	7.7%
Built 1990 - 1999	310	273	1,169	406	1,848
Percent of total owner households	9.1%	15.8%	17.2%	25.5%	18.3%
Built 2000 - 2009	173	243	811	245	1,299
Percent of total owner households	5.1%	14.0%	11.9%	15.4%	12.8%
Built 2010 or Later	81	76	298	81	455
Percent of total owner households	2.4%	4.4%	4.4%	5.1%	4.5%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

Table: Occupied Renter Households by Year Built

<u>RENTER HOUSEHOLDS</u>	<u>City of Sault Ste. Marie</u>	<u>Northwest Market Area</u>	<u>Central Market Area</u>	<u>Southeast Market Area</u>	<u>Chippewa County</u>
Built Earlier than 1950	622	107	661	34	802
Percent of total renter households	26.3%	16.1%	23.3%	27.9%	22.1%
Built 1950 - 1959	126	265	169	2	436
Percent of total renter households	5.3%	39.8%	6.0%	1.6%	12.0%
Built 1960 - 1969	260	142	277	16	435
Percent of total renter households	11.0%	21.3%	9.8%	13.1%	12.0%
Built 1970 - 1979	317	73	365	18	456
Percent of total renter households	13.4%	11.0%	12.9%	14.8%	12.6%
Built 1980 - 1989	262	16	318	15	349
Percent of total renter households	11.1%	2.4%	11.2%	12.3%	9.6%
Built 1990 - 1999	314	45	467	13	525
Percent of total renter households	13.3%	6.8%	16.4%	10.7%	14.5%
Built 2000 - 2009	406	14	493	24	531
Percent of total renter households	17.2%	2.1%	17.4%	19.7%	14.6%
Built 2010 or Later	56	4	89	0	93
Percent of total renter households	2.4%	0.6%	3.1%	0.0%	2.6%

SOURCE: 2018-2022 American Community Survey, U.S. Census Bureau

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2024 and three-year projections for households within the target market income ranges, defined across three segments by eligible income – affordable, workforce/moderate income, and market rate/unrestricted. For the open demand forecasts, the affordable income eligibility range is between \$20,000 and \$50,000, 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 60 percent to 80 percent AMI range, also referred to as the workforce housing segment, has an income range of \$35,000 to \$65,000. The market rate/unrestricted range is \$45,000 to \$120,000, with the upper range capped under the assumption that households with higher incomes would have a wider range of choices available, as well as providing a level of conservatism within the calculations. The income ranges are rounded, but are based on the latest income eligibility information from HUD and the IRS. The eligibility ranges for the affordable and workforce segments reflect 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.

For the open/family rental housing demand forecasts, the Central Market Area is utilized based on the assumption that a probable location is within Sault Ste. Marie or adjacent areas, and that a location for rental housing development would not ideally serve the entire county as a Central Market Area location. This reflects the advantages within the Central Market Area in terms of transportation routes, available retail outlets, and proximity to most employment and services locations. Use of this market area also provides a conservative, but reasonable, estimation of statistical demand. Demand potential from the balance of Chippewa County represents a viable secondary market source, along with workers from surrounding areas that wish to relocate to the Soo region.

The moderate-income segment of the housing marketplace includes the “Missing Middle” or workforce housing segments commonly referred to within various media and housing studies. From an Area Median Income (AMI) standpoint, a conservative measure of workforce

rental housing demand is the income band between 60 percent of AMI and 80 percent of AMI. At times the range up to 100 percent or even 120 percent of Area Median Income is used to broaden the income range, but for this rental housing demand, we will utilize the original definition (up to 80 percent AMI), and leave the balance of the segment to reflect an overall market rate (unrestricted) income band. These levels are measured within the following statistical demand forecasts.

What is important to note is the degree of overlap that generally exists between the various demand segments – as this is a reflection of the market choices facing various households based on prevailing income patterns. Many households may select a housing option purely based on price, while other households would consider the project’s location, amenities, quality, or other considerations. Thus, each segment has some degree of overlap that takes such choices and alternative into consideration.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2024) 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 2027.

Statistical demand forecasts point to additional demand potential for primarily workforce and market-rate rental units

The resulting demand forecast is 73 affordable units, 65 workforce housing units, and 137 market rate units. Based on an ideal penetration rate at approximately 2.5 percent, estimates of “ideal” unit sizes for each demand segment can be determined.

The penetration rate ratio is a measure of recommended units compared to the number of age and income qualified households within the defined market area. The ideal penetration rate is at or below two to 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. 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 sufficient demand for affordable units, but essentially all of the demand comes from movership within the market area, rather than a strong degree of household growth. As affordable units are present across Chippewa County, and overlap in terms of eligible incomes is present, the affordable demand may be discounted somewhat in favor of the workforce housing segment, or included within a mixed-income proposal that maximizes the income-eligibility range. Based on these figures, the primary recommendation for rental development would include a combination of workforce housing and market rate units. Secondly, sufficient demand is also present for a stand-alone affordable property, but would join other such units that target households at that income range.

Statistical Demand for Senior Rental Housing Units

A similar statistical method can be used to determine senior rental housing demand. In this case, the demand forecast is based on seniors age 65 and older, as this represents the broadest base of potential senior occupancy, assuming seniors can live an independent lifestyle. Using very similar methodology and three income ranges – affordable (\$15,000 to \$35,000), moderate income (\$25,000 to \$50,000) and market rate (\$40,000 to \$120,000), a 2027 demand for senior rental housing was calculated at 76 units within the affordable range, 71 units within the moderate-income range, and 146 units within the market rate income range. Under a senior demand forecast, the corresponding ideal penetration rate is also two to three percent, and a capture rate less than 50 percent. Using these ratios, the suggested unit sizes are 24 affordable senior units, 24 moderate-income senior units and 56 market rate senior units. Both the demand levels are suggestive of a moderate level of demand.

The defined market area for the senior demand forecasts includes all of Chippewa County. This assumes that a centrally located senior housing facility, with close proximity to available retail, service, and medial outlets, and featuring close proximity to available roadways, would attract potential residents from across the county. Secondary market sources would include seniors from adjacent sections of northern Michigan, as well as former residents of the Soo area that wish to return. In addition, secondary market sources for senior housing include the parents or grandparents of existing residents of Chippewa County that are willing to relocate,

in order to be near family members that are providing support from either a daily living or financial standpoint.

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 65 and older. Actual eligibility for most senior housing begins at age 55 and older, but the utilized age segment is reflective of the actual average age of most senior independent living facilities, which typically 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 different area that many include only a portion of Chippewa County, or additional sections of adjacent counties; conversely, specific proposals may permit the use of the entire county as a market area, assuming location and project features are appropriate
- 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 changed in either direction.

Statistical Demand for Assisted-Living Units

The estimation of Assisted-Living senior units is somewhat different than the prior demand estimations, as age and income status are not the primary determinants of demand potential. Net worth, rather than annual income, is utilized to determine viability from a cost standpoint, as it is assumed that persons seeking an Assisted-Living alternative are near the end of their respective lifespans, so all resources are utilized toward the new housing option. Also, while the vast majority of Assisted-Living residents are quite aged, the assumption that all persons beyond at 75 are seeking such an option is not reflective of true market potential. The primary determinant is actually health status, as seniors that are able to live independently, regardless of age, are not part of the market potential for Assisted-Living housing. A reasonable estimation for the likely Assisted-Living target market segment is a combination of age and health status.

An explanation of the demand forecast presented within the following pages for Assisted-Living units includes the following factors. An expanded market area for assisted living units includes all of Chippewa County. As such senior facilities are often concentrated near service corridors and medical alternatives, a broader market area is often utilized to reflect this stronger degree of attraction. In terms of determining income-eligibility, assumptions regarding baseline costs, the anticipated number of years an assisted living household would remain within a complex, and the likely housing cost/net worth ratio providing a minimum net worth level for eligibility. For this analysis, the minimum monthly cost for assisted living units was estimated at \$3,000 per month, with a maximum tenure at a complex of eight years, and assuming that 95 percent of all household resources (net worth) would be dedicated toward assisted living costs.

Under this scenario, a minimum net worth level of approximately \$275,000 was determined. Based on net worth data for seniors age 75+ within Chippewa County, this reflects 41.8 percent of all households 75+, according to ESRI.

A senior household baseline of age 75+ is used for this estimate, reflective of most resident age levels. The 75+ household total is then adjusted by the percentage of households 75+ that exhibit an independent living difficulty, as defined by the American Community Survey. The percentage of households 75+ that exhibit an independent living difficulty was 13.3 percent, based on the most recent American Community Survey data. Applying the net worth and independent living difficulty percentages to the 75+ household baseline for Chippewa County yields a baseline demand potential of 114 households for 2024. With additional senior household growth among the 75+ age cohort, the forecast 2027 demand potential is 118 households.

Other factors worthy of note include:

- Any senior-oriented housing option located within the Soo region would desire a high degree of secondary-market participation, and considering the migration and commuting patterns for the community, such an assumption is perhaps more likely than not. Some secondary market boost will be likely, but perhaps not as impactful as may be expected in other northern Michigan cities/communities.
- This type of demand forecast does not include a movership assumption for eligible households into assisting living units, thus the description demand potential. As a result, using conservative capture and penetration ratios provides a stronger indication of suggested project size. For our example, a project size of 24 units yields a capture rate of 20 percent, and a penetration rate of 2.8 percent – indicating that continued demand potential is present, with additional considerations regarding secondary market potential likely pushing annual demand potential as beyond the 24-unit total.
- Location and marketing considerations are also important, but the reputation and overall impression of the various services related to an assisted living development are critical in terms of maximizing market potential for both local and secondary market sources.
- A broad degree of healthcare and personal care services typically found within assisted living developments would ideally appeal to the broadest number of potential senior households. A mixed-use option of both independent living and assisted living units would provide an option for seniors to age in place, rather than being forced to relocate when circumstances dictate such a decision.

Table: Statistical Demand Calculation – Open Rental Units

2024 Total Occupied Households	9,776			
2024 Owner-Occupied Households	7,010			
2024 Renter-Occupied Households	2,766			
		Total Affordable Range	Total Workforce Range	Total Market Rate Range
QUALIFIED-INCOME RANGE (unduplicated)				
Minimum Annual Income		\$20,000	\$35,000	\$45,000
Maximum Annual Income		\$50,000	\$65,000	and Above
PERCENTAGE SMALL SIZED OWNER HH		66.5%	66.5%	66.5%
PERCENTAGE SMALL SIZED RENTER HH		77.3%	77.3%	77.3%
DEMAND FROM EXISTING HOUSEHOLDS				
Percent Income Qualified Owner Households		16.0%	17.6%	49.0%
Percent Income Qualified Renter Households		37.0%	27.0%	36.6%
Size-Adjusted Income Qualified Owner Households		745	820	2,284
Size-Adjusted Income Qualified Renter Households		792	578	783
Annual Movership Rate - Owner to Renter		4.2%	4.2%	4.2%
Annual Movership Rate - Renter to Renter		5.9%	5.9%	5.9%
Total Income-Qualified Owner to Renter Movers		31	34	96
Total Income-Qualified Renter to Renter Movers		47	34	46
Total Demand from Existing Households		78	69	142
DEMAND FROM NEW RENTER HOUSEHOLDS				
Projected 2027 Renter Households	2,716			
Annual Change in Renter Households, 2024-2027	-17			
Percent Qualified Renter Households		37.0%	27.0%	36.6%
Total Annual Demand From New Households		(5)	(3)	(5)
TOTAL DEMAND		73	65	137
LESS: Total Comparable Units Placed in Service Since 2023		0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0
TOTAL NET DEMAND		73	65	137
IDEAL NUMBER OF UNITS		40	36	72
CAPTURE RATE		54.6%	55.3%	52.4%
PENETRATION RATE		2.6%	2.6%	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

2024 Total Occupied Households 65+	4,707			
2024 Owner-Occupied Households 65+	3,716			
2024 Renter-Occupied Households 65+	991			
\				
		Total Affordable Range	Total Moderate Range	Total Market Rate Range
QUALIFIED-INCOME RANGE (unduplicated)				
Minimum Annual Income		\$15,000	\$25,000	\$40,000
Maximum Annual Income		\$35,000	\$50,000	\$120,000
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+				
Percent Income Qualified Owner Households		16.7%	20.6%	54.2%
Percent Income Qualified Renter Households		36.8%	21.0%	43.4%
Percentage of Seniors without Independent Living Difficulty		86.7%	86.7%	86.7%
Income Qualified Owner Households		537	765	1,748
Income Qualified Renter Households		316	208	373
Annual Movership Rate - Owner to Renter		5%	5%	5%
Annual Movership Rate - Renter to Renter		15%	15%	15%
Total Income-Qualified Owner to Renter Movers		27	38	87
Total Income-Qualified Renter to Renter Movers		47	31	56
Total Demand from Existing Households		74	69	143
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+				
Annual Owner Household Growth, 2024-2027		69	69	69
Percent Income Qualified Owner Households		16.7%	20.6%	54.2%
Annual Renter Household Growth, 2024-2027		18	18	18
Percent Income Qualified Renter Households		36.8%	21.0%	43.4%
Total Demand From New Households		1	1	3
TOTAL DEMAND		76	71	146
LESS: Total Comparable Units Placed in Service Since 2023		0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0
TOTAL NET DEMAND		76	71	146
SUGGESTED NUMBER OF UNITS		24	24	56
CAPTURE RATE		31.7%	33.9%	38.3%
PENETRATION RATE		2.8%	2.4%	2.6%
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				

Table: Statistical Demand Calculation – Assisted Living Senior Units

2024 Total Occupied Households 75+	2,051	
2024 Owner-Occupied Households 75+	1,692	
2024 Renter-Occupied Households 75+	359	
		Market Rate
QUALIFIED NET WORTH RANGE (unduplicated)		
Minimum Net Worth		\$275,000
Maximum Net Worth		And Above
DEMAND FROM EXISTING HOUSEHOLDS - AGE 75+		
Percent Qualified Net Worth Households 75+		41.8%
Percent with an Independent Living Difficulty		13.3%
Total Demand from Existing Households		114
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 75+		
Senior 75+ Household Annual Growth, 2024-2027		75
Percent Qualified Net Worth Households 75+		41.8%
Total Demand From New Households		4
TOTAL GROSS DEMAND		118
PROPOSED NUMBER OF UNITS		24
CAPTURE RATE		20.3%
PENETRATION RATE		2.8%
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

Statistical 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 Chippewa County 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 Chippewa County, based on the latest American Community Survey data:
 - Previous Owner into Owner-Occupied Units: 1.2 Percent (124 units)
 - Previous Renter into Owner-Occupied Units: 1.4 Percent (49 units)

For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 173 units, which is similar to what current sales trends appear to indicate. As the data does not include secondary market sources, these results reflect only a portion of the market potential for Chippewa County.

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 appropriate, and are a reasonable assessment of the degree of movership within the community on an annual basis within a healthy housing market. The movership data is pre-pandemic, so that is an important consideration with the conclusions reached. It should be noted that annual movership levels for most of Michigan and surrounding states have been slowly declining over the past decade; the pandemic's influence upon these trends is not entirely known at this time, but considering the increase in workers employed at home and the "gig" economy (which assumes a household is either totally or partially supported by a series of non-traditional employment arrangements, such as Uber drivers, eBay sales, or other alternatives that previously would be considered more of a hobby rather than the basis of family/household income), a decrease in migration patterns would not be considered unusual.

- Realtor.com describes the local housing market shifting rapidly to a buyers' market, after a period of generally balanced conditions, as the number of homes currently for sale is significantly greater than the number of homes that have been sold over the same period. The median number of days recently sold homes have been on the marketplace is declining as well, as discussed within the prior section detailing local home sales data.
- An alternative method to determine demand potential for owner-occupied housing is to utilize the absorption rate, the period of time in which a home is available for sale. By separating the number of homes sold within a 30-day period and comparing this total to the number of homes available across all categories, we can illustrate the intensity of the home sales market. Based on the recently sold data, the absorption rate was calculated at

1.54 percent – significantly lower than anticipated, and a clear indication of a buyer’s marketplace.

- The number of owner-occupied homes is forecast to slowly increase over the next few years, based on ESRI data. Considering the degree of uncertainty that may be present within the 2020 Census results, the impacts of the pandemic, and actual construction trends regarding rental housing over the past two years, these forecasts are perhaps somewhat uncertain. Future demographic forecasts by both public and private entities, starting this year, will begin to utilize 2020 Census information and post-pandemic American Community Survey data, ideally providing a higher degree of confidence in resulting data and forecasts.
- While some existing owner-occupied 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, 1.6 percent of Chippewa County owner-occupied households are considered substandard, totaling approximately 160 units for 2022.

Impact of Existing and Potential Economic Impacts

The impacts of various economic development activities should provide additional demand potential across much of the Soo region. These ongoing and proposed developments include the following considerations:

- **Soo Locks Project** - Led by the US Army Corps of Engineers and joint venture Kokosing-Alberici, the \$3.2 billion project aims to enhance the Great Lakes shipping infrastructure and support the movement of bulk cargo essential to US industries. Phase 2, now substantially complete, is a crucial step toward the final construction, with full completion anticipated by 2030. The infusion of hundreds of workers has already impacted existing housing alternatives, augmenting occupancy levels within existing rental properties, including both apartments and rental homes. Phase 3 has a base contract of \$1.068 billion, with approximately \$450 million pending appropriation by the federal government, so it can be assumed that continued activity will further solidify rental and short-term housing market conditions.

What has taken place over the past few years is a combination of local housing and commuting by the Locks workforce, some from as far as Gaylord. This is a reflection of available housing options across the Soo and Straits region, and the introduction of additional housing options would alleviate much of the commuting activity that was necessary at the beginning of Phase 1.

- **Mackinac Straits project** – As proposed, Enbridge will build a four-mile tunnel deep under the Straits of Mackinac to house a new segment of the Line 5 pipeline—further protecting Michigan waters, and ensuring an uninterrupted supply of natural gas, oil, and fiber lines. The new tunnel would replace an existing tunnel that has been active since

1953. Currently in the permitting phase with the U.S. Army Corps of Engineers, if approved, construction would begin no earlier than 2026 and take approximately two years to complete. Economic impact would be at least \$500 million, but this is based on a 2019 cost estimate. Much of the impact from a housing perspective would include a combination of part-time housing for skilled workers, with locations likely closer to the Straits area; given the lack of housing across the Eastern Upper Peninsula, however, much of the demand would most likely be directed toward Sault Ste. Marie, which would be perceived as a logical alternative with available options, available services, and within a reasonable commuting distance. Despite Enbridge financing of the project, opposition by various governmental and non-profit organizations has placed the status of the project in question.

- Other Employment Centers of Note within Chippewa County:
 - **Mission Operations Center (MOC)** – In 2021, Chippewa County’s International Airport was selected as the home of command center for the Michigan Launch Initiative. The project is a public/private funded proposal, with collaboration with other locations across the state. With plans to employ up to 100 persons upon final completion, the initiative also involves Lake Superior State University, providing unique specialized training to attract students and aerospace professionals to the region. Working in coordination with Michigan Launch Initiative locations in Oscoda and Marquette, it is estimated that by 2033 generated revenue could reach \$500 million across the three locations.
 - **Lake Superior State University** – despite declining enrollment, LSSU provides specific programs and training that should continue to attract professionals and interested parties to the community for specific training and certification. These include the Cannabis Center for Excellence, Center for Freshwater Research and Education, along with the aforementioned partnership with the Mission Operations Center.
 - **MyMichigan Health System** – the largest healthcare provider within the county, the organization operates facilities in Sault Ste. Marie and Drummond Island. Employing approximately 900 persons at both facilities, the difficulty from a housing standpoint is providing residential options for both temporary and permanent personnel relocations. The lack of options has likely prevented the utilization of the most qualified personnel, or has forced new staffing to seek housing from outside of the region.

These economic factors are readily apparent and impactful from a housing standpoint, but are difficult to specifically quantify. What can be assumed, however, is that the existing statistical demand forecasts discussed previously are perhaps even more conservative, as likely demand potential cannot fully be anticipated until actual needs are realized through the addition of new personnel, staffing, and administrative needs.

VIII: DATA & SOURCES

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2018-2022 American Housing Survey, U.S. Census Bureau and U.S. Department of Housing and Urban Development

ESRI Business Analyst Online, 2024-2029 Demographic Estimates and Projections

Thematic maps and Tapestry data through ESRI Business Analyst

U.S. Department of Labor, Bureau of Labor Statistics

Aerial Photography from ESRI Business Analyst

Local housing sales trends/data - Realtor.com

CERTIFICATION

CONSULTANT CERTIFICATION/CERTIFICATE OF ACCURACY

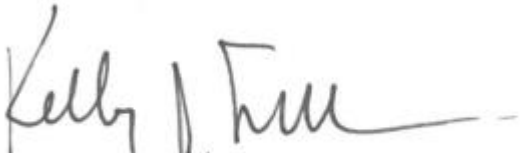
It is hereby attested to that the information in this report is true and accurate. Information gathered from other sources is considered to be reliable; however, the undersigned does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment.

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 30, 2024

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 currently serves on the executive committee of NCHMA as Past Chairman, having served as the Chair for the organization during the 2020-2022 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.