

Report on Housing and Neighborhoods City of Bay City, Michigan

Commissioned by the Bay City Housing Commission

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czb for Carlisle/Wortman Associates, Inc.

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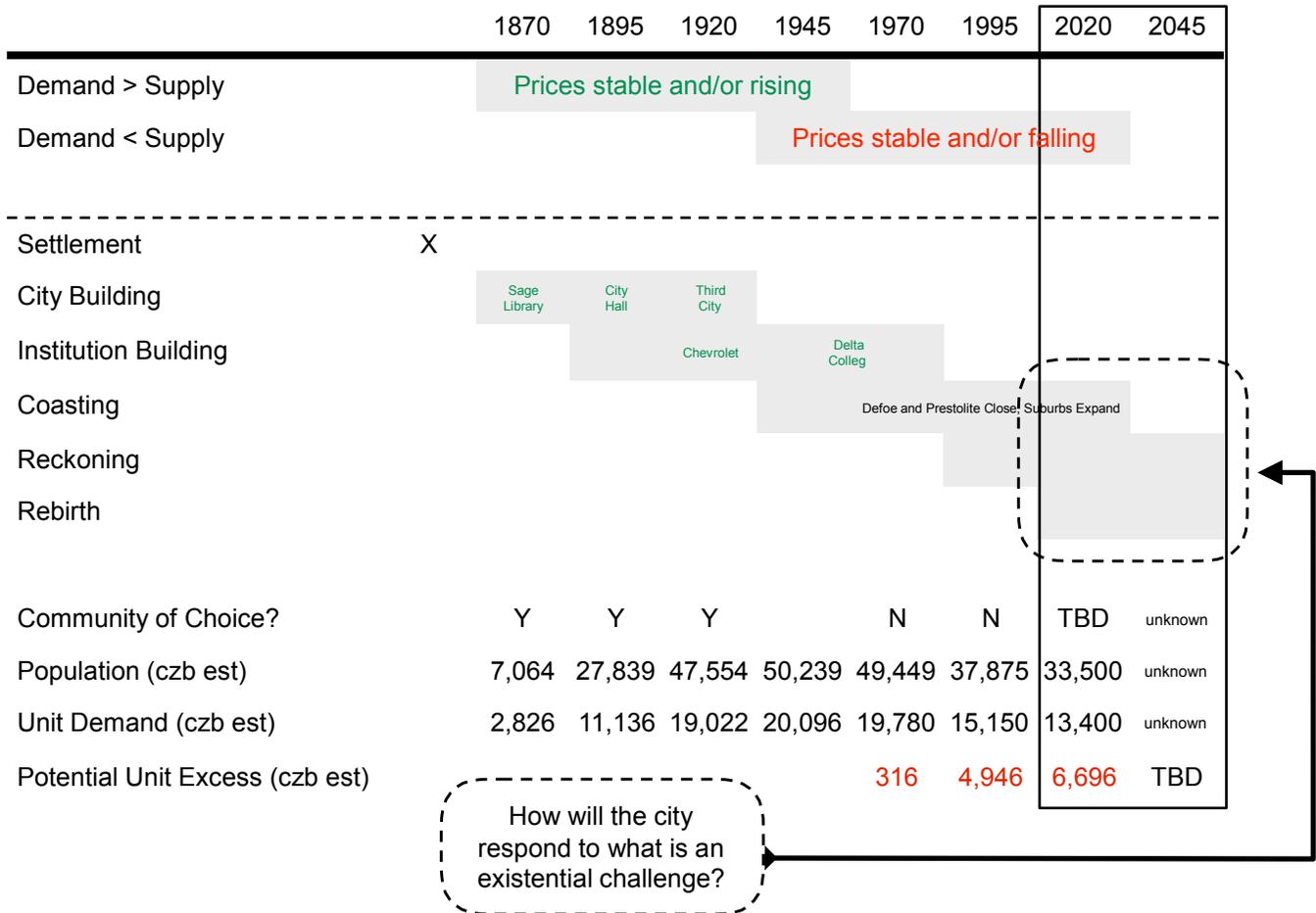
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PART 1: Historical Forces that Shape Neighborhood and Housing Quality in Bay City

To understand Bay City’s housing market, it is important to realize that the city has gone through four dominant phases of life from its incorporation in 1865 through the early 21st century: City Building, Institution Building, Coasting, and Reckoning. Each phase affected the built environment in ways that shape today’s market. Each has important characteristics that transcend supply and demand and need to be acknowledged. And each has implications for defining a set of strategies that will aid the city in launching a durable and sustainable fifth phase: Rebirth.



I: Era of City Building

This era of Bay City’s history endowed it with historical gems and cheaply-built workforce housing. With today’s limited demand and resources, acknowledging the difference is key.

From the late 1860s until the eve of World War I, much of the Bay City we see today was settled, platted, organized, and built. An orthogonal grid established the size of city blocks, the community’s founders located parks and cemeteries, and the 1905 annexation of West Bay City created a city astride the Saginaw River. All the pieces were in place for Bay City to prosper. And, indeed, it grew rapidly at the end of the 19th Century and during the early decades of the 20th Century.

Plenty of truly superior housing was built during this time -- housing that today is a beacon of historic beauty and a building block for revitalization. But it is also true that much of the housing built between 1875 and 1925 was of marginal quality aimed only at meeting the immediate needs of the workforce of the day. Such homes were smaller and not especially well-built to begin with; their physical presence today is more a reflection on the durability of bricks and mortar than any inherent market value. Now obsolete, this part of the housing stock only serves to weaken the Bay City market by the disinvestment signals communicated by its distress.

Bottom line implications for Bay City today?

The great historic structures that remain in Bay City from its founding era constitute clear leverage for revitalization in two critical respects.

First, with nearly 1,000 structures spanning Colonial, Georgian, Gothic, and Greek Revival styles, to splendid Richardsonian works, Bay City has a powerful basis to market itself as a community of choice. This is because such architecture offers unparalleled quality of life opportunities amid a rare collection of concentrated historic architecture. The Center Avenue corridor especially - Landon House, Webster House, Curtis House, Tupper House, the Clements properties - is one of the key subareas where Bay City leaders must continue the excellent work already underway.

Second, the preservationist community in Bay City clearly grasps the investment value of such historic architecture, and the civic leadership exercised in saving and restoring City Hall is an even stronger foundation for city revival than the architecture itself. It must be noted that the work needed to mobilize the community to save and restore City Hall is quite rare; it speaks to the inherent strength of the residents and business stakeholders in Bay City that the community was able to succeed where so many dozens of similarly situated communities failed. Every visitor to Bay City who comes upon City Hall instantly knows that this is an important building and the community here must really care. Proactively building on Bay City's great reservoir of human capital and civic leadership must therefore constitute the lion's share of the strategy for neighborhood stabilization and housing market recovery.

A key reason such leadership will prove simultaneously essential and invaluable is that action is needed on the hundreds of marginal or obsolete residential structures from the same era. In their current condition they constitute a measurable drag on the market, requiring attention in the form of acquisition and demolition, not rescue. The presence of these homes actually threatens the marketability and rehabilitation potential of true historic gems.

Simply put, the regional market is so weak that it cannot be assumed that the lesser quality housing in Bay City will ever be worth saving given the negative equity buried in much of that stock. Left standing for too long, the only future for many of these homes will be as low cost rentals for struggling households, and it is precisely this disposition that will only further destabilize the already weak Bay City market. Regrettably, the area market has slid so significantly and further population decline is so likely that for hundreds of older residential structures it simply will not make economic sense to rehabilitate them, even if they were available for less than a dollar apiece. Great strategic care is therefore essential.

So, on one hand, discretion by the preservationist community to resist the desire to save everything will be vital. And on the other, a willingness to spend local tax dollars to acquire and demolish what is not worth saving must be exhibited by elected officials and their constituents.

In sum, what will be pivotal going forward for housing from this era is a strategic effort to edit out what is of no value along with a commitment to spend what's needed to save what is. The aim in both endeavors - ***strategically demolishing as well as strategically saving*** - is to help stabilize the city's finances by leveraging historic assets in ways that begin to build a firm floor in Bay City's weak and weakening housing market.

II: Era of Institution Building

Continuous growth and high standards of living during this era set high expectations for future growth and levels of service. The result was a city with public and private infrastructure capable of housing and serving 60,000 or more residents -- overshooting reality to a degree that shapes today's considerable imbalance of supply and demand.

From about 1910 to 1960, Bay City continued to flourish. Many good decisions were made and the community prospered, growing steadily and filling-out its physical footprint along the way. By 1960, Bay City reached a peak population of 53,604, making it home to approximately 20,000 households. Most families lived then, as now, in single family homes, or in apartment units within subdivided houses from an earlier era. More significant multifamily structures came later.

A near majority of Bay City's residential units -- around 45% -- were built before World War II. They were mainly wooden, balloon-framed, three-bedroom, one-bath residences perfectly matched for demand at the time they were built, and for quite a few decades afterwards. So, for this half-century period, the stocks of an earlier era continued to meet demand nicely, and infill development more or less followed traditional neighborhood development and architectural patterns.

With two new families on average moving into Bay City each week from 1910 through the Eisenhower Administration, local discretionary spending was able to support an additional 4,000 square feet of retail space each year on top of what was already built and already fully supportable. Tax revenue outpaced spending needs, infrastructure was largely new, and while there were dilapidated conditions - especially ringing downtown in the form of rooming houses and dated commercial space - overall demand to live in Bay City was reliable and strong. Home prices were stable and rose through the 1960s, if modestly. Wages grew at rates that exceeded home prices, making it exceptionally vibrant and affordable. It was possible - and wise - to borrow against the future.

For these reasons, the city's road network, parks, libraries, schools, other infrastructure, and overall civic expectations were based on the assumption that Bay City would become an even more substantial community in the coming years. Likewise, families could - rightly - conclude that regularly maintaining their homes was not only a way to exhibit pride, but a sound investment, too.

Of course, such ambitions and norms commingled with a number of other factors, nearly all of them well outside the reach of Bay City leaders to control and shape, and each - in hindsight - with the capacity to radically alter widely-held community assumptions. By the mid-1950s, the following was already happening:

- **Cheap land on the city's periphery made suburban territory ripe for development.**

The effect on Bay City was to flood the region with more developable supply than demand, reducing prices in the city which could not offer the combination of comparably new product and low taxes. This facilitated the beginning of a decline in relative property values in the city.

- **FHA mortgage finance made home ownership more widely accessible, and loans were more easily packaged when applied to emerging suburban models of homes, appraisals and comparables.**

The effect of widely available mortgage funding was to fuel existing consumer appetites, whatever they were. Since the market craved a yard and a new house - exactly what long-established cities had trouble providing - long-term debt financing combined with cheap land put the city in a serious long-term bind.

- **Decayed blocks close to downtown functioned as a powerful reason to flee those areas.**

Inner core decay functioned to "push" households out of the city who did not want to be near blight and who could afford to leave. Over time, as more blocks became blighted through a succession of departures and vacancies and tenure changes, blight became associated not just with downtown but with Bay City itself.

- **Weakening of demand in Bay City amid increasing profitability of the new Bay City Mall and the then emergent State Street commercial corridor enhanced the quality of life for those living outside the city.**

While initial suburban settlers in the townships utilized the city's then vast mix of quality retail, this course was reversed by the early 1970s when there was enough buying power in the suburbs to justify retail relocation. This is the point at which retail spending leakage became a serious problem. By 1975 it was no longer necessary for suburbanites to even come into Bay City. And by 1980 Bay City residential spending power was oriented outside the city, depriving the city of demand for commercial real estate, jobs, and socio-civic vibrancy.

- **Home building in Essexville and Portsmouth, Bangor, and Monitor Townships further redefined supply and demand in the region.**

Year after year, as new residential products came on line, the work of maintaining older homes in the city became less and less appealing, and less and less financially sensible to the average owner. Some households refused to give up on Bay City, but many began to feel the strain of either not being able to find a good buyer when it came time to sell, or not finding it worthwhile to put the same amount of pride into their homes as in previous years. Demand in the city - profoundly affected by both job loss and resulting property owner disinvestment - continued to fall, prices followed, and eventually the Bay City market became so weak that the most profitable housing venture was the buying of rental property that could be leased to a growing underclass, and each year, done by new absentee owners.

Meanwhile, the groundwork was being laid for Midland to grow more prosperous and the Townships surrounding Bay City to be developed further. This would accelerate the softening of demand for Bay City, as would cutbacks at GM and the closures at Defoe and Brownhoist. All the while, this decline would have been virtually impossible to see on a daily basis, making it difficult for civic leaders, business owners, and residents to retreat from the expectations of continued growth that had so recently been well-founded.

It was between 1960 and 2000 when incremental right-sizing of the city's housing market might have stabilized prices and buoyed the confidence of existing owners. If investments are continual, a city can edit excess supply along the way before too deep a hole is dug in the form of too much obsolete supply. Wait too long and the problem calcifies in the form of prolonged neglect. Wait even longer and the number of good owners left on any given block becomes too small to manage change on a day to day basis. Wait still longer and a few dozen problem properties become a few hundred. This is the fate of many struggling communities in Michigan who have faced similar conditions; it need not be the same for Bay City.

Bottom line implications for Bay City today?

So much good work was done through the early 1960s, and so justifiably optimistic was the region and the city itself, that it makes sense that early warning signs - market slowdowns, greenfield fringe development, the new mall - were not taken more seriously and acted upon. In many respects the era of institution building in Bay City is marked by two periods: (1) the first two thirds, where Bay City was growing and it looked like that would always be the case, and (2) the years after the early-to-mid 1950s when memories of growth served as the new benchmark, solidifying in the community's mind a sense that such growth was dependable and that new ways and new systems and new thinking were not necessary.

Failure to truly tackle this right-sizing work in the 1970s and 1980s means that today's work is a matter of catching-up on decades of deferred maintenance and lost equity -- of bringing into equilibrium a city of just over 30,000 that was built for 60,000 in an entirely different economy. But the catching-up cannot begin in a sufficiently scaled and sustainable way until systems, tools, and ways of thinking change in a way that they did not during a period of extended "coasting."

III: Era of Coasting

Assumptions of continuous growth failed to take hold, and so too did the work of adjusting to new realities. This period of hesitation -- of hoping that growth would resume without significant restructuring -- compounded today's market imbalances by failing to address rising levels of neglect, disinvestment, and declining confidence.

Coasting is a one way journey: downhill. And like so many cities across Wisconsin, Michigan, Indiana, Ohio, and Pennsylvania, Bay City's population peaked between 1955 and 1965 -- and it has coasted ever since.

The real problem this poses is not the decline, which is troubling enough, but the fact that the decline has stubbornly continued for 55 straight years. That's a long enough slide in the wrong direction for it to be clear that current ways of responding shouldn't be continued.

The fact is that decline itself is a technical problem of obsolete supply and weak demand for which there are proven remedies like third party interim ownership, local bonds to generate flexible revitalization monies that can enable a municipality to rebuild its middle class, and robust residential leadership development. But not responding effectively for 55 years is a failure to adapt, year after year, insisting that low taxes, geographically unfocused spending, and a diffusion of scarce resources are sufficient offsets to the tidal wave of suburbanization and globalization.

Not only has Bay City become smaller, but the community that stayed has slowly aged. Moreover, it has changed in other ways, becoming less optimized for today's economy. Where in 1960 a high school education was sufficient to earn (in today's dollars) \$20/hour, and enable a family to afford a mortgage and a car with only one person working, that has not been possible since the early 1980s. And yet Bay City has not adapted to this reality. In fairness, neither have hundreds of other American cities, clinging as they have to a phantom hope that manufacturing reliant on low levels of formal education and training - the bulwark of America's pre-silicon economy - will return.

In 1960, it is estimated that Bay City households altogether would have earned nearly \$900M annually, mostly through full-time employment. That's a figure large enough to finance the retirement of debts incurred by previous generations while also making a downpayment on the infrastructure future generations would need. Today that figure is likely 40-45% smaller.

In 1960, it is estimated that the city's total residential market was worth about \$1.3B in today's dollars. That's enough to borrow against to pay for several generations to obtain technical training or a college education, and enough ad valorem to maintain schools and streets and parks in a high state of repair and still have a rainy day fund leftover. Unfortunately it's also enough to permit coasting. Today the value of that market is closer to \$800M, a 38% decline.

By 1980, more people were chasing fewer good jobs, and fewer people were chasing more homes than were demanded. During each year of small incremental decline, the Bay City community could have used relatively small amounts of tax dollars to purchase and demolish just ten strategically located homes that had become vacant and were degrading. Had the city done a little bit each year, today it is possible there might be 500 less dilapidated structures in Bay City, and many times more would be less negatively impacted than is the case.

During this troublesome period, many homes sat temporarily vacant. They declined in value until suitably priced for less affluent housing consumers, or rental property owners who are not invested in the betterment of the community, or both.

At its core, such a spiral is a contagion. One negative condition ushers in another until the gap between what's needed for overall market stability and what individual owners believe is economically sensible for them is bridged. ***In this type of a housing market, what's required is what's missing: a firm floor beneath which values and standards cannot be permitted to fall.***

Yet fall they did. Values continued to decline because excess supply was not addressed by proactive, annual herd-thinning. And standards fell because too many home owners looked around and felt disgusted at too many long-time neighbors' suddenly lower levels of home maintenance amid a growing number of new residents with lower standards. Sadly, by 1990 what made sense to the average home owner was to defer maintenance, make little to no capital improvements, wait for a chance to sell, and then get out. And the more this occurred, the worse it got and the worse it got the more this occurred.

This 20 year period of coasting has almost proved fatal. By 2000, Bay City became more the community of last resort in the Tri-Cities region than the first choice place it had been for so long. Despite heroic efforts in 1997 to establish the Delta College Planetarium and six years later entice Hilton to develop their Doubletree property and conference center, the housing market had been left unattended for so long that the result presents today's generation of leaders with a great amount of work to do.

Additionally, the complex work of stabilizing a weak market was not helped by decades of local use of ill-conceived federal and state housing and community development programs that were more designed to manage poverty than build the needed floor in the city's housing market. Though well meaning, such efforts do not constitute a coherent revitalization strategy; and more than that, they hold back the entrepreneurial potential of such high value projects as the superbly imagined Mill End Lofts, to cite one example.

Of course, hindsight is always 20-20. But the steepness of climbing out now, having not edited along the way, is readily apparent in 2016, and the resulting gradient is quite severe. The real issue today is not how fast Bay City might reasonably claw back from its excess supply problem, but whether it is today the learning community it needs to be, willing to reflect on earlier inaction and change course.

If between 1960 and today Bay City did not know it should be incrementally right-sizing - and there is no reason Bay City should have known, now it does. Now Bay City is in possession of critical information and a valuable theory of change. Bay City today knows that policies that shed the middle class should be discontinued. Bay City today knows that a weak market can't be fixed by focusing on problems, nor by hoping occasional code enforcement will do so. Bay City now knows that it has more troubled, low-age, low-skill households than it can support. Bay City knows that while seniors are looking for the next rung on a housing ladder they can reach for, the challenge is not whether seniors have a place to move to when the time is right, but whether good buyers will materialize when those seniors sell.



Bottom line implications for Bay City today?

Hope to overcome the problems caused by decades of deferred right-sizing is certainly alive in Bay City because of clear progress the community is making on many other fronts. Between the late 1990s and today, the community has begun to rally, and impressively so. Revitalization of the downtown has begun, and the results show great promise. Veterans Park is in good shape. Uptown is alive. The Center Avenue Neighborhood Association is doing great work. The Doubletree is doing well and a new hotel is being developed. Such vigor owes much to the work of preservationists and visionaries in the community, and the decision to restore City Hall stands as a testament to the grit of Bay City and as a marker of the kind of stamina and vision needed in the coming years.

Real and impressive recent gains notwithstanding, the fact is that 2016 is as close to a last chance for Bay City as it has ever faced before when it comes to housing and neighborhoods. The main reason is that decades of inattention are going to require decades of repair work, and the real work is addressing excess supply and an aging population in a shrinking region of shrinking economic value.

What's going to be required will be a concerted effort to focus scarce resources in the locations where good results are possible. Investments not only in bricks and mortar but in resident leadership development will be equally important. Thinning excess supply will be a crucial undertaking lasting many years. Occasionally adding fresh new supply but only in ways that lead the market will also be needed.

IV: Era of Reckoning

Bay City's current situation is recognized by many in the community as serious enough to warrant a major course correction -- of not maintaining a status quo that has not effectively dealt with legacy issues. That recognition is a critical step towards making the critical adjustments that will enable a durable and sustainable level of revitalization. Given the city's rising poverty rates and limited resources, it will be increasingly important for the city to focus its resources in a strategic manner.

To truly understand Bay City's housing market in terms of 2016 and the future, it is important to realize that Bay City is now firmly in the middle of a fourth phase. It is a phase characterized by long-outstanding bills that are now due and which will become larger unless dealt with aggressively. Now comes the reckoning.

The good news is that it's not too late to avoid the fate that other declining cities in Michigan now find themselves in; the bad news is that digging out is imperative and expensive. There are no low-hanging fruit left and only hard choices remain. Having coasted for too long, Bay City can no longer avoid coming to terms with some uncomfortable realities that transcend housing.

- Median household income in 2013 was a mere \$32,162. By contrast, Midland -- only 20 miles away -- has a median household income of \$47,893, or about 50% higher. Bay City once was the community of choice in the region. Not anymore.
- The median home value in Bay City is 2.02 times the median income. That means the typical \$65,000 home can be purchased for \$3,000 down by a family with only one working adult earning \$9.60/hr. And with median rents at roughly \$700/month, renting will be both affordable and about the same as owning, cost-wise. The upside of being so affordable a market is that many in the region can afford to buy. At any given moment in 2016, dozens of good three bedroom homes are on the market for less than \$60,000. The downside is that the more affordable a market is, the more bottom heavy the community becomes income and education-wise. In fact only 16% of the population has a college education, severely imperiling the community's long-term economic prospects.
- Ratios of income to housing costs are so low, in fact, that it is estimated that total withheld housing investments in Bay City could be \$89.9M a year. In other words, housing is so cheap that the ordinary income to value ratios used in conventional underwriting mean that the average Bay City owner is sitting on cash in the amount of \$1,097 a month they could be spending on their housing but don't have to and aren't. Those dollars are going into cell phone expenditures, boat payments, second cars, and other expenses, but not housing.



Stopping the downward slide of population, curtailing disinvestment, stemming the decline of housing values, and strengthening the city's fiscal position should be the cornerstone of the city's approach to housing.

This will be done by collectively intervening in the market to strengthen sales activities, to stimulate owner reinvestment trends, to create conditions where pride of ownership emerges, to polish some of the gems in the Bay City inventory, and all with the aim of stimulating demand and increasing the value of residential real estate. This is best done by investing where pioneers are already taking risks, building on their spirit and their belief in Bay City.

PART 2: The Current Context for Housing Policy and Neighborhood Planning

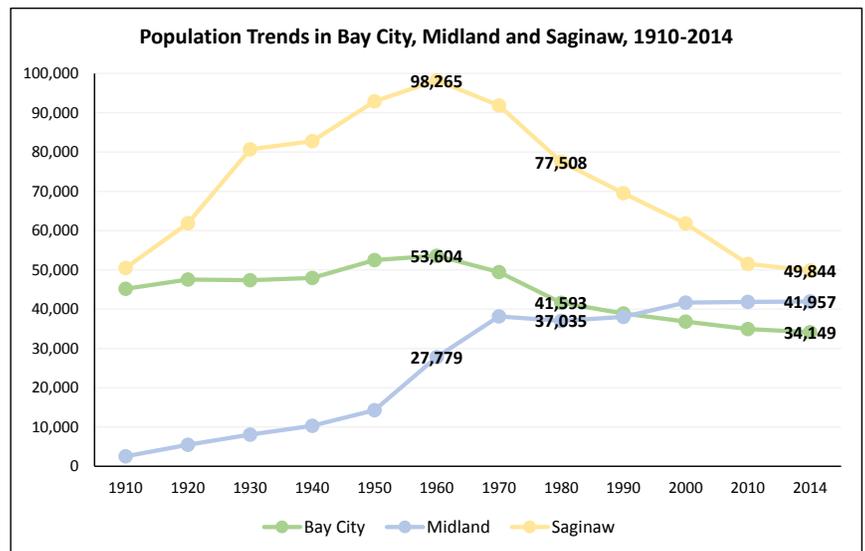
A snapshot of conditions in Bay City today, when supplemented by an understanding of historical forces, provides a basis for thinking about the choices that confront the city and the strategies that are best suited to address its fundamental challenges. Among those challenges: rising levels of concentrated poverty, growing levels of disinvestment and property distress, and trouble with garnering a fair share of the region's strong households -- those with capacity to reinvest in the housing market and support strong commercial growth.

Regional Growth Trends

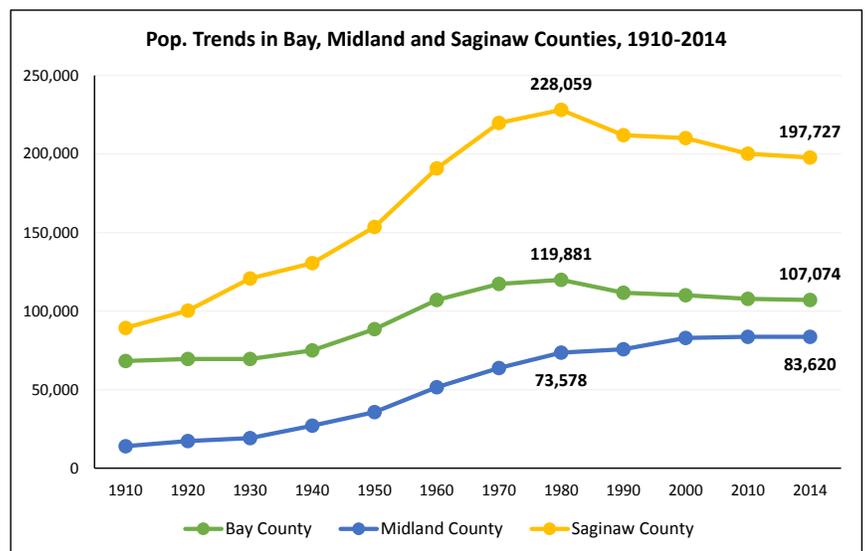
Bay City is part of a three-county region that includes Bay, Midland and Saginaw Counties. These counties each have their own core city (Bay City and the cities of Midland and Saginaw). Much like the counties that surround them, although not nearly to the same degree, these three cities have followed sharply different trajectories over the last 100 years.

On one end is Saginaw, which saw its population roughly double between 1910 and 1960 (from 50,510 to 98,265) and then shrink by half (back to just below 1910 levels) between 1960 and 2014. On the other end is Midland, home to just 2,527 people in 1910 but that boomed during the 1950s and 1960s and has grown steadily since, reaching nearly 42,000 residents by 2014. Bay City sits in the middle of these two communities: it did not boom as Saginaw boomed, but neither did it plummet; yet as Midland has continued to climb, its own population has faltered.

In other words, Bay City is not grappling today with overwhelming distress, disinvestment and abandonment as some other cities in Michigan are, but neither is it enjoying strong demand, rising quality of life, and market strength. As a range of socioeconomic and housing-related indicators show, this puts the city at a critical juncture today: the risks of inaction are great (and Saginaw's example looms large as a cautionary tale) and the potential rewards of action, given the "solvable" nature of the city's current challenges, are just as great (and Midland's example provides an aspirational example).



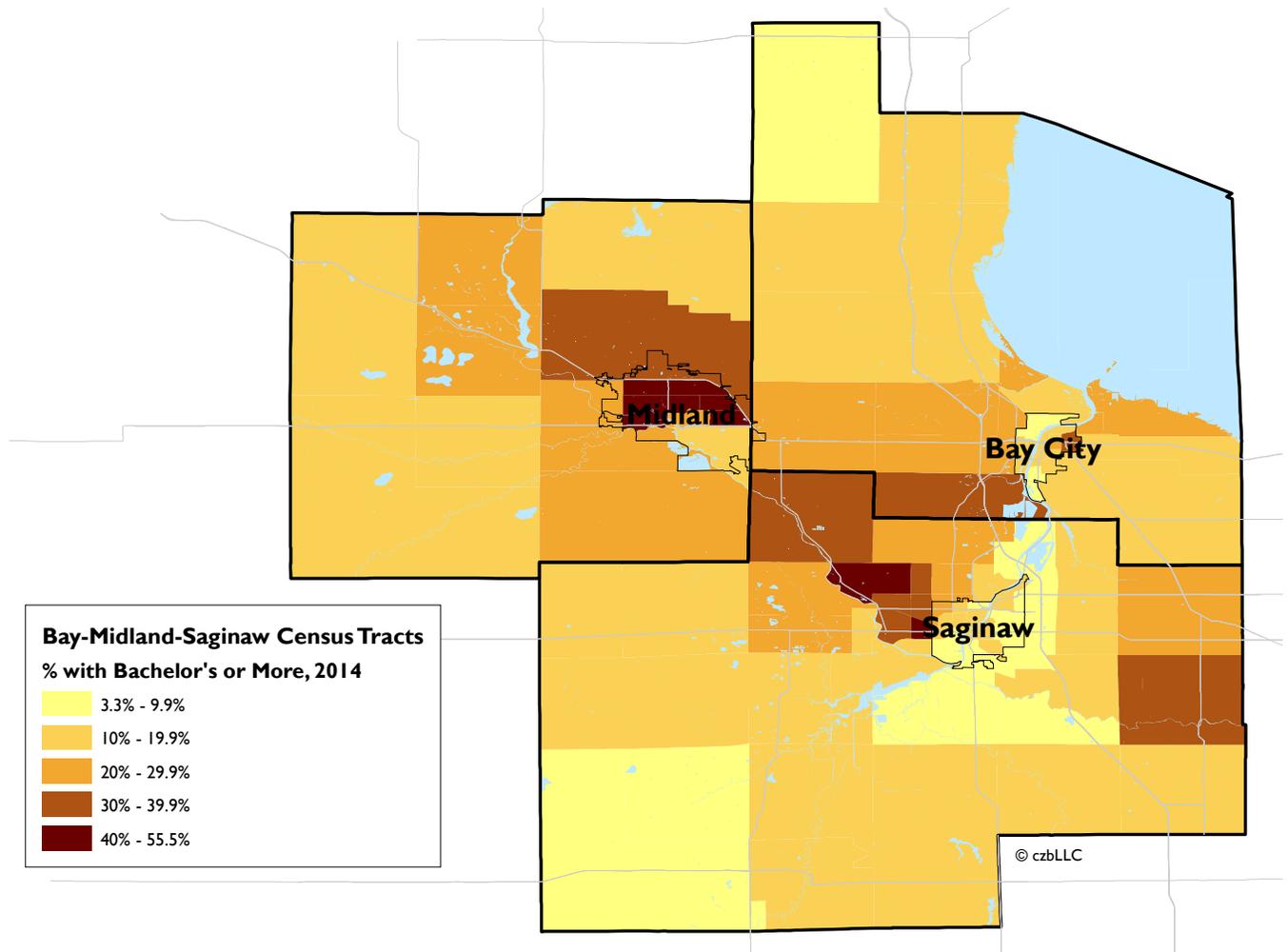
Sources: U.S. Census, 2014 American Community Survey 5-Year Estimates, czbLLC



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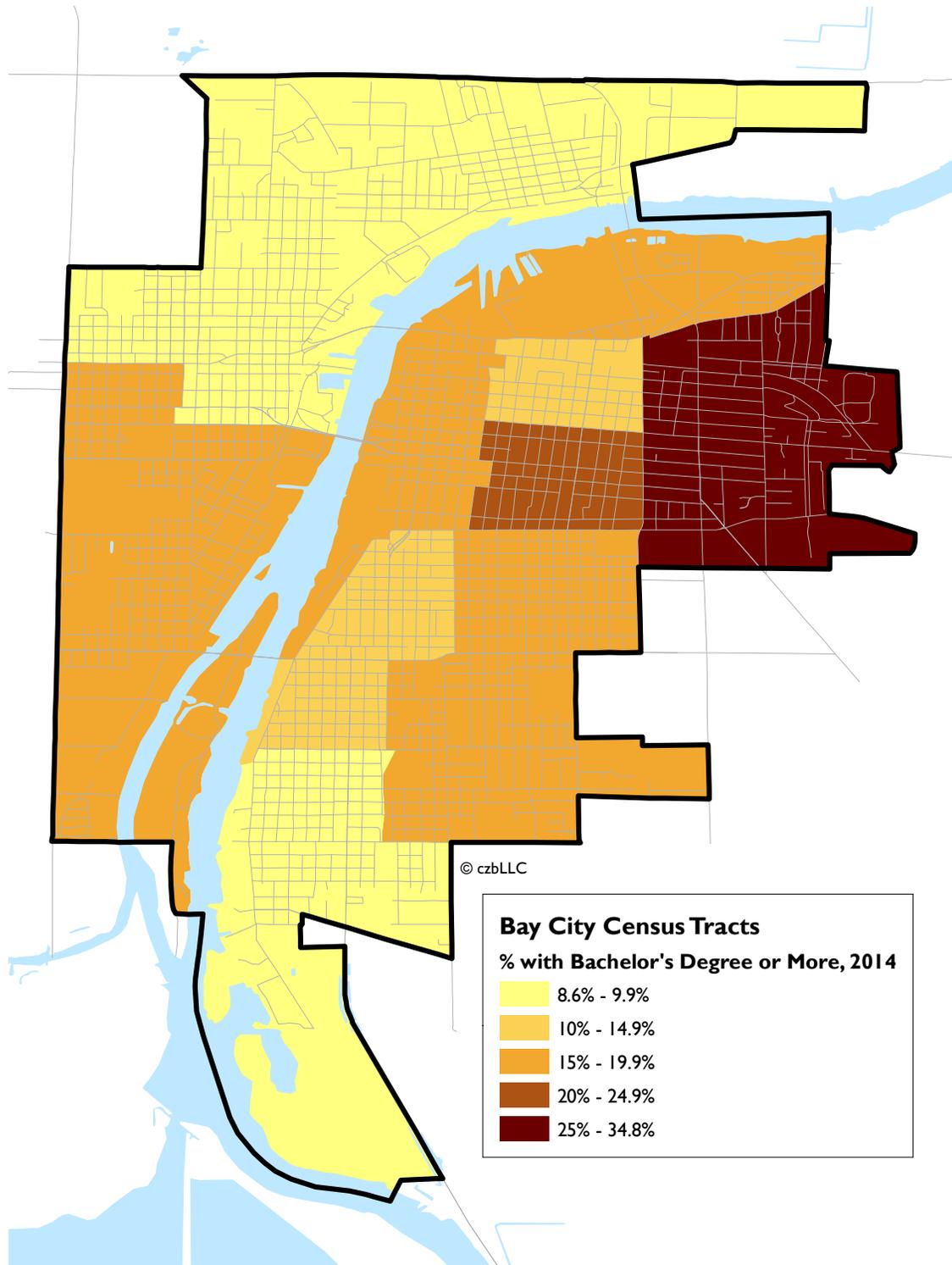
Socioeconomic Characteristics

Bay City currently struggles to attract strong households and has seen its population of vulnerable individuals and families grow¹. Just 16% of adults (those over 25) living in Bay City have at least a Bachelor's Degree, compared to 22% of adults throughout the region. Instead, the region's college graduates tend to live (in the greatest concentrations) in the suburban areas to the northwest of the city of Saginaw and in the city of Midland's northern neighborhoods (and northern suburbs).



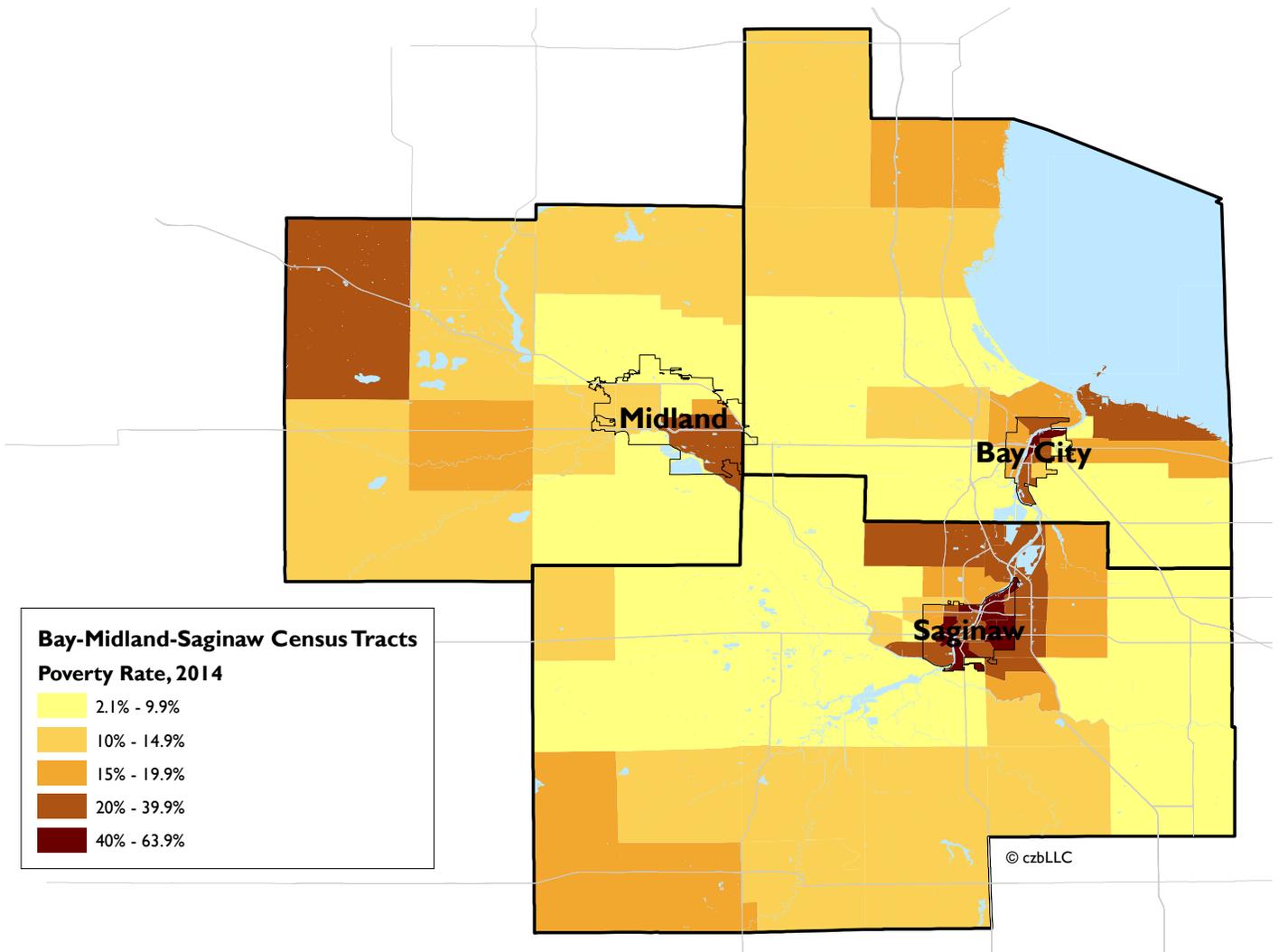
¹ This analysis uses the Census definition for households and families. According to the U.S. Bureau of the Census, a "household" fills any occupied housing unit. Households can be "family households" (two or more people related by birth, marriage, or adoption) or "non-family households" (one person, at least fifteen years of age, living alone, or two or more unrelated individuals living together).

Within Bay City, college graduates are most common in the city's eastern neighborhoods. In most other parts of town, *fewer than 20% of adults have a Bachelor's degree or more education.*

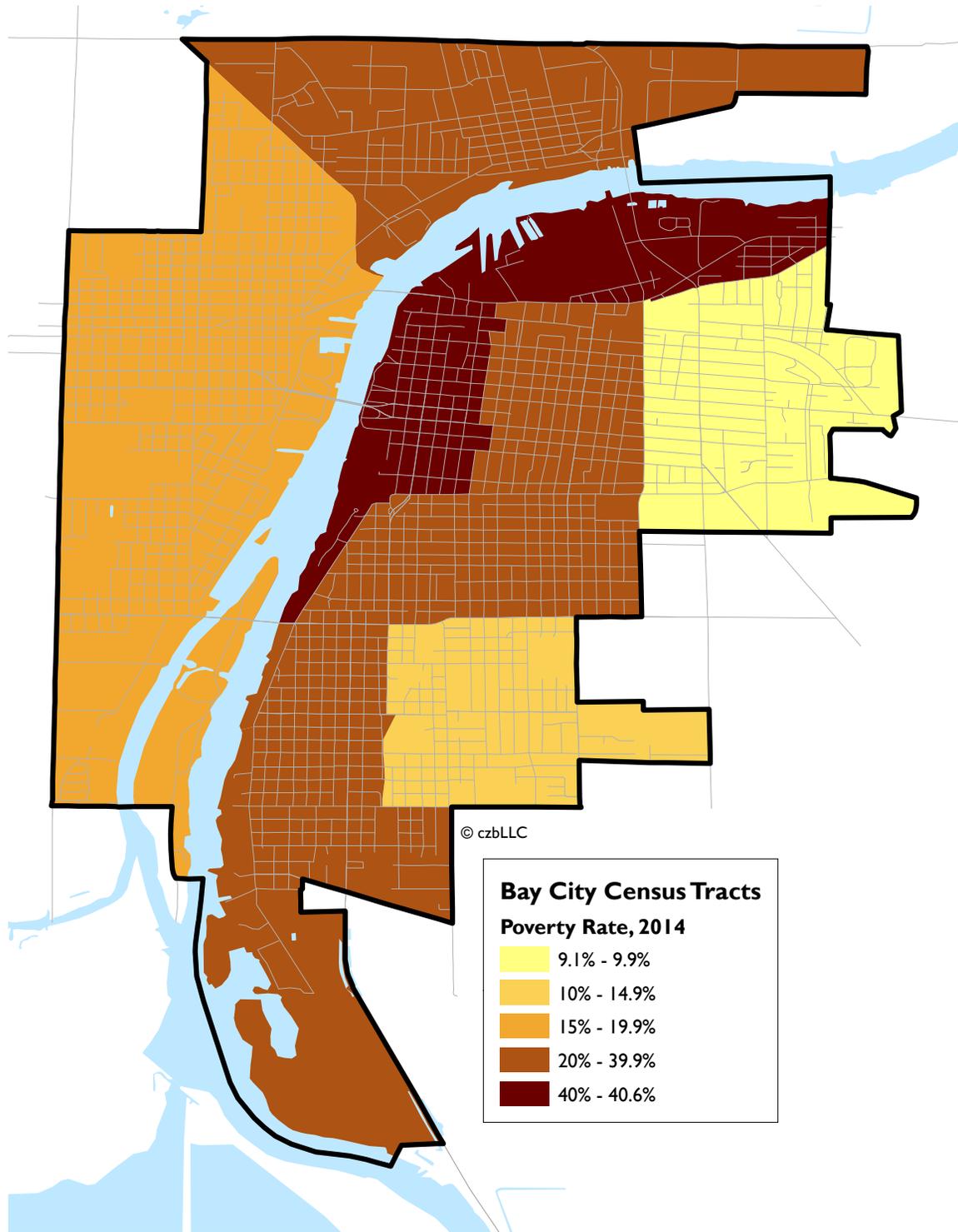


The city is not only home to well below its share of college graduates generally, but of younger college grades in particular: the city houses 69% of its share of college graduates aged 25 to 34 and only 62% of its share of college graduates aged 35 to 44.

At the same time, the city's poverty rate is well above that for the region as a whole: 23.6% versus 16.4% in 2014 (according to the 2014 American Community Survey's 5-Year Estimates). (That year, the city of Saginaw's poverty rate was 35.5% while the city of Midland's was just 14.7%. All cities faced greater concentrations of poverty than their surrounding suburbs.)

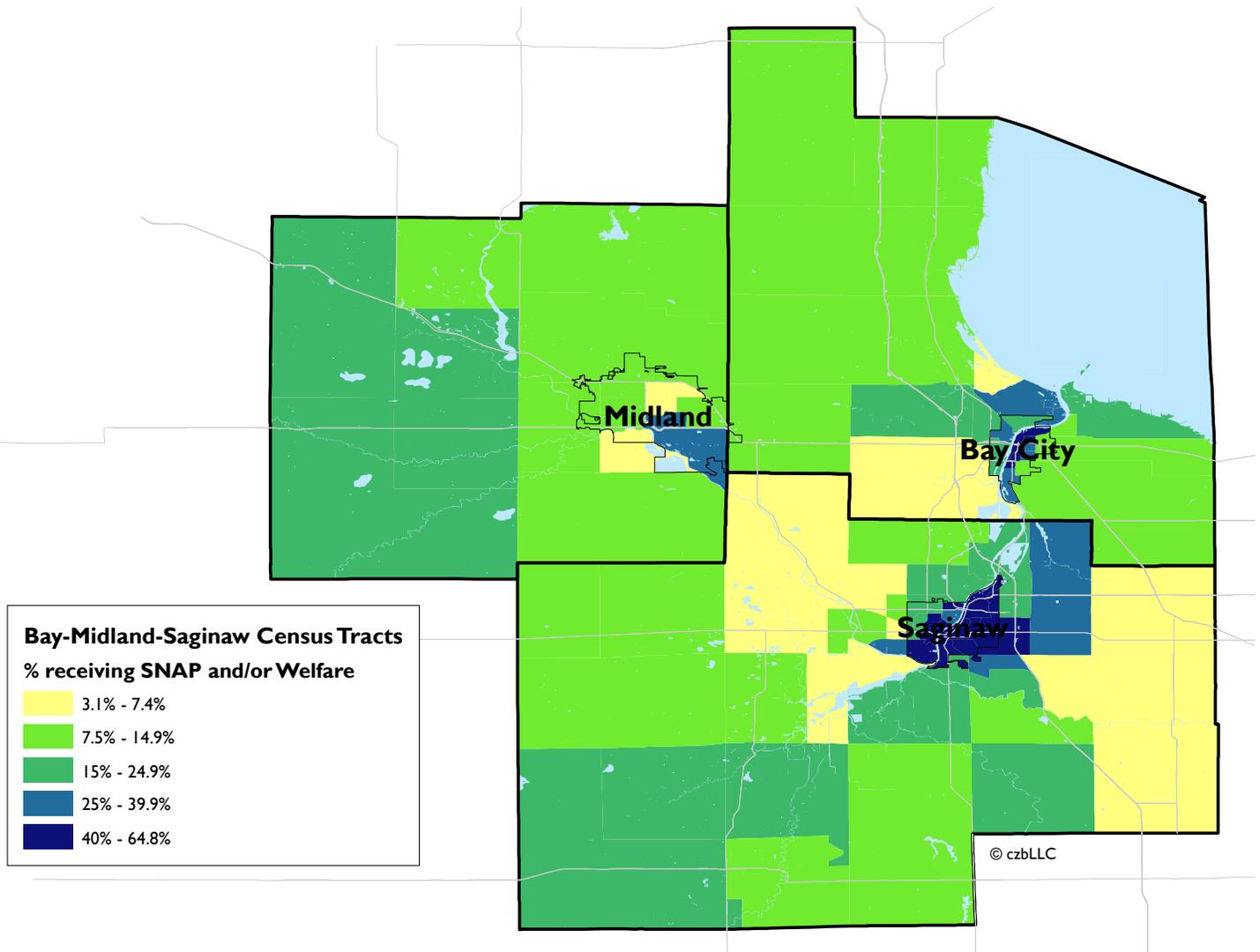


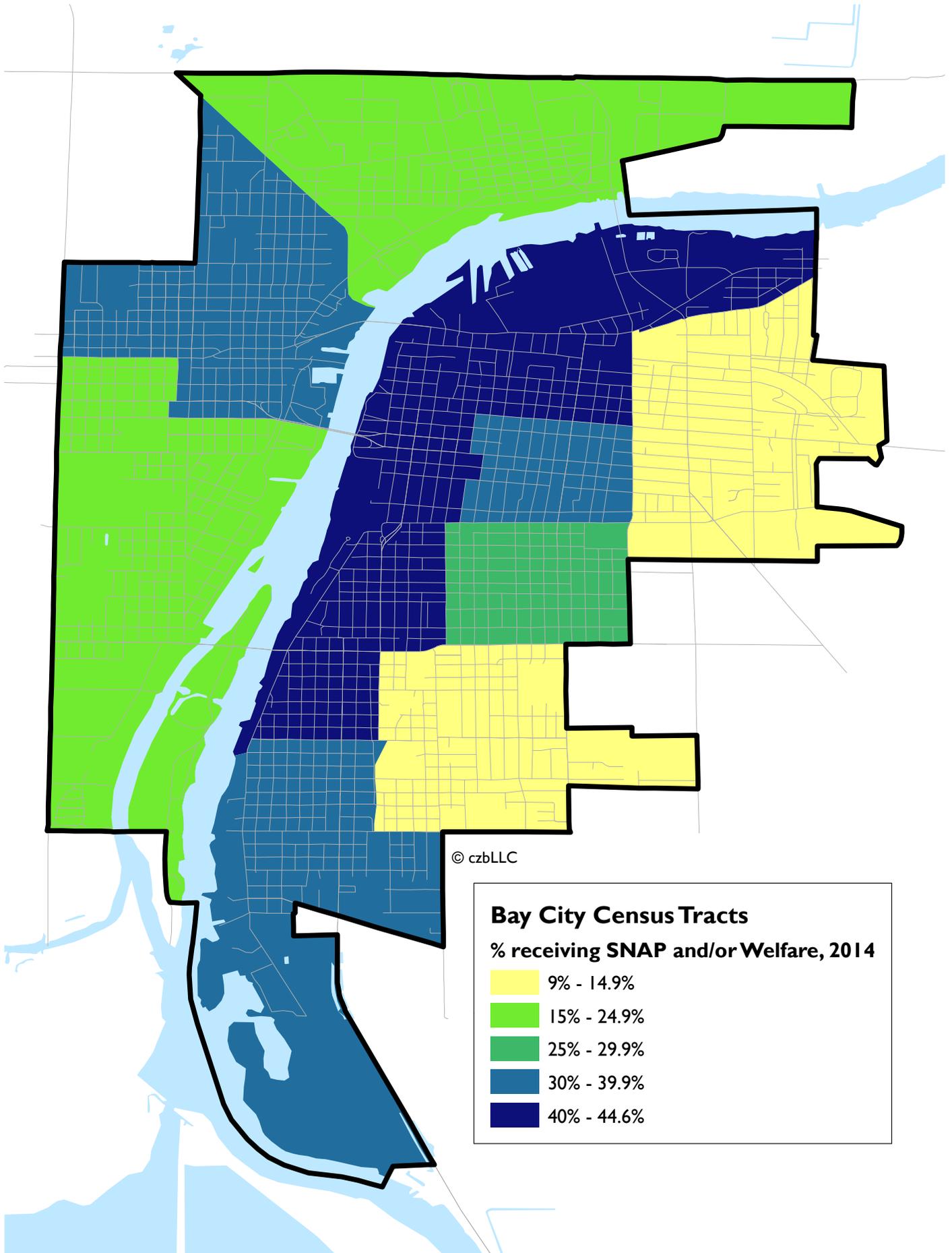
Within Bay City, poverty rates in those Census tracts surrounding downtown, along the city's northern border, and heading south just east of the river. Poverty has also grown substantially overall in recent years: in 2000, just 14.6% of the city's population lived below the poverty level; between 2000 and 2014, Bay City's population in poverty rose from 5,336 to 8,056 people living below the poverty line.



Concentrations of families relying on public assistance and/or SNAP benefits (food stamps) follow similar patterns: located in the region's cities and near Bay City's downtown.

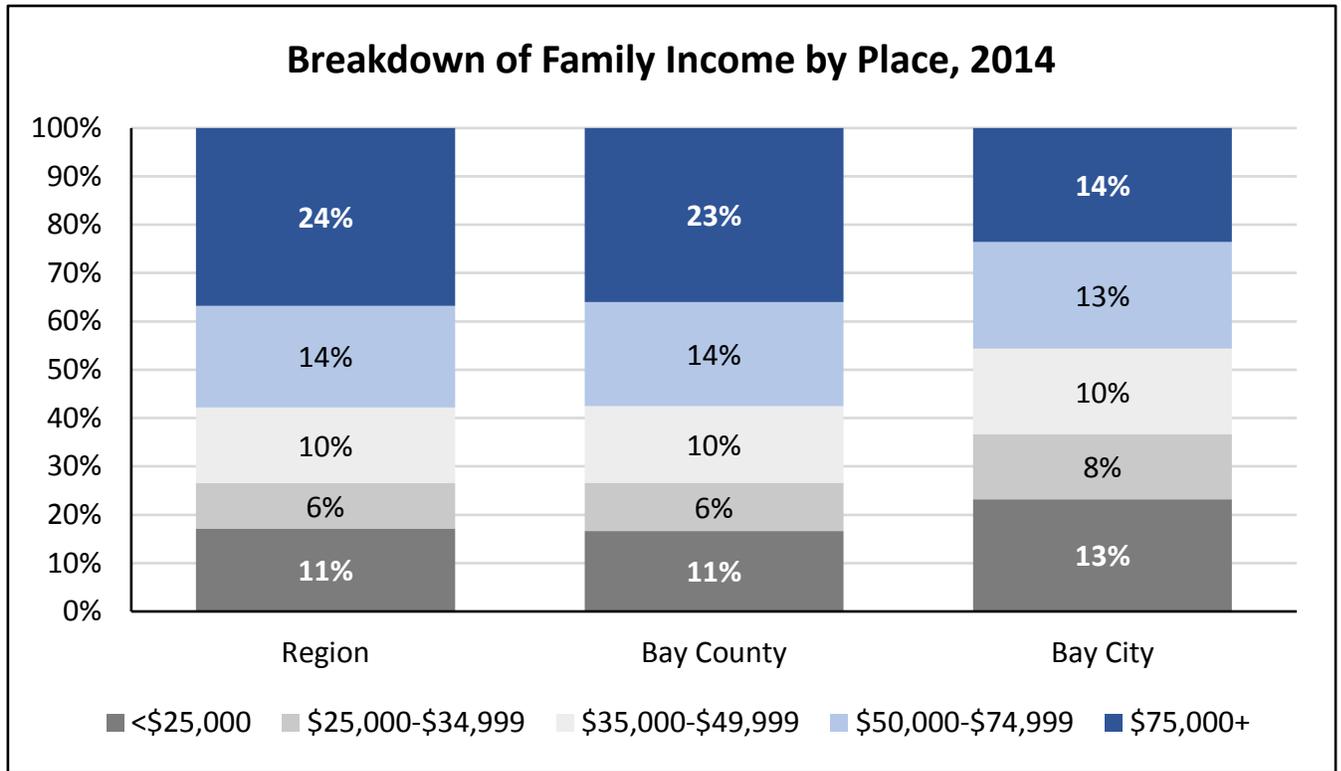
Citywide, these households account for 28% of all Bay City households, compared to just 12% of all households in suburban Bay County.





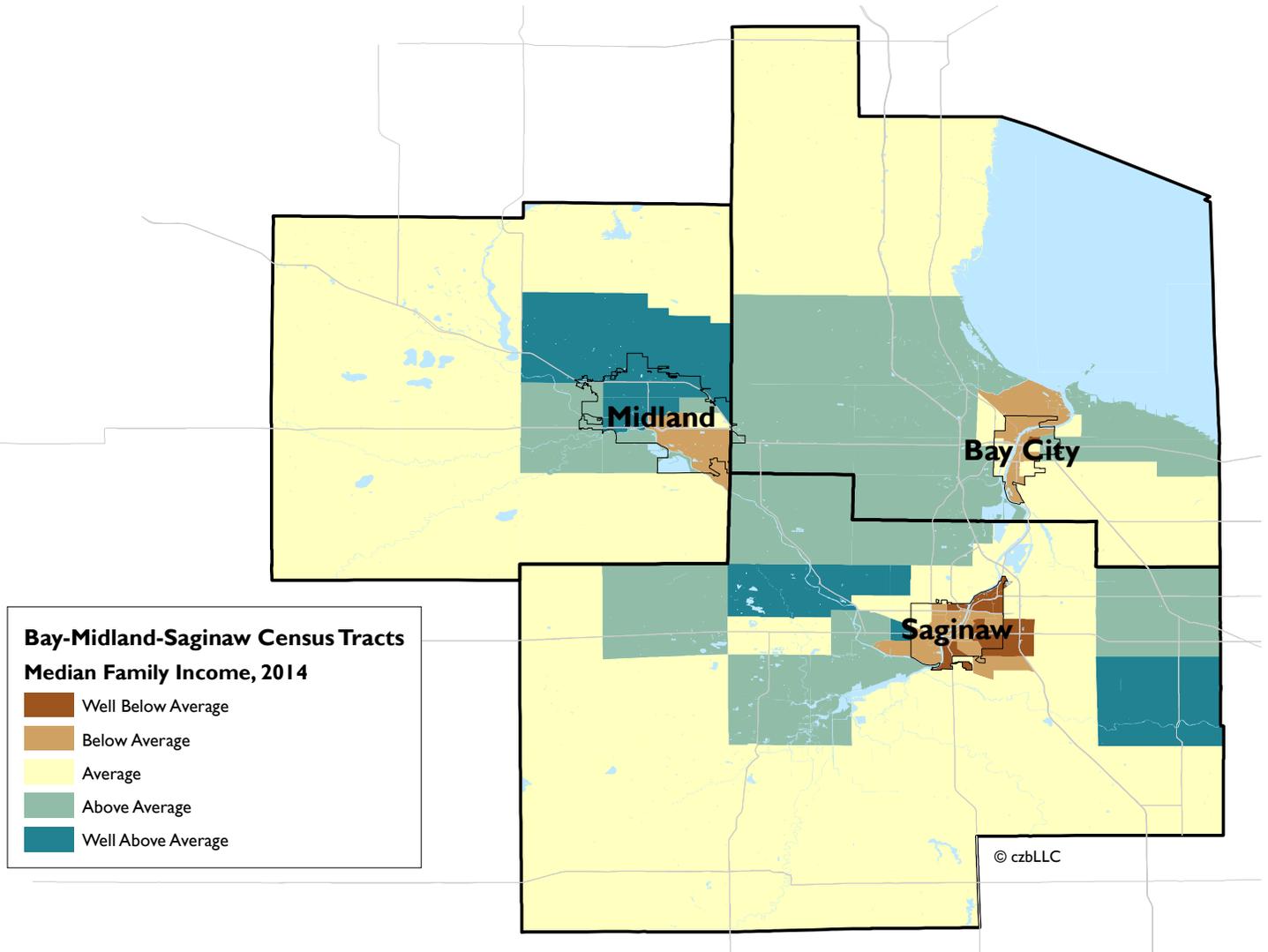
Similarly, Bay City's median income – among all households and among specifically families – both trail those for the county as a whole. In 2014, Bay City's median household income was

\$36,179 (versus \$45,715 for the county and \$47,298 for the region) and its median family income was \$46,130 (versus \$57,273 for the county and \$59,566 for the region). Among families, Bay City is home to a larger share of those with the lowest incomes (below \$25,000 or below \$35,000) and a smaller share of those with the highest incomes (at or above \$75,000) than either Bay County or the region as a whole.



Compared to Census tracts throughout the region, tracts within Bay City (and throughout the city of Saginaw and to the south/southeast of the city of Midland) tend to have median family incomes that are below or well below average. Bay City's suburbs tend to have above average incomes, but no tracts in Bay County have median family incomes that are well above average – like those tracts in the northern part of the city of Midland and its northern suburbs, or Saginaw's far-western suburbs.

Bay City is also home to less than its share of the county's workers in management occupations, and more than its share of the county's workers in service and sales occupations (according to 2014 County Business Patterns). In addition, the Census "OnTheMap" commuting calculations (based on 2013 data) estimate that while just 15% of higher-paying Bay City jobs are filled by residents, twice the portion (28.4%) of the city's lower-paying jobs are.



Housing Market Characteristics

This struggle to attract stronger households and Bay City's slipping population numbers are reflected in home values.

Geography	Median Value				
	1990	2000	2009	2010	2014
Bay City*	\$57,259	\$88,315	\$97,855	\$89,033	\$70,355

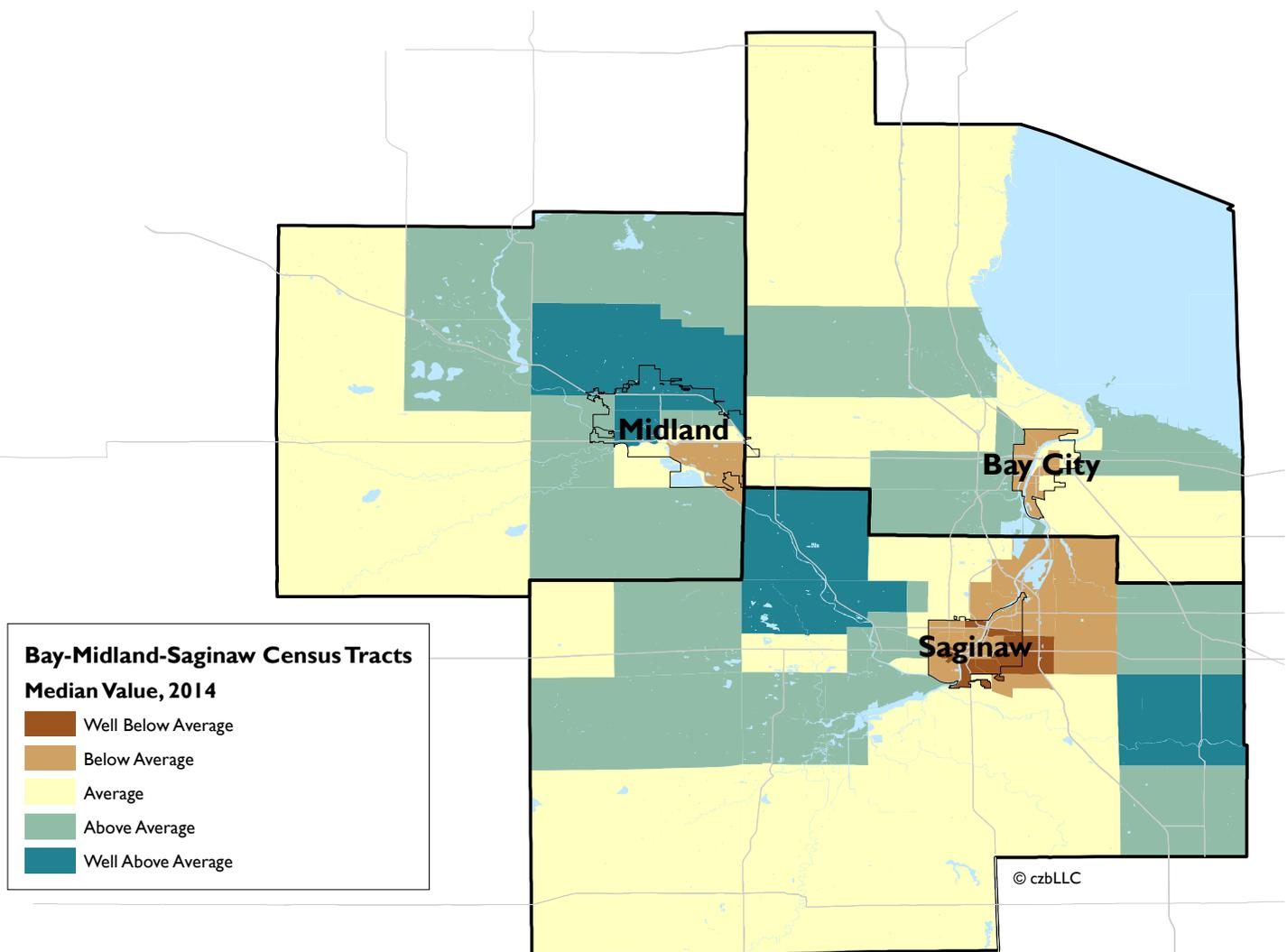
*Bay City figures represent the average of median values among Bay City Census tracts.

Note: Values are in constant (2014) dollars.

Sources: Neighborhood Change Database, American Community Surveys 5-Year Estimates.

While the average median value among the city's Census tracts rose (in constant terms) between 1990 and the height of the housing boom (from roughly \$57,000 to nearly \$98,000), most of this value had been lost by 2014, at which point the average median value was barely above \$70,000.

By 2014, most Bay City Census tracts, like those within and immediately surrounding the city of Saginaw, and to the southeast of Midland, all had median values significantly below the regional average. Unlike northern Midland and its suburbs to the north, and those suburban areas at the center of the region (in the north central tip of Saginaw County) and to the far southeast of the city of Saginaw, nowhere in the vicinity of Bay City had median values considered "well above" (or more than 1.5 standard deviations above) the regional median.



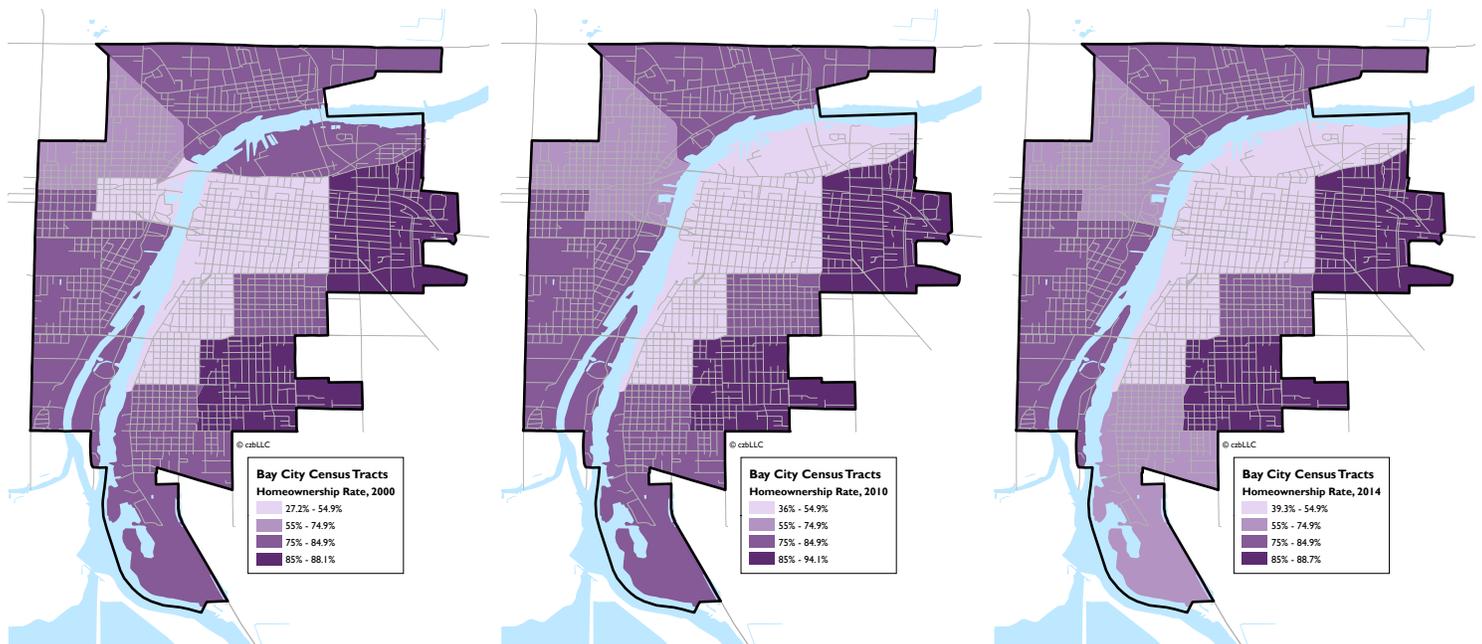
While values are not particularly high throughout the region (the MSA's median value was just \$105,367 in 2014), they are notably low in Bay City. In 2014, fully 26% of Bay City's owner-occupied units were valued below \$50,000 and over half (57%) between \$50,000 and \$99,999. Only 6% of the city's stock was valued or above \$150,000 (according to the 2014 American Community Survey 5-Year Estimates).

Just as values are fairly low throughout the region, housing vacancy is fairly high. However, it is notably higher in Bay City than in the rest of Bay County (11.8% versus 7.8%), and while just 0.9% of the units in suburban Bay County were considered abandoned by the 2014 American Community Survey 5-Year Estimates, the same survey found 2.6% of Bay City's housing units to be abandoned.

Indicator (2014 ACS 5-Year Estimates)	Region	Bay County	Suburban Bay County	Bay City
Value less than \$50,000	18%	16%	12%	26%
Value \$50,000 - \$99,000	32%	38%	31%	57%
Value \$100,000 - \$149,000	22%	21%	25%	11%
Value \$150,000 - \$199,000	14%	13%	17%	3%
Value \$200,000 or more	14%	12%	14%	3%

Both vacancy and abandonment have risen in Bay City since 2000: the city's vacancy rate rising from 6.5% in 2000 to 11.8% by 2014; and the city's housing abandonment rate rising from 2.0% to 2.6% over this same time period. Between 2000 and 2014, though, the number of occupied housing units in Bay City fell by 1,074, while the number of vacant units for rent or sale or recently rented or sold but not yet occupied increased by 624. Abandoned units, too, increased by 94.

As vacancy rates are relatively high and rising, homeownership rates are relatively low and falling –citywide and within most city neighborhoods. Homeownership rates are lower in Bay City than in the region as a whole (69% versus 75%), in Bay County as a whole (78%), and in suburban Bay County (82%). Bay City's homeownership rate slipped slightly, from 70% in 2000 to 69% in 2014.

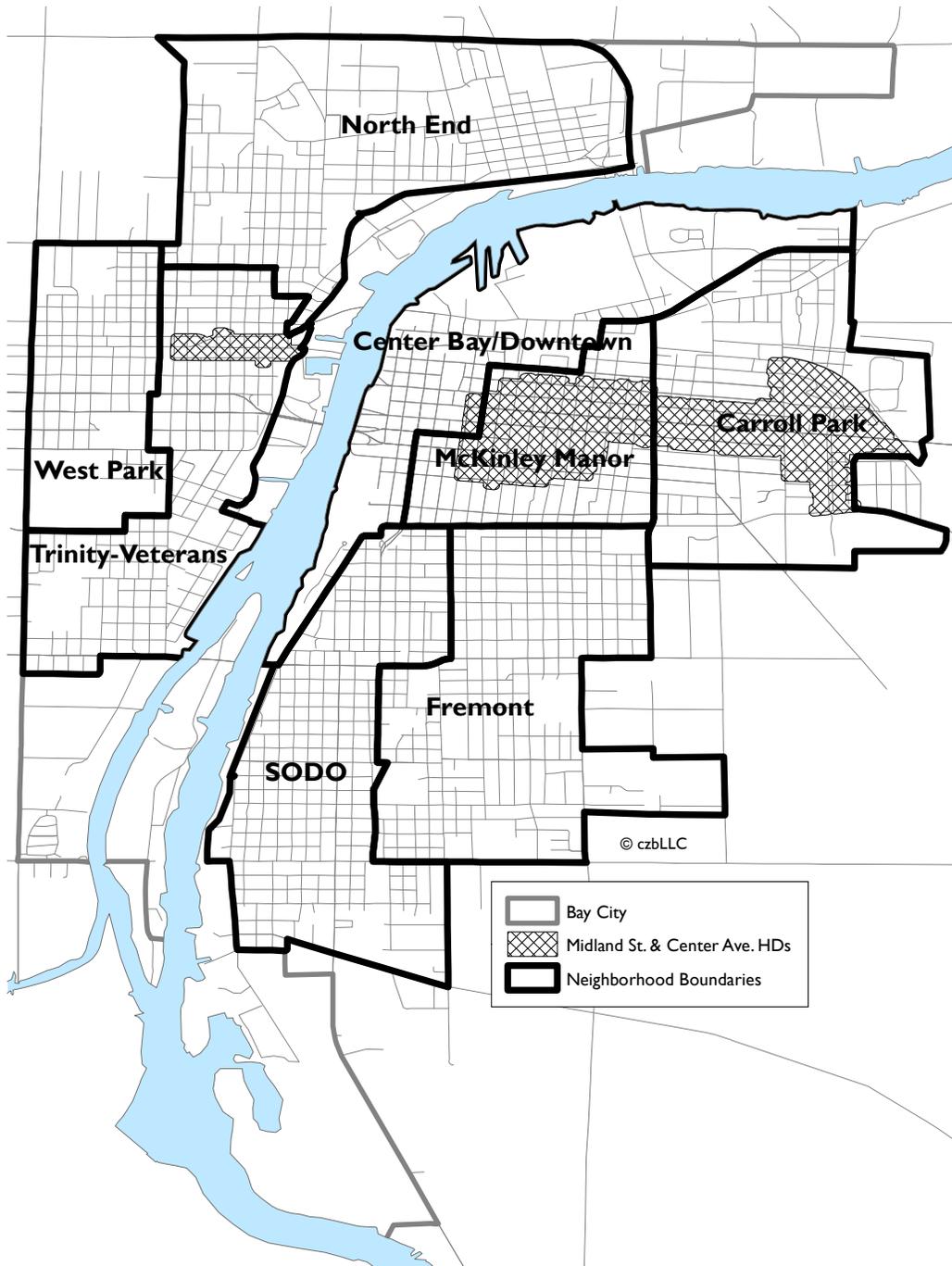


Even among single-family detached housing units, homeownership rates are falling: from 89% in 2000 to 85% by 2014. (In 2014, the homeownership rate for suburban Bay County's single-family detached units was 92%.) The number of single-family detached homes occupied by a homeowner fell by 540 units during this same time period, while the number renter-occupied increased by 376.

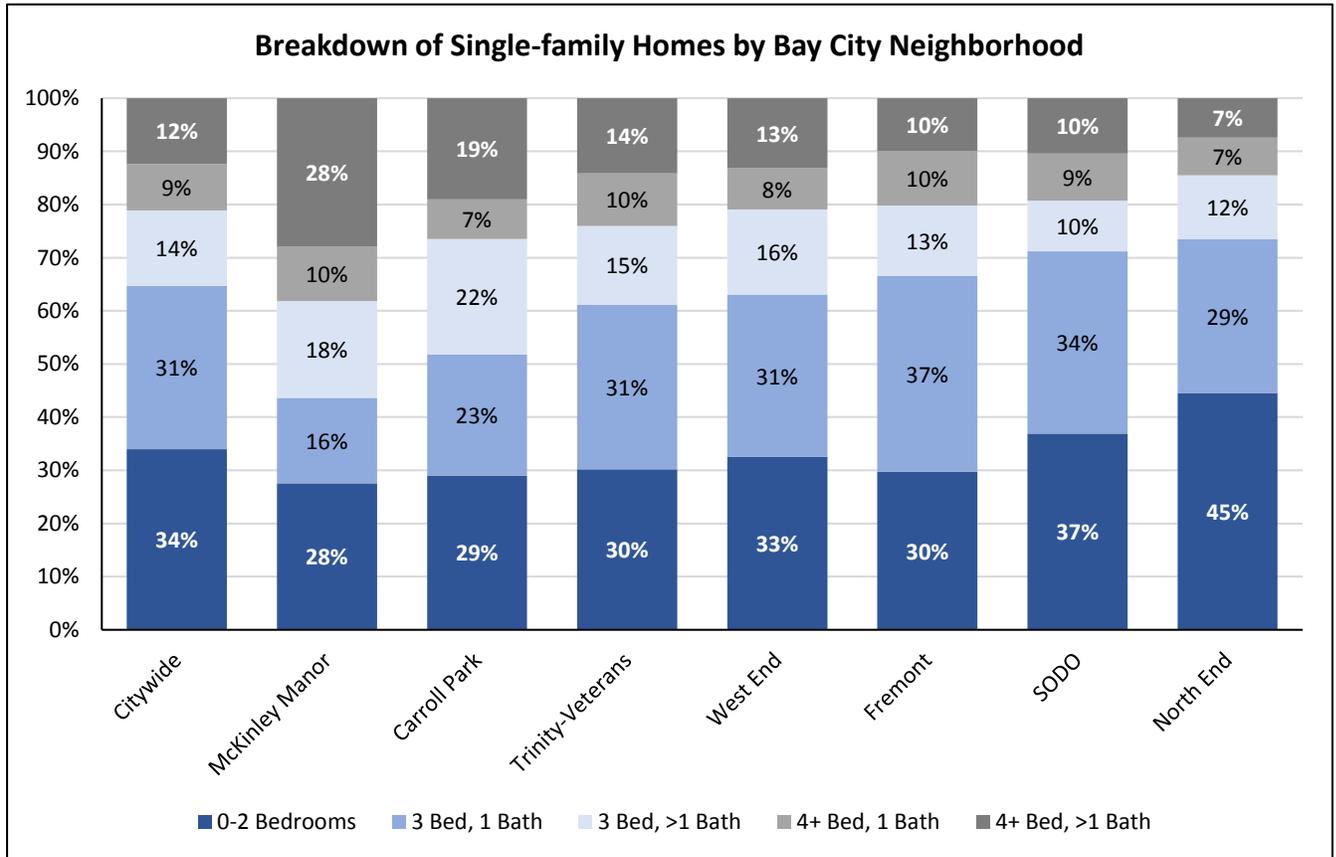
Interesting, too, only the number of owner households in Bay City headed by someone 45 to 54, or by someone 55 to 64, increased between 2000 and 2014. The number of households headed by an owner in all other age groups – most notably younger owner households – declined.

Parcel- and Neighborhood-Level Analysis

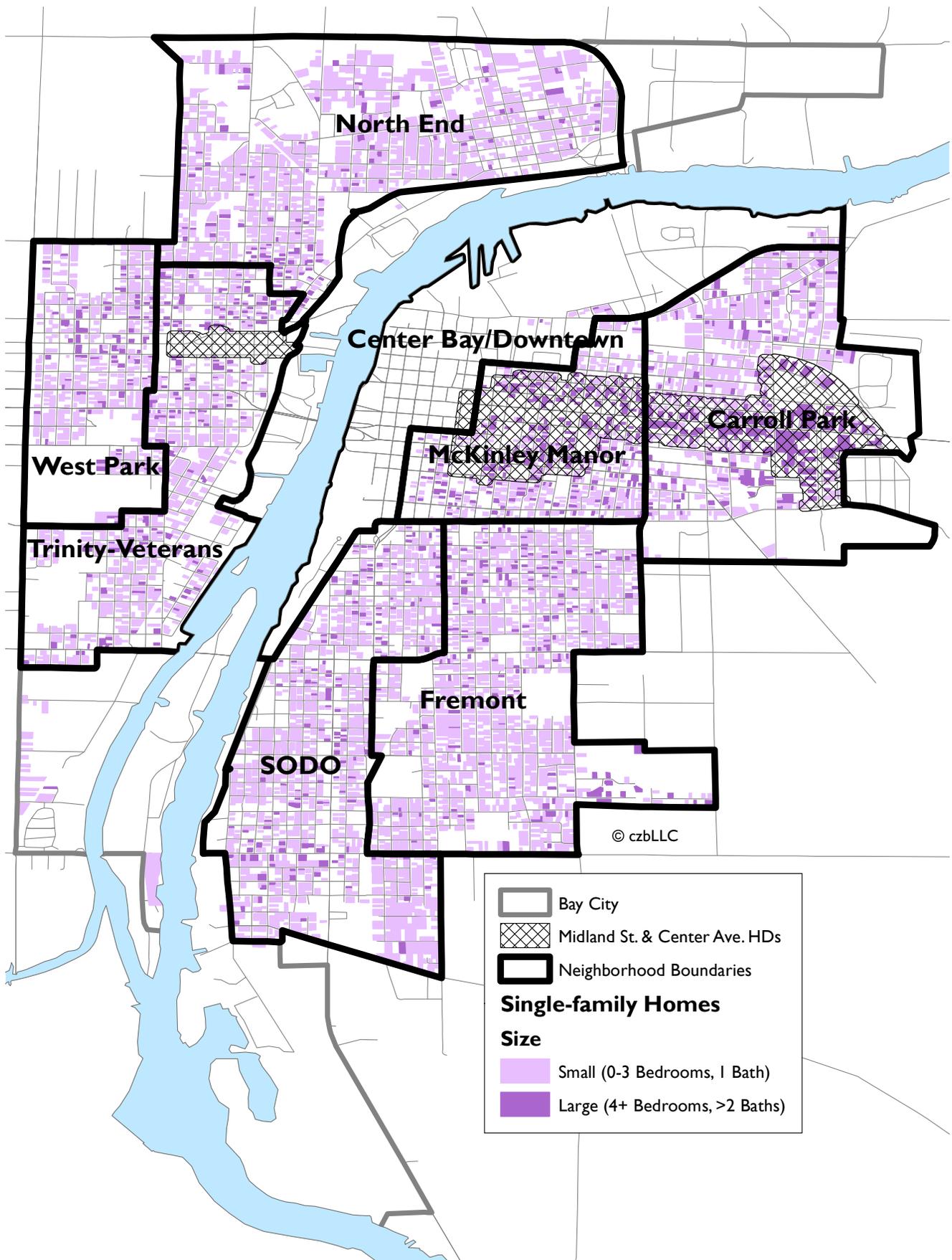
To delve further into the nature of demand for Bay City homes and the potential for future investment and population growth in the city neighborhoods, czbLLC analyzed parcel-based data on housing stock characteristics, renter-occupancy, tax delinquency, code violations, and overall exterior conditions (ascertained through field surveys of all residential structures throughout the city). czbLLC also got a more granular understanding of housing demand and home values by looking into recent residential property sales. And by organizing data into bound subareas, strategic interventions can be tailored to specific neighborhoods in response to very local market conditions. Bay City is encouraged to rename neighborhoods and redraw boundaries as needed to accurately benefit history and circumstances on the ground. Names and boundaries shown here were developed by czbLLC for the purpose of establishing submarket distinction while honoring existing development histories and contours.



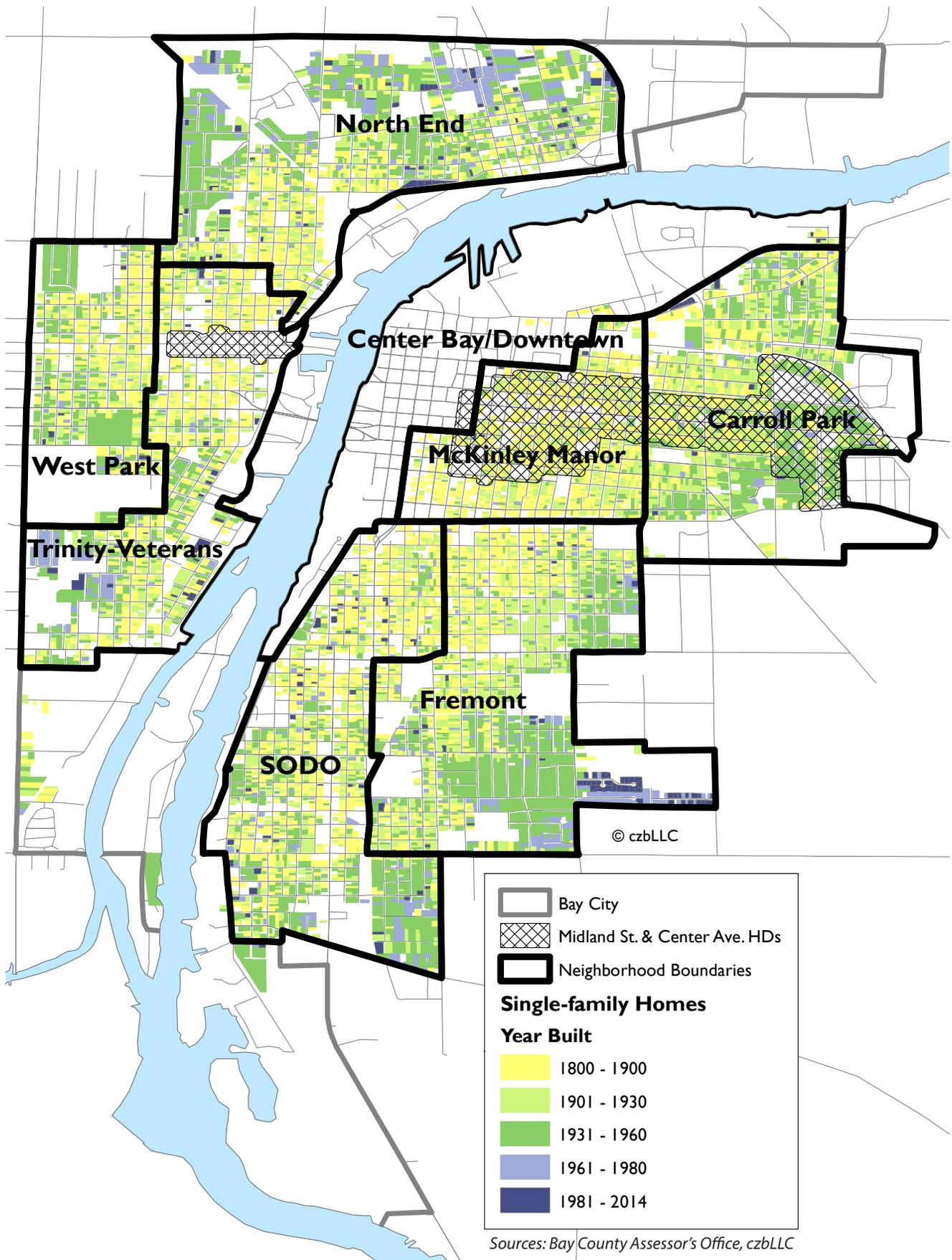
On one level, Bay City’s housing stock itself plays a part in hampering the city’s ability to attract new owners and investment. Citywide, one-third (34%) of all single-family homes have two or fewer bedrooms; another third (31%) have three bedrooms but only one bathroom. Just one-fourth (26%) of Bay City’s single-family homes have three or more bedrooms and more than one bathroom. While nearly half (46%) of single-family homes are these larger units with multiple bathrooms in McKinley Manor, and nearly the same portion (40%) are in Carroll Park, the vast majority (between 61% and 74%) of single-family homes in all neighborhoods on the west side of the river as well as in SODO and Fremont to the south of downtown either have fewer than three bedrooms or three bedrooms with only one bathroom.



Sources: Bay County Assessor’s Office, czbLLC

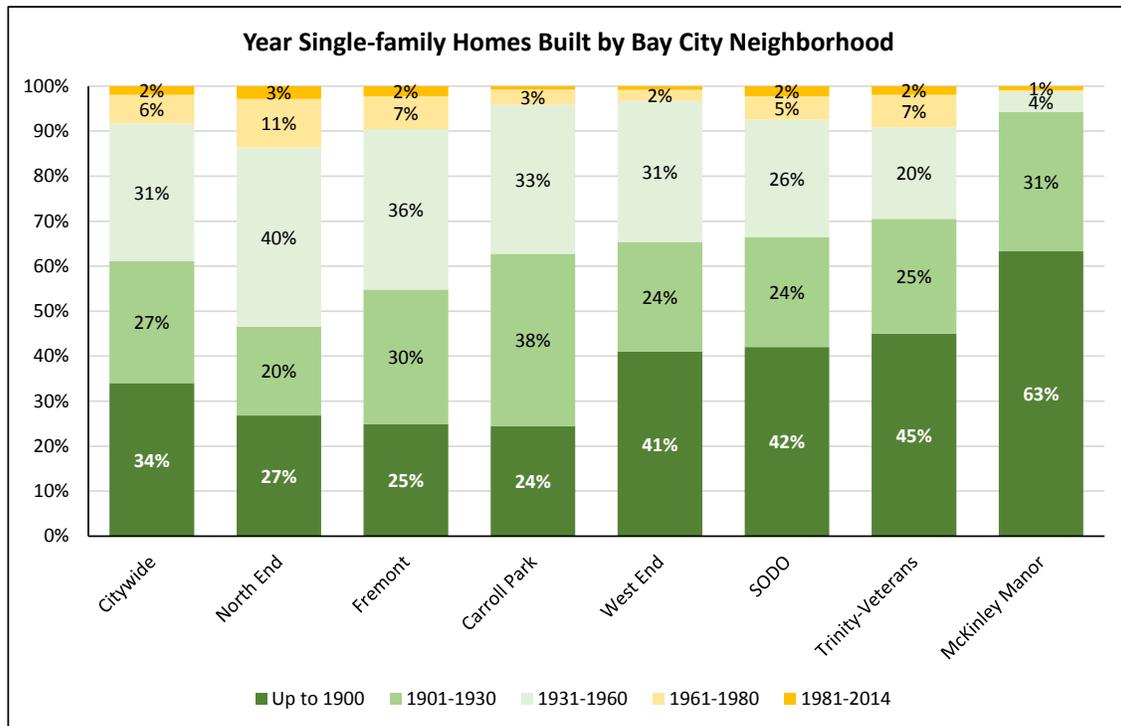


In fact, the largest concentration of larger single-family homes is nearly entirely encompassed by the Center Avenue Historic District. Other large homes are fairly scattered throughout the city's residential neighborhoods.



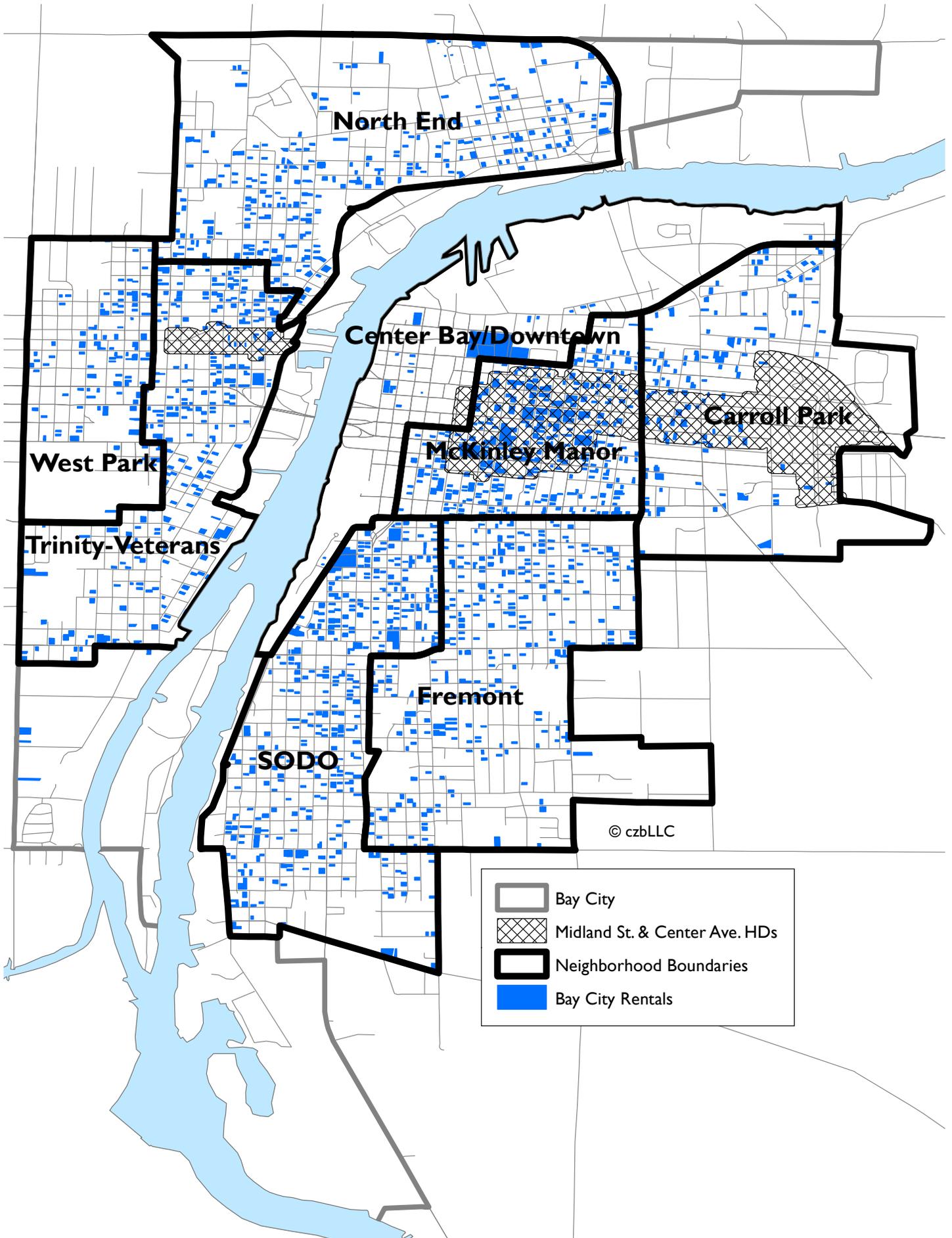
Another key characteristic of the city's housing stock is its age. Throughout much of the city (except along the city's edges), most single-family homes were built in or before 1930. (Citywide, two-thirds (64%) of single-family homes are this age.) Homes built in 1961 or later, or certainly 1981 or later, are uncommon.

That Bay City's older, smaller homes are struggling to attract investment from existing homeowners or draw new homeowners is evident through renter-occupancy (as opposed to homeownership) in these units, tax delinquency, and poorer property conditions.



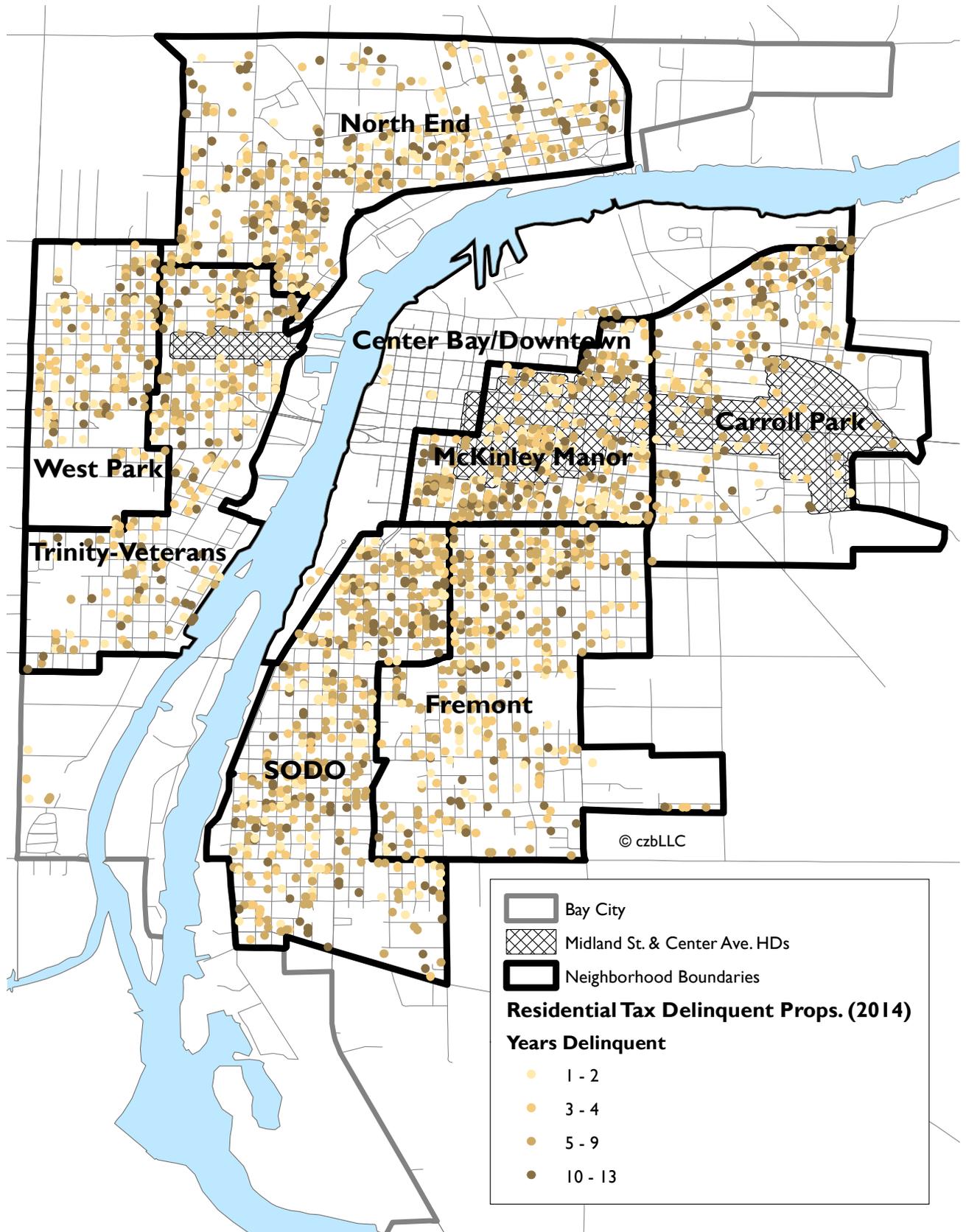
As described earlier, homeownership rates in Bay City are lower than the equivalent rates for the county and region as a whole. Renter-occupied units, according to city records, are largely scattered throughout the city's various neighborhoods, not surprisingly with greater concentrations in the areas immediately surrounding downtown.

In some cases, these renter units represent the smaller multifamily properties that are fairly common in Bay City: 12% of all housing units in Bay City are in structures that include 2 to 4 units (according to the 2014 American Community Survey 5-Year Estimates), compared to just 3% in the suburban portions of Bay County. Smaller multifamily units tend to be harder to manage and are less likely to be owned and operated by professional landlords.

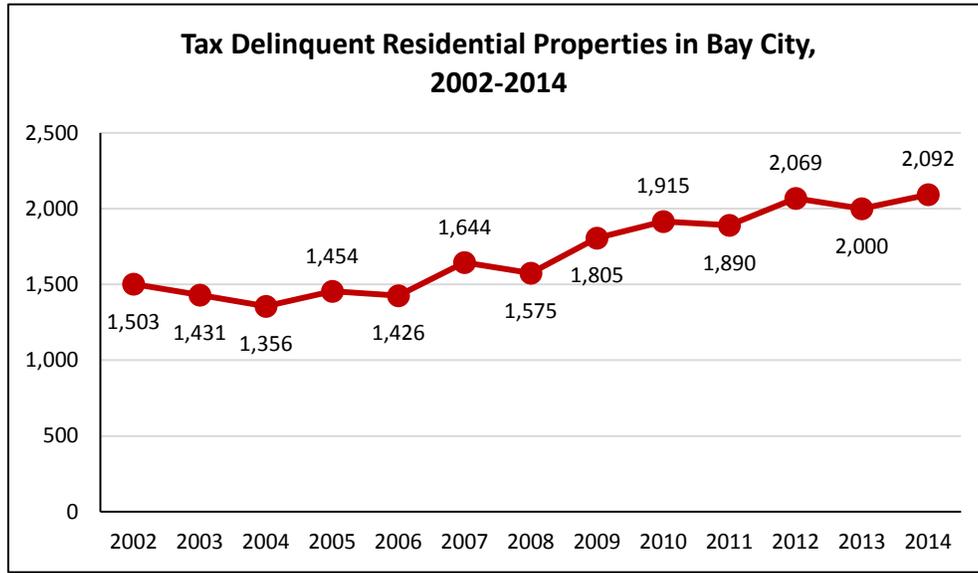


Tax delinquency is another sign of weakening demand and often an early warning sign for more significant disinvestment. As of 2014 (according to county records), 15.9% of the city's residential properties – or 2,092 residential properties – were identified as tax delinquent in Bay City. Of those, more three-quarters (79%) had been tax delinquent for at least three years and over half (58%) had been tax delinquent for at least five years.

Long- and short-term tax delinquent properties are scattered throughout the city but notably concentrated in the northern parts of SODO and Fremont, and just south of the Center Avenue Historic District.

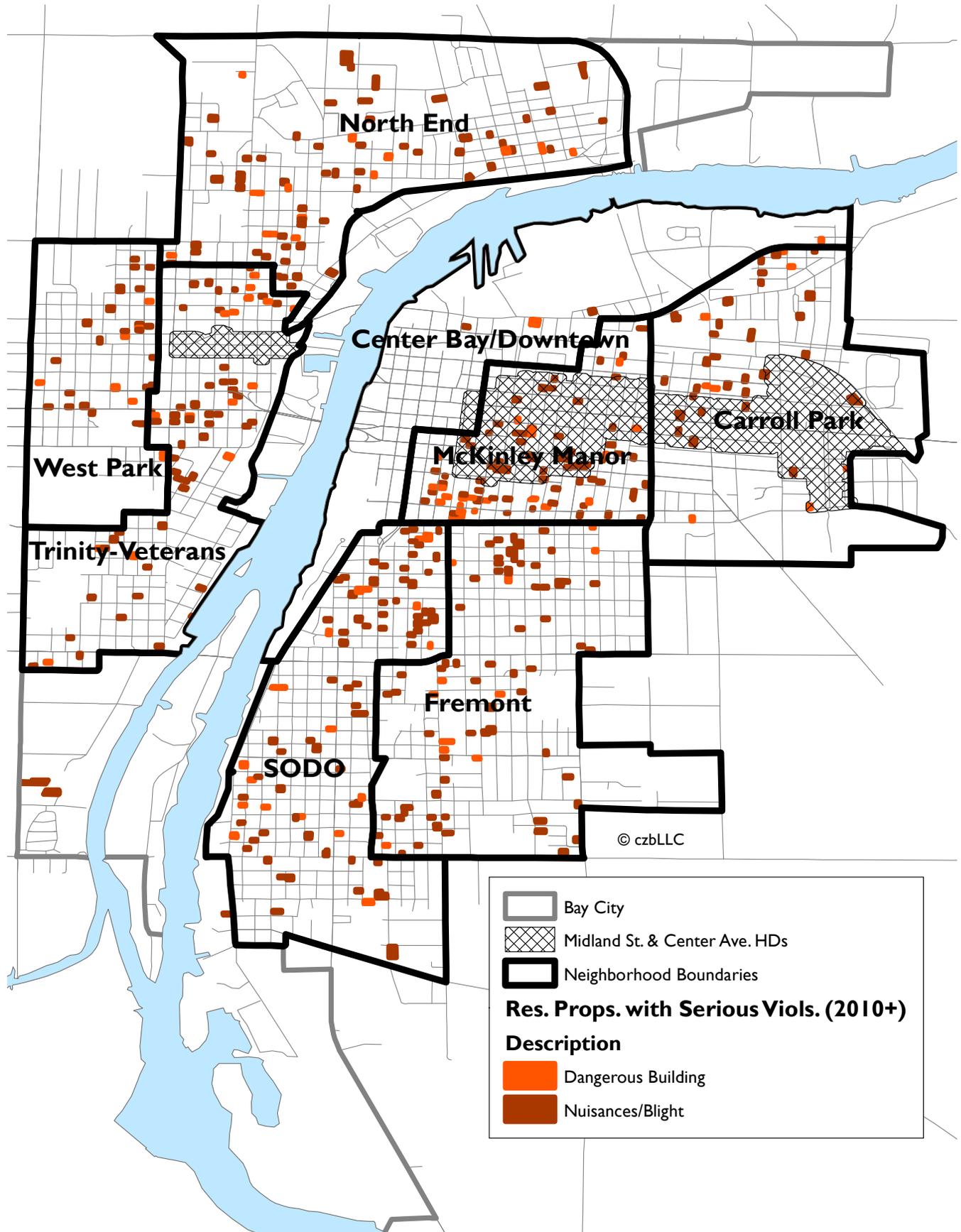


It is important to note, too, that the number of residential tax delinquent properties in Bay City in 2014 represented something of a record number: higher than any other year since 2002 (even those years at the height of the Great Recession in the mid-2000s).

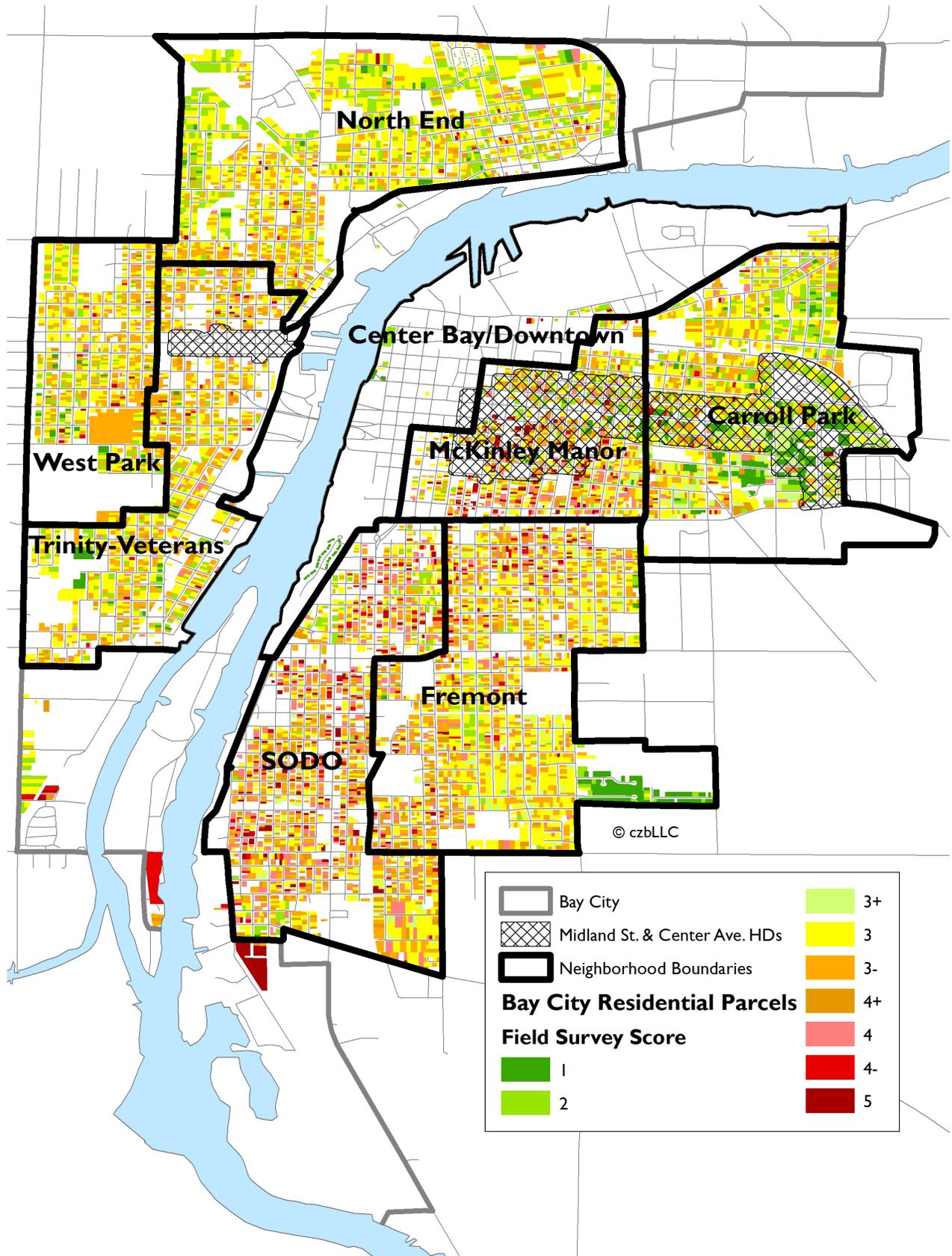


Sources: Bay County Assessor's Office, czbLLC

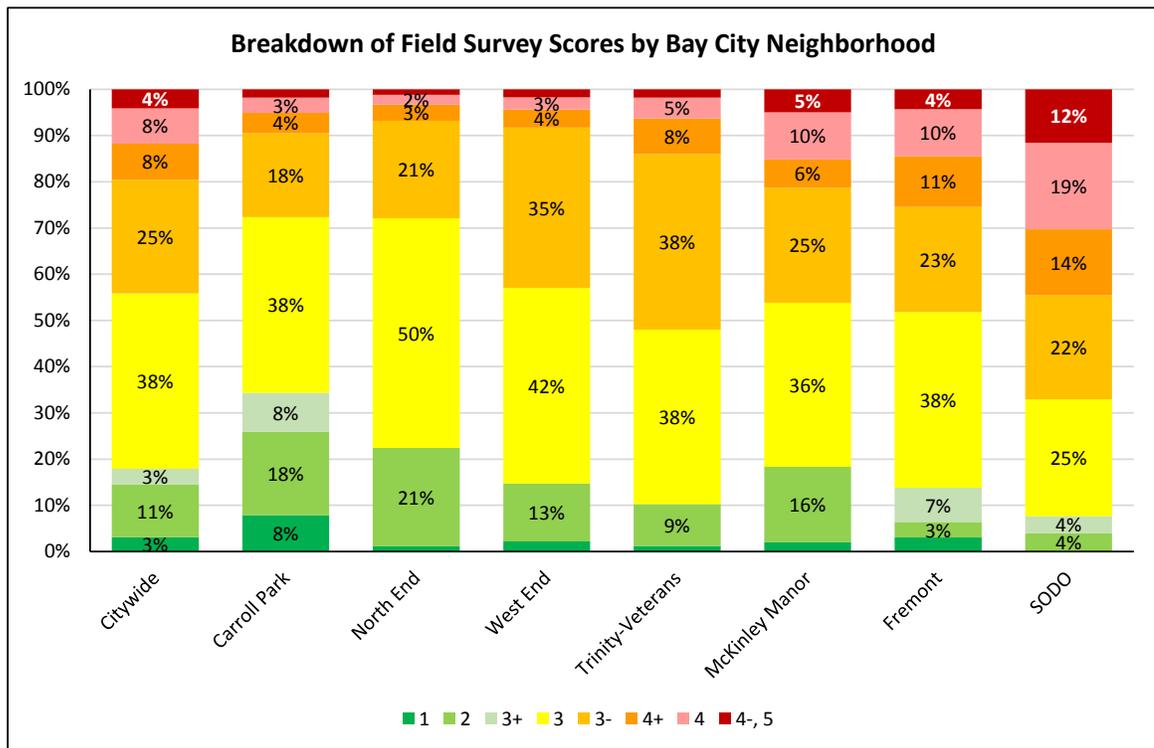
Code violations and field survey scores highlight the physical distress so often associated with the financial distress of tax delinquency. According to city code enforcement records, serious code violations (dangerous buildings and nuisance/blight) can be found in all city neighborhoods but tend to cluster in those areas where tax delinquent residential properties also cluster – those areas extending south from the Center Avenue Historic District.



Such serious code violations represent the worst property conditions in Bay City. czbLLC's field surveys, which scored all residential properties from 1 (excellent) to 5 (poor), evaluated properties' overall exterior conditions. While these surveys found truly problematic properties, most surveys scores fell in the middle; large swaths of the city are almost universally "average."

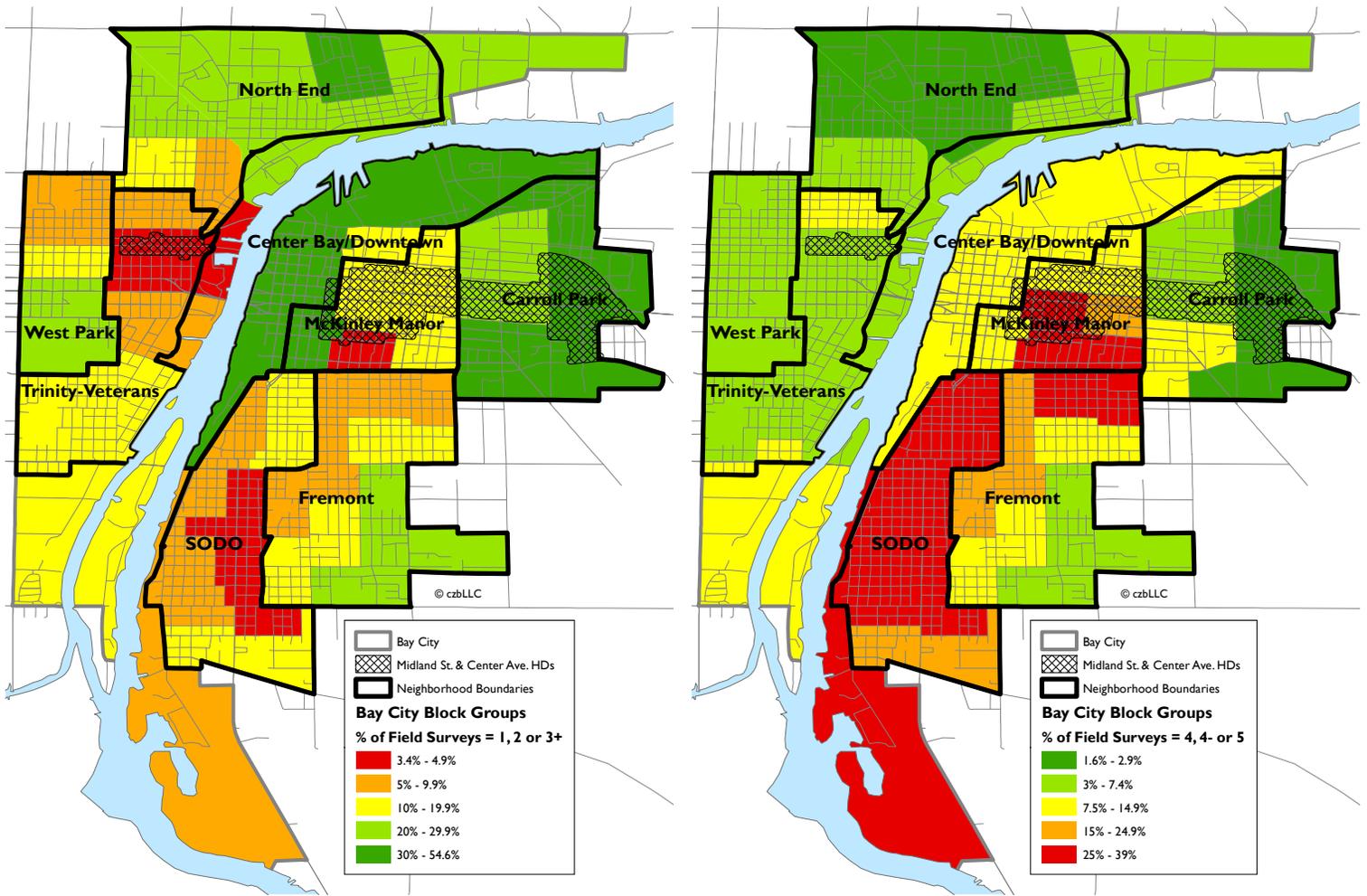


Indeed, more than one-third (37%) of all residential properties received a field survey score of “3” (average) and another quarter (24%) received a field survey score of “3-” (below average). These scoring categories, by far, accounted for the largest subsets of properties. (In contrast, just 3% of Bay City residential properties received a “1” (excellent) and only 2% received a “5” (poor).)

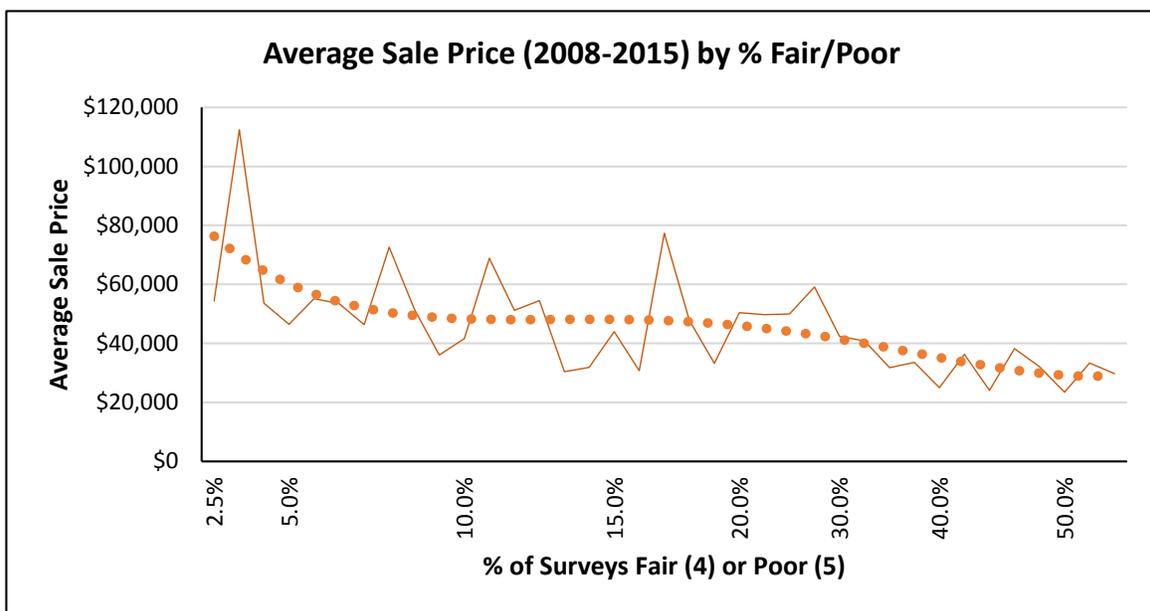


Average (3) and below average (3-) properties not only dominated residential properties citywide but represented the majority (over 50%) of surveyed properties in all city neighborhoods except SODO (in which 48% were average or below average). In Carroll Park, McKinley Manor and Fremont, average and below average properties accounted for roughly three-in-five properties (56%, 60%, and 61%, respectively), and in three neighborhoods, average and below average properties accounted for roughly three-in-four properties (71% in North End, 76% in Trinity-Veterans, and 77% in West Park).

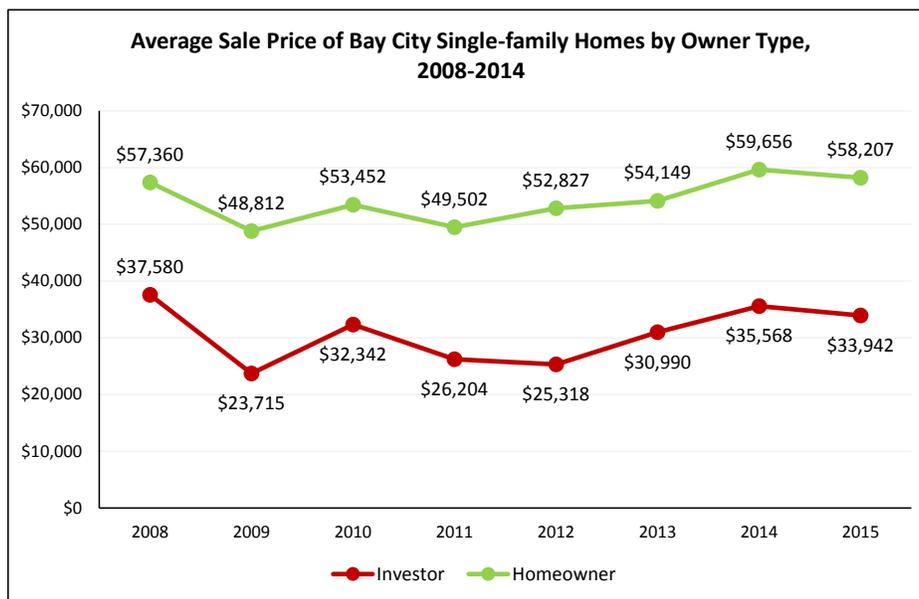
Field survey scores summarized at the block group level – and highlighting percentages of properties in either very good or very bad condition – helps flesh out the differences in housing quality between neighborhoods. Those areas including and surrounding the Midland Street Historic District, as well as most of SODO had the smallest percentages of properties receiving a 1, 2, or 3+ (in above average, good, or excellent condition). Again SODO, as well as those areas including and to the south of the Center Avenue Historic District, had the highest percentages of properties receiving a 4, 4-, or 5 (in well below average, fair, or poor condition).



Such concentrations of fair and poor buildings had a significant impact on block groups' average sale price: block groups in which less than 5% of properties surveyed were considered fair or poor enjoyed an average sale price nearing \$80,000; block groups in which 30% or more properties surveyed were considered fair or poor had an average sale price of \$40,000 or less.

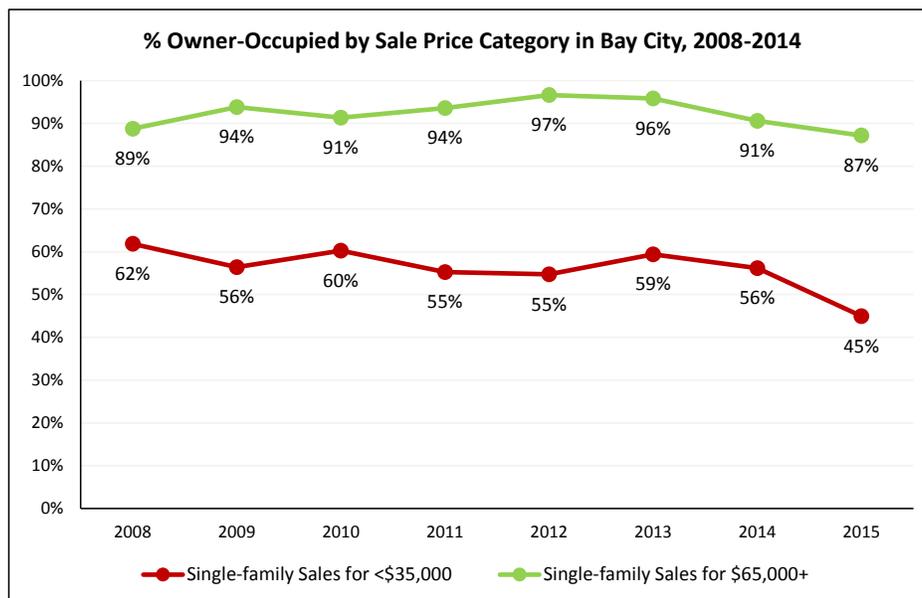


Poorer conditions and lower property values create a dangerous feedback loop of their own: properties selling at lower prices were far more likely to attract investor buyers over buyers looking to become homeowner occupants. Between 2008 and 2015, for example, the average sale price of single-family homes going to investor owners trailed that of those selling to homeowners by at least \$20,000 each year.



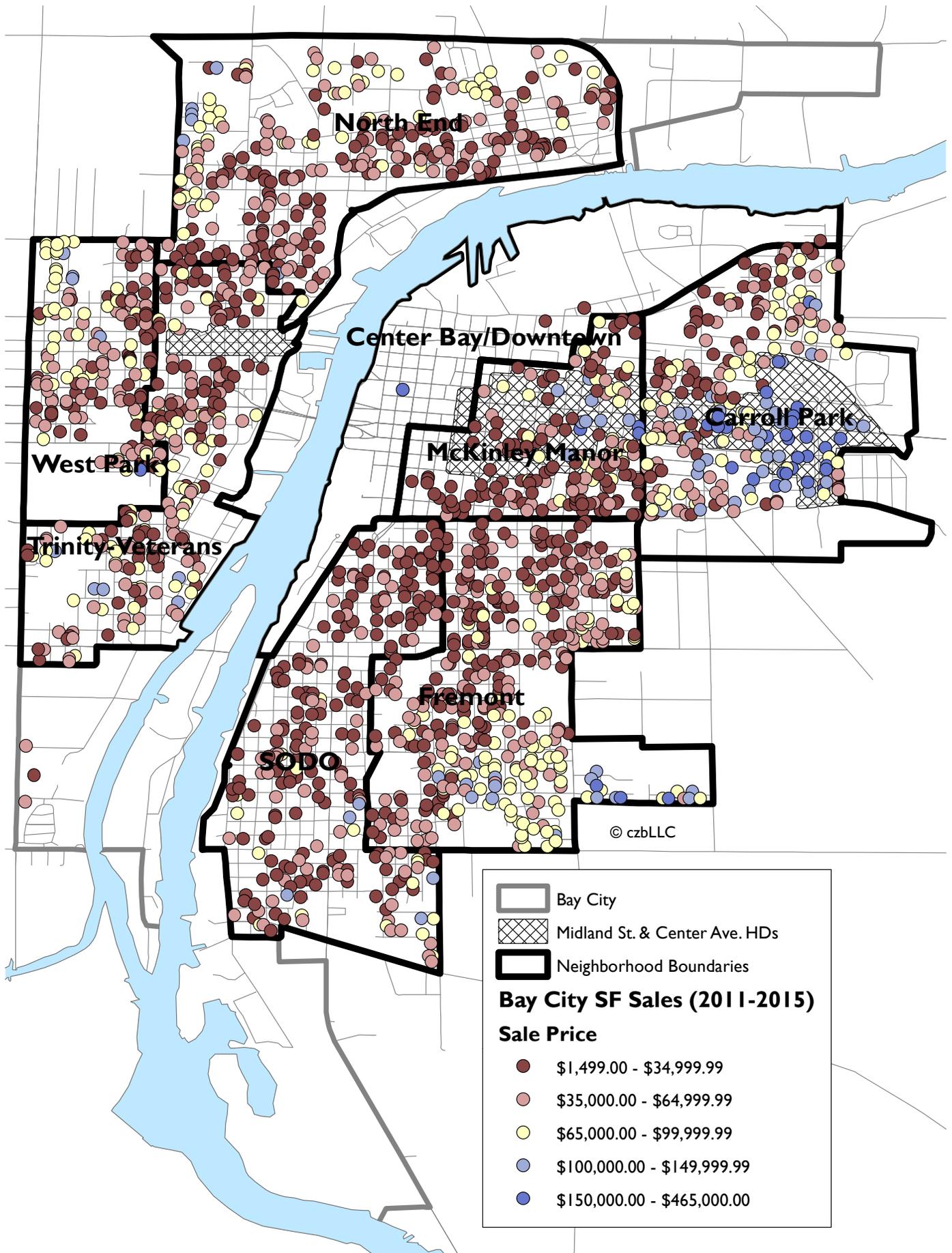
Sources: MLS – Bay County Realtor Association, Bay County Assessor’s Office, czbLLC.

Considered another way, nearly all (typically more than 90% of) single-family homes selling for at least \$65,000 went to homeowner occupants between 2008 and 2015. In contrast, barely half (roughly 55%) of single-family homes selling for less than \$35,000 went to homeowner occupants during the same time period.

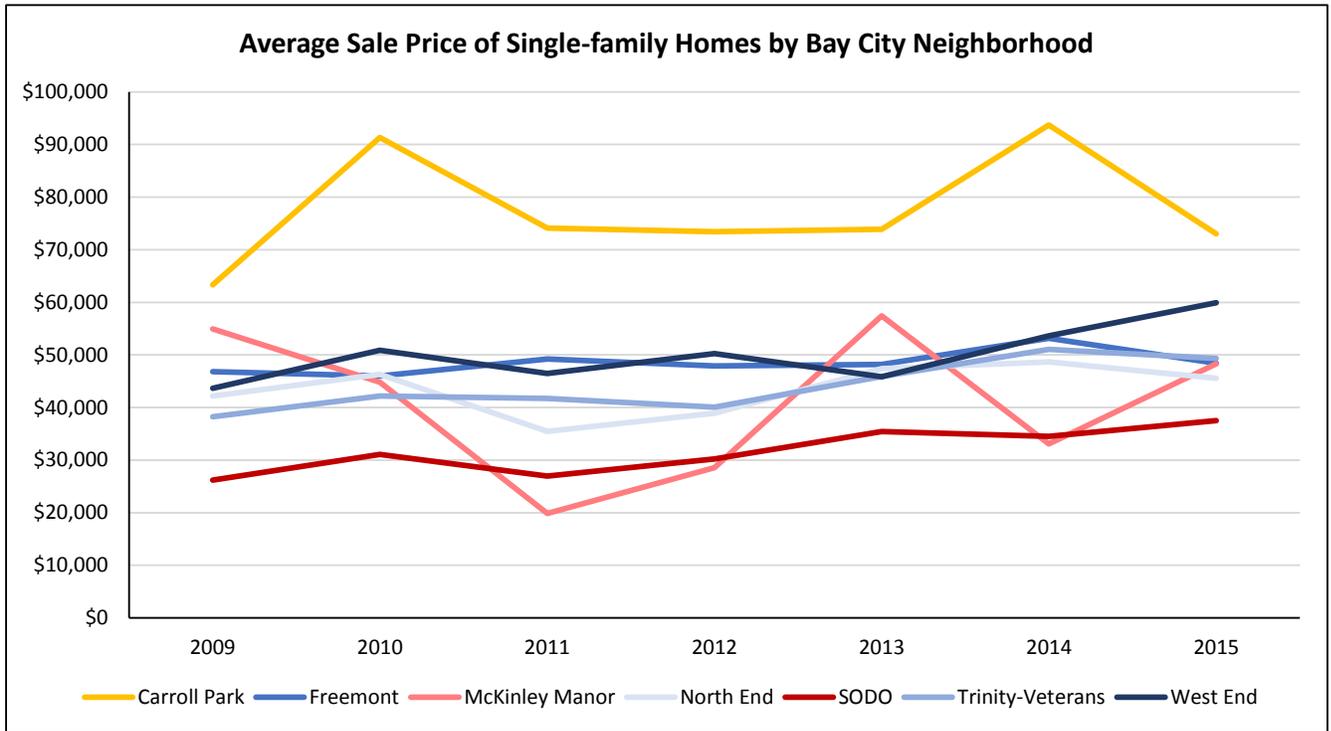


Sources: MLS – Bay County Realtor Association, Bay County Assessor’s Office, czbLLC

This is especially problematic given the prevalence of for-sale properties transacting for less than \$35,000 – in nearly all city neighborhoods:



The average sale price in all but one neighborhood (Carroll Park) fell within this price range (\$35,000 to \$65,000) or lower, suggesting that all but one city neighborhood are likely to see an increase of investor owners.

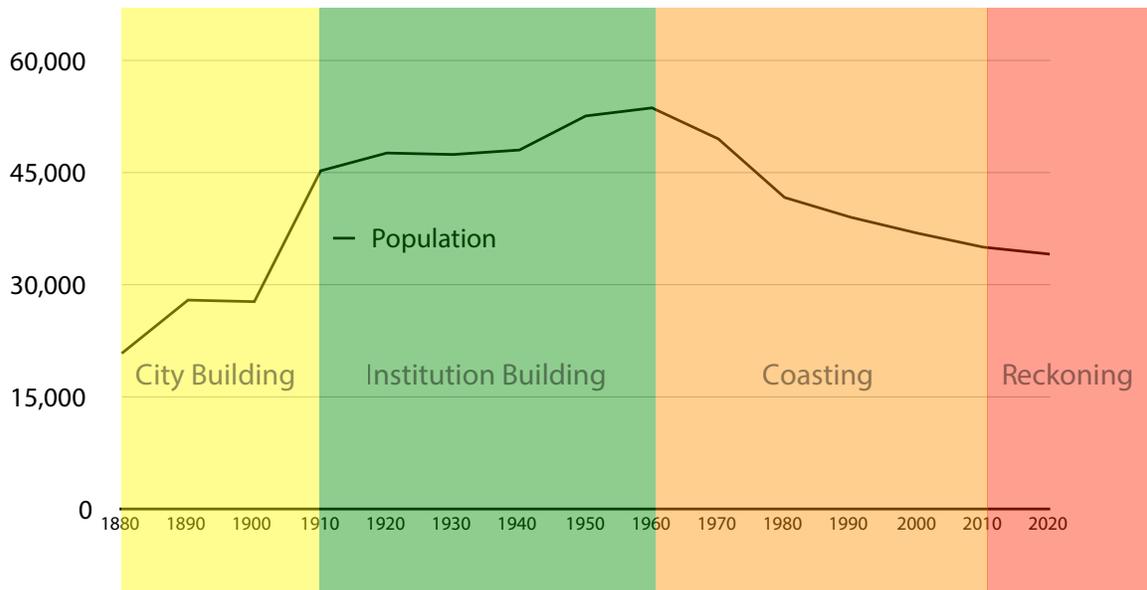


Sources: MLS – Bay County Realtor Association, czbLLC.

PART 3: Solutions for Neighborhood Health and Stability

The work of stabilizing a weak market is very difficult. There are several reasons for this.

First, and most difficult by far, is the fact that weak markets become truly weak not overnight but after decades of going unrecognized, misdiagnosed, or poorly responded to. Turning things around takes time, for sure, but what it really takes is a willingness to get serious about righting the ship. Few communities have the grit to do this, which is why so few of the many struggling cities across the industrial corridor have been able to recover.



Second, weak housing markets are weak because, in general, there's a combination of too little demand and too much supply; and, specifically, because the demand that is there is often by too many households unable to take proper care of homes, and because the supply that's there is often old and obsolete compared to what's available in competing jurisdictions. This means that interventions have to address these ills. Demand by strong households needs to be spurred. And poorly matched supply needs to be retrofitted for the market. Neither are easy tasks. Stimulating demand and upgrading supply require a robust public sector response.

Third, weak housing markets are overwhelmed by the problem of little to no equity -- and, on many blocks, negative equity. In other words, too many properties have a combination of so little as is value that acquisition plus repair costs will exceed post repair values. The private sector will not close this gap unless in the crystal ball it uses to forecast returns it discerns latent but dependable demand that will compensate for carrying costs. A weak block or neighborhood in a revitalizing city benefits from spillover. A weak market like Bay City, geographically distant from strong markets, will have a tougher time benefitting as such because there's no spillover to lay claim to. Gaps between current value and post acquisition-post repair value require a bold public sector response.

Fourth, weak housing markets are comprised of good, proud owners who are too often overwhelmed by what's happening next door. An elderly neighbor moves into a retirement home or passes away, and the neighbor's children - frequently in the next city over - cannot find a good buyer, and so they turn what used to be a strong anchor for the block into a rental property. No housing market comprised of mostly detached single-family dwellings is healthy with a robust percentage of rental units, but in weak markets like Bay City, it is often the case that owners become unintentional landlords and thus find themselves inadequate to the task of property management. When this happens on a large scale, the proud owner begins to question whether it makes economic sense to keep taking as good care of their home as they had been, and over time, this reasoning seeps into a large share of owners. Resulting deferred maintenance along with a notable lack of capital upgrades begin to marginalize the stocks, cementing both the wider market's view that there's no upside to buying and reinvesting, and the resident's view that the wise course is to leave. ***This is a problem of too little confidence in the future, and addressing that requires a robust public sector role.***

Fifth, because of too little demand and especially *too much supply*, pervasive *negative equity*, and *lack of confidence*, weak markets will tend to be weak across more blocks than there are resources to properly address. That means choices have to be made about where to intervene. It means decisions have to be made about when to intervene. It means decisions have to be made about how much to spend. And it requires a coordinated strategy whereby supply and demand come into greater balance, cost gaps begin to shrink and an upside appears, and owners begin to feel better about their stake. These are absolutely achievable ambitions for Bay City because the community has been showing great resilience the last ten years and because the Bay City market, while in serious trouble, is not yet terminal; it is not yet where that other declining cities in Michigan unfortunately are, which is on the wrong side of the event horizon.

To achieve these ambitions, Bay City will need to activate a demand-based strategy that uses metrics tied to broader city fiscal stability. It will need to strictly adhere to a set of demand-oriented recovery principles. And it will need to be patient.

Principles to Guide Good Decisions

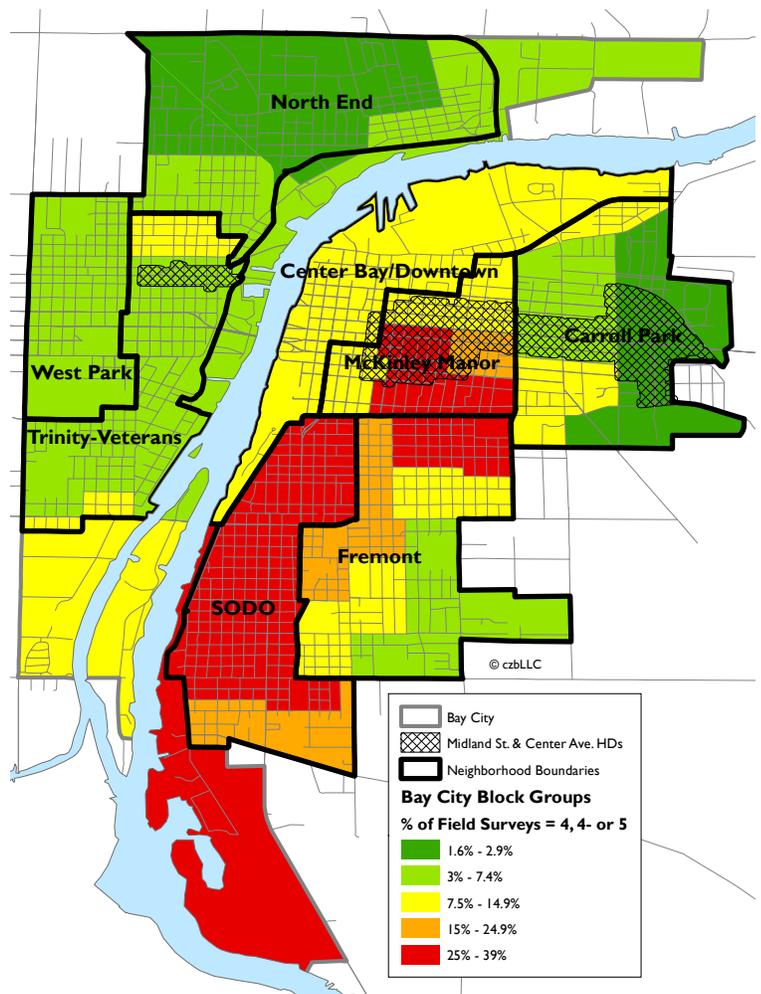
Fixed, market-oriented healthy neighborhood principles must form the backbone of all housing activities in Bay City until the median value of a home in Bay City is at par with the median value of a home in the County, at which time these principles and this strategy will require reconsideration. For decades the problem of market weakness has been misconstrued to be one remedied by trying to meet the needs of struggling families. Gains on this front have been scarce to nonexistent; meanwhile the city has lost its middle, and no additional hemorrhaging of Bay City's middle class can occur if the city is to rebound.

1. **Resolve that the problem to solve is not the problem of helping the needy with housing but stabilizing the city's failing housing market so that the city itself can recover.**

This means the city must deploy housing assistance to the poor with great precision, taking care to not confuse housing help with strengthening a weak market, and also taking care to not concentrate poor households.

2. **Organize Bay City into neighborhoods.** This analysis breaks the city into eight discrete neighborhoods.

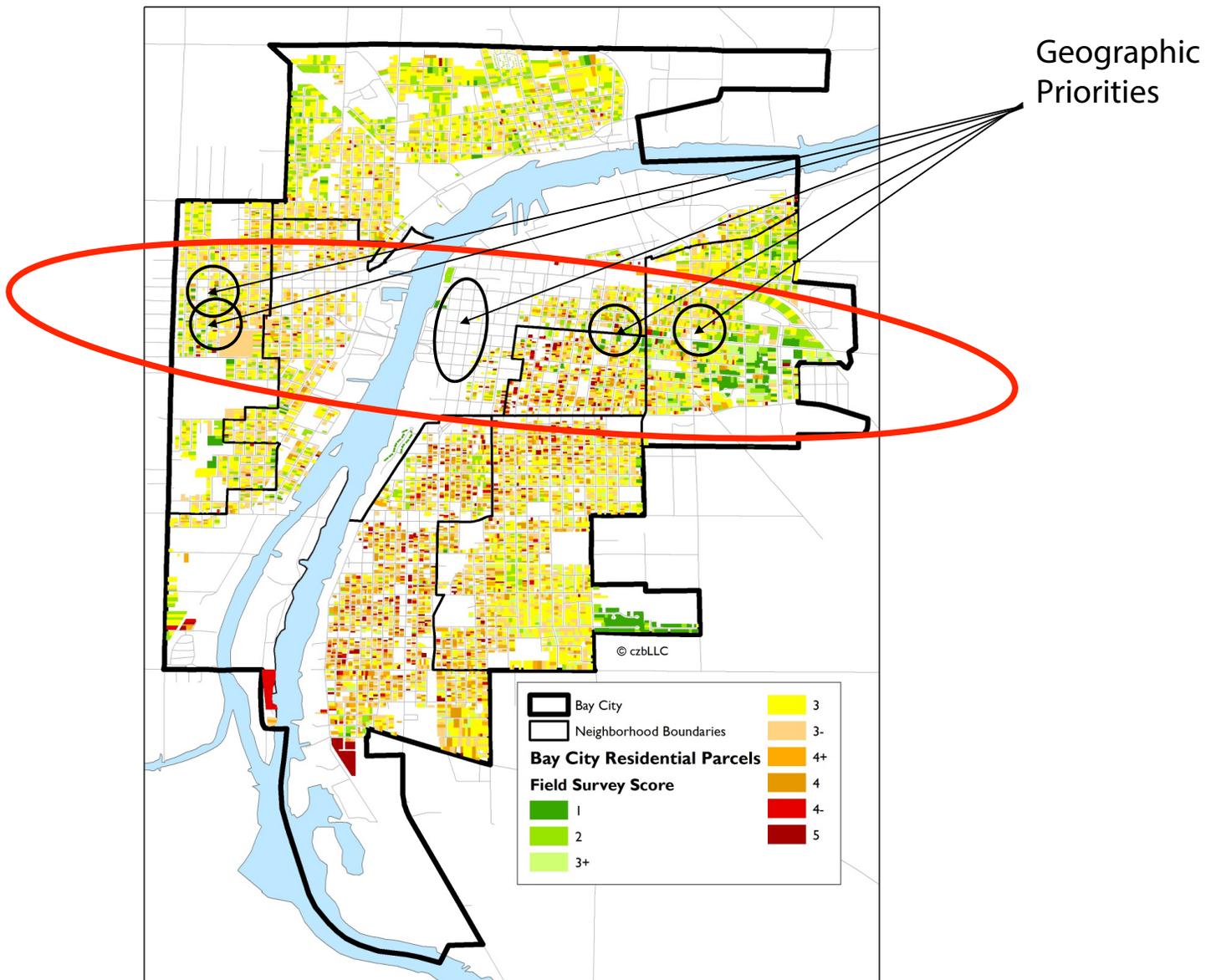
It temporarily names them and designates boundaries based on history, architecture, current market strength, and varying levels of evidence of resident pride. The city is encouraged to either keep these or change them as may better fit local conditions, but to use smaller neighborhood areas as planning geographies.



3. Deploy efforts to **intervene in Bay City's housing market in a systematic way**, using the market-strength typology contained in this analysis.
 - In the typology of Bay City market strength shown here, and discussed extensively earlier, Bay City's residential blocks are in five average sets of conditions. The dark green areas are in the best condition, light green in relatively good condition, yellow in average condition, orange in declining condition, and red in abject trouble.
 - This means that a one-size-fits-all strategy will not work. An intervention on the east side south of downtown will need to be differentiated from an intervention by Carroll Park; accordingly, a block with many average residential structures and the balance good or better needs a different response than one where the balance contains some that are distressed.
 - As noted, when one third or more of the homes on a Bay City street are in trouble, the average market value of each of the others that are in better condition declines by \$40,000. The great risk to Bay City is that almost 8,000 residential structures in Bay City are merely so-so in terms of level of pride and upkeep. Since curing all of these at once is almost a \$70M challenge, it is affordable to only assist a few. But which ones? For every ten declining houses that are upgraded, the expense is \$250,000. That is \$250,000 not being spent to help average homes get better or good homes become excellent or to buy and demolish distressed structures. The opportunity costs must be considered every time an intervention is being deliberated.
 - For example, for \$250,000, 50 good homes can become great show stoppers. The same \$250,000 can buy ten demolitions of distressed properties. The same money can upgrade 30 average houses. Which is the best buy? The answer is it depends. Where the intervention occurs matters significantly. How robust the intervention is will matter. How patient the investment capital is will matter. And knowing what problem you are trying to solve will matter.
4. Focus efforts in a **geographically targeted** manner
 - This means that the city will need to focus time, energy, and money in a concentrated manner. There are more troubled residential structures than there are public dollars to either acquire and demolish or acquire and rehabilitate and try to sell - whether held temporarily or not. There are more at-risk blocks than there are resources to recover all at once. So not every area can receive the level of resources needed to make real change.
 - Whatever the scale of intervention - house, building, block, neighborhood - by whatever entity - city, housing authority, non profit, new public-private partnership - it needs to be bound with discipline and objectivity.

	# Residential Structures	%	Unit Cost to Maintain	Unit Cost to Improve One Grade	Unit Cost to Acquire & Demolish	City-wide Cost
Excellent	368	3.1%	\$2,500			\$ 920,000
Good	1,308	10.9%		\$5,000		\$ 6,540,000
Average	7,835	65.0%		\$8,500		\$66,597,500
Declining	2,271	18.8%		\$25,000		\$56,775,000
Distressed	266	2.2%			\$40,000	\$10,640,000
	12,048					

5. Give tandem top priority to directing scarce resources to the work of **strengthening the recoverable, visible, middle** - that is, those parts of Bay City that are both at risk and recoverable. This will change as the market evolves, but right now this can be understood to be downtown between Water and Washington, First and Sixth, and elsewhere as indicated in West Park, McKinley Manor, and Carroll Park.
 - Above all else, this means building on strengths, This means that the areas where the city decides to focus attention are in both measurable jeopardy (deferred maintenance, recent evidence of prolonged vacancy or abandonment, decreased levels of owner occupancy, measurably problematic levels of physical disorder) and can be plausibly recovered (some homes are - despite conditions - being really well maintained; some residents - owners or residents - are tangible connected to one another in civic ways, and the block or corridor where revitalization work is to occur is visible to the wider market in meaningful ways and is thus influential in favorably shaping market perceptions about Bay City)



6. Investments must be robust and patient enough to count

- Too often, struggling cities spread a nominal amount of assistance everywhere to little effect; this has the upside of making everyone happy in the short run and everyone a little poorer and the market in greater trouble in the long term; Bay City's neighborhoods need significant levels of negative equity to be addressed, and this will take both significant resources and patience. It will be important to resist the temptation to move on to the next neighborhood prematurely.
- Experience has shown that it will take five years to tip a typical good block into a typical excellent block, about seven to eight years to tip a typical average block into a typical good block, and 10 years or more to tip a declining block into average condition. Patience and steadiness will be needed.

7. Work above market all the time. Bay City should be a \$110,000 housing market right now given incomes and aggregate purchasing power. All energy should go into making Bay City a \$140,000 market (using current dollars) in a decade.

- This means that whether rehab or infill new construction, the aim should be to push the market up. If work is going to occur on a block in Bay City where the average single family detached house is worth \$60,000, it should result in raising values.

8. Be equitable. While opportunity costs must be weighed, as well as the effectiveness of what are bound to be scarce resources, interventions in Bay City housing market need not neglect the needs of truly struggling families.

- Above all else this means that the city is urged to exercise caution when deploying resources to help needy families.
- Help that is provided should therefore not cement or further concentrate poverty.
- Help that is provided should therefore not further weaken already vulnerable blocks.

9. Work in partnership. The 'X' factor in those instances where weak markets have turned things around is not money, but partnership. The public sector cannot do it all. The private sector can't either. With the cost of stabilizing the Bay City housing market estimated to be about \$30M over ten years, nothing close to that amount will happen without partnership.

- This means the public sector has to find discretionary resources that allow it to focus on helping to stimulate demand by the middle class in the region for housing in the city that will meet their needs. Second baths and new kitchens and new heating systems in older wood-framed houses for families with kids who want yards and also want to be in the city. These families will not tolerate disorder or creeping blight. The public sector and the private sector have to partner to do this.
- This means the public sector has to find discretionary resources that allow it to help meet developer's needs in their aim to respond to young mobile Millennials who want rental options downtown.
- It means that existing owners who need millions of dollars of help catching up on years of deferred maintenance will need to rely on the city for such assistance, and partnership will be needed by property owner and the municipality to make this happen.
- It means the poor, especially young single parents and the elderly who need housing will need a combination of support from non profits and public agencies, neither able to accomplish their missions alone.

10. Resident leadership is the holy grail of stabilizing a weak market. Bay City's housing market is only a bricks and mortar problem when it comes to the accumulated costs of deferred maintenance and the deprivation of capital upgrades over the past several decades. Underneath the need for new kitchens and second baths is the challenge of rebuilding owner confidence in Bay City, so they willingly invest their time, energy, and money in taking care of their homes to a high standard. Stimulating existing owner reinvestment of the owner's own resources is the best way to obtain the highest leverage ratio possible.

Recommended Strategies

1. Intervene in the disposition challenge posed by a high volume of aging owners.
 - Assist aging owners with catching up on deferred as well as with on-going maintenance.
 - In keeping with the principles:
 - Annually for five years
 - Using CDBG and local matching funds, assist 5 existing home owners in West Park and 5 existing home owners in Carroll Park with homes scored a 2 to upgrade them to a 1.
 - Estimated Cost \$50,000/yr
 - Using CDBG and local matching funds, assist 5 existing home owners in West Park and 5 existing home owners in Carroll Park with homes scored a 3 to upgrade them to a 2.
 - Estimated Cost \$85,000/yr
 - Create a matching program for 1st time buyers and aging owner-sellers.
 - In keeping with the principles:
 - Annually for five years.
 - Using local matching funds, assist 3 new buyers at 100-120 AMI to purchase homes in West Park and 3 new buyers at 100-120 AMI to purchase homes in Carroll Park. Assistance in form of \$2,500 exterior home improvement grant, and \$2,500 down payment grant.
 - Estimated Cost \$30,000/yr
 - Using local matching funds, assist 3 new buyers at 100-120 AMI to purchase and upgrade historic homes in McKinley Manor. Assistance in form of \$35,000 in city-financed soft second construction financing.
 - Estimated Cost \$105,000/yr
 - Invest in Bay County Land Bank for interim ownership/stewardship and acquisition/ demolition activities. Continue for five years.
 - 2. Slowly and steadily bring overall supply and demand into balance
 - Acquire, demolish, and bank distressed stocks at key locations.
 - Using the Bay County Land Bank, acquire and demolish 3 properties scored a 5 in West Park, and hold for future use.
 - Estimated Cost \$120,000/yr
 - Using the Bay County Land Bank, acquire and demolish 5 properties scored a 5 in Fremont and SoDo, and hold for future use.
 - Estimated Cost \$200,000/yr
 - Using the Bay County Land Bank, acquire and demolish 5 properties scored a 5 in Trinity-Veterans, and hold for future use.
 - Estimated Cost \$200,000/yr

3. Diversify the housing stocks in terms of type, size, composition
 - Provide incentives for owner occupant capital upgrades.
 - Annually for five years.
 - Using CDBG and local matching funds, assist 3 existing low-income home owners in Trinity Veterans and 3 existing home owners in West Park to add a second bath, upgrade roofs, gutters, and downspouts, and modernize kitchens.
 - Estimated Cost \$180,000/yr
 - Provide up to \$4,000 in closing cost/related assistance to 5 new buyers of downtown units
 - Estimated Cost \$20,000/yr
4. Significantly increase pride of ownership and residency in Bay City
 - Develop resident leadership and home ownership development programs
 - Establish resident leadership develop programs targeted to West Park, Fremont, and the North End neighborhoods, initially. Grants to be overseen by Bay City Housing Commission and issued on competitive, application basis.
 - Matching grants for home exterior and landscaping improvements
 - 50 matching (1:1) grants per year of \$500 each
 - Estimated Cost: \$25,000/yr
 - 25 matching (1:1) grants per year of \$1,000 each
 - Estimated Cost: \$25,000/yr
 - 1 community pride grant of \$25,000 for each of the 8 neighborhoods in the city, for beautification
 - \$200,000

Proposed Implementation

A partnership between several organizations, including private and non profit entities, the Housing Commission, and the City of Bay City, would be the best vehicle to implement the above four strategies and to do so with fidelity to the ten healthy neighborhood principles contained in this plan. This partnership will likely need to establish a wholly-owned subsidiary to carry out most of the activities listed. The partnership will be instrumental in funding the acquisition and demolition of blighted property, assisting the BCHC with execution of the list activities here, and strategically blending city and county housing markets.

Budget

Uses (round est)	Annual	2018-2023	
Address disposition challenge posed by aging owners in again homes <ul style="list-style-type: none"> • Catching Up on Deferred Maintenance • First Time Buyer Assistance in Key Neighborhoods 	250,000	1,250,000	
Bring supply and demand into better balance <ul style="list-style-type: none"> • Acquire, demolish, bank key properties in designated neighborhoods 	500,000	2,500,000	
Begin to diversify housing stocks (additions and upgrades) <ul style="list-style-type: none"> • Owner upgrade incentives • Downtown market buyer assistance 	200,000	1,000,000	
Implement pride-based residential leadership program <ul style="list-style-type: none"> • Owner improvement matching grants • Neighborhood pride building beautification programs 	250,000	1,250,000	
Organization Support for Bay City Housing Commission	200,000	1,000,000	
Total Estimated Uses/Annual 2018-2023	1,400,000	7,000,000	
Sources (est)			
	CDBG	250,000	1,250,000
	Corporations	150,000	750,000
	General Fund Rebalance	250,000	1,250,000
	Housing Market Stabilization Levy (HMSL)	750,000	3,750,000
Total Estimated Sources/Annual 2018-2023	1,400,000	7,000,000	

This budget is an estimate only prepared for CWA as it prepares the city's comprehensive plan update. It is assumed that securing a \$250,000 annual rebalance from the General Fund requires offsetting cuts elsewhere. It is assumed a \$3.75M HMSL will require a mil increase sufficient to generate approximately \$475/HH (or about \$95/year). It is assumed that CDBG will need to be rebalanced. It is assumed local employers will contribute above their current levels.

