



For Immediate Release

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Bills to Boost Workforce Housing Options Backed by Housing North

TRAVERSE CITY - Proposed legislation to create additional rural workforce housing from some of the region's vast short-term rental property stock is before state lawmakers.

Housing North, a non-profit organization working on housing solutions for the 10-county region, is backing two bills introduced this week by the House Majority Floor Leader state Rep. Triston Cole (R-Mancelona) that would allow property owners to claim a homestead property tax exemption for housing units utilized for rural workforce housing. Homestead exemptions are currently limited to primary residences in Michigan.

"Property owners who provide long-term rentals face the challenge of losing the homestead property tax exemption," said Housing North Executive Director Yarrow Brown. "This current reality incentivizes property owners who own rentals in high demand areas to convert those units to short-term rentals which can often be much more lucrative than long-term rental units."

Regional data from Housing North estimates that there are more than 6,200 short-term rental units across the 10-county area, representing 25 percent of Michigan's short-term rental housing. The surge in short-term rentals is compounding the regional housing shortage as more year-round homes are converted to short-term rental use.

"Providing long-term housing options in northern Michigan is vital to our way of life and to be able to live and raise a family in our majestic area," said Representative Cole. "Even beyond scenic northern Michigan, rural and metro areas all over our state are struggling to adapt to the housing market imbalance and my office is seeking to provide solutions in state policy."

Cole added, "Affordable housing is a topic of discussion that comes up in many conversations with business owners and community leaders. Right now, the need is overwhelming, and this package would allow families to go to school and recreate where they work, rather than have long commutes or seek work elsewhere."

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The proposal would amend Michigan’s general property tax act to allow property owners to receive a homestead exemption - eliminating the 18-mill non-homestead property tax levy collected for Michigan school districts - for properties utilized for rural workforce housing. It would apply to rental units or other housing options offered to or occupied by tenants whose total household income is no greater than 150 percent of the region’s median income of \$65,160. The measure would help address the “affordability gap” in the regional housing market for workers who don’t earn enough to afford median rent or home purchase prices while at the same time earning too much to qualify for housing assistance. Eligible rural municipalities would include cities, villages or townships with populations up to 20,000, or counties with populations up to 165,000.

Brown said the proposed legislation would create financial incentives for owners of second homes or other residential rental properties to create affordable workforce housing, especially critical as the region continues to rebound from the economic impact of the COVID-19 pandemic. Housing North’s projections show a demand for 15,540 homes across the 10-county region over the next five years, including 10,880 rental units and 4,660 homes.

The bills were assigned to the state House Local Government and Municipal Finance Committee. Learn more about the outreach and advocacy efforts of Housing North by visiting its website at housingnorth.org

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Creating pathways and partnerships for housing in Northwest Michigan.

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