

2014 Socioeconomic Update



CHARTER TOWNSHIP OF FILER

2505 Filer City Road • Manistee, MI 49660

White Paper to inform the actions of the Filer Township Planning Commission

Report prepared by



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1. Introduction

It has been five years since the adoption of the Filer Township 2009 Master Plan. At this time, the Planning Commission would like to take action to fulfill the requirements of the Michigan Planning Enabling Act (Act 33 of 2008), Section 45 (2):

At least every 5 years after adoption of a master plan, a planning commission shall review the master plan and determine whether to commence the procedure to amend the master plan or adopt a new master plan...

The Planning Commission reviewed the adopted 2009 Master Plan and found that it provides land use policy guidance for Filer Township that accurately represents the desired future direction of the community. However, because there is more current demographic information available today than the information contained in the adopted 2009 Master Plan, commission members have requested updated socioeconomic data that will further inform the decision-making process. This technical memo has been developed to provide the updated socioeconomic data and observations regarding the impact of the data on the long-range planning vision for Filer Township.

This white paper uses current and respected data sources including the 2010 US Census, 2013 US Census estimates, and 2013 Woods & Poole socioeconomic projections for the State of Michigan and Manistee County. In addition to the data compilation, the technical memo includes an analysis of the change in the data compared to the data in the 2009 Mater Plan over time and the implications of this change for township land use policy.

2. Economic Trends

The 2009 Master Plan used data from the 2000 US Census report which was the most current US Census report source at the time the plan was written. Resources available from Networks Northwest (previously the Northwest Michigan Council of Governments) were also used to inform the content. At the time of plan adoption, however, the nation and the state were experiencing a period that has since been termed “the Great Recession.” Now, with an economic recovery well underway, revised economic projections reflect the drastic economic downturn experienced between late-2007 and mid-2009 and the slow and steady recovery that is now projected over the planning horizon.

A. State of Michigan

From 2000 to 2010, Michigan lost 549,000 jobs, over two-thirds of the number of jobs gained during the robust growth era between 1990 and 2000. During that time, 346,000 of the job losses occurred in 2009.¹ After several years of dramatic decline, things are now on the upswing. The national economic recovery has been trending upward since the beginning of 2010. Recognizing this change, the State of Michigan’s Department of Transportation (MDOT) produced a white paper to identify significant changes to trends and

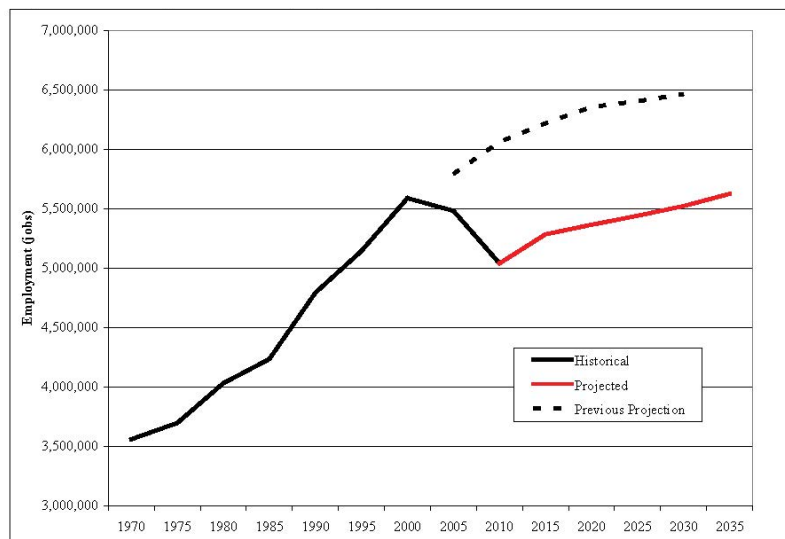
¹ Grimes, Donald R. and Fulton, George A. “The Economic and Demographic Outlook for Michigan through 2040.” Institute for Research on Labor, Employment, and the Economy, University of Michigan. March 2012.

projections of state-level socioeconomic variables in the 2010-2035 planning horizon. This was done as part of the 2035 State Long-Range Transportation Plan. The white paper noted:

Employment for the state as a whole is expected to reverse the decline of the past decade with a projected average annual growth rate of 0.6% during 2010-2020. After 2020, this increase is expected to slow to about 0.3% per year as sluggish labor force growth becomes a constraint on employment gains. Overall, Michigan is projected to return to 2000 peak employment levels by 2034, with expected employment growth of 12% over the 2010-2035 forecast period. Measured in the number of jobs, employment climbs from 5.04 million in 2010 to 5.62 million in 2035, an addition of about 586,000 jobs.²

While there is now economic growth in the forecast, the overall growth projections are lower than previously estimated. The adjustment that was made by MDOT to employment projections for the 2010 – 2035 planning period, compared to the same plan developed for 2005 – 2030 is shown graphically in the figure below to illustrate this point:

Figure 1: Michigan Total Employment, 1970 - 2035

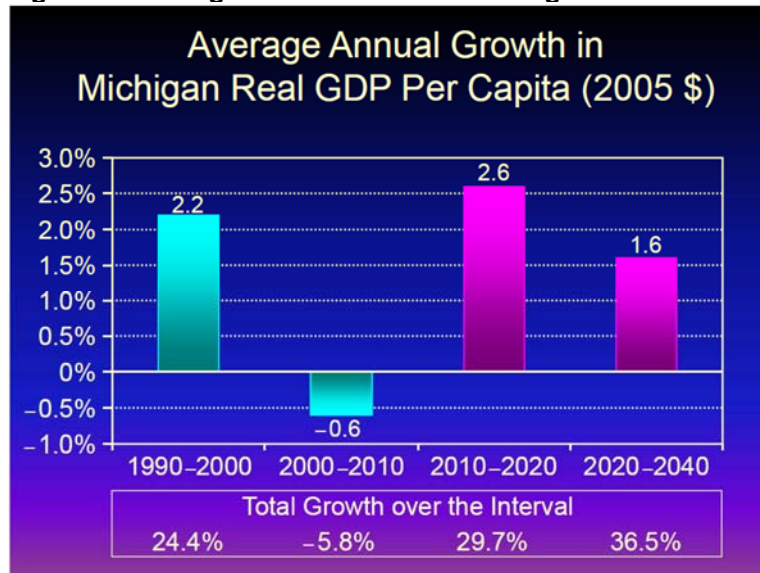


Sources: Michigan Department of Transportation Statewide and Urban Travel Analysis Section
US Bureau of Economic Analysis (USBEA)

Economic growth projections are also expressed in terms of Gross Domestic Product (GDP). After a negative growth rate from 2000-2010, the University of Michigan's Institute on Labor, Employment, and the Economy projects a growth rate of 2.6% from 2010-2020 and a more modest growth rate of 1.6% from 2020-2030 (see Figure 2). This mirrors the state employment trends noted above.

² Socioeconomic Technical Report White Paper, 2035 MI Transportation Plan, State Long-Range Transportation Plan, Michigan Department of Transportation, September 2012.

Figure 2: Average Annual Growth in Michigan Real GDP



Source: Institute for Research on Labor, Employment, and the Economy, University of Michigan³

These statewide projections set the framework for economic expectations at the county and local levels.

B. County and Local

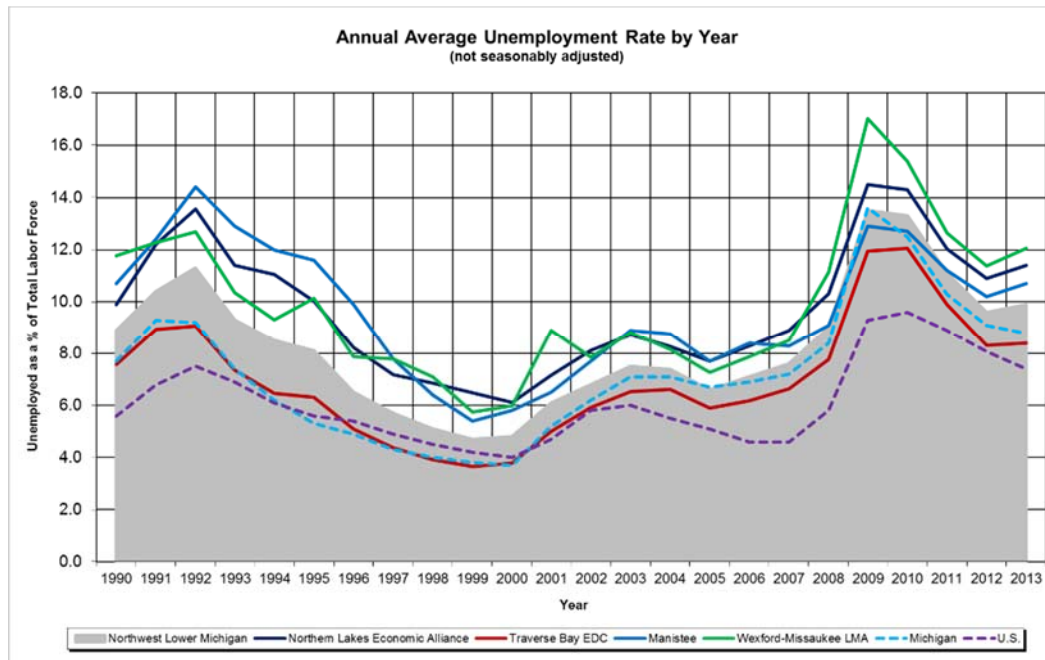
Total employment in Manistee County in 2011 is estimated at 10,680 by Woods & Poole Economics, Inc. (W&P) in their report titled *CEDDS 2014: Complete Economic and Demographic Data Source (CEDDS 2014)*. The 2012 *American Community Survey* estimate – developed from the US Census – is similar at 10,593. The W&P projections include a steady increase in employment over time as follows:

Year	2011	2015	2020	2025	2030	2040
Total Employment	10,680	10,890	11,160	11,420	11,670	12,130

Source: CEDDS 2014: Complete Economic and Demographic Data Source (CEDDS 2014), Woods & Poole, Inc.

The increase in employment will likely be matched by stable or decreasing unemployment rate over time. Current estimates for unemployment rates presented by Networks Northwest report Manistee County’s unemployment rate was 8.5% in July 2014, down from 10.5% in July 2013. The State of Michigan’s unemployment rate for the same time was 7.7%. These numbers are produced based on data from the Michigan Department of Technology, Management and Budget and the US Bureau of Labor Statistics. The same report shows the comparative annual average rates graphically in Figure 3.

³ Grimes, Donald R. and Fulton, George A. “Economic and Demographic Outlook for Michigan and Its Counties to 2040.” Institute for Research on Labor, Employment, and the Economy, University of Michigan. March 6, 2012.

Figure 3: Annual Average Unemployment Rate by Year

Source: Michigan Department of Technology, Management and Budget and the US Bureau of Labor Statistics

For those employed in Manistee County, the average annual income in 2012 was \$33,665 which was 77% of the state average and 93% of the average annual income for northwest Lower Michigan. In the ten-year period leading up to 2012, the average per capita annual income in Manistee County increased by 27.5% per employee but actually decreased by 0.1% when adjusted for inflation.⁴ This was identical to the trend for the northwest Lower Michigan region over the same time and better than the state as a whole. In the last year, however, the state has shown a stronger rate than the county or the region – evidence of the slow economic recovery that is identified in other trends.

The 2009 Master Plan considered employment by industry in Manistee County based on the 1997 Economic Census where manufacturing was the highest industry of employment. The new 2012 Economic Census has not been released yet but according to estimates by the US Census Bureau for 2012, manufacturing is now the third largest employment sector in the county with 1,201 jobs. The top sector industry employer on the list is now *Educational services, and health care and social assistance* (1,793) which was not at the top of the 2009 list – reflecting a demographic change that will be discussed further in the population section. The second largest employment sector in 2012 for Manistee County is *Arts, entertainment, and recreation, and accommodation and food services* (1,445). *Retail trade* is a close fourth place (1,148). These were previously third and second, respectively.

⁴ US Census Bureau – County Business Patterns, 1998-2011 for Northwest and Michigan Counties. www.nmc.org.

3. Population Trends

The 2009 Master Plan observed population trends that reflected the changing local and regional economy by decades. In the 1970s and 1990s when the economy was growing, the population grew as well. In the 1980s when the economy contracted, population declined. The changing economy and national demographic trends both continue to impact the current population and the expectation of future trends.

A. Statewide Trends

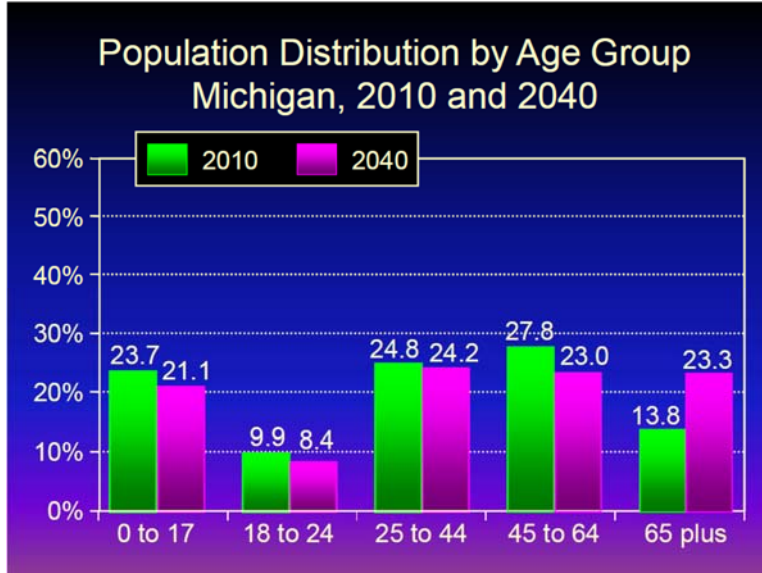
One of the most significant trends with regard to population in Michigan is the overall count. The state's population number peaked in 2005 and then declined. The 2010 US Census shows a loss of approximately 65,000 people in the state overall between 2000 and 2010. Michigan was the only state in the nation to experience an overall population decline during that time. Now, projections for growth from 2010 – 2035 have been adjusted down to 2.6% by the Michigan Department of Transportation in the State's Long Range Transportation Plan. This is significantly lower than the 12% growth rate that was estimated five years earlier. The change in population is directly attributed to the impact of the state's economic collapse between 2007 and 2010.

Another important trend in Michigan is the average age distribution of the population. Michigan has a disproportionately large share of baby boomers, people aged 45 to 64, constituting 27.8% of the population in 2010. Those under the age of 45 comprise a smaller share accounting for 24.8% of the state's population. The forecast of changes in age distribution statewide includes these expectations:

- The senior population (age 65+) will dramatically increase from 14% (2010) to 23% of the population by 2035 (1.36 million in 2010 to 2.37 million in 2035).
- The prime working age population (25-64) will shrink from 53% (2010) to 47% of the population by 2035 (5.2 million in 2010 to 4.76 million in 2035).
- The share of population under age 25 will slightly decrease from 34% (2010) to 30% by 2035 (3.32 million in 2010 to 3.0 million in 2035).⁵

⁵ Socioeconomic Technical Report White Paper, 2035 MI Transportation Plan, State Long-Range Transportation Plan, Michigan Department of Transportation, September 2012. Page 3.

Figure 4: Population Distribution by Age Group in Michigan (2010 and 2040)



Source: Institute for Research on Labor, Employment, and the Economy, University of Michigan⁶

These trends will have an impact on the state’s workforce both in terms of available labor and demand for services over the planning horizon. The specific impacts for Filer Township are discussed below.

B. 2010 – 2013 Current Township Population

Filer Township’s 2010 population as reported by the US Census was 2,325. This was up slightly from the 2000 count of 2,208. The 2013 township population estimate is 2,304 – a slight decline over three years. Although the overall numbers have not changed dramatically since 2000, the population itself is changing. Over the ten year period from 2000-2010, the population age distribution of Filer Township has experienced the same type of age-related shifts described at the state level with a decrease in several working-age categories and significant percentage increases in several categories age 55 and over.

Age Group (Years)	% Change 2000-2010	Population Change 2000-2010
25 – 34	(16.2%)	(30)
35 – 44	(21.2%)	(70)
45 – 54	(-0.3%)	(1)
55 – 59	69.3%	97
60 – 64	31.7%	46
65 – 74	1.5%	4
75 – 84	60.0%	81
85 and over	133.3%	40

⁶ Grimes, Donald R. and Fulton, George A. “Economic and Demographic Outlook for Michigan and Its Counties to 2040.” Institute for Research on Labor, Employment, and the Economy, University of Michigan. March 6, 2012.

Source: U.S. Census Bureau, Compiled by Networks Northwest
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This is the opposite of the trend experienced from 1990 – 2000 and is a reflection of both the economic downturn and loss of jobs in the region and the aging of the “baby boom” population.

The 2010 population of Filer Township is still primarily White (96.30%). The total number of households increased by 109 or 12.3% from 2000 – 2010. Of the total households counted in 2010, 67.6% were family households – people living with at least one other related person. This was almost identical to the 2000 ratio. Most non-family households in Filer Township (85%) are householders living alone.

The household age trends mirror those of the individual population changes. From 2000 to 2010, the number of households has remained almost unchanged but the number of households with children under the age of 18 has decreased by 40 which was a change of (-16%). At the same time, the number of households with individuals age 65 and older increased by 83 – an increase of 39%. In 2010 overall, both the average family size (2.81) and the average household size (2.33) are lower than they were in 2000.

C. Population Forecasts

Population forecasts by Woods & Poole, Inc. for Manistee County project a slow and steady population growth rate between 2010 and 2040. At the same time, the median age of the population is projected to experience a steady increase. This data is presented below in Table 2:

Year	2010	2015	2020	2025	2030	2040
Population	24,700	24,620	25,170	25,360	25,480	25,500
Median Age	47.18	49.35	51.00	51.73	51.35	51.18

Source: CEDDS 2014: Complete Economic and Demographic Data Source (CEDDS 2014), Woods & Poole, Inc.

The township’s population is likely to experience a modest growth rate over the next 20 years, similar to those projected for the state and the county. It is also likely that the population will become older with fewer children in the school system, fewer people in the workforce and more residents who are retired or out of the workforce. These trends will impact the community in a variety of ways which are discussed in the summary section of this paper.

4. Housing Trends

The American Community Survey estimates the number of housing units in Filer Township to be 1,196 in 2012. According to records provided by Filer Township, there have been a total of 12 permits issued for single-family homes from 2010 – 2013 which aligns with the ACS estimate for 2012. The township’s housing stock is largely single units (94.5%) and largely owner-occupied (89.7%). Of the total housing stock in the township, an estimated 15.1% was vacant in 2012 including both owner-occupied and rental properties.

The number of housing units is increasing and the type of housing is changing in the township. There were 1,188 housing units counted in the 2010 US Census which was an increase of 19.3% from the 2000 US Census. Of the 192 new housing units constructed between 2000 and 2010, 61 of them were reported for seasonal use. This is one-third of all new housing units and almost double the total number of recreational housing units reported in 2000.

The 2009 Master Plan observed the increase in the value of housing between 1990 and 2000. The increase seems to have continued. The median value of owner-occupied housing increased from \$48,400 in 1990 to \$87,700 in 2000 and the American Community Survey estimates that the median value has increased to \$130,800 in 2012. The increase in median value is due in part to an increase in the number of homes valued at \$300,000 or more in the township. In total, the ACS reports 105 homes in this category while in 2000, there were fewer than 15 houses and none valued over \$1 million. The current estimate is as follows:

Housing Value (in thousands)	Number of Housing Units
\$300 -\$499	70
\$500 and \$999	16
\$1,000 and above	19

Source: 2012 American Community Survey (US Census Bureau)

5. Summary and Recommended Actions

Notable economic, population and housing trends are included in summary section below along with tools which may encourage change toward the community's stated goals.

A. Economic Impacts

Economic trends impact the development expectations for designated development areas shown on the Future Land Use Map – part of the 2009 Master Plan. Comments are provided for specific industrial and commercial districts and also generally to address the changing demand that may be expected as part of the demographic changes in the township.

(1) Lakefront Industrial Area

The economic profile presented in Filer Township's 2009 Master Plan recognized the strength of the manufacturing industry in the county and the township. This condition was the basis for a land use policy decision to maintain the Lakefront Industrial Area for industrial use. There are still several established industrial employers in the township and manufacturing employment remains high. Also, manufacturing jobs provide higher wages than other industries overall – providing both a direct and indirect benefit to the township's economy in a region where wages are statistically lower than the state as a whole. As a result, continued support for industrial operations in the Lakefront Industrial Area is recommended. Consistent land use policy will provide a degree of stability that is especially important in this slow growth recovery period following the "Great Recession." This, in turn, will support the township's goal of protecting and enhancing the quality of life for residents which is defined in part by a healthy commercial and industrial economy.

(2) Downtown Development Authority (DDA) District

The 2009 Master Plan also shows the current DDA district boundary and notes that the southern section of the district between Red Apple Road/28th Street and Stronach Road is largely undeveloped and without sewer service along the US-31 corridor. The impacts of the economic adjustments resulting from the Great Recession are likely to delay development of this area without changing the long-term policy approach to the corridor.

(3) Demand for Care Services

With the aging population and shifting economy, the township may experience increased demand for health care, patient care and senior living land uses. These uses are currently classified within the General Commercial Zoning District (medical facilities, planned elderly community). The 2009 Master Plan expressly states its support for balancing the variety of needs in the community. While the long term vision is in place, it may be appropriate in the future to amend the zoning ordinance to more clearly define development regulations for an expanded list of land uses in both the commercial and residential zoning districts.

B. Population Impacts

As noted in the economic section above, the population across the nation, and in the township is aging. This has an impact on the demand for services, housing, transportation and the available workforce. Historically, the size of the population has fluctuated based on the number of jobs in the community and in the region. In the long term, the number of employees available is expected to become a limiting force for economic growth. These two trends have planning implications for the township but do not suggest a need to change the goals and policies of the 2009 Master Plan.

From a planning perspective, the aging population will increase demand for care and senior housing options in the community as discussed above. The next generation workforce will have some demands as well. For instance, both groups will be looking for transportation alternatives to driving. To anticipate this need, review of new development proposals should address connected pedestrian access and space for transit service in the design. Also, compact development options should be clearly permitted. The next generation is also looking for great places to live as defined by an attractive, walkable mixed-use built environment and housing options such as live-work units, apartments and condominiums. In the long-term, the township can encourage diversity in its population and improve its workforce availability by providing these types of development options near employment centers.

At the same time, an aging population is also indicative of a decreasing school-aged population. In the community, this can reduce the need for classroom space and may result in some building closures over time. From a zoning perspective, this raises the question of how the township provides for the conversion of institutional buildings to other uses. The topic can be expanded to consider changes from commercial and industrial uses as well.

C. Housing Impacts

The trend toward seasonal or recreational housing units and increasing housing values may be a short-term result of the Great Recession where housing growth slowed overall and across most markets. The seasonal and high-value homes may not have followed this trend. This does not indicate a need to

change the Master Plan content. It may, however, suggest a need to investigate additional policy or regulatory actions to reach the community's long-term goals for housing (*providing a variety of housing, including affordable housing, to satisfy the lifecycle needs of township residents*).

Over the long-term, diversity in the housing market will be needed to serve the changing population including housing for aging residents and the next generation workforce – both of whom are likely to demand options other than single-family residential housing. Policy tools include educational outreach, financial development incentives through tax credit programs and zoning district language that provides clear direction for development approvals. Networks Northwest is an excellent regional resource for housing information.

D. Conclusion: Impacts for Planning

Although there are changes occurring in the socioeconomic and demographic profile of the township, they do not indicate a need to shift the direction of the community's long-term planning vision. However, several trends are not aligned with the community's goals. This suggests that additional policy and regulatory initiatives may be needed to encourage the type of growth the community wants to see.