A Housing Needs Assessment of

Otsego County, MI

November 10, 2022

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I. INTRODUCTION

Community Research Services, LLC (CRS) has been commissioned by the Otsego County Economic Alliance, Inc., to investigate housing market potential within Gaylord and across Otsego County. The county is located within the central section of northern lower Michigan, and is bisected by Interstate 75 and M-32. Gaylord is considered the primary commercial location within the central section of northern lower Michigan, with significant concentrations of manufacturing employment, vacation/tourism opportunities, and commercial/service jobs for those across the region. The city is approximately 62 miles from Traverse City, 70 miles from Alpena, and 230 miles from Detroit.

CRS has been tasked to investigate the viability of various housing options, based on current and projected market conditions, identified target market segments, and the status of prevailing and projected economic conditions. Additional considerations regarding the impact of the May tornado upon the housing market will also be noted throughout the analysis.

Gaylord was established in 1873, primarily by the Michigan Central Railroad, and named after Augustine Smith Gaylord, an attorney and railroad official. By 1877 the town became a village and was named the Otsego County seat. During the early 20th Century, the intersection of railroads and later, state and federal highways, led to increased visitors and tourism-related enterprises, ranging from skiing, golfing, and other options related to the increasing level of visitors and retirees. Adaptation of an Alpine theme across much of the city's downtown area has also encouraged increased visitors and tourism across the region.

Today's local economy exhibits slightly greater concentrations of blue-collar employment compared to most Michigan communities, but most residents are employed within service-oriented and leisure/tourism occupations, along with professional, managerial, and sales positions across the region. Prevailing population trends reflect a somewhat unique combination of aging population along with generally stable family concentrations; however, seniors represent the fastest-growing age cohort within the community.

This analysis will attempt to quantify prevailing housing conditions, identify the community's strengths and weaknesses from a housing standpoint, ascertain gaps within the

local housing marketplace, and provide recommendations for housing options that would ideally enhance the area's viability as a residential community for current and future residents.

A discussion of the likely target market segments that match the product types under examination will be included, using standard demographic/economic data as well as Tapestry information provided by ESRI (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. This review will include the relative size and strength of each target market segment, individual characteristics of each target market, and the potential contribution of each segment.

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 Gaylord and the two surrounding townships as the market area for much of the statistical and demographic analysis. In addition, Otsego County was divided into two sections that reflect the greater Gaylord area and the more rural section of Otsego County to the northeast. 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 expand the market area beyond the city and two townships. This is of course dependent upon assumptions regarding location and accessibility.
- A number of identifiable target market categories are present within the Gaylord/Otsego County area. 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 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:
    - The city and market area exhibit stable demographic trends. The community is somewhat younger overall as compared to many other northern Michigan communities, but household sizes are influenced by both seniors and singles. Seniors reflect an increasing segment of the city and county's overall population, and exhibit the strongest growth patterns of any age segment.
    - Gaylord features quite positive transportation linkages, excellent community assets, and is recognized as a tourism and retirement destination point. The area contains a number of resorts, hotels, and tourism-related outlets. All of these features are positive assets for the Gaylord area.
    - Otsego County exhibits a higher-than-average blue-collar component in terms of local employment composition. The area's employment base is much more diverse than many northern Michigan communities, providing job opportunities for both unskilled and trained occupations, across nearly all industries.

- The county's residential employment base is mostly employed locally, within Gaylord and other sections of Otsego County, at approximately 85 percent. Remaining employment options are located within adjacent counties.
- Information on commuting into Gaylord indicates that the city's average daily daytime population approaches 300 percent of the city's permanent resident total. Such trends are a positive reflection of the Gaylord area as a destination point for both local workers as well as regional residents from outside of the city. This data does not include tourism/related visitors or other travelers that frequent the community.
- Migration trends from the U.S. Census Bureau reflect net positive movement into Otsego County, with minimal shifts across the local area. Migration from outside of the state is negative, however, as Otsego County is losing residents to other sections of the United States. These totals represent less than two percent of the county's total population.
- County employment trends for 2021 demonstrate a nearly complete recovery from the economic impacts of the 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 the end of 2022 these separate sectors will demonstrate continued improvements.
- The May 2022 tornado was the strongest such storm within Michigan since 2012, with the destruction of numerous homes and businesses. At this time nearly all businesses that were impacted have been reopened or will do so soon. Private and public sector resources are in place to rehabilitate or replace damaged or destroyed homes. The most impacted structures are mobile homes, which will be replaced by available alternative trailers over the coming year.
- 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 within Gaylord and across Otsego County.
- Both owner and renter households will demonstrate positive trends over the next few years across Otsego County, which points to continued demand potential for both owner and renter households.
- Most renter households within the Gaylord area are one-person units, either occupied by seniors or single-person households. Conversely, the community's rental housing stock exhibits a small concentration of family-oriented rentals.
- Median gross rents for Gaylord and Otsego County exhibit growth over the past decade, but are at levels of increase less than median income levels. Such trends are somewhat rare, as housing prices typically exceed prevailing income levels. In this case, median income trends across Otsego County and especially Gaylord demonstrate growth rates that exceed prevailing rental rate increases.
- A review of the Gaylord area'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 within Gaylord are slightly elevated, while Otsego County's poverty rate is essentially similar to statewide levels. Such trends are not unexpected, as extremely-low income singles and families are concentrated within the city as compared to rural sections of the county.
- Tapestry segmentation by ESRI identifies one out of eight segments that reflect the most desirable target market segments, as mentioned previously. This points to a somewhat moderate degree of target market segment households demonstrating demand for additional housing options. It also indicates that additional demand for Gaylord-area households would need to come from households outside of the defined market area.
- Home sales data for the past three months demonstrates decreasing numbers of homes sold and for sale, with a shift toward a buyer's marketplace. Considering the increase in inflation and interest rates across the nation, these trends are not unexpected. However, the lack of supply for most housing options within Otsego County will remain, resulting in continued housing deficiencies for most residential alternatives.
- Existing apartments within the Gaylord area are present for low-income, affordable, and market rate segments. Because of the degree of subsidy or income targeting within low-income and affordable facilities, affordability and price points are not problematic.
- Pines 45 is the newest rental housing development within the Gaylord area. The positive lease-up and acceptance of market rate price points provides direct evidence of the strength of the local rental housing market, the pent-up demand that has been present within the marketplace for market rate rental housing, and the continued demand potential for similar rental development.
- Seasonal homes are prevalent across Otsego County, with many found on individual lots within recreational areas, as well as part of resort communities. Short-term rentals are also present within the Gaylord area, but not at a concentration that exists within resort-oriented communities that are negatively impacting the overall housing stock.
- 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.
- The city features a higher-than-average rental household concentration, with a portion of these rentals consisting of single-family homes, or former single-family homes that have converted into multiple-unit structures.
- Continued demand potential is present for assisted-living and memory care options within the Gaylord community. Continued 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 continued market potential for the balance of the decade.

- An insufficient number of homes are available for purchase across Otsego County, and the number of options at the key purchase range of $175,000 to $250,000 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. 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:
  - The Gaylord area and Otsego County's ability to attract entry level households across the moderate-income and upper-income ranges is limited by a lack of supply of moderate and upper-moderate homes for purchase, despite generally reasonable price points across the community. These factors negate the strong level of placemaking assets found within Gaylord and the surrounding area. Eventually, an increasing senior household segment and declining birthrates will lead a shift in the community's characteristics which may negatively impact the school system, tax base, employment base, and retail/service availability. If the Gaylord community does not find methods to attract additional families to the market area, by the early 2030s the region will rapidly age, face a decline in tax base, and ultimately realize an unfortunate reduction in the size and earning potential of the local labor force.
  - The rental market within Gaylord should be considered quite stable, with no discernable impacts in regard to demand potential due to the tornado and associated displacement. The rental market is also tight, with an insufficient number of rental housing options for many household types. The successful introduction of Pines 45 provides evidence of additional market demand within a market rate environment. 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.
  - The placement of additional rental housing options within the downtown district of Gaylord would be an ideal alternative, considering the likely characteristics of additional market rate rental housing and the various placemaking features found within the city's central business district.
  - Existing senior rental housing options are present within the Gaylord area, serving both affordable and moderate-income levels. These facilities appear to adequately serve the current market demands of the community, so the demand for senior rental housing options should not be considered a primary need at this time. Future development plans for additional senior housing may become more prominent toward the end of the 2020s, and ongoing investigation of senior housing needs is encouraged. This 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:	$175,000 - $275,000
Amenities/Features:	Commensurate with modern owner-occupied housing found across the community

Additional considerations:

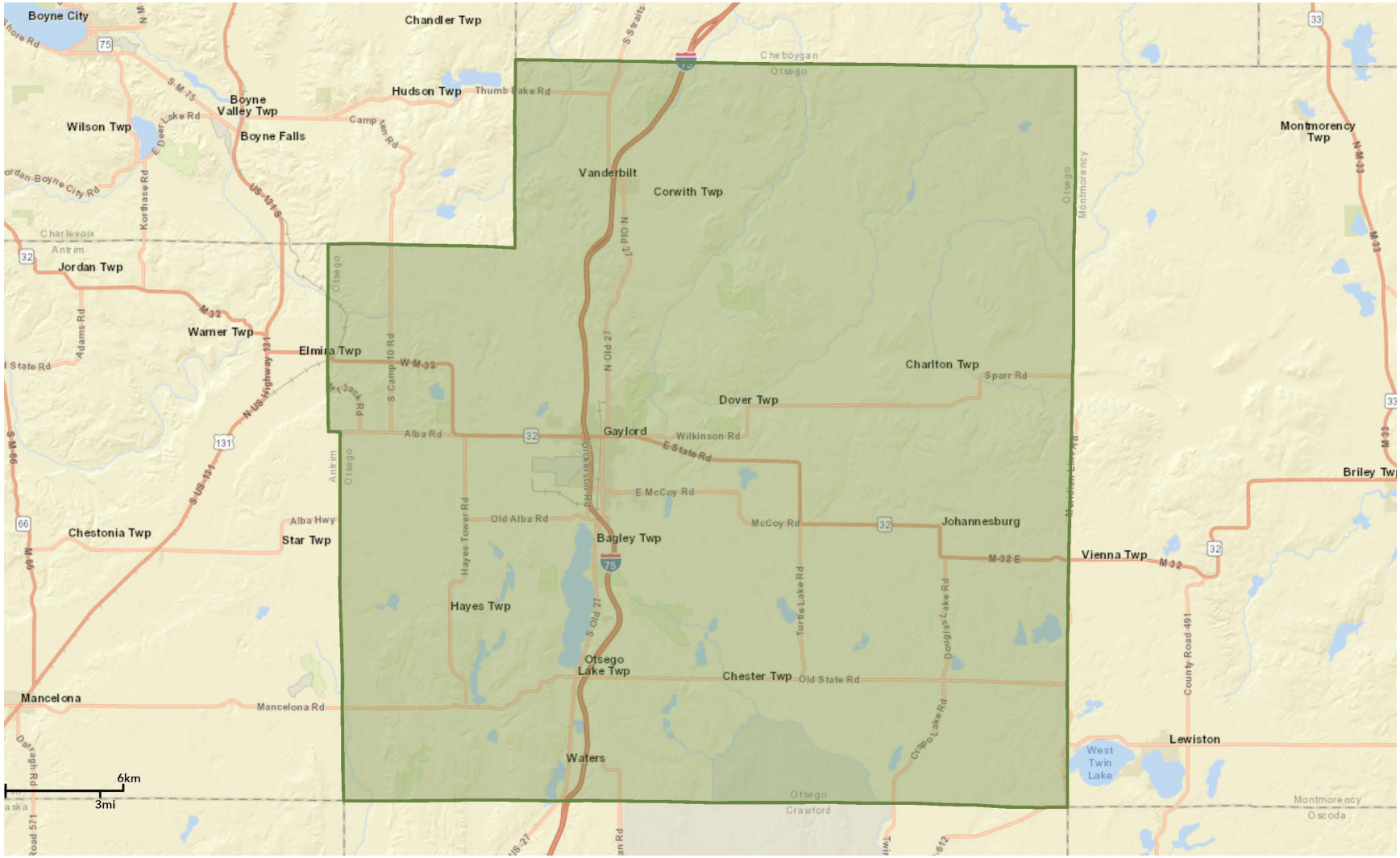
- Collaboration with local employers to help streamline financing options, refer possible homebuyers to possible home alternatives, and streamline the introduction of new households into the Gaylord area
- Development of additional community features or parks, assuming sufficient land/resources are present, 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 studios and two-bedroom options
Targeted Incomes:	$40,000 - $120,000
Preliminary Pricing:	Ranging between $1,000 to $1,800, 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.
Additional Considerations:	Location within the downtown district would be an ideal location, but such a location would utilize a multi-story structure on a smaller footprint or rehabilitated building.

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

Map: Otsego County



III. MARKET PROFILE

Target Market Identification

By dividing overall households by various categories based on a combination of various 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 Otsego region may point to any factors that result in the community's potentially unique housing needs.

Across Otsego County from a demographic standpoint, no one segment of the local population is clearly dominant, as the area's population for younger adults, older adults, and senior citizens is generally the same. Most age cohorts within the Gaylord area demonstrate stable or positive growth, either through aging in place, natural growth, or migration. As for socio/economic categories, as a rural community Otsego County exhibits somewhat greater concentrations of service and retail employment, with somewhat smaller concentrations of professional/managerial occupations (as compared to the more suburban/urban sections of Michigan). Prevailing incomes are a reflection of the region's industries and occupations, and outside of the Traverse City region, are generally similar to most sections of northern lower Michigan.

Ideally, a housing market that provides the widest range of choices for the broadest range of households will result in the strongest and most stable housing environment. For the Gaylord/Otsego County community, an imbalance appears present regarding the types of housing available as compared to the characteristics of the local/regional population. This mismatch also appears present regarding the ideal household segments that would potentially relocate to the Gaylord area. From a local employment standpoint, a majority of the potential residents that are employed locally or regionally have accepted possible mismatched housing options, which may further inhibit the ideal match of household characteristics to available housing alternatives. A lack of housing diversity will also further complicate housing shortages, ultimately impacting the local economy and the viability of the community's labor force.

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

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

- Lower-income to moderate-income non-senior households (including singles, couples, and small families), actively participating within the labor force, featuring occupations mostly within the 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

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

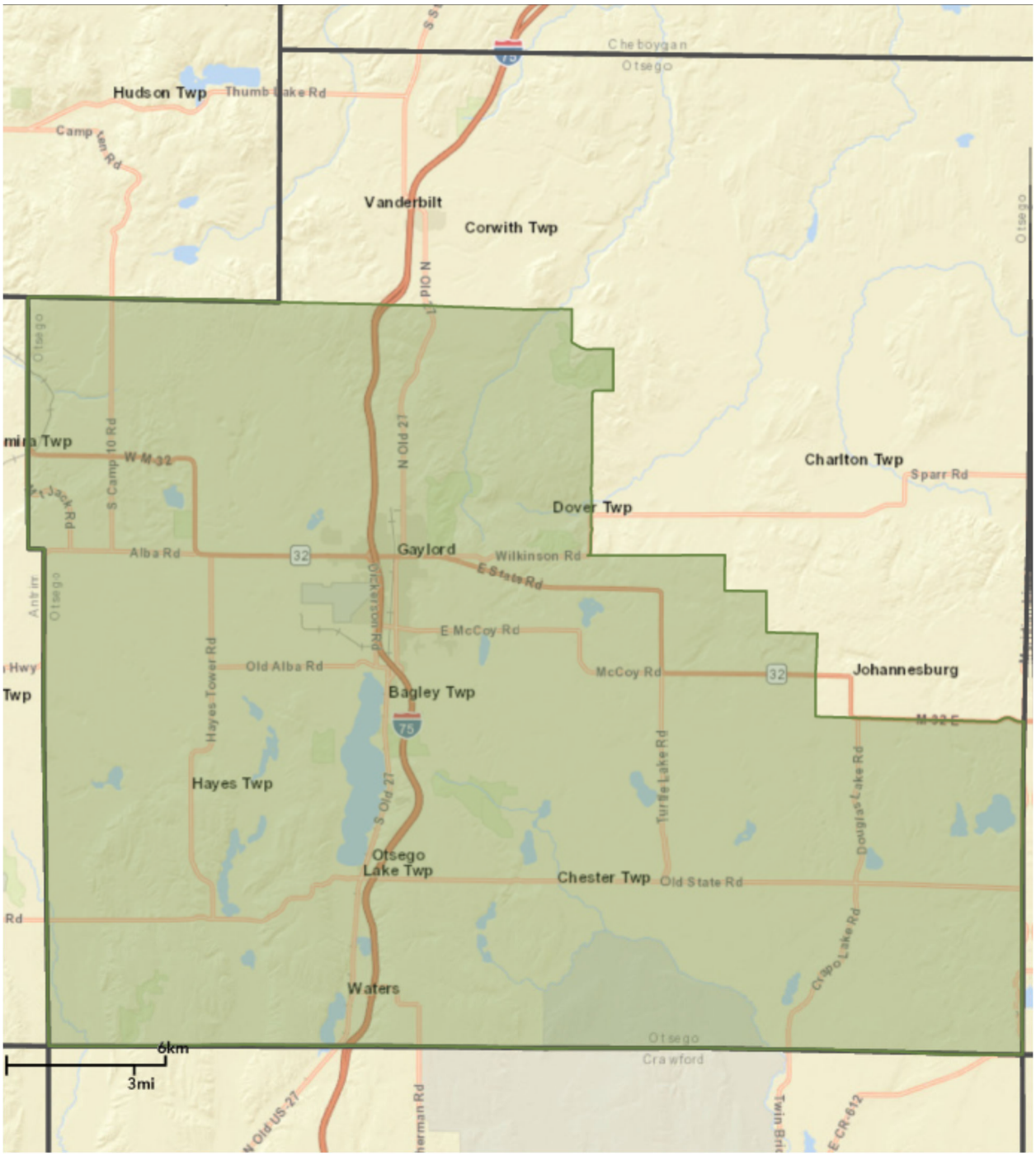
Primary and Secondary Market Area Determination

Recognizing that Gaylord is the primary community within Otsego County, the analysis will focus on the city and immediately surrounding townships. The most conservative measure of the local housing market includes Gaylord and the two surrounding townships – Livingston Township and Bagley Township. This will be the baseline measure for most demographic data, and will be utilized for statistical demand purposes. Within the analysis this will be referred to as the Gaylord Area.

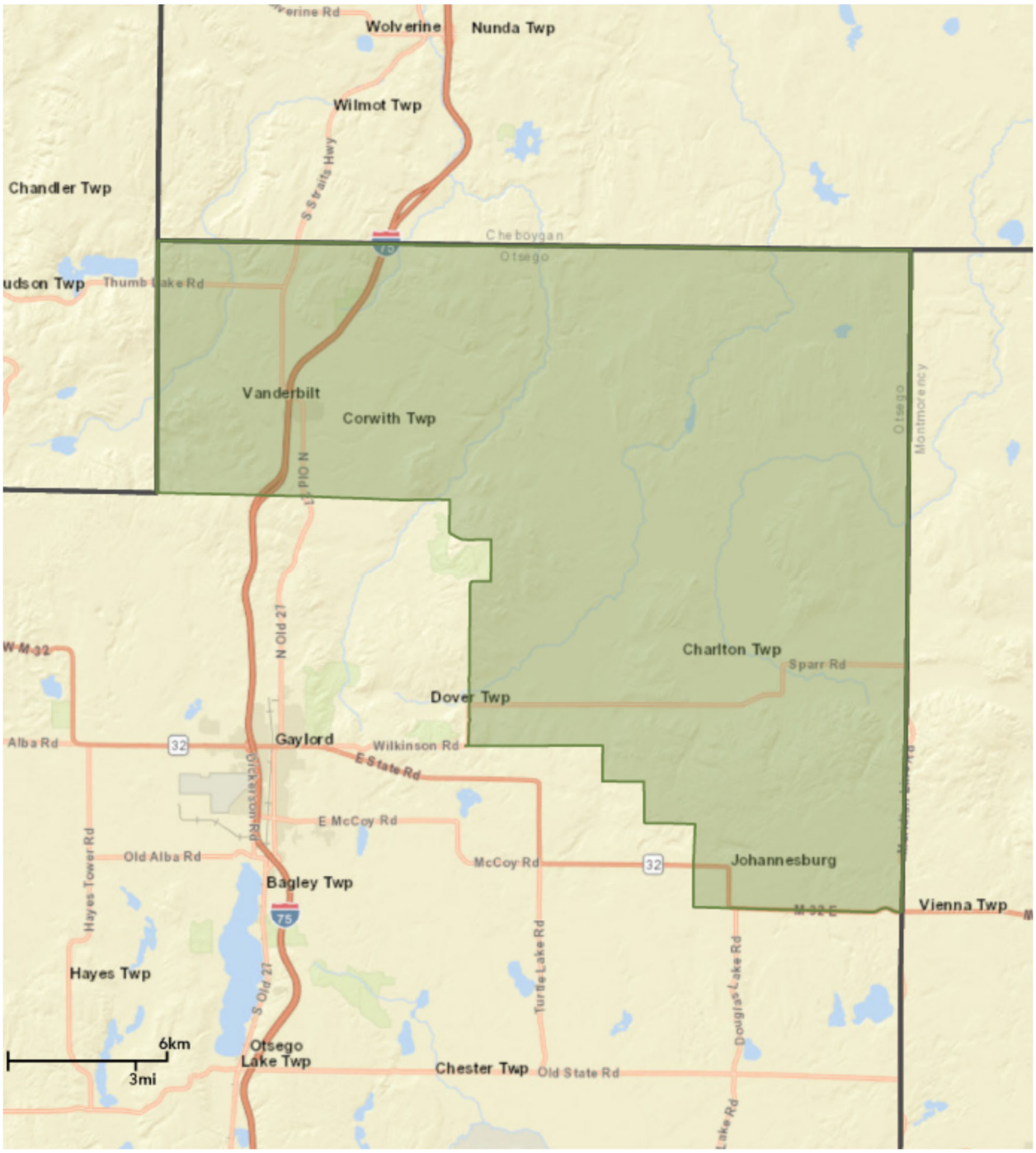
To broadly measure various housing statistics and make comparisons between the Gaylord area and more rural sections of Otsego County, using census tracts we can divide the county into two areas; one is the northeast section of Otsego County, including Vanderbilt Village and much of the Johannesburg area on the far east side of the county. This area includes Tract 1 of Otsego County, and is referred to as the Northeast Otsego Market Area. The balance of the county is generally influenced by the immediate Gaylord area, is representative of the public school district (which are often utilized in market area composition), and is a reasonable distance from the city. This section includes Census Tracts 2 through 6, and is referred to as the Gaylord Market Area.

From a senior housing standpoint, market area formation typically reflects a broader area as compared to non-designated (or family) housing markets. Secondary Market considerations may be somewhat more broadly defined, and at a minimum include adjacent sections of nearby counties, along with most of Otsego County. Contributions from outside of the county are also much more likely, given the proximity of other northern Michigan communities from which senior housing options are also somewhat lacking. While Secondary Market contributions clearly exist, it is difficult to quantify in a reasonable manner the degree of participation prior to the development of housing options. Such factors are readily determined after the development process, based on traffic patterns, inquiries, and the eventual relocation of residents from outside of the region.

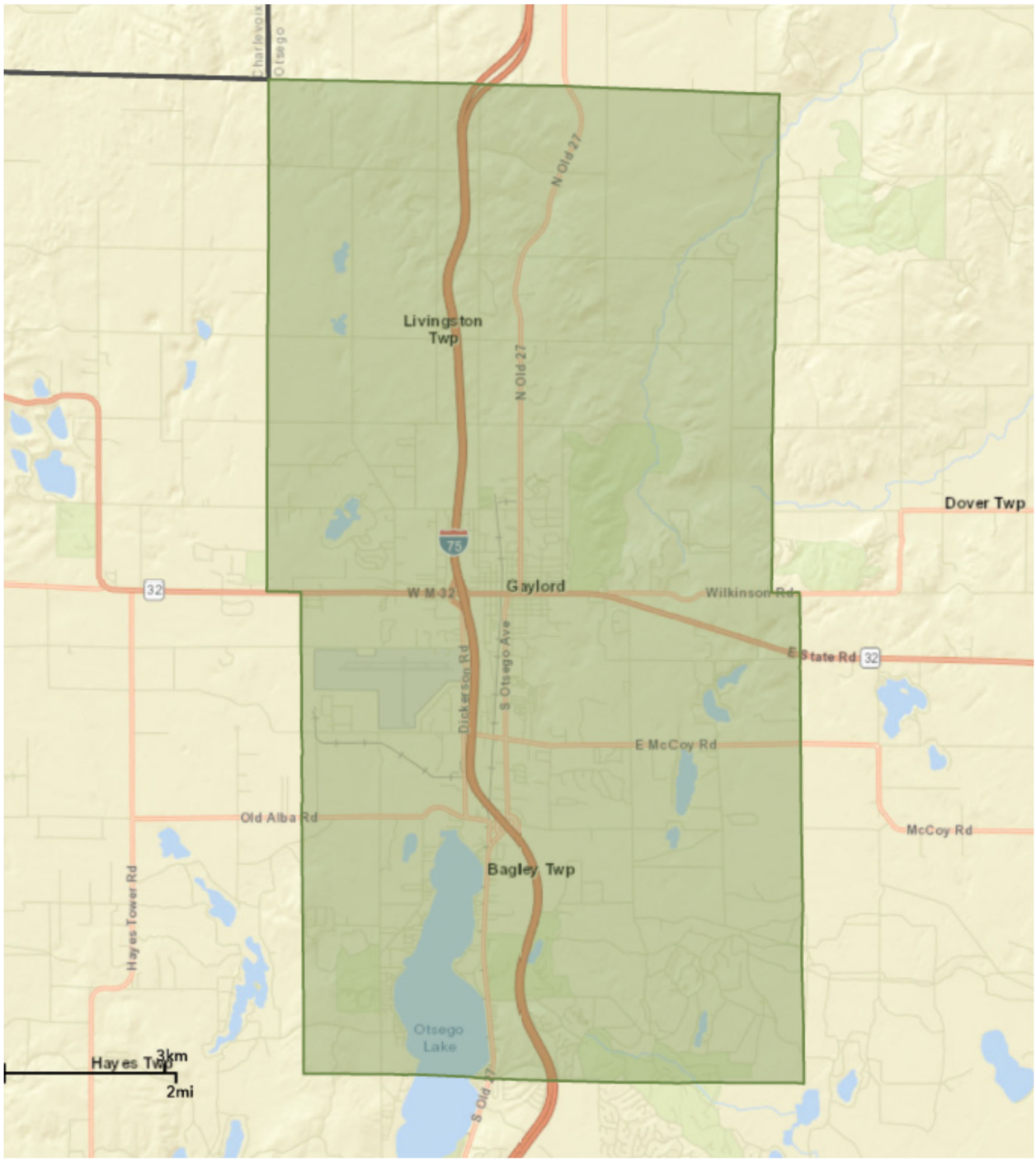
Map: Gaylord Market Area



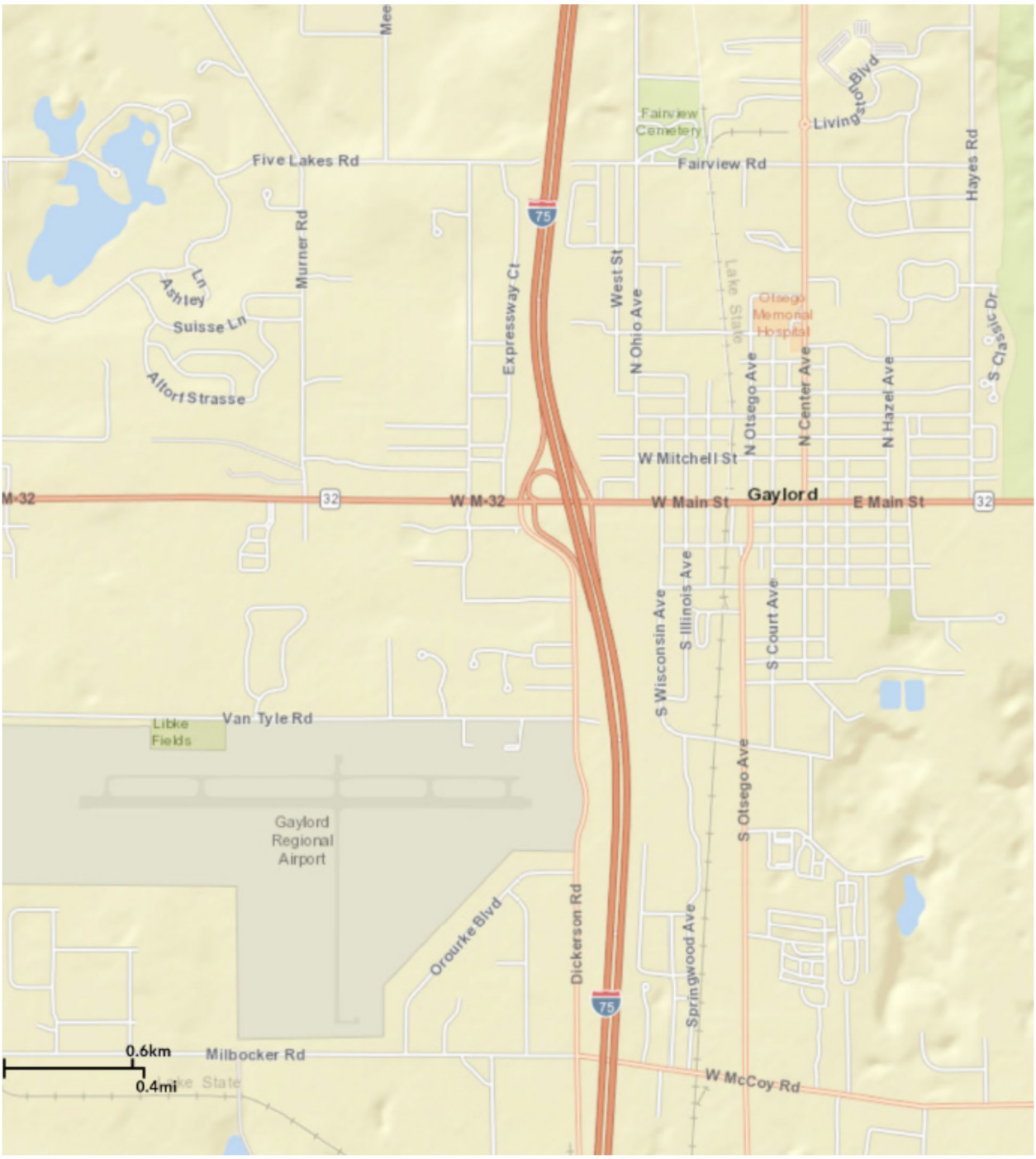
Map: Northeast Otsego Market Area



Map: Gaylord Area



Map: City of Gaylord



Map: Vanderbilt Village

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 45 percent of local workers throughout Otsego County. With the city this percentage was slightly higher, at 52 percent, reflective of a combination of concentrated service jobs and a limited number of other options within Gaylord proper. Retail trade positions represented 15 percent of the county's labor force, while manufacturing jobs accounted for nearly 10 percent of the county's labor force. The percentage of public administration positions is approximately seven percent, higher than most rural communities.

Table: Employment by Industry

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Agriculture and Mining	**53**	**106**	**249**	**406**	**512**
Percent	3.6%	8.1%	4.5%	4.1%	4.6%
Construction	**97**	**89**	**373**	**749**	**838**
Percent	6.5%	6.8%	6.8%	7.6%	7.5%
Manufacturing	**108**	**211**	**403**	**852**	**1,063**
Percent	7.3%	16.2%	7.3%	8.7%	9.6%
Wholesale Trade	**13**	**26**	**64**	**146**	**172**
Percent	0.9%	2.0%	1.2%	1.5%	1.5%
Retail Trade	**285**	**182**	**800**	**1,514**	**1,696**
Percent	19.2%	13.9%	14.5%	15.4%	15.3%
Transportation & Utilities	**124**	**80**	**448**	**665**	**745**
Percent	8.3%	6.1%	8.1%	6.8%	6.7%
Information	**0**	**2**	**35**	**54**	**56**
Percent	0.0%	0.2%	0.6%	0.6%	0.5%
Finance, Insurance, & Real Estate	**15**	**22**	**148**	**363**	**385**
Percent	1.0%	1.7%	2.7%	3.7%	3.5%
Services	**766**	**484**	**2,636**	**4,430**	**4,914**
Percent	51.5%	37.1%	48.1%	45.4%	44.5%
Professional & Mangerial Serv	**86**	**67**	**255**	**444**	**511**
Percent of All Services	11.2%	13.8%	9.7%	10.0%	10.4%
Educational & Healthcare Serv	**331**	**271**	**1,110**	**1,829**	**2,100**
Percent of All Services	43.2%	56.0%	42.1%	41.3%	42.7%
Arts/Entertainment Services	**231**	**102**	**867**	**1,480**	**1,582**
Percent of All Services	30.2%	21.1%	32.9%	33.4%	32.2%
Other Services	**118**	**44**	**404**	**677**	**721**
Percent of All Services	15.4%	9.1%	15.3%	15.3%	14.7%
Public Administration	**25**	**103**	**359**	**624**	**727**
Percent	1.7%	7.9%	6.6%	6.4%	6.6%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

The Gaylord Area exhibits a slightly higher than typical level of "blue collar" and manufacturing employment as compared to most other sections of northern Michigan.

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 74 percent of the county's labor force, and 77 percent within Gaylord. The area's concentration of "blue collar" positions represented approximately 26 percent of the labor force, with a larger concentration within the city, at 32 percent. These blue-collar concentrations are higher than most nearby communities, and reflect positively upon the Gaylord area with a diverse employment base.

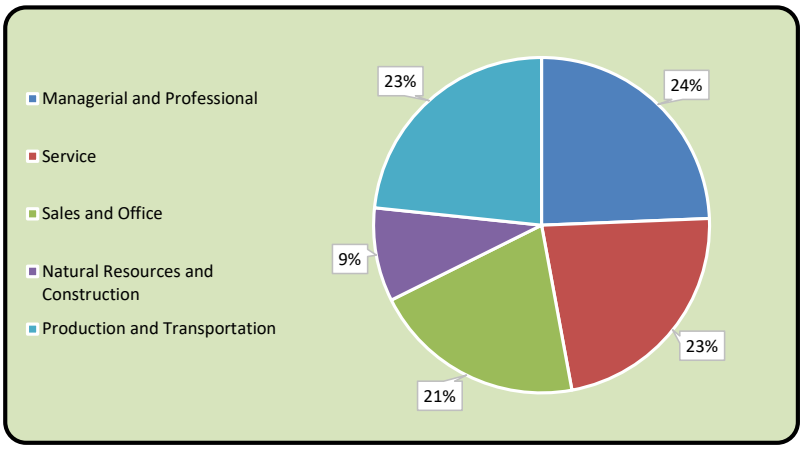
A diverse employment base is an ideal goal from an economic standpoint, as no one sector of the local or regional labor force is vulnerable to downturns or other shocks to the economy. Within the Gaylord area, a higher than typical concentration of blue-collar employment is clearly a positive attribute, as these manufacturing and construction positions are likely the highest wage positions within the community. 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.

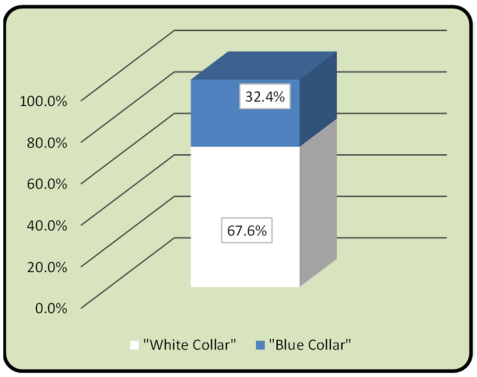
Table: Employment by Occupation

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Managerial and Professional	**362**	**359**	**1,770**	**3,093**	**3,452**
Percent	24.4%	27.5%	32.1%	31.6%	31.1%
Service	**338**	**230**	**1,216**	**2,055**	**2,285**
Percent	22.7%	17.6%	22.0%	21.0%	20.6%
Sales and Office	**305**	**255**	**1,262**	**2,266**	**2,521**
Percent	20.5%	19.5%	22.9%	23.1%	22.7%
Natural Resources and Construction	**134**	**232**	**409**	**887**	**1,119**
Percent	9.0%	17.8%	7.4%	9.0%	10.1%
Production and Transportation	**347**	**229**	**858**	**1,502**	**1,731**
Percent	23.4%	17.5%	15.6%	15.3%	15.6%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

Graphic: Employment by Occupation Breakdown – City of Gaylord





Commuting Patterns

Gaylord and Otsego County's residential labor force is highly local, with more than 80 percent of residential workers employed within Otsego County. This is understandable, as Gaylord has evolved into a regional economic hub, with employment opportunities across nearly all industries and occupations. This includes the larger than average blue-collar segment, long-established leisure/hospitality options, and regional medical and professional establishments. Traverse City, Alpena, and Grayling reflect nearby employment options for local workers. 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 – Gaylord Area

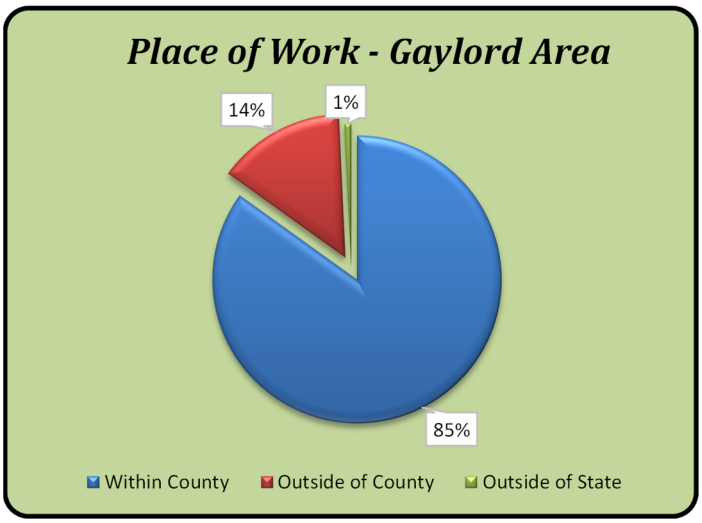


Table: Employment by Place of Work

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Place of Work within County	**1,173**	**1,061**	**4,540**	**7,876**	**8,937**
Percent	82.9%	85.8%	84.9%	82.7%	83.1%
Place of Work Outside of County	**203**	**166**	**766**	**1,558**	**1,724**
Percent	14.3%	13.4%	14.3%	16.4%	16.0%
Place of Work Outside of State	**39**	**10**	**39**	**89**	**99**
Percent	2.8%	0.8%	0.7%	0.9%	0.9%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

Detailed commuting data from the American Community Survey provide an indication of Gaylord's influx of workers on a daily basis, with total daytime population totals reflective of nearly double the city's current population. The data also provide an indication of how concentrated employment options are within Gaylord as compared to Otsego County overall. Among those that daily commute into Otsego County employment options, approximately 80 percent are found within Gaylord. Residential workforce totals for the county are also concentrated within Gaylord, as indicated within the following table and map.

Map: Daily Commuting Patterns by Minor Civil Division – Otsego County

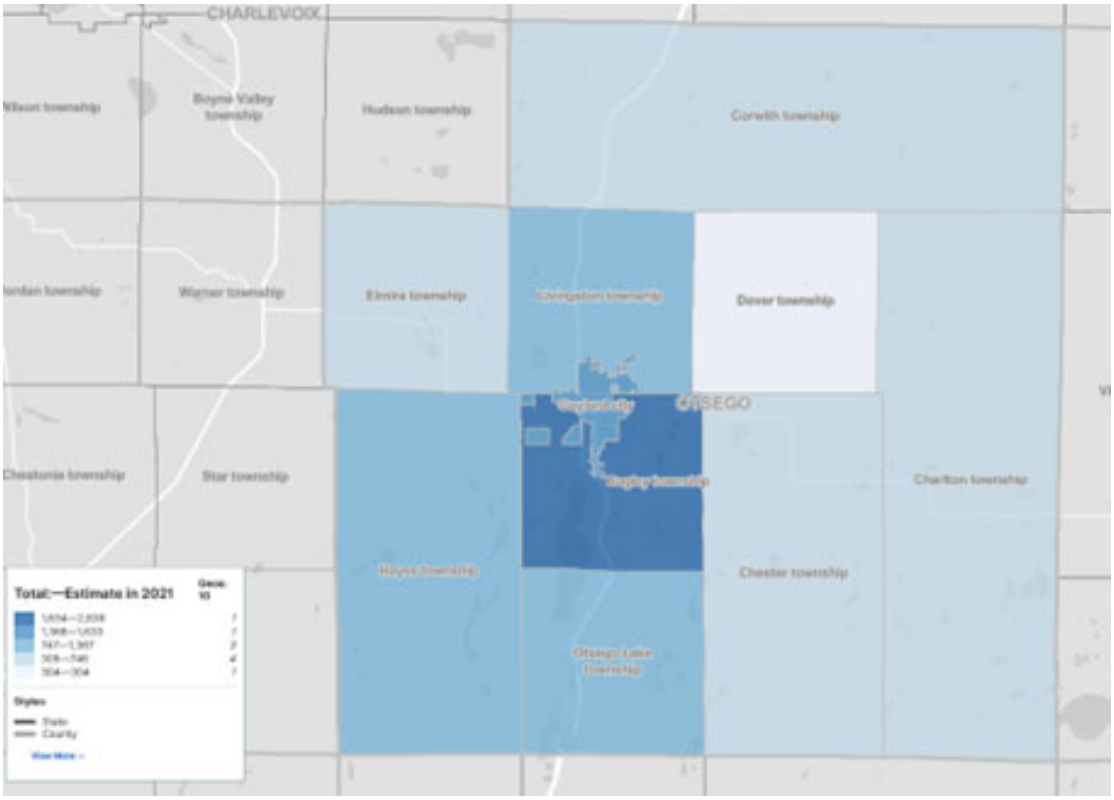


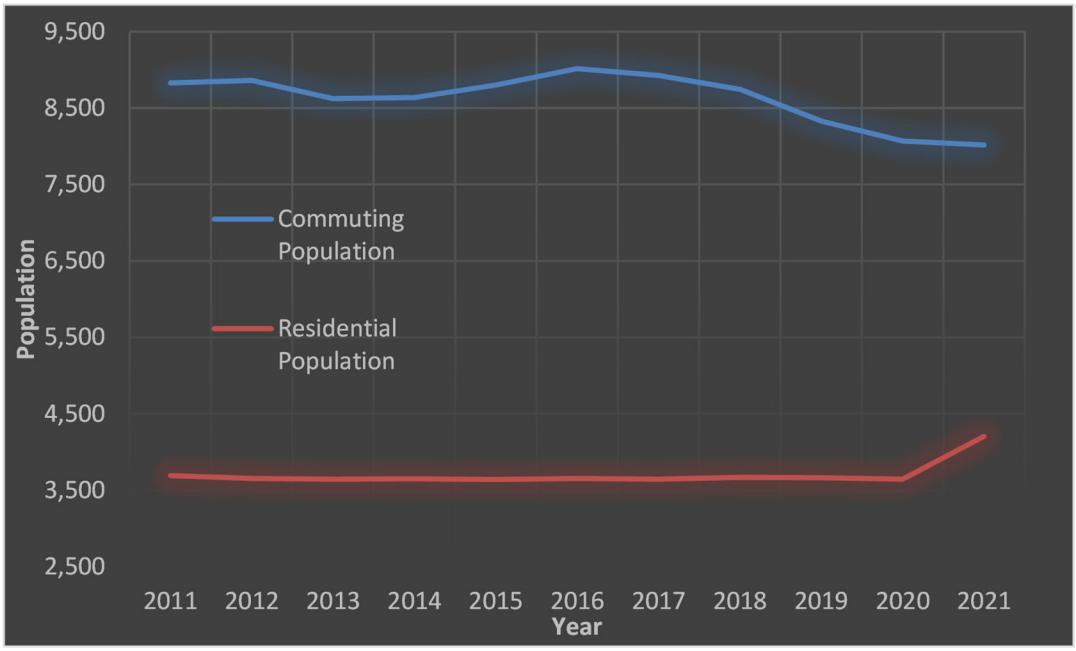
Table: Daily Commuting Patterns

	City of Gaylord	Gaylord Area	Otsego County
Total Population - ACS Estimate	**4,204**	**12,738**	**25,016**
Total Daytime Population	**12,219**	**21,492**	**34,999**
Percent of Total Population	290.7%	168.7%	139.9%
Commuting Population	**8,015**	**8,754**	**9,983**
Percent of Total Population	190.7%	68.7%	39.9%
Resident Workforce	**1,275**	**1,657**	**2,391**
Percent of Total Workforce	78.1%	29.6%	21.6%

SOURCE: 2017-2021 American Community Survey, U.S. Census Bureau

Trends for commuting totals over the past decade reflect a decline in workers from outside of Gaylord, by approximately nine percent from 2011. However, residential employment totals have increased by five percent since 2011, and at-place employment totals have increased by seven percent since 2011, as commuters have been replaced by residential workers. These trends are welcome reflections of the community's economic potential, but are ultimately limited due to a lack of permanent residential options for new residents.

Graphic: Residential and Commuting Population Trends – City of Gaylord



Migration Trends

Migration patterns for persons within Gaylord reflect mostly movement within Otsego County, with a few exceptions. One is a notable movement into the city from Sault Ste. Marie – due to the relocation of jobs for the Soo Locks project. The only other migration pattern into Gaylord is from Antrim County (Mancelona/Elk Rapids). The city's migration pattern reflects mostly outflows across Michigan, with most of this movement local, including Traverse City and other sections of Otsego County (reflecting 42 percent of all outflows from the city). More than 500 persons are estimated to have left Gaylord within 2020, and just over 700 persons nationwide for the same year. This data was collected from the most recent American Community Survey, and does include a surprisingly sizable margin of error. As a large portion of these outflows are simply relocations throughout other sections of Otsego County, the long-term impact upon the local marketplace is perhaps minimal at best.

An examination of migration patterns across Otsego County provides a more complete picture of movership patterns across the region. At the county level, migration patterns are somewhat more moderate, with net positive trends for many of the adjacent counties, as well as the State of Michigan overall. These trends are exhibited within the following data and chart. Positive migration flows are found from Alpena, Crawford, and Antrim Counties, while migration losses are estimated from Grand Traverse and Cheboygan Counties. Overall migration across the State of Michigan is slightly positive, as compared to the significant out migration from the city. Overall migration across the nation is also negative for Otsego County, but the county's total is approximately 40 percent less than the patterns for Gaylord itself.

Migration patterns are slightly positive for Otsego County and Michigan, but illustrate a net negative pattern outside of the State. Local migration reflect mostly movement within the county, rather than across the region.

Considering the level of migration on an annual basis is relatively low (representing approximately two percent of the county's overall population), the influence of migration patterns is also low. What is also notable is that the degree of out migration is significantly lower on a percentage basis compared to most other northern Michigan communities, which are losing a higher percentage of local population. Such stability reflects upon the Gaylord area's economic vitality, diverse employment base, and placemaking/community assets. In terms of

housing market potential, a lack of housing supply would inhibit more positive migration patterns that may be possible.

The connection between commuting and migration patterns is telling, with a high degree of economic commitment by individuals and families without an associated residential commitment regarding relocation into the Gaylord community, as observed by the available data from the American Community Survey. The city's daily daytime population totals on average approach 300 percent of the city's permanent population, but measures of a permanent residential commitment to the area, as reflected in the migration patterns illustrated within the following tables and graphics, are mixed at best. Unfortunately, available data does not reflect any post-pandemic trends after 2020/2021, but a pattern of strong commuting/minimal migration has been firmly established throughout the prior decade. With the introduction of new housing options, is it hoped that increased market depth would be reflected with both the commuting patterns and migration trends.

It should be reiterated that the migration data is at the Minor Civil Division and county level, with a high error rate. Even with this consideration, migration trends are only a small portion of the overall population base, but any trend that may impact housing demand potential requires examination.

Graphic: Annual Net Migration – Gaylord

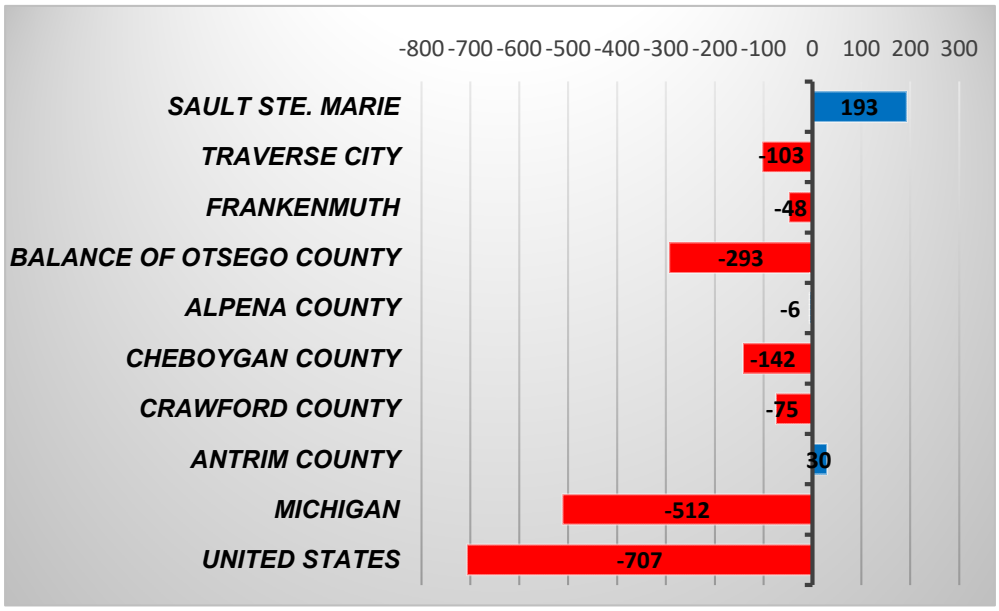


Table: Annual Migration Patterns – Gaylord

	Flow Into Gaylord	Flow Out of Gaylord	Net Migration Gaylord
Sault Ste. Marie	**198**	**5**	**193**
Percent of Total	30.5%	0.4%	---
Traverse City	**0**	**103**	**-103**
Percent of Total	0.0%	7.6%	---
Frankenmuth	**0**	**48**	**-48**
Percent of Total	0.0%	3.5%	---
Balance of Otsego County	**171**	**464**	**-293**
Percent of Total	26.3%	34.2%	---
Alpena County	**32**	**38**	**-6**
Percent of Total	4.9%	2.8%	---
Cheboygan County	**3**	**145**	**-142**
Percent of Total	0.5%	10.7%	---
Crawford County	**0**	**75**	**-75**
Percent of Total	0.0%	5.5%	---
Antrim County	**53**	**23**	**30**
Percent of Total	8.2%	1.7%	---
Michigan	**615**	**1,127**	**-512**
Percent of Total	94.6%	83.1%	---
United States	**650**	**1,357**	**-707**
Percent of Total	100.0%	100.0%	---

SOURCE: 2015/2019 American Community Survey, U.S. Census Bureau

Graphic: Annual Net Migration – Otsego County

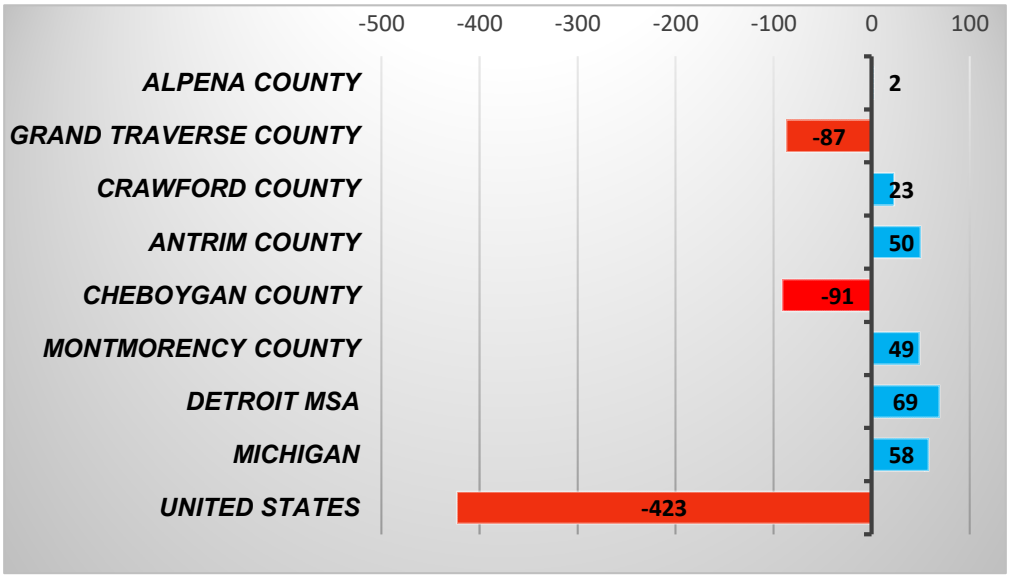


Table: Annual Migration Patterns – Otsego County

	Flow Into Otsego County	Flow Out of Otsego County	Net Migration Otsego County
Alpena County	**53**	**51**	**2**
Percent of Total	3.2%	2.4%	---
Grand Traverse County	**20**	**107**	**-87**
Percent of Total	1.2%	5.1%	---
Crawford County	**148**	**125**	**23**
Percent of Total	8.9%	6.0%	---
Antrim County	**155**	**105**	**50**
Percent of Total	9.3%	5.0%	---
Cheboygan County	**56**	**147**	**-91**
Percent of Total	3.4%	7.0%	---
Montmorency County	**62**	**13**	**49**
Percent of Total	3.7%	0.6%	---
Detroit MSA	**167**	**98**	**69**
Percent of Total	10.0%	4.7%	---
Michigan	**1,458**	**1,400**	**58**
Percent of Total	87.7%	67.1%	---
United States	**1,663**	**2,086**	**-423**
Percent of Total	100.0%	100.0%	---

SOURCE: 2015/2019 American Community Survey, U.S. Census Bureau

Employment Trends

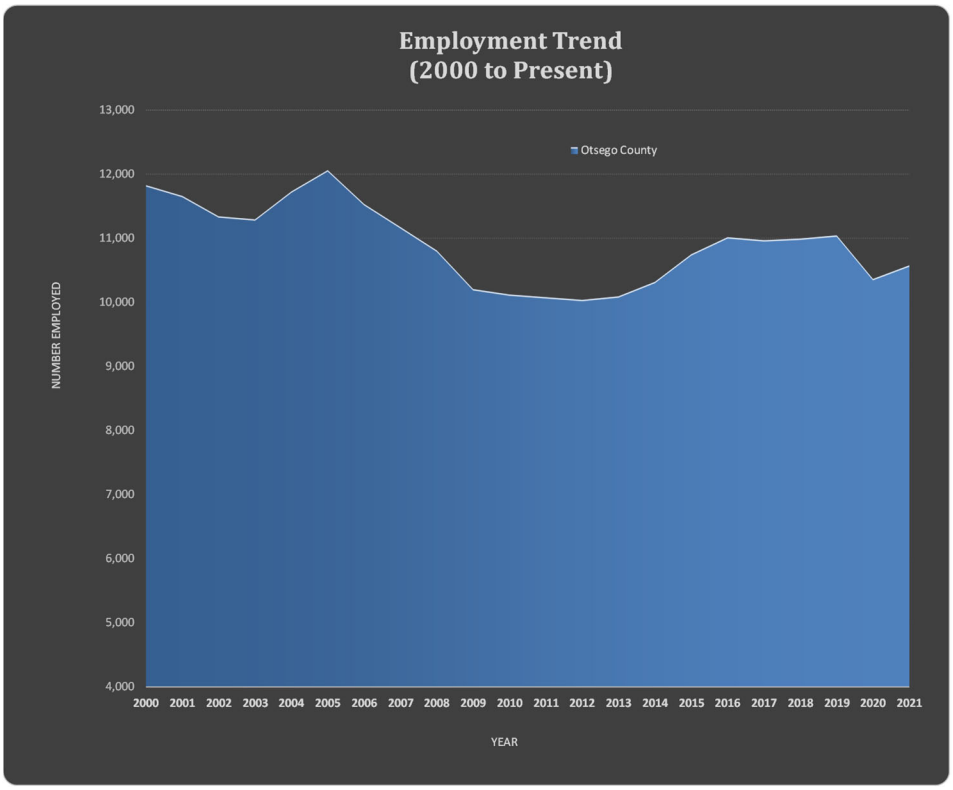
Labor and employment data collected by the Bureau of Labor Statistics reflects residential employment, regardless of location (inside or outside of Otsego County). Otsego County has exhibited mostly stable employment trends, based on residential employment data collected from the US Bureau of Labor Statistics, with pandemic-related declines nearly offset by new/returning job opportunities. Since the 2008 recession, the county's employment totals have only declined by two percent, with the decline attributed to the pandemic's economic impacts. By the end of 2022, assuming trends continue as anticipated, the county's employment levels should reflect the recent highpoint for the Gaylord area.

With the exception of Grand Traverse County, the Gaylord area exhibits the region's most stable labor trends, with a preferrable combination of professional and unskilled occupations available, providing a wide range of employment options for the community's labor

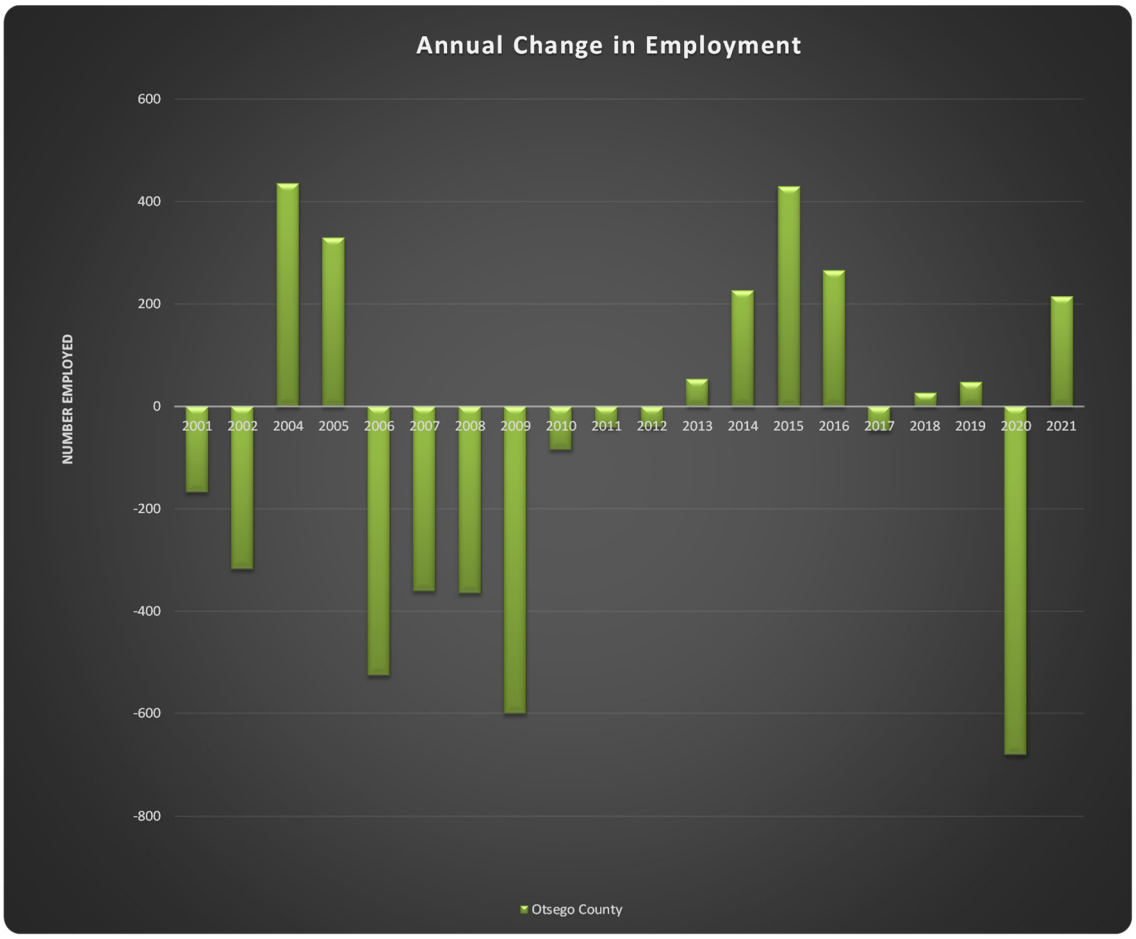
force. However, compared to statewide and national levels, the percentage of unemployed for Otsego County has remained slightly higher. The county's unemployment rate for 2021 was recorded at 6.8 percent, much improved from the high level of 10.7 percent recorded in the pandemic-influenced 2020. Since 2014 the annual unemployment rate has remained at or below approximately eight percent (except 2020, as previously mentioned), with declining levels of employment over the past nine years. By comparison, Michigan's unemployment rate was 5.9 percent for 2021, while the national unemployment rate was reported at 5.3 percent.

For 2021, the Otsego County employment base totaled 10,579 persons. This level is an increase of more than 500 jobs from 2012, reflecting an increase of five percent. The pandemic year of 2020 wiped out more than 650 jobs, so the overall gain in employment is somewhat muted as compared to the prior trend for the 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 lagging in terms of recovery to pre-pandemic levels. Monthly trends point to a likely full recovery across all industries and occupations by the end of 2022.

Graphic: Area Employment Trends – Otsego County



Graphic: Annual Change in Employment



Graphic: Unemployment Rate Comparison

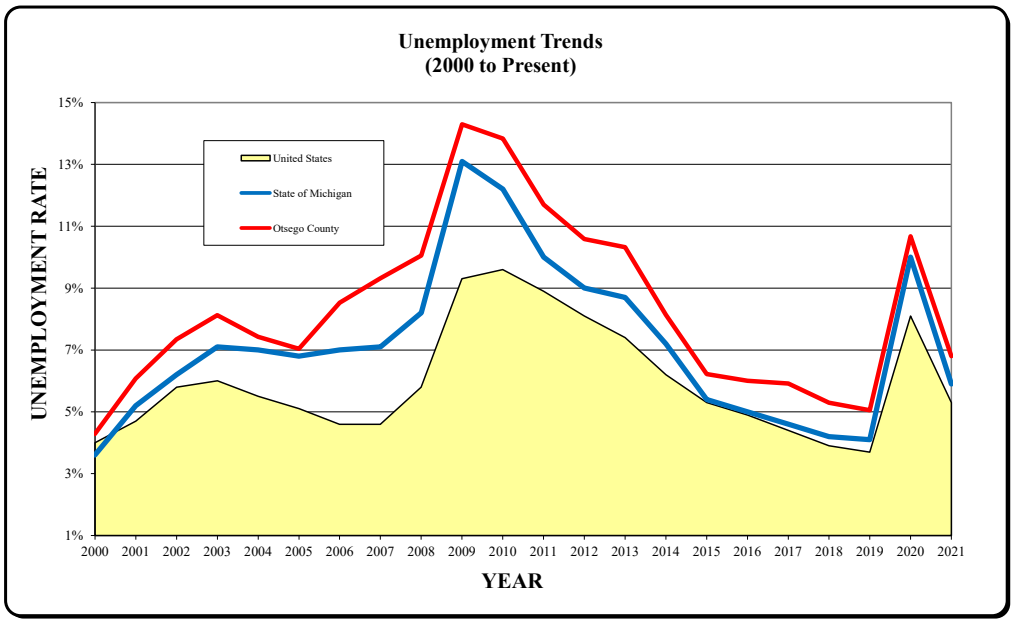


Table: Employment Trends (2000 to Present)

	Otsego County				*State of Michigan*	*United States*
Year	*Labor Force*	*Number Employed*	*Annual Change*	*Unemployment Rate*	*Unemployment Rate*	*Unemployment Rate*
2000	12,359	11,829	---	4.3%	3.6%	4.0%
2001	12,415	11,661	(168)	6.1%	5.2%	4.7%
2002	12,242	11,343	(318)	7.3%	6.2%	5.8%
2003	12,295	11,296	(47)	8.1%	7.1%	6.0%
2004	12,673	11,732	436	7.4%	7.0%	5.5%
2005	12,975	12,062	330	7.0%	6.8%	5.1%
2006	12,610	11,535	(527)	8.5%	7.0%	4.6%
2007	12,323	11,174	(361)	9.3%	7.1%	4.6%
2008	12,017	10,809	(365)	10.1%	8.2%	5.8%
2009	11,911	10,208	(601)	14.3%	13.1%	9.3%
2010	11,748	10,123	(85)	13.8%	12.2%	9.6%
2011	11,417	10,081	(42)	11.7%	10.0%	8.9%
2012	11,229	10,040	(41)	10.6%	9.0%	8.1%
2013	11,256	10,094	54	10.3%	8.7%	7.4%
2014	11,235	10,321	227	8.1%	7.2%	6.2%
2015	11,464	10,751	430	6.2%	5.4%	5.3%
2016	11,721	11,017	266	6.0%	5.0%	4.9%
2017	11,660	10,970	(47)	5.9%	4.6%	4.4%
2018	11,612	10,997	27	5.3%	4.2%	3.9%
2019	11,633	11,045	48	5.1%	4.1%	3.7%
2020	11,602	10,364	(681)	10.7%	10.0%	8.1%
2021	11,351	10,579	215	6.8%	5.9%	5.3%
Aug-21	11,635	10,910	---	6.2%	5.2%	5.2%
Aug-22	11,952	11,337	427	5.1%	3.7%	3.7%

	Number	*Percent*
Change (2000-Present):	**(1,250)**	**-10.6%**
Change (2000-2008):	**(1,020)**	**-8.6%**
Change (2008-Present):	**(230)**	**-2.1%**

SOURCE: Bureau of Labor Statistics.

The Otsego County employment base is increasingly diverse, as compared to most nearby communities as well as prior trends for the Gaylord area. Government positions, professional services, retail trade, manufacturing, and leisure/hospitality options are all found within Gaylord, providing a wide range of employment opportunities for local and regional residents. A summary of the county's largest employers includes the following:

Table: Largest Local Employers – Gaylord/Otsego County

Company/Organization	Employees	Change 2021-2022	Product/Service
Munson Healthcare	700	+130	Healthcare
Treetops Resort	367	+31	Leisure/Hospitality
Gaylord School District	320	+10	Education
Walmart	319	+21	Retail Trade
Meijer	200	-25	Retail Trade
Cooper Standard	190	+12	Manufacturing
SunFrog	250	+92	Manufacturing
Johnson Oil & Propane Company	160	+6	Utilities
Mayfair Plastics	165	+33	Manufacturing
Otsego County	133	+8	Government
Tendercare	99	+13	Healthcare
Jay's Sporting Goods	85	0	Retail Trade

Source: Otsego County Economic Alliance, Inc. (August 2022)

Local Economic Information/Trends

A number of items are worthy of note that have influence upon the economic composition of the Gaylord/Otsego area. These items include the following:

- Tornado Impacts/Aftermath – on May 20th, an EF3 tornado, with winds up to 150 mph, touched down within Gaylord for approximately 22 minutes and impacted approximately 18 miles of the city and surrounding townships. It was the strongest tornado to impact a Michigan community since 2012, and resulted in two deaths and injured dozens of local citizens, with hundreds of citizens impacted by either job losses or residential displacement. Approximately 40 businesses were impacted in various ways; fortunately, none of these businesses have permanently closed, and as of late October all but two have been cleaned up or renovated. A strip mall and the Goodwill facility were demolished on the west side of town, but will rebuild in the near future. Local resources have been proactive in terms of assistance and resource allocation for both residents and business owners. Many families are still displaced as homes are either repaired or demolished, currently residing within local hotels and available apartment units.

  From a housing standpoint, local mobile homes were most impacted, as 47 mobile homes were demolished. Some of the available lots are now being occupied by available trailers of various characteristics, as restrictions regarding the age and condition of available mobile homes/trailers was temporarily reduced so that mobile home residents can find quickly find a somewhat suitable replacement unit. As of October, all but 12 former mobile home residents have found suitable replacement units, with the remaining families still seeking a housing alternative. Single family homes most impacted by the tornado are mostly repaired or have been deemed unsuitable for improvements and will

eventually be demolished. The vast majority of these homes impacted by the tornado are located just north of the downtown district and within the northwest section of the city.

For natural and man-made disasters, one overriding objective should be to avoid unsightly "permanent" reminders of the event, such as unrepaired commercial buildings or demolished lots that no longer support housing units. For example, riots that took place in Detroit in 1967 resulted in entire neighborhoods vacated, with no significant redevelopment activity until the late 1980s. For Gaylord, both private and public sector leaders have reiterated that all structures impacted by the tornado will be renovated, reconstructed, or demolished, and that more than sufficient resources are available for the task.

- Interviews with a number of local employers for this report indicated a common theme regarding the recruitment of new staff and talent – the lack of readily available housing opportunities has made staffing decisions much more difficult than necessary. This is especially true for managerial staff, skilled workers, and professionals that seek job opportunities or are recruited for open positions, but cannot find a reasonable housing opportunity. Available options, among both homeowner and rental options, are rapidly snapped up or do not exist at sufficient levels. Thus, both major employers and smaller firms within the Gaylord area are obligated to carefully plan and schedule any employment openings, new employees are likely to begin new positions commuting from Traverse City or other adjacent counties, with the strongest candidates for new positions given additional reasons to decline Gaylord-area career opportunities. Such talent-recruitment issues are also present in other areas of northern Michigan, but the Gaylord area's community assets and potential competitive advantages go unutilized if such issues are not addressed.

- The Gaylord area is an increasingly attractive destination point for a wide range of activities throughout the year, for a diverse set of visitors. The community's resorts, attractive downtown district, and transportation routes provide an additional economic boost to Otsego County that most adjacent counties lack. More recently, this has also included the retail and service outlets developed within the western side of the city, reflecting a significant increase in such activity over the past two decades. This not only includes the economic infusion from visitors for all four seasons, but also the notable leisure/hospitality employment opportunities found within the Gaylord area. Such assets and community interest are diluted when insufficient housing options are available.

- Current & Future Economic Development Activity – Conversations with the Otsego County Economic Alliance provide information on the region's current and future impactful commercial activities and assets, and include the following:
    - Luxury RV/Outdoor Community – located on the east side of Gaylord, the property will eventually support RV pads, Yurt-style tents for lease, community space, restaurant, and recreational areas;

- New hotel construction – recently developed hotels including Fairfield Inn & Suites, Tru by Hilton, and another Marriott hotel to begin construction near the Otsego Grand Events Center;
- Local industrial parks – one is nearly fully occupied with stable employers and businesses, while the community's second industrial park (Air Industrial Park) features available industrial space and additional land for future development;
- A stable downtown district that supports year-round tourism and events;

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 distribution within Otsego 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 Otsego County, regardless of the residence of the worker. As can be seen within the figures on the following pages, over the past ten years Trade/Transportation/Utilities positions remain the largest industry sector for the county, despite a three percent decline in the number of jobs between 2011 and 2021. In 2021, this sector represented nearly 30 percent of the county's labor force. Education/Healthcare jobs represented 19 percent of 2021 employment, a three percent increase from 2011. Leisure/Hospitality employment accounted for 15 percent of the total, while manufacturing jobs represented 11 percent of employment for 2021. Four sectors reported declines in employment, but these losses were not significant. However, manufacturing and construction jobs increased significantly over the past decade (more than 660 positions), a gain in employment opportunities for blue-collar positions that are generally not found in other sections of northern Michigan. Such diversity in regard to local employment options is highly desirable, as such trends result in a wide degree of economic stability, wage gains, and employment growth across all industries and occupations, rather than just specific job sectors.

Comparisons between the residential labor force and at-place labor force reflect the county's diverse employment base and combination of local and regional employment options

Overall, public and private employment has increased by seven percent between 2011 and 2021 – despite a sizable drop in employment totals in 2020 due to the pandemic.

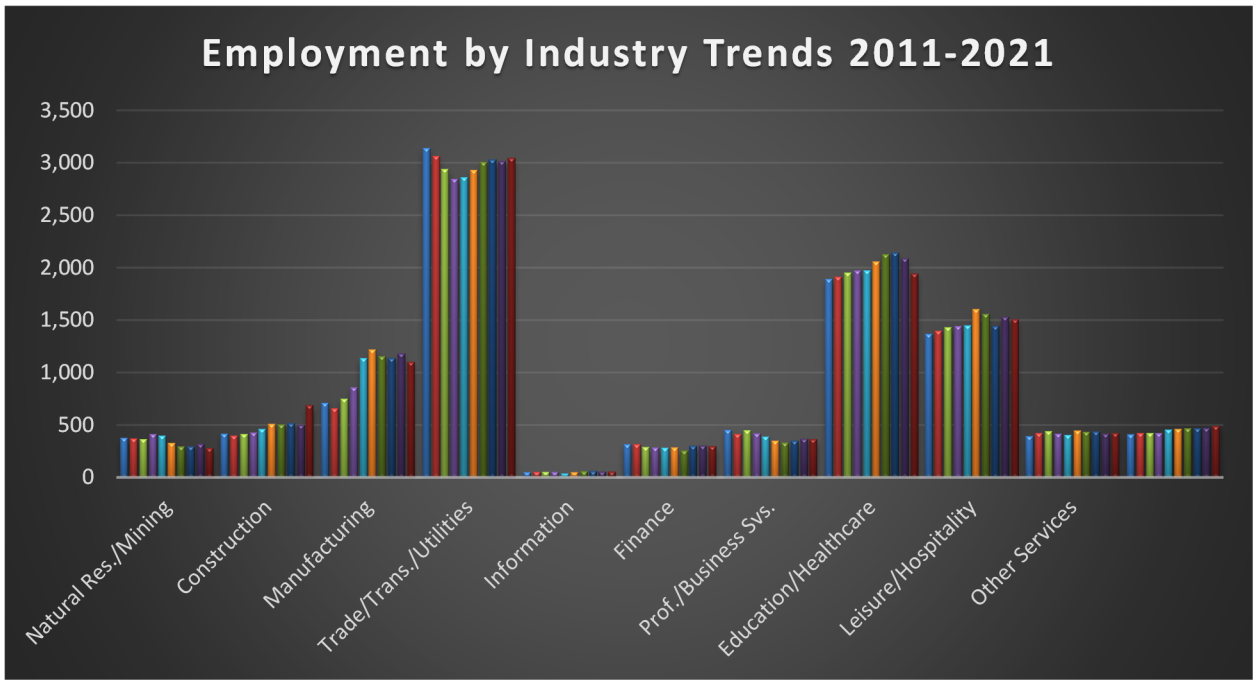
An alternative way to illustrate employment trends within Otsego County is a comparison of residential employment compared to at-place employment. Both statistics are collected by the U.S. Department of Labor, but are collected within separate surveys and are not meant for extensive comparisons. However, in a broad sense the total number of residential employment jobs, regardless of location (10,579 jobs, as of 2021) as compared to at-place employment (10,191 jobs, also as of 2021) also points to the city's focus as an employment center for Otsego County, with the additional influx of workers from other adjacent areas of northern Michigan. Existing transportation routes within Otsego County help facilitate the flow of workers and other visitors to the Gaylord area, helping the community maintain a generally diverse set of employment options, from which continued economic growth can be established.

Leisure/Hospitality positions currently offer the lowest average wages within the county ($22,622 in 2021). The highest average annual wages within Otsego County are found within the finance sector ($79,322) and construction sector ($71,379). Overall private-sector wages have increased over the past seven years, as the private sector average annual wage in 2021 was $47,048. Since 2011 this reflects an average annual rate of increase of 3.9 percent, which is somewhat higher than statewide trends.

For housing market trends to address the most attractive target market segments, the identification of gaps within the housing stock need 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 broadest available housing stock serves the broadest possible resident base. The identification of such gaps in the housing stock will then provide local housing leaders/developers with potential pricing and amenities that would make the local housing stock ideally competitive with neighboring communities.

Table: Otsego County - Employment by Industry – 2011 to 2021

Employment Categories by Industry	*2011*		*2021*		*% Change*
	Number Employed	Percent	Number Employed	Percent	
Construction	416	4.4%	688	6.8%	***65.4%***
Manufacturing	710	7.5%	1,100	10.8%	***54.9%***
Natural Resources and Mining	377	4.0%	280	2.7%	***-25.7%***
Total Production:	**1,503**	**15.8%**	**2,068**	**20.3%**	***37.6%***
Education and Health Services	1,893	19.9%	1,943	19.1%	***2.6%***
Financial Activities	315	3.3%	296	2.9%	**-6.0%**
Information	50	0.5%	54	0.5%	***8.0%***
Leisure and Hospitality	1,368	14.4%	1,508	14.8%	***10.2%***
Other Services	391	4.1%	423	4.2%	***8.2%***
Professional and Business Services	452	4.7%	365	3.6%	**-19.2%**
Trade, Transportation, and Utilities	3,142	33.0%	3,046	29.9%	**-3.1%**
Public Administration	409	4.3%	488	4.8%	***19.3%***
Total Services:	**8,020**	**84.2%**	**8,123**	**79.7%**	***1.3%***
Overall Total:	**9,523**	**100%**	**10,191**	**100%**	***7.0%***
SOURCE: Bureau of Labor Statistics.					



Graphic: Employment by Industry Breakdown – Otsego County

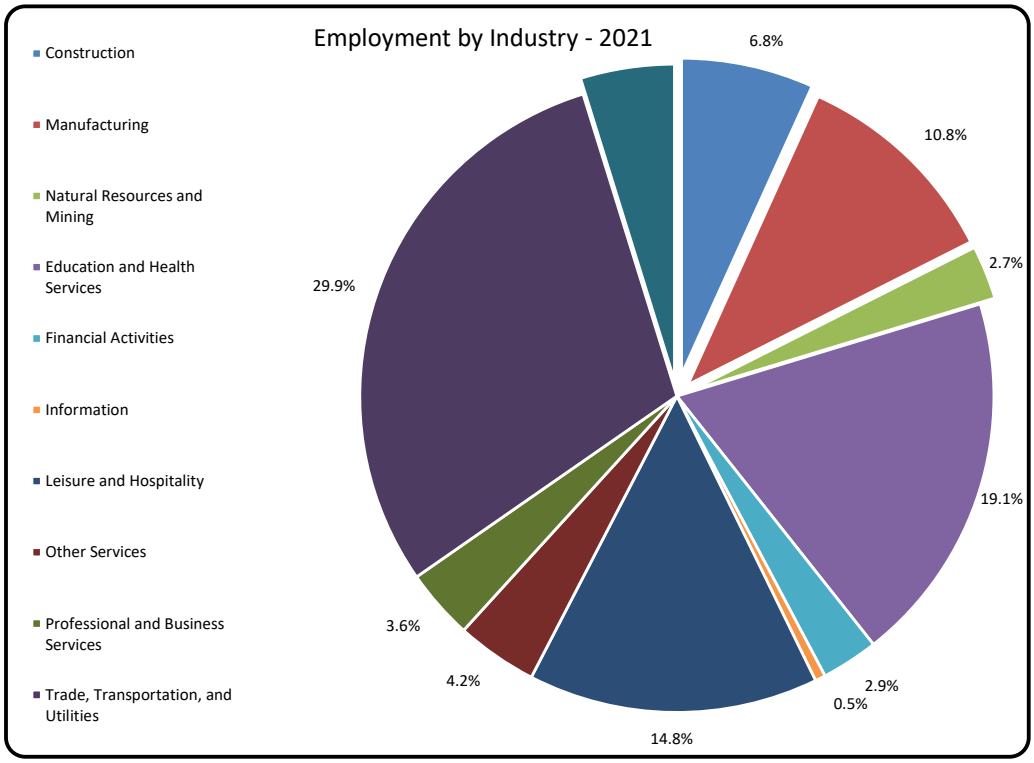
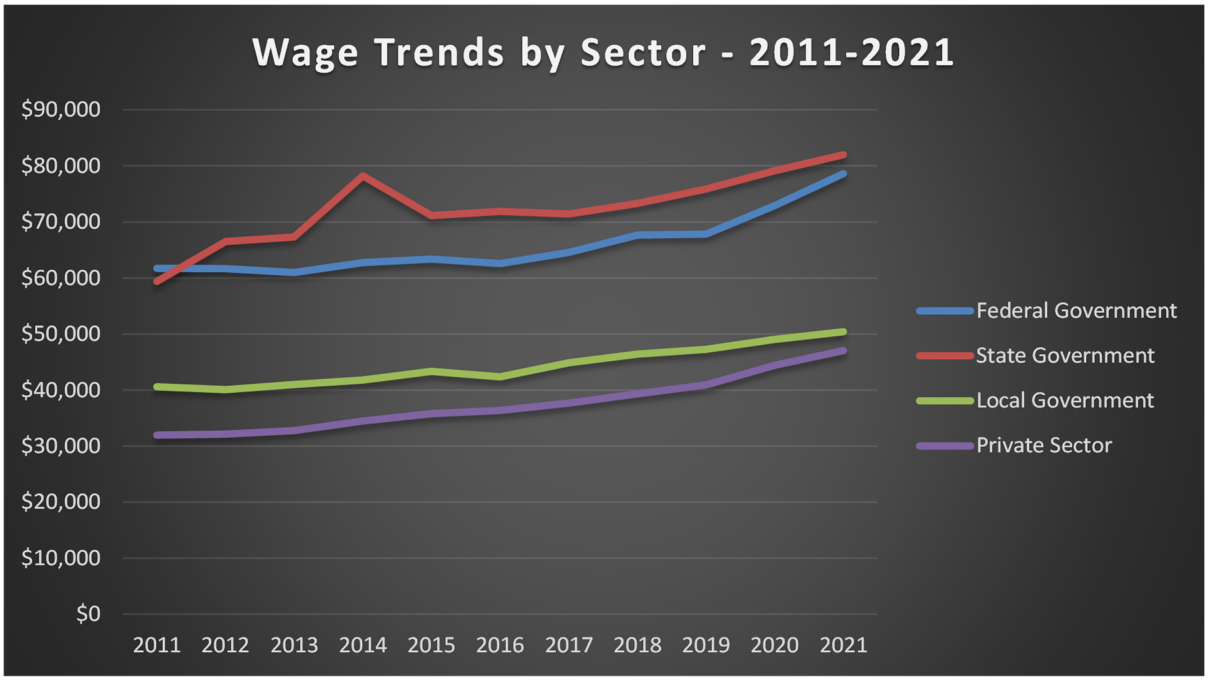
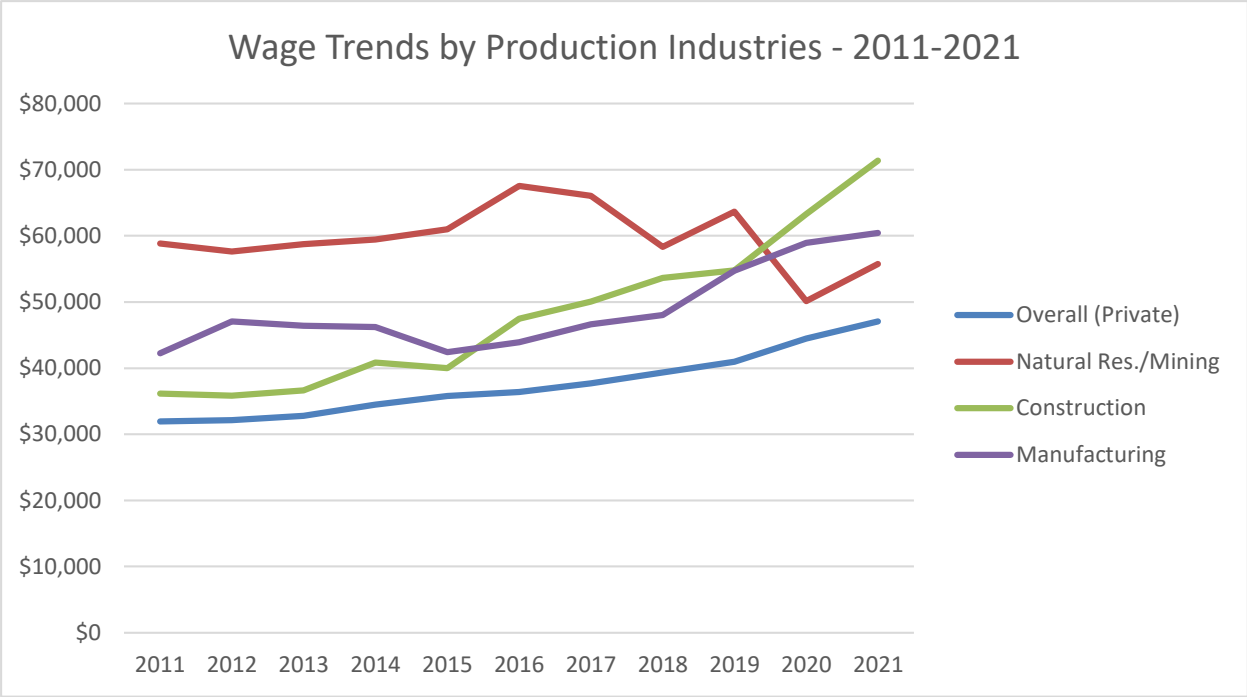


Table: Otsego County Wage Trends by Industry – 2011 to 2021

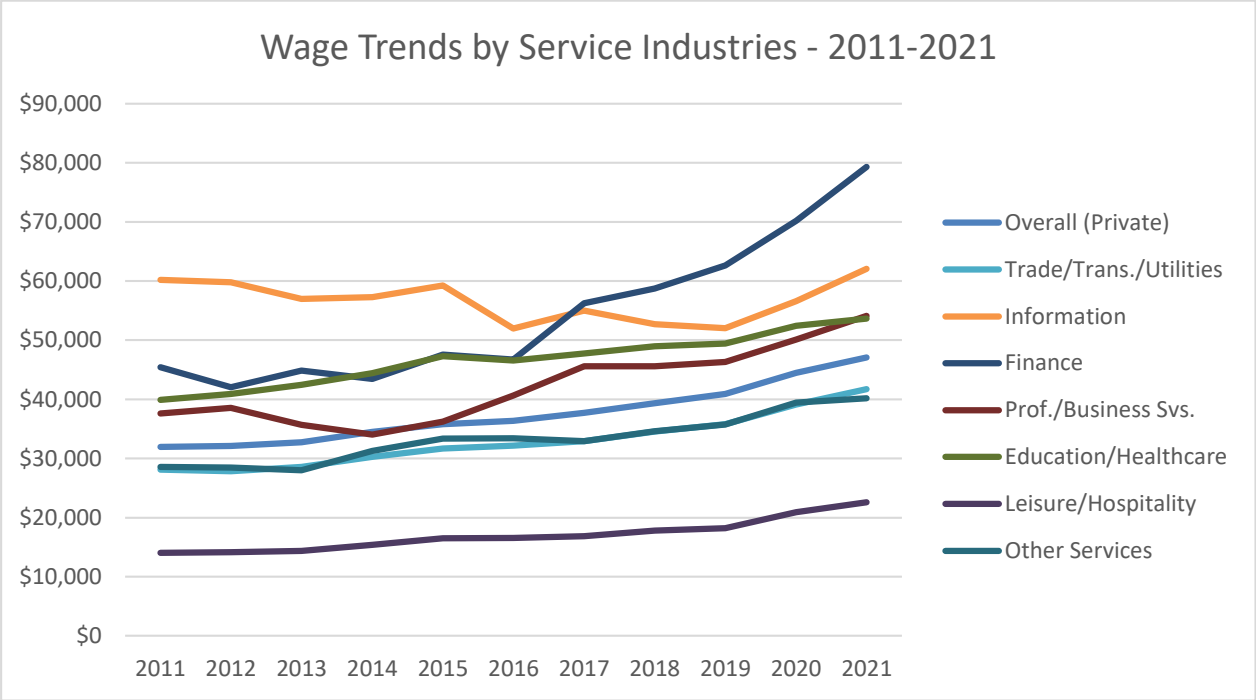
Private Employment Categories by Industry	*Average Annual Pay - 2011*	*Average Annual Pay - 2021*	*% of Overall Average - 2021*	*Total % Change - 2011-2021*	*Average Annual % Change - 2011-2021*
Construction	$36,123	$71,379	*51.7%*	*97.6%*	**7.0%**
Education and Health Services	$39,901	$53,673	*14.1%*	*34.5%*	**3.0%**
Financial Activities	$45,436	$79,322	*68.6%*	*74.6%*	**5.7%**
Information	$60,179	$62,058	*31.9%*	*3.1%*	**0.3%**
Leisure and Hospitality	$14,033	$22,622	**-51.9%**	*61.2%*	**4.9%**
Manufacturing	$42,269	$60,431	*28.4%*	*43.0%*	**3.6%**
Natural Resources and Mining	$58,867	$55,750	*18.5%*	**-5.3%**	**-0.5%**
Other Services	$28,561	$40,178	**-14.6%**	*40.7%*	**3.5%**
Professional and Business Services	$37,582	$54,093	*15.0%*	*43.9%*	**3.7%**
Trade, Transportation, and Utilities	$28,121	$41,740	**-11.3%**	*48.4%*	**4.0%**
Overall Average	**$31,952**	**$47,048**	**---**	*47.2%*	**3.9%**

SOURCE: Bureau of Labor Statistics.





The most sizable increases in wage levels were found within the blue-collar segments (manufacturing and construction), along with financial activities on the services side. The size of the financial services segment is notably smaller, however. All but one employment category has demonstrated continued wage/income appreciation, particularly over the past three years.



Population Trends

Population trends within the Gaylord area and across Otsego County are forecast to vary little, with stable population trends anticipated for the balance of the decade, according to projections from ESRI. By 2027, the Gaylord area's population is projected to total 12,638 persons, reflecting a decline of one percent from 2020. Across the county, population totals will vary little by 2027, as the combination of births, deaths, and net migration will result in population stability for the foreseeable future.

Table: Population Trends (2000 to 2023)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Population	**3,681**	**2,795**	**11,858**	**20,506**	**23,301**
2010 Population	**3,740**	**2,810**	**12,026**	**21,354**	**24,164**
Percent Change (2000-2010)	1.6%	0.5%	1.4%	4.1%	3.7%
Average Annual Change (2000 to 2010)	0.2%	0.1%	0.1%	0.4%	0.4%
2020 Population	**4,286**	**2,805**	**12,805**	**22,286**	**25,091**
Percent Change (2010-2020)	13.8%	3.1%	5.4%	4.0%	3.9%
Average Annual Change (2010 to 2020)	1.4%	0.0%	0.6%	0.4%	0.4%
2022 Population Estimate	**4,263**	**2,865**	**12,733**	**22,216**	**25,081**
Percent Change (from 2020)	-0.5%	2.1%	-0.6%	-0.3%	0.0%
Average Annual Change (2020 to 2022)	-0.3%	1.1%	-0.3%	-0.2%	0.0%
2025 Population Forecast	**4,258**	**2,897**	**12,676**	**22,215**	**25,112**
Percent Change (from 2020)	-0.7%	3.3%	-1.0%	-0.3%	0.1%
Average Annual Change (2020 to 2025)	-0.1%	0.6%	-0.2%	-0.1%	0.0%
2027 Population Forecast	**4,254**	**2,918**	**12,638**	**22,215**	**25,133**
Percent Change (from 2020)	-0.7%	4.0%	-1.3%	-0.3%	0.2%
Average Annual Change (2020 to 2027)	-0.1%	0.6%	-0.2%	0.0%	0.0%

SOURCE: 2000/2010 Census of Population and Housing, SF1, 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, Age 20 to 44, Age 45 to 65, and Age 65 and older.

Growth in senior population, due to both aging in place and migration, represents the primary demographic change in the Gaylord area.

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

and older adult segments are similar in size, between 28 percent and 29 percent, as of 2010 (the most recent data available for population by age). Non-adults (less than age 20) also represented a sizable portion of the area's total, at 27 percent. Seniors within the area in 2010 accounted for 16 percent of the local population, the smallest segment at that time.

According to ESRI forecasts, by 2027 the size of each age cohort will be much more similar. Across the Gaylord area, the three adult cohorts will be generally similar in concentration due to a sharp increase in seniors, while the number of children across the region will decline by eight percent. This shift in population is a combination of locals aging in place and an influx of seniors of various ages and degrees of living. The concentration of seniors projected for 2027 is actually greater across Otsego County as well as the city, reflective of an anticipated influx of seniors to the area along with sizable aging in place by the local population.

Correspondingly, the non-senior population will continue to decline for the county overall, but within Gaylord proper the concentration of non-seniors is forecast to increase by nearly nine percent between 2010 and 2027, projected to represent 78 percent of the 2027 population; in 2010, the non-senior population accounted for 83 percent of the total population. A portion of these trends are due to increased group quarters population, but from an overall standpoint such trends are primarily attributable to employment gains within the city, continued diversity within the community's employment base, and continued stability among existing families/households within Gaylord.

Graphic: Gaylord Area - Age Distribution (2010 to 2027)

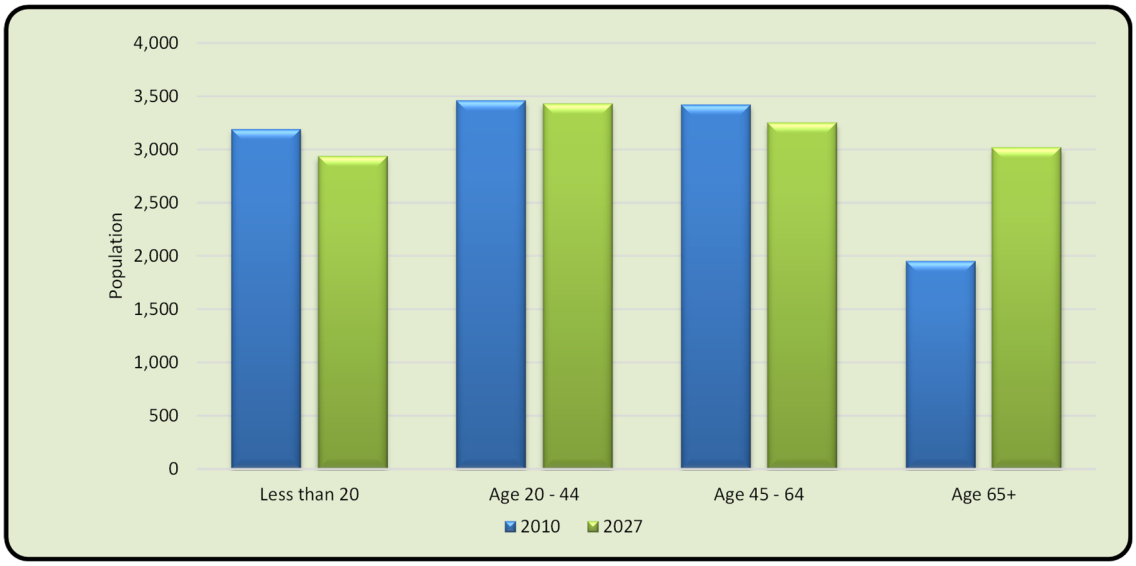


Table: Age Distribution (2010 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Age Less than 20 - 2010	**964**	**695**	**3,192**	**5,455**	**6,150**
Percent of total 2010 population	25.8%	24.7%	26.5%	25.5%	25.5%
Age Between 20 and 44 - 2010	**1,150**	**727**	**3,462**	**5,839**	**6,566**
Percent of total 2010 population	30.7%	25.9%	28.8%	27.3%	27.2%
Age Between 45 and 64 - 2010	**919**	**885**	**3,422**	**6,449**	**7,334**
Percent of total 2010 population	24.6%	31.5%	28.5%	30.2%	30.4%
Age 65 and Over - 2010	**707**	**503**	**1,953**	**3,611**	**4,114**
Percent of total 2010 population	18.9%	17.9%	16.2%	16.9%	17.0%
Age Less than 20 - 2027	**1,054**	**574**	**2,938**	**4,941**	**5,515**
Percent of total 2027 population	24.8%	19.7%	23.2%	22.2%	21.9%
Percent change (2010 to 2027)	9.3%	-17.4%	-8.0%	-9.4%	-10.3%
Average Annual Change (2010 to 2027)	0.5%	-1.1%	-0.5%	-0.6%	-0.6%
Age Between 20 and 44 - 2027	**1,263**	**728**	**3,432**	**5,652**	**6,380**
Percent of total 2027 population	29.7%	24.9%	27.2%	25.4%	25.4%
Percent change (2010 to 2027)	9.8%	0.1%	-0.9%	-3.2%	-2.8%
Average Annual Change (2010 to 2027)	0.6%	0.0%	-0.1%	-0.2%	-0.2%
Age Between 45 and 64 - 2027	**982**	**822**	**3,252**	**5,991**	**6,813**
Percent of total 2027 population	23.1%	28.2%	25.7%	27.0%	27.1%
Percent change (2010 to 2027)	6.9%	-7.1%	-5.0%	-7.1%	-7.1%
Average Annual Change (2010 to 2027)	0.4%	-0.4%	-0.3%	-0.4%	-0.4%
Age 65 and Over - 2027	**958**	**794**	**3,019**	**5,631**	**6,425**
Percent of total 2027 population	22.5%	27.2%	23.9%	25.3%	25.6%
Percent change (2010 to 2027)	35.5%	57.9%	54.6%	55.9%	56.2%
Average Annual Change (2010 to 2027)	1.8%	2.7%	2.6%	2.6%	2.7%

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

Graphic: Senior Population Trends/Projections – Gaylord Area

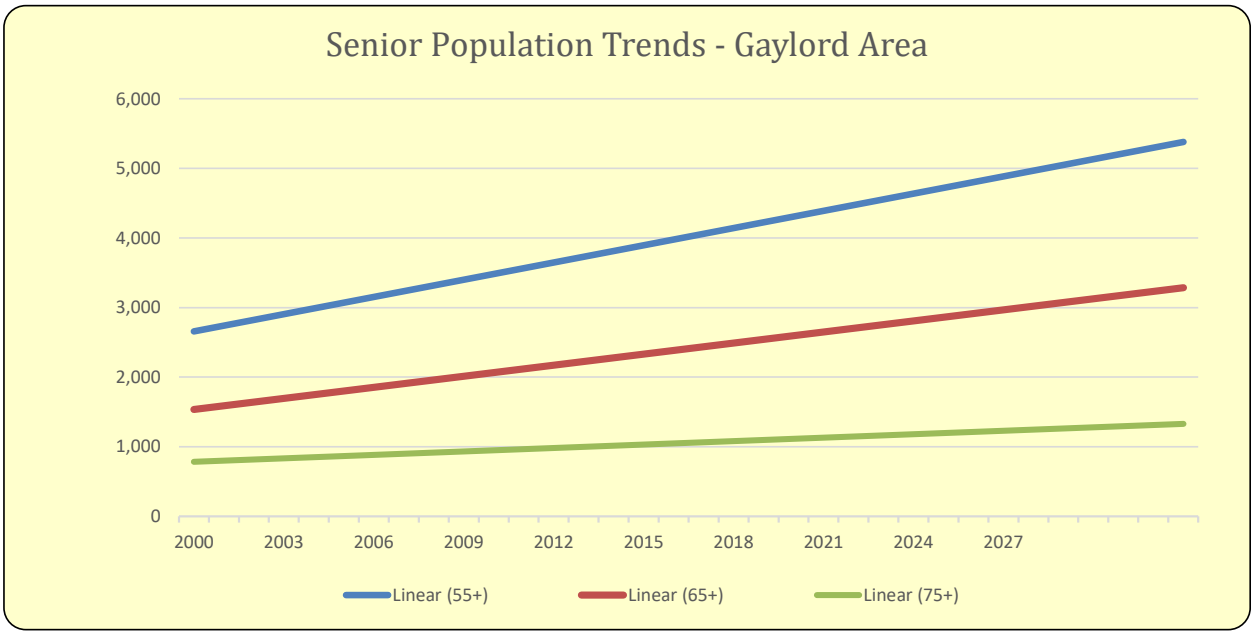


Table: Senior Population Trends (2000 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Senior Population (55 years and Over)	**1,023**	**679**	**2,617**	**4,912**	**5,591**
Percent of total 2000 population	27.4%	24.2%	21.8%	23.0%	23.1%
2010 Senior Population (55 years and Over)	**1,121**	**912**	**3,504**	**6,653**	**7,565**
Percent of total 2010 population	26.3%	31.8%	27.5%	29.9%	30.2%
Percent change (2000 to 2010)	9.6%	34.3%	33.9%	35.4%	35.3%
Average Annual Change (2000 to 2010)	0.9%	3.0%	3.0%	3.1%	3.1%
2022 Senior Population (55 years and Over)	**1,430**	**1,159**	**4,601**	**8,494**	**9,653**
Percent of total 2022 population	33.6%	40.0%	36.3%	38.2%	38.4%
Percent change (2010 to 2022)	27.6%	27.1%	31.3%	27.7%	27.6%
Average Annual Change (2010 to 2022)	2.0%	2.0%	2.3%	2.1%	2.1%
2025 Senior Population (55 years and Over)	**1,446**	**1,225**	**4,708**	**8,774**	**9,999**
Percent of total 2025 population	34.0%	42.3%	37.1%	39.5%	39.8%
Percent change (2010 to 2025)	29.0%	34.3%	34.4%	31.9%	32.2%
Average Annual Change (2010 to 2025)	1.7%	2.0%	2.0%	1.9%	1.9%
2027 Senior Population (55 years and Over)	**1,457**	**1,269**	**4,779**	**8,960**	**10,229**
Percent of total 2027 population	34.3%	43.5%	37.8%	40.3%	40.7%
Percent change (2010 to 2027)	30.0%	39.1%	36.4%	34.7%	35.2%
Average Annual Change (2010 to 2027)	1.6%	2.0%	1.8%	1.8%	1.8%
2000 Senior Population (65 years and Over)	**752**	**340**	**1,612**	**2,861**	**3,201**
Percent of total 2000 population	20.1%	12.1%	13.4%	13.4%	13.2%
2010 Senior Population (65 years and Over)	**707**	**503**	**1,953**	**3,611**	**4,114**
Percent of total 2010 population	16.6%	17.6%	15.3%	16.3%	16.4%
Percent change (2000 to 2010)	-6.0%	47.9%	21.2%	26.2%	28.5%
Average Annual Change (2000 to 2010)	-0.6%	4.0%	1.9%	2.4%	2.5%
2022 Senior Population (65 years and Over)	**875**	**668**	**2,664**	**4,936**	**5,604**
Percent of total 2022 population	20.6%	23.1%	21.0%	22.2%	22.3%
Percent change (2010 to 2022)	23.8%	32.8%	36.4%	36.7%	36.2%
Average Annual Change (2010 to 2022)	1.8%	2.4%	2.6%	2.6%	2.6%
2025 Senior Population (65 years and Over)	**925**	**744**	**2,877**	**5,353**	**6,097**
Percent of total 2025 population	21.7%	25.7%	22.7%	24.1%	24.3%
Percent change (2010 to 2025)	30.8%	47.8%	47.3%	48.2%	48.2%
Average Annual Change (2010 to 2025)	1.8%	2.6%	2.6%	2.7%	2.7%
2027 Senior Population (65 years and Over)	**958**	**794**	**3,019**	**5,631**	**6,425**
Percent of total 2027 population	22.5%	27.2%	23.9%	25.3%	25.6%
Percent change (2010 to 2027)	35.5%	57.9%	54.6%	55.9%	56.2%
Average Annual Change (2010 to 2027)	1.8%	2.7%	2.6%	2.6%	2.7%
2000 Senior Population (75 years and Over)	**458**	**131**	**787**	**1,189**	**1,320**
Percent of total 2000 population	12.2%	36.3%	44.8%	44.3%	43.3%
2010 Senior Population (75 years and Over)	**409**	**193**	**949**	**1,632**	**1,825**
Percent of total 2010 population	9.6%	6.7%	7.5%	7.3%	7.3%
Percent change (2000 to 2010)	-10.7%	47.3%	20.6%	37.3%	38.3%
Average Annual Change (2000 to 2010)	-1.1%	4.0%	1.9%	3.2%	3.3%
2022 Senior Population (75 years and Over)	**429**	**266**	**1,106**	**1,960**	**2,226**
Percent of total 2022 population	10.1%	9.2%	8.7%	8.8%	8.9%
Percent change (2010 to 2022)	4.9%	37.8%	16.5%	20.1%	22.0%
Average Annual Change (2010 to 2022)	0.4%	2.7%	1.3%	1.5%	1.7%
2025 Senior Population (75 years and Over)	**442**	**312**	**1,197**	**2,178**	**2,489**
Percent of total 2025 population	10.4%	10.8%	9.4%	9.8%	9.9%
Percent change (2010 to 2025)	8.0%	61.5%	26.2%	33.4%	36.4%
Average Annual Change (2010 to 2025)	0.5%	3.2%	1.6%	1.9%	2.1%
2027 Senior Population (75 years and Over)	**450**	**342**	**1,258**	**2,323**	**2,665**
Percent of total 2027 population	10.6%	11.7%	10.0%	10.5%	10.6%
Percent change (2010 to 2027)	10.0%	77.2%	32.6%	42.3%	46.0%
Average Annual Change (2010 to 2027)	0.6%	3.4%	1.7%	2.1%	2.3%

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

Graphic: Senior/Non-Senior Population – Gaylord Area

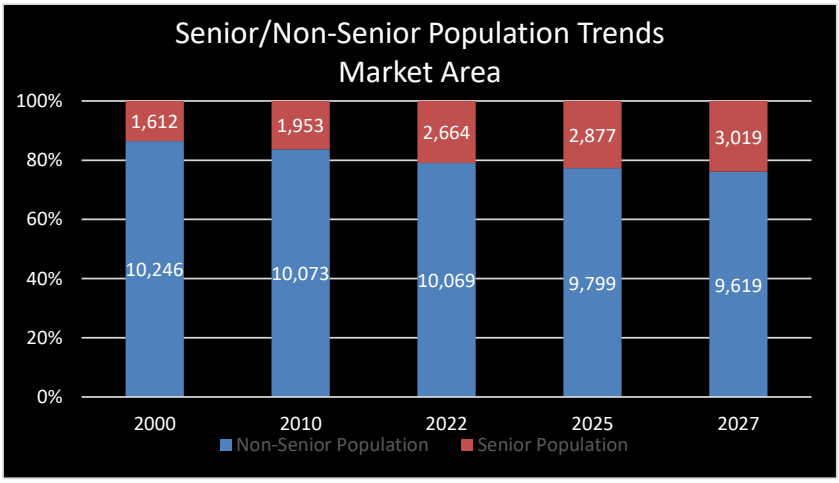


Table: Senior/Non-Senior Population Trends (2010 to 2027)

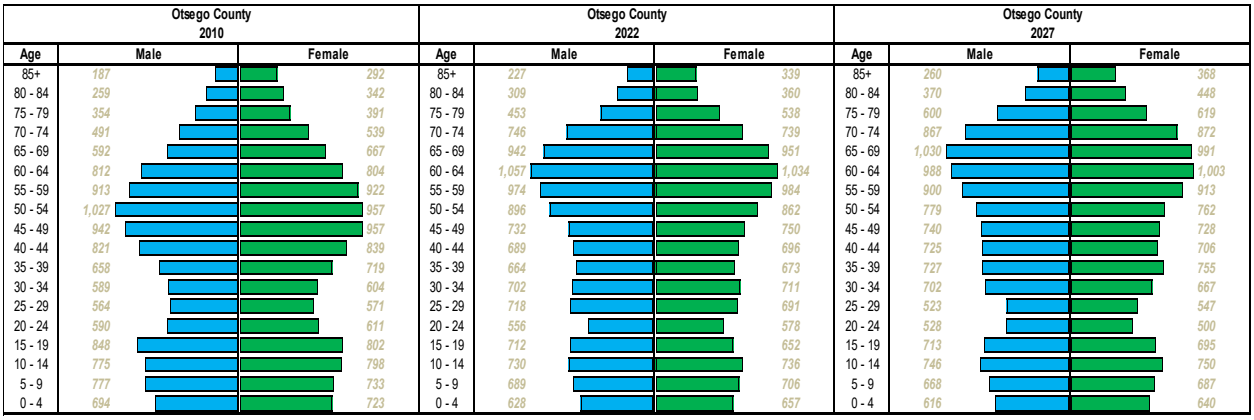
	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Non-Senior Population	**2,929**	**2,455**	**10,246**	**17,645**	**20,100**
Percent of total 2000 population	79.9%	87.9%	86.6%	86.6%	86.8%
2010 Non-Senior Population	**3,033**	**2,307**	**10,073**	**17,743**	**20,050**
Percent of total 2010 population	83.4%	82.4%	84.7%	83.7%	83.6%
2022 Non-Senior Population	**3,388**	**2,197**	**10,069**	**17,280**	**19,477**
Percent of total 2022 population	79.4%	76.9%	79.0%	77.8%	77.7%
Percent change (2010 to 2022)	11.7%	-4.8%	0.0%	-2.6%	-2.9%
2025 Non-Senior Population	**3,333**	**2,153**	**9,799**	**16,862**	**19,016**
Percent of total 2025 population	78.3%	74.3%	77.3%	75.9%	75.7%
Percent change (2010 to 2025)	9.9%	-6.7%	-2.7%	-5.0%	-5.2%
2027 Non-Senior Population	**3,296**	**2,124**	**9,619**	**16,584**	**18,708**
Percent of total 2027 population	77.5%	72.8%	76.1%	74.7%	74.4%
Percent change (2010 to 2027)	8.7%	-7.9%	-4.5%	-6.5%	-6.7%
2000 Senior Population (65 years and Over)	**752**	**340**	**1,612**	**2,861**	**3,201**
Percent of total 2000 population	20.1%	12.1%	13.4%	13.4%	13.2%
2010 Senior Population (65 years and Over)	**707**	**503**	**1,953**	**3,611**	**4,114**
Percent of total 2010 population	16.6%	17.6%	15.3%	16.3%	16.4%
Percent change (2000 to 2010)	-6.0%	47.9%	21.2%	26.2%	28.5%
2022 Senior Population (65 years and Over)	**875**	**668**	**2,664**	**4,936**	**5,604**
Percent of total 2022 population	20.6%	23.1%	21.0%	22.2%	22.3%
Percent change (2010 to 2022)	23.8%	32.8%	36.4%	36.7%	36.2%
2025 Senior Population (65 years and Over)	**925**	**744**	**2,877**	**5,353**	**6,097**
Percent of total 2025 population	21.7%	25.7%	22.7%	24.1%	24.3%
Percent change (2010 to 2025)	30.8%	47.8%	47.3%	48.2%	48.2%
2027 Senior Population (65 years and Over)	**958**	**794**	**3,019**	**5,631**	**6,425**
Percent of total 2027 population	22.5%	27.2%	23.9%	25.3%	25.6%
Percent change (2010 to 2027)	35.5%	57.9%	54.6%	55.9%	56.2%

SOURCE: 2000-2010 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 Otsego County, with sizable segments that reflect both the Baby Boom generation and the Millennials. 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 2010 to 2027. 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 Gaylord area, please note that the prevailing population trends are still much more favorable than many northern Michigan 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 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. Otsego County is not remotely close to these conditions, but the foundation for such dramatic changes is being made today – thus the importance of a more balanced housing stock that would ideally stabilize the local population around a combination of families, singles, and seniors that serves the region's primary target market segments.

Graphic: Population Pyramids by Sex – Otsego County



The average household size across the Gaylord area is currently estimated at 2.34 persons – lower than statewide estimates. The city's average household size is smaller, at 2.12 persons for 2022. In the future, household sizes will vary little from the current estimates.

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

Table: Average Household Size (2000 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Average Household Size	**2.22**	**2.63**	**2.53**	**2.56**	**2.56**
2010 Average Household Size	**2.19**	**2.42**	**2.45**	**2.46**	**2.45**
Percent Change (2000-2010)	-1.1%	-8.3%	-3.3%	-3.8%	-4.4%
2020 Average Household Size	**2.12**	**2.37**	**2.36**	**2.38**	**2.38**
Percent Change (2010-2020)	-3.3%	-2.1%	-3.5%	-3.0%	-2.9%
2022 Average Household Size Estimate	**2.12**	**2.38**	**2.34**	**2.36**	**2.36**
Percent Change (2020-2022)	0.0%	0.6%	-0.9%	-1.1%	-0.9%
2025 Average Household Size Forecast	**2.11**	**2.37**	**2.33**	**2.35**	**2.35**
Percent Change (2020-2025)	-0.3%	0.3%	-1.3%	-1.5%	-1.3%
2027 Average Household Size Forecast	**2.11**	**2.37**	**2.33**	**2.34**	**2.35**
Percent Change (2020-2027)	-0.5%	0.0%	-1.5%	-1.7%	-1.5%

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

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Average Household Size - Age 65+	**1.33**	**1.48**	**1.44**	**1.50**	**1.50**
2010 Average Household Size - Age 65+	**1.34**	**1.50**	**1.50**	**1.54**	**1.53**
Percent Change (2000-2010)	0.6%	1.4%	3.8%	2.6%	2.5%
2022 Average Household Size Estimate - Age 65+	**1.26**	**1.61**	**1.52**	**1.57**	**1.58**
Percent Change (2010-2022)	-5.7%	7.6%	1.4%	2.1%	2.8%
2025 Average Household Size Forecast - Age 65+	**1.27**	**1.62**	**1.53**	**1.58**	**1.59**
Percent Change (2010-2025)	-5.2%	1.1%	1.2%	1.1%	1.1%
2027 Average Household Size Forecast - Age 65+	**1.27**	**1.63**	**1.54**	**1.59**	**1.59**
Percent Change (2010-2027)	-5.2%	1.1%	1.2%	1.1%	1.1%

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

Household Trends

Households across Otsego County follow trends similar to that of the population, with general stability observed across the various geographic levels. By 2027 the county is projected to contain 10,526 households, reflecting an increase of one percent from 2020.

Table: Household Trends (2000 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Households	**1,584**	**1,051**	**4,612**	**7,944**	**8,995**
2010 Households	**1,629**	**1,152**	**4,840**	**8,604**	**9,756**
Percent Change (2000-2010)	2.8%	9.6%	4.9%	8.3%	8.5%
Average Annual Change (2000 to 2010)	0.3%	0.9%	0.5%	0.8%	0.8%
2020 Households	**1,928**	**1,180**	**5,310**	**9,227**	**10,407**
Percent Change (2010-2020)	18.4%	2.4%	9.7%	7.2%	6.7%
Average Annual Change (2010 to 2020)	1.7%	0.2%	0.9%	0.7%	0.6%
2022 Household Estimate	**1,927**	**1,197**	**5,292**	**9,245**	**10,442**
Percent Change (2020-2022)	-0.1%	1.4%	-0.3%	0.2%	0.3%
Average Annual Change (2020 to 2022)	0.0%	0.7%	-0.2%	0.1%	0.2%
2025 Household Forecast	**1,930**	**1,214**	**5,285**	**9,278**	**10,492**
Percent Change (2020-2025)	0.1%	2.9%	-0.5%	0.6%	0.8%
Average Annual Change (2020 to 2025)	0.0%	0.6%	-0.1%	0.1%	0.2%
2027 Household Forecast	**1,932**	**1,226**	**5,281**	**9,300**	**10,526**
Percent Change (2020-2027)	0.2%	3.9%	-0.5%	0.8%	1.1%
Average Annual Change (2020 to 2027)	0.0%	0.5%	-0.1%	0.1%	0.2%

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

Gaylord's rental housing stock is a combination of subsidy units, senior-designated apartments, mobile homes, market rate units, and single-family homes for rent. It is highly likely that the available supply of rentals does not match the characteristics of the market demand.

Gaylord features an estimated occupied renter household percentage of 50 percent, with a total of 974 units, as estimated by ESRI for 2022. Across the Gaylord area, rental units represent an estimated 30 percent of all households in 2022 (1,586 units). This concentration of rentals is typical of most communities the size and characteristics of Gaylord, and under normal conditions should be more than sufficient to meet the needs of the area. However, the lack of new housing supply over the past decade has resulted in an increasingly limited housing market across all types and price points; from a rental standpoint such trends result in longer residency within existing units, and a slower than typical turnover of units available for new households to the community, or newly

created households aging in place within Otsego County. Also, the community's rental housing stock reflects a number of senior-designated units or subsidy units that are not available for alternative target market segments, such as moderate-income families, newly-relocated families to the Gaylord area, younger singles or couples, among others. Based on the most recent census data, adjusted to reflect the 2022 estimated data from ESRI, among all rental units within the city, approximately 31 percent are subsidized or rent restricted. In addition, approximately 13 percent of the Gaylord area's rentals are mobile homes, typically occupied by lower-income households or seniors with fixed incomes. Approximately 33 percent reflect non-subsidized (market rate) apartments rentals, including the recently constructed Pines 45 Apartments. As a result, the remaining 23 percent of available rental units estimated to exist for 2022 are single family rental units – with likely target markets ranging from lower-income ranges to upper-income households.

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 likely, however, based on field reviews, interviews with local housing leaders, 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 cities such as Traverse City or Alpena that may have a greater degree of housing options available. As a result, despite a large number of rental units within the community, an insufficient number of rental units are likely present for renters within some of the target market segments of interest within this analysis.

Graphic: Household Tenure Breakdown – Gaylord Area

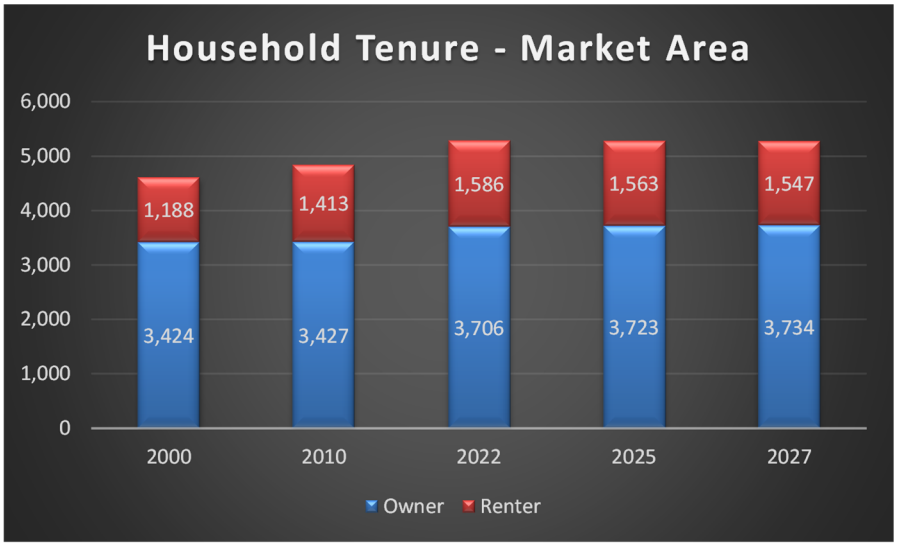


Table: Households by Tenure (2000 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Renter-Occupied Households	**753**	**189**	**1,188**	**1,455**	**1,644**
Percent of total 2000 households	47.5%	18.0%	25.8%	18.3%	18.3%
2010 Renter-Occupied Households	**783**	**178**	**1,413**	**1,802**	**1,980**
Percent of total 2010 households	48.1%	15.5%	29.2%	20.9%	20.3%
Percent change (2000 to 2010)	4.0%	-5.8%	18.9%	23.8%	20.4%
2022 Renter-Occupied Households	**974**	**235**	**1,586**	**2,023**	**2,258**
Percent of total 2022 households	50.5%	19.6%	30.0%	21.9%	21.6%
Percent change (2010 to 2022)	24.4%	32.0%	12.2%	12.3%	14.0%
2025 Renter-Occupied Households	**963**	**237**	**1,563**	**1,998**	**2,235**
Percent of total 2025 households	49.9%	19.5%	29.6%	21.5%	21.3%
Percent change (2010 to 2025)	22.9%	33.0%	10.6%	10.9%	12.9%
2027 Renter-Occupied Households	**955**	**238**	**1,547**	**1,982**	**2,220**
Percent of total 2027 households	49.4%	19.4%	29.3%	21.3%	21.1%
Percent change (2010 to 2027)	22.0%	33.7%	9.5%	10.0%	12.1%
2000 Owner-Occupied Households	**831**	**862**	**3,424**	**6,489**	**7,351**
Percent of total 2000 households	52.5%	82.0%	74.2%	81.7%	81.7%
2010 Owner-Occupied Households	**846**	**974**	**3,427**	**6,802**	**7,776**
Percent of total 2010 households	51.9%	84.5%	70.8%	79.1%	79.7%
Percent change (2000 to 2010)	1.8%	13.0%	0.1%	4.8%	5.8%
2022 Owner-Occupied Households	**953**	**962**	**3,706**	**7,222**	**8,184**
Percent of total 2022 households	49.5%	80.4%	70.0%	78.1%	78.4%
Percent change (2010 to 2022)	12.6%	-1.2%	8.1%	6.2%	5.2%
2025 Owner-Occupied Households	**967**	**978**	**3,723**	**7,280**	**8,257**
Percent of total 2025 households	50.1%	80.5%	70.4%	78.5%	78.7%
Percent change (2010 to 2025)	14.3%	0.4%	8.6%	7.0%	6.2%
2027 Owner-Occupied Households	**977**	**988**	**3,734**	**7,318**	**8,306**
Percent of total 2027 households	50.6%	80.6%	70.7%	78.7%	78.9%
Percent change (2010 to 2027)	15.5%	1.4%	9.0%	7.6%	6.8%

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

Graphic: Household Tenure Breakdown – City of Gaylord

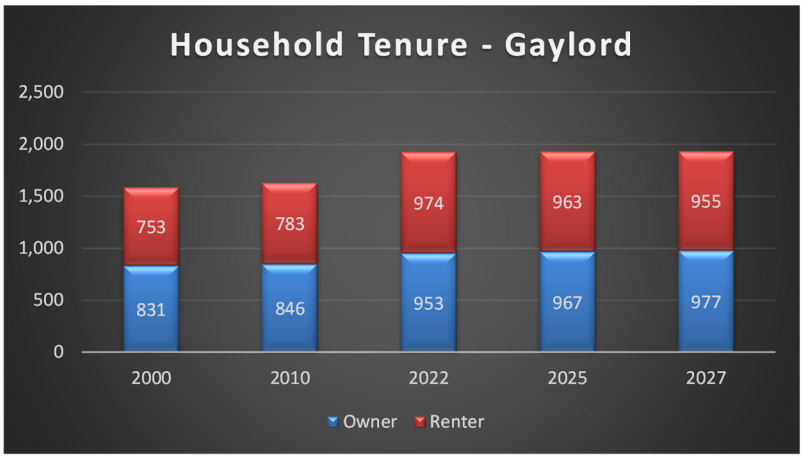


Table: Owner Households by Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Owner Units	718	895	3,518	6,841	7,736
1 Unit	665	860	3,182	6,283	7,143
% of Total	92.6%	96.1%	90.4%	91.8%	92.3%
2 to 4 Units	0	0	0	27	27
% of Total	0.0%	0.0%	0.0%	0.4%	0.3%
5 to 19 Units	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
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	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
Mobile Home/Boat/Other	53	35	336	531	566
% of Total	7.4%	3.9%	9.6%	7.8%	7.3%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

Table: Renter Households by Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Rental Units	1,089	211	1,699	2,038	2,249
1 Unit	122	132	384	606	738
% of Total	11.2%	62.6%	22.6%	29.7%	32.8%
2 to 4 Units	336	10	412	440	450
% of Total	30.9%	4.7%	24.2%	21.6%	20.0%
5 to 19 Units	288	2	326	326	328
% of Total	26.4%	0.9%	19.2%	16.0%	14.6%
20 to 49 Units	203	11	218	218	229
% of Total	18.6%	5.2%	12.8%	10.7%	10.2%
50 or more Units	130	0	135	135	135
% of Total	11.9%	0.0%	7.9%	6.6%	6.0%
Mobile Home/Boat/Other	10	56	224	313	369
% of Total	0.9%	26.5%	13.2%	15.4%	16.4%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

As with the senior population, senior households will exhibit the most robust gains across all geographic levels within Otsego County for the foreseeable future. By 2027, the number of senior households age 65+ across the county will total 3,959 units, accounting for 38 percent of all households. The younger senior segment (age 55 and older) will represent a majority of the market area's households by 2027, with 6,088 units (58 percent of all households). The 2027 concentration of younger senior households within the Gaylord area will also represent more than half of all households, at 55 percent.

Senior households age 55+ across Otsego County will represent nearly 58 percent of all occupied units by 2027. Such a high concentration of seniors will ultimately negatively impact the tax base and employment pool.

These trends are not unique to Gaylord, and the impacts of such trends can be 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. The implications regarding schools, the

local tax base, the labor force, and the future of the community overall are quite evident within this statistic. Gaylord and Otsego County are far from such a shift toward a primarily elderly population and household base; unless an increasing degree of migration and household creation takes place over the balance of the decade, trends beyond 2030 point to an increasingly elderly household count, decreased family concentrations, and greater dependence on outside economic/social inputs to maintain economic stability.

Across Otsego County, rental units occupied by a senior, including those designated for senior occupancy or undesignated options, represented nearly 30 percent of all rental units in 2010, and accounted for 13 percent of all senior households in 2010. These concentrations are notably larger within Gaylord and the Gaylord area, as indicated within the following table. Gaylord has historically contained senior rental developments, and has long been an attractive retirement destination for both local and regional seniors, with growth coming from both those local residents aging in place as well as migration from other sections of Michigan. These households would include those within independent living developments, conventional apartment units, and rental homes of any type. Assisted living and nursing care residents are considered group quarters population, and are not counted individually as a senior household.

Graphic: Senior Household Trends – Gaylord Area

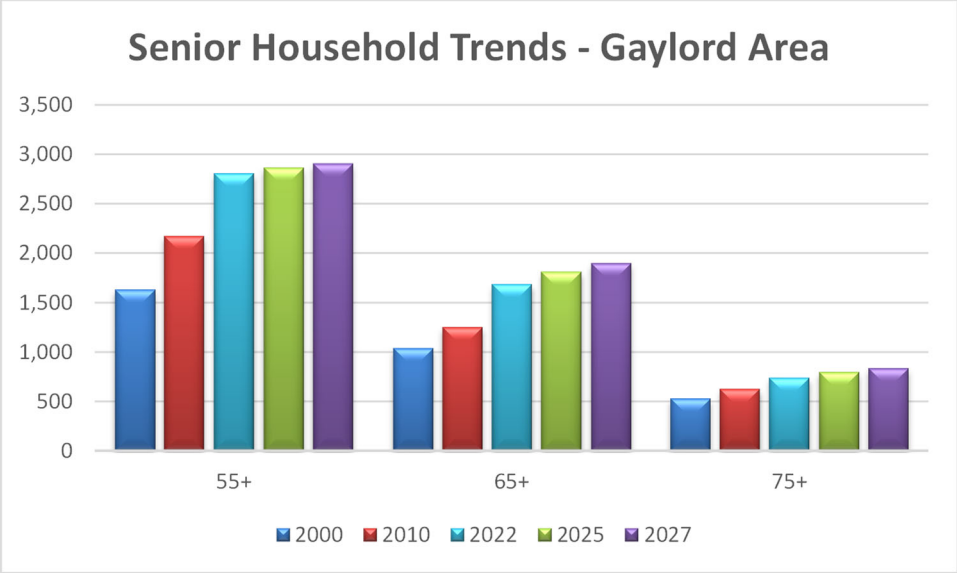


Table: Senior Household Trends (2000 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Senior Households (55 years and Over)	**654**	**418**	**1,634**	**3,015**	**3,433**
Percent of total 2000 households	41.3%	39.8%	35.4%	38.0%	38.2%
2010 Senior Households (55 years and Over)	**741**	**565**	**2,175**	**4,069**	**4,634**
Percent of total 2010 households	45.5%	49.0%	44.9%	47.3%	47.5%
Percent change (2000 to 2010)	13.3%	35.2%	33.1%	35.0%	35.0%
2022 Senior Households (55 years and Over)	**983**	**679**	**2,807**	**5,094**	**5,773**
Percent of total 2022 households	51.0%	56.7%	53.0%	55.1%	55.3%
Percent change (2010 to 2022)	32.7%	20.2%	29.1%	25.2%	24.6%
Average Annual Change (2010 to 2022)	2.4%	1.5%	2.1%	1.9%	1.8%
2025 Senior Households (55 years and Over)	**997**	**716**	**2,868**	**5,246**	**5,962**
Percent of total 2025 households	51.7%	58.9%	54.3%	56.5%	56.8%
Percent change (2010 to 2025)	34.6%	26.7%	31.8%	28.9%	28.7%
Average Annual Change (2010 to 2025)	2.0%	1.6%	1.9%	1.7%	1.7%
2027 Senior Households (55 years and Over)	**1,007**	**740**	**2,908**	**5,348**	**6,088**
Percent of total 2027 households	52.1%	60.4%	55.1%	57.5%	57.8%
Percent change (2010 to 2027)	35.9%	31.0%	33.7%	31.4%	31.4%
Average Annual Change (2010 to 2027)	1.8%	1.6%	1.7%	1.6%	1.6%
2000 Senior Households (65 years and Over)	**485**	**228**	**1,039**	**1,834**	**2,062**
Percent of total 2000 households	30.6%	21.7%	22.5%	23.1%	22.9%
2010 Senior Households (65 years and Over)	**474**	**333**	**1,253**	**2,296**	**2,629**
Percent of total 2010 households	29.1%	28.9%	25.9%	26.7%	26.9%
Percent change (2000 to 2010)	-2.3%	46.1%	20.6%	25.2%	27.5%
2022 Senior Households (65 years and Over)	**628**	**410**	**1,688**	**3,071**	**3,481**
Percent of total 2022 households	32.6%	34.3%	31.9%	33.2%	33.3%
Percent change (2010 to 2022)	32.5%	23.1%	34.7%	33.8%	32.4%
Average Annual Change (2010 to 2022)	2.4%	1.7%	2.5%	2.5%	2.4%
2025 Senior Households (65 years and Over)	**664**	**454**	**1,815**	**3,314**	**3,768**
Percent of total 2025 households	34.4%	37.4%	34.3%	35.7%	35.9%
Percent change (2010 to 2025)	40.1%	36.3%	44.8%	44.3%	43.3%
Average Annual Change (2010 to 2025)	2.3%	2.1%	2.5%	2.5%	2.4%
2027 Senior Households (65 years and Over)	**688**	**483**	**1,899**	**3,476**	**3,959**
Percent of total 2027 households	35.6%	39.4%	36.0%	37.4%	37.6%
Percent change (2010 to 2027)	45.1%	45.0%	51.6%	51.4%	50.6%
Average Annual Change (2010 to 2027)	2.2%	2.2%	2.5%	2.5%	2.4%
2000 Senior Households (75 years and Over)	**304**	**101**	**531**	**797**	**898**
Percent of total 2000 households	19.2%	9.6%	11.5%	10.0%	10.0%
2010 Senior Households (75 years and Over)	**277**	**137**	**628**	**1,081**	**1,218**
Percent of total 2010 households	17.0%	11.9%	13.0%	12.6%	12.5%
Percent change (2000 to 2010)	-8.9%	35.6%	18.3%	35.6%	35.6%
2022 Senior Households (75 years and Over)	**322**	**172**	**741**	**1,288**	**1,460**
Percent of total 2022 households	16.7%	14.4%	14.0%	13.9%	14.0%
Percent change (2010 to 2022)	16.2%	25.5%	18.0%	19.1%	19.9%
Average Annual Change (2010 to 2022)	1.3%	1.9%	1.4%	1.5%	1.5%
2025 Senior Households (75 years and Over)	**333**	**200**	**799**	**1,422**	**1,621**
Percent of total 2025 households	17.3%	16.4%	15.1%	15.3%	15.5%
Percent change (2010 to 2025)	20.4%	45.7%	27.2%	31.5%	33.1%
Average Annual Change (2010 to 2025)	1.2%	2.5%	1.6%	1.8%	1.9%
2027 Senior Households (75 years and Over)	**341**	**218**	**837**	**1,511**	**1,729**
Percent of total 2027 households	23.6%	17.8%	17.8%	17.2%	17.3%
Percent change (2010 to 2027)	23.1%	59.1%	33.3%	39.8%	42.0%
Average Annual Change (2010 to 2027)	1.2%	2.8%	1.7%	2.0%	2.1%

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

Table: Senior Renter Household Trends (2000 to 2010)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2000 Senior Renter Households (65 years and Over)	**234**	**36**	**265**	**284**	**320**
Percent of total 2000 senior households	48.2%	15.8%	25.5%	15.5%	15.5%
2010 Senior Renter Households (65 years and Over)	**217**	**32**	**291**	**325**	**357**
Percent of total 2010 senior households	45.8%	9.6%	23.2%	14.2%	13.6%
Percent change (2000 to 2010)	-7.3%	-11.1%	9.8%	14.4%	11.6%
Percent of Total 2010 Renter Households	27.7%	18.0%	20.6%	18.0%	18.0%
2000 Senior Renter Households (55 years and Over)	**283**	**58**	**352**	**389**	**447**
Percent of total 2000 senior households	43.3%	25.4%	33.9%	21.2%	21.7%
2010 Senior Renter Households (55 years and Over)	**318**	**53**	**456**	**539**	**592**
Percent of total 2010 senior households	42.9%	9.4%	21.0%	13.2%	12.8%
Percent change (2000 to 2010)	12.4%	-8.6%	29.5%	38.6%	32.4%
Percent of Total 2010 Renter Households	40.6%	29.8%	32.3%	29.9%	29.9%

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

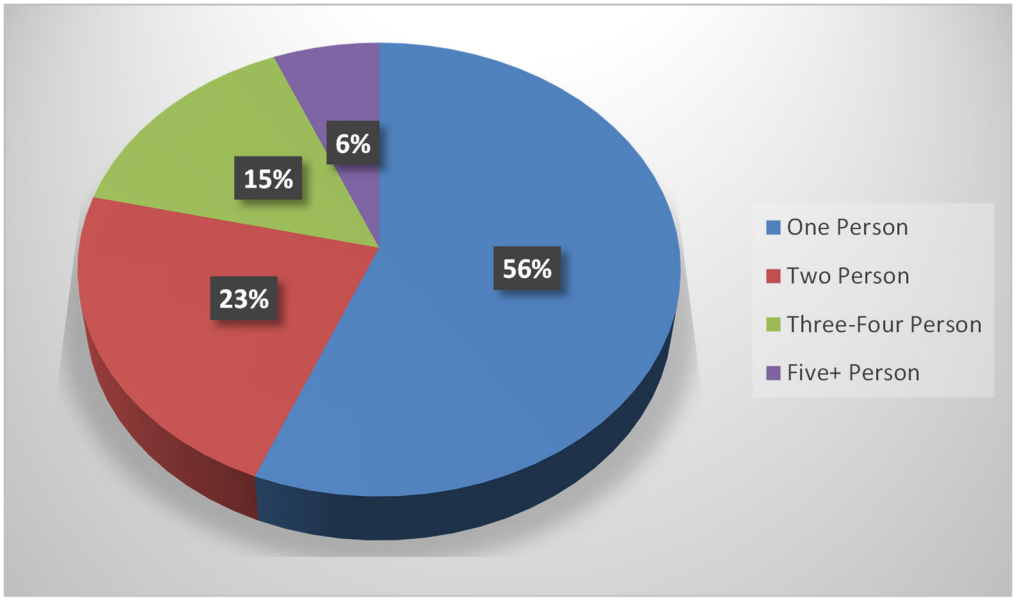
The division of renter households by size appears to be a function of the subsidy/affordable units, along with the somewhat higher than average concentration of senior rental units, as indicated by data reporting rental households by the number of occupants. Based on the most recent data from the American Housing Survey, 56 percent of the renter-occupied households in the Gaylord area were one-person households, while two-person households accounted for 23 percent. Three-and four-person renter households totaled 15 percent as well, while five or more-person renters represented just six percent of renter households within the Gaylord area. The Gaylord area and Otsego County overall exhibit a somewhat lower concentration of family-oriented rental units, particularly those units for larger-sized families. These percentages are much more similar to urban-oriented communities with a limited number of families – this is not the case for the Gaylord area, which points to a growing mismatch in terms of local market characteristics and available rental units. The strongly positive response to the construction of Pines 45 Apartments points to this imbalance, and future statistics should reflect these adjustments.

Table: Rental Unit Size Distribution

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
One Person	**678**	**60**	**954**	**1,017**	**1,077**
Percent of total renter household	62.3%	28.4%	56.2%	49.9%	47.9%
Two Persons	**245**	**84**	**383**	**533**	**617**
Percent of total renter household	22.5%	39.8%	22.5%	26.2%	27.4%
Three or Four Persons	**148**	**57**	**256**	**320**	**377**
Percent of total renter household	13.6%	27.0%	15.1%	15.7%	16.8%
Five or More Person	**18**	**10**	**106**	**168**	**178**
Percent of total renter household	1.7%	4.7%	6.2%	8.2%	7.9%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

Graphic: Rental Unit Size Distribution – Gaylord Area



The best available statistic from the Census Bureau regarding rental pricing is the Median Gross Rent, which also includes the cost of any utilities paid the tenant. These trends appear to indicate that most rental units are found within the city, but the impact of rental pricing outside of the city has a strong effect upon overall market area trends. What is unusual is that prevailing rental rates over the past decade have increased, but prevailing incomes have grown at higher levels of growth – quite unusual for most rural communities, and a clearly positive indication of ongoing market potential. This would not be the case if rental rates or incomes were stagnant,

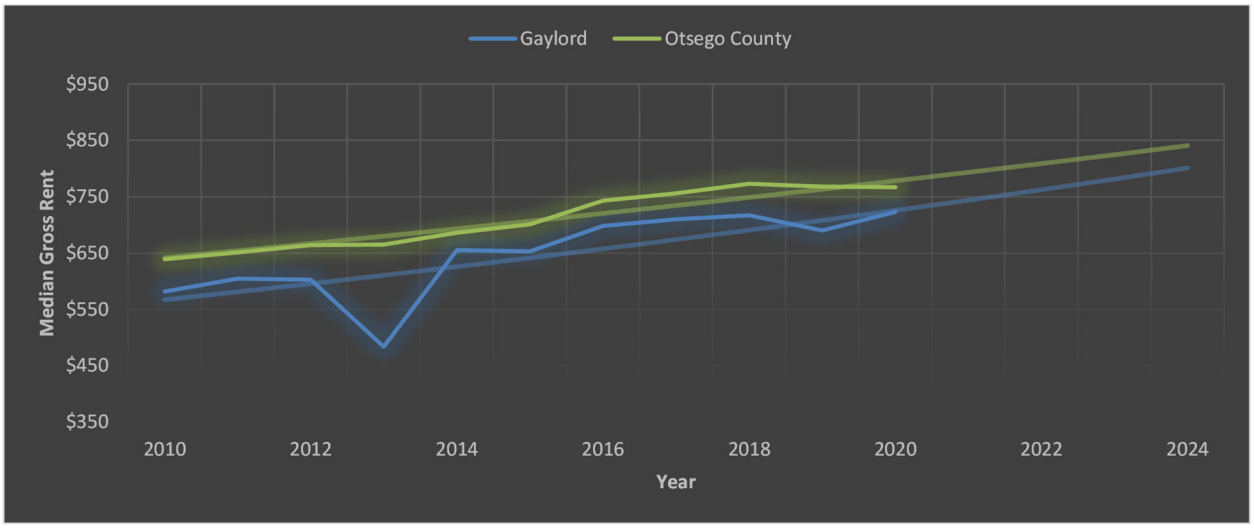
but the growth rates reflect a healthy rate of appreciation within a positive growth market – the best of both worlds from a housing market standpoint.

Table: Median Gross Rent Trends

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Median Gross Rent Estimate	**$582**	**$730**	**$609**	**$638**	**$639**
2020 Median Gross Rent Estimate	**$723**	**$752**	**$773**	**$775**	**$767**
2024 Median Gross Rent Estimate	**$779**	**$761**	**$839**	**$830**	**$818**
Total percent change (2010 to 2024)	33.9%	4.2%	37.7%	30.1%	28.0%
Annual percent change (2010 to 2024)	2.1%	0.3%	2.3%	1.9%	1.8%

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

Graphic: Median Gross Rent Trends – Gaylord & Otsego County



Household Income Trends

The median household income figures for Gaylord exhibit the strongest percentage increases, but still lag behind the Gaylord area and Otsego County overall. This is due to a combination of subsidy rental developments concentrated within Gaylord, and the prevalence of higher income households and resort destinations within specific sections of rural Otsego County. This is evident from the overall rate of growth for the various geographic levels found

Gaylord features the lowest prevailing incomes across the county, but demonstrates the strongest percentage growth potential for the foreseeable future

within the following table. Until recently, income growth across Otsego County was generally stagnant, as inflation-adjusted levels would reflect little to no income appreciation since the late 1990s. Due to recent increases in prevailing inflation levels, these income appreciation levels are now notably lower on a real basis. Such patterns are not unique to Gaylord, but are found within nearly all communities across Michigan and the Midwest, as wage gains and prevailing income trends have been minimal over the past two decades, and now significantly lag behind these higher inflation levels.

Comparisons to income appreciation and housing price points for both owner and renter options have until recently remained generally stable; within a highly inflationary marketplace coupled with increasing economic instability, home sale prices and prevailing market rental rates may place many households out of reach regarding available housing. Given the lack of supply available within the Gaylord area, the local housing marketplace is being squeezed from both sides of the demand equation.

At $61,835, the 2022 median household income estimate for Otsego County is 36 percent greater than the 2010 median, over a 12-year period. For Gaylord, the 2022 median income estimate is $45,388 – well below the county median, but reflective of a 67 percent increase from 2010. The highest prevailing incomes within the county are found within the NE Otsego Area – with a 2022 median estimate of $62,425.

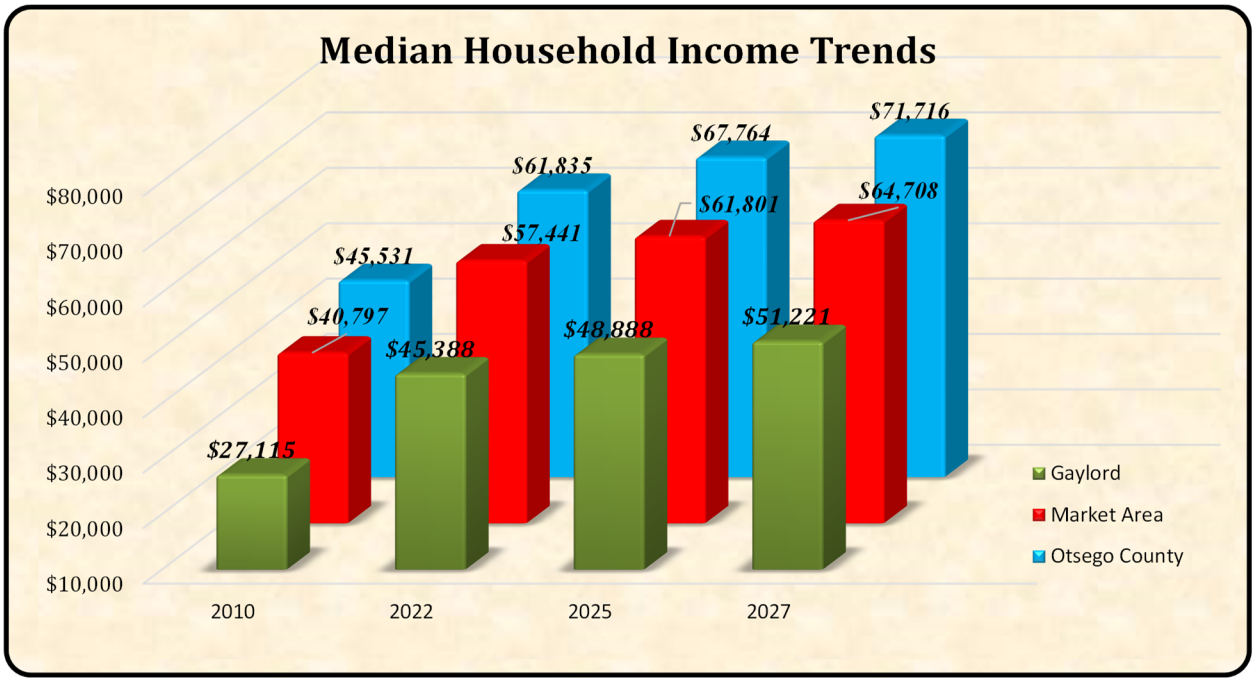
ESRI forecasts predict that incomes across the county will continue to increase, with higher growth rates continuing within the immediate Gaylord area. By 2027, Gaylord's median household income is forecast at $51,221, reflecting an average annual increase of 3.8 percent from 2010 totals. Median income projected for Otsego County is forecast at $71,716 for 2027, an average annual increase of 2.7 percent. While positive, with projected inflation levels between seven and nine percent over the next year – these income gains in a real sense will be negative, with decreasing affordability and reduced asset accumulation within the housing marketplace. Such trends will not be unique to the Gaylord area, but the lack of housing supply evident within the marketplace will place additional pressure upon an increasingly limited housing market.

Table: Median Household Incomes (2010 to 2027)

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
2010 Median Household Income	**$27,115**	**$40,298**	**$40,797**	**$45,068**	**$45,531**
2022 Estimated Median Household Income	**$45,388**	**$62,425**	**$57,441**	**$61,767**	**$61,835**
Total percent change (2010 to 2022)	67.4%	54.9%	40.8%	37.1%	35.8%
Annual percent change (2010 to 2022)	4.4%	3.7%	2.9%	2.7%	2.6%
2025 Forecast Median Household Income	**$48,888**	**$70,464**	**$61,801**	**$67,388**	**$67,764**
Total percent change (2010 to 2025)	80.3%	74.9%	51.5%	49.5%	48.8%
Annual percent change (2010 to 2025)	4.0%	3.8%	2.8%	2.7%	2.7%
2027 Forecast Median Household Income	**$51,221**	**$75,824**	**$64,708**	**$71,135**	**$71,716**
Total percent change (2010 to 2027)	88.9%	88.2%	58.6%	57.8%	57.5%
Annual percent change (2010 to 2027)	3.8%	3.8%	2.8%	2.7%	2.7%

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

Graphic: Median Household Incomes – 2010 to 2027



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 the Gaylord area. 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 Gaylord area, it is likely 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 housing bubble and subsequent recession of the last decade, the rate of homeownership has fallen each year, and will likely continue to do so into the next decade. Younger households are delaying a home purchase for various reasons (student debt load, marital status, career considerations, among others), and older households are increasingly seeking a rental housing alternative and leaving homeownership regardless of financial status or health considerations. The pandemic has likely exacerbated such trends, based on the most available housing information. As a result, the demand potential for rental options among moderate-income and upper-income households is increasingly positive, despite uncertain economic conditions and increasing price points for both owner and rental options.

Graphic: Household Income Distribution by Tenure – Gaylord Area (2020)

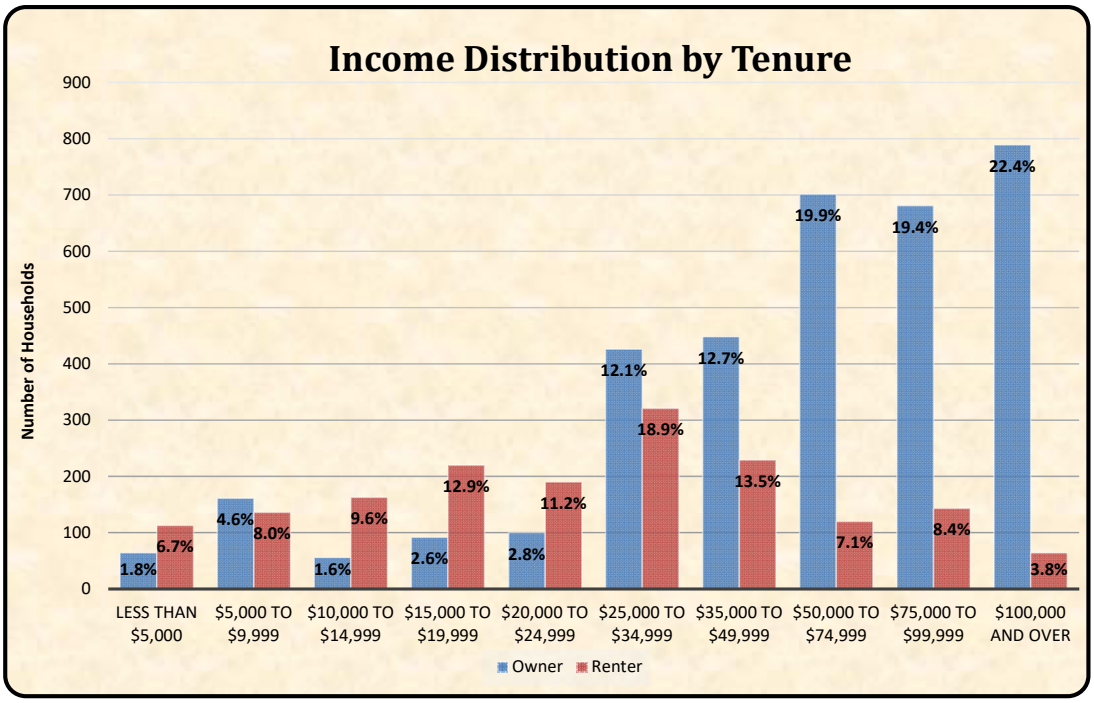


Table: Household Income Distribution by Tenure – Gaylord Area (2020)

	Total Households	Owner Households	Renter Households
Less than $5,000	**177**	**64**	**113**
Percent of 2020 Households	3.4%	1.8%	6.7%
$5,000 to $9,999	**297**	**161**	**136**
Percent of 2020 Households	5.7%	4.6%	8.0%
$10,000 to $14,999	**219**	**56**	**163**
Percent of 2020 Households	4.2%	1.6%	9.6%
$15,000 to $19,999	**312**	**92**	**220**
Percent of 2020 Households	6.0%	2.6%	12.9%
$20,000 to $24,999	**290**	**100**	**190**
Percent of 2020 Households	5.6%	2.8%	11.2%
$25,000 to $34,999	**747**	**426**	**321**
Percent of 2020 Households	14.3%	12.1%	18.9%
$35,000 to $49,999	**677**	**448**	**229**
Percent of 2020 Households	13.0%	12.7%	13.5%
$50,000 to $74,999	**821**	**701**	**120**
Percent of 2020 Households	15.7%	19.9%	7.1%
$75,000 to $99,999	**824**	**681**	**143**
Percent of 2020 Households	15.8%	19.4%	8.4%
$100,000 and Over	**853**	**789**	**64**
Percent of 2020 Households	16.4%	22.4%	3.8%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

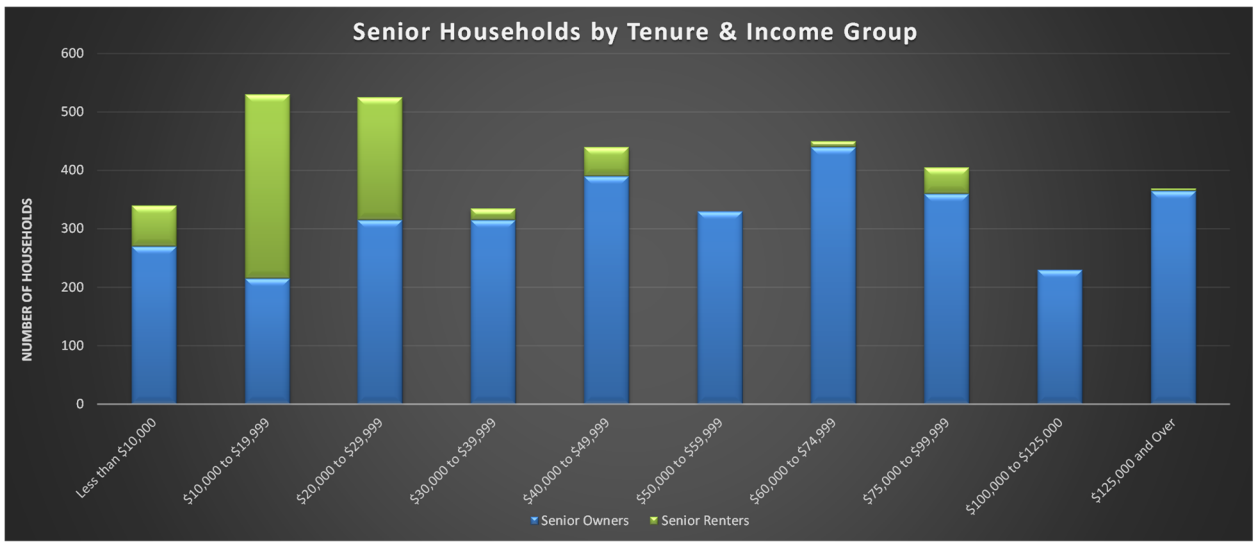
A distribution of senior household income (age 65 and older) for Otsego County is illustrated within the following table. The spread of households across various income levels is indicative of the high number of subsidy rental units. The movement of senior owners into a rental option is increasingly observed across much of Michigan and regionally, and has been a common aspect of the senior housing segment within the Gaylord area. 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.

Table: Senior Household Income Distribution by Tenure – Otsego County (2020)

	Senior Owner	Senior Renter	Senior Total
Less than $10,000	**270**	**70**	**340**
Percent of Total	8.4%	9.7%	8.6%
$10,000 to $19,999	**215**	**315**	**530**
Percent of Total	6.7%	43.5%	13.4%
$20,000 to $29,999	**315**	**210**	**525**
Percent of Total	9.8%	29.0%	13.3%
$30,000 to $39,999	**315**	**20**	**335**
Percent of Total	9.8%	2.8%	8.5%
$40,000 to $49,999	**390**	**50**	**440**
Percent of Total	12.1%	6.9%	11.1%
$50,000 to $59,999	**330**	**0**	**330**
Percent of Total	10.2%	0.0%	8.3%
$60,000 to $74,999	**440**	**10**	**450**
Percent of Total	13.6%	1.4%	11.4%
$75,000 to $99,999	**360**	**45**	**405**
Percent of Total	11.1%	6.2%	10.2%
$100,000 to $125,000	**230**	**0**	**230**
Percent of Total	7.1%	0.0%	5.8%
$125,000 and Over	**365**	**4**	**369**
Percent of Total	11.3%	0.6%	9.3%

Source: US Census Bureau, HUDuser.org

Graphic: Senior Household Income Distribution by Tenure – Otsego County (2020)



Other Demographic Factors

As indicated by both US Census data and ESRI forecasts, non-adult population totals within Gaylord and across Otsego County are projected to slowly decline over the balance of this decade, similar to most other northern Michigan communities. Based on data from the Gaylord Community Schools, enrollment trends are generally declining, with some degree of change attributable to the pandemic. Total enrollment within the school district over the past five years is as follows:

- 2018: 3,085 students *(figures are for Gaylord Community Schools only)*
- 2019: 2,975 students
- 2020: 2,794 students
- 2021: 2,818 students
- 2022: 2,794 students

The five-year trend reflects a decline of more than nine percent from 2018, with the most notable decline corresponding with the pandemic. With two alternative religious schools within the city and considering the increasing popularity of homeschooling, these trends are not unusual, and are actually somewhat preferrable to other rural school districts that are experiencing sharp declines in enrollment. Certainly, the pandemic has impacted traditional enrollment, but many northern Michigan communities are facing significant declines over the coming decade due to prevailing demographic trends, declining family sizes, and reduced fertility ratios.

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 Gaylord is higher than anticipated, but reflective of the number of subsidy units found within the city. Across the county the poverty rate is notably lower.

The infographics for each area also include a more detailed population pyramid (among other statistics of note), which illustrates a somewhat larger number of young adults on a percentage basis within Gaylord and to a lesser extend the Gaylord area, as compared to other similar 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.

Also, median home values are listed within the ESRI data, based in ACS surveys from the Census Bureau. Figures from Gaylord reflect a combination of various housing options, ages, and occupancy. Within the surrounding townships and overall county data, prevailing home values are notably higher, reflective of mostly homeowners, larger structures, and the inclusion of high-end vacation/retirement homes found within sections of Otsego County.

Infographics: Key Demographic/Economic Data

City of Gaylord

MARKETING PROFILE

Gaylord City, MI

Community RESEARCH Services, LLC

KEY FACTS

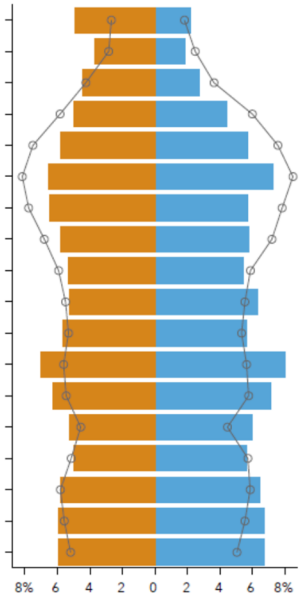
4,263
2022 Population Estimate

40.5
Median Age

2.11
Average Household Size

1,430
Persons Age 55+

Age Pyramid



The largest group:
2022 Males Age 30-34

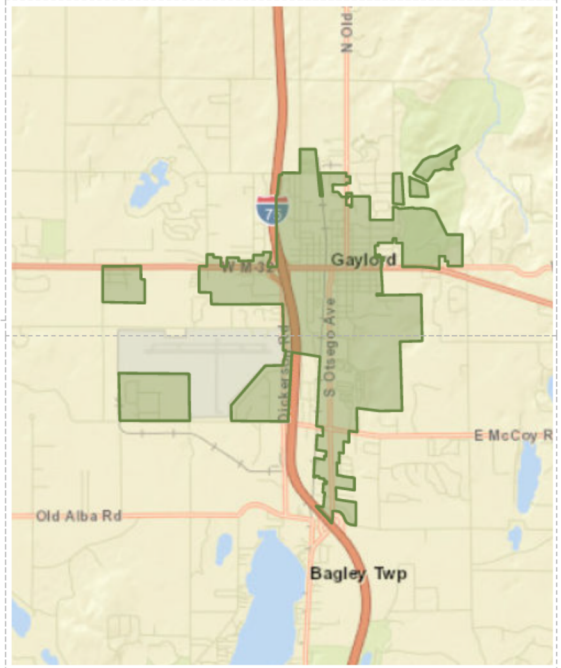
The smallest group:
2022 Males Age 80-84

Dots show comparison to
Otsego County

HOME VALUE / PRICING

$610
Median Contract Rent (HHs Paying Cash Rent)

$112,706
Median Home Value (Esri)



HOUSEHOLD DATA

$45,388
2022 Median HH Income (Esri)

50.5%
2022 Renter Occupied HH %

17.4%
Households Below the Poverty Level (%)

EDUCATION

6%
No High School Diploma

33%
High School Graduate

39%
Some College

22%
Bachelor's/Grad/Prof Degree

Village of Vanderbilt

MARKETING PROFILE

Vanderbilt Village, MI

Community RESEARCH Services, LLC

KEY FACTS

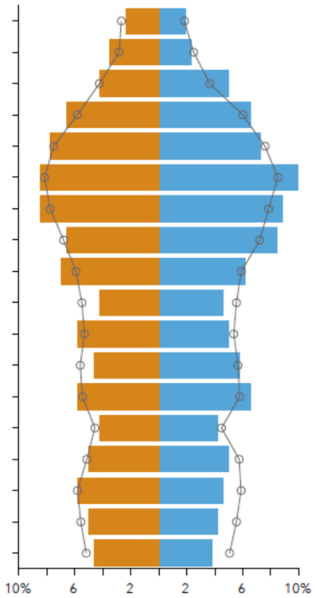
518
2022 Population Estimate

49.3
Median Age

2.55
Average Household Size

216
Persons Age 55+

Age Pyramid



The largest group:
2022 Males Age 60-64

The smallest group:
2022 Males Age 85+

Dots show comparison to
Otsego County

HOUSEHOLD DATA

$52,982
2022 Median HH Income (Esri)

23.3%
2022 Renter Occupied HH %

14.8%
Households Below the Poverty Level (%)

EDUCATION

11%
No High School Diploma

42%
High School Graduate

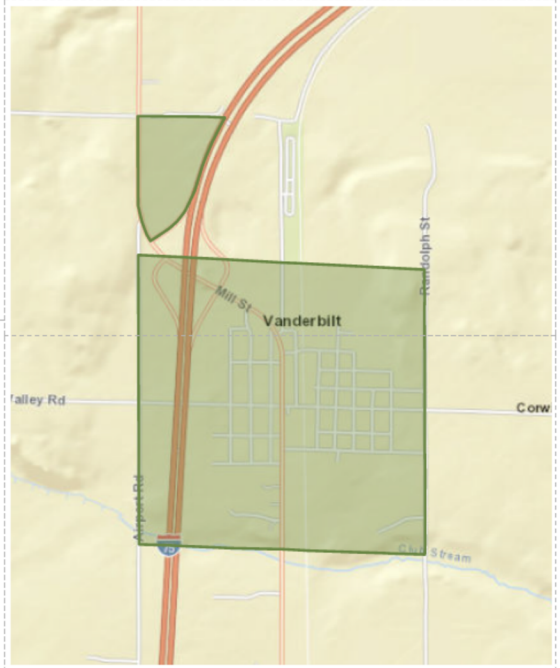
32%
Some College

15%
Bachelor's/Grad/Prof Degree

HOME VALUE / PRICING

$518
Median Contract Rent (HHs Paying Cash Rent)

$131,667
Median Home Value (Esri)



Gaylord Area

MARKETING PROFILE

Greater Gaylord Market Area

Community RESEARCH Services, LLC

KEY FACTS

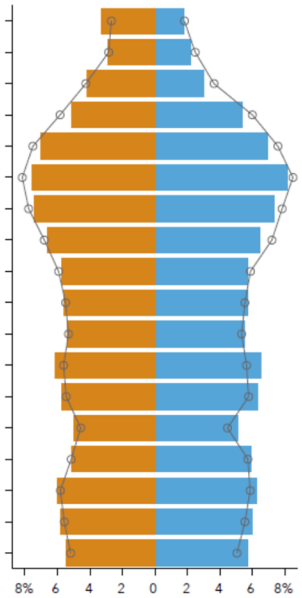
12,733
2022 Population Estimate

43.6
Median Age

2.36
Average Household Size

4,601
Persons Age 55+

Age Pyramid



The largest group:
2022 Males Age 60-64

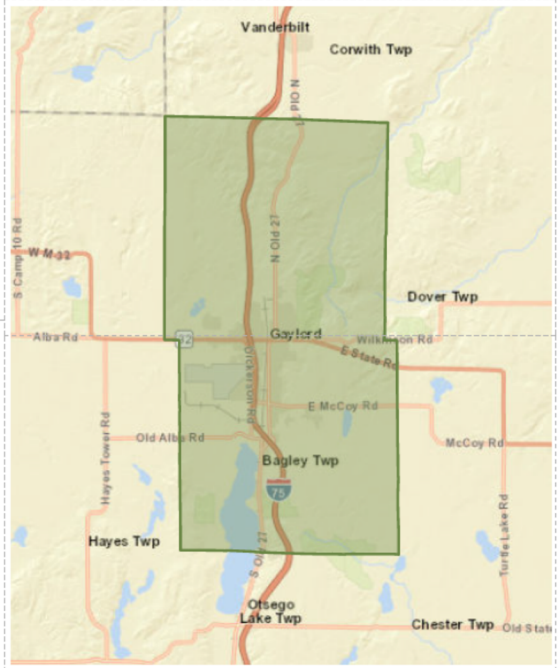
The smallest group:
2022 Males Age 85+

Dots show comparison to
Otsego County

HOME VALUE / PRICING

$636
Median Contract Rent (HHs Paying Cash Rent)

$148,174
Median Home Value (Esri)



HOUSEHOLD DATA

$57,441
2022 Median HH Income (Esri)

30.0%
2022 Renter Occupied HH %

15.8%
Households Below the Poverty Level (%)

EDUCATION

6%
No High School Diploma

31%
High School Graduate

35%
Some College

27%
Bachelor's/Grad/Prof Degree

Gaylord Market Area

MARKETING PROFILE

Gaylord Market Area

Community RESEARCH Services, LLC

KEY FACTS

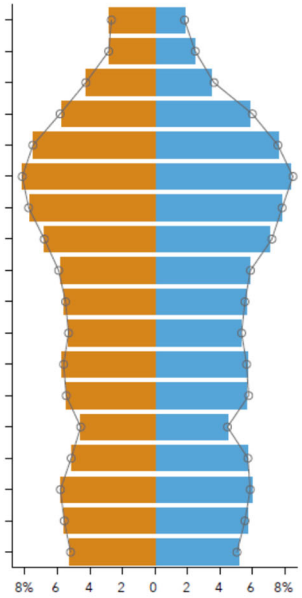
22,216
2022 Population Estimate

45.9
Median Age

2.37
Average Household Size

8,494
Persons Age 55+

Age Pyramid



The largest group:
2022 Females Age 60-64

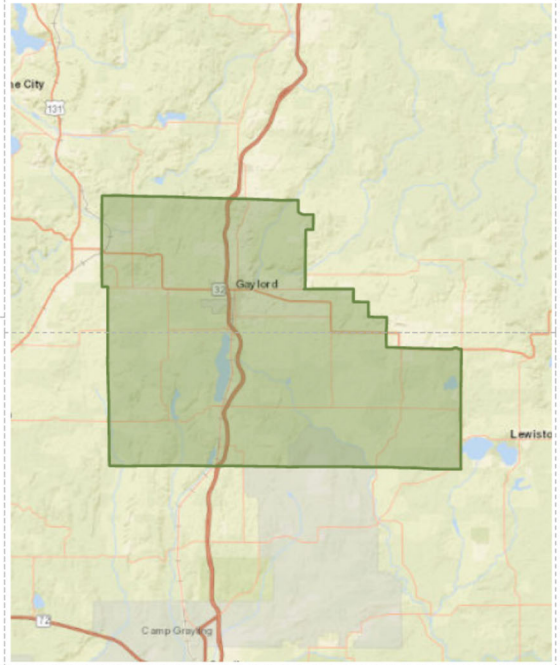
The smallest group:
2022 Males Age 85+

Dots show comparison to
Otsego County

HOME VALUE / PRICING

$633
Median Contract Rent (HHs Paying Cash Rent)

$159,837
Median Home Value (Esri)



HOUSEHOLD DATA

$61,767
2022 Median HH Income (Esri)

21.9%
2022 Renter Occupied HH %

12.9%
Households Below the Poverty Level (%)

EDUCATION

6%
No High School Diploma

33%
High School Graduate

34%
Some College

27%
Bachelor's/Grad/Prof Degree

Community RESEARCH Services, LLC

Northeast Otsego Market Area

MARKETING PROFILE

Northeast Otsego Market Area

Community RESEARCH Services, LLC

KEY FACTS

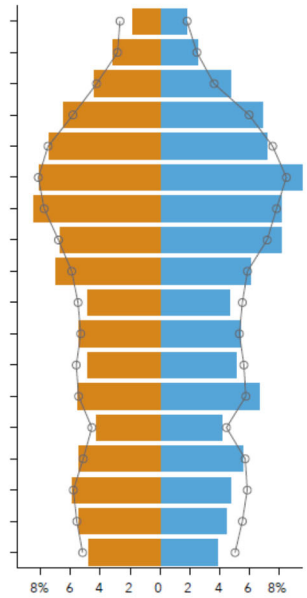
2,865
2022 Population Estimate

48.4
Median Age

2.38
Average Household Size

1,159
Persons Age 55+

Age Pyramid



The largest group:
2022 Males Age 60-64

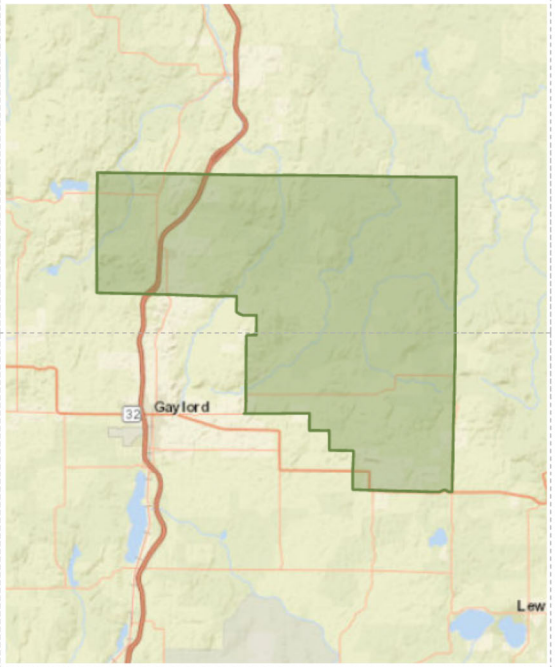
The smallest group:
2022 Females Age 85+

Dots show comparison to
Otsego County

HOME VALUE / PRICING

$525
Median Contract Rent (HHs Paying Cash Rent)

$153,271
Median Home Value (Esri)



HOUSEHOLD DATA

$62,425
2022 Median HH Income (Esri)

19.6%
2022 Renter Occupied HH %

11.8%
Households Below the Poverty Level (%)

EDUCATION

9%
No High School Diploma

42%
High School Graduate

31%
Some College

18%
Bachelor's/Grad/Prof Degree

Otsego County

MARKETING PROFILE

Otsego County, MI

Community RESEARCH Services, LLC

KEY FACTS

25,081
2022 Population Estimate

46.2
Median Age

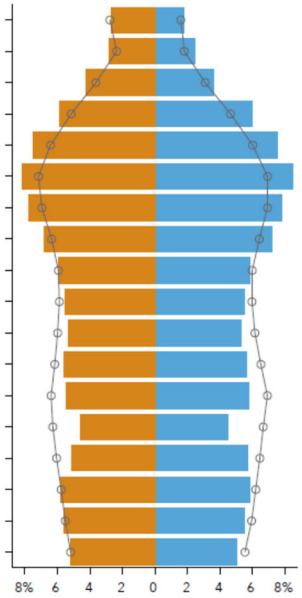
2.37
Average Household Size

9,653
Persons Age 55+

Age Pyramid

The largest group:
2022 Males Age 60-64

The smallest group:
2022 Males Age 85+



Dots show comparison to
Michigan

HOUSEHOLD DATA

$61,835
2022 Median HH Income (Esri)

21.6%
2022 Renter Occupied HH %

12.8%
Households Below the Poverty Level (%)

EDUCATION

7%
No High School Diploma

34%
High School Graduate

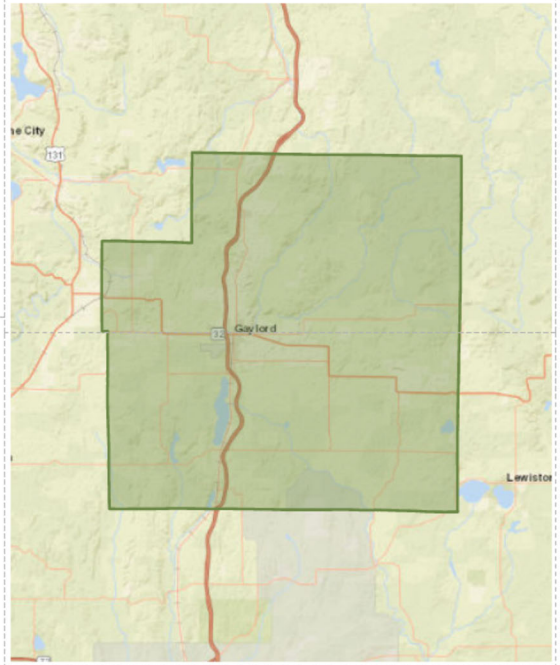
34%
Some College

26%
Bachelor's/Grad/Prof Degree

HOME VALUE / PRICING

$624
Median Contract Rent (HHs Paying Cash Rent)

$159,086
Median Home Value (Esri)



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 inexperience 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 Otsego County Households	% of U.S. Households
Salt of the Earth	Moderate incomes, families w/children, mostly homeowners, lower educational attainment	27.5%	2.8%
Rural Resort Dwellers	Moderate income singles/couples, empty nesters, mostly homeowners, near retirement	25.9%	1.0%
Small Town Sincerity	Lower-income singles/couples, mix of renters/owners, mix of ages but mostly 55+, still employed	24.6%	1.8%
Rooted Rural	Low/moderate income couples, mostly homeowners, still employed, lower educational attainment	7.3%	1.8%
Green Acres	Moderate/higher income families, homeowners, professional/managerial occupations	4.7%	3.3%
The Great Outdoors	Moderate-income couples, some with older children, mostly homeowners, ready for retirement	4.7%	1.5%
Prairie Living	Moderate income families, homeowners, mix of self-employed & traditional wage earners, mostly involved with agriculture	3.0%	1.0%
Down the Road	Lower incomes, families with children, mobile homes/rental homes, lower educational attainment	2.4%	1.2%
Total		**100.0%**	**14.3%**

Source: ESRI Tapestry

Within Otsego County, eight separate segments were identified by ESRI as representing a significant portion of the overall population. All but one of the segments are described as moderate income or low/moderate income. The exception is Green Acres, which represent just five percent of the county's households, and reflects a combination of moderate and higher-income 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 Green Acres segment is the only Tapestry segment exhibiting at least partially the most ideal characteristics – such as higher incomes households, younger households, or those with a high degree of educational attainment. Such characteristics are representative of highly sought-after target market segments that most communities would ideally welcome. 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 Otsego County only reflect a limited degree of key target market characteristics, while two segments indicating the increasing influence of senior households

According to ESRI, none of the eight Tapestry segments are specifically oriented for senior households, but two segments (Small Town Sincerity and The Great Outdoors) are somewhat oriented toward older households/families. This is a reflection of the community's increasing degree of aging in place, ultimately emulating many other communities across northern Michigan in which the senior segments represent the most prominent features and sources of growth.

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 an increasing degree of senior influence, along with confirmation of Otsego County's primary characteristics, including the prevalence of family households, lower income levels, and the employment base reflective of primarily non-professional occupations.

V: HOUSING CONDITIONS AND CHARACTERISTICS

Housing Market Characteristics

Housing across Gaylord and Otsego County ranges from individual apartment units to luxury homes, intended for a wide range of incomes, household segments, and target market groups.

Despite being a somewhat small rural county, Gaylord and Otsego County's housing stock is diverse. 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 Otsego County. According to www.Realtor.com a total of 99 homes are currently for sale with an Otsego County address. Of these 99 homes, just seven are priced at or below $100,000. A total of 52 homes are priced between $100,000 and $300,000, with the balance (40 homes) priced above $300,000. Based on 2022 ESRI estimates, 99 homes represents less than one percent of the county's occupied housing stock, which represents notably smaller totals as compared to previous sales patterns. This relatively small total of homes available for sale is due to a combination of reduced development activity, increasing price levels, and uncertain economic conditions (partially due to the pandemic, among other factors).

Among the homes currently for sale, a plurality are three-bedroom homes, which features an average size of 1,970 square feet. Broken down by number of bedrooms, average and median data are as follows:

	# For Sale	Median Price	Average Price	Average Size	Price Per Sq. Ft.	Average Year Built
One/Two-Bedroom	26	$177,450	$199,985	1,266	$158.02	1966
Three-Bedroom	43	$274,900	$280,030	1,970	$142.18	1989
Four+ Bedroom	30	$332,000	$454,603	3,014	$150.82	1979
TOTAL	**99**	**$259,000**	**$311,909**	**2,101**	**$148.44**	**1980**

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 originally for seasonal use, or reflect primarily recreationally-oriented structures, rather than homes utilized for traditional occupancy. While the average three-bedroom home's average year of construction is 1989, and the unit size on average is more reflective of modern homeownership

options, the difference between the two size categories is immediately evident. Conversely, the prevailing data for four-bedroom units reflects the prevalence of higher-priced luxury homes, as well as older established structures originally intended for seasonal use.

The overall average year of construction among these homes is 1980 – indicative of the community's combination of older and somewhat newer construction. The current time on the market varies greatly among the for-sale data, ranging from one day to more than a year, with the average period at 70 days, primarily due to a few long-term outliers. The marketplace exhibits a number of homes that have been on the market from 30 to 45 days, indicating an active degree of turnover for available homes. The vast majority of homes for sale are standard stick-built structures, with just three condominiums and three duplex-style structures within the totals. Only two for sale homes was specifically listed as a foreclosure.

The pattern of sales was mapped by price, to give an indication of any concentrations of activity. As seen within the following pages, the higher priced structures are mostly found outside of the city. Many of these options, however, also include larger sized lots that clearly impact the overall price. While certainly attractive for many households, those families seeking a reasonably priced and modern home closer to the city have very limited choices, as few homes are found within the ideal range for market entry by the primary target market segment and are considered examples of modern residential homes. For those lower-priced homes, most are very aged, lack amenities, and were originally constructed as seasonal structures rather than year-round properties. As it currently exists, the local housing for-sale marketplace lacks reasonably priced opportunities for moderate-income households. Often referred to as the "missing middle" housing segment, the lack of such options clearly inhibits the rapid relocation of all but the highest-income households from outside of the region into the Gaylord area.

A similar examination was conducted for those homes that have recently sold, which provides an indication of expectations vs. reality for the housing sales market over the past six months. For this time period (90 days), a total of 115 homes within Otsego County have been sold. Among these, seven were priced below $100,000, while 26 were priced above $300,000. The largest category of these sales are three-bedroom homes, representing 63 percent of all homes sold (72 homes). Many of the other statistics are quite similar to the for-sale data discussed above. 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	19	$136,740	$157,458	1,260	$124.92	1981
Three-Bedroom	72	$223,500	$239,793	2,039	$117.63	1984
Four-Bedroom+	24	$342,000	$347,508	3,105	$111.92	1980
TOTAL	**115**	**$225,000**	**$248,670**	**2,132**	**$116.61**	**1983**

Other interesting notes from the data include:

- The average period on the marketplace for the recently sold properties was just 53 days, ranging from 1 day to 397 days – just 11 homes featured a sales period of more than 100 days (just below 10 percent); for the currently for-sale properties the average listing period is 63 days, ranging from one day to 250 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 for sale pricing and time on the market.

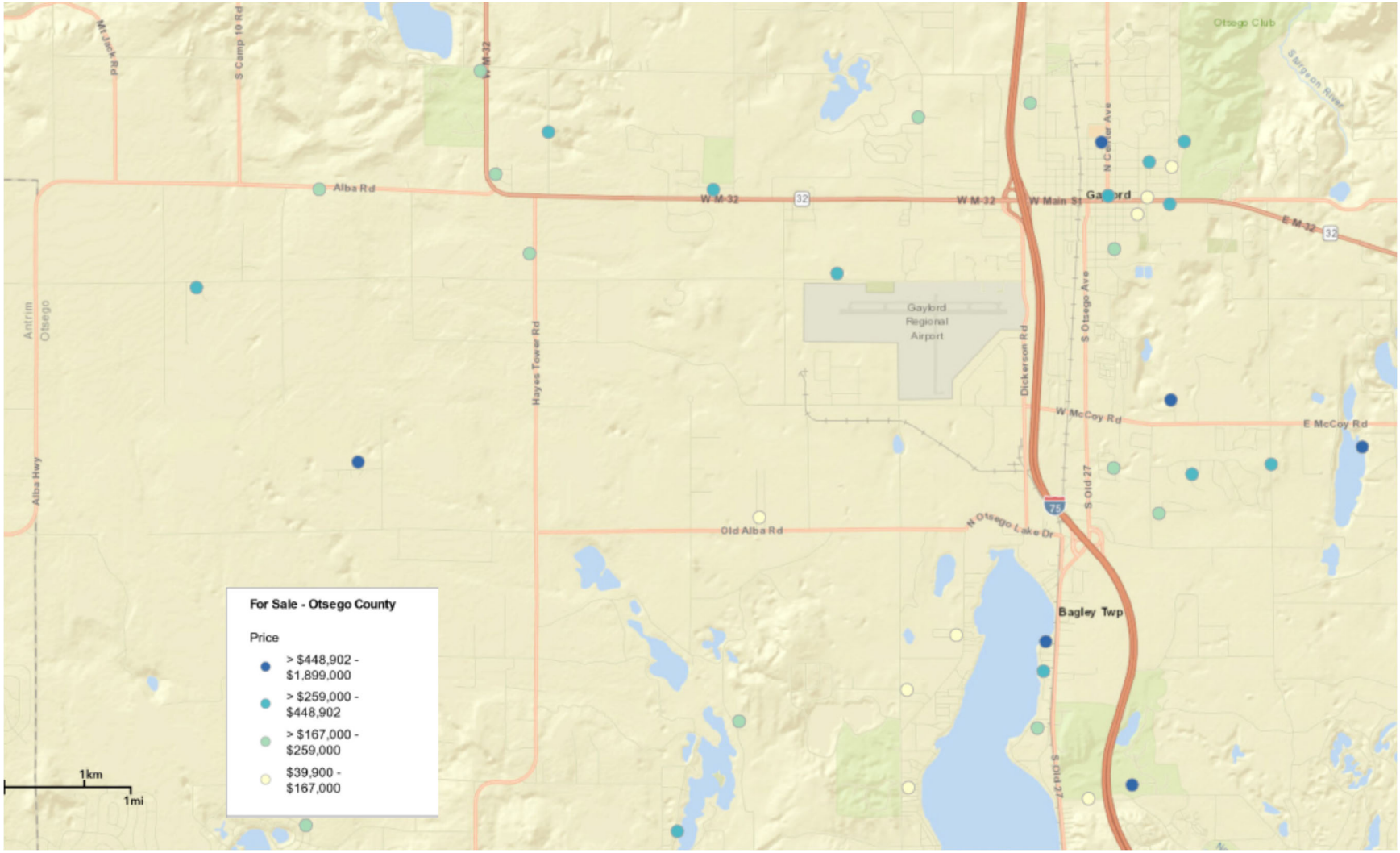
- Nearly all of the homes sold dropped price from the original listing rate, by an average of three percent. This differential is quite low, and reflects upon an active marketplace.

- Average year of construction for the sold properties was 1983, slightly newer than the current listings (1980).

- The distribution of recently sold properties by location is similar to the listing currently for sale – higher priced units are generally located outside of the city, within recreational areas, or as part of resort-oriented locations.

- The difference between the number of homes for sale (99) and recently sold (115) is to some degree an indication of the lack of supply within the Gaylord housing market. These trends are typically reversed, and upon examination of those homes that are rapidly sold with a minimal time period upon the marketplace for nearly all three-bedroom homes priced between $150,000 and $225,000, a slight mismatch is present regarding demand and supply.

Map: Homes Currently For Sale – Otsego County


For Sale - Otsego County
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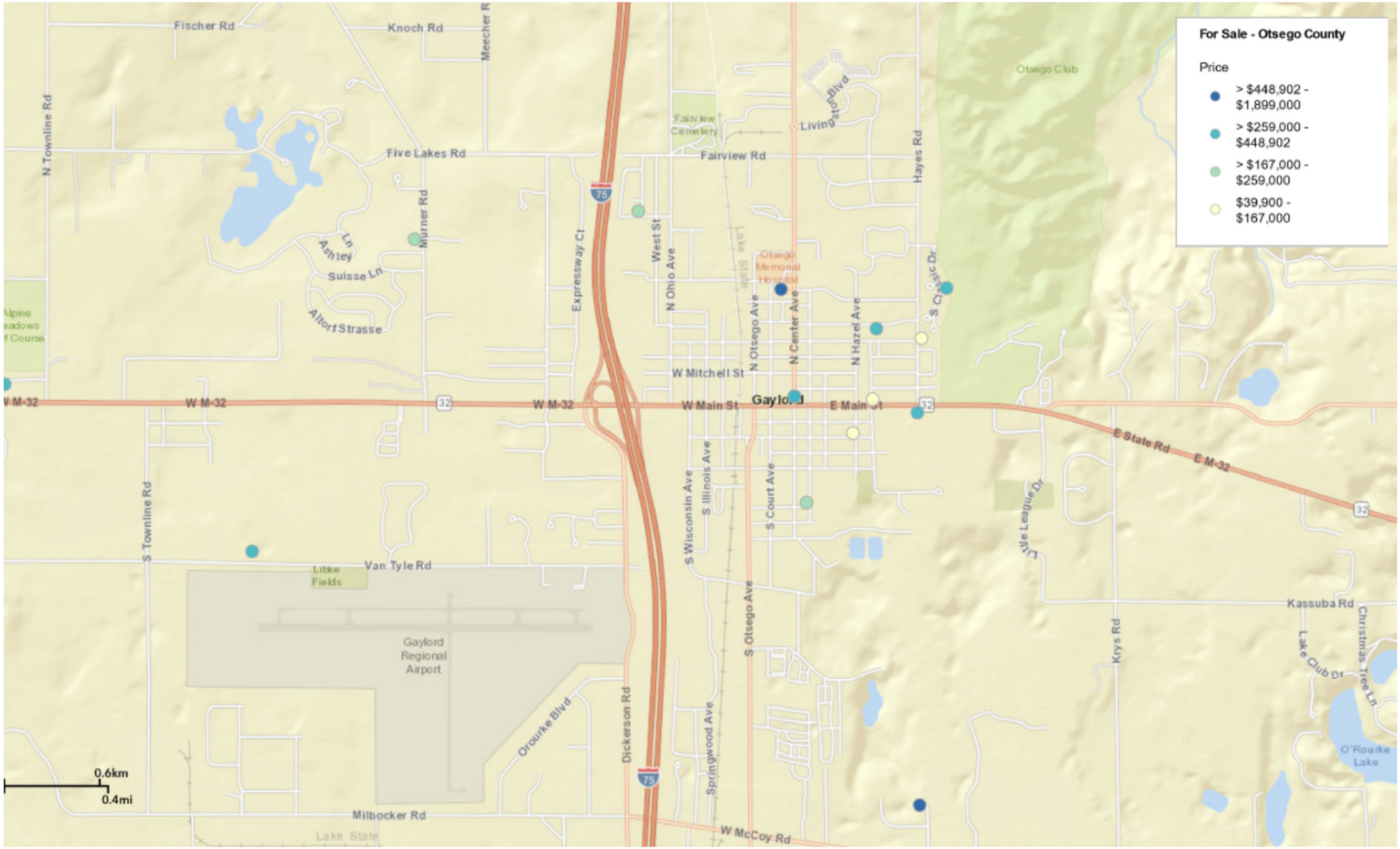
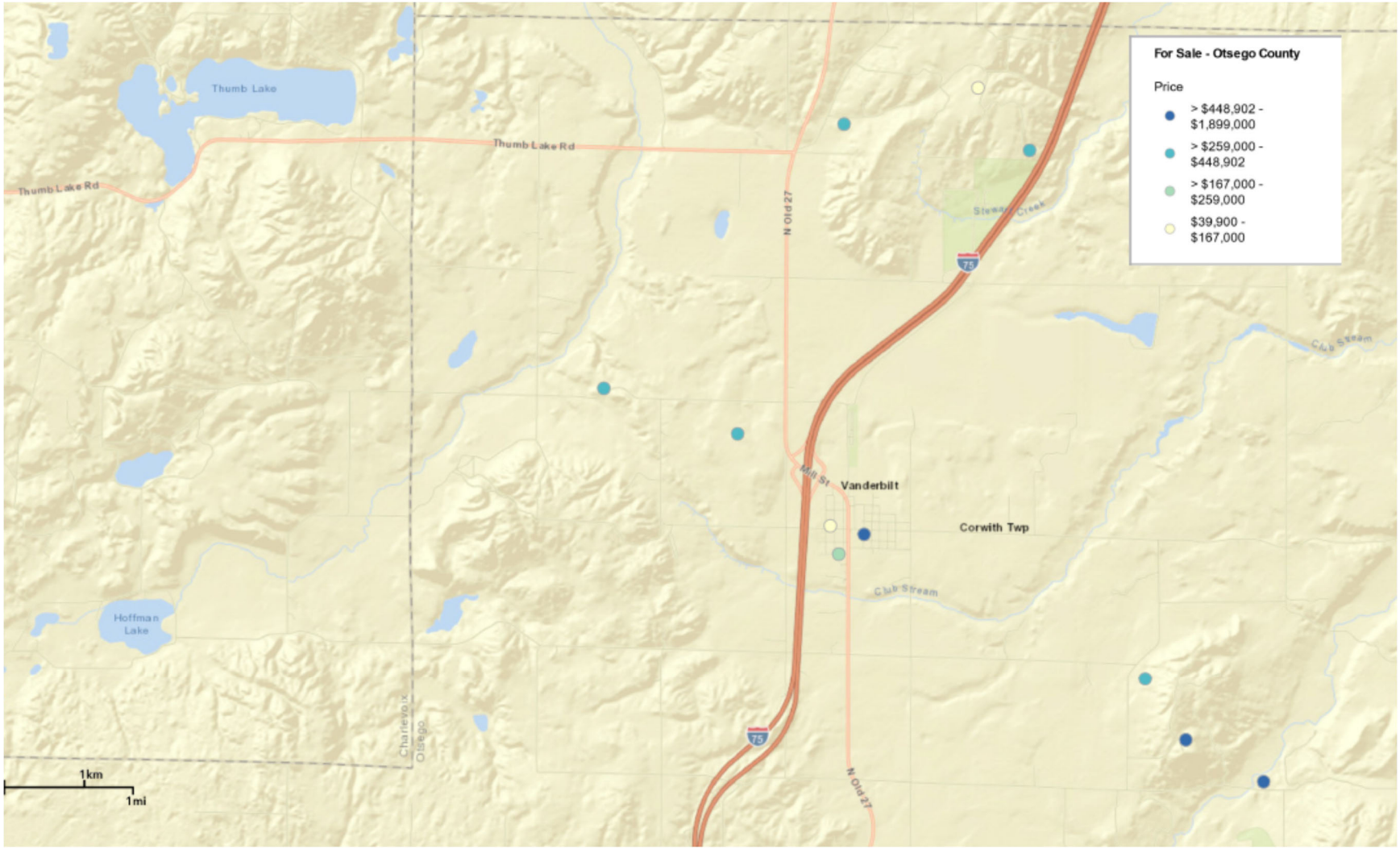
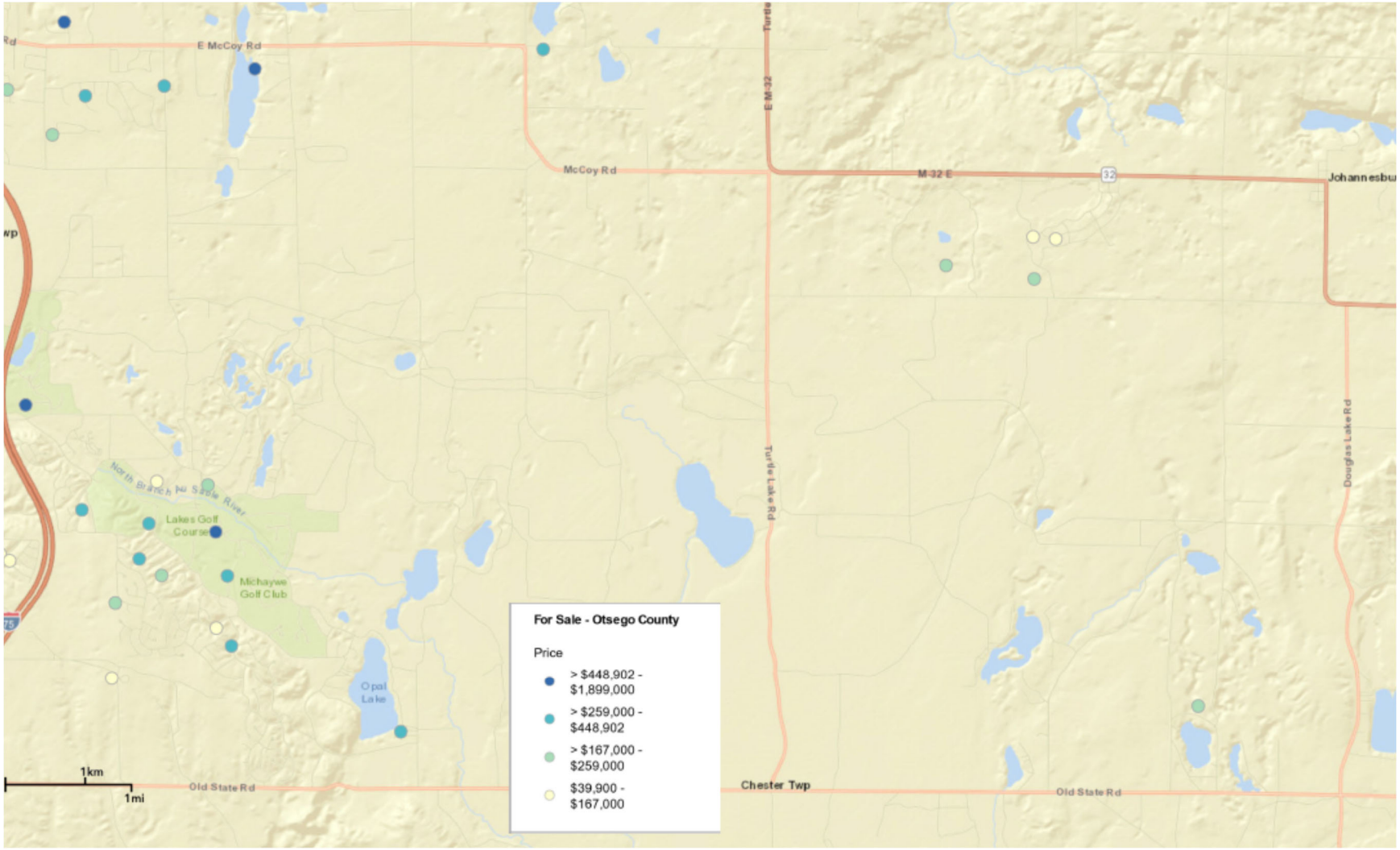
> $259,000 - $448,902
> $167,000 - $259,000
$39,900 - $167,000
1km
1mi
Alba Rd
W M-32
W Main St
E M-32
Gaylord Regional Airport
Hayes Tower Rd
Dickerson Rd
S Otsego Ave
N Otsego Lake Dr
Old Alba Rd
W McCoy Rd
E McCoy Rd
S Old 27
Bagley Twp
Antrim
Otsego
Alba Hwy
Otsego Club


For Sale - Otsego County
Price
> $448,902 - $1,899,000
> $259,000 - $448,902
> $167,000 - $259,000
$39,900 - $167,000
Fischer Rd
Knoch Rd
Meecher R
N Townline Rd
Five Lakes Rd
Murner Rd
Ashley Ln
Suisse Ln
Altorf Strasse
Expressway Ct
West St
N Ohio Ave
Fairview Cemetery
Fairview Rd
Living Blvd
Otsego Club
Hayes Rd
Otsego Memorial Hospital
N Otsego Ave
N Center Ave
N Hazel Ave
S Classic Dr
W Mitchell St
W M-32
W Main St
Gaylord
E Main St
E State Rd
E M-32
S Townline Rd
S Wisconsin Ave
S Illinois Ave
S Court Ave
Little League Dr
Van Tyle Rd
Litke Fields
Gaylord Regional Airport
S Otsego Ave
Kassuba Rd
Krys Rd
Lake Club Dr
Christmas Tree Ln
O'Rourke Lake
Orourke Blvd
Dickerson Rd
Springwood Ave
0.6km
0.4mi
Milbocker Rd
Lake State
W McCoy Rd


For Sale - Otsego County
Price
> $448,902 - $1,899,000
> $259,000 - $448,902
> $167,000 - $259,000
$39,900 - $167,000
Thumb Lake
Thumb Lake Rd
Thumb Lake Rd
N Old 27
Stewart Creek
75
Club Stream
Mill St
Vanderbilt
Corwith Twp
Club Stream
Hoffman Lake
Charlevoix
Otsego
75
N Old 27
1km
1mi


E McCoy Rd
McCoy Rd
M-32 E
32
Johannesbu
Turtle Lake Rd
Douglas Lake Rd
Lakes Golf Course
Michaywe Golf Club
Opal Lake
Old State Rd
Chester Twp
Old State Rd
1km
1mi
For Sale - Otsego County
Price
> $448,902 - $1,899,000
> $259,000 - $448,902
> $167,000 - $259,000
$39,900 - $167,000

Rental trends within the Gaylord area are greatly influenced by the number of apartment units found within the city, with additional influences from single family rentals mostly within the rural sections of the county. Existing apartments are a combination of market rate units and affordable options, mostly subsidized through HUD or MSHDA, but also utilizing the Low Income Housing Tax Credit, in which rents are reduced and targeted for households at or below 60 percent of Area Median Income (AMI).

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

- Aspen Apartments (Open) – 80 units
- Alpine Alten Zimmer (Senior) – 118 units (some market rate)
- Gaslight Square (Open) – 36 units
- Little Village (Senior) – 32 units
- Horsell Manor (Senior) – 20 units
- Alpine Haus (Senior) – 50 units

Apartments deemed "affordable" are not subsidized based on rent, but are income-restricted through the use of tax credits or subsidized financing. These developments include the following:

- Green Meadow Village (Open) – 48 units
- Sheldon Place (Open) – 128 units
- Northwind (Open) – 48 units

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

- East Side Apartments (Open) – 8 units
- Pines 45 (Open) – 228 units
- Lakeview (Open) – 32 units
- West Park (Open) – 36 units
- Woods at Aspen Park – (Open) – 19 units
- Elkview (Open) – 32 units

Occupancy levels vary among this group, ranging from 94 percent to 100 percent. Pricing among these market rate properties is based on age, with the newest development – Pines 45 (constructed in 2020), exhibiting the highest rents among existing apartment properties.

Waiting lists are relatively rare for this group of rentals, as market pressure does not appear overly strong. Most properties are in good to excellent condition overall, but amenities vary greatly depending on the age of the development, as well as whether the property has been recently rehabilitated.

Thanks to data collection by the staff at the Pines 45 – the newest rental housing development alternative within the Gaylord area, an idea of the market potential for market rate rental housing can be examined. In terms of market area designation for statistical demand purposes, researchers wish to establish a Primary Market Area (PMA) that reflects at least 60 percent of potential residents that may relocate into a new rental facility. Over-estimation of the PMA may result in an unrealistic depiction of demand potential, resulting in a slower lease-up and difficulties in maintaining long-term occupancy. Based on data collected through August of this year, and adjusting for co-signers and a few unknown address entries, the following table illustrates the prior address of newly-relocated households within Pines 45:

Prior Location:	# of Residents	% of Total
Outside of Michigan:	35	22%
Michigan	127	78%
Detroit Area:	8	6%
Traverse City:	5	4%
Alpena	1	1%
Otsego County/Gaylord	62	49%
Petoskey	4	3%
Balance of Michigan	47	37%

Local residents that reflect the likely PMA represent 49 percent of new residents within Pines 45 – demonstrating that the new market rate apartment community has successfully been able to attract residents from both local and regional locations, as well as outstate. The data does not reflect all 228 units at the property, and impacts from the pandemic may be influencing these trends as well. Nonetheless, the successful lease-up of the property within an environment that was, at least partially, impacted by COVID-19 restrictions and a temporarily-muted economic climate, is very impressive. Much of this is clearly attributable to a professional and attentive pre-leasing/marketing campaign by the ownership/management at Pines 45, but what is also evident is that the true demand potential for market rate rental housing is likely stronger than can be described by typical statistical methods. Revisiting this prior residence data over the next

year would provide a unique and inciteful depiction of the property's market potential, along with an idea of demand potential for future phases at the property.

The overall occupancy rate based on our research is indicative of stable conditions. Including the subsidy and affordable units with the market rate options, the overall rental occupancy rate is essentially full occupancy, with most units vacant due to turnover or scheduled maintenance. Other factors from our research include the following:

- Many of the residents within the low-income and affordable units carry a Section 8/Housing Choice Voucher or other subsidy, with some properties featuring project-based subsidies (through Rural Housing or HUD). While no comments regarding affordability issues were brought up by the leasing agents, this degree of participation with a voucher or project-based subsidy does indicate that a portion of the affordable market is perhaps more reflective of 30 percent AMI and 40 percent AMI rents, rather than the 60 percent AMI units some of these households currently occupy. This would correspond with the prevailing income data, which shows a somewhat "thin" band of households within the traditional affordable income range.

- Little information is available regarding downtown rental units, typically found above ground floor commercial establishments. Such options are increasingly popular in more urban communities, favoring occupancy by younger adults without children. Given the available commercial establishments downtown, the prevailing demographic trends within Gaylord that indicate a concentration of younger adults, the demand potential for such units may be stronger than found within similar-sized communities.

- Demand trends are shifting toward a greater need for two-bedroom units, followed by one-bedroom units. The demand potential for three-bedroom units has remained sufficiently stable to maintain occupancy levels, but fewer inquiries for such units are taking place.

Mobile home parks within the community were greatly impacted by this summer's tornado. Primary options include Aspen Village (204 Aspen Commons Drive), and Nottingham Forest (535 Nottingham Road). The most recent census data indicates that a total of 935 mobile homes/trailers are occupied across Otsego County. Most are found within rural sections of the area rather than within the city limits. Of these occupied units, 369 are rentals, which represents 16 percent of all rental unit options and 39 percent of all occupied mobile homes/trailers.

Remaining rentals consist of select condominium units for rent and single-family homes for rent. Single family rental homes are much more prevalent outside of the city, and actually

represent a majority of rental units within the NE Otsego area. Most of these rentals are listed on local or internet sources (Craigslist, Backpage, and other sources), or are made known via word-of-mouth.

Assisted living developments within Gaylord account for five properties, with 144 total units dedicated to senior occupancy, along with 30 units specifically utilized for seniors with memory-care needs. In all, these units represent approximately 38 percent of the senior rental units within the Gaylord Area. These include:

- The Porches – 435 Murner Road
- August Haus – 1201 Village Parkway
- The Brook – 900 Hayes Road
- Aspen Ridge – 1261 Village Parkway
- Woodland Acres – 2796 Plywood Road

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 Gaylord community.

The Gaylord/Otsego community also features a notable number of 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, at least 65 structures are available for short-term lease to the public across the Gaylord area. Most are outside of the city, either within existing resort communities or within sparsely populated sections of Otsego County attractive for various vacation/short term uses. These short-term rental totals are not unreasonable, given the characteristics of the Gaylord area. 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.

According to the latest American Community Survey data, approximately 23 percent of all occupied rental units within the Gaylord area, and 33 percent of all occupied rental units across Otsego County, are single family homes (both attached and detached structures). While 24 percent and 20 percent are duplex to four-plex style rental units within the Gaylord area and across Otsego County, respectfully. This would include both duplex-style units originally constructed in that style as well as single family home conversions into duplex or four-plex rentals. The vast majority of duplex-style units are found within Gaylord (31 percent of all rentals). The latest data on occupied units by size and tenure is provided within the following tables:

Table: Renter Households by Structure Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Rental Units	1,089	211	1,699	2,038	2,249
1 Unit	122	132	384	606	738
% of Total	11.2%	62.6%	22.6%	29.7%	32.8%
2 to 4 Units	336	10	412	440	450
% of Total	30.9%	4.7%	24.2%	21.6%	20.0%
5 to 19 Units	288	2	326	326	328
% of Total	26.4%	0.9%	19.2%	16.0%	14.6%
20 to 49 Units	203	11	218	218	229
% of Total	18.6%	5.2%	12.8%	10.7%	10.2%
50 or more Units	130	0	135	135	135
% of Total	11.9%	0.0%	7.9%	6.6%	6.0%
Mobile Home/Boat/Other	10	56	224	313	369
% of Total	0.9%	26.5%	13.2%	15.4%	16.4%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

Table: Owner Households by Structure Size

	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Total Occupied Owner Units	718	895	3,518	6,841	7,736
1 Unit	665	860	3,182	6,283	7,143
% of Total	92.6%	96.1%	90.4%	91.8%	92.3%
2 to 4 Units	0	0	0	27	27
% of Total	0.0%	0.0%	0.0%	0.4%	0.3%
5 to 19 Units	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
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	0	0	0	0	0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%
Mobile Home/Boat/Other	53	35	336	531	566
% of Total	7.4%	3.9%	9.6%	7.8%	7.3%

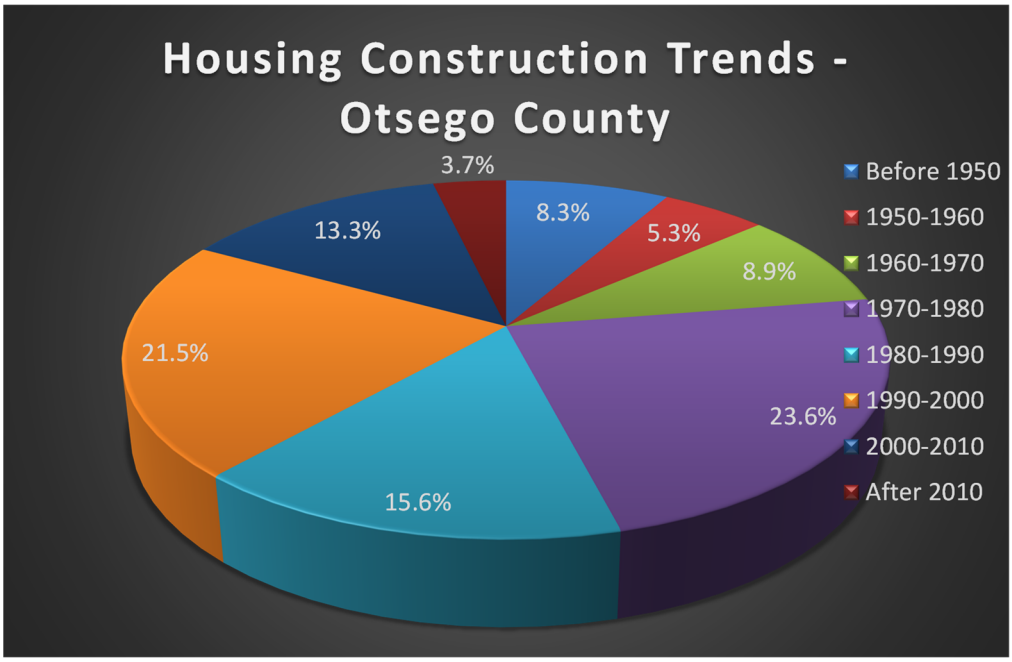
SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

One of the primary housing issues within Otsego 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.

Table: Total Occupied Households by Year Built

TOTAL HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**221**	**129**	**467**	**695**	**824**
Percent of total renter househol	12.2%	11.7%	9.0%	7.8%	8.3%
Built 1950 - 1959	**91**	**63**	**295**	**467**	**530**
Percent of total renter househol	5.0%	5.7%	5.7%	5.3%	5.3%
Built 1960 - 1969	**158**	**115**	**562**	**769**	**884**
Percent of total renter househol	8.7%	10.4%	10.8%	8.7%	8.9%
Built 1970 - 1979	**582**	**205**	**1,319**	**2,148**	**2,353**
Percent of total renter househol	32.2%	18.5%	25.3%	24.2%	23.6%
Built 1980 - 1989	**227**	**129**	**875**	**1,428**	**1,557**
Percent of total renter househol	12.6%	11.7%	16.8%	16.1%	15.6%
Built 1990 - 1999	**232**	**253**	**958**	**1,890**	**2,143**
Percent of total renter househol	12.8%	22.9%	18.4%	21.3%	21.5%
Built 2000 - 2009	**29**	**188**	**448**	**1,139**	**1,327**
Percent of total renter househol	1.6%	17.0%	8.6%	12.8%	13.3%
Built 2010 or Later	**267**	**24**	**293**	**343**	**367**
Percent of total renter househol	14.8%	2.2%	5.6%	3.9%	3.7%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau



The lack of supply is most evident within the owner-occupied side of the county's inventory, as indicated below. Just one percent of the county's homes occupied by homeowners has been constructed since 2010. These figures are based on the latest American Community Survey data, with a 2020 baseline, so some subsequent development activity has taken place, but certainly not enough to overcome the prior decade's minimal construction trends.

Table: Occupied Owner Households by Year Built

OWNER HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**164**	**101**	**390**	**557**	**658**
Percent of total renter household	22.8%	11.3%	11.1%	8.1%	8.5%
Built 1950 - 1959	**79**	**50**	**208**	**356**	**406**
Percent of total renter household	11.0%	5.6%	5.9%	5.2%	5.2%
Built 1960 - 1969	**91**	**76**	**331**	**530**	**606**
Percent of total renter household	12.7%	8.5%	9.4%	7.7%	7.8%
Built 1970 - 1979	**190**	**153**	**777**	**1,526**	**1,679**
Percent of total renter household	26.5%	17.1%	22.1%	22.3%	21.7%
Built 1980 - 1989	**90**	**105**	**679**	**1,170**	**1,275**
Percent of total renter household	12.5%	11.7%	19.3%	17.1%	16.5%
Built 1990 - 1999	**90**	**221**	**731**	**1,591**	**1,812**
Percent of total renter household	12.5%	24.7%	20.8%	23.3%	23.4%
Built 2000 - 2009	**14**	**170**	**396**	**1,055**	**1,225**
Percent of total renter household	1.9%	19.0%	11.3%	15.4%	15.8%
Built 2010 or Later	**0**	**19**	**6**	**56**	**75**
Percent of total renter household	0.0%	2.1%	0.2%	0.8%	1.0%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

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. Most of these units are located within Gaylord. The development of Pines 45 Apartments will essentially double the development activity across Otsego County for the prior decade.

Table: Occupied Renter Households by Year Built

RENTER HOUSEHOLDS	City of Gaylord	NE Otsego Market Area	Gaylord Area	Gaylord Market Area	Otsego County
Built Earlier than 1950	**57**	**28**	**77**	**138**	**166**
Percent of total renter household	5.2%	13.3%	4.5%	6.8%	7.4%
Built 1950 - 1959	**12**	**13**	**87**	**111**	**124**
Percent of total renter household	1.1%	6.2%	5.1%	5.4%	5.5%
Built 1960 - 1969	**67**	**39**	**231**	**239**	**278**
Percent of total renter household	6.2%	18.5%	13.6%	11.7%	12.4%
Built 1970 - 1979	**392**	**52**	**542**	**622**	**674**
Percent of total renter household	36.0%	24.6%	31.9%	30.5%	30.0%
Built 1980 - 1989	**137**	**24**	**196**	**258**	**282**
Percent of total renter household	12.6%	11.4%	11.5%	12.7%	12.5%
Built 1990 - 1999	**142**	**32**	**227**	**299**	**331**
Percent of total renter household	13.0%	15.2%	13.4%	14.7%	14.7%
Built 2000 - 2009	**15**	**18**	**52**	**84**	**102**
Percent of total renter household	1.4%	8.5%	3.1%	4.1%	4.5%
Built 2010 or Later	**267**	**5**	**287**	**287**	**292**
Percent of total renter household	24.5%	2.4%	16.9%	14.1%	13.0%

SOURCE: 2016-2020 American Community Survey, U.S. Census Bureau

VI: DEMAND ANALYSIS

Statistical Demand for Rental Housing Units

Demand calculations are presented for 2022 and three-year projections for households within the target market income ranges, defined within two segments – and open occupancy and independent living seniors age 65 and older. Both target markets will be further divided into subsidy, affordable and market rate income levels. For the open segment the affordable income range is between $13,714 and $44,640, with actual eligibility based on household size and the desired income targeting (in this case such targeting would be between 30 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 $27,429 to $59,520. The eligibility ranges for these two 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.

The market rate segment is between $40,000 and $120,000 annual income. The upper range of $120,000 is used as a measure of conservatism and assumes that those households above that level of income would have a broader set of housing alternatives. This 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.

Geographically, these demand forecasts are based on the Gaylord area (the city, along with Bagley Township and Livingston Township). Using this geographic area provides statistical results that are conservative, but realistic, based on the likely location of future rental housing within the immediate Gaylord area.

By using the most recent income data, the percentage of owner and renter households that fall within the income-qualified range (adjusted to 2022) 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 2025.

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

The resulting demand forecast is 100 affordable units, 97 workforce housing units, and 145 market rate units. Based on an ideal penetration rate of approximately three 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 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 a generally minimal 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. Such a forecast is overly sensitive to prevailing occupancy levels, and is not the ideal statistical demand for a new development opportunity. Stronger statistical demand levels have been found within the Gaylord area for workforce and market rate rental units, based

mostly on prevailing income patterns that trend toward those income levels. Based on these figures, the primary recommendation for rental development would include a combination of workforce housing and market rate units. On an annual basis, suggested project sizes would range between 70 and 120 units, based solely on demand from the Gaylord area and a combination of both income segments (workforce and market rate).

Statistical Demand for Senior Rental Housing Units

A similar statistical method can be used to determine senior 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 two income ranges – affordable (approximately $12,000 to $34,320) and market rate ($36,000 to $100,000), a 2025 demand for senior rental housing was calculated at 43 units within the affordable range and 39 units within the market rate income range. Under a senior demand forecast, the corresponding ideal penetration rate is six percent or below. Using these ratios, the suggested unit sizes are 20 affordable senior units and 32 market rate senior units. Both the demand levels are suggestive of a moderate level of demand.

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 broader area that many include additional sections of Otsego County – this is certainly true for senior housing demand forecasts
- 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 heath 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 Otsego County, rather than the Gaylord Area used for the other demand estimates. 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 work ratio providing a minimum net worth level for eligibility. For this analysis, the minimum monthly cost for assisted living units was estimated at $2,500 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 $228,000 was determined. Based on net worth data for seniors age 75+ within Otsego County, this reflects 57.4 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 16.6 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 Otsego County yields a baseline demand potential of 139 households for 2022. With additional senior household growth among the 75+ age cohort, the forecast 2025 demand potential is 144 households.

Other factors worthy of note include:

- Any senior-oriented housing option located within the Gaylord area will exhibit a high degree of secondary-market participation. Assuming the calculated demand reflects approximately 60 percent of overall market potential, the likely demand potential may reflect as much as 240 households.
- 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 17 percent, and a penetration rate of just below three percent – indicating that continued demand potential is present, with additional considerations regarding secondary market potential likely pushing annual demand potential as high as 36 to 40 units.

- 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

		30% AMI	60% AMI	(Workforce) 80% AMI	Total Market Rate Range	Total Subsidy Range	Total Affordable Range
2022 Total Occupied Households	**5,292**						
2022 Owner-Occupied Households	**3,706**						
2022 Renter-Occupied Households	**1,586**						
QUALIFIED-INCOME RANGE ***(unduplicated)***							
Minimum Annual Income		$13,714	$27,429	$27,429	$40,000	$0	$13,714
Maximum Annual Income		$22,320	$44,640	$59,520	$120,000	$20,000	$44,640
DEMAND FROM EXISTING HOUSEHOLDS							
Percent Income Qualified Owner Households		2.3%	11.3%	21.5%	48.7%	7.8%	15.5%
Percent Income Qualified Renter Households		12.3%	25.2%	37.9%	36.3%	22.8%	47.0%
Income Qualified Owner Households		84	420	797	1,804	287	575
Income Qualified Renter Households		195	400	601	576	362	745
Annual Movership Rate - Owner to Renter		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Annual Movership Rate - Renter to Renter		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Income-Qualified Owner to Renter Movers		4	21	40	90	14	29
Total Income-Qualified Renter to Renter Movers		20	40	60	58	36	75
Total Demand from Existing Households		**24**	**61**	**100**	**148**	**51**	**103**
DEMAND FROM NEW RENTER HOUSEHOLDS							
Projected 2024 Renter Households	**1,563**						
Annual Change in Renter Households, 2022-2025	**-8**						
Percent Qualified Renter Households		12.3%	25.2%	37.9%	36.3%	22.8%	47.0%
Total Annual Demand From New Households		**(1)**	**(2)**	**(3)**	**(3)**	**(2)**	**(4)**
TOTAL DEMAND		**23**	**59**	**97**	**145**	**49**	**100**
LESS: Total Comparable Units Placed in Service Since 2021		0	0	0	0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0	0	0	0
TOTAL NET DEMAND		**23**	**59**	**97**	**145**	**49**	**100**
IDEAL NUMBER OF UNITS		**9**	**25**	**42**	**72**	**20**	**40**
CAPTURE RATE		**39.5%**	**42.3%**	**43.3%**	**49.7%**	**41.0%**	**40.2%**
PENETRATION RATE		**3.2%**	**3.0%**	**3.0%**	**3.0%**	**3.1%**	**3.0%**

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

Community RESEARCH Services, LLC

Table: Statistical Demand Calculation – Senior Rental Units

2022 Total Occupied Households 65+	**1,688**					
2022 Owner-Occupied Households 65+	**1,296**					
2022 Renter-Occupied Households 65+	**392**					
\		**30% AMI**	**60% AMI**	**Market Rate**	**Total Affordable**	**With Deep Subsidies**
QUALIFIED-INCOME RANGE *(unduplicated)*						
Minimum Annual Income		$12,000	$24,000	$36,000	$12,000	$0
Maximum Annual Income		$17,160	$34,320	$100,000	$34,320	$20,000
DEMAND FROM EXISTING RENTER HOUSEHOLDS - AGE 65+						
Percent Income Qualified Owner Households		2.7%	6.3%	46.5%	12.2%	11.2%
Percent Income Qualified Renter Households		11.1%	25.5%	23.3%	57.9%	28.2%
Percentage of Seniors without Independent Living Difficulty		85.9%	85.9%	85.9%	85.9%	85.9%
Income Qualified Owner Households		30	81	518	158	145
Income Qualified Renter Households		37	100	78	227	111
Annual Movership Rate - Owner to Renter		5%	5%	5%	5%	5%
Annual Movership Rate - Renter to Renter		15%	15%	15%	15%	15%
Total Income-Qualified Owner to Renter Movers		1	4	26	8	7
Total Income-Qualified Renter to Renter Movers		6	15	12	34	17
Total Demand from Existing Households		**7**	**19**	**38**	**42**	**24**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 65+						
Annual Owner Household Growth, 2022-2025		32	32	32	32	32
Percent Income Qualified Owner Households		2.7%	6.3%	46.5%	12.2%	11.2%
Annual Renter Household Growth, 2021-2022		10	10	10	10	10
Percent Income Qualified Renter Households		11.1%	25.5%	23.3%	57.9%	28.2%
Total Demand From New Households		**0**	**0**	**1**	**1**	**1**
TOTAL DEMAND		**7**	**20**	**39**	**43**	**24**
LESS: Total Comparable Units Placed in Service Since 2021		0	0	0	0	0
LESS: Total Comparable Units Proposed/Under Construction		0	0	0	0	0
TOTAL NET DEMAND		**7**	**20**	**39**	**43**	**24**
SUGGESTED NUMBER OF UNITS		**4**	**10**	**32**	**20**	**15**
CAPTURE RATE		**54.8%**	**51.1%**	**82.7%**	**46.5%**	**61.4%**
PENETRATION RATE		**5.8%**	**5.4%**	**5.2%**	**5.1%**	**5.7%**

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

Community RESEARCH Services, LLC

Table: Statistical Demand Calculation – Assisted Living Senior Units

2022 Total Occupied Households 75+	**1,460**	
2022 Owner-Occupied Households 75+	**1,205**	
2022 Renter-Occupied Households 75+	**256**	
		Market Rate
QUALIFIED NET WORTH RANGE ***(unduplicated)***		
Minimum Net Worth		$228,000
Maximum Net Worth		And Above
DEMAND FROM EXISTING HOUSEHOLDS - AGE 75+		
Percent Qualified Net Worth Households 75+		57.4%
Percent with an Independent Living Difficulty		16.6%
Total Demand from Existing Households		**139**
DEMAND FROM NEW HOUSEHOLD GROWTH - AGE 75+		
Senior 75+ Household Annual Growth, 2022-2025		54
Percent Qualified Net Worth Households 75+		57.4%
Total Demand From New Households		**5**
TOTAL GROSS DEMAND		**144**
PROPOSED NUMBER OF UNITS		**24**
CAPTURE RATE		**16.6%**
PENETRATION RATE		**2.9%**

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 Otsego 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 Otsego County, based on the latest American Community Survey data:
    - Previous Owner into Owner-Occupied Units: 1.2 Percent (98 units)
    - Previous Renter into Owner-Occupied Units: 1.3 Percent (29 units)

  For this data to reflect current conditions, the approximate number of homes purchased within the last year would need to total approximately 130 units, which is essentially implied with the above movership ratios. As the data does not include secondary market sources, these results reflect only a portion of the market potential across Otsego 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 slightly conservative, but are a reasonable assessment of the degree of movership within the community on an annual basis. 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 years of favoring sellers, as homes over the past few months have stabilized or reduced pricing levels. The median number of days homes have been on the marketplace is currently just 53 days, well lower than prior months in which listing periods were more than double this level in 2021 and earlier.

- 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 14.8 percent – indicative of a shift from a seller's market toward a buyer's market.

- Using the rental demand equation discussed within the previous section, but inserting owner-occupied household data, yields a demand potential of 63 units on an annual basis. While somewhat descriptive of the market demand potential (from a conservative standpoint) within the immediate Gaylord area, the resulting estimate is based on the Gaylord Area only (not countywide), does not take into consideration variations in affordability, debt levels, financing alternatives, secondary market sources, and other unique considerations that make a home purchase a much more involved decision as compared to a rental housing lease.

- 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 in 2023, 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, 1.3 percent of Otsego County owner-occupied households are considered substandard, totaling approximately 101 units for 2020.

VII: HOMELESS DATA & ANALYSIS

The degree of homelessness within a community provides additional insights regarding housing needs for those individuals and families with disabilities, substance abuse conditions, and exhibit a high degree of income instability. The regional organization that coordinates homeless relief efforts and resources, and is the Continuum of Care (CoC) representative to HUD regarding federal resource allocation and data reporting, is the Northeast Michigan Community Service Agency (NEMCSA). The organization has an 11-county footprint for various services, including Head Start, Housing Vouchers, senior services, and school programs, along with services for those that are homeless or are in danger of homelessness.

The primary measure used by HUD for homelessness statistics is a Point-in-Time (PIT) count of homeless individuals and families during the last week of January each year. According to NEMCSA, a summary of these totals for Otsego County is as follows:

Table: Homeless Point-In-Time Counts for 2021 and 2022 – Otsego County

Point in Time Count: Otsego County	As of 1/27/2021	As of 1/26/2022
TOTAL	12	54
Adults	12	38
Children	0	16
Sheltered	3	8
Transitional Housing	9	38
Unsheltered	0	8

A summary of NEMCSA's homeless services for 2021, as reported to HUD, is included below, providing a broader depiction of the degree of homelessness across the county.

Table: 2021 Homeless Summary - Otsego County

County	Overall Unduplicated Category 1 Homeless	Adult Single (25 and Over)	Total Unaccompanied Youth (18-24)	Total Adults in Families	Total Children in Families	Total Veterans	Total Seniors (55+)
Otsego	145	85	2	26	34	55	30
Sum (duplicated):	**145**	**85**	**2**	**26**	**34**	**55**	**30**
Consumers Served in Mulitple CoCs	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Unduplicated Count	**145**	**85**	**2**	**26**	**34**	**55**	**30**

The added totals from the PIT count for 2022 year as compared to 2021 reflect a combination of economic and social factors, some of which are tied to the pandemic. More recently, homeless spiked due to the tornado's impacts from earlier this year – with most of the city's mobile homes demolished or made uninhabitable. While the majority of these individuals and families have returned to their homes or have found new housing arrangements, at least 12 households from local mobile homes/trailers are still displaced due to the tornado. Most of these persons are within transitional housing arrangements, rather than shelters intended for minimal time periods. Beyond the tornado's impacts, reasons for homelessness are primarily due to substance abuse and domestic violence, rather than economic displacement or loss of employment. Such trends are not unique to the Gaylord community, as a commonly-held misconception is that economic considerations are the driving factor for increased homelessness; unfortunately, addiction and domestic violence are the most prominent factors that lead to the large majority of homelessness within Gaylord as well as other communities across Michigan and beyond.

According to personnel at NEMCSA and the Refuge (a local nonprofit group established to help local homeless), these PIT figures do not reflect the true degree of potential homelessness across the county, as many displaced persons and families are housed with friends and relatives. This is despite efforts to include such homeless individuals and families within the CoC totals that are forwarded to HUD. It is not known if future PIT totals will reflect higher degrees of homelessness, but efforts to address those impacted by the tornado should continue to reduce homeless totals into the next year.

Poverty levels are distinctly higher within the city as compared to Otsego County overall, but the homeless totals reported within the 2021 annual data still reflect a minimal portion of the local population. It is hoped that future funding levels and continued shelter and transitional housing options will best service a reduced homeless population, due to the efforts of local and regional service providers.

VIII: DATA & SOURCES

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2020 U.S. Census – PL 94-171 Redistricting Data

ESRI Business Analyst Online, 2022-2027 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

Employment and economic data/trends – Otsego County Economic Alliance & interviews with local employers

Homeless data and reports – NEMCSA and The Refuge

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 10, 2022

RESUME AND BACKGROUND

KELLY J. MURDOCK

COMMUNITY RESEARCH SERVICES, LLC

Mr. Murdock has vast experience in the analysis of housing markets. Since 1988, he has provided market analyses and studies on single-family developments, apartment complexes, condominium proposals, and senior citizen communities. Mr. Murdock has also assisted numerous nonprofit groups and non-entitled communities with the use and regulations of the HOME program, as a technical assistance representative through the Michigan State Housing Development Authority (MSHDA). He has been featured within several published articles on housing research, and has served as a speaker at numerous housing seminars on market-related issues.

Mr. Murdock currently serves as the Managing Partner of Community Research Services, LLC (CRS). CRS was created to provide a wide variety of products and services to the affordable housing industry, ranging from market feasibility studies to development consulting. CRS provides consulting and research with for-profit firms, nonprofit organizations, as well as state and local governments.

Prior to the establishment of CRS, Mr. Murdock was the founder of Community Research Group LLC and Community Targeting Associates. Both companies provided a large degree of affordable housing research over a twelve-year period (1992 to 2004) across 31 states for over 250 clients. This included research conducted under contract with Rural Housing Service, HUD, and six state housing agencies. Previously, Mr. Murdock served as the Senior Market Analyst of Target Market Systems, the market research division of First Centrum Corporation. At TMS, Mr. Murdock was responsible for market research services for all development and management divisions of the corporation, and completed some of the first market reviews and studies within Michigan under the LIHTC program (IRS Section 42).

A graduate of Eastern Michigan University, Mr. Murdock holds a degree in Economics and Business, with a concentration in economic modeling and analysis. Mr. Murdock is a member of the Michigan Housing Council, a statewide affordable housing advocacy group. He previously served on the Council's Board of Directors. Mr. Murdock and CRS are also charter members of the National Council of Housing Market Analysts (NCHMA), an organization dedicated to the establishment of standard practices and methods in housing research across the nation. Mr. Murdock serves on the executive committee of NCHMA as Chairman for the current 2020-2022 term. Mr. Murdock has been awarded the Professional Member designation by NCHMA, the highest level of membership offered by the organization.