

August, 2023

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE MUSKEGON, MICHIGAN



Prepared by:

RKG
ASSOCIATES INC

RKG Associates, Inc.

Economic, Planning and Real Estate Consultants

2121 Eisenhower Ave, Suite 402

Alexandria, VA 22314

Tel: 703.739.0965

**Analysis of Impediments to Fair
Housing Choice
City of Muskegon, Michigan**

August 2023

Prepared for:



MUSKEGON

Ms. Sharonda Carson, Director of Community and Neighborhood Services
City of Muskegon
933 Terrace Street
Muskegon, MI 49440
Tel: 231-724-6968
E-mail: sharonda.carson@shorelinecity.com

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2121 Eisenhower Ave, Suite 402

Alexandria, VA 22314

Tel: 703.739.0965

Cell: 703-585-3944

E-mail: arch@rkgassociates.com

1 INTRODUCTION

The Analysis of Impediments to Fair Housing Choice (AI) is required by the U.S. Department of Housing and Urban Development (HUD) communities receiving federal housing and community development funds such as Community Development Block Grant (CDBG) and HOME funding. The overall goal of the AI is to review and assess impediments to fair housing within the City of Muskegon, Michigan. According to HUD, impediments to fair housing choice are:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choice or the availability of housing choices.
- Any actions, omissions, or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

The City of Muskegon's AI was prepared in conjunction with required outreach, consultation, and coordination among various government agencies, private/nonprofit groups, public service agencies, City staff, and individuals. A list of participants in the AI is shown in the following Introduction section.

The primary federal resources for the City include the Community Development Block Grant (CDBG) program and the HOME Investment Partnerships Program (HOME) through the U.S. Department of Housing and Urban Development (HUD). The funding allocation for the City of Muskegon for Fiscal Year 2022 includes \$ 912,894 of CDBG funds and \$339,650 of HOME funds. The AI consists of seven chapters, including:

1. Introduction
2. Purpose and Need for the Study
3. Demographic and Housing Condition Analysis
4. Records of Housing Discrimination
5. Review of Public Sector Policies
6. Review of Private Sector Practices, and
7. Impediments to Fair Housing Choice

Though several of the impediments identified in this report are beyond the direct control of the City of Muskegon, the City bears responsibility for identifying these issues and developing strategies to ensure that its housing market is as open and inclusive as possible. The impediments to fair housing choice identified in this report include the following, explained in detail in Section 7.

- Lack of Unified Housing Strategies and Consolidated Information on Housing Resources,
- Demand Exceeds Supply for Section 8 Vouchers,
- There is a Limited Capacity to Increase the Supply of Affordable Housing in the City,
- There are Concentrations of Minority Populations In Lower Income Areas with Limited Access to Resources and Opportunities,
- There is Limited Access to Resources And Opportunities In Publicly Supported Housing Neighborhoods,
- There are Housing Condition Problems In Some Neighborhoods,

- Lending Policies and Practices,
- There is a Shortage of Affordable Homeownership Housing,
- There is a Shortage of Affordable Rental Housing,
- Rising Home Values In Some Challenged Neighborhoods are Impeding Access to Housing,
- There is a Limited Supply of Housing for Persons with Disabilities, and
- A Need for Increased Fair Housing Education and Encourage Real Estate Sales and Property Management Companies to Include Fair Housing Language In Real Estate Listings.

2 PURPOSE AND NEED FOR THE STUDY

Title VIII of the Civil Rights Act of 1968 (and its subsequent amendment in 1988) mandates that it is unlawful to discriminate in the sale, rental, or financing of housing or, in the provision of brokerage services or facilities in connection with the sale or rental of housing, based on:

- Race,
- Color,
- Religion,
- National origin,
- Sex,
- Families with children, and
- Persons with disabilities.

The U.S. Department of Housing and Urban Development (HUD) requires that all recipients of federal funds under the Community Development Block Grant Program (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs take actions to affirmatively further fair housing. This obligation includes conducting an analysis to identify impediments to fair housing choice within the jurisdiction. The City of Muskegon receives CDBG and HOME funds annually and is required to update its Analysis of Impediments to Fair Housing Choice (AI).

The purpose of this study is to conduct an independent Analysis of Impediments (AI) in accordance with HUD regulations under 24 CFR 570.904(c)(1). The City is committed to furthering fair housing choices within the Muskegon city limits.

A. PREPARATION OF THE ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

The City of Muskegon principally administers its housing and community development programs through the Community and Neighborhood Services Department. The Department administers various grants from federal, state, local, and private agencies. The department serves the community by providing home repair, new home development, façade improvements, rental rehabilitation, lead abatement, and homebuyer assistance. It is also the lead agency for producing the Analysis of Impediments to Fair Housing Choice. The AI was prepared by RKG Associates, Inc. of Alexandria, Virginia, a planning, economic and real estate advisory firm working on behalf of the City of Muskegon.

B. PARTICIPANTS IN THE ANALYSIS OF IMPEDIMENTS

The City of Muskegon's Analysis of Impediments to Fair Housing Choice included input from city officials and key persons involved in the housing and community development industry and affiliated service providers and nonprofit organizations. In conducting the AI, the consultant collaborated with individuals and organizations that represent the interests of protected groups. Participants included:

- City of Muskegon Community and Neighborhood Services Department,

- Fair Housing Center of West Michigan
- Community enCompass,
- Pine Grove,
- United Way,
- Mid Michigan Community Action Agency,
- TrueNorth Community Services,
- Muskegon Housing Commission,
- Michigan State Housing Development Authority,
- Michigan Department of Civil Rights, and
- U.S. Department of Housing and Urban Development Chicago Regional Office.

C. METHODOLOGY

This analysis includes a combination of quantitative and qualitative research. RKG Associates obtained data from The Affirmatively Furthering Fair Housing Data and Mapping Tool (AFFH-T) developed by the Department of Housing and Urban Development (HUD), 2021 American Community Survey 5-Year Estimates (provided by the U.S. Census Bureau), the 2010 Census, ESRI, a private supplier of geographic information system software and data, the Home Mortgage Disclosure Act (HMDA), and relevant reports published by various local agencies. The qualitative component includes interviews with agency staff and others involved in the provision of fair housing and/or related services in the Muskegon area.

3 DEMOGRAPHIC AND HOUSING ANALYSIS

A. INTRODUCTION

This section examines the existing demographic and housing characteristics of Muskegon, Muskegon Heights, and Norton Shores, Michigan by census tract and on the city level. It uses the categories, indexes, and data from the Affirmatively Furthering Fair Housing Data and Mapping Tool (AFFH-T) developed by the Department of Housing and Urban Development (HUD). Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that federal grantees further the purposes of the Fair Housing Act, and the AFFH Data and Mapping Tool provides a uniform system for HUD grant recipients to follow to assess their efforts and challenges they have in such compliance.

The following analysis provides an overview and insights into seventeen demographic and housing topics included in the latest AFFH-T raw data. The latest data version that the RKG team used is Version AFFHT0006, dated July 2020. Also, the analysts complemented the study with population, racial and ethnic composition, household, and household income data of 2010 and 2021 obtained from the American Community Survey 2010 and 2021 5-year Estimates, and 2027 projections obtained from ESRI, an international supplier of geographic information system software and data, as well as the Decennial Census.

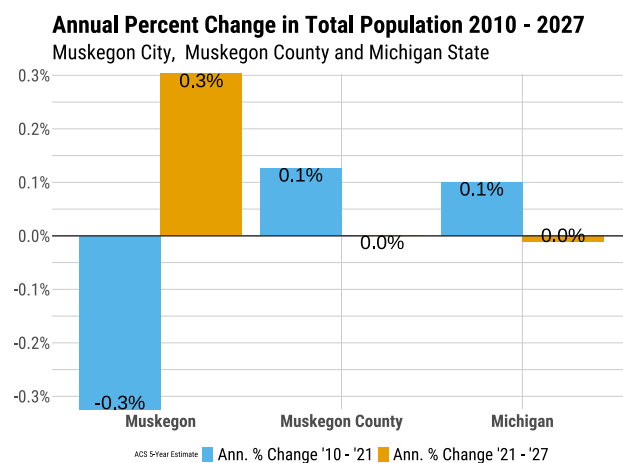
B. POPULATION, HOUSEHOLDS, AND HOUSEHOLD INCOME TRENDS

1. Population Trends

The City of Muskegon's population was estimated at 37,632 people in 2021, which accounted for 21.4% of the County's population of 175,633. The City has slightly decreased its share of the County's population since 2010 but is projected to slightly regain its share to 21.9% by 2027. This indicates that on a comparative basis, population growth between 2010 and 2021 outside the City is occurring faster than inside the City limits.

In general, the population in the City, Muskegon County, and the State of Michigan has been stable. Opposite to Muskegon County and the State of Michigan, the City experienced a decline in its population (loss of 1,391 people, -0.3% annually) between 2010

Figure 3-1



Source: ACS, ESRI and RKG Associates, Inc., 2022

and 2021, while the County and the State saw a slight growth in population during this period. However, the City’s population is projected to regain (addition of 798, 0.3% annually) between 2021 and 2027, faster growth than the County and the State (Table 3-1/Figure 3-1).

Among the 12 census tracts within the City of Muskegon, 7 experienced a population decrease between 2010 and 2021, resonating with the loss of population in the City overall. Census Tracts 8 (the Nims neighborhood), 21 (the Campbell Field and Glenside neighborhoods), and 1 (Marquette neighborhood), which saw the fastest population growth between 2010 and 2021, generally overlap with the City’s employment hubs including the Muskegon Catholic Central School, the major commercial area at the intersection of Henry Street and West Sherman Boulevard, Beltline Plaza, Muskegon Community College, and Baker College of Muskegon (Map 3-1).

Table 3-1

Population Trends 2010 - 2021

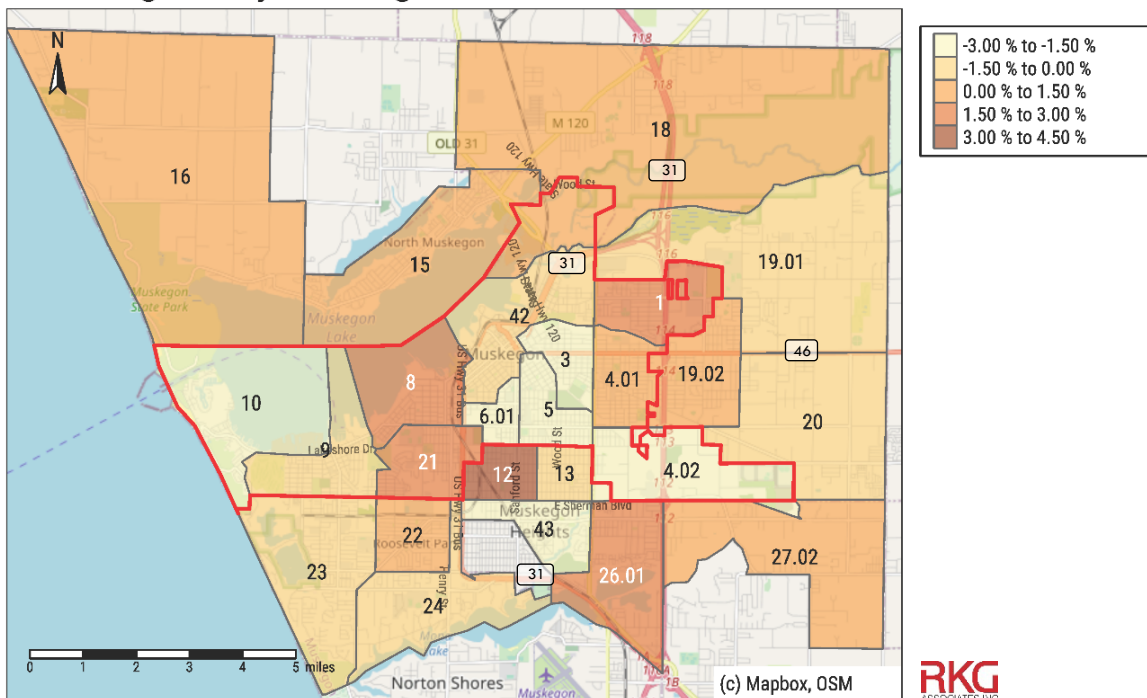
Muskegon City, Muskegon County and Michigan State

	2010	2021	2027	Change '10 - '21		Change '21 - '27	
				Actual Chg.	Ann. % Chg.	Actual Chg.	Ann. % Chg.
Muskegon	39,023	37,632	38,430	-1,391	-0.32%	798	0.30%
Muskegon County	173,223	175,633	175,637	2,410	0.13%	4	0.00%
Michigan	9,952,687	10,062,512	10,054,399	109,825	0.10%	-8,113	-0.01%

Source: ACS 5-Year Estimates, RKG Associates Inc., 2022

Map 3-1

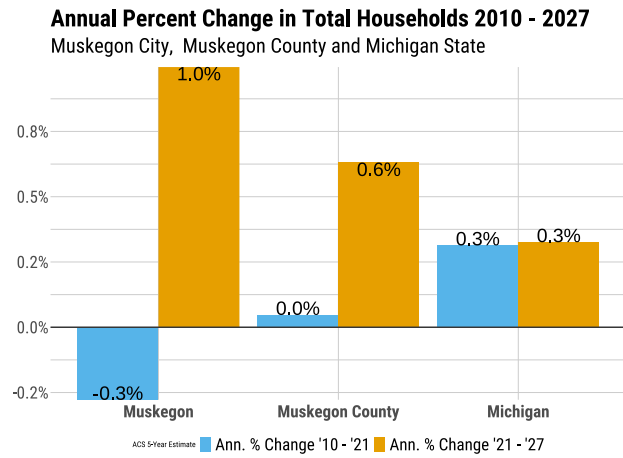
**Population Annual Percent Change, 2010-2021 ACS
Muskegon City, Michigan Census Tracts**



2. Household Trends and Household Size

The household changes between 2010 and 2021 in the City of Muskegon, Muskegon County, and the State of Michigan all follow a trend somewhat like the population growth. Though The City’s household formation pace fell behind the County and the State between 2010 and 2021, it is projected to outpace the County and State by 2027. What is different from the population trend is that all three geographies are projected to see faster household growth than their population gains between 2021 and 2027. This indicates that the average household sizes in the three areas are projected to shrink during the same period (Figure 3-2).

Figure 3-2



Source: ACS, ESRI and RKG Associates, Inc., 2022

The City of Muskegon has had a smaller household size (2.4 per household) than both the County (2.6 per household) and the State (2.5 per household) in 2021, a trend continuing since 2010 (Table 3-2).

Table 3-2

Household Trends 2010 - 2027

Muskegon City, Muskegon County and Michigan State

	Households & Avg. Household Size			Change '10 - '21		Change '21 - '27	
	2010	2021	2027	Actual Chg.	Ann. % Chg.	Actual Chg.	Ann. % Chg.
Muskegon	14,210 2.4	13,776 2.4	14,737 2.3	-434	-0.28%	961	1.00%
Muskegon County	65,778 2.5	66,122 2.6	69,039 2.5	344	0.05%	2,917	0.63%
Michigan	3,843,997 2.5	3,976,729 2.5	4,067,530 2.4	132,732	0.31%	90,801	0.33%

Source: ACS 5-Year Estimates, RKG Associates Inc., 2022

3. Median Household Income

The median household income in the City of Muskegon has been lower than both the County and the State levels since 2010. However, it has been growing at a faster rate at 3.8% annually than both the County and State over the past decade. The City’s median household income was \$37,827 in 2021, which is 66% of the County level of \$ 57,047. The faster growth of median household income in the City is not projected to last through 2027 though, as the City’s median household income gain per year is estimated to fall behind the County and the State between 2021 and 2027, further widening the income gap from the County level in 2027 (Table 3-3).

Table 3-3

Median Household Incomes 2010 - 2027

Muskegon City, Muskegon County and Michigan State

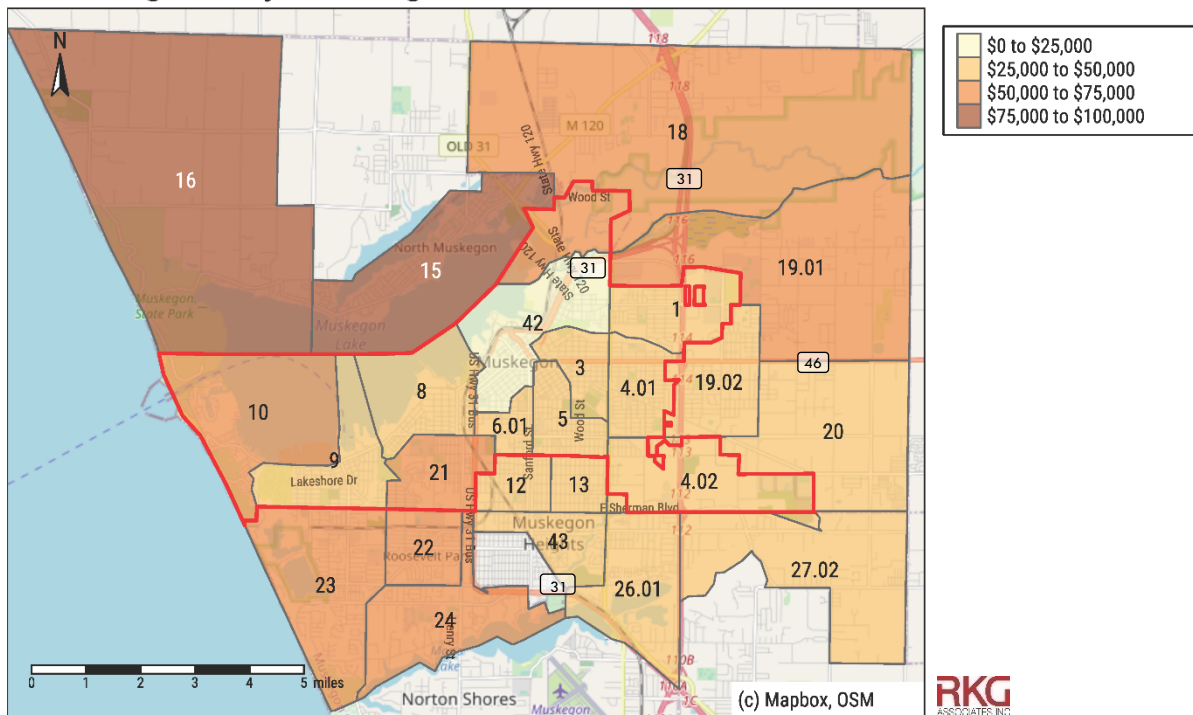
	2010	2021	2027	Change '10 - '21		Change '21 - '27	
				Actual Chg.	Ann. % Chg.	Actual Chg.	Ann. % Chg.
Muskegon	\$26,686	\$37,827	\$40,161	\$11,141	3.80%	\$2,334	0.88%
Muskegon County	\$40,670	\$57,047	\$61,426	\$16,377	3.66%	\$4,379	1.10%
Michigan	\$48,432	\$63,202	\$75,735	\$14,770	2.77%	\$12,533	2.83%

Source: ACS 5-Year Estimates, RKG Associates Inc., 2022

The census tracts with the highest median household incomes within the City are on the west side of the City along Lake Michigan and on the southwest side of the City, including Census Tracts 10 (Beachwood-Bluffton neighborhood) and 21 (the Campbell Field and Glenside neighborhoods). In comparison, the City’s center and its southeast side have the lowest median household income. Census Tract 42 (Jackson Hill and the northern portion of Nelson), which has a concentration of publicly subsidized housing projects, had the lowest median household income in 2021 at \$22,765 (Map 3-2).

Map 3-2

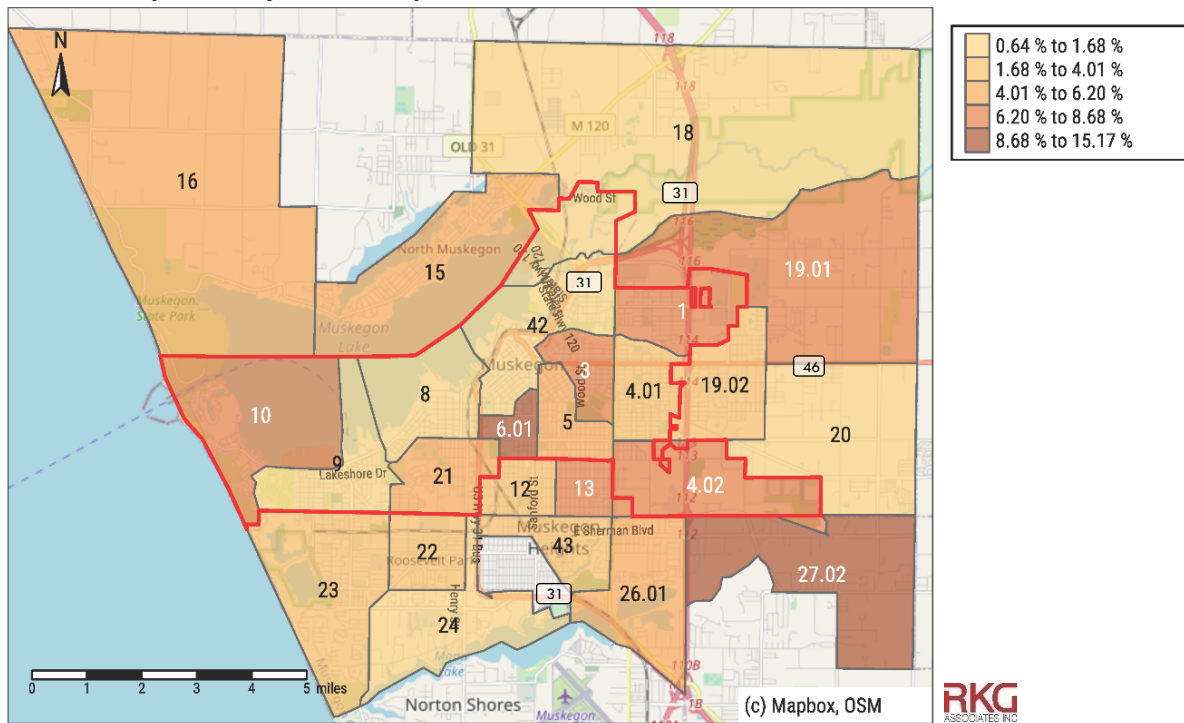
**Median Household Income, 2021 ACS
Muskegon City, Michigan Census Tracts**



All census tracts have experienced an increase in the median household income between 2010 and 2021, with Census Tract 6.01 (the southern part of the Nelson neighborhood) seeing the fastest annual growth (15.17%) of its median household income. This is followed by Census Tracts 3 (the Angell neighborhood) (8.68%), 4.02 (East Muskegon) (8.09%), 10 (Beachwood-Bluffton) (7.89%), and 1 (Marquette) (6.98%). However, Census Tracts 1 (Marquette neighborhood), 3 (Angell), and 4.02 (East Muskegon) have seen some of the lowest median household incomes within the City in 2021. The income growth in Census Tract 1 (Marquette) is most likely related to its fast population increase fueled by people moving from outside of the census tract. This may be related to the presence of Muskegon Community College and Baker College of Muskegon. It should be noted that some of the residents with lower household incomes in these areas are likely college students. (Map 3-3).

Map 3-3

Median Household Income Annual Percent Change, 2010-2021 ACS Muskegon City, Michigan Census Tracts



C. RACE AND ETHNICITY

1. Racial/Ethnic Trends and Composition

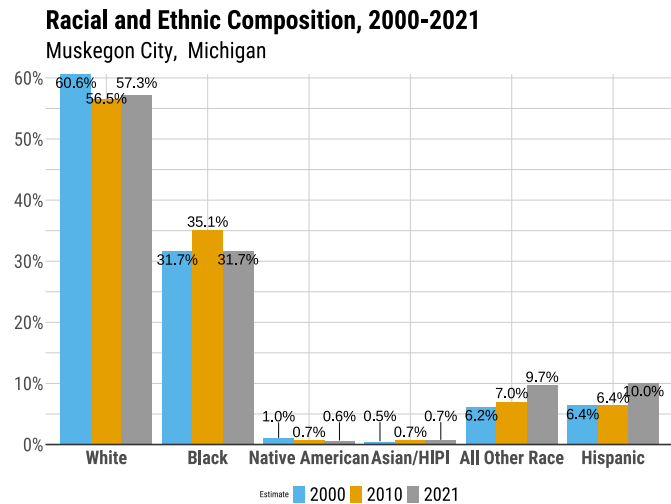
The City's White population accounted for the largest share (57.3%) of the population in 2021, followed by the African American population at 31.7%, and the Hispanic population at 10.0% (Figure 3-3). It should be noted that the term "Hispanic" does not refer to a racial group. The U.S. Census Bureau uses the ethnonyms "Hispanic or Latino" to refer to "a person of Cuban, Mexican, Puerto Rican,

South or Central American, or other Spanish culture or origin regardless of race" and states that Hispanics or Latinos can be of any race, any ancestry, any ethnicity¹.

The Native American population lost almost half of their residents between 2000 (418 persons) and 2021 (230 persons). In addition, between 2010 and 2021, all other racial and ethnic groups except for the Hispanic population and people of All Other Race experienced population loss during the same decade. Proportionally, all Minority (Non-White) groups also saw a faster decrease in their population compared to the White population since 2010.

Echoing this trend, the share of the All Minority (Non-White) group rose from 39.4% in 2000 to 43.5% in 2010, before dropping to 42.7%. People of Hispanic ethnicity have maintained a strong population growth (4.6%) between 2010 and 2021. The fastest-growing racial group between 2000 and 2010 was the Asian population, which increased by 4.2% per year during that decade. (Figure 3-3, Table 3-4).

Figure 3-3



Source: ACS, ESRI and RKG Associates, Inc., 2022

Table 3-4

Racial and Ethnic Composition Trends 2000 - 2021

Muskegon City, Michigan

	2000		2010		2021		Change '00 - '10		Change '10 - '21	
	Count	%	Count	%	Count	%	Actual Chg.	Ann. % Chg.	Actual Chg.	Ann. % Chg.
White	24,309	60.61%	22,062	56.54%	21,556	57.28%	-2,247	-0.92%	-506	-0.21%
Black	12,701	31.67%	13,694	35.09%	11,934	31.71%	993	0.78%	-1,760	-1.17%
Native American	418	1.04%	258	0.66%	230	0.61%	-160	-3.83%	-28	-0.99%
Asian/HIPI	195	0.49%	277	0.71%	272	0.72%	82	4.21%	-5	-0.16%
All Other Race	2,482	6.19%	2,732	7.00%	3,640	9.67%	250	1.01%	908	3.02%
Hispanic	2,560	6.38%	2,500	6.41%	3,774	10.03%	-60	-0.23%	1,274	4.63%
All Minority	15,796	39.39%	16,961	43.46%	16,076	42.72%	1,165	0.74%	-885	-0.47%

Source: Decennial Census, ACS 5-Year Estimates, RKG Associates Inc., 2022

¹ Wikipedia, <https://en.wikipedia.org/wiki/Hispanic>

2. Racial/Ethnic Concentration

Federal regulations at Title 24 CFR 91.210(a)(3) “Housing Market Analysis” require grantees of HUD Community Planning and Development programs to identify and describe any areas within their jurisdictions that have concentrations of racial/ethnic minorities and/or low-income families. HUD currently leaves the determination of thresholds defining “concentrations” to each local grantee.

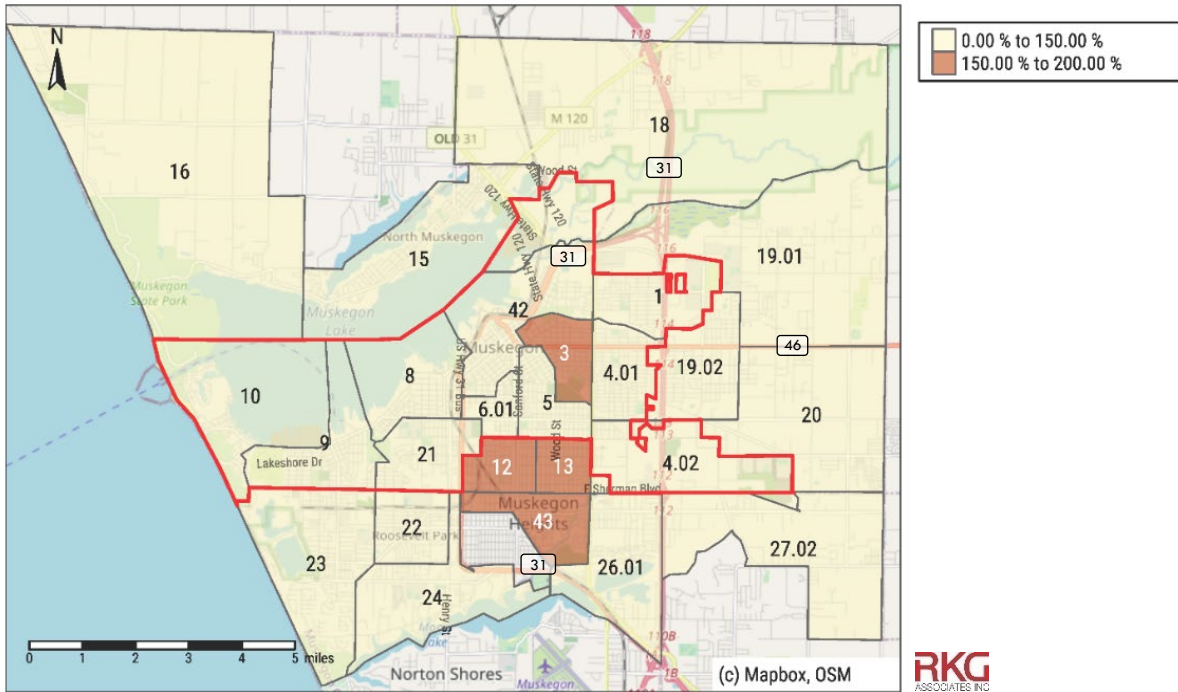
The approach currently applied by HUD’s Office of Policy Development and Research calls for an evaluation of population distribution in two primary categories: White, which includes any Census respondent who identifies as White and non-Hispanic, and minority, which includes any respondent identifying as a member of a non-White racial group or Hispanic ethnicity.

RKG defined concentrations of minority populations as census tracts with non-White populations greater than 150% of the city-wide percentage of the combined minority population. For example, if the non-White population equaled 42.7% of the City’s population in 2021, then census tracts with non-White population shares of 64.1% or greater would be classified as a concentration. Muskegon does not have a concentration of the Hispanic population that meets RKG’s definition. However, the share of the Hispanic population in Census Tract 4.01 (the Steele, Sheldon Park, and Oakview neighborhoods) is 1.35 times the citywide figure, the highest share in the City, followed by Census Tract 3 (the Angell neighborhood) (1.34 times the citywide percentage). In addition, Muskegon has a concentration of the All-Minority population (including all non-White population) in Census Tract 3 (the Angell neighborhood), which also had one of the lowest median household incomes in 2021 and a loss of population between 2010 and 2021. However, this census tract has seen a fast median household income gain between 2010 and 2021 (Map 3-4).

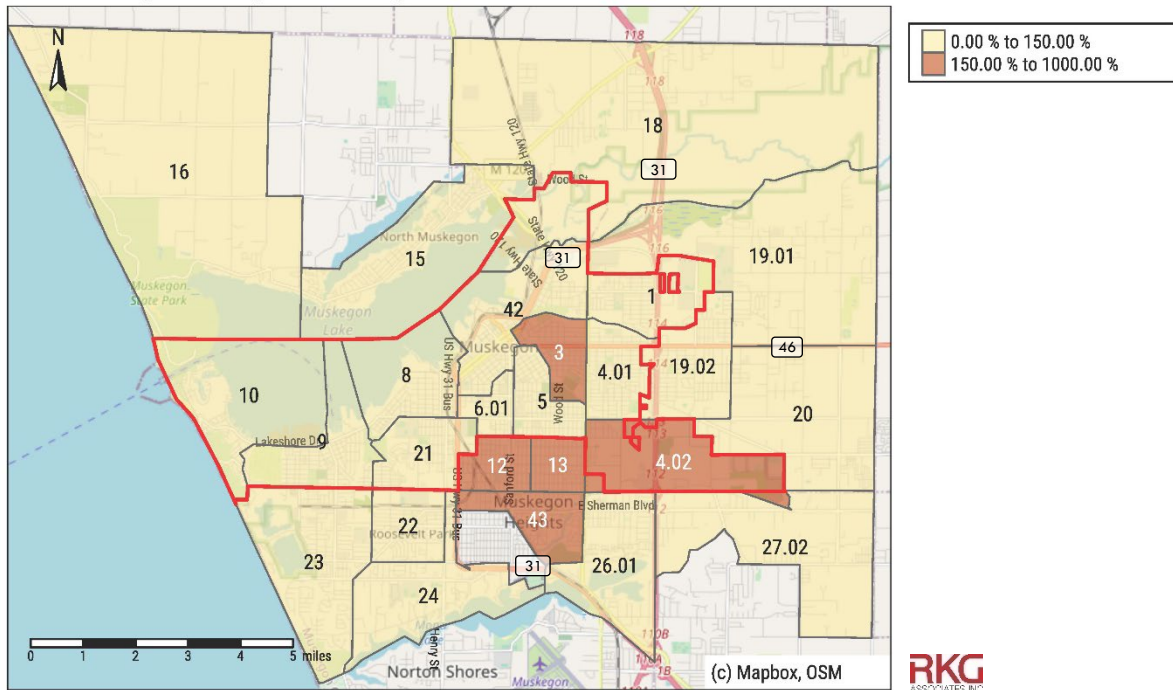
RKG also broke out the minority population by racial/ethnic group and analyzed whether each group has any spatial concentration in the City. The result shows that there is a concentration of the Black population in Census Tract 3 (the Angell neighborhood) and Census Tract 4.02 (East Muskegon) (Map 3-5), a concentration of the Native American population in Census Tracts 8 and 42 (Nims, northern portion of Nelson, and Jackson Hill) (Map 3-6), a concentration of the Asian population (Map 3-7) and a concentration of people of all other races/two or more races (Map 3-8) in Census Tract 4.01 (Steele, Sheldon Park, and Oakview).

Note that if the all-minority/Hispanic percentages in all census tracts are similar to the citywide figures, there will not be a “concentration” of these groups in certain neighborhoods compared to the citywide level. However, it does not mean that the City has a low share of the all-minority/Hispanic population. The City and all its tracts can be predominately non-White/Hispanic compared to national averages, but if they are distributed evenly throughout the City, they will not show up as a concentration compared to the city-level average as defined by RKG.

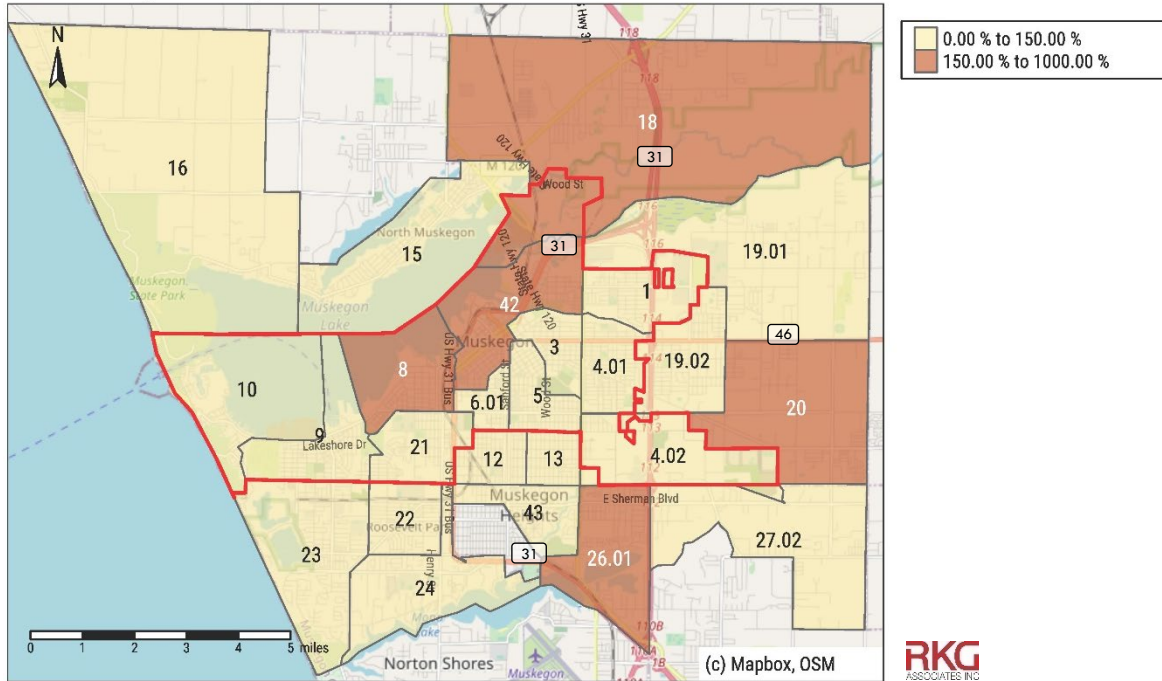
Map 3-4
Minority Population Concentration, 2021 ACS
Muskegon City, Michigan Census Tracts



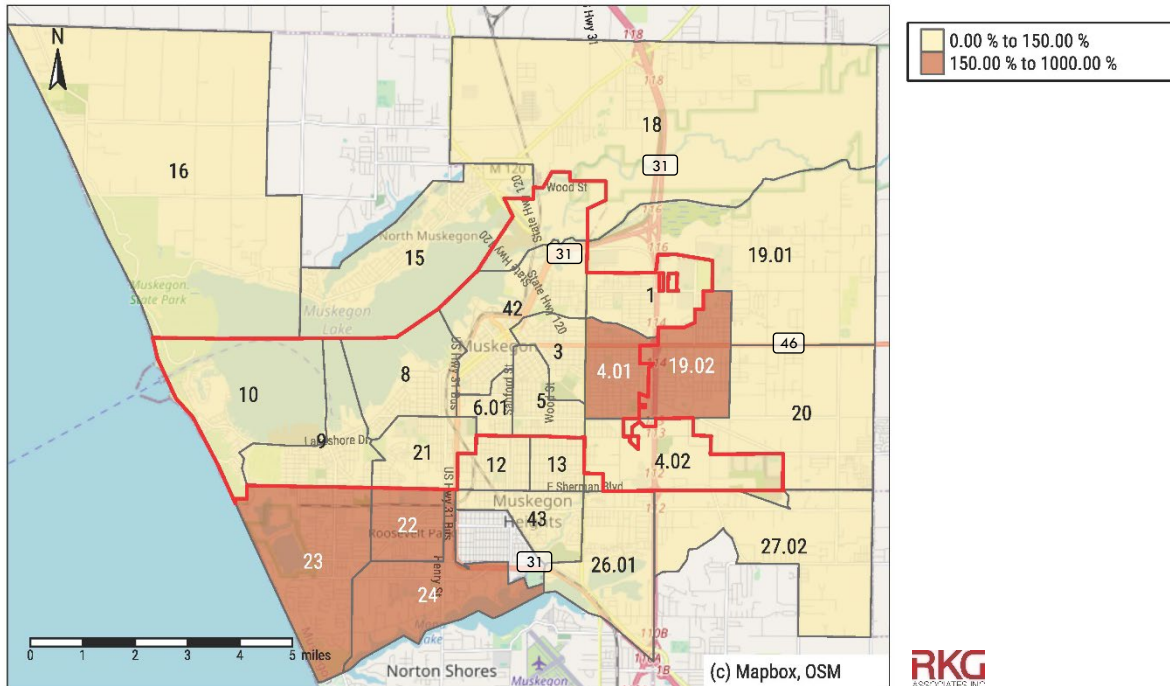
Map 3-5
Black Population Concentration, 2021 ACS
Muskegon City, Michigan Census Tracts



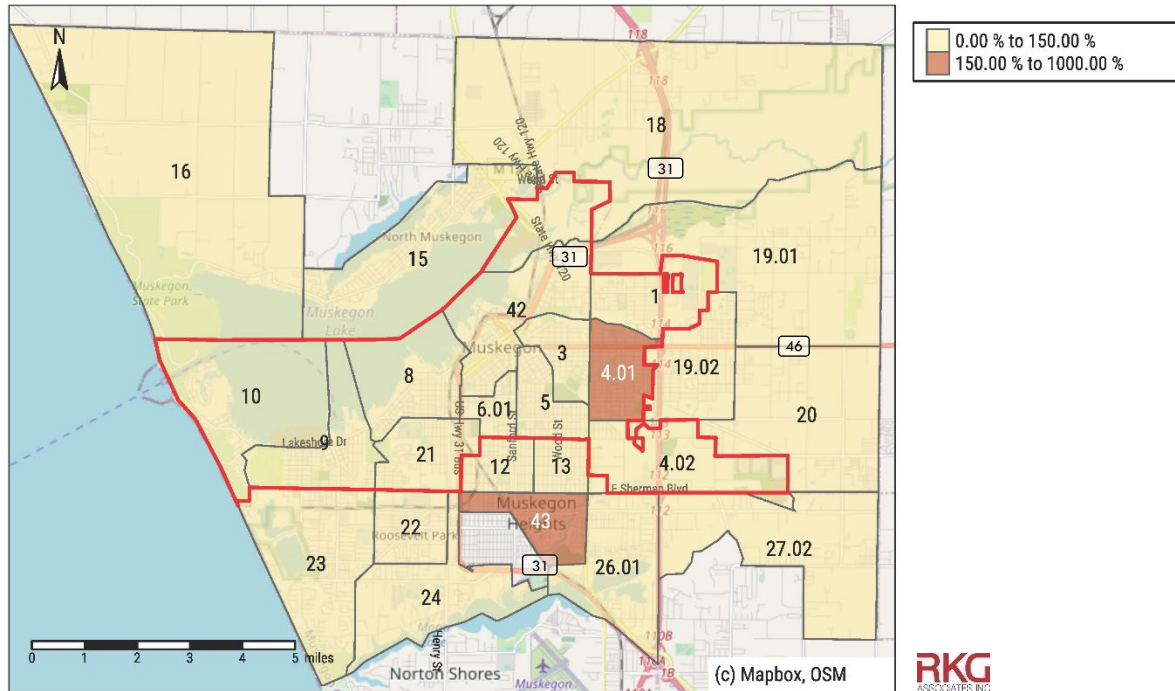
Map 3-6
Native American Population Concentration, 2021 ACS
Muskegon City, Michigan Census Tracts



Map 3-7
Asian/HIPI Population Concentration, 2021 ACS
Muskegon City, Michigan Census Tracts



Map 3-8
All Other Race Population Concentration, 2021 ACS
Muskegon City, Michigan Census Tracts



D. RACIAL/ETHNIC DISSIMILARITIES

Another factor related to the geographic distribution of racial and ethnic groups within a jurisdiction is the Racial Dissimilarity Index included in the HUD AFFH-T database. According to HUD’s definition, “the dissimilarity index represents the extent to which the distribution of any two groups (frequently racial or ethnic groups) differs across census tracts or block groups.” In other words, the Index measures how much one racial/ethnic group is spatially separated from another within a jurisdiction. The data for each racial/ethnic group is presented in comparison to the White segment of Muskegon’s population (Table 3-5).

The Dissimilarity Index has values between 0 and 100, with a score of 0 representing perfect integration and a value of 100 corresponding to total segregation. A Dissimilarity Index below 40 represents low segregation, a value between 40 and 55 suggests moderate segregation and a score above 55 indicates high segregation. All the Dissimilarity Index values for the City of Muskegon are below 40,

Table 3-5

Dissimilarity Index by Race/Ethnicity 1990-2010

Muskegon City, Michigan

	1990	2000	2010
Non-White/White	36.31	35.32	31.66
Black/White	39.52	39.60	35.78
Hispanic/White	20.49	22.92	26.29
Asian/Pacific Islander/White	23.72	17.42	16.57

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

indicating low segregation between racial and ethnic minority groups and the White population (Table 3-5).

E. PLACE OF NATIONAL ORIGIN

According to the definition of the U.S. Census Bureau, the foreign-born population includes anyone who is not a U.S. citizen at birth, including those who become U.S. citizens through naturalization. Limited English Proficiency is used to refer to a person who is not fluent in the English language, often because English is not their native language. Understanding the foreign-born population and people with limited English proficiency is important for identifying the impediments to fair housing choice as well as associated solutions in the City of Muskegon, as these population groups often have more limited fair housing options, usually due to cultural and language barriers.

The year 2015 is the most current data series from HUD for the place of national origin data. According to the HUD AFFH data, the largest foreign-born group is the Mexican population, accounting for 0.8% of the total population in the City. The second-largest immigration group is the Other Eastern Europeans, followed by people from Canada, Other Western Asia, and Western Africa (Table 3-6). Around 4.5% of the total population in the City had limited English proficiency in 2015, which is 1,575 people. Apart from English, the most populous language was Spanish, as 3.0% of the total population in the City were Spanish speakers, followed by Other and Unspecific languages, Other Indo-European languages, West Germanic language, and French (Table 3-7).

Table 3-6

Population by Top 5 Most Populous National Origin Groups		
Muskegon City, Michigan , 2015		
Foreign-Born Population	Count	% of Total Population
Mexico	290	0.82%
Other Eastern Europe	75	0.21%
Canada	65	0.18%
Other Western Asia	50	0.14%
Western Africa	45	0.13%

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

Table 3-7

Limited English Proficiency Persons by Top 5 Most Populous Languages		
Muskegon City, Michigan , 2015		
Population with Limited English Proficiency	Count	% of Total Population
Spanish	1,070	3.02%
Other & Unspecified languag	180	0.51%
Other Indo-European languag	160	0.45%
West Germanic language	65	0.18%
French	50	0.14%

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

F. DISABILITY BY TYPE AND AGE GROUP

The Americans with Disabilities Act (ADA) defines a person with a disability as “a person who has a physical or mental impairment that substantially limits one or more major life activities.” People with disabilities may face more barriers to fair housing options as they often need special physical accommodations in their housing and are more likely to experience housing discrimination.

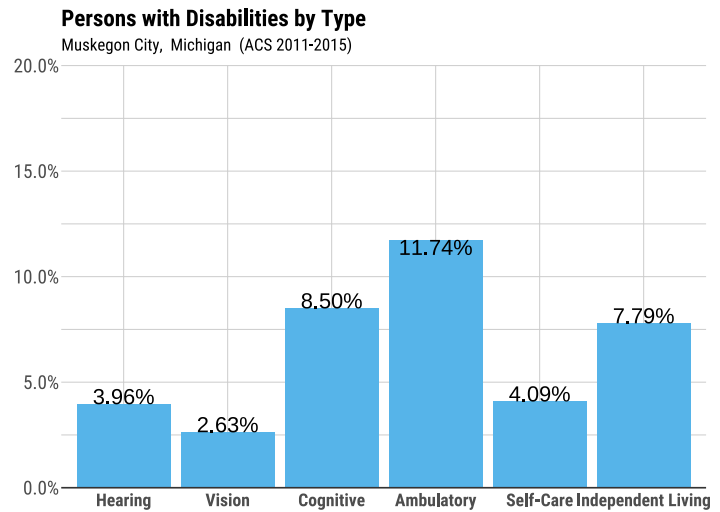
“Ambulatory difficulty” is the most common type of disability for Muskegon residents, with 11.7% of people having trouble walking, followed by people with cognitive difficulty, which affects 8.5% of the

total population. It should be noted that a person can have more than one type of disability, and therefore can be counted more than once under multiple disability categories (Figure 3-4).

Census Tracts 4.01 (includes the neighborhoods of Steele, Sheldon Park, and Oakview), 4.02 (includes the East Muskegon neighborhood), 5 (includes McLaughlin and the northern part of the Marsh Field neighborhood, and 42 (Jackson Hill and the northern portion of Nelson) have seen over 10% of their population with more than one type of disability (Table 3-8). These census tracts mostly cluster in the middle and on the east side of the City, generally overlapping with neighborhoods with lower median household incomes. This indicates that there is a geographic disparity among census tracts in terms of concentrations of persons with disabilities in Muskegon. Note that as only the northern tip of the city (the area of the North Channel Muskegon River, north of the Moses J. Jones Parkway) overlaps with a small portion of Census Tract 18, which extends far beyond the city's boundary, data for this tract is not shown here as it will skew the result. Note that census tracts in the City correspond to the following neighborhoods:

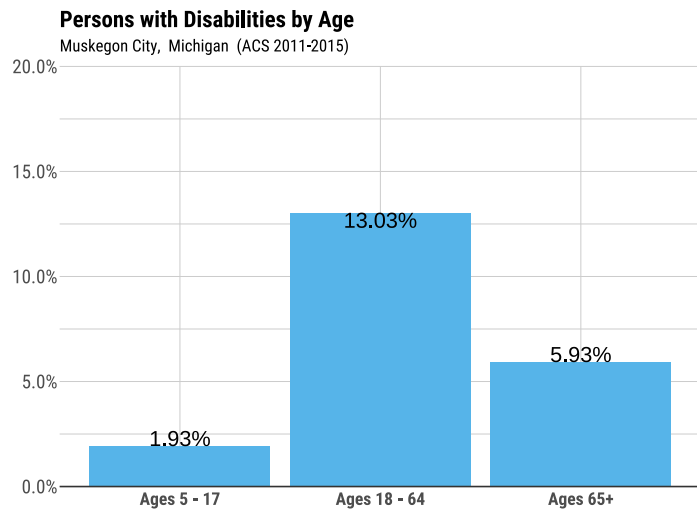
- Census Tract 1: Marquette
- Census Tract 3: Angell
- Census Tract 4.01: Steele, Sheldon Park, and Oakview
- Census Tract 4.02: East Muskegon
- Census Tract 5: McLaughlin and the eastern half of Marsh Field
- Census Tract 6.01: Southern half of Nelson and western half of Marsh Field
- Census Tract 8: Nims
- Census Tract 9: Lakeside
- Census Tract 10: Beachwood-Bluffton
- Census Tract 21: Glenside and Campbell Field
- Census Tract 42: Jackson Hill and the northern half of Nelson

Figure 3-4



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Figure 3-5



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Most people with disabilities in the City of Muskegon are between 18 and 64 years old, according to the HUD AFFH data, accounting for 13.0% of the total population. This is a common trend that is often seen in other communities as well because this age group accounts for the largest share of the total population (Figure 3-5).

Table 3-8

Percent of Persons with Disabilities of Total Population by Type (ACS 2011-2015)

Muskegon City, Michigan

Census Tract	With Hearing Difficulty	With Vision Difficulty	With Cognitive Difficulty	With Ambulatory Difficulty	With Self-Care Difficulty	With Independent Living Difficulty
1.00	2.79%	2.25%	7.73%	9.37%	1.84%	5.97%
3.00	3.27%	2.15%	7.05%	12.06%	4.05%	6.71%
4.01	3.58%	2.16%	9.49%	14.35%	4.86%	10.99%
4.02	5.08%	5.71%	10.79%	14.76%	7.14%	9.05%
5.00	2.69%	4.09%	11.43%	12.03%	6.30%	8.55%
6.01	3.94%	2.30%	8.67%	4.14%	0.20%	3.94%
8.00	3.49%	0.57%	6.52%	9.88%	2.83%	4.89%
9.00	6.34%	1.94%	7.67%	13.27%	4.32%	5.99%
10.00	4.92%	1.81%	6.82%	7.68%	1.90%	6.90%
21.00	6.33%	3.79%	7.69%	9.65%	2.64%	7.25%
42.00	3.27%	3.70%	9.82%	17.62%	7.66%	12.90%

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

G. POVERTY INDEX

The poverty level of the population within a jurisdiction is often associated with how easily the community can access opportunities and resources including housing. If a community is exposed to high levels of poverty, then the residents may encounter more barriers to fair and affordable housing options. For example, a person living below the poverty level would not likely qualify for a mortgage loan due to lower income levels. HUD’s Low Poverty Index uses family poverty rates (based on the federal poverty line) to measure how much a community is exposed to poverty. The Low Poverty Index has scores ranging from 0 to 100, and a higher value represents less exposure to poverty in a neighborhood.

The index scores for all racial and ethnic groups in the City are generally very low, indicating an overall great exposure to poverty across races and ethnicities. Within the City of Muskegon, though the Low Poverty Index scores of the different racial/ethnic groups fall not too far apart in the low-to-medium range, the White population with the highest score of 17.01 has the least exposure to poverty, closely followed by the Asian/Pacific Islander population (15.77). In contrast, the Black population with a score of 5.82 has the greatest exposure to poverty compared to other racial/ethnic groups, closely followed by the Hispanic population (8.77) (Figure 3-6).

There is also a geographic disparity in poverty levels across the City. The census tracts with the lowest Poverty Index scores generally match the areas with concentrations of the non-White population

H. SCHOOL PROFICIENCY INDEX

School proficiency is an indicator of the quality of the education available to a given community. Higher education quality is usually associated with better access to opportunities and higher income in addition to a higher quality of life. HUD's School Proficiency Index is based on the test scores of elementary schools within an area and measures which neighborhoods have high-performing elementary schools nearby. The values of the index range from 0 to 100 and higher scores indicate higher school system quality in a community.

The school proficiency index scores of the different racial/ethnic groups in Muskegon are relatively low and a disparity of access to quality education does exist among the racial/ethnic groups (Figure 3-7).

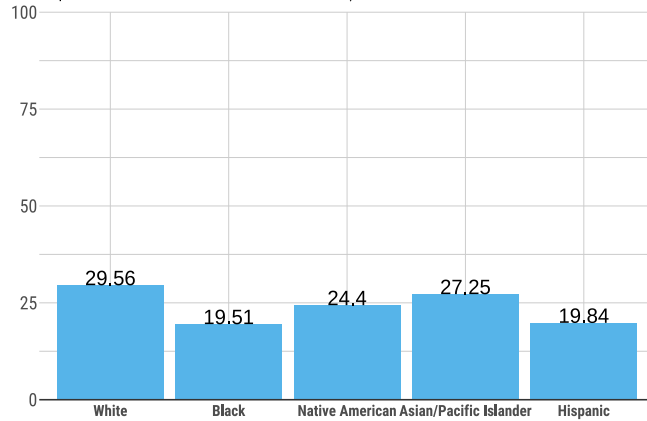
The differences in the School Proficiency Index scores echo the gaps in the Low Poverty Index scores across racial and ethnic groups. For example, the Black population has the greatest exposure to poverty, and this group also has the lowest School Proficiency Index score of 19.51. In contrast, the White population, which has the least exposure to poverty, has the highest school proficiency index score of 29.56. The Hispanic population has the second-lowest score of 19.84, indicating that this group along with the Black population has comparatively much less access to education quality.

The School Proficiency Index values were then mapped by block group in the City, with darker colors indicating higher values and thus better elementary school performances (Map 3-10). The lowest-performing census tracts in terms of school proficiency once again overlap with neighborhoods around the center of the City with a high concentration of publicly subsidized housing projects, non-white minority population, and lower median household incomes.

Figure 3-7

School Proficiency Index by Race/Ethnicity

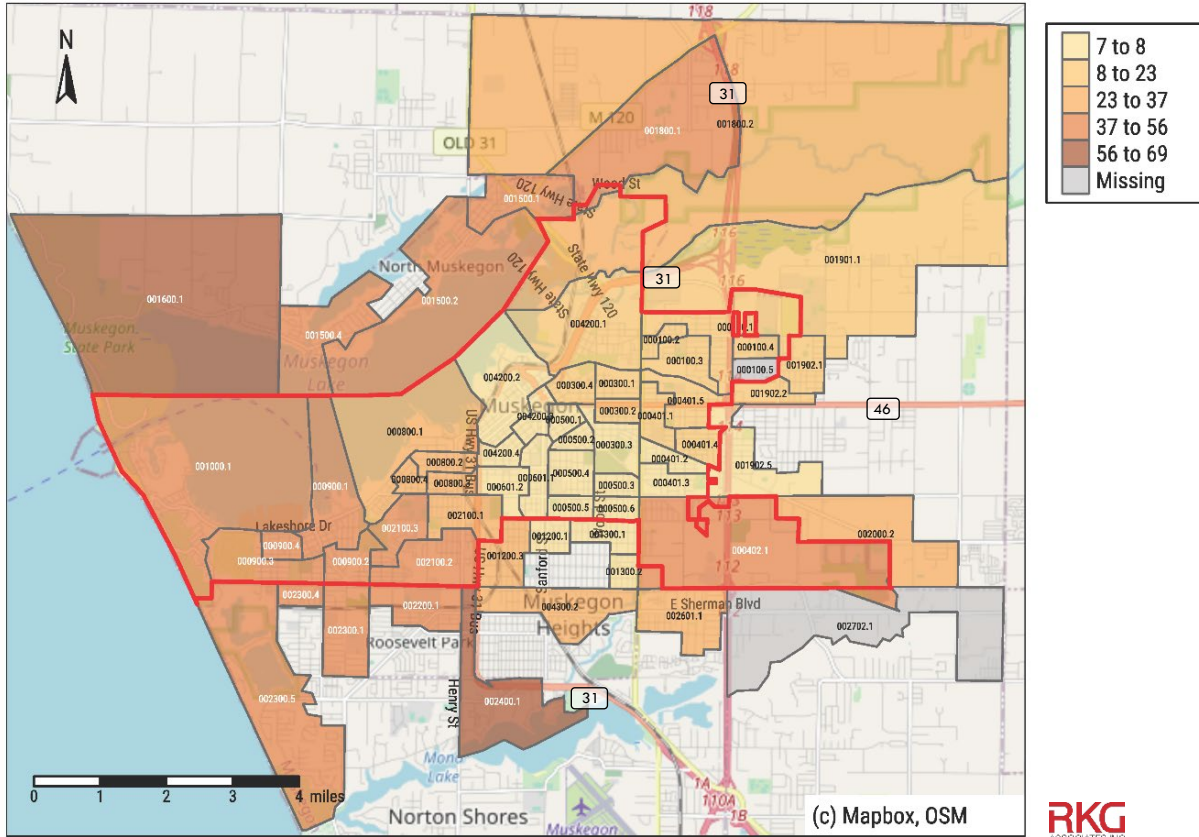
Muskegon City, Michigan (Great Schools 2016-17; Common Core of Data 2016-17; Maponics School Attendance Zone database 2018)



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Map 3-10

School Proficiency Index Muskegon City, Michigan Block Groups



I. JOB PROXIMITY INDEX

HUD measures a community’s access to employment opportunities with the Job Proximity Index and Labor Market Engagement Index. The Job Proximity Index quantifies the distance between a given block group and employment centers within a Core Based Statistical Area (CBSA). The index values range from 0 to 100, with higher scores indicating better access to job opportunities for residents in a neighborhood.

The City’s Black population resides within the closest proximity to jobs, with the highest score of 70.66, followed by the Hispanic population, with a score of 68.57. The Asian/Pacific Islander population, in contrast, resides the furthest away from employment centers, with the lowest score of 59.50 (Figure 3-8).

Darker colors on the Job Proximity Index Map indicate higher index values and therefore closer proximity to job opportunities. Neighborhoods along Route 31 and Highway 46 on the east side of the City are closer to jobs compared to the rest of the City due to the cluster of major employment centers in these areas, such as commercial areas and major shopping centers at the intersection of Route 31

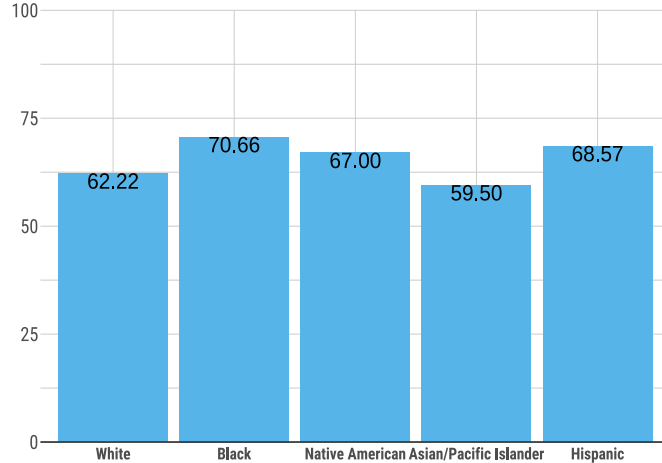
and Highway 46 and the intersection of Route 31 and East Sherman Boulevard, as well as the Trinity Health Muskegon Hospital (Map 3-11).

It should be noted that the areas in the center and the east side of the City (the neighborhood of Nelson, the southern portion of Jackson Hill, the western portion of Angell, Sheldon Park, and Oakview) have higher Job Proximity Index scores, but lower School Proficiency Index values and lower Low Poverty Index scores. These areas overlap with neighborhoods with a higher concentration of the non-White population, and lower median household incomes. It likely means that residents in these neighborhoods, especially non-White, Black, and Hispanic residents only have access to lower-paying jobs such as in retail, which is linked to a relatively lower level of educational attainment and higher poverty level in these neighborhoods.

Figure 3-8

Job Proximity Index by Race/Ethnicity

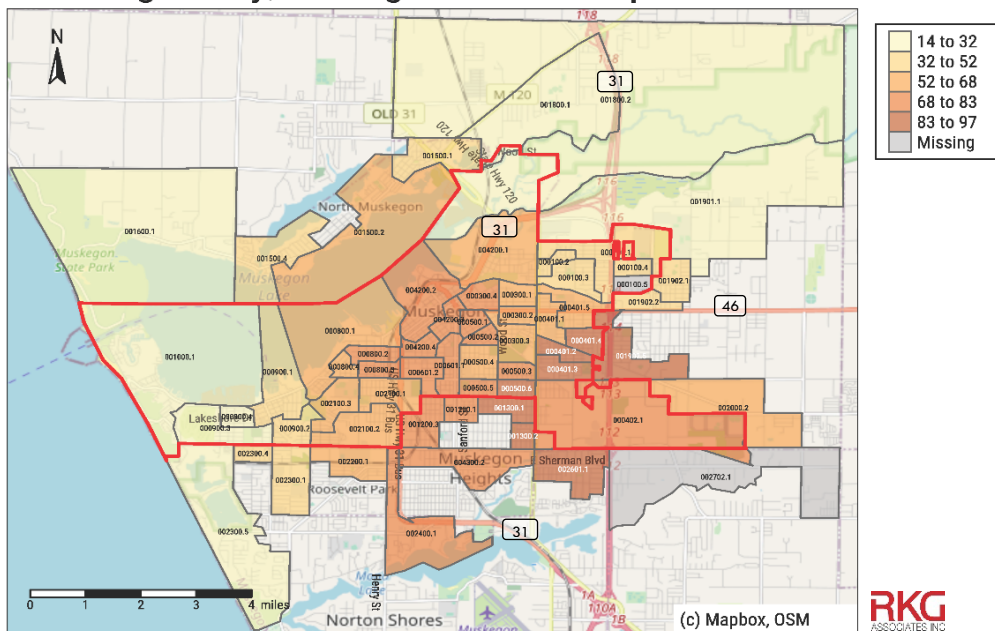
Muskegon City, Michigan (Longitudinal Employer-Household Dynamics (LEHD) 2017)



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Map 3-11

**Jobs Proximity Index (Longitudinal Employer-Household Dynamics 2017)
Muskegon City, Michigan Block Groups**



J. LABOR MARKET ENGAGEMENT INDEX

In addition to the proximity to job centers, HUD also measures a neighborhood’s job access with the Labor Market Engagement Index, which, according to HUD’s description, “provides a summary description of the relative intensity of labor market engagement and human capital in a neighborhood.” The Index is based on the unemployment rate, labor force participation rate, and educational attainment data. This is because distance alone does not solely determine a community’s access to employment opportunities, such as the types of jobs available, and whether the education and skills these jobs require match the education attainment levels of the residents in a neighborhood. The index values range from 0 to 100, with higher scores representing higher labor force participation and human capital in the community.

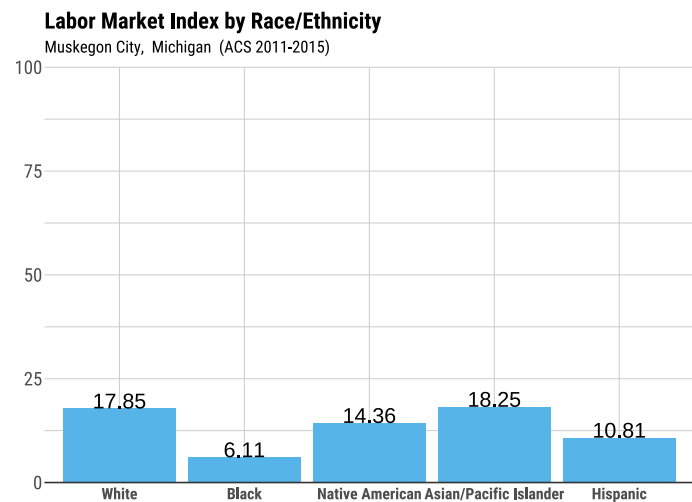
Similar to the Low Poverty Index, there is a disparity among racial/ethnic groups in labor market engagement and human capital in Muskegon, though the index scores among different racial/ethnic groups are generally in the lower range. The City’s Asian/Pacific Islander population has the highest Labor Market Engagement Index score at 18.25. This finding suggests that this racial group has the closest match between the local jobs and the people’s qualifications, though at a relatively low level compared to other communities in the nation.

The Black population which has the lowest score of 6.11 and the Hispanic population which has the second-lowest score of 10.81 have lower levels of engagement in the labor market and human capital compared to other groups (Figure 3-9). This mirrors these groups’ lower level of access to education quality and household incomes as discussed earlier.

Labor Market Engagement Index values by census tract vary throughout the City, with darker colors indicating higher levels of labor market engagement and human capital, and therefore, lower unemployment levels and higher education attainment levels in a neighborhood. The data indicate that

the greatest employment access is achieved on the west side of the City (Beachwood-Bluffton, Lakeside, Glenside, Nims, and Campbell Field), generally matching the neighborhoods that experienced the fastest median household income gains between 2010 and 2021, and the highest median household incomes. In comparison, the lowest access is seen in the center and on the southeast side of the City, where higher poverty levels and more non-White population tend to concentrate in Muskegon (Map 3-12).

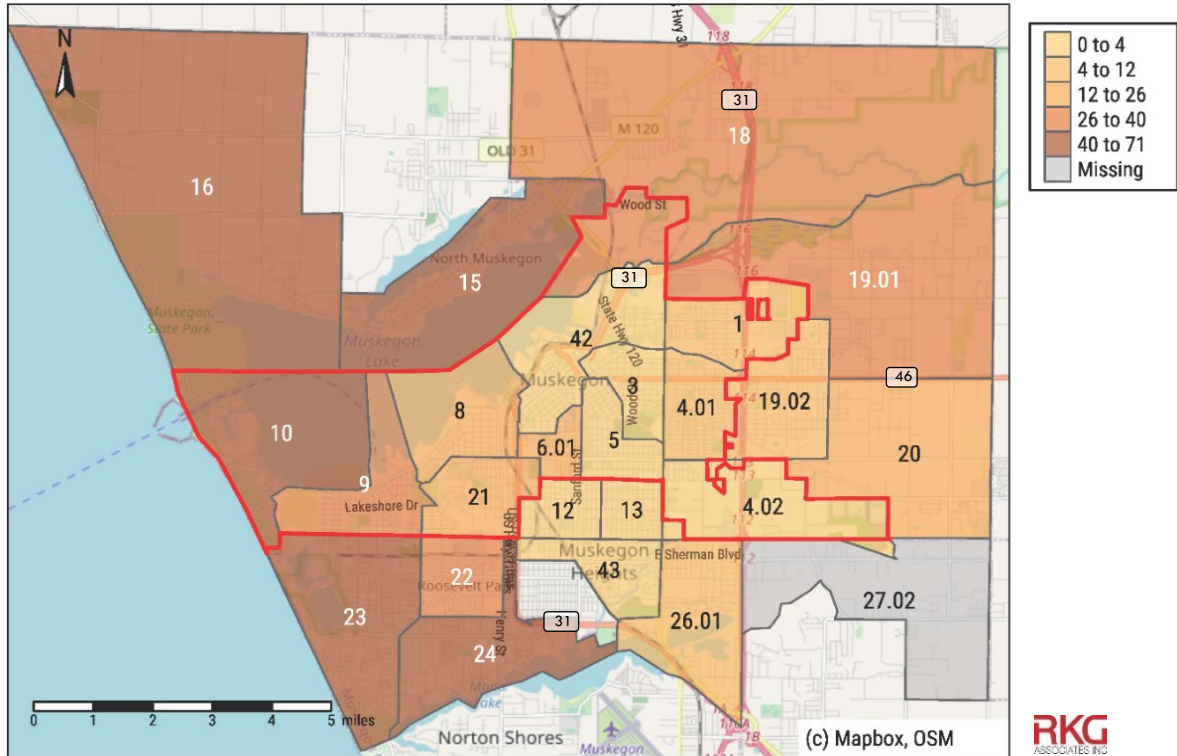
Figure 3-9



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Map 3-12

Labor Market Engagement Index (ACS 2011-2015) Muskegon City, Michigan Census Tracts



K. TRANSIT TRIP INDEX

A community's access to opportunities is also influenced by the levels of mobility and availability of low-cost transportation options. This can be measured by HUD's Transit Index and Low Transportation Cost Index. Both indices are based on the data of 3-person, single-parent families with income at 50 percent of the median income for renters in the region, with values ranging from 0 to 100. The higher the Transit Trip Index value, the more likely residents in a neighborhood utilize public transit. The Transit Trip Index controls for income such that a higher index score will often reflect better public transit access.

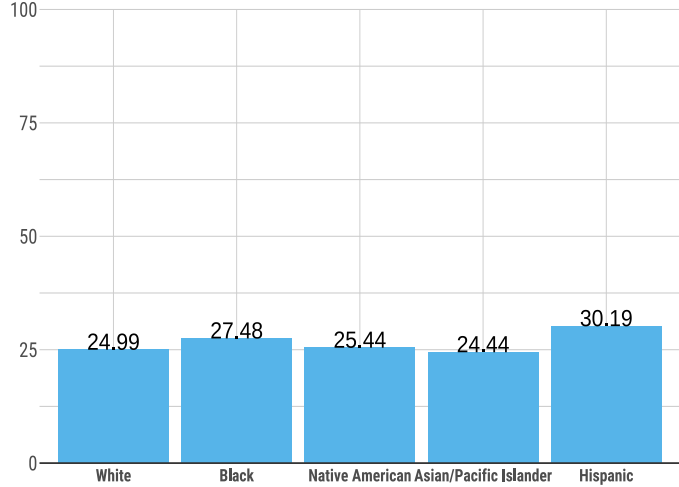
The Transit Trip Index scores of Muskegon's racial/ethnic groups fall closely into a low range, indicating that transit use is not prevalent in the City. The Hispanic population is most likely to use public transit, with the highest score of 30.19, closely followed by the Black and Native American populations, with scores of 27.48 and 25.44, respectively (Figure 3-10). The Asian/Pacific Islander population has the lowest score of 24.44 and is least likely to use public transit compared to other racial/ethnic groups in Muskegon.

Though the City of Muskegon is served by bus services, most of the neighborhoods in the City have low Transit Trip Index scores of 35 or below, indicating that much of the population is not very likely to use public transit. However, some neighborhoods around the urban core and the east side of the City such as Census Tracts 3, 5, and 4.01 (Angell, McLaughlin, the eastern half of Marsh Field, Steele, Sheldon Park, and Oakview) have higher scores between 35 and 46. It indicates that residents living in these neighborhoods are more likely to use public transit compared to the rest of the City (Map 3-13). It is not surprising that demand for public transit is higher where residents have lower household incomes and cannot afford private vehicles.

Figure 3-10

Transit Trip Index by Race/Ethnicity

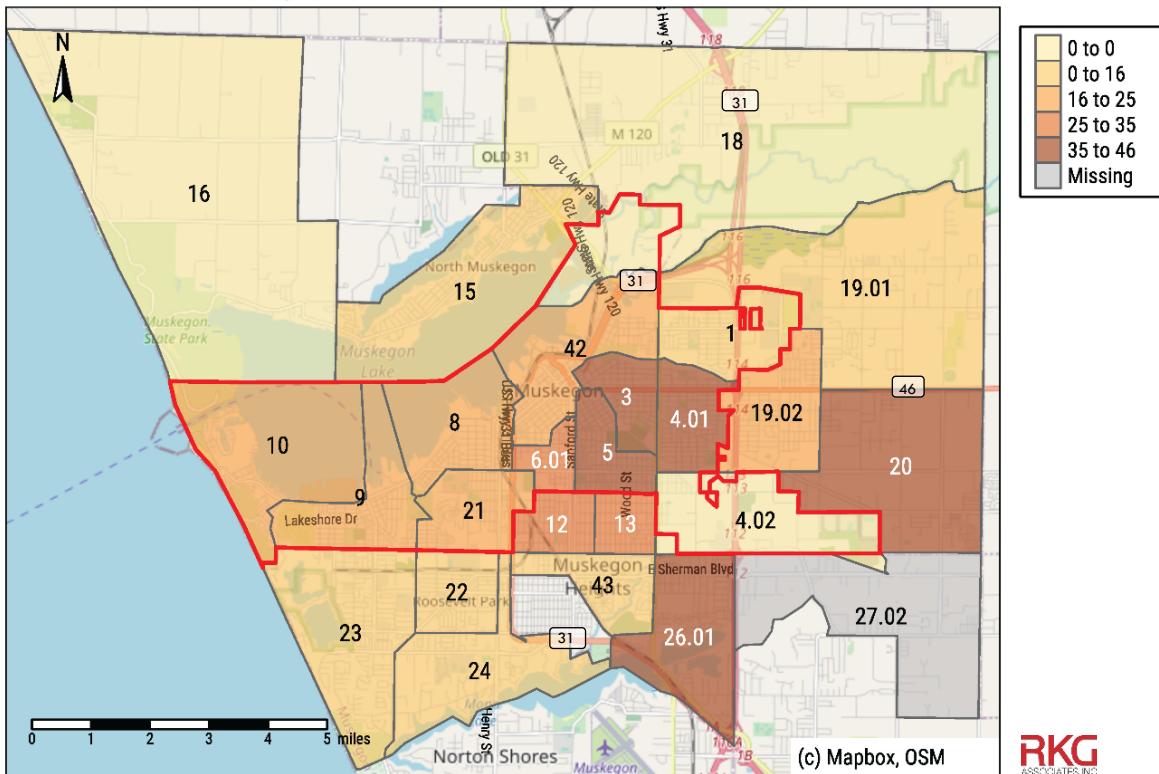
Muskegon City, Michigan (Location Affordability Index (LAI) Data 2012-2016)



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Map 3-13

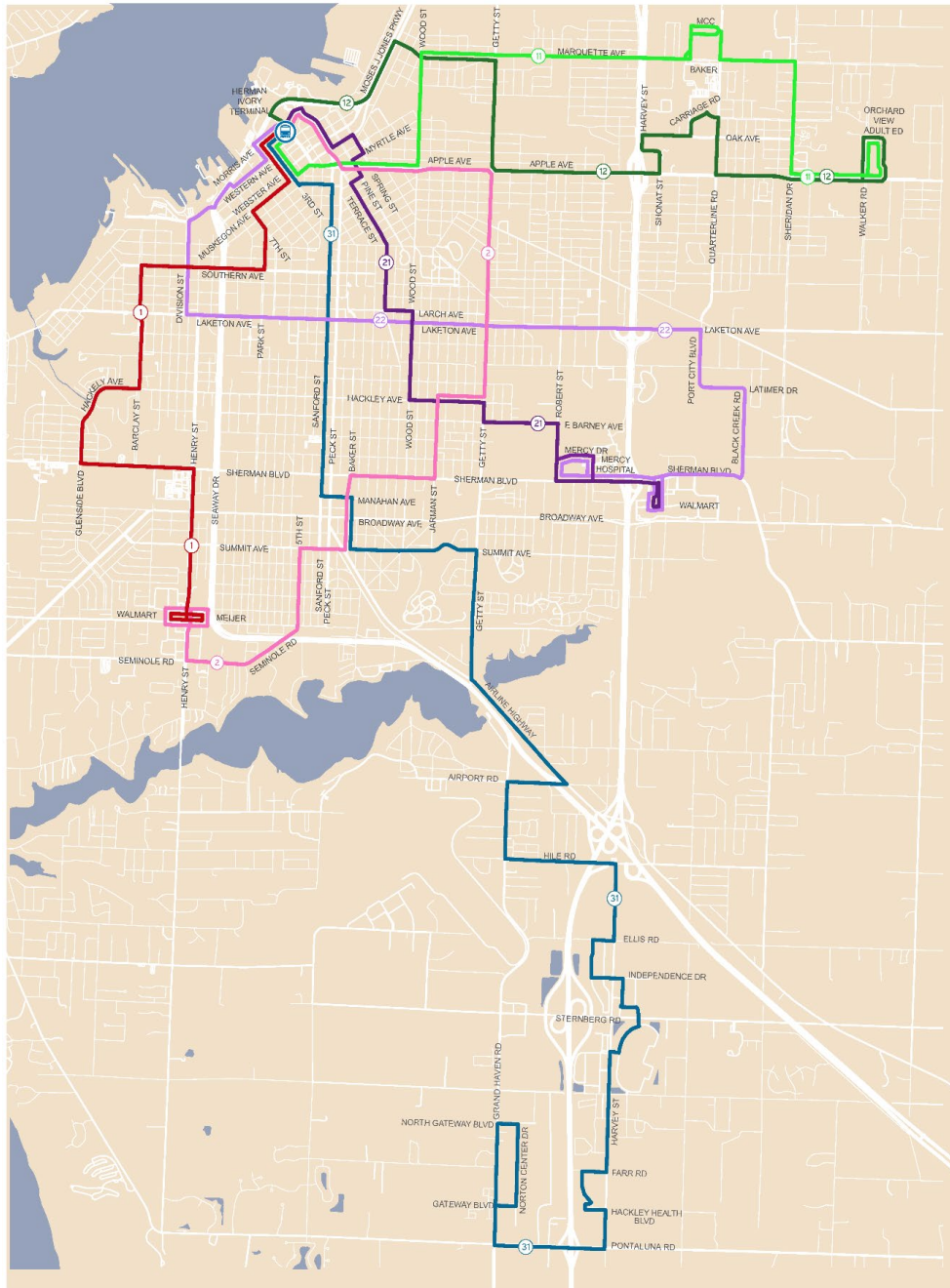
**Transit Trip Index (Location Affordability Index Data 2012-2016)
Muskegon City, Michigan Census Tracts**



Currently, the Muskegon Area Transit System (MATS) operates seven local fixed routes operating from 7:00 AM to 5:50 PM on weekdays, covering an area east of Hackley Avenue, west of Walker Road, south of Marquette Avenue, and north of Pontaluna Road.

Muskegon Area Transit System also provides a service called Go2, which is the Muskegon metro area's on-demand affordable transportation service. Users can book a ride via an app on their cellphones and get picked up. The fare for standard on-demand rides is \$4 per ride, \$2 for each additional passenger, and \$2 for senior and disabled passengers. The fare for pre-booked or scheduled rides is \$8 per ride and \$4 for each additional passenger. Wheelchair-accessible vehicles are available. The service time is from Monday to Friday 5 AM to midnight and on Saturdays from 8 AM to 5 PM. The service area covers the City of Muskegon, Roosevelt Park, Norton Shores, and Muskegon Heights.

Map 3-14: Muskegon Area Transit System

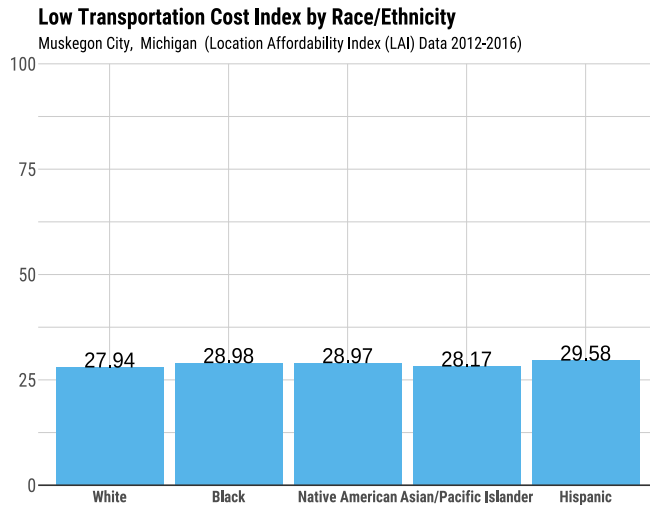


L. LOW TRANSPORTATION COST INDEX

Another HUD indicator that evaluates the transportation opportunity access of a community is the Low Transportation Cost Index. It measures the cost of transport by neighborhood. The index values also range from 0 to 100, and the higher the index score, the lower the cost of transportation in that community. Transportation costs may be low for several reasons, including greater access to public transportation and the density of homes, services, and jobs in the neighborhood and surrounding community.

The transportation costs for all racial/ethnic groups in the City are relatively high, as the Low Transportation Cost Index scores for different racial/ethnic groups cluster in the lower range. The Hispanic population in Muskegon has the lowest transportation cost compared to other racial/ethnic groups, with the highest score of 29.58, followed by the Black population with a score of 28.98. The White population has the highest transportation cost among all racial/ethnic groups, with the lowest score of 27.94. This echoes the Transit Trip Index results in that the Hispanic and Black populations have lower transportation costs due to their higher likelihood of using public transit, most likely due to the lack of financial means to own private vehicles. The White population has relatively the highest transportation costs due to their higher likelihood to use private vehicles instead of public transit. (Figure 3-11).

Figure 3-11



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

The Low Transportation Index scores exhibit a geographic difference across the City. Neighborhoods around the center of the City where public transit use is higher have the highest scores and the lowest transportation costs, while the remaining neighborhoods especially those on the west side of the City have the highest transportation costs as these areas are more suburban/rural, have higher income levels and more residents in these areas can afford private vehicles (Map 3-15).

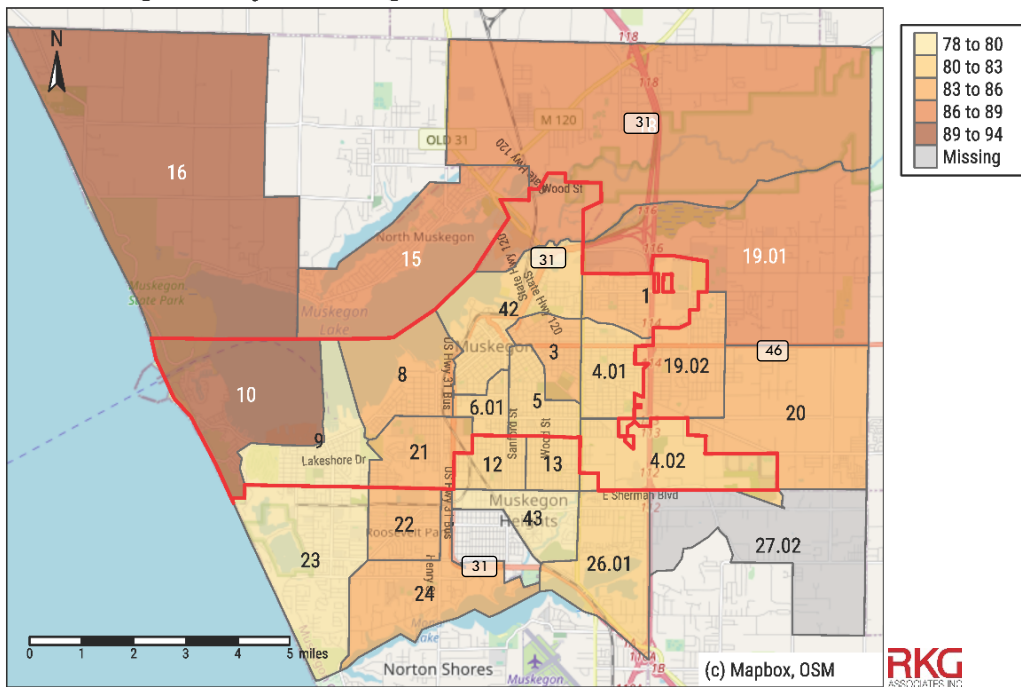
score of 82.88. This indicates that these two groups are more likely to reside in neighborhoods with lower air quality.

The environmental health across the City varies by geography, ranging from 78 (Census Tract 9, the Lakeside neighborhood) to 91 (Census Tract 10, the Beachwood-Bluffton neighborhood). The pattern of the geographic difference of the Environmental Health Index in Muskegon is like some of the previous indices discussed, as the urban core with a concentration of lower-income neighborhoods has lower environmental quality. In contrast, people living on the west side of the City by the waterfront generally have more access to most opportunities and higher environmental quality (Map 3-16). The biggest environmental factor in most communities is automobile emissions, which are highest in urban areas where major highways run through.

Note that environmental health is not only measured by the quality of the air, though the HUD's AFFH environmental health data is only based on air quality. Other environmental health issues in the City also include brownfields, groundwater contamination, noise pollution, etc. The City has achieved some environmental health improvements through efforts such as lake cleanup.

Map 3-16

Environmental Health Index (National Air Toxics Assessment Data 2014) Muskegon City, Michigan Census Tracts



N. HOUSING TENURE

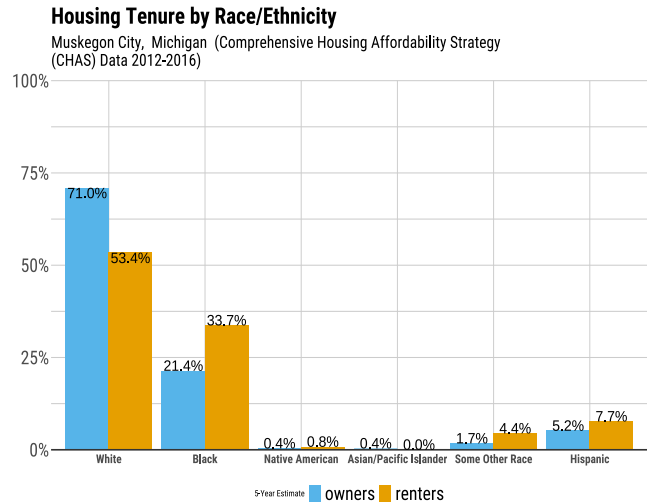
The HUD AFFH system utilizes CHAS 2012-2016 data to analyze the housing conditions and problems in neighborhoods. The consultants also complement the analysis with housing tenure data from the 2021 American Community Survey (ACS) 5-Year Estimates. One indicator to examine the existing housing stability in the City of Muskegon is the homeownership rate by racial/ethnic groups. As

purchasing a home is the biggest investment most people will make in their lifetime, when property values appreciate, homeowners can accumulate asset value and household wealth at the same time. Therefore, a higher homeownership rate is usually associated with more household wealth and stability. Historically, minority racial groups tend to have lower homeownership rates than white households in the U.S. (Figure 3-13).

This also generally holds true in the City of Muskegon, where the White population in the City accounts for 71.0% of all owners. In comparison, other minority groups have proportionally more renters.

There is also a geographic disparity of homeownership rates across different neighborhoods in Muskegon. In general, higher-income neighborhoods on the west side of the City have higher proportions of owner households, such as Census Tracts 10 and 9 (the Beachwood-Bluffton and Lakeside neighborhoods), where owner rates are both over 80%. However, neighborhoods around the urban core (e.g. Census Tracts 1, 3, and 42, the neighborhoods of Marquette, Angell, Jackson Hill, and the northern portion of Nelson) have lower ownership rates. Especially, Census Tract 1 (Marquette) has 30.8% of owner households, which is the lowest compared to other parts of the City. This is likely linked to the concentration of colleges in this census tract, where most college students are renters. Likewise, as several publicly subsidized housing projects cluster in Census Tract 42 (Jackson Hill and the northern portion of Nelson), a high percentage of the housing units in this census tract are rental in nature. Census Tract 3 (Angell) also has a concentration of the minority population, higher exposure to poverty, and less access to opportunities and resources in the City, all of which resonate with the lower ownership rate (Map 3-17).

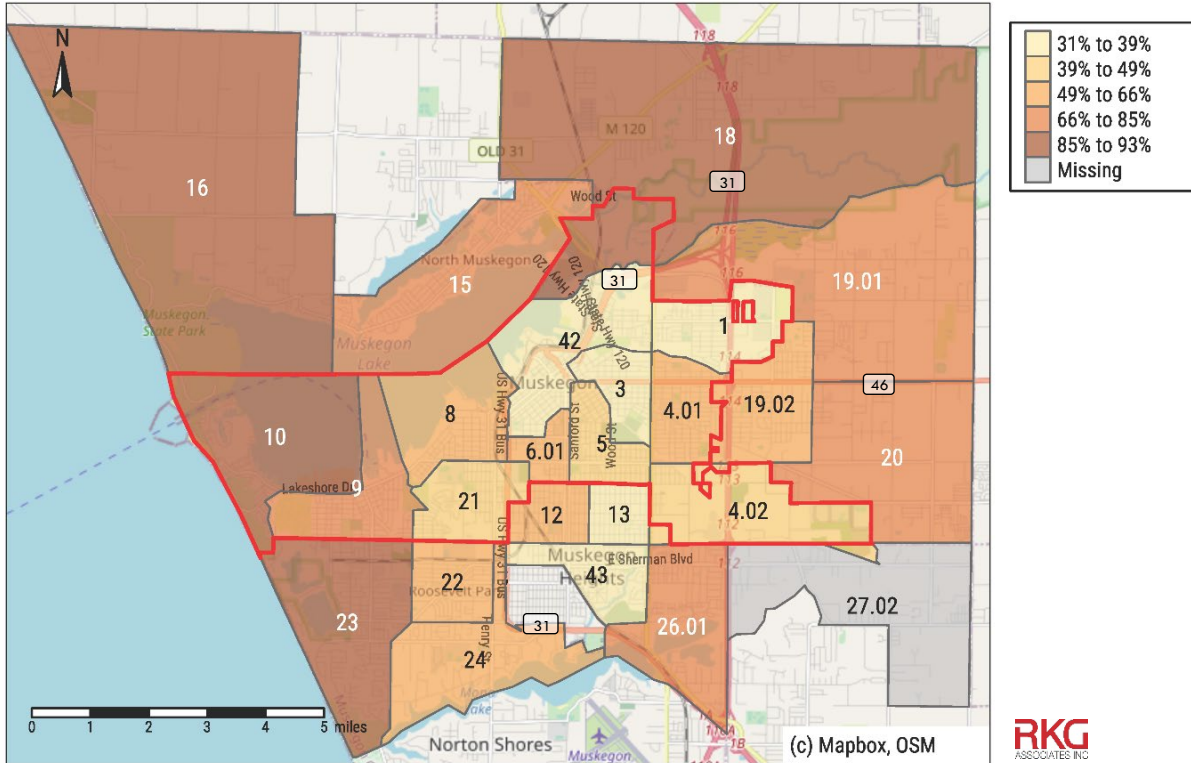
Figure 3-13



Source: HUD AFFH Data Version AFFHT0006 and RKG Associates, Inc., 2022

Map 3-17

Owner Household Percent (CHAS 2012-2016) Muskegon City, Michigan Census Tracts



O. LOCATION OF AFFORDABLE RENTAL HOUSING

The amount of affordable rental housing units within a city is an important indicator of the availability of fair housing choice options. According to the HUD AFFH data, among the 6,815 rental units in Muskegon, 48.13%, or 3,280 units are classified as affordable units (Table 3-9).

Neighborhoods in and around the City center, on the east side of the City, as well as Census Tract 10 (Beachwood-Bluffton), have over 50% of rental units that are affordable, which is the highest concentration compared to the rest of the City. Census Tract 4.02 (East Muskegon) has the highest share of affordable rental units at 90% (Map 3-18). In comparison, Census Tract 4.01 (Steele, Sheldon Park, and Oakview) has only 21.09% of its rental units classified as affordable, which is the lowest in the City.

Table 3-9

Affordable Rental Units (CHAS 2012 - 2016)

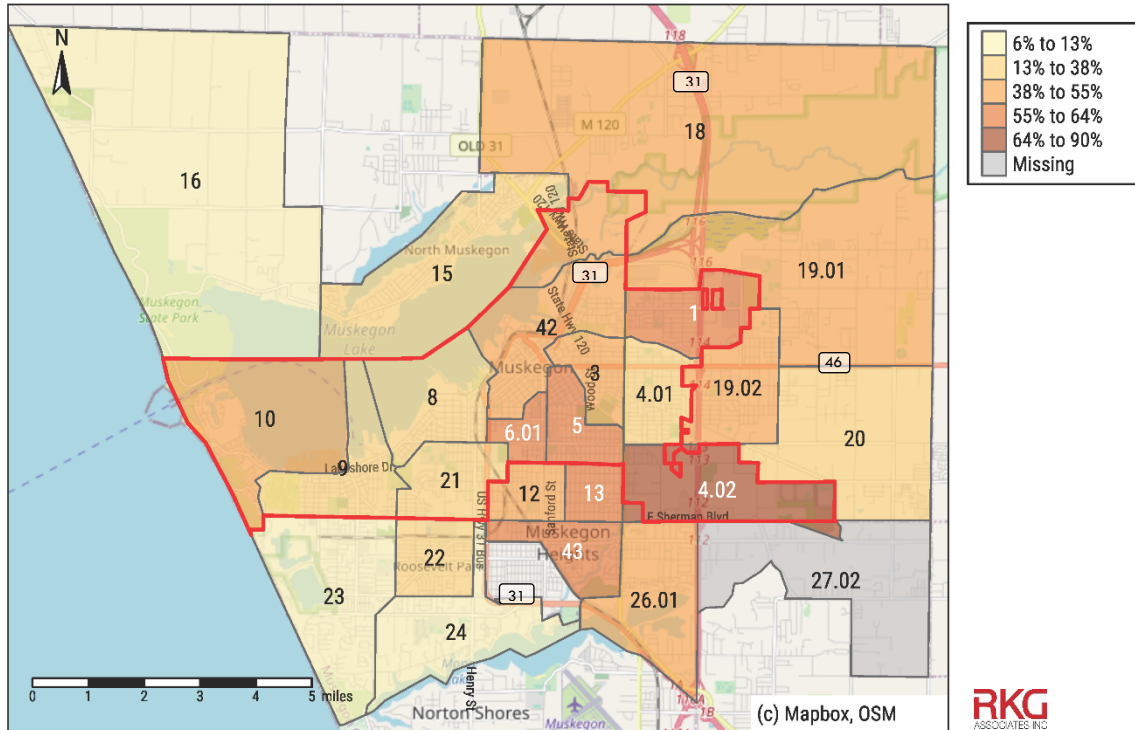
Muskegon City, Michigan

	Count	Percent
Total Renter Units	6,815	100.00%
Total Affordable Renter Units	3,280	48.13%

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

Map 3-18

Percentage of Rental Units That are Affordable (CHAS 2012-2016) Muskegon City, Michigan Census Tracts



P. PUBLICLY SUPPORTED HOUSING AND RACE/ETHNICITY

According to the Muskegon Housing Commission, Muskegon City currently has 124 active Housing Choice Voucher (Section 8, or HCV) program vouchers administered by the Muskegon Housing Commission as of August 2022 targeting low-income households. There are another 504 active Section 8 vouchers as of February 2023 targeting homeless and formerly homeless residents in Muskegon City according to Michigan State Housing Development Authority (MSHDA), including 152 Project Based Vouchers (PBV) in four PBV developments (Catawba Street, Larch Street, Pine Grove Manor, Terrace Street). These 504 vouchers are directly under MSHDA and are administered by Pine Grove Housing Service and Community enCompass. The City also has two public housing projects managed by the Muskegon Housing Commission totaling 166 units.

In addition, Muskegon has 11 existing Low Income Housing Tax Credit (LIHTC) projects with 826 subsidized units, one LIHTC project with 53 units under construction, and 60 units at Trinity Village I and II which are under the Neighborhood Preservation Program (NPP). Note that Housing Choice Voucher holders can choose to occupy units in LIHTC projects, NPP projects, or other housing developments accepting vouchers. Therefore, there are overlaps between Housing Choice Voucher units and LIHTC and NPP units. Combining public housing units and Housing Choice Voucher units, Muskegon City has 794 publicly subsidized housing units in total as of February 2023 (Table 3-10).

Table 3-10

**Publicly Assisted Housing Projects
City of Muskegon, Michigan**

	Population Served	Total Units	Subsidized Units
Section 8 Vouchers Under Muskegon Housing Commission			
	Low-Income	124	124
Section 8 Vouchers Under MSHDA			
	Homeless	504	504
Public Housing			
Hartford Terrace	Elderly/Disabled	160	160
Family Public Housing	Families of 2 or More	6	6
Low Income Housing Tax Credit Projects			
Art Works Muskegon	Family	26	26
Bayview Tower	Elderly	201	201
Berkshire Muskegon Senior Housing	Elderly	84	68
Cogic Village - Muskegon		36	36
Nelson Place	Elderly	101	101
Park Terrace	Family	151	71
Renaissance Place	Elderly	24	23
Royale Glen Townhomes	Family	79	79
Ten21 Apartments		73	73
Village At Jackson Hill	Elderly	40	40
Village At Park Terrace	Elderly	122	55
Samaritas (Under Construction)	Elderly	53	53
Neighborhood Preservation Program (NPP)			
Trinity Village I	Family	30	30
Trinity Village II	Family	30	30

Source: Muskegon Housing Commission, Michigan State Housing Development Authority, City of Muskegon, and RKG Associates, Inc., 2023

The consultants also obtained data relative to the total number and demographic statistics of public housing occupants and Section 8 voucher participants. Currently, heads of households at the City's public housing projects are generally older, with 94% of them aged 50 and above. Slightly over half (51%) of the heads of households are female with an average age of 59, among which 45% are elderly. 49% are male heads of households with a higher average age of 62, and among them, 51% are elderly. In addition, the majority of these heads of households are disabled/handicapped, accounting for 91%. 66% of the heads of households are minorities, all of whom are of African American descent, and one is of Hispanic ethnicity. Most of the heads of households are considered extremely low-income (78%) with 75% of them earning \$10,000 to \$15,000 annually. Also, slightly over half (52%) of the heads of households have been on the public housing program for less than 5 years, while 22% have been on the program for more than 10 years (Table 3-11).

Note that the demographic data of Housing Choice Voucher participants provided by Muskegon Housing Commission include all participants in Muskegon County combined, because the Housing Commission mentioned they cannot single out the data just for Muskegon City's 124 vouchers. Currently, 52% of the heads of households on Muskegon County's Housing Choice Voucher program are aged 50 and above, generally younger compared to the City's public housing participants (94% aged 50 and above). Most (78%) of the heads of households are female, among which only 19% are elderly. Only 22% are male heads of households and among them, 45% are elderly. In addition, 47% of these heads of households are disabled/handicapped. 82% of the heads of households are minorities, almost all of whom are of African American descent, and one is of Hispanic ethnicity. Most of the heads of households are considered extremely low-income (67%) with 62% of them earning

below \$15,000 annually. Also, more than half (54%) of the heads of households have been on the public housing program for more than 5 years, with 28% being on the program for more than 10 years. This suggests that compared to the City’s public housing program residents which consist of proportionally more disabled, older, and lower-income single-person households, Muskegon County’s Housing Choice Voucher participants are generally families headed by younger African American female householders staying on the program for longer (Table 3-12).

Among the City’s MSHDA Housing Choice Voucher holders, 60% of the heads of households aged 50 and above, and they are also younger compared to the City’s public housing participants (94% aged 50 and above). Most (78%) of the heads of households are female, among which only 37% are elderly. Only 22% are male heads of households and among them, 57% are elderly. In addition, 46% of these heads of households are disabled/handicapped. 58% of the heads of households are minorities, almost all of whom (278 out of 292) are of African American descent. 4% of all the heads of households are of Hispanic ethnicity, and 5% are veterans. This suggests that the City’s MSHDA HCV program participants’ demographic and household composition is similar to its HCV participants under the Muskegon Housing Commission (Table 3-13).

The locations of the publicly assisted housing projects and Section 8 voucher households were then mapped (Map 3-19, Map 3-20), and the results echo the previous map in that the City’s center which has a relatively higher percentage of rental units that are affordable also see a cluster of publicly assisted housing projects, especially Census Tracts 42 (Jackson Hill and the northern portion of Nelson) and 3 (Angell). Note that MSHDA could only provide the number of Section 8 units by zip code area due to data privacy issues. The Section 8 map also resonates with the previous findings in that the east side of the City which has higher exposure to poverty and a higher share of the minority population also has a larger presence of Section 8 units compared to the west side of the City.

Table 3-11

**Public Housing Participant Demographics, 2022
City of Muskegon, MI**

	Count	Percent	Avg. Age
Head of Household	152	100%	N/A
Families	167	100%	N/A
Average Family Size	1	N/A	N/A
Family Composition			
Elderly Heads of Household (age 62 or older)	73	48%	66
Non-Elderly Heads of Household (age 61 or less)	79	52%	55
Near-Elderly Heads of Household (ages 50 to 61)	70	46%	57
Other Heads of Household (age 49 or less)	9	6%	37
Female Heads of Household	77	51%	59
Elderly	35	45%	65
Non-Elderly	42	55%	53
Near-Elderly	36	47%	57
Other	6	8%	34
Male Heads of Household	75	49%	62
Elderly	38	51%	66
Non-Elderly	37	49%	57
Near-Elderly	34	45%	58
Other	3	4%	44
Disabled/Handicapped Heads of Household	138	91%	60
Male	72	52%	61
Female	66	48%	60
Non-Minority Heads of Household	52	34%	N/A
Minority Heads of Household	100	66%	N/A
Black	100	66%	N/A
Hispanic	1	1%	N/A
# of Family Members younger than 18 years	4	3%	12
# of Families with children	4	3%	N/A
Broad Range of Income			
\$0 - \$5,000	4	3%	N/A
\$5,000 - \$10,000	15	10%	N/A
\$10,000 - \$15,000	111	75%	N/A
\$15,000 - \$20,000	10	7%	N/A
\$20,000 - \$25,000	4	3%	N/A
More than \$25,000	4	3%	N/A
Income Levels			
Extremely Low	119	78%	N/A
Very Low	25	16%	N/A
Low	6	4%	N/A
Over Income	2	1%	N/A
Income and Rents			
Average Household Income	\$12,169	N/A	N/A
Average Tenant Rent (1-Bdrm)	\$270	N/A	N/A
Average Tenant Rent (2-Bdrm)	\$113	N/A	N/A
Average Tenant Rent (Combined)	\$265	N/A	N/A
Average TTP (rent + utilities per month)	\$279	N/A	N/A
Average Housing Assistance Payment	\$0	N/A	N/A
Length of Time On Program			
Less than 1 years	21	14%	N/A
Less than 2 years	13	9%	N/A
Less than 3 years	15	10%	N/A
Less than 4 years	12	8%	N/A
Less than 5 years	17	11%	N/A
Less than 6 years	12	8%	N/A
Less than 7 years	7	5%	N/A
Less than 8 years	8	5%	N/A
Less than 9 years	6	4%	N/A
Less than 10 years	7	5%	N/A
More than 10 years	34	22%	N/A

Source: Muskegon Housing Commission, 2022

Table 3-12

Housing Choice Voucher Participant Demographics, 2022				
Muskegon County, MI				
	HoH Count	Percent	Fam Count	Percent
Muskegon	124	71%	268	70%
Muskegon Heights	38	22%	91	24%
North Muskegon	1	1%	1	0%
Norton Shores	3	2%	9	2%
Roosevelt Park	1	1%	1	0%
Twin Lake	1	1%	2	1%
Whitehall	2	1%	2	1%
No Info	4	2%	8	2%
Total All Locations	174	100%	382	100%
Family Composition				
	Count	Percent	Avg. Age	
Average Family Size	2	N/A	N/A	
Elderly Heads of Household (age 62 or older)	43	25%	68	
Non-Elderly Heads of Household (age 61 or less)	131	75%	44	
Near-Elderly Heads of Household (ages 50 to 61)	47	27%	55	
Other Heads of Household (age 49 or less)	84	48%	37	
Female Heads of Household	136	78%	47	
Elderly	26	19%	68	
Non-Elderly	110	81%	43	
Near-Elderly	33	24%	55	
Other	77	57%	37	
Male Heads of Household	38	22%	58	
Elderly	17	45%	68	
Non-Elderly	21	55%	49	
Near-Elderly	14	37%	56	
Other	7	18%	36	
Disabled/Handicapped Heads of Household	82	47%	56	
Male	25	30%	61	
Female	57	70%	56	
Non-Minority Heads of Household	31	18%	N/A	
Minority Heads of Household	143	82%	N/A	
Black	142	82%	N/A	
Hispanic	1	1%	N/A	
# of Family Members younger than 18 years	151	87%	9	
# of Families with children	76	44%	N/A	
Broad Range of Income				
\$0 - \$5,000	7	4%	N/A	
\$5,000 - \$10,000	34	21%	N/A	
\$10,000 - \$15,000	59	37%	N/A	
\$15,000 - \$20,000	23	14%	N/A	
\$20,000 - \$25,000	13	8%	N/A	
More than \$25,000	23	14%	N/A	
Income Levels				
Extremely Low	116	67%	N/A	
Very Low	31	18%	N/A	
Low	23	13%	N/A	
Over Income	4	2%	N/A	
Income and Rents				
Average Household Income	\$13,709	N/A	N/A	
Average Tenant Rent (0-Bdrm)	\$323	N/A	N/A	
Average Tenant Rent (1-Bdrm)	\$241	N/A	N/A	
Average Tenant Rent (2-Bdrm)	\$237	N/A	N/A	
Average Tenant Rent (3-Bdrm)	\$170	N/A	N/A	
Average Tenant Rent (4-Bdrm)	\$195	N/A	N/A	
Average Tenant Rent (Combined)	\$209	N/A	N/A	
Average TTP (rent + utilities per month)	\$293	N/A	N/A	
Average Housing Assistance Payment	\$485	N/A	N/A	
Length of Time On Program				
Less than 1 years	28	16%	N/A	
Less than 2 years	17	10%	N/A	
Less than 3 years	17	10%	N/A	
Less than 4 years	6	4%	N/A	
Less than 5 years	12	7%	N/A	
Less than 6 years	19	11%	N/A	
Less than 7 years	15	9%	N/A	
Less than 8 years	5	3%	N/A	
Less than 9 years	1	1%	N/A	
Less than 10 years	3	2%	N/A	
More than 10 years	47	28%	N/A	

Source: Muskegon Housing Commission, 2022

Table 3-13

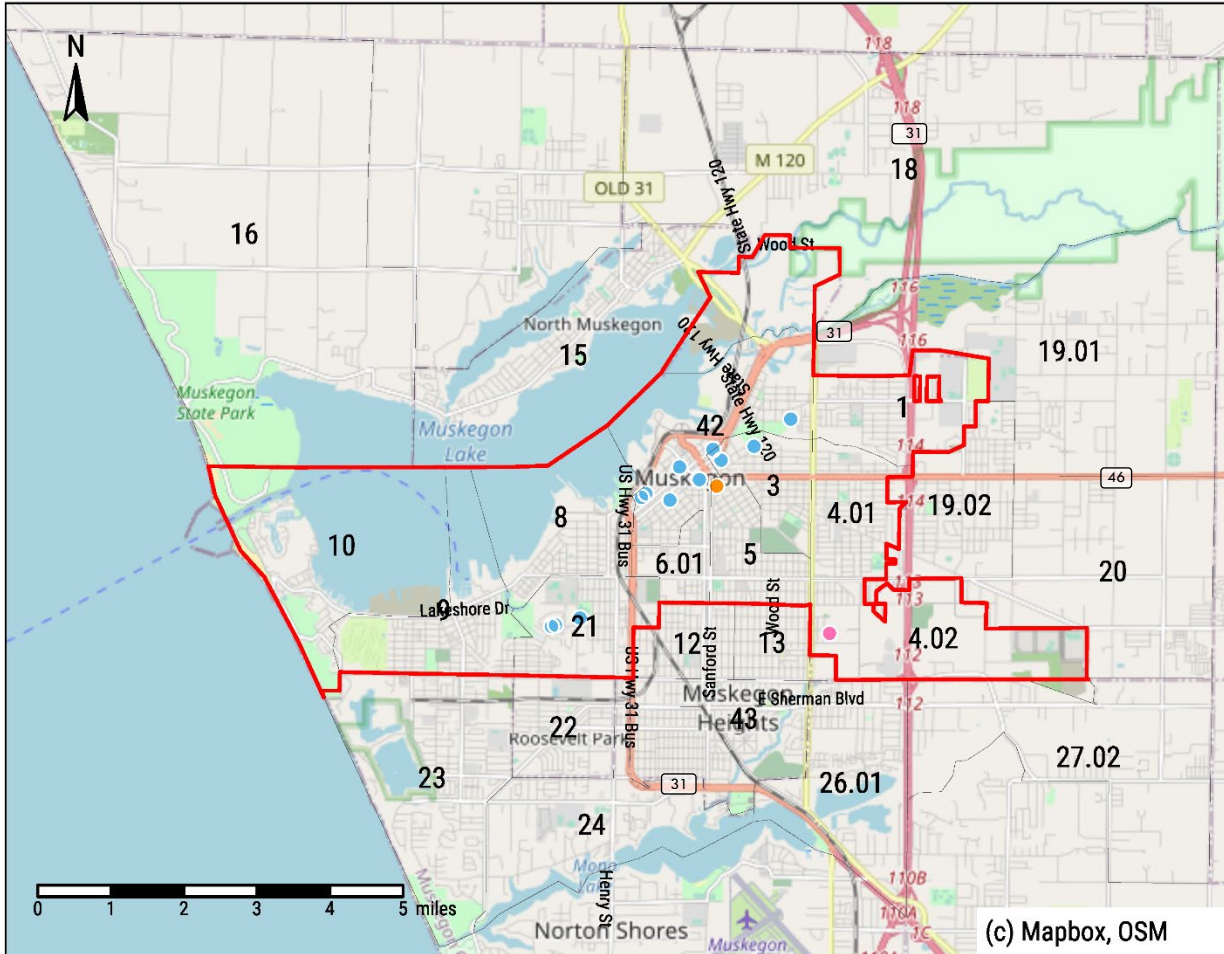
**MSHDA Housing Choice Voucher Participant Demographics, 2023
City of Muskegon, MI**

	Count	Percent
Head of Household	504	100%
Family Composition		
Elderly Heads of Household (age 62 or older)	208	41%
Non-Elderly Heads of Household (age 61 or less)	296	59%
Near-Elderly Heads of Household (ages 50 to 61)	93	18%
Other Heads of Household (age 49 or less)	203	40%
Female Heads of Household	395	78%
Elderly	146	37%
Non-Elderly	249	63%
Near-Elderly	70	18%
Other	179	45%
Male Heads of Household	109	22%
Elderly	62	57%
Non-Elderly	47	43%
Near-Elderly	23	21%
Other	24	22%
Disabled/Handicapped Heads of Household	230	46%
Male	61	27%
Female	169	73%
Non-Minority Heads of Household	212	42%
Minority Heads of Household	292	58%
Black/African American	278	55%
American Indian/Alaska Native	11	2%
Asian	1	0%
Native Hawaiian/Other Pacific Islander	2	0%
Hispanic	20	4%
Veteran Heads of Household	25	5%

Source: Michigan State Housing Development Authority, 2023

Map 3-19

Publicly Subsidized Housing Muskegon City, Michigan

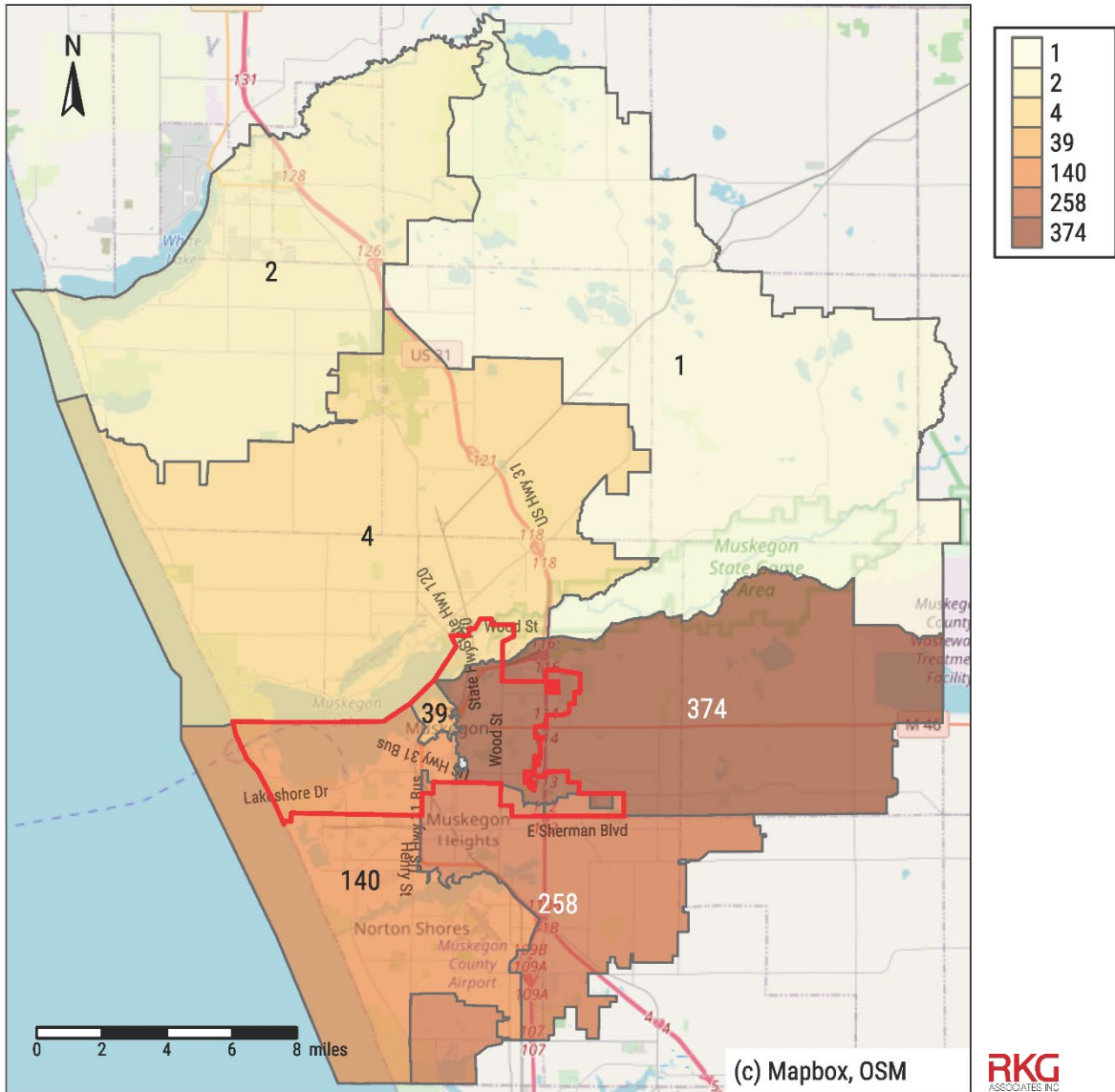


- Public Housing
- LIHTC
- NPP

(c) Mapbox, OSM

Map 3-20

Number of HCV Units by Zip Code Area Muskegon City, Michigan Census Tracts



Q. HOUSING PROBLEMS

According to HUD, A household is identified as having a housing problem if they have any one or more of these four problems:

- Lack of complete kitchen facilities;
- Lack of complete plumbing facilities;
- Household is overcrowded which means there are more than 1.5 persons per room, excluding bathrooms, porches, foyers, halls, or half-rooms; and,
- Household is cost-burdened (paying more than 30 percent of their income for housing).

Analyzing housing problems highlights areas where deferred maintenance has resulted in condition problems and eroded the housing stock. The HUD AFFH data indicates that 5,820 households have one or more housing problems, accounting for 42.27% of the total households in Muskegon. Proportionally, more Black/African American (55.28%) and Native American (38.16%) households are experiencing greater housing problems compared to the other racial/ethnic groups in the City (Table 3-14).

The concentration of households with one or more housing problems also varies geographically. Areas with the highest percentages of households experiencing one or more housing problems cluster

around publicly supported housing in Muskegon, especially Census Tracts 42 (Jackson Hill and the northern portion of Nelson) and 3 (Angell), with these neighborhoods seeing 50.67% and even 61.75% of their housing units having housing problems. These neighborhoods also have higher exposure to poverty, lower school proficiency, lower homeownership rate, lower labor market engagement, and a concentration of the minority population, as displayed in previous maps. This finding suggests a need for housing rehabilitation activities in these neighborhoods (Map 3-21).

Table 3-14

Households with One or More Housing Problems

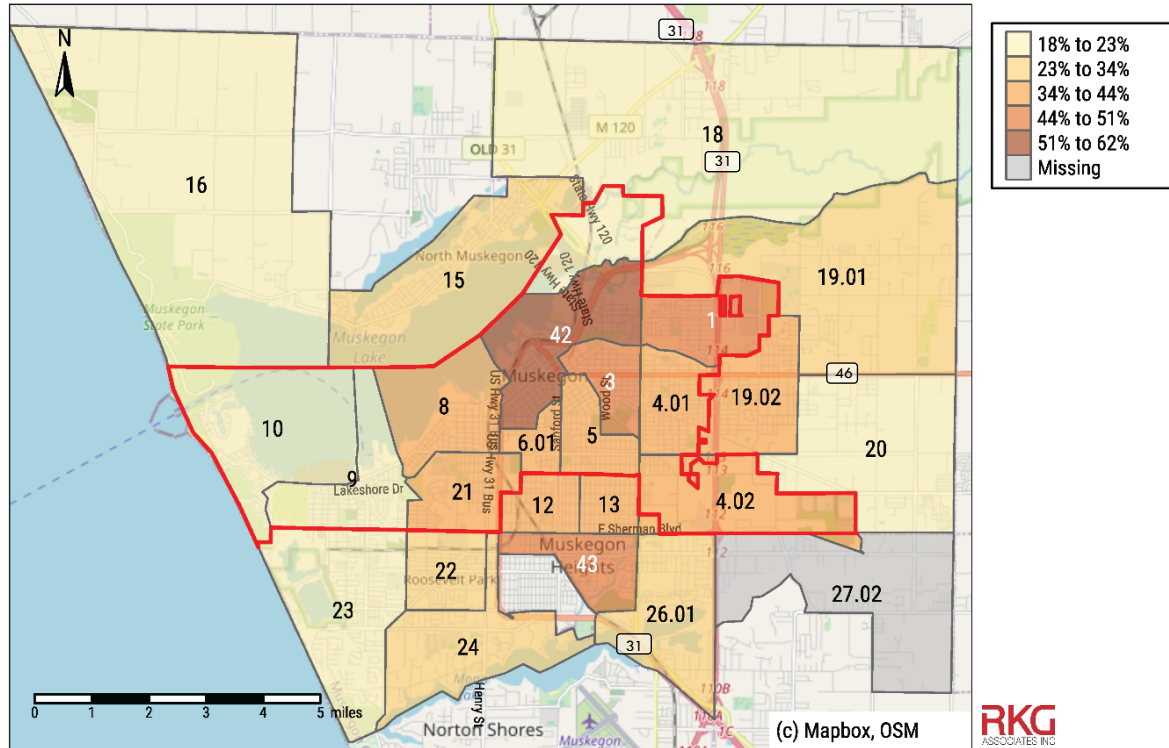
Muskegon City, Michigan (CHAS 2012-2016)

	Households with One or More Housing Problems	
	Count	Percent
Total	5,820	42.27%
White	3,260	38.02%
Black	2,089	55.28%
Native American	29	38.16%
Asian/Pacific Islander	4	21.05%
Other Race	154	35.98%
Hispanic	280	31.82%

Source: HUD AFFH Data Version AFFHT0006, RKG Associates Inc., 2022

Map 3-21

Percent of Households with One or More Housing Problems (CHAS 2012-2016) Muskegon City, Michigan Census Tracts



R. COMPOSITE INDEX SCORE

To measure and evaluate the combined performance of all racial and ethnic groups in each census tract by combining all the previously presented demographic, housing, and fair housing indexes, RKG converted the value of all seven indicators into index scores that align with the HUD AFFH indexes (e.g., the Low Poverty Index) in scale and range. The seven indicators that were converted by RKG include:

Converted Indicators

- 2021 median household income,
- 2010-2021 average annual percent change of median household income,
- percentage of the minority population,
- percentage of people with disabilities,
- percentage of owner-occupied housing units,
- percentage of rental units that are affordable, and
- percentage of housing units with one or more housing problems.

HUD AFFH Indexes

- Low Poverty Index,
- School Proficiency Index,
- Job Proximity Index,
- Labor Market Engagement Index,
- Transit Trip Index,
- Low Transportation Cost Index, and
- Environmental Health Index

The consultant identified the highest average index values for all census tracts for each indicator and assigned it the highest index score. Then all other census tract values were converted to index scores as a percentage of the highest index value. In two instances (percentage of people with disabilities and percentage of housing units with one or more housing problems), the consultant assigned the highest index score to the lowest indicator value to reflect the actual meaning of the indicator. For example, the census tract with the lowest percentage of its population having a disability is considered to face fewer fair housing challenges compared to other census tracts, and this is reflected in the highest index score. As such, the higher the census tract’s index score, the better its conditions were relative to the performance indicators.

The census tracts in and around the City were then ranked based on their total scores (Table 3-15), and the results (the lowest total score was ranked as 1, and the highest was ranked as 24) were then mapped in ArcGIS. The darker shading reflects a higher ranking and better fair housing opportunities, while lighter shades indicate that the census tracts face more fair housing challenges (Map 3-22). Readers should note that this is not an absolute measurement of the fair housing opportunities across the City’s neighborhoods as the index score conversion is only an approximation aiming to bring all indicators into a comparable scale based on currently available data. Rather, this analysis provides readers with insights into the geographic concentration of fair housing issues across Muskegon, and opportunities to start to identify neighborhoods that need additional resources to increase their fair housing availability.

The analysis indicates that the best conditions exist on the west side of the City, which is the Beachwood-Bluffton neighborhood. The most challenged census tract within Muskegon City is 42 (includes Jackson Hill and the northern portion of Nelson), which has a cluster of publicly subsidized housing projects, followed by 4.02 (East Muskegon),

Table 3-15

Index Scores for Demographic and Housing Issues

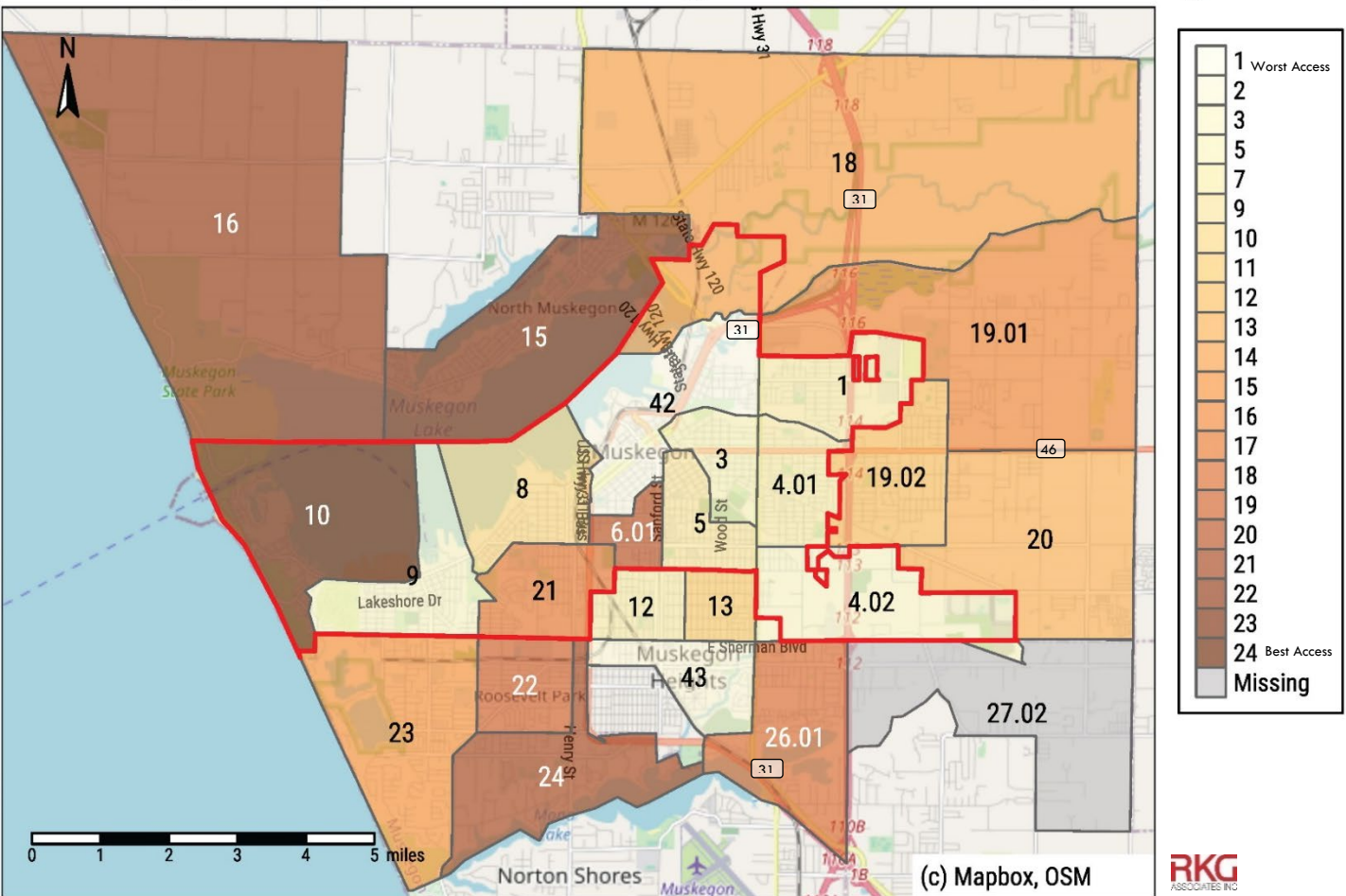
Muskegon City and Surrounding Census Tracts, Michigan

Census Tract	Total Index Score	Ranking
42.00	113	1
43.00	138	2
4.02	143	3
9.00	143	3
3.00	148	5
1.00	148	7
4.01	148	7
12.00	148	7
5.00	156	9
8.00	158	10
13.00	160	11
19.02	164	12
20.00	170	13
18.00	172	14
23.00	176	15
19.01	179	16
21.00	182	17
26.01	188	18
22.00	192	19
6.01	194	20
24.00	206	21
16.00	206	22
15.00	212	23
10.00	218	24

Source: RKG Associates Inc., 2022

which is on the southeast edge of the City. Other challenged census tracts include those in the urban core (the Marquette, Steele, Sheldon Park, Oakview, Angell, McLaughlin, and Marsh Field neighborhoods) where publicly assisted housing units and Section 8 voucher households cluster with concentrations of the non-White population, as well as the Lakeside neighborhood (Census Tract 9) on the west side.

Map 3-22 Composite Index Score Ranking for Demographic & Housing Issues Muskegon City and Surrounding Census Tracts, Michigan



4 RECORD OF HOUSING DISCRIMINATION

A. INTRODUCTION

This section examined the records of housing discrimination complaints that originated in the City of Muskegon to analyze the types of existing fair housing issues. The Federal Fair Housing Act (FHA) of 1968, as amended in 1974 and 1988, prohibits housing discrimination based on race, color, religion, national origin, sex, disability, and familial status. Alleged violations of the FHA may be filed with:

- Fair Housing Center of West Michigan (FHCWM)
- United States Department of Housing and Urban Development (HUD) Regional Office of Fair Housing and Equal Opportunity (FHEO),
- Michigan State Department of Civil Rights (DCR), and
- Office of the State Attorney General

B. FAIR HOUSING CENTER OF WEST MICHIGAN (FHCWM)

The Fair Housing Center of West Michigan (FHCWM) is a private, non-profit fair housing organization committed to providing comprehensive fair housing services, including education, outreach, research, advocacy, and enforcement. It is also the only fair housing organization in the region. The organization currently serves 12 counties in western Michigan, including Allegan, Grand Traverse, Ionia, Isabella, Kent, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, and Ottawa. FHCWM's services include:

- Building awareness of and support for fair housing in the general community.
- Training landlords, realtors, and others on fair housing practices.
- Connecting with community agencies so they apply fair housing to their work.
- Tracking allegations of housing discrimination.
- Surveying property marketing and other housing practices.
- Testing the housing market with volunteer consumers for potential discrimination.
- Assisting individuals as they report housing discrimination.
- Mediating alleged discrimination on behalf of individuals.
- Resolving alleged discrimination so individuals regain housing choice.

The Fair Housing Center of West Michigan evolved from the Fair Housing Center of Greater Grand Rapids which was incorporated in 1980 and merged with the Lakeshore Fair Housing Center in Holland, MI in 2006. FHCWM conducts fair housing counseling, compliance, and audit testing, fair housing complaint intake and investigation, outreach training, and mediation services.

According to FHCWM, they generally serve over 6,000 individuals through their education and outreach efforts, investigate over 100 cases of housing discrimination, and assist over 100 individuals in the resolution of fair housing complaints.

Representatives from FHCWM noted that there has been a higher percentage of fair housing complaints they received that are later filed with HUD recently, with one-third of intakes being

ultimately filed either with HUD, the State of Michigan Department of Civil Rights, or the United States Department of Justice (DOJ). This means that there have been more cases moving towards formal filing in recent years. Some reasons include that multi-jurisdictional cases and past experiences with the defendants will usually require formal filing with HUD. As FHCWM has been doing more systematic work cooperating with other jurisdictions or fair housing centers, the more complex or multi-jurisdictional/system complaints FHCWM received require formal filing. In addition, clients have the option to escalate their cases and file with HUD or directly file a lawsuit. Another reason is that as HUD’s guidance for disability reasonable modification is not comprehensive enough or people simply

Table 4-1
Fair Housing Center of West Michigan
Fair Housing Complaints, Jan. 2017-Oct. 2022
Cities of Muskegon, Muskegon Heights and Norton Shores, MI

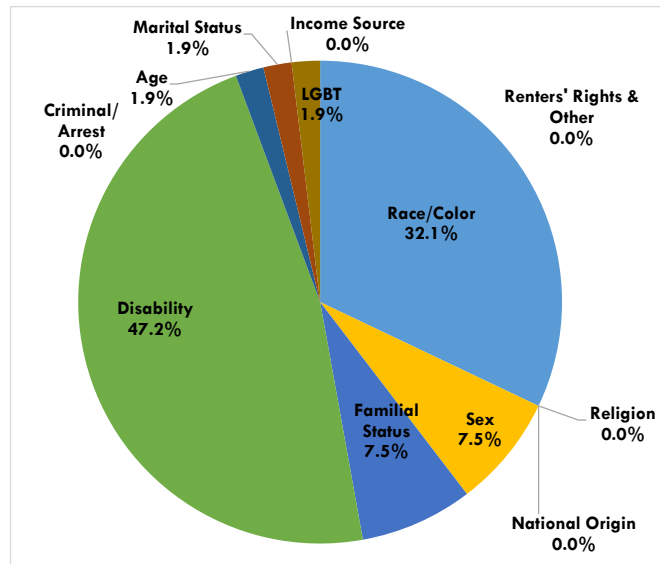
Category	2017	2018	2019	2020	2021	2022 (As of Oct.)	Total	Total Percent
Race or Color	2	2	5	3	2	3	17	32.1%
National Origin							0	0.0%
Religion							0	0.0%
Sex (Harassment/Gender)		1		3			4	7.5%
Familial Status		1		1	1	1	4	7.5%
Disability	1	2	5	2	7	8	25	47.2%
Age and/or Other Issue						1	1	1.9%
Marital Status					1		1	1.9%
Income Source (Section 8, etc.)							0	0.0%
LGBT Issue						1	1	1.9%
Criminal/Arrest Issue							0	0.0%
Renters' Rights & Other							0	0.0%
Total	3	6	10	9	11	14	53	100.0%

Source: Fair Housing Center of West Michigan, 2022

do not want to comply, a lot of the cases being formally filed are about disability reasonable modification.

The consultants obtained fair housing discrimination complaint intake data by category/complaint reason between 2017 and October 2022 from FHCWM. Note that a complaint can be filed for multiple reasons. There are 50 complaint intakes for Muskegon, Muskegon Heights, and Norton Shores Cities combined received by FHCWM between January 2017, and October 2022. Among the 50 total complaints, three complaints fall under two categories at the same time and therefore were counted twice (e.g., Age and Disability), resulting in 53 items by category. The most common issue was “Disability” issues, accounting for 47.2%. Intakes of “Race or Color” issues were the second most common, constituting 32.1%, followed by both “Sex” and “Familial Status,” at 7.5%, respectively. (Table 4-1/ Figure 4-1).

Figure 4-1: FHCWM Fair Housing Complaints, 2017-Oct. 2022



Source: Fair Housing Center of West Michigan, 2022

Complaints regarding disabilities deal with a different set of issues. For people that have a physical or mental disability (including hearing, mobility, and visual impairments, chronic alcoholism, chronic mental

illness, AIDS, AIDS Related Complex and mental disabilities) that substantially limits one or more major life activities, landlords may not refuse to let a tenant make reasonable modifications to the dwelling or common use areas, at the tenant's expense so the disabled person can use the housing. Where reasonable, the landlord may permit changes only if the tenant agrees to restore the property to its original condition when their period of tenancy has ended. Landlords cannot refuse to make reasonable accommodations in rules, policies, practices, or services, if necessary, for the disabled person to use the housing.

It is illegal for housing providers – such as landlords, property managers, real estate agents, brokers, mortgage lenders, and insurance companies – to treat someone differently because of his or her actual race or perceived race, or because the person is multiracial or in a relationship with someone of a different race. A housing provider may also not discriminate against a current or prospective tenant because they associate with people of a particular race. For example, a White tenant cannot be treated differently because he or she has African American guests.

Sometimes, housing providers try to disguise their discrimination by giving false information about the availability of housing, either saying that nothing was available or steering home seekers to certain areas based on race. Individuals who receive such false information or misdirection may not know that they have been victims of discrimination. Race discrimination may be closely related to color discrimination (and sometimes national origin discrimination). In some instances, an act of discrimination against someone could be considered both race and color discrimination.¹

C. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

The Office of Fair Housing and Equal Opportunity (FHEO) at HUD receives formal complaints regarding alleged violations of the FHA filed by individuals or organizations on behalf of the individuals. The consultants requested fair housing complaint intake data which originated from the three communities from HUD's Chicago Regional Office in October 2022. A representative responded on October 26, 2022, stating that the Chicago Regional Office has not received any intakes in these three cities since 2017. FHWM staff confirmed that FHCWM has filed with HUD in the past five years. FHCWM will usually file with DCR and DOJ, and DCR will dual file with HUD. However, the data may not show up on HUD's side upon request due to data coding or reporting issues.

D. MICHIGAN DEPARTMENT OF CIVIL RIGHTS

The consultants also obtained fair housing complaint data received by the State of Michigan Department of Civil Rights (DCR) between January 2017 and November 2022. 17 intakes were received for Muskegon and Norton Shores, while no intake was received for the City of Muskegon Heights during this period. Two intakes were filed under two categories, and one was filed under three categories. Therefore, the total number of items for complaint categories is 21. Similar to the FHCWM data, almost half (47.6%) of the complaints were about "Disability" issues, followed by "Race or Color" (23.8%). Note that there are most likely overlaps between the FHCWM data and the DCR data (Table 4-2).

¹ Department of Justice website: <https://www.justice.gov/crt/fair-housing-act-1#race>

Table 4-2

**Michigan State Department of Civil Rights
Fair Housing Complaints, 2017- Nov.2022
City of Muskegon, Muskegon Heights and Norton Shores, MI**

Category	2017	2018	2019	2020	2021	2022 (As of Nov.)	Total	Total Percent
Race or Color	1		1	1	1	1	5	23.8%
National Origin		1					1	4.8%
Religion						1	1	4.8%
Sex (Harassment/Gender)						1	1	4.8%
Familial Status				1			1	4.8%
Disability	4	1	3	1	1		10	47.6%
Age and/or Other Issue				1			1	4.8%
Marital Status		1					1	4.8%
Income Source (Section 8, etc.)							0	0.0%
LGBT Issue							0	0.0%
Criminal/Arrest Issue							0	0.0%
Renters' Rights & Other							0	0.0%
Total	5	3	4	4	3	2	21	100.0%

Source: Michigan State Department of Civil Rights, 2022

E. OFFICE OF THE STATE ATTORNEY GENERAL

The Attorney General’s Office of Michigan is responsible for enforcing the Anti-Discrimination Act, which prohibits discrimination in employment, housing, and public accommodation, as well as enforcing other civil rights-related laws and consumer rights protection. The Attorney General’s Office responded to RKG’s request for housing discrimination complaint records in November 2022. A representative mentioned that their office may not be the best source for the data as they receive a lot of other types of complaints as well including consumer rights complaints. With all the data mingled together, it will take them more than 800 hours of staff time to single out the fair housing complaint data. They recommended reaching out to the State of Michigan Department of Civil Rights.

F. SUMMARY OF FAIR HOUSING COMPLAINTS

An analysis of the complaint records from both DCR and FHCWM indicates an increase in fair housing discrimination complaints generated in the three communities between 2018 and 2019, and from 2021 to 2022. “Disability” was the most common complaint type received across both agencies. Note that some data from DCR and FHCWM may overlap.

5 REVIEW OF PUBLIC SECTOR POLICIES

A. INTRODUCTION

Public policies set the direction for a city's socioeconomic trends and development prospects and priorities. They influence numerous facets of residents' life and establish principles to distribute resources. Policies, practices, or procedures that appear neutral when taken at face value, may actually deny or adversely affect the provision of housing to persons of a particular race, color, religion, sex, disability, familial status, or national origin and create impediments to fair housing choice.

An element of the Analysis of Impediments to Fair Housing Choice includes an examination of a city's policies in terms of their impact on housing choice. This section evaluates the current City policies to determine opportunities for accelerating the expansion of fair housing choice.

B. POLICIES GOVERNING INVESTMENT OF FUNDS FOR HOUSING AND COMMUNITY DEVELOPMENT

An examination of the City's current budget is essential for understanding how the financial resources in support of fair housing choices have increased or declined over the past few years. The City of Muskegon receives annual allocations of Community Development Block Grant (CDBG) and HOME Investment Partnership Program Funding:

- **Community Development Block Grants (CDBG):** The primary objective of this program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low- and moderate-income levels. Funds can be used for a wide array of activities, including housing rehabilitation, homeownership assistance, lead-based paint remediation, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.
- **HOME Investment Partnerships Program:** The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for low- and moderate-income households. HOME funds can be used for activities that promote affordable rental housing and homeownership by low- and moderate-income households, including reconstruction, moderate or substantial rehabilitation, homebuyer assistance, and tenant-based rental assistance. Eligible activities include Homeowner Rehabilitation, Homebuyer Activities, Rental Housing (development or rehabilitation), and Tenant-Based Rental Assistance.

Project Funding Criteria

Funding allocations follow the principle of meeting high-priority needs across Muskegon for projects primarily benefiting low- and moderate-income residents. The assignment of funding priorities is based on meeting the statutory requirements of the CDBG and HOME programs, input from members of housing and community services, public meetings, and public hearings. Every five years, the City of Muskegon, the City of Muskegon Heights, and the City of Norton Shores work together to prepare a 5-year

Consolidated Plan, which provides guidelines for annual allocations of received funds. For each year included in the Consolidated Plan, the City is also required to prepare an Annual Action Plan, showing how annual entitlement funds will be distributed to meet the overall 5-year goals.

1. Distribution of Funds

- Community Development Block Grant (CDBG):** Table 5-1 displays how the City utilized the CDBG funds by program type, and the actual expenditures over the last five Fiscal Years. The CDBG allocations for Muskegon are \$937,658 in 2018, \$973,451 in 2019, \$1,789,400 in 2020, \$988,508 in 2021, and \$912,894 in 2022.

The CDBG Program requires that most activities benefit low- to moderate-income persons, who are defined by HUD as persons with household incomes below 80% of the area median income. While the City has not designated CDBG target areas and all neighborhoods receive the funding on a first-come-first-serve basis, CDBG will directly serve Muskegon residents who qualified based on their income or other criteria. The City’s CDBG actual expenditures have increased between FY2018 and FY2022 by 57.0%, which is a positive trend.

40.5% of the City’s FY 2022 CDBG expenditures were for housing-related services, which is the biggest category, and its share has been recovering since FY 2020 after a decline. The amount of Housing expenditure has also grown by 167.9% since FY 2018, the fastest-growing category. Under the Housing category, most (71.2%) of the expenditures were for CDBG Emergency Repair/Priority, the amount for which expanded by 308.6% since FY 2018, the fastest growing subcategory. CDBG Exterior Housing Improvement/Vinyl accounted for 13.9% in FY 2022, which grew by 97.5% since FY 2018, the second fastest growth under the Housing category. Note that the administration amount is based on a set percentage, so though actual numbers fluctuate based on the total allocations, the percentage going towards administration is the same.

However, there were only allocations for “Board up/Demolitions” which addresses dangerous buildings by the Inspection Department in FY 2018 and FY 2019, and only a one-time Utility Assistance allocation in FY 2018. In addition, there were only allocations for Code Enforcement in FY 2018 and FY 2021. According to the City, this is because the focus

Table 5-1
Uses of HUD Community Development Block Grant Funds 2018-2022
City of Muskegon, MI

FFY 2018 Activities	Amount
Administration	\$245,412
Housing	\$182,652
CDBG Service Delivery	\$63,056
CDBG Emergency Repair/Priority	\$85,232
CDBG Exterior Housing Improvement/Vinyl	\$34,365
Public Services	\$123,546
Neighborhood/Street Improvement	\$7,183
Board up / Demolitions	\$14,761
Affirmative Action Resources	\$11,440
Youth Rec	\$90,000
Utility Assistance	\$1,611
Public Infrastructure	\$35,000
Code Enforcement	\$48,500
Other – Fire Station Bond	\$133,401
TOTAL FFY 2018	\$768,511
FFY 2019 Activities	Amount
Administration	\$172,984
Housing	\$352,591
CDBG Service Delivery	\$47,458
CDBG Emergency Repair/Priority	\$273,268
CDBG Exterior Housing Improvement/Vinyl	\$31,865
Public Services	\$171,070
Neighborhood/Street Improvement	\$22,467
Board up / Demolitions	\$58,603
Youth Rec	\$90,000
Other – Fire Station Bond	\$129,813
TOTAL FFY 2019	\$826,458
FFY 2020 Activities	Amount
Administration	\$196,792
Housing	\$260,487
CDBG Service Delivery	\$57,333
CDBG Emergency Repair/Priority	\$140,589
CDBG Exterior Housing Improvement/Vinyl	\$62,565
Public Services	\$102,681
Youth Rec	\$97,681
Business Assistance	\$5,000
Public Infrastructure	\$15,000
Public Facility	\$34,762
Other – Fire Station Bond	\$251,984
TOTAL FFY 2020	\$861,706
FFY 2021 Activities	Amount
Administration	\$238,208
Housing	\$276,047
CDBG Service Delivery	\$36,230
CDBG Emergency Repair/Priority	\$202,359
CDBG Exterior Housing Improvement/Vinyl	\$37,458
Public Services	\$100,000
Youth Rec	\$100,000
Public Infrastructure	\$20,708
Public Facility	\$96,726
Code Enforcement	\$25,000
Other – Fire Station Bond	\$254,166
TOTAL FFY 2021	\$1,010,855
FFY 2022 Activities	Amount
Administration	\$199,876
Housing	\$489,252
CDBG Service Delivery	\$73,119
CDBG Emergency Repair/Priority	\$348,250
CDBG Exterior Housing Improvement/Vinyl	\$67,884
Public Services	\$217,169
Neighborhood/Street Improvement	\$575
Youth Rec	\$211,594
Business Assistance	\$5,000
Public Facility	\$56,615
Other – Fire Station Bond	\$243,910
TOTAL FFY 2022	\$1,206,823

Source: City of Muskegon, MI, 2022

or use of funding changes from one year to the next. When certain services (such as demolition/board up) are not available due to a lack of funding in certain years, residents are referred to obtain services through other departments (for example, the building department).

It is recommended that the City consider allocating more CDBG funding to the housing category, especially for Exterior Housing Improvement/Vinyl and Emergency Repair/Priority. According to the Regional Consolidated Plan 2021-2025, Page 32, “The most common housing problems are housing costs burden and substandard housing.” In addition, as discussed in Chapter 3, according to HUD AFFH data, 42.27% of the total households have one or more housing problems in Muskegon. Black/African American and Native American households are more impacted by this issue. Certain neighborhoods around publicly supported housing in Muskegon are more severely impacted, especially Census Tracts 42 (Jackson Hill and the northern portion of Nelson) and 3 (Angell), with these neighborhoods seeing over half of their housing units having housing problems. Substandard housing will contribute to blights, which if not addressed, will undermine a community’s image, economic base, and community stability and safety. It is also one of the most common impediments to fair housing access.

The City should consider building partnerships with and encouraging donations from local businesses, major employers, and charitable/religious organizations to fund categories such as youth recreation and street improvement. This can be done through or in conjunction with strengthening neighborhood associations by encouraging participation as the City’s 2022 Master Land Use Plan Update noted. In addition, the City should take action to implement the recommendations of adopting inclusionary zoning and establishing community benefit agreements in the form of zoning incentives from the 2022 Master Land Use Plan Update. These strategies can help free up CDBG funds for housing-related services. For example, in addition to the City’s existing Adopt-a-Lot program, Muskegon can establish city-wide Adopt-A-Street and Adopt-A-Spot programs, which enable civic groups, businesses, schools, and churches to adopt sections of roads in or near their communities to beautify and improve the infrastructure and amenities at those segments at least several times a year for certain years. In addition, GE Aviation is a major company that has a presence in Muskegon, which the City can approach for collaboration and donations as major companies are usually more willing to give back to local communities. The City can also combine youth recreation with youth volunteering for community improvements, such as by establishing community gardens in blighted areas and collaborating with local schools and youth organizations to build community garden volunteering programs for young residents.

The consultants also investigated the City’s code enforcement services and how they are operated. Code enforcement and demolition/board-up are outsourced and are split between the Planning Department and SAFEbuilt, a third-party company contracted by the City to operate the City’s Building and Inspection Services Department. The zoning office under the Planning Department only handles the zoning code ordinance enforcement and some board-up services, and SAFEbuilt handles the remaining aspects. The code enforcement services under the Planning Department are funded by the General Fund, which currently only covers one enforcement officer’s salary. Extra expenditures such as demolition would come from the General Fund as one-time expenditures. According to the Planning Department, they also do not foresee changes in funding or their scope of services for code enforcement. SAFEbuilt handles permitting, housing condition inspections, housing rehabilitation/demolition, etc. It currently retains 83% of the fees and permits collected to use as funding, and the City collects the remaining 17%. SAFEbuilt reports to the Inspection Division, but the Development Division (which includes the Planning Department, the Economic Development Department, and the Community and Neighborhood Services Department) is trying to coordinate more with SAFEbuilt regarding data management and result sharing.

The investigation result shows that there are some overlapping areas between the code enforcement services provided by the Planning Department and SAFEbuilt. For example, apart from the demolition services provided by SAFEbuilt, the Planning Department can also allocate General Funds for one-time demolition services. In addition, though services such as code enforcement, housing condition inspections, and demolition/board-up provided by the Planning Department and SAFEbuilt are closely related to the service provided by the Community and Neighborhood Services Department, these three departments are operating in two different divisions. Currently, there is no well-established mechanism/process to ensure communication, collaboration, and result/data sharing among the three departments, and the division head of the Development Division indicated that they are working on increasing coordination with SAFEbuilt on data management. It is recommended that the City's Development Division and SAFEbuilt conduct an audit of their scope of services and reduce any overlapping areas to prevent duplicated work and confusion. It is also recommended that the two divisions establish a mechanism to clarify service scopes, allocate tasks, coordinate, collaborate on data management, and share and track trends/data results. Increasing coordination on code enforcement and demolition/board-up is important as these services help track and reduce substandard housing and blights in the City.

- HOME Investment Partnerships Fund (HOME):**
 The HOME Investment Partnerships Program (HOME) is the largest Federal block grant designed exclusively to create affordable housing for low-income households. At least 15% of the allocations must be reserved to fund housing to be owned, developed, or sponsored by experienced, community-driven nonprofit groups designated as Community Housing Development Organizations (CHDOs). Participating jurisdictions must also ensure that HOME-funded housing units remain affordable in the long term (20 years for new construction of rental housing; 5-15 years for construction of homeownership housing and housing rehabilitation). The households receiving HUD assistance must be low- or moderate-income, which is below 80% of the area median.

Table 5-2

**Uses of HUD HOME Grant Funds FY 2018-FY 2022
City of Muskegon, Michigan**

FFY 2018 Activities	Amount
Administration	\$27,455
Rental Rehab	\$23,827
562 Oak	\$10,227
22 E Southern	\$10,000
1184 7th	\$3,600
Homebuyer Program	\$84,242
1350 Eastwood	\$55,711
2112 Sampson	\$28,531
Habitat - Qualified Buyers	\$3,650
Community Encompass	\$62,236
CHDO Reserve	\$25,473
TOTAL FFY 2018	\$226,882
FFY 2019 Activities	Amount
Administration	\$32,768
Rental Rehab	\$10,089
1288 5th	\$10,089
Homebuyer Program	\$423,617
1350 Eastwood	\$109,986
1639 5th	\$39,536
1025 E Forest	\$96,007
1015 E Forest	\$130,785
567 Leonard	\$41,993
602 Ada	\$5,309
CHDO Reserve	\$14,452
TOTAL FFY 2019	\$480,926
FFY 2020 Activities	
Administration	\$17,817
Rental Rehab	\$29,098
487 Grand	\$29,098
Homebuyer Program	\$106,041
1639 5th	\$12,208
1015 E Forest	\$316
567 Leonard	\$62,006
602 Ada	\$31,511
CHDO Reserve	\$86,965
TOTAL FFY 2020	\$239,921
FFY 2021 Activities	
Administration	\$48,511
Homebuyer Program	\$12,421
567 Leonard	\$1
602 Ada	\$12,420
CHDO Reserve	\$334
TOTAL FFY 2021	\$61,266
FFY 2022 Activities	
Administration	\$35,228
Rental Rehab	\$305,143
487 Grand	\$15,899
1192 Pine	\$246,934
435 Isabella	\$42,310
Homebuyer Program	\$222,868
548 Dale	\$95,403
769 Catawba	\$127,465
CHDO Reserve	\$12,701
TOTAL FFY 2022	\$575,940

Source: City of Muskegon, MI, 2022

The City's FY2022 HOME allocation is \$339,650. Table 5-2 shows the City's actual HOME expenditures since FY2018. Compared to the FY2018 expenditure, Muskegon's FY2022 HOME expenditure increased by 153.8%, despite fluctuations during the interim years. This is a positive trend, as the City's expenditure for Rental Rehabilitation Project and Homebuyer Program also rose by 1,181% and 165% respectively, compared to the FY2018 figure. However, HOME expenditures in Muskegon dropped drastically during FY2020 and FY2021, most likely related to the impacts of the COVID-19 pandemic. The expenditure recovered to above pre-pandemic levels in FY2022, which is a positive trend.

However, The City has no active CHDO to lead affordable housing development efforts, though the City is currently seeking organizations to become CHDOs. In addition, though HOME funds the creation of new affordable housing, there was no HOME expenditure in Muskegon related to affordable housing development in the past five fiscal years. The division head of the Development Division indicated that they are currently trying to add more affordable housing development functions to the Community and Neighborhood Services Department.

The consultants recommend that the City make it a priority to establish CHDOs as soon as possible to increase the organizational capacity for affordable housing development in Muskegon. In addition to CHDOs, the City should look into other ways to scale up its affordable housing development efforts using HOME funds. For example, the City can encourage more Low Income Housing Tax Credit (LIHTC) developments in Muskegon by contributing portions of the HOME funds to LIHTC projects. In addition, the City can establish collaborations with other regional affordable housing development organizations such as Habitat for Humanity through consistent HOME funds contributions. During the past five fiscal years, there was only a one-time allocation in FY2018 to Habitat for Humanity for qualified buyers (\$3,650).

- **Emergency Shelter Grant (ESG):** The ESG program provides federal funds to provide homeless persons with basic shelter and essential supportive services. The funds can also be used for short-term homeless prevention assistance to low- and moderate-income (LMI) households.

The City of Muskegon does not receive ESG entitlement funding but Community EnCompass is the community organization that serves Muskegon County including the City of Muskegon and receives ESG funding from MSHDA directly. The ESG funding for the entire Muskegon County in FY2022 was \$68,934, which is a 76% drop compared to FY2018 (\$281,398). The ESG allocation for the County was on an upward trend before FY2022 and peaked in FY2020 most likely due to the COVID-related CARES Act funding. However, the allocation plunged from \$302,959 in FY2021 to \$68,934 in FY2022.

- **Muskegon Housing Commission:** The consultants requested the HUD funding allocation amounts from the Muskegon Housing Commission since FY2018, but the representative the consultants spoke with did not provide the data.

C. PUBLIC HOUSING AND SECTION 8 VOUCHER PROGRAMS

The Muskegon Housing Commission is responsible for the administration of public housing projects and some of the Section 8 Housing Choice Vouchers. The rest of the HCV vouchers that target the homeless population are directly under MSHDA. Table 5-3 shows the publicly assisted housing projects in Muskegon by category. Maps 5-2 and 5-3 identify the locations of the publicly assisted housing projects and the Section 8 voucher households by zip code area in Muskegon, respectively.

Table 5-3

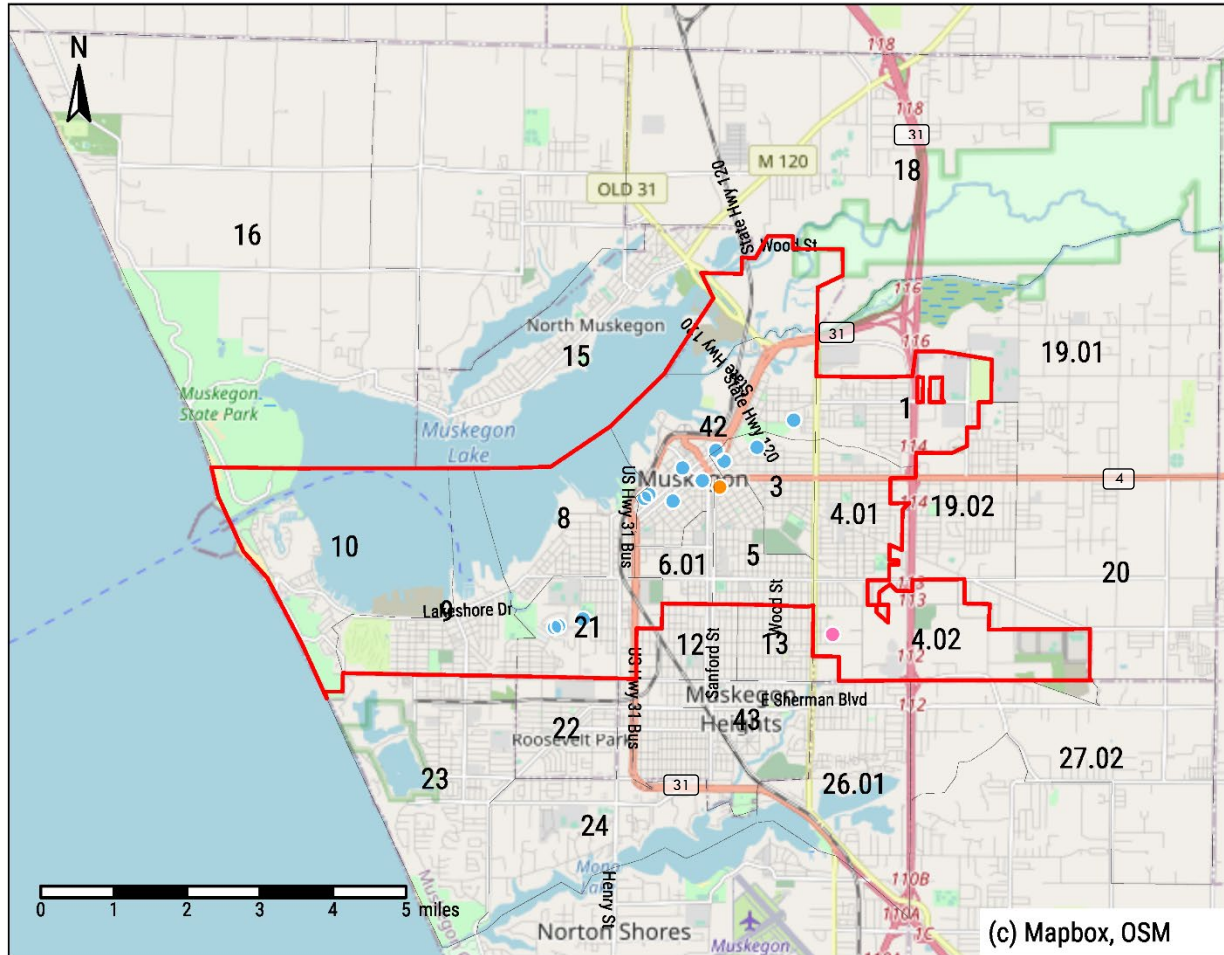
**Publicly Assisted Housing Projects
City of Muskegon, Michigan**

	Population Served	Total Units	Subsidized Units
Section 8 Vouchers Under Muskegon Housing Commission			
	Low-Income	124	124
Section 8 Vouchers Under MSHDA			
	Homeless	504	504
Public Housing			
Hartford Terrace	Elderly/Disabled	160	160
Family Public Housing	Families of 2 or More	6	6
Low Income Housing Tax Credit Projects			
Art Works Muskegon	Family	26	26
Bayview Tower	Elderly	201	201
Berkshire Muskegon Senior Housing	Elderly	84	68
Cogic Village - Muskegon		36	36
Nelson Place	Elderly	101	101
Park Terrace	Family	151	71
Renaissance Place	Elderly	24	23
Royale Glen Townhomes	Family	79	79
Ten21 Apartments		73	73
Village At Jackson Hill	Elderly	40	40
Village At Park Terrace	Elderly	122	55
Samaritas (Under Construction)	Elderly	53	53
Neighborhood Preservation Program (NPP)			
Trinity Village I	Family	30	30
Trinity Village II	Family	30	30

Source: Muskegon Housing Commission, Michigan State Housing Development Authority, City of Muskegon, and RKG Associates, Inc., 2023

Map 5-2

Publicly Subsidized Housing Muskegon City, Michigan



- Public Housing
- LIHTC
- NPP

Note that the Muskegon Housing Commission only provides the demographic data of applicants on the public housing waitlists in the entire Muskegon County combined. Currently, there are 69 heads of households on the waiting list for Muskegon County’s public housing in total. Most of the applicants (71%) are on the waiting list for Muskegon City, followed by 14% for Muskegon Heights.

Non-elderly heads of households aged 61 or below accounted for 84%. Most (72%) of the households on the waitlists are headed by female householders who are not elderly. A little over half (51%) of the householders are disabled, and most of them (66%) are female. 57% of the householders are minorities, especially of Black/African American descent. 82% of the householders earn at or below \$15,000 annually, and 74% are categorized as extremely low income (Table 5-4).

MSHDA provided the demographic data of applicants on the Housing Choice Voucher program and Project Based Housing Choice Voucher program waitlists in the entire Muskegon County. For MSHDA’s Housing Choice Voucher program waitlist, the preference priority from the highest to the lowest is Homeless Residents, Disabled County Residents, County Residents, Disabled State Residents, and State Residents. Homeless residents account for 30% of the households on the waitlist, while disabled County residents only account for 1%. County residents who rank third on the preference priority list, account for most of the applicants on the waitlist (68%). The family composition of the applicants on MSHDA’s Housing Choice Voucher program and Project Based Housing Choice Voucher program waitlists is similar to those on the public housing waitlists in the County. Most of the households on the waitlists are headed by non-elderly Black female householders aged 61 or below. In addition, 27% to 30% of the householders are disabled (Table 5-5).

Table 5-4

**Public Housing Waitlist Applicant Demographics, 2022
Muskegon County, MI**

	HoH Count	Percent	Fam Count	Percent
Detroit	1	1%	3	3%
Grand Haven	2	3%	2	2%
Holt	1	1%	1	1%
Long Beach	1	1%	1	1%
Muskegon	49	71%	63	66%
Muskegon Heights	10	14%	13	14%
Rockford	1	1%	1	1%
Superior	1	1%	1	1%
Twin Lake	2	3%	4	4%
No Info	1	1%	7	7%
Total All Locations	69	100%	96	100%
Family Composition	Count	Percent	Avg. Age	
Average Family Size	1	N/A	N/A	
Elderly Heads of Household (age 62 or older)	11	16%	68	
Non-Elderly Heads of Household (age 61 or less)	58	84%	44	
Near-Elderly Heads of Household (ages 50 to 61)	29	42%	54	
Other Heads of Household (age 49 or less)	29	42%	33	
Female Heads of Household	50	72%	48	
Elderly	8	16%	66	
Non-Elderly	42	84%	44	
Near-Elderly	22	44%	54	
Other	20	40%	33	
Male Heads of Household	19	28%	48	
Elderly	3	16%	73	
Non-Elderly	16	84%	43	
Near-Elderly	7	37%	55	
Other	9	47%	34	
Disabled/Handicapped Heads of Household	35	51%	52	
Male	12	34%	47	
Female	23	66%	52	
Non-Minority Heads of Household	30	43%	N/A	
Minority Heads of Household	39	57%	N/A	
Black	37	54%	N/A	
American Indian/Alaska Native	1	1%	N/A	
Asian/Pacific Islander	1	1%	N/A	
Hispanic	1	1%	N/A	
# of Family Members younger than 18 years	20	29%	6	
# of Families with children	12	17%	N/A	
Broad Range of Income				
\$0 - \$5,000	14	20%	N/A	
\$5,000 - \$10,000	10	14%	N/A	
\$10,000 - \$15,000	33	48%	N/A	
\$15,000 - \$20,000	6	9%	N/A	
\$20,000 - \$25,000	3	4%	N/A	
More than \$25,000	3	4%	N/A	
Income Levels		Percent		
Extremely Low	51	74%	N/A	
Very Low	12	17%	N/A	
Low	5	7%	N/A	
Over Income	1	1%	N/A	

Source: Muskegon Housing Commission, 2022

Table 5-5
Housing Choice Voucher Waitlist Applicant Demographics, 2023
Muskegon County, MI

	Count	Percent	Avg. Age
Preference			
County Resident	564	68%	49
State Resident	3	0%	43
Disabled County Resident	5	1%	39
Disabled State Resident	2	0%	56
Homeless Resident	251	30%	38
Total All Applicants	825	100%	45
Family Composition			
Elderly Heads of Household (age 62 or older)	23	3%	73
Non-Elderly Heads of Household (age 61 or less)	802	97%	45
Female Heads of Household	667	81%	45
Elderly	14	2%	74
Non-Elderly	653	98%	44
Male Heads of Household	152	18%	49
Elderly	9	6%	71
Non-Elderly	143	94%	47
No Gender Data	6	1%	50
Disabled/Handicapped Heads of Household	221	27%	54
Male	72	33%	54
Female	148	67%	54
No Info	1	0%	N/A
Non-Minority Heads of Household	196	24%	47
Minority Heads of Household	629	76%	N/A
Black	621	99%	45
American Indian/Alaska Native	7	1%	43
Native Hawaiian/Pacific Islander	1	0%	39
Hispanic	30	4%	44

Source: Michigan State Housing Development Authority, 2023

Project Based Voucher Waitlist Applicant Demographics, 2023
Muskegon County, MI

	Count	Percent	Avg. Age
Preference			
Total All Applicants	50	100%	53
Family Composition			
Elderly Heads of Household (age 62 or older)	9	18%	69
Non-Elderly Heads of Household (age 61 or less)	41	82%	50
Female Heads of Household	23	46%	53
Elderly	6	26%	67
Non-Elderly	17	74%	48
Male Heads of Household	16	32%	51
Elderly	3	19%	74
Non-Elderly	13	81%	45
No Gender Data	11	22%	57
Disabled/Handicapped Heads of Household	15	30%	48
Male	11	73%	49
Female	4	27%	43
Non-Minority Heads of Household	14	28%	56
Minority Heads of Household	36	72%	N/A
Black	34	94%	52
American Indian/Alaska Native	1	3%	55
Native Hawaiian/Pacific Islander	1	3%	67
Hispanic	1	3%	55

Source: Michigan State Housing Development Authority, 2023

D. PRIVATE HOUSING PROGRAMS

The City of Muskegon supports a range of services and programs that meet the needs of low- and moderate-income households, including those with special needs. The following programs focus on private-sector housing and mostly utilize the City's CDBG and HOME funds:

- **Priority Home Repair Program:** The City provides funds for the repair or replacement of a roof, foundation, furnace, water heater, plumbing/sewer, electrical, or other emergency repairs for homeowners in the City of Muskegon at or below 80% of Area Median Income. The full cost of labor and materials to replace or repair the needed area of the home will be provided after approval. Assistance is only available once every 6 years.
- **Residential Façade Program:** The City provides funds for homeowners in the City of Muskegon earning at or below 80% of Area Median Income (AMI) whose exterior siding is composed of wood, imitation brick, slate, or chipboard, and has extensive damage. Aluminum or vinyl-sided houses are not eligible. The full cost of labor and materials to replace the approved existing façade with vinyl siding will be provided.
- **Homebuyer's Assistance Program:** This program utilizes HOME funds and targets eligible households earning at or below 80% of the Area Median Income seeking to purchase a home in the City of Muskegon. \$1,000 to \$5,000 of financial assistance will be provided to help with closing costs, inspections, and prepaid expenses in the homebuying process.
- **Rental Program:** HOME funds allow for the development of long-term affordable rental housing through the rehabilitation of city-owned property and CHDO developments.
- **Rehab Resale Program:** This HOME-funded program supports the rehabilitation of blighted and vacant structures to sell to low-income homebuyers.
- **Healthy Homes Program:** The program targets eligible homeowners in Muskegon County earning at or below 80% of the Area Median Income (AMI) whose home has health hazards that affect their quality of life. Priority is given to individuals with disabilities, seniors over 62, and households with children. After approval, the full cost of labor and materials to address priority hazards up to \$10,000 per home will be provided.
- **Muskegon County Senior Millage Repair Program:** The program helps seniors aged 60 and older throughout Muskegon County with home repairs and yard maintenance within Muskegon County. The Community and Neighborhood Services Department (CNS) of the City of Muskegon, is awarded money through Senior Resources, the agency that administers and oversees the Muskegon County Senior Millage funds, to facilitate services for seniors. Applications with emergent needs will be prioritized, then in order of application. Applicants must occupy their homes and be permanent residents and owners, and plan to continue to be so for the next two years.

Note that the Rental Rehabilitation Program previously under HOME was recently closed during the last fiscal year. According to the Community and Neighborhood Services Department, this is because landlords either could not meet affordability requirements for the full period of time, or they could not meet lead abatement requirements. Instead, the Community and Neighborhood Services Department hopes to use the funds towards increasing the rental pool and establishing Community Housing Development Organizations (CHDOs).

Another housing program in the City that is not funded by CDBG or HOME is the **Lead Safe Muskegon Program**. It is a lead abatement program funded by the state and operated by the Community and Neighborhood Services Department to eliminate lead hazards in rental or owner-occupied residential properties in the City. The program is available to Medicaid recipients who are pregnant or have a child with an elevated blood lead level.

The City also has a **Blight Fight initiative**. The Community and Neighborhood Services Department oversees a group that consists of City staff from different departments, who identify blights in neighborhoods and work on code enforcement. Currently, there is no designated funding for this initiative, and the group would need to decide which funding is available for use, and then communicate and coordinate with different departments. The last accomplishment under this initiative is a park redevelopment project in the Jackson Hill neighborhood. The Community and Neighborhood Services Department also has a beautification grant that allows residents to improve landscaping outside their homes, improve and repair sidewalks, and help fund tree trimming. The Community and Neighborhood Services Department also communicates with neighborhood associations to understand the needs of different communities and inventory available resources.

However, it is observed that the Community and Neighborhood Services Department's webpage for housing programs and all the application materials are only available in English as of the time this report was written in August 2023. It is recommended that the City provide Spanish translations of the housing program information to reduce language barriers and enable more residents' access to the City's housing programs. This City should also consider adding Spanish-speaking staff to assist with residents' requests and questions. This is because Spanish is the second most common language other than English in Muskegon according to HUD's AFFH data.

E. LAND USE AND COMPREHENSIVE PLANNING

The City of Muskegon Planning Department has been working on a comprehensive update of the Master Plan since 2019 and has hosted a series of public workshops to gather public feedback and inform the rewrite of the plan:

- Neighborhood Association Workshops (February-May 2019).
- Neighborhood Plan Workshops (November 16-18, 2021).
- Economic Development and Business Corridors Workshop (June 2-3, 2022).

The 2022 Master Land Use Plan update draft has been available online for public review since June 2023. The City Commission approved a 63-day review period for surrounding municipalities to review the draft Master Land Use Plan and provide comments. The finalized Master Land Use Plan will be presented to the Planning Commission at a Special Meeting and Public Hearing on Thursday, August 31, 2023. City staff will request the City Commission to adopt the plan at the Regular Meeting on Tuesday, September 12, 2023.

The 2022 Master Land Use Plan draft establishes goals and recommendations for topics including Transportation and Mobility, Housing and Neighborhoods, Natural Features and Resiliency, and Economic Development. It also includes sub-plans for each of the City's 16 neighborhoods under the Housing and Neighborhoods section. The draft also includes supplementing maps such as the Future Land Use Map and the map of Significant Redevelopment Properties.

Goals and recommendations under "Housing and Neighborhoods" include:

1. Adopt policies that provide housing choice within all neighborhoods.

- H1.1 Evaluate existing land uses throughout the city to determine where housing options can best be integrated into the city's neighborhoods.

- H1.2 Study the needs of neighborhoods as well as shortcomings and weaknesses in the city's housing stock.
- H1.3 Foster public-private partnerships that assist in the creation of affordable housing units.
- 2. Infill vacant residential lots with new housing options.**
 - H2.1 Track vacant property in the city and utilize the information in marketing pieces and sale policies.
 - H2.2 Educate and partner with other groups or individuals that own large quantities of vacant land in the city to create additional opportunities for infill housing construction on vacant lots, regardless of ownership.
 - H2.3 Partner with developers to construct infill housing.
 - H2.4 Involve a wide range of developers to ensure variety in housing products and to provide architectural diversity.
- 3. Create walkable community nodes within a short distance of all residents.**
 - H3.1 Identify existing or potential community nodes in each city neighborhood to serve as a strong center(s) from which the neighborhood can orient itself and build upon.
 - H3.2 Update land use regulations to permit better integration of different land uses at identified community nodes.
- 4. Require new development to provide identified public amenities for existing and future residents.**
 - H4.1 Work with developers of major projects to incorporate needed amenities as identified by neighborhood residents.
 - H4.2 Create a database that identifies the public amenity needs of certain areas. Developers that are seeking information on potential investments can be notified early on about the needs of the community.
- 5. Encourage participation in neighborhood associations to create strong neighborhoods with invested residents empowered to address their common needs.**
 - H5.1 Provide staff assistance to neighborhood associations so they have the ability to meet regularly and have the knowledge to legally operate.
 - H5.2 Offer financial incentives to neighborhood associations that partner with the city on general maintenance and services that would otherwise go unaddressed.
- 6. Strive to protect existing neighborhood residents from displacement and safeguard the cultural practices of diverse groups within the same space.**
 - H6.1 Create programs and partnerships with neighborhood associations and neighborhood task forces to limit the negative effects of reinvestment and ensure that existing residents benefit from such changes.
 - H6.2 Continue to offer and expand housing stability programs.
 - H6.3 Continue to provide affordable housing units in all neighborhoods.

In addition, the 2022 update draft inventories existing housing choices, land uses, community amenities, and existing conditions, and proposes projects to address issues identified for each neighborhood.

The 1997 Plan emphasizes the strict division of residential and non-residential areas, especially in the Lakeshore area. In comparison, the 2022 update draft recognizes the importance of supporting “diverse housing options including Missing Middle Housing types.” It also recommends that when “conditions exist to support diverse housing options but current land use regulations do not allow for them, update regulations to permit them.” It proposes to identify “potential sites for affordable and/or senior housing options near existing transit and services,” and “incorporate affordable housing options in every neighborhood.” It recognizes that to proper, “all people and all places need housing for all income levels, and paired with a general shortage of units, local aversion to multiple-family housing creates issues of affordability.” It also recommends structuring “development agreements to enable new housing that addresses the range of needs and price points seen in the community (affordability, accommodating various family sizes, etc.)”

The 2022 Master Land Use Plan draft is a positive progress towards identifying and reducing impediments to accessing socio-economic opportunities and fair housing choices in Muskegon. It lists numerous recommendations on both the city and neighborhood levels to increase housing development and encourage diverse housing options for various needs and at various price points in all communities in the City.

It is recommended that the City establish detailed schedules and action plans to implement these recommendations and invite the public to participate in the process and monitor the progress and timelines. In addition, it is recommended that the City include the definition of fair housing and list the most up-to-date protected classes under The Fair Housing Act in the 2022 Master Land Use Plan draft. The City should also add languages in the 2022 Master Land Use Plan draft to recognize the City's commitment to fair housing and require all housing in the City to comply with the Fair Housing Act. The City should also provide a Spanish translation of the 2022 Master Land Use Plan draft, and Spanish versions of the 2022 Master Land Use Plan update webpage and related materials, including public feedback sessions.

F. ZONING

The zoning ordinance of Muskegon was last updated in April 2023. Muskegon currently has eight major residential zoning districts: Single Family Low-Density Residential District, Single Family Medium-Density Residential District, Single Family High-Density Residential District, MHP Mobile Home Park District, RT Two-Family Residential District, RM-1 Low-Density Multiple-Family Residential District, RM-2 Medium-Density Multiple-Family Residential District, and RM-3 High-Density Multiple-Family Residential District. It also has several Form-Based Code Zoning Districts and Lakeside Form-Based Code Districts.

- Single Family Residential Districts (R-1 Low-Density, R-2 Medium-Density, and R-3 High-Density): These districts are designed to allow for low, medium, and high-density single-family residential development. The regulations are intended to “stabilize, protect, and encourage the residential character of the districts and prohibit activities not compatible with a residential neighborhood.” The minimum lot size is 6,000 square feet for R-1, 4,000 square feet for R-2, and 3,000 square feet for R-3. The minimum lot width is 50 feet for R-1, 40 feet for R-2, and 30 feet for R-3.
- MHP Mobile Home Park District: The MHP Mobile Home Park Districts are established to allow higher density single-family detached residential dwelling units, and provide diversified housing types in Muskegon. The mobile home park shall be developed with sites averaging 5,500 square feet per mobile home unit. Note that despite it being included in the ordinance, there are currently no MHP zones in the City.
- Two-Family Residential District: The RT Two-Family Residential Districts are designed to be compatible with single-family residential densities and located along major roadways to provide a transition between the roadways and single-family districts. The RT zones are intended as a transition between higher-density RM and MHP Districts, or nonresidential districts, and low-density single-family residential districts. The minimum lot size is 8,712 square feet, and the density requirement is 10 dwelling units per buildable acre.
- RM-1 Low-Density Multiple Family Residential District: The RM-1 Low-Density Multiple Family Residential Districts are designed for multiple-family dwelling structures and related uses, which will generally serve as a transition between the nonresidential districts and the lower-density single-family and two-family residential districts, as well as the MHP Mobile Home Park Districts. The minimum lot size is 10,890 square feet, and the density maximum is 16 dwelling units per buildable acre.

- RM-2 Medium Density Multiple Family Residential District: The RM-2 Medium Density Multiple Family Residential Districts are intended to be selectively planned at locations in the City so as to provide a transition between nonresidential areas and single-family and two-family residential districts and between nonresidential areas and the RM-1 Low-Density Multiple Family Residential. The minimum lot size is 14,520 square feet, and the density maximum is 24 dwelling units per buildable acre.
- RM-3 High-Density Multiple Family Residential District: The RM-3 High-Density Multiple Family Residential Districts are intended for planned areas in and adjacent to the Muskegon Central Business District, in areas where satisfactory open space can be provided while maintaining the harmony and integrity of adjacent residential uses, or in areas where the location can provide waterfront or other aesthetic vistas. RM-3 Districts are placed where adequate roadways and ancillary services are available. The minimum lot size is 21,780 square feet, and the density maximum is 48 dwelling units per buildable acre.
- Form-Based Code/Lakeside Form-Based Code Districts: These districts reflect Inclusive Zoning, permit flexible mixed or varied uses, and allow different housing types to be in the same area, providing more housing options for everyone in the community. The City adopted a Form Based Code in 2015 which includes a classification called Urban Residential. The City also aims to expand inclusive zoning to additional neighborhoods. The Angell, Jackson Hill, and McLaughlin neighborhoods are all being considered as the next step in the City's rezoning expansion due to the availability of land in these neighborhoods.

The inclusion of higher-density residential zoning is a positive development for Muskegon in terms of affordable housing development. The Medium Density Multiple Family Residential District and the High-Density Multiple Family Residential District allow more units on smaller land sizes, which lowers the per-unit land costs and increases revenues from rents or sales for developers. It will also lower the site infrastructure costs (e.g., roads, water, sewer, etc.) passed along to each homebuyer or renter. Often, these higher-density residential developments occur in more urban and suburban areas that are already developed, reducing the need for site infrastructure costs. All these factors help to incentivize developers to construct affordably priced housing that meets the needs of low- and moderate-income residents in Muskegon.

It is also a positive achievement for the City to adopt a Form-Based Code to support its Inclusive Zoning initiative. Form-Based Code and Inclusive Zoning allow for housing choices for all income levels, building generational wealth, homes that support families of all sizes, a plan to protect existing residents, and homes that fit the neighborhood. One example of the various housing types that Form-Based Code Districts allow include carriage houses which allow multiple generations, family members, or neighbors to live closer together while offering more privacy and affordability. Another example is the Missing Middle Housing, which consists of multi-unit residential buildings designed and sized to fit into existing neighborhoods to increase the housing supply, housing affordability, and more diverse housing options.

It is recommended that the City establish an actionable timeline and process to materialize and accelerate the expansion of its existing Form-Based Code Districts based on community engagement and feedback. Surveying housing challenges and housing needs of various populations in all neighborhoods in the City will be a positive first step. The City should also provide Spanish services for this process and Spanish translations of the Form-Based Code information materials to encourage and enable more understanding of and access to diverse housing opportunities and initiatives in the City.

G. PROPERTY TAXES AND HOUSING AFFORDABILITY

According to the Muskegon County Treasurer's Office, there is a Financial Hardship Deferral program to "assist delinquent taxpayers to fulfill their Real Property Tax obligation to avoid any foreclosure on any property the owner wishes to maintain." The program delays foreclosure deadlines by one year for owners who are actively working towards catching up on their delinquent property taxes. Hardship Deferrals are mainly for homeowners but "may be granted occasionally for small, family businesses or commercial property that is the primary source of the owner's income."

The County Treasurer is required to review a Hardship Deferral program applicant's income before granting hardships as the program is aimed at property owners who have household incomes at or below the federal poverty income standards. The Treasurer will also consider extenuating circumstances that may create a financial hardship even if an applicant's income is higher than the federal standards.

H. COMMUNICATION AND OUTREACH

The City of Muskegon, Muskegon Heights, and Norton Shores together submit a regional 5-Year Consolidated Plan (CP) identifying community needs, priorities as well as its goals and objectives to comply with HUD requirements. The latest Regional Consolidated Plan covers the Annual Action Plan Years (PY) of 2021 through 2025 with an effective date commencing on July 1, 2021.

The City of Muskegon, Muskegon Heights, and Norton Shores undertook several efforts in seeking public input during its planning process through various social media outlets, including Facebook, Zoom, Twitter, and websites. Detailed public outreach methods used include:

- Data was provided to meeting participants regarding the eligible uses of CDBG and HOME funds, the past fund uses, and an overview of formulating the CP at various meetings.
- Public hearings were held and included a review of plan drafts, a question-and-answer period, and/or to accept further comments via the Commission/Council and the public.
- Notice of opportunity to comment is, at minimum, published in the newspaper for the public ten days before the hearing date. When available and subject to deadlines, efforts are made to publish notices in publications serving minority and non-English speaking populations.
- The City of Muskegon, Muskegon Heights, and Norton Shores conducted larger surveys to determine funding category priorities over no less than four months. Topics include economic development, fair housing, affordable housing, neighborhood/community services, and community development. Surveys were administered via social media, websites of the Regional Consolidated Plan partners, emails, and mailings. The outreach efforts led to approximately four meetings, and over 200 survey responses, with approximately 1,300 hits via social media.

Around 43% of the survey participants were residents of the City of Muskegon, followed by 35% from the City of Muskegon Heights, and 9% from the City of Norton Shores. The remaining 13% of survey participants' places of residence are categorized as "other" but within Muskegon County.

The Fair Housing Center of West Michigan (FHCWM) has service agreements with the City of Muskegon, Muskegon Heights, and Norton Shores and receives annual funding from these three communities to provide services including fair housing education, outreach, and advocacy.

I. PUBLIC TRANSPORTATION

Muskegon is currently served by the Muskegon Area Transit System (MATS), which operates seven local fixed routes on weekdays. Muskegon Area Transit System also provides a service called Go2, which is

the Muskegon metro area's on-demand affordable transportation service. Wheelchair-accessible vehicles are available. The service time is from Monday to Saturday.

However, public transportation service is still limited in terms of service hours. There is currently no public transportation service on Sundays in Muskegon. It would be beneficial for the City to work with MATS to increase service frequency and provide services on Sundays. This will help reduce impediments to fair housing and help economically challenged neighborhoods to access more opportunities more conveniently, such as community services and jobs.

6 REVIEW OF PRIVATE SECTOR PRACTICES

A. MORTGAGE APPLICATION TRENDS

RKG Associates reviewed the practices associated with access to rental housing options and home mortgage lending as part of an assessment of housing market conditions and identifying potential impediments to fair housing choices. The Fair Housing Act prohibits lenders from discriminating against members of the protected classes in granting mortgage loans, providing information on loans, imposing the terms and conditions of loans (such as interest rates and fees), conducting appraisals, and considering whether to purchase loans. Access to fair housing choice requires fair and equal access to the mortgage lending market regardless of race, color, national origin, religion, sex, familial status, disability, or any other statutorily protected basis.

An analysis of the mortgage applications and their outcomes can help the City to identify possible discriminatory lending practices and patterns in a community. The Home Mortgage Disclosure Act (HMDA) was originally enacted by Congress in 1975 and is implemented by Regulation C. It requires many financial institutions to maintain, report, and publicly disclose loan-level information about residential mortgages. Any commercial lending institution that makes five or more home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank, including information on applications denied, withdrawn, or incomplete and tracked by race, sex, and income of the applicant. This information is used to determine whether financial institutions are serving the housing needs of their communities.

The consultants analyzed the HMDA data for the combined area of the three communities of Muskegon City, Muskegon Heights City, and Norton Shores City for the following sections:

- Mortgage Application Trends
- Mortgage Application Approvals by Census Tract
- Mortgage Application Denials by Race/Ethnicity, and
- High-Cost Lending

The following sections contain analyses of city-level data for Muskegon City:

- Mortgage Demand And Access Index Analysis
- Real Estate Advertising And Affirmative Marketing, and
- Housing Market Overview

Therefore, the following analyses under the Mortgage Application Trends section are for the combined area of the three communities of Muskegon City, Muskegon Heights City, and Norton Shores City. The latest HMDA data available for Muskegon, Muskegon Heights, and Norton Shores is from 2021. This study has included three years of data from 2019 to 2021 for all types of applications received by lenders. This includes applications for all loan purposes (home purchase loans, home improvement loans, and refinancing loans) for all property types (i.e., site-built single-family homes with one to four units, site-built multi-family structures with 5 or more units, and manufactured housing units) in Muskegon. Table 6-1 summarizes all the applications between 2019 and 2021 by the result, loan purpose, loan type, property type, and applicant race/ethnicity in the three communities (Muskegon, Muskegon Heights, and Norton Shores) combined.

1. Loan Application Demand

Among the total of 14,432 mortgage applications documented between 2019 and 2021, 9,620 (66.7%) were applications approved and originated by the lender. 37.9% of all applications were for Home Purchase loans, followed by Home Refinancing (30.3%) and Cash-Out Refinancing (19.7%). Home Purchase loan applications had the highest origination (approval) rate at 74.6% among all loan purposes, followed by Cash-Out Refinancing at 65.9%, while Home Improvement loans had the lowest origination rate at 51.1%. In addition, 34.1% of the Home Improvement loans were denied, which was the highest denial percentage among the three major purposes, while Home Purchase loans had the lowest denial rate of 8.7%. Refinancing loan applications were more likely to be withdrawn or incomplete. A small portion (2.2% to 3.2%) of all the applications were approved but not accepted by the applicants.

The most common type of application was for conventional loans, accounting for 76.4% of all loan types. However, conventional loans were the second most likely to be denied compared to the rest, with a denial rate of 13.8%, while it also had the highest origination rate of 67.5%. The second most common type of application was for loans backed by the Federal Housing Administration (FHA) (16.4% among all types), which had one of the lowest denial rates at 12.4% and the third highest origination rate at 64.6%. Applications for loans insured by the Department of Veterans Affairs (VA) were the third most common, constituting 7.0% of all applications. They had the lowest origination rate at 62.9%, the lowest denial rate (10.7%), and were also more likely to be withdrawn by applicants (17.6%) than other loan types. Loans backed by the Farm Services Administration or Rural Housing Service (FSA/RHS) were the least common, with only 26 applications for them, accounting for 0.2%. They also had the highest rate to be approved but not accepted and closed for incompleteness, as well as the highest denial rate.

The vast majority (95.2%) of the applications were for site-built single-family homes with one to four units. There were only 39 applications for site-built multi-family units with five or more units in structure, but they had the most successful origination rate at 76.9%. Applications for manufactured housing units were the least successful with the lowest origination rate of 30.7%.

Most of the applications were submitted by White applicants (75.6%), who also had the highest origination rate of 69.6%. The second most common was the Black/African American applicants (7.6%), but they had the lowest origination rate of 49.0%. Hispanic or Latino applicants accounted for 2.8%, with the third lowest origination rate of 56.0%. Though there were only 81 Asian applicants accounting for 0.6%, they had the second-highest origination rate of 66.7%. Applicants of two or more races were more likely to be denied than other races, with a denial rate of 50.0%, followed by Native Hawaiian/Other Pacific Islander (33.3%) and Black/African American (27.4%) (Table 6-1).

The racial and ethnic distribution of loan applications between 2019 and 2021 does not align with the 2021 racial and ethnic composition of the population in Muskegon, Muskegon Heights, and Norton Shores. While the White population accounted for 63.4% of these three communities combined, 75.6% of all the applicants in the three communities between 2019 and 2021 were White. If excluding records with no race information, White applicants accounted for 88.2%. People of Black/African American descent, people of Two or More Races, and the Hispanic population were underrepresented in mortgage applications between 2019 and 2021 in these three communities, with only 8.8%, 0.07%, and 3.3% respectively if excluding records with no race information. In comparison, 27.7% of these three communities' residents were Black/African American, 6.6% were of Two or More Races, and 7.1% were Hispanic in 2021.

Table 6-1

Cumulative Mortgage Application Summary, 2019-2021

Muskegon City, Michigan Muskegon Heights City, Michigan Norton Shores City, Michigan

HMDA variable	Total Applications		Originated		Approved but Not Accepted		Denied		Withdrawn by Applicant		Closed for Incompleteness	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Loan Purpose												
Home Purchase	5,463	37.9%	4,073	74.6%	141	2.6%	474	8.7%	660	12.1%	115	2.1%
Home Improvement	964	6.7%	493	51.1%	26	2.7%	329	34.1%	79	8.2%	37	3.8%
Refinancing	4,375	30.3%	2,781	63.6%	115	2.6%	531	12.1%	604	13.8%	344	7.9%
Cash-Out Refinancing	2,842	19.7%	1,874	65.9%	63	2.2%	363	12.8%	390	13.7%	152	5.3%
Other Purpose	784	5.4%	397	50.6%	25	3.2%	233	29.7%	77	9.8%	52	6.6%
Not Applicable	4	0.0%	2	50.0%	0	0.0%	1	25.0%	0	0.0%	1	25.0%
Total	14,432	—	9,620	—	370	—	1,931	—	1,810	—	701	—
Loan Type												
Conventional	11,025	76.4%	7,437	67.5%	256	2.3%	1,526	13.8%	1,297	11.8%	509	4.6%
FHA	2,364	16.4%	1,526	64.6%	88	3.7%	292	12.4%	333	14.1%	125	5.3%
VA	1,017	7.0%	640	62.9%	24	2.4%	109	10.7%	179	17.6%	65	6.4%
RHS/FSA	26	0.2%	17	65.4%	2	7.7%	4	15.4%	1	3.8%	2	7.7%
Total	14,432	—	9,620	—	370	—	1,931	—	1,810	—	701	—
Property Type												
Single Family (1-4 Units):Site-Built	14,058	95.2%	9,487	67.5%	341	2.4%	1,766	12.6%	1,799	12.8%	665	4.7%
Multifamily:Site-Built	39	0.3%	30	76.9%	1	2.6%	5	12.8%	2	5.1%	1	2.6%
Manufactured Housing Unit	335	2.3%	103	30.7%	28	8.4%	160	47.8%	9	2.7%	35	10.4%
Total	14,432	—	9,620	—	370	—	1,931	—	1,810	—	701	—
Race												
White	10,904	75.6%	7,591	69.6%	278	2.5%	1,262	11.6%	1,285	11.8%	488	4.5%
Black/African American	1,092	7.6%	535	49.0%	33	3.0%	299	27.4%	167	15.3%	58	5.3%
American Indian/Alaska Native	89	0.6%	50	56.2%	3	3.4%	16	18.0%	8	9.0%	12	13.5%
Asian	81	0.6%	54	66.7%	1	1.2%	8	9.9%	13	16.0%	5	6.2%
Native Hawaiian/Other Pacific Islander	12	0.1%	7	58.3%	1	8.3%	4	33.3%	0	0.0%	0	0.0%
Two or More Races	8	0.1%	4	50.0%	0	0.0%	4	50.0%	0	0.0%	0	0.0%
Some Other Race	184	1.3%	118	64.1%	4	2.2%	31	16.8%	20	10.9%	11	6.0%
Race Not Available	2,062	14.3%	1,261	61.2%	50	2.4%	307	14.9%	317	15.4%	127	6.2%
Total	14,432	—	9,620	—	370	—	1,931	—	1,810	—	701	—
Ethnicity												
Hispanic or Latino	411	2.8%	230	56.0%	13	3.2%	85	20.7%	63	15.3%	20	4.9%
Total	411	—	230	—	13	—	85	—	63	—	20	—

Source:HMDA Data and RKG Associates Inc, 2022

2. Mortgage Lending Trends by Race/Ethnicity

The number of applications for Home Purchase loans, Refinancing, and Cash-Out Refinancing grew between 2019 and 2021 but declined for Home Improvement loans and loans of other purposes during the same period. In particular, Home Improvement loan applications dropped by 22.4% for White applicants and by 17.5% for Black/African American applicants. The total number of applications in 2021 increased by 54.4% compared to 2019 (Table 6-2).

Table 6-2

Loan Application Type/Purpose by Race and Ethnicity, 2019-2021

Muskegon City, Michigan Muskegon Heights City, Michigan Norton Shores City, Michigan

	White	Black/African American	American Indian/Alaska Native	Asian	Native Hawaiian/Other Pacific Islander	Two or More Races	Some Other Race	Hispanic or Latino	Race Not Available
2019									
Home Purchase	1,291	107	15	6	0	0	19	59	183
Home Improvement	263	57	1	1	0	1	2	6	31
Refinancing	582	76	6	5	1	1	14	23	124
Cash-Out Refinancing	530	64	4	1	0	0	8	14	95
Other Purpose	257	26	1	3	0	0	5	6	44
Not Applicable	3	0	0	0	0	0	0	1	1
Total	2,926	330	27	16	1	2	48	109	478
% Home Purchase	44.1%	32.4%	55.6%	37.5%	0.0%	0.0%	39.6%	54.1%	38.3%
% Home Improvement	9.0%	17.3%	3.7%	6.2%	0.0%	50.0%	4.2%	5.5%	6.5%
% Refinancing	19.9%	23.0%	22.2%	31.2%	100.0%	50.0%	29.2%	21.1%	25.9%
% Cash-Out Refinancing	18.1%	19.4%	14.8%	6.2%	0.0%	0.0%	16.7%	12.8%	19.9%
% Other Purpose	8.8%	7.9%	3.7%	18.8%	0.0%	0.0%	10.4%	5.5%	9.2%
% Not Applicable	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.2%
2020									
Home Purchase	1,368	114	8	9	1	1	18	67	227
Home Improvement	198	28	1	2	0	0	6	4	46
Refinancing	1,306	90	6	10	4	0	16	34	236
Cash-Out Refinancing	628	34	4	4	1	1	9	13	94
Other Purpose	167	18	1	2	0	0	3	7	33
Not Applicable	0	0	0	0	0	0	0	0	0
Total	3,667	284	20	27	6	2	52	125	636
% Home Purchase	37.3%	40.1%	40.0%	33.3%	16.7%	50.0%	34.6%	53.6%	35.7%
% Home Improvement	5.4%	9.9%	5.0%	7.4%	0.0%	0.0%	11.5%	3.2%	7.2%
% Refinancing	35.6%	31.7%	30.0%	37.0%	66.7%	0.0%	30.8%	27.2%	37.1%
% Cash-Out Refinancing	17.1%	12.0%	20.0%	14.8%	16.7%	50.0%	17.3%	10.4%	14.8%
% Other Purpose	4.6%	6.3%	5.0%	7.4%	0.0%	0.0%	5.8%	5.6%	5.2%
% Not Applicable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2021									
Home Purchase	1,451	198	21	24	1	3	37	91	361
Home Improvement	204	47	3	3	0	0	2	10	68
Refinancing	1,476	118	9	5	1	0	24	37	265
Cash-Out Refinancing	1,002	102	6	6	2	0	17	33	230
Other Purpose	178	13	3	0	1	1	4	6	24
Not Applicable	0	0	0	0	0	0	0	0	0
Total	4,311	478	42	38	5	4	84	177	948
% Home Purchase	33.7%	41.4%	50.0%	63.2%	20.0%	75.0%	44.0%	51.4%	38.1%
% Home Improvement	4.7%	9.8%	7.1%	7.9%	0.0%	0.0%	2.4%	5.6%	7.2%
% Refinancing	34.2%	24.7%	21.4%	13.2%	20.0%	0.0%	28.6%	20.9%	28.0%
% Cash-Out Refinancing	23.2%	21.3%	14.3%	15.8%	40.0%	0.0%	20.2%	18.6%	24.3%
% Other Purpose	4.1%	2.7%	7.1%	0.0%	20.0%	25.0%	4.8%	3.4%	2.5%
% Not Applicable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change 2019-2021									
Home Purchase	160	91	6	18	1	3	18	32	178
Home Improvement	-59	-10	2	2	0	-1	0	4	37
Refinancing	894	42	3	0	0	-1	10	14	141
Cash-Out Refinancing	472	38	2	5	2	0	9	19	135
Other Purpose	-79	-13	2	-3	1	1	-1	0	-20
Not Applicable	-3	0	0	0	0	0	0	-1	-1
Total	1,385	148	15	22	4	2	36	68	470

Source: IRMIX Data and RNC Associates Inc., 2022

B. GEOGRAPHIC DISTRIBUTION OF MORTGAGE APPLICATION APPROVAL

The following analyses under this section are for the combined area of the three communities of Muskegon City, Muskegon Heights City, and Norton Shores City. The cumulative mortgage approval rates between 2019 and 2021 across the 27 census tracts in the three communities range from 33.0% (Census Tract 13, the East Side neighborhood in Muskegon Heights) to 73.3% (Census Tract 23, in Norton Shores). Within Muskegon City, Census Tract 9 (the Lakeside neighborhood), which borders Census Tract 23 on the west side of the City by the waterfront has the highest approval rate of 70.7%. Census Tract 3 (the Angell neighborhood), which is in the center of the City with a concentration of minority population, has the lowest approval rate of 54.5 % within Muskegon City.

Within the three communities, Census Tracts 23 which is in Norton Shores had more than 1,000 loan applications during the three years. Within Muskegon City, Census Tract 9 (the Lakeside neighborhood), which also has the highest approval rate, has the largest number of applications between 2019 and 2021. This is not surprising as this more sought-after census tract is located on the west side of the City close to the waterfront, bordering wealthier communities with more access to housing and resources. The census tract with the fewest applications between 2019 and 2021 in Muskegon City is Census Tract 4.02 (East Muskegon), with a total of 47 applications, followed by Census Tract 3 (the Angell neighborhood) with 145 total applications, which also has the lowest approval rate and is located in the center of the City. These two census tracts with the smallest numbers of applications overlap with neighborhoods with a concentration of minority population, lower median household incomes, lower homeownership rates, higher percentages of renters, and more housing and economic challenges as discussed in previous sections (Table 6-3).

However, the mortgage approval rate depends on both the number of applications and the number of approved cases in a certain neighborhood, which are associated with numerous other factors, including applicants' preference for a certain neighborhood, and the demographic and economic status of the applicants. Therefore, no single factor can explain why mortgage approval rates are higher in some neighborhoods than others. To quantify how successful mortgage applicants were in pursuing mortgage financing in each neighborhood compared to the rest of the

Table 6-3

Mortgage Application Approval, 2019 - 2021

Muskegon City Census Tracts, Michigan Muskegon Heights City Census Tracts, Michigan Norton Shores City Census Tracts, Michigan

Census Tract	Total Application	Total Approval	Approval Rate
1.00	271	172	63.5%
3.00	145	79	54.5%
4.01	563	351	62.3%
4.02	47	26	55.3%
5.00	344	194	56.4%
6.01	181	99	54.7%
8.00	453	295	65.1%
9.00	669	473	70.7%
10.00	374	240	64.2%
12.00	126	47	37.3%
13.00	91	30	33.0%
14.02	211	106	50.2%
15.00	906	628	69.3%
16.00	649	418	64.4%
18.00	888	598	67.3%
19.01	752	514	68.4%
19.02	777	522	67.2%
20.00	440	300	68.2%
21.00	474	323	68.1%
22.00	755	547	72.5%
23.00	1,272	932	73.3%
24.00	672	435	64.7%
26.01	497	271	54.5%
26.02	764	554	72.5%
28.00	1,581	1,132	71.6%
42.00	444	285	64.2%
43.00	86	49	57.0%

Source: HMDA data and RKG Associates Inc., 2022

City between 2019 and 2021, RKG developed a special matrix, and this analysis is detailed below in Part D Housing Demand and Access Index Analysis.

C. MORTGAGE APPLICATION DENIALS

The following analyses under this section are for the combined area of the three communities of Muskegon City, Muskegon Heights City, and Norton Shores City. Between 2019 and 2021, a total of 1,931 mortgage applications were denied, with a cumulative denial rate of 13.4%. HMDA data has provided detailed information for 1,894 denials categorized by the primary reasons for the denial and by applicant race/ethnicity. The most common reason for denial is credit history issues, accounting for 34.1%, followed by unqualified debt-to-income ratios, constituting 23.8%. This pattern differs among the applicants by racial and ethnic groups. Applications of all non-white races were proportionally much more likely to be denied for credit history reasons. For example, all four Native Hawaiian/Other Pacific Islander applicants were denied for this reason. Asian applicants and applicants of two or more races were also proportionally more likely to have their applications denied for debt-to-income ratio issues than average (Table 6-4).

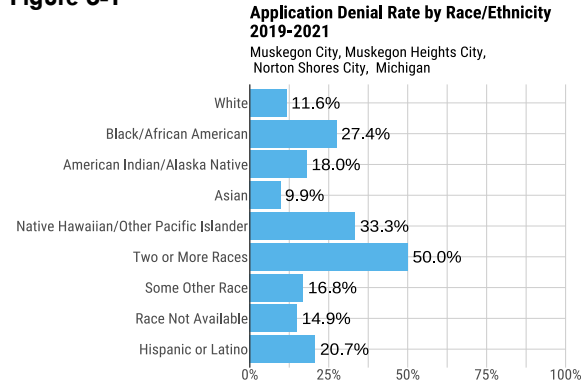
Table 6-4

Denial By Reason by Race and Ethnicity, 2019-2021										
Muskegon City, Michigan Muskegon Heights City, Michigan Norton Shores City, Michigan										
	All Races/Ethnicity	White	Black/African American	American Indian/Alaska Native	Asian	Native Hawaiian/Other Pacific Islander	Two or More Races	Some Other Race	Hispanic or Latino	Race Not Available
Count										
Total	1,894	1,239	296	16	7	4	4	29	82	299
Debt-to-income ratio	450	301	64	2	2	0	1	7	18	73
Employment history	37	23	8	0	0	0	0	0	2	6
Credit history	645	393	144	8	3	4	2	12	29	79
Collateral	296	214	30	2	1	0	0	4	9	45
Insufficient cash (downpayment, closing costs)	22	19	1	0	0	0	0	0	2	2
Unverifiable information	66	41	5	1	1	0	0	1	4	17
Credit application incomplete	197	122	26	1	0	0	0	4	11	44
Mortgage insurance denied	1	1	0	0	0	0	0	0	0	0
Other	180	125	18	2	0	0	1	1	7	33
Percent										
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt-to-income ratio	23.8%	24.3%	21.6%	12.5%	28.6%	0.0%	25.0%	24.1%	22.0%	24.4%
Employment history	2.0%	1.9%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	2.0%
Credit history	34.1%	31.7%	48.6%	50.0%	42.9%	100.0%	50.0%	41.4%	35.4%	26.4%
Collateral	15.6%	17.3%	10.1%	12.5%	14.3%	0.0%	0.0%	13.8%	11.0%	15.1%
Insufficient cash (downpayment, closing costs)	1.2%	1.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.7%
Unverifiable information	3.5%	3.3%	1.7%	6.2%	14.3%	0.0%	0.0%	3.4%	4.9%	5.7%
Credit application incomplete	10.4%	9.8%	8.8%	6.2%	0.0%	0.0%	0.0%	13.8%	13.4%	14.7%
Mortgage insurance denied	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	9.5%	10.1%	6.1%	12.5%	0.0%	0.0%	25.0%	3.4%	8.5%	11.0%

Source: HMDA Data and RKG Associates Inc., 2022

While the cumulative mortgage application denial rate is 13.4% for all applicants including those with no race data in the three communities combined, there is a disparity of denial rates across the racial and ethnic groups of applicants. Applicants of Two or More Races have seen the highest denial rate at 50.0%, followed by Native Hawaiian/Other Pacific Islander (33.3%), Black (27.4%), and Hispanic or Latino applicants (20.7%). Except for applicants with race data not available, Asian applicants have seen the lowest denial rate at 9.9%, followed by White applicants (11.6%) (Figure 6-1).

Figure 6-1



Source: HMDA Data and RKG Associates, Inc., 2022

D. MORTGAGE DEMAND AND ACCESS INDEX ANALYSIS

The following analyses and data under this section are specifically for Muskegon City. RKG Associates prepared a special analysis of housing demand and access that examined how each racial or ethnic group performed on mortgage loan applications within each census tract in Muskegon City between 2019 and 2021. The purpose of the analysis was to identify patterns of performance differences within each racial or ethnic group as compared to how the group performed on average across all census tracts in the City over the two years. “Mortgage Demand and Access Index” is a statistical measure created by RKG Associates to measure and compare the relative success rate of mortgage loan applications for each racial and ethnic group based on: (1) the group’s ability to pay or purchase a home, (2) the proportion of the applicants by racial and ethnic group to the total population of loan applicants, (3) the loan denial rate by racial and ethnic group, and (4) the propensity of each racial and ethnic group to buy or rent within the census tracts in the City based on known housing tenure rates.

1. Home Purchase Loan Application Activity

Among the 1,731 home purchase loan applications with documented race and ethnic information of applicants (excluding records with no racial/ethnic data) in Muskegon City, 84.4% of them were submitted by White applicants, accounting for the majority of applicants for home purchase loans, followed by Black applications, with a share of 12.8%. Roughly 4.4% of home purchase loan applications were submitted by Hispanic applicants. Applicants in other racial and ethnic groups constitute between 0.0% and 1.0% of all home purchase loan applicants between 2019 and 2021 (Table 6-5).

Table 6-5

Home Purchase Loan Application by Race/Ethnicity, 2019 - 2021
Muskegon City, Michigan

Applicant Race/Ethnicity	Number	Percent
Race		
White	1,461	84.4%
Black/African American	221	12.8%
American Indian/Alaska Native	12	0.7%
Asian	17	1.0%
Native Hawaiian/Other Pacific Islander	1	0.1%
Two or More Races	2	0.1%
Some Other Race	17	1.0%
TOTAL	1,731	100.0%
Ethnicity		
Hispanic or Latino	77	4.4%

Source: HMDA Data and RKG Associates Inc, 2022

2. Ability-to-Pay Index

The first factor of the Housing Demand and Access Index is the “Ability-to-Pay” Index by race and ethnicity, which is the proportion of a racial/ethnic group’s median household income on the City level compared to Muskegon’s citywide median of \$37,827. The city-level median household income and all median household income by race/ethnicity figures were obtained from the U.S. Census Bureau American Community Survey (ACS) 2021 estimates.

An applicant’s ability to successfully obtain mortgage financing depends on several factors but is mostly dependent on the applicant’s ability to pay for mortgage expenses (i.e., principal, interest, taxes, and insurance). Households with higher incomes will often have more options and access to greater housing choices and mortgage loans.

The Ability-to-Pay Indices that are above 1.0 represent higher household incomes than the City median and those below 1.0 represent income levels lower than the City median. Only the White population, the population of Some Other Race, the population of Two or More Races, and the Hispanic/Latino population had index values higher than 1.0 (Table 6-6).

Table 6-6

Ability-to-Pay Index by Race/Ethnicity, 2021

Muskegon City, Michigan

	Median Household Income	Income to Value	Ability to Pay Index
All Races/Ethnicity	\$37,827	2.23	1.00
White	\$42,389	1.99	1.11
Black/African American	\$29,375	2.87	0.71
American Indian/Alaska Native	\$28,260	2.98	0.66
Asian	\$25,313	3.33	0.51
Native Hawaiian/Other Pacific Islander	NA	NA	NA
Some Other Race	\$47,991	1.76	1.21
Two or More Races	\$70,559	1.19	1.46
Hispanic or Latino	\$49,196	1.71	1.23

Source: HMDA Data and RKG Associates Inc., 2022

3. Mortgage Demand Index

The “Mortgage Demand Index” is the proportion of the number of home purchase loan applications submitted between 2019 and 2021 by each racial and ethnic group as a percentage of each group’s share of the current household population within each census tract in Muskegon City. For example, if the percentage of the Hispanic or Latino household population in Census Tract 1 is 7.2%, and the number of home mortgage applications from this group accounted for 10.0% of the total submitted, then the Mortgage Demand Index is 1.4 ($10.0\% \div 7.2\% = 1.4$) in this census tract for the Hispanic or Latino population. This index value accounts for the fact that many people tend to gravitate to various neighborhoods that they prefer or where other people in their social network, racial and ethnic groups already live. In some respects, people naturally self-select their neighborhoods based on these and many other factors – real and perceived.

4. Mortgage Success Index

The “Mortgage Success Index” measures the relative net success rate of home purchase loan mortgage originations to mortgage denials by race/ethnicity. For example, if Census Tract 2 has 58 mortgage loan applications either approved or denied and a total of 8 denials, then this results in a net of 50 mortgage loans approved and originated, at a net success rate of 86%. For American Indian/Alaska Native applicants, if there are four mortgage applications either approved or denied and there is no denial, then their net success rate would be 100% in this census tract. Therefore, their Mortgage Success index would be 1.16 ($100\% \div 86\% = 1.16$).

5. Results of Mortgage Demand and Access Index

Once the three key indices were calculated for each census tract in Muskegon City, an overall “Mortgage Demand and Access Index” was calculated, and the results were mapped to examine where in the City racial and ethnic groups may be having difficulty accessing mortgage financing for home purchases. This analysis does not account for access issues related to rental housing and is not considered a definitive indicator of different peoples’ ability to access mortgage loans. No single factor can explain why a given group of households was successful or unsuccessful in obtaining mortgage financing in any part of the City, but this analysis examines some of the most likely factors.

To obtain a final score for each group in each census tract, RKG weighted each index score to reflect its relative importance to each group’s ability to obtain mortgage financing for home purchases. The Ability-to-Pay Index received the highest weighting factor at 50% of the final score since it is the strongest determinant of success in pursuing a mortgage loan. Income is also correlated with a household’s credit score, which is another important factor leading to a favorable credit decision.

Net Mortgage Success Index was assigned a weighting factor of 35% and Mortgage Demand Index was assigned a weighting factor of 15% so that variations between the demand and success among the various race and ethnic groups can be identified. Net mortgage success is a function of a lot of factors but is mostly related to a group’s ability to successfully obtain a mortgage loan to purchase a home. While some of those factors are related to a group’s ability to pay, credit scores, and similar factors, excessive loan denial rates could denote something else. Conversely, a group’s success rate at obtaining mortgage financing in Muskegon’s neighborhoods can only be judged by the demand exhibited by each group to live in these neighborhoods. If Hispanic households do not pursue mortgages to buy homes in a given census tract, it is difficult to judge why that has occurred. But if Hispanic households pursue mortgage loans in certain neighborhoods but are denied at rates exceeding their citywide denial rates, this may indicate that barriers exist.

Index values shown on the maps represent a racial or ethnic group’s index value for each census tract compared to this group’s citywide average. The values shown in Table 6-7 reflect the average index value for census tracts citywide by racial/ethnic group. The darker-colored census tracts with values greater than 1.0 indicate that the racial or ethnic group performed better in those census tracts. The opposite is true for

Table 6-7

Housing Demand and Access Index, City-Wide Average	
Muskegon City, Michigan	
Racial/Ethnic Groups	Average
Total Racial/Ethnic Groups	1.00
White	1.02
Black/African American	0.77
American Indian/Alaska Native	0.80
Asian	0.57
Native Hawaiian/Other Pacific Islander	0.00
Two or More Races	0.71
Some Other Race	0.59
Hispanic or Latino	1.01

Source: HMDA Data and RKG Associates Inc., 2022

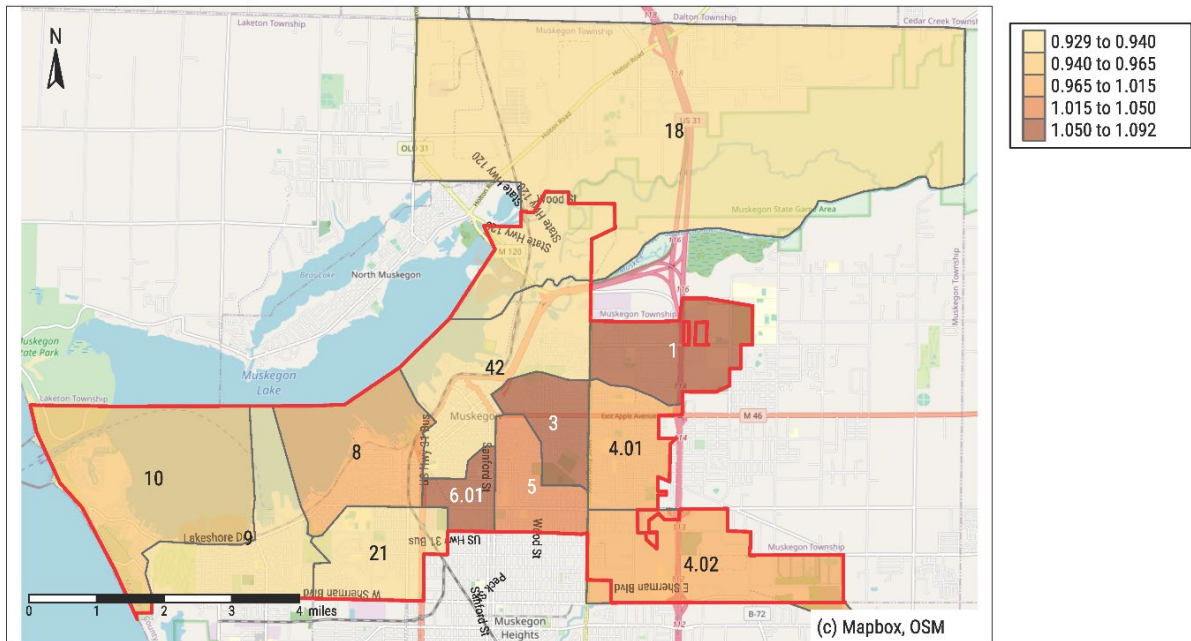
lighter-shaded tracts. Some groups did not perform well in some census tracts because they did not seek mortgage applications for homes in those census tracts. Those are internal decisions that applicants make based on unknown factors, but they could be related to home sales prices, crime rates, perceptions of school quality, the quality of homes, or even the racial composition of the neighborhood.

Note that the Native Hawaiian/Other Pacific Islander population has a zero-value index score because there are no existing homeowners of this racial group in the City and there is no citywide median household income data for this racial group according to the American Community Survey 2021 5-year estimates. There were 26 people of Native Hawaiian/Other Pacific Islander descent in Muskegon City in 2021 according to the census data, and one Native Hawaiian/Other Pacific Islander applicant applied for a home purchase loan between 2019 and 2021 in the City.

Only the White population (1.02) and Hispanic population (1.01) have Demand and Access Index scores above the citywide average. The remaining racial and ethnic groups all have Demand and Access Index scores below the citywide average. In particular, the Asian population has the lowest Demand and Access Index score at 0.57, followed by people of Some Other Race with a 0.59 index score. This indicates that these minority/ethnic groups have less success in obtaining mortgage financing for home purchases compared to the White and Hispanic population in Muskegon according to the Demand and Access Index. However, again, this index does not measure all the numerous factors that influence a racial/ethnic group's success in securing home mortgage loans.

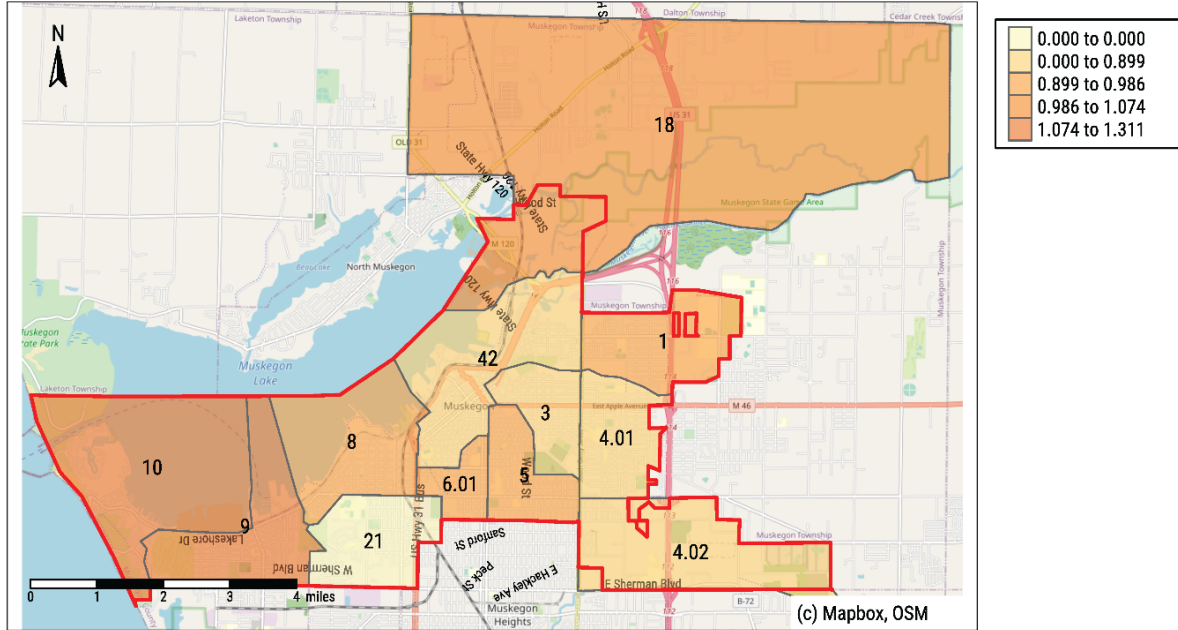
Map 6-1: Mortgage Demand & Access Index (White)

Housing Demand Access Index, White Muskegon City, Michigan Census Tracts



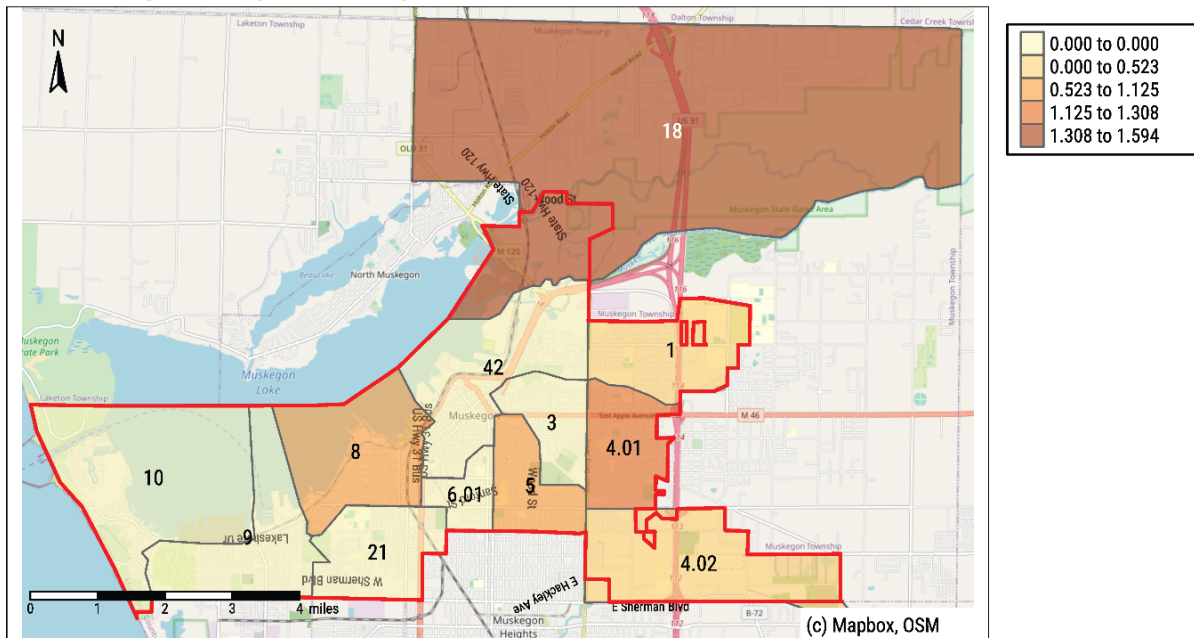
Map 6-2: Mortgage Demand & Access Index (Black)

Housing Demand Access Index, Black/African American Muskegon City, Michigan Census Tracts

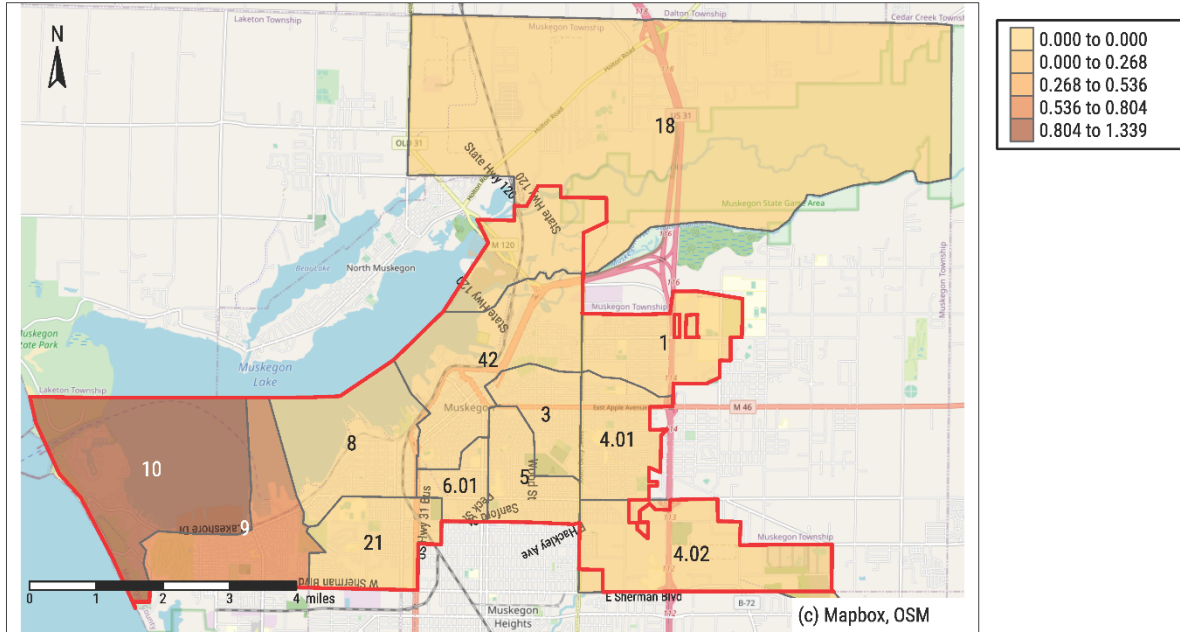


Map 6-3: Mortgage Demand & Access Index (American Indian/Alaska Native)

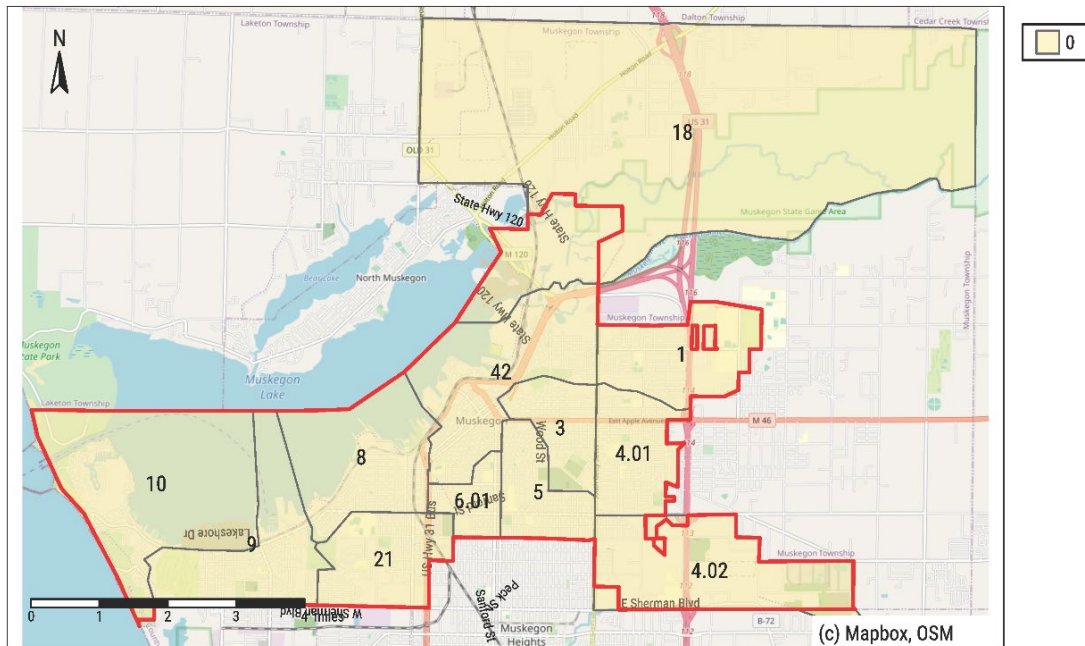
Housing Demand Access Index, American Indian/Alaska Native Muskegon City, Michigan Census Tracts



Map 6-4: Mortgage Demand & Access Index (Asian)
Housing Demand Access Index, Asian
Muskegon City, Michigan Census Tracts

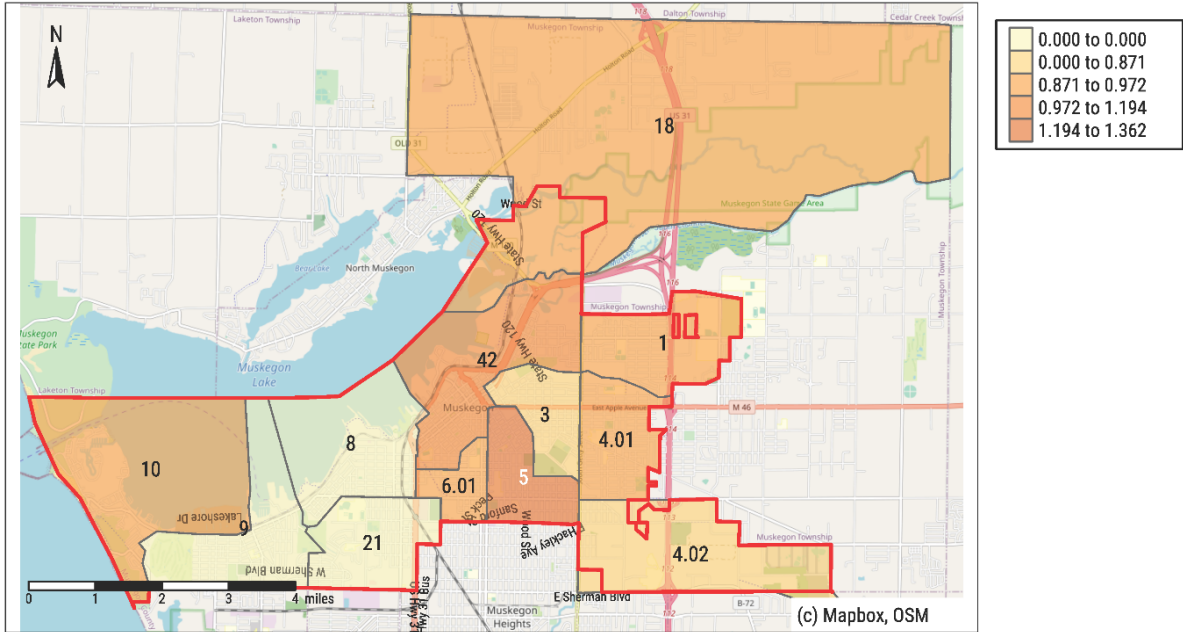


Map 6-5: Mortgage Demand & Access Index (Native Hawaiian/Other Pacific Islander)
Housing Demand Access Index
Native Hawaiian/Other Pacific Islander
Muskegon City, Michigan Census Tracts



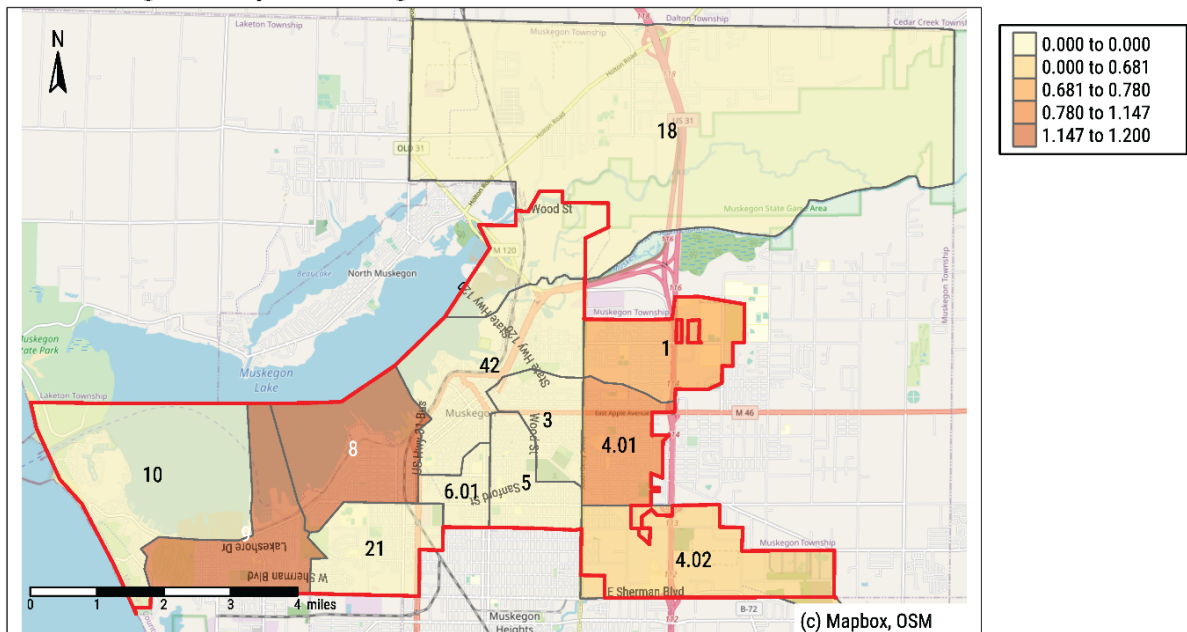
Map 6-6: Mortgage Demand & Access Index (Two or More Races)

Housing Demand Access Index, Two or More Races Muskegon City, Michigan Census Tracts



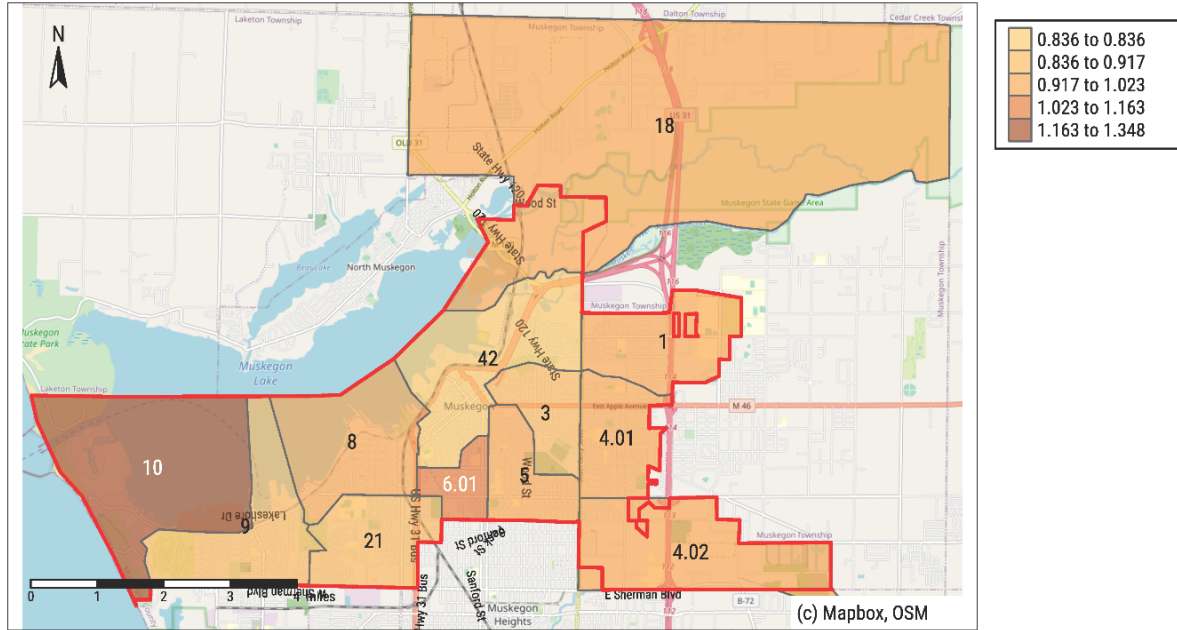
Map 6-7: Mortgage Demand & Access Index (Some Other Race)

Housing Demand Access Index, Some Other Race Muskegon City, Michigan Census Tracts



Map 6-8: Mortgage Demand & Access Index (Hispanic/Latino)

**Housing Demand Access Index, Hispanic or Latino
Muskegon City, Michigan Census Tracts**



E. HIGH-COST LENDING

The following analyses under this section are for the combined area of the three communities of Muskegon City, Muskegon Heights City, and Norton Shores City. A subprime mortgage is a type of home loan issued to borrowers with low credit scores (often below 600) who are unqualified for conventional mortgages. Subprime mortgages usually come with much higher interest rates and down payments than conventional options because the borrowers often are at higher default risks. However, more expensive subprime loans are sometimes issued to some borrowers with high enough household incomes, credit scores, and available down payments to qualify for conventional loans. Historically, this is especially true for minority groups, which usually see higher percentages of subprime borrowers. The decision and practice of subprime lending targeting borrowers' racial or ethnic status constitute mortgage discrimination.

Since 2005, Housing Mortgage Disclosure Act data has included a new category of information called "rate spread." It represents the difference between the loan interest rate and the prevailing U.S. Treasury standard. Though HMDA does not require lenders to report credit score data of applicants which can be used to determine which loans are subprime, the "rate spread" data can help identify "high-cost" loans, which is a strong predictor of subprime lending and possible mortgage discrimination.

A loan is considered a high-cost loan if it meets one of the following criteria:

- A first-lien loan with an interest rate at least three percentage points higher than the prevailing U.S. Treasury standard at the time the loan application was filed. The standard is equal to the current price of comparable-maturity Treasury securities.

- A second-lien loan with an interest rate of at least five percentage points higher than the standard.

Table 6-8 shows the total cases of high-cost lending across all loan types and purposes by borrowers' racial or ethnic group between 2019 and 2021 in Muskegon, Muskegon Heights, and Norton Shores combined. The average high-cost lending rate for the three communities for all racial/ethnic groups is 1.6%, which is calculated by comparing the number of high-cost lending cases to the total amount of originated and approved not accepted applications. This is a generally low percentage. However, American Indian/Alaska Native borrowers and borrowers of Some Other Race were more likely to experience high-cost lending during the three years compared to other groups, with the highest high-cost lending rate of 5.7%, followed by Black/African American borrowers, with a high-cost lending rate at 3.0%.

The cumulative high-cost lending rates between 2019 and 2021 were then mapped by census tract. Given that the average is 1.6% for the three communities combined, the darker shades indicate census tracts that are more likely than others to experience high-cost lending practices. High-cost lending has occurred most often in Census Tracts 14.02 and 26.01, which are in Muskegon Heights City and Norton Shores City, respectively. Within Muskegon City, Census Tract 3 (the Angell neighborhood) has the highest high-cost lending rate at 2.4%, followed by Census Tract 8 (the Nims neighborhood) (2.3%). Census Tract 3 (the Angell neighborhood) also has the highest concentration of the non-White population in Muskegon. Census Tract 3 (the Angell neighborhood) and Census Tract 8 (the Nims neighborhood) are also among the neighborhoods that have higher shares of renters and lower homeownership rates. Census Tract 5 (the neighborhood of McLaughlin and the eastern half of Marsh Field) has seen the third highest high-cost lending rate at 2.0% and is also one of the lower-income neighborhoods with lower composite index scores as discussed in Chapter 3 (Map 6-8).

Table 6-8

Cumulative High Cost Lendings by Race/Ethnicity, 2019 - 2021

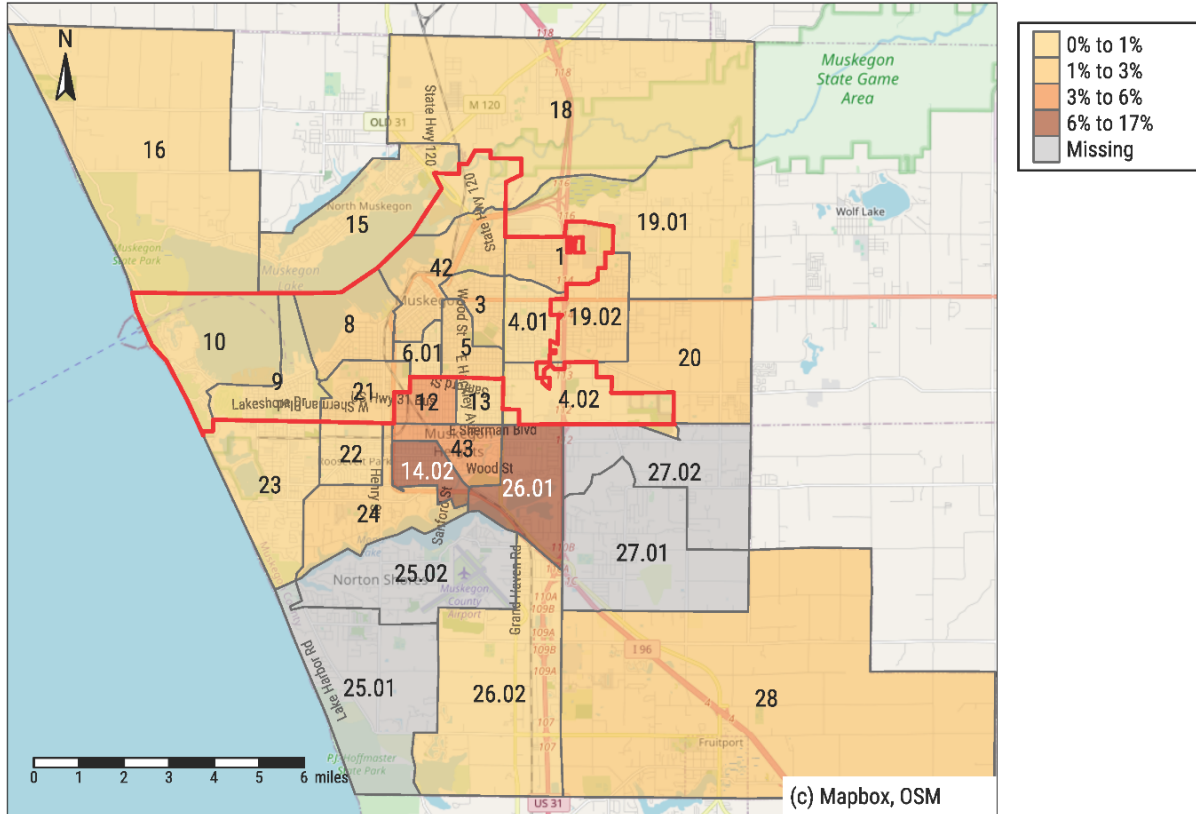
Muskegon City, Michigan Muskegon Heights City, Michigan Norton Shores City, Michigan

	Total Originated/Approved Not Accepted Applications	No. of High Cost Lendings	High Cost Lending Rate
Race			
White	7,869	116	1.5%
Black/African American	568	17	3.0%
American Indian/Alaska Native	53	3	5.7%
Asian	55	1	1.8%
Native Hawaiian/Other Pacific Islander	8	0	0.0%
Two or More Races	4	0	0.0%
Some Other Race	122	7	5.7%
Race Not Available	1,311	16	1.2%
Total —	9,990	160	1.6%
Ethnicity			
Hispanic or Latino	243	5	2.1%

Source: HMDA Data and RKG Associates Inc., 2022

Map 6-8

Cumulative High Cost Lending Rate, 2019-2021 Muskegon City, Michigan Census Tracts



F. REAL ESTATE ADVERTISING AND AFFIRMATIVE MARKETING

The following analyses under this section are for Muskegon City. RKG Associates also examined Realtor websites to assess if real estate brokers and sales offices are providing information supporting people’s rights to fair housing choices in their advertising and marketing practices. This assessment also identified potentially discriminatory language used on real estate listing websites in Muskegon’s home sales and rental markets.

In general, major real estate listing services such as Century 21, Zillow/Trulia, Apartments.com, and Coldwell Banker have specific statements expressing the key principles of the Fair Housing Act and the Equal Opportunity Act. Century 21 prohibits “discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions.” Also, each Century 21 Real Estate LLC franchised office is contractually required to comply, in all respects, with all laws, rules, and regulations applicable to the real estate industry, including without limitation, the requirements imposed by the Fair Housing Act.

Apartments.com prohibits advertising “any preference, limitation, or discrimination because of race, color, religion, sex, handicap, familial status, or national origin, or intention to make such preference,

limitation or discrimination.” Zillow/Trulia has provided a detailed article explaining the basics of the Fair Housing Law (<https://www.zillow.com/rental-manager/resources/fair-housing-guide/>). Coldwell Banker has a dedicated Fair Housing page that lists the laws that protect fair housing rights, the responsibilities of home sellers and real estate professionals, and resources to seek help when the violation of rights occurs.

However, most of Muskegon’s local real estate agency websites do not have languages or statements related to fair housing. Three local Realtors have listed the logo of Equal Housing Opportunity at the bottom of their websites but have not provided further details. One does not have any logo or language related to fair housing.

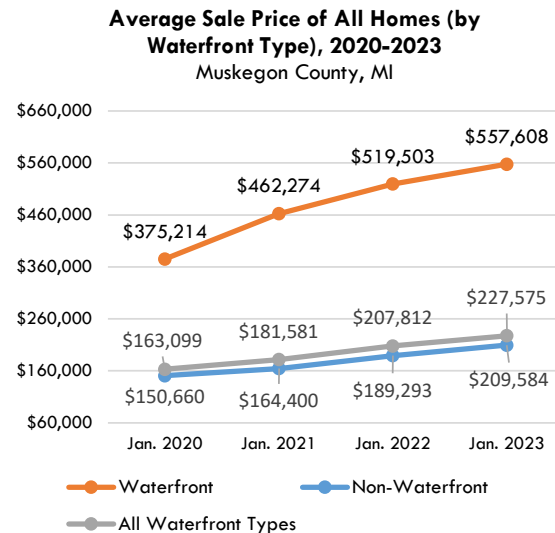
G. HOUSING MARKET OVERVIEW

The following analyses under this section are for Muskegon City. Residential sales activities, home value, and rent levels are vital indicators of the overall well-being of a community’s housing market, displaying the relations between housing demand and supply. The RKG team obtained the residential sales data from RocketHomes.com and the Michigan Regional Information Center, in addition to the median home value and the median monthly gross rent data from the American Community Survey 2021 5-Year Estimates to provide an overview of the City of Muskegon’s housing market.

1. Home Value and Sales Trend

According to the data from RocketHomes.com, the City of Muskegon was a seller's market in February 2023, which means prices tend to be higher and homes sell faster. Also, the median sale prices in Muskegon City increased by 11.3% between February 2022 and February 2023. Within Muskegon County, the median list price and the average sale prices of homes have been showing an upward trend since January 2020 according to the Michigan Regional Information Center (Figure 6-2). The average sale price of waterfront homes rose from \$375,214 in January 2020 to \$557,608 in January 2023, gaining 48.6%. The average sale price of non-waterfront homes rose from \$150,660 in January 2020 to \$209,584 in January 2023, growing by 39.1%. This means that within the City of Muskegon and Muskegon County, home purchase interest has pushed up the sale prices of homes, most likely fueled by increasing demand, especially between 2021 and 2022 as the economy and the housing market have been slowly recovering from the impact of the pandemic.

Figure 6-2



Source: Michigan Regional Information Center and RKG Associates, Inc., 2023

According to the 2021 American Community Survey (ACS) 5-Year Estimates, the median home value in Muskegon City increased by 7.94% between 2010 and 2021 (Table 6-10). This corresponds with the upward trend of the average sale prices of homes as discussed. It also shows that the median home value in Muskegon City has accelerated slower than the growth of median household income between 2010 and 2021. However, the City’s median household income is relatively low to start with. According to the 2021 AC 5-Year Estimates, the average renter household size was around two persons, and the average owner household size was around three persons in Muskegon in 2021. In

addition, according to HUD’s 2021 income limits for Muskegon County, the median household income of \$37,827 in 2021 equates to 73.3% of the Area Median Income (AMI) for a two-person household. For a three-person household, the median household income of \$37,827 equates to 65.1% of the AMI in 2021. Both are categorized by HUD as between low-income (80% of AMI) and very low-income (50% of AMI) for Muskegon County in 2021. Therefore, the increasing home prices are and will continue to be an impediment to fair housing for the lower-income and most vulnerable residents, if their incomes and ability to pay for housing are not improved.

Table 6-10

Housing & Income Trends, 2010 - 2021

Muskegon City, Michigan

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change '10 - '21	
													Actual Chg.	% Chg.
Median Gross Rent	\$574	\$589	\$599	\$603	\$630	\$638	\$654	\$678	\$697	\$706	\$741	\$778	\$204	35.54%
Median Home Value	\$78,100	\$74,000	\$70,000	\$67,500	\$63,300	\$63,700	\$64,000	\$65,800	\$68,800	\$73,000	\$77,200	\$84,300	\$6,200	7.94%
Median Household Income	\$26,686	\$25,863	\$25,480	\$26,079	\$25,989	\$27,106	\$27,359	\$29,388	\$30,737	\$32,433	\$35,323	\$37,827	\$11,141	41.75%

Source: ACS 5-Year Estimates, RKG Associates Inc., 2022

Map 6-9 and Map 6-10 display the 2021 median home values and the annual percentage changes of median home value between 2015 and 2021 by census tract in Muskegon City. The data was also obtained from the 2021 American Community Survey 5-Year Estimates.

The median values of homes are generally lower in neighborhoods around the City center and the southeast side of the City where there are higher levels of poverty and less access to opportunities. In comparison, the highest home values are seen in Census Tracts (Census Tract 10, 21, and 9) on the west side of the City close to the waterfront (including the neighborhood of Beachwood-Bluffton, Lakeside, Glenside, and Campbell Field), as well as Census Tract 1 (the Marquette neighborhood), where there have been higher household income levels and higher homeownership rates. For example, Census Tract 10 (the Beachwood-Bluffton neighborhood) has the highest median home value in 2021 at \$225,000, followed by Census Tract 1 (the Marquette neighborhood) at \$113,700. Census Tract 1 has also seen the fastest increase in its median home value between 2015 and 2021 compared to other census tracts at 70.98%, followed by Census Tract 21 (the Campbell Field neighborhood) at 66.57%. The median home value in Census Tract 3 (the Angell neighborhood) also rose by 39.71% during this period, which was the fourth fastest increase in the City.

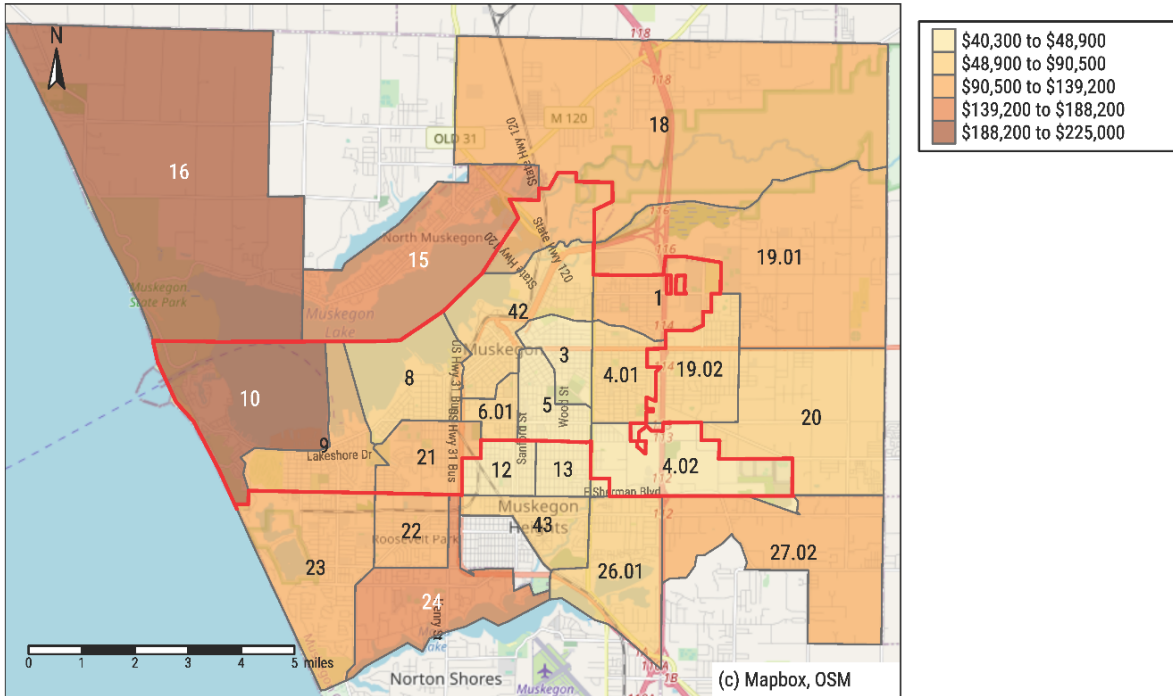
The high median home value and rapid home value growth in Census Tract 1 (the Marquette neighborhood) may be fueled by its rapid population and income growth between 2010 and 2021, as well as the presence of Muskegon Community College and Baker College of Muskegon. All these factors may have stoked up the housing demand. However, Census Tract 3 (the Angell neighborhood) which has one of the lowest household incomes, the fourth lowest median home value, a concentration of the minority population, and higher shares of housing conditions has also experienced a fast increase in its median home value. This census tract also has two LIHTC projects, which are Bayview Tower and Cogic Village, and has 501 owner-occupied households according to the 2021 American Community Survey 5-Year Estimates. This census tract includes the Oakwood Cemetery, Restlawn Cemetery, and Evergreen Cemetery and is adjacent to retail and food and drink establishments along

South Getty Street and East Laketon Avenue. Therefore, the home value acceleration in this neighborhood is likely linked to its existing housing affordability, convenience, and the desirable environment around the cemeteries and green spaces. The fast increase of median home values in Census Tract 3 should be investigated and monitored further by the City as it will likely further pressure its most vulnerable residents in terms of access to fair housing opportunities.

Map 6-9

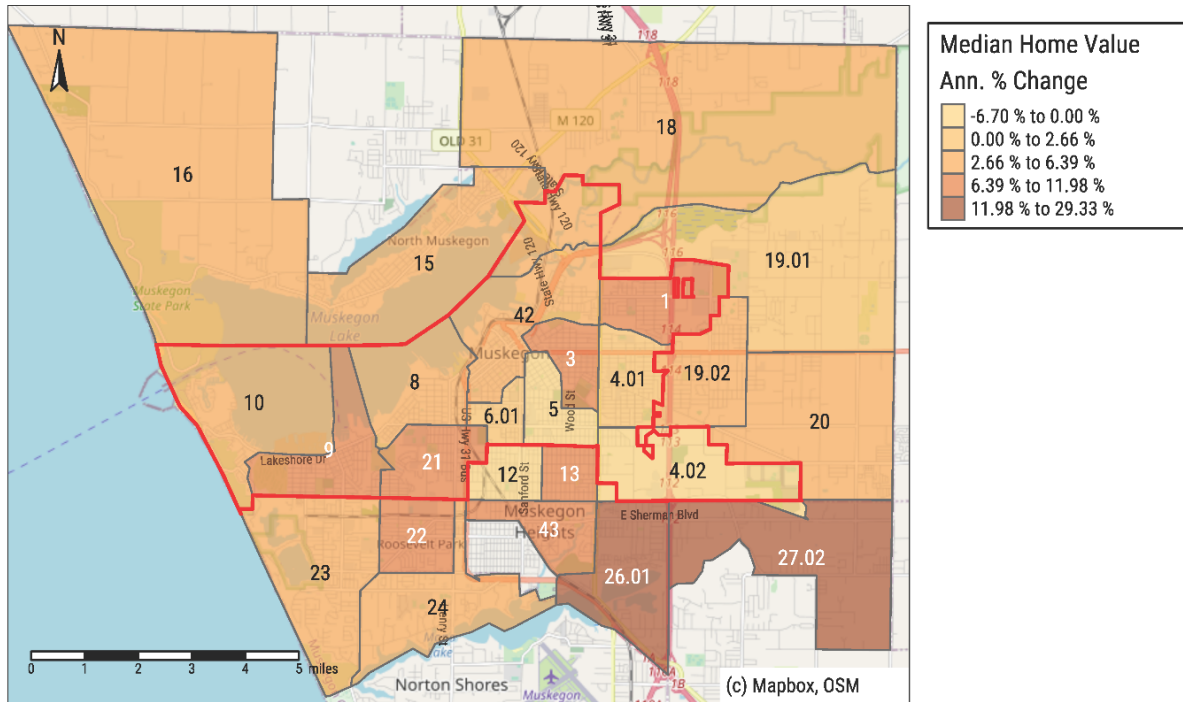
Median Home Value, 2021 ACS

Muskegon City, Michigan Census Tracts



Map 6-10

Median Home Value Annual Percent Change, 2015-2021 ACS Muskegon City, Michigan Census Tracts



2. Rental Rate Overview

Table 6-10 shows that the citywide median gross rent in Muskegon between 2015 and 2021 rose by 35.54%. This is slower than the growth of the median household income in the City, which increased by 41.75% during those years. However, the growth speed gap between the median gross rent and median household income has become narrower, meaning renters face more price increase challenges than owners. In addition, as discussed above, housing affordability is an issue in Muskegon because residents' ability to pay for housing costs is relatively low on average as the City's 2021 median household income is categorized as between low-income and very low-income according to HUD's 2021 income limits. Further, according to the 2021 American Community Survey (ACS) 5-Year Estimates, among renter households with available rent data in the City, 56.9% of them were cost-burdened in 2021, meaning they pay at or above 30% of their household incomes on gross rents. Therefore, housing affordability remains a challenging issue and an impediment to fair housing for Muskegon, especially for its renter households.

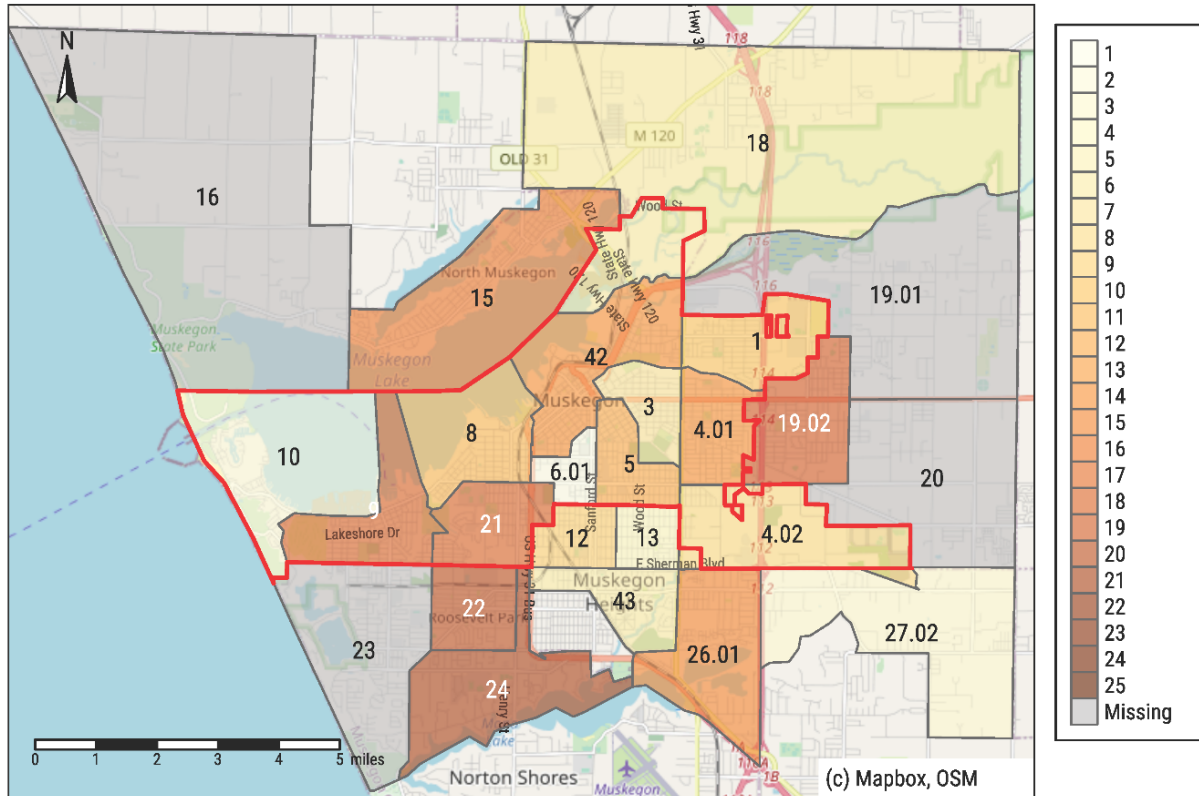
RKG also adopted a ranking method to show which neighborhoods in and around the City have higher rent rates considering all bedroom types. All census tracts with available median gross rent data were ranked and received scores based on their median gross rents from low to high under each bedroom type. If the median gross rent for a certain bedroom type is not available in a census tract, then it received a score of zero. The total score of all bedroom types was then summed for each census tract, which was ranked again based on its total score.

The results were mapped by census tract, with darker shades indicating higher total scores, and therefore, higher median gross rent levels considering all bedroom types. Census Tracts 9 and 21 (the neighborhoods of Lakeside, Glenside, and Campbell Field) which are on the west side of the City most

likely have the least affordable rental market according to the ACS 2021 5-Year Estimates. This generally aligns with the neighborhoods which have seen the highest 2021 median home values, median household incomes, and homeownership rates.

Map 6-11

Median Gross Rent Ranking for All Bedroom Types, 2021 ACS Muskegon City, Michigan Census Tracts



7 IMPEDIMENTS TO FAIR HOUSING CHOICE

This section summarizes the impediments to fair housing choice within the City of Muskegon, MI presented in this analysis and proposes recommendations to the City to address such impediments.

A. HOUSING AND SOCIAL SERVICE ORGANIZATION INTERVIEWS

The consultant spoke with eight housing- and service-related organizations in the Muskegon County service area between November 2022 and January 2023. The purpose of these interviews was to understand the current capacity of these organizations versus the existing housing demand and to identify impediments to fair housing. All these organizations serve areas that include the City of Muskegon. Topics discussed include affordable housing development, housing demand and challenges, and fair housing issues. The eight interviewed organizations include:

- Fair Housing Center of West Michigan,
- Community enCompass,
- Pine Grove,
- United Way of the Lakeshore,
- Mid Michigan Community Action Agency,
- TrueNorth Community Services,
- Muskegon Housing Commission, and
- Michigan State Housing Development Authority.

Note that the section below is purely a summary and documentation of the interviewees' opinions and perspectives. They are not statements or opinions of RKG, nor necessarily the facts. However, even if there are limitations in these interviewees' perspectives, they reflect how some housing service organizations and stakeholders perceive the existing housing issues in the three communities, pointing to areas that Muskegon, Muskegon Heights, and Norton Shores should focus on while planning future housing strategies.

1. Affordable Housing Development

Lack of More Diverse Affordable Housing Options and Development Interest

- One interviewee indicated that there is currently a lack of mixed-income affordable housing projects, and the state is trying to develop more such projects.
- It is also observed that there has been an increasing demand for single-occupancy units because organizations are seeing more homeless individuals instead of homeless families.
- There is a need for affordable housing for disabled individuals or families that are not seniors and are under 55 years old. Currently, the state agency only provides funding for housing targeting disabled people aged 55 years or older and does not have resources for those disabled applicants who have not reached 55.
- It is observed by one interviewee that there has been a lack of affordable housing development interest. In comparison, affordable housing is a hot topic in Grand Rapids, where developers are redeveloping factories into affordable housing. The interviewee indicated that

they receive emails from HUD all the time about funds available to private developers for affordable housing development, but there has not been a lot of development interest in the three cities.

Lack of Resources and Collaboration in Certain Communities

- While some organizations indicate that they have a working relationship with Muskegon City on affordable housing development, they suggested a lack of relationship and collaboration with Muskegon Heights and Norton Shores.
- One interviewee pointed out that a lot of resources available in Muskegon City and Norton Shores are not available in Muskegon Heights, which also has a struggling school system.

2. Housing Demand and Challenges

Rising Demand While Certain Groups More Impacted by Housing Challenges

- Since the COVID pandemic, the total housing demand has increased, and it tripled for one interviewed organization.
- One organization indicated that most housing demand in 2022 is about rental assistance and homelessness prevention, which account for 80% to 90% of all the services requested from this organization.
- One housing service organization discussed that proportionally more of their clients are the African American population with disabilities and low incomes, and they have seen more individuals than families and more females in general. Another indicated that most of their clients are of African American and White descent and some of Hispanic descent.

Affordability Is Challenged with Gentrification and New Market-Rate Developments

- It is pointed out by interviewees that a lack of funding especially after the COVID funding peak, a shortage of affordable housing, as well as gentrification, displacement especially for the waterfront neighborhoods, and rising rental housing prices are some of the main challenges for housing service organizations in the area. They indicated that there have also been developments of higher-priced single-family homes for rental purposes.
- One interviewee indicated that the Nelson neighborhood has been seeing a lot of new developments, gentrification, and displacement of Black residents within Muskegon. McLaughlin, Angell, and Jackson Hill neighborhoods are expecting many pipeline housing developments as well.

Underlying Issues Especially Mental Health Need to Be Addressed Along with Housing

- It is also pointed out that some of the people needing housing services and assistance have a combination of underlying issues, such as low incomes, low educational attainment levels, disabilities, and especially mental health and substance abuse issues. The stigma around mental health issues has sometimes prevented these clients from seeking help or disclosing this information when applying for housing services. The organization has partnered with local mental health organizations with condition screening and referral.
- Another challenge is to get applicants to complete the application process for housing services, as some simply fail to respond or complete the paperwork.

Limitations in Existing Systems Exacerbate Homelessness and Distrust

- One interviewee pointed out that a lot of individuals and families fell through the cracks in the system, such as people who have just become homeless. This is especially true for single-parent families headed by female householders with disabilities (i.e., mother-and-daughter families) because homeless shelters cannot accommodate disabled people. Another example is people with an eviction history, who will not be accepted by MSHDA housing projects.

- Another interviewee mentioned that due to the long wait time for affordable housing units, a lot of applicants feel like they have no options and have trust issues with the system.

Collaboration Between Municipalities and Housing Service Organizations Is Much Needed

- Interviewees indicated that there is a need for the cities to collaborate and support their organization with funding and cross-agency coordination as their existing state funding allocation is not sufficient. One indicated that the cities may not be aware of the issue that there is a lack of working relationships between the cities and some housing organizations in the area. It would be beneficial to bring all parties and resources together, and for cities to understand all the services that the state agency and local organizations are providing, how to access them, as well as the related rules and regulations to use these resources.
- One interviewee indicated that it has been challenging for them to find partnerships with Muskegon, Muskegon Heights, and Norton Shores, and to understand the resources the three cities have so they can direct clients to appropriate resources. They recommended that the three cities conduct regular information campaigns among residents and list available resources on the city's website, such as property tax exemptions and the Mid-Michigan Community Action Agency, which provides services such as mortgage assistance, foreclosure prevention, and renovation/repairs. They indicated that many clients are resorting to their organization for help at the last minute before foreclosure, which could have been avoided if they had been informed of resources for assistance sooner.
- One interviewee pointed out that the Continuum of Care invites municipalities to work with MHSDA, and MSHDA works well with the City of Muskegon, but Muskegon Heights and Norton Shores do not usually participate.

3. Fair Housing Issues

Reluctance Among Landlords to Participate in the Section 8 Program

- Some factors that prevent landlords from accepting Section 8 vouchers include the payment standard, as well as the stigma around Section 8 vouchers, and the stereotype that Section 8 tenants are not desirable tenants unable to pay rent on time. One solution is that MSHDA is providing a landlord risk mitigation fund of up to \$3,000 for landlords if Housing Choice Voucher tenants cause damages.

Additional Fair Housing Education and Outreach Is Needed

- Interviewees pointed out that the cities should conduct more education and outreach among their residents to inform them of available housing-related resources and organizations.

Limited Community Resources Increase Impediments to Fair Housing

- One interviewee pointed out that transportation is an issue for fair housing access, especially for lower-income families due to a lack of stable public transportation to get to jobs on weekends and in the evenings.
- One interviewee mentioned that according to their observation, newly developed homes are being sold for \$270,000 in the area. A lot of new developments have been focusing on providing higher-priced housing, but not increasing community facilities, service businesses (such as grocery stores), or creating higher-paying jobs. Norton Shore has grocery stores like Meijer and Walmart, as well as factories and job bases, but Muskegon and Muskegon Heights do not, which are more residential. None of the three cities have hospitals, and several hospitals from the past have closed. Currently, the only hospital is in Fruitport.

Note that this is only the interviewee's perspective and perception. According to the City of Muskegon and internet searches, there are Trinity Health/Mercy Muskegon Hospital, as well as

urgent and medical care facilities in Muskegon. However, such a perception does suggest that some people in the area are not fully aware of the community and medical facilities available in the three communities. It also suggests that the three communities should collaborate with community organizations, schools, local businesses, and charitable/religious organizations to provide more information on community services and resources available, especially in other languages such as Spanish, and improve systems to connect residents with the services needed, especially in lower-income neighborhoods.

B. PREVIOUS GOALS AND PROGRESS MADE

The 2015 Impediments to Fair Housing Analysis identified three impediments and recommendations. The following section will discuss progress made toward them as of August 2023, the time when this report was written. The three impediments and related recommendations previously identified are:

- 1. County Comprehensive Plan Needs Update:** Muskegon County should amend its comprehensive plan to establish explicit goals, objectives, policies, and implementation approaches to achieve stable, racially integrated neighborhoods throughout Muskegon County.

Status: Muskegon County's comprehensive plan has not been updated as of August 2023.

- 2. A Fair Housing Policy for the Muskegon County Land Bank:** The Muskegon County Land Bank Authority should adopt a fair housing policy that clearly articulates its public commitment to fair housing.

Status: This has not been implemented. City staff interview indicated that the land bank is a repository of vacant lands, and they have an open application process for selling lands. Applications will undergo staff group review, and there is no direct limitation to buyers or any focus on fair housing.

- 3. Consistent Monitoring for Fair Housing Compliance:** Muskegon County should contract with a qualified organization to conduct an ongoing, systematic, and thorough testing program to identify any discriminatory practices in rental and for-sale housing, particularly racial steering. Tests should be conducted according to standards that would make their findings admissible in court proceedings.

Status: Completed. The Fair Housing Center of West Michigan (FHCWM) currently has a three-year contract with Muskegon, Muskegon Heights, and Norton Shores that funds fair housing testing in the rental and sales markets and places an investigative focus on sales and lending issues. The first contract that FHCWM had with the three cities that included some testing began on July 1, 2011. The contract that began on July 1, 2017, incorporated the investigative focus on sales and lending practices that was suggested in the 2015 Impediments to Fair Housing Analysis. The contract currently requires a manual renewal process.

As the Muskegon County Land Bank has an open application process, it is not the best entity to incorporate a fair housing focus. The City should instead establish an affordable housing trust fund dedicated to affordable housing development and preservation with a commitment to and focus on fair housing.

C. IMPEDIMENTS AND RECOMMENDATIONS

1. Lack of Unified Housing Strategies and Consolidated Information on Housing Resources

Interviews with City staff reveal that there is a lack of coordinated housing initiatives and strategies in the City across different departments. For example, there are housing initiatives from the Community and Neighborhood Services Department, some of which overlap with housing strategies in other departments such as the Planning Department and the Economic Development Department. City staff interviewed indicated that the Planning Department facilitated the development of many housing properties in collaboration with developers, and the Community and Neighborhood Services Department has its own initiatives and projects related to housing. The interviewee indicated that the City owns hundreds of vacant lots, and they are sometimes obtained by the Community and Neighborhood Services Department for their projects, and sometimes by the Planning Department and developers for housing development. Therefore, the interviewee thinks that there should be coordination between the different departments regarding the land acquisition and distribution process. In addition, the interviewee mentioned that the current focus for affordable housing is on the east side of the City, but there should be a more holistic affordable housing strategy and coordination with all three departments under the Development Services Division to address affordability in all neighborhoods in the City. They indicated that for example, the City should build more affordable housing on the west side of the City. This opinion resonates with one of the impediments that RKG identified in that there is a concentration of publicly supported housing projects on the east side of the City, as well as RKG's recommendation, which will be discussed in a section below.

Another City staff interview indicated that the effort to increase cooperation across departments in the Development Services Division is underway, but there will not be a written plan for now. The Development Services Division aims to transition the Community and Neighborhood Services Department to a true affordable housing department, instead of only focusing on housing preservation, which is the current situation. They indicated that the challenge is that resources are more allocated to preservation-centric efforts, while ideally, resources should be distributed more toward affordable housing creation.

In addition, RKG found that the City lacks a dedicated directory-style housing webpage on its website that consolidates and refers to housing-related assistance and development resources available within various City departments and community-based and/or non-profit organizations. One example is the tax incentives listed under the Economic Development Department section on the City's website, such as the Payment in Lieu of Taxes (PILOT) policy which provides exemptions from ad valorem property taxes for certain low-income housing projects. Another example is the information on the Financial Hardship Policy and Application for property taxes listed on Muskegon County's website. This also resonates with feedback from the stakeholder interviews that the City should improve information dissemination and referral to inform and connect residents with housing assistance, programs, and organizations available.

The City should inventory all housing-related programs, incentives, and resources within the different City departments, including but not limited to tax incentives, the map of Significant Redevelopment Properties, available housing programs currently listed under the Community and Neighborhood Services Department website, as well as those available on the County level, such as property tax relief programs. In addition, the City should list links and resources for fair housing and ways to file fair housing complaints on this dedicated housing webpage, including a link to HUD's fair housing complaint filing website, and a link to the Fair Housing Center of West Michigan. The City should also communicate with the housing service organizations interviewed for this study to survey and document the respective housing-related services that they provide, and list links to these organizations' websites and summaries of their scopes of service on the dedicated housing webpage. This housing resources

webpage should act as a directory or table of contents and should be listed in an apparent location on the Development Services Division's website. In addition, the City should provide translated versions and/or translation services for this housing resource webpage and the City's entire website in general in other languages, especially in Spanish. This is because Spanish is the most common language spoken other than English in Muskegon according to HUD's AFFH data.

2. Demand Exceeds Supply for the Section 8 Voucher Program

The City of Muskegon identifies the availability of funds as a major obstacle in meeting the underserved needs of low- and moderate-income populations. Currently, there are 49 households on the Muskegon Housing Commission's public housing waitlist with a wait time of three to 12 months in Muskegon City. There are 825 households on the Michigan State Housing Development Authority's (MSHDA) Housing Choice Voucher (also known as Section 8) waitlist in the entire Muskegon County, and there are 50 households on MSHDA's project-based voucher waitlist within Muskegon County. The Muskegon Housing Commission representative noted that the wait time for the Housing Choice Voucher program can be years. This indicates a continuing demand for the Section 8 program and units.

The City should continue utilizing the housing delivery system that the City has had in place for many years, including resources such as homeownership and housing rehabilitation opportunities for low- to moderate-income families, as well as leveraging private dollars and various funding sources.

3. Limited Capacity to Increase the Supply of Affordable Housing

Though between FY2018 and FY2022, the CDBG and HOME expenditures have risen by 57% and 154% respectively, the City faces the challenge of limited organizational capacity to increase the supply of affordable housing due to a lack of nonprofit-based housing development organizations (CHDOs) dedicated for affordable housing development.

The City's CDBG and HOME funds support housing rehabilitation, repair, exterior improvement, homebuyer assistance, and code enforcement. However, there is a lack of focus on affordable housing development. There was only a one-time HOME fund allocation respectively in FY2018 to Habitat for Humanity for qualified buyers (\$3,650) and to Community EnCompass (\$62,236). In a city the size of Muskegon (37,632 pop. In 2021), this lack of organizational depth in affordable housing development still imposes an impediment to fair housing opportunities in Muskegon.

The City should make it a priority to establish Community Housing Development Organizations to lead the affordable housing development efforts in Muskegon. Meanwhile, the City should consider developing a mechanism to expand partnerships with neighborhood-based and regional nonprofit developers (such as Well House and HomeStretch) or religious-affiliated organizations to scale up affordable housing development and to provide financial and organizational support for these organizations. The City should also explore the feasibility of establishing an affordable housing trust fund and an entity to administer and manage the trust fund for affordable housing development in Muskegon. In addition, as discussed in Chapter 5, the City should materialize and accelerate the expansion of Form-Based Code Districts to additional neighborhoods to allow for more flexible and diverse housing options.

Another benefit of expanding partnerships with non-profit housing development organizations is that MSHDA has a Missing Middle program that uses funds from the American Rescue Plan to help developers invest in, construct, or rehab properties. \$8.4 million will be given to local organizations

through this program in 2022¹. Because grant awardees have to have nonprofit status and a proven record of doing business in Michigan, partnering with CHDOs can help the City leverage the Missing Middle program funding for its affordable housing development efforts.

4. Concentration of Minority Populations in Lower-Income Areas with Limited Access to Resources and Opportunities

The City's population has become more diverse since 2010, particularly the Hispanic and All Other Race population. The concentrations of the minority population still align with neighborhoods with higher exposure to poverty, and fewer resources and access to opportunities. The African American and Hispanic populations have lower scores for many of the HUD Indexes and socioeconomic indicators. Homeownership rates have been lower for the non-White population compared to the White residents. The Hispanic population also constitutes the largest immigrant group in Muskegon, with many of them having limited English proficiency.

According to RKG's census tract analysis, Census Tracts 42 (Jackson Hill and the northern portion of Nelson), 4.02 (East Muskegon), 1 (Marquette), 3 (Angell), and 4.01 (the Steele, Sheldon Park, and Oakview neighborhoods) near the City's urban core as well as Census Tract 9 (Lakeside) are exhibiting conditions including higher shares of people with disabilities, higher poverty, lower levels of labor market engagement, poorer environmental health, concentrations of minority households, lower homeownership rates, and higher shares of housing condition problems. This may be partially due to the limited affordable housing choices in other parts of the City.

The City's 2022 Master Land Use Plan update draft has been a positive progress by including goals and recommendations to encourage access to fair housing options for all. However, there is a lack of more detailed language specifying the need for a diversity of housing types to accommodate residents of various races, incomes, household sizes, lifestyles, ages, and levels of ability and mobility throughout the City. The City should update the draft to include these languages to clarify the definition of fair housing and emphasize its commitment to it. The 2022 Master Land Use Plan draft, its related webpage, and the City's website for housing programs also lack translations in other languages or services to assist with information dissemination and public engagement for residents with limited English proficiency. The City should provide translation and multi-lingual services for public engagement processes and housing opportunity/program education and applications for people with limited English proficiency, who are usually minority populations in lower-income areas, especially Spanish speakers, which is the largest population with limited English proficiency in Muskegon.

The City should also intervene with services and investments to improve conditions for minority households throughout the City, especially in the urban core. One example is to establish zoning incentives to require city-wide new developments to contribute to community facility and service investments in challenged neighborhoods. Another example is to expand and utilize Form-Based Code Districts in challenged communities, such as the urban core, to negotiate with developers for community investments benefiting these lower-income minority neighborhoods. In addition, the City should also increase quality affordable housing options in other parts of the City and in desirable communities such as the Lakeshore area, instead of clustering affordable housing options in the downtown neighborhoods.

To achieve affordable housing on a scale that is commensurate with the need, development densities are often required. Densities of 24 units per acre are typical apartment densities. Muskegon's current

¹ Source: <https://www.9and10news.com/2022/12/16/affordable-housing-funds-headed-to-4-nonprofits-in-northern-michigan/>

RM-2 Medium Density Multiple Family Residential District allows 24 units per acre, and its RM-3 High-Density Multiple Family Residential District allows 48 units per acre, which is beneficial for affordable housing development. However, a review of the City's zoning map confirms that there are only several RM-2 and RM-3 zones scattered east to Highway 31, especially on the east side of the City, where there are more socio-economic conditions and less access to opportunities. The City should look into expanding medium or higher-density multifamily zoning in other areas of the City and expanding the RM-1 Low-Density Multiple Family Residential District on the west side of the City to allow more affordable housing options and access in desirable neighborhoods as well. In addition, as stated above, the City should accelerate its expansion of Form-Based Code Districts to additional neighborhoods based on community needs.

It is also recommended that the City undertake the preparation of an affordable housing strategy to identify ways to expand the supply and attract potential for-profit and non-profit development partners. The City should also prioritize the creation of neighborhood-based CHDOs to partner with the City in this effort.

5. Limited Access to Resources and Opportunities in Publicly Supported Housing Neighborhoods

The Low Poverty Index, School Proficiency Index, Labor Market Engagement Index, and Environmental Health Index all show lower scores for census tracts with concentrations of publicly supported housing programs and Section 8 Voucher households in the urban center compared to the rest of the City. HUD discourages its recipients from targeting its CDBG funds in a way that encourages such conditions.

As the City recognizes the need to improve neighborhood facilities and increase fair housing access, the City should explore and study the feasibility of bringing more facilities, amenities, and jobs, especially to the urban areas where publicly supported housing projects cluster, especially through collaboration with community associates and major employers, as well as through zoning incentives for community investment. Specifically, the City should consider increasing the financial support for community-based nonprofit organizations, continuing to seek additional funding sources, and expanding partnerships with regional nonprofit organizations to increase the capacity of employment assistance and housing support. In addition, as discussed above, the City should explore alternative approaches such as zoning revisions to require and incentivize citywide developer contributions to public improvements targeting low- and moderate-income neighborhoods (such as tree planting, park development, sidewalk constructions, etc.). The City should look into partnerships and incentives for private developers to bring community service businesses such as grocery stores, daycare centers, and clinics to the urban areas to provide employment opportunities and increase access to resources and services in this part of the City.

The City should also look into expanding its existing public transit services to enhance the mobility of residents in publicly supported housing neighborhoods and access to resources and services. Examples include increasing the service frequency and expanding service areas.

6. Housing Condition Problems in Some Neighborhoods

As discussed in the chapter on Demographic and Housing Condition Analysis, neighborhoods with concentrations of Section 8 Voucher households and publicly supported housing programs, such as Census Tracts 42 (Jackson Hill and the northern half of Nelson) and 3 (Angell), have seen higher percentages of their housing units with one or more housing condition issues. This finding points to the need for expanding the housing repair and rehabilitation programs funded by CDBG and HOME

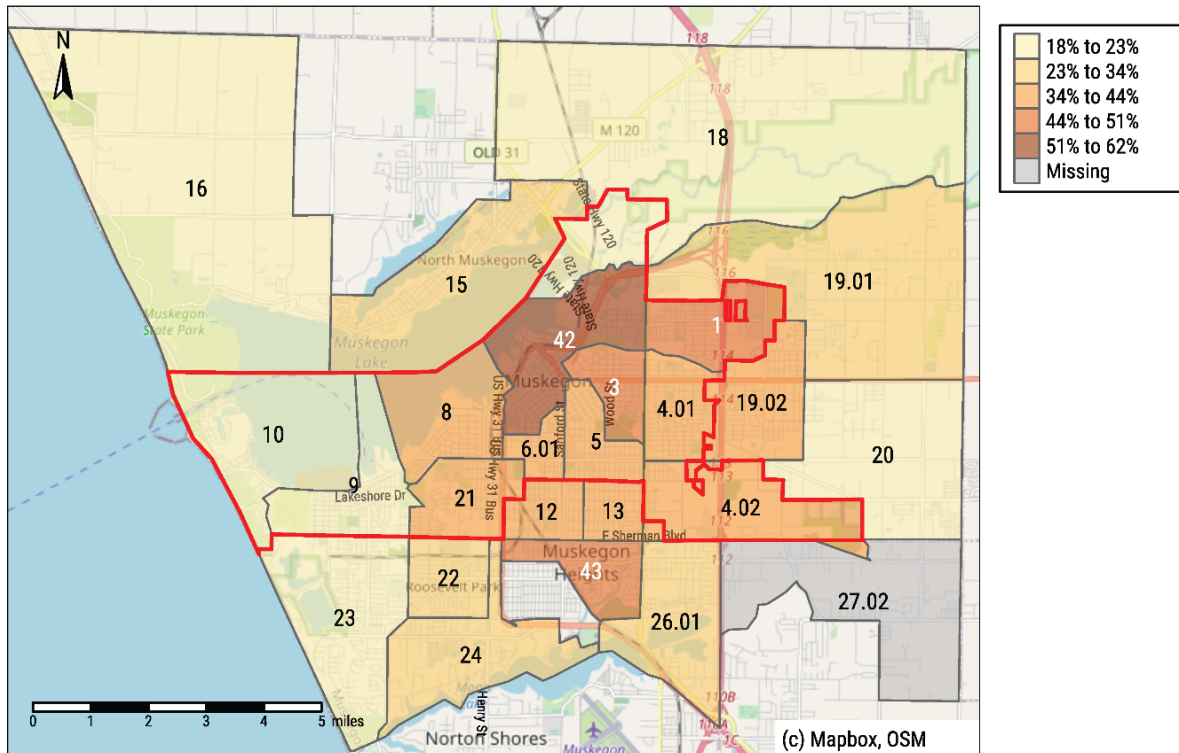
funds – not only to improve owner-occupied dwelling units but other units including rental housing occupied by low- and moderate-income households and individuals.

In addition, the City should utilize the Low Income Housing Tax Credit (LIHTC) program to rehabilitate residential properties that are substandard, have, or are at risk of housing condition problems. This has been implemented in other cities such as Atlanta, Georgia, where public-private partnerships redeveloped and/or rehabilitated two naturally occurring affordable housing properties in 2019. The partnerships utilized the 4% LIHTC program and other funding sources such as HOME funds and loans from the state housing authority for the rehabilitation of existing buildings at Columbia at Capitol View and London Townhomes and new construction of accessory buildings for leasing and amenities. LIHTC projects are required to maintain long-term affordability for at least 30 years following the completion of projects.

The City should also consider building partnerships with qualified contractors to ensure publicly assisted housing renovations and repairs are completed promptly. Neighborhoods in and around the urban center are showing signs of blight that, if left unchecked, will negatively impact the economic vitality of the community (Map 7-1). Housing units in these areas are also more likely to be impacted by natural disasters and climate change, further increasing the risk of financial distress and homelessness, especially for the most vulnerable population. This situation can potentially provide an opportunity for the City to leverage resources to upgrade both owner- and renter-occupied housing, especially for low- and moderate-income households.

Map 7-1

Percent of Households with One or More Housing Problems (CHAS 2012-2016) Muskegon City, Michigan Census Tracts



7. Lending Policies and Practices

One indication of a barrier to fair housing is the denial rate for conventional home purchase loans. Although differences in denial rates for the white and minority populations may be due to legitimate factors such as income or credit history, a portion of the disparity is likely attributable to the persistence of discriminatory policies among certain lenders. Another indicator is high-cost lending practices that target minority borrowers. According to RKG's analysis, high-cost lending has occurred most often in Census Tract 3 (Angell) with a high-cost lending rate of 2.4%, followed by Census Tract 8 (Nims). Census Tract 3 also has the highest concentration of the non-White population in Muskegon and together with Census Tract 8 are among the neighborhoods that have higher shares of renters and lower homeownership rates. Census Tract 5 (McLaughlin and east half of Marsh Field) has seen the third highest high-cost lending rate at 2.0% and is also one of the lower-income neighborhoods with lower composite index scores as discussed in Chapter 3.

The City should investigate this issue by collaborating with regional realtor/lender associations to conduct regular lending practice audits. The City should also provide legal and financial support to detect and combat potential discrimination in private lending practices, such as adding and funding such services in its contract with the Fair Housing Center of West Michigan. For example, the City should expand fair housing and homebuying education efforts and consider establishing a reporting system for private lending discrimination complaints. The City should also provide information on The Home Ownership and Equity Protection Act (HOEPA) in multiple languages on its dedicated housing resource webpage. HOEPA is a federal law with the goal to stop abusive practices in refinances and closed-end home equity loans that have higher interest rates or high fees. HOEPA provides borrowers with protection against abusive lending practices by restricting loan terms and features.

8. Shortage of Affordable Homeownership Housing

The City of Muskegon's housing values have continued to rise during the past few years, which may make it difficult for lower-income people to become homeowners. As of 2021, the median value of a home in the City of Muskegon was \$84,300. The housing market has continued to see rising home values since then, and according to the American Community Survey (ACS), median home values in Muskegon have risen by 7.9% between 2010 and 2021.

The City supports a range of services and programs that meet the needs of low- and moderate-income households, including the Homebuyer's Assistance Program through its HOME fund, the Priority Home Repair Program, the Residential Façade Program, and the Healthy Homes Program. Future planning and development activities, as well as the ongoing Master Land Use Plan update, should follow this principle to increase the ownership rate among low- and moderate-income households.

9. Shortage of Affordable Rental Housing

The City's monthly median gross rent rose from \$574 in 2010 to \$778 in 2021 according to ACS, at a rate of 35.5%, though slightly slower than the median home value change during the same period. Rental housing shortages are common for many, if not most, jurisdictions since the provision of housing for this income and lifestyle cohort often requires public sector subsidies which have been limited.

The City has continued to experience a surge of need for housing assistance especially from renters since the COVID-19 pandemic. Based on the interviews with Muskegon's community service organizations, there is a high demand for rental assistance and homelessness prevention. It is also anecdotally observed that there is not enough capacity for community service organizations to serve

those in need, coupled with a lack of affordable rental properties in Muskegon, especially for low- and moderate-income households. In addition, the stigma around the Housing Choice Voucher program has discouraged a lot of private landlords from accepting housing vouchers.

The City should consider taking a bigger role in building more affordable housing in the City, as it is observed that there is little interest among private developers to produce affordable housing units. The City should study the best practices in other communities such as Grand Rapids, which has been active in affordable housing development. Grand Rapids has utilized the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grants Program (ESG), and Neighborhood Stabilization Program (NSP) to create and rehabilitate thousands of housing units between 2012 and 2016. Their Payment In Lieu of Taxes (PILOT) City Ordinance has resulted in the creation of 1,576 rental units during this same period. The City of Grand Rapids has also recommended and approved the following, which are some examples of the strategies that Muskegon can use to increase affordable housing development:

- Additional modifications to the Neighborhood Enterprise Zone (NEZ) Program, which will place a greater emphasis on affordable housing development than outlined in the 2016 modifications.
- New policy for Voluntary Equitable Development Agreements, which will provide for three-party agreements between the City, developer, and a community-based organization. Each party will commit to joint goals and interests for significant development projects.
- Amendment to the City ordinance to decrease service fees (Payment In Lieu of Taxes) for further incentive to build affordable rental units.

In addition, RKG recommends that the Development Services Division should improve its organizational capacity to better serve its affordable housing development and preservation efforts. Examples include:

- The City should accelerate the process of creating its own CHDOs. Meanwhile, the City should establish partnerships with other regional CHDOs that have experience and resources in affordable housing development to lead affordable housing creation before Muskegon's own CHDOs are finalized and to learn from their experience.
- The City should increase its support for developers proposing to develop Low Income Housing Tax Credit (LIHTC) projects within the City. Examples include providing the Development Services Division staff with learning opportunities about LIHTC program operation and best practices through seminars, training sessions, etc., and establishing a special LIHTC team within the Development Services Division to promote LIHTC developments in the City, invite potential developers, and coordinate with Michigan State Housing Development Authority, which administers the LIHTC program in Michigan.
- The City should coordinate the various housing projects and initiatives across different departments. A starting point can be to establish a coordinated system for the distribution and acquisition of City-owned vacant lands as well as significant redevelopment properties that the Planning Department identified. This will reduce predevelopment barriers for developers and encourage more affordable housing rehabilitation, redevelopment, and creation.
- RKG also recommends that the City create an auditing process to invite the public to monitor its housing initiatives, track progress, incorporate feedback, and evaluate and assess of outcomes of its housing projects, strategies, and initiatives, similar to what Grand Rapids presents on their "Housing Now!" website.

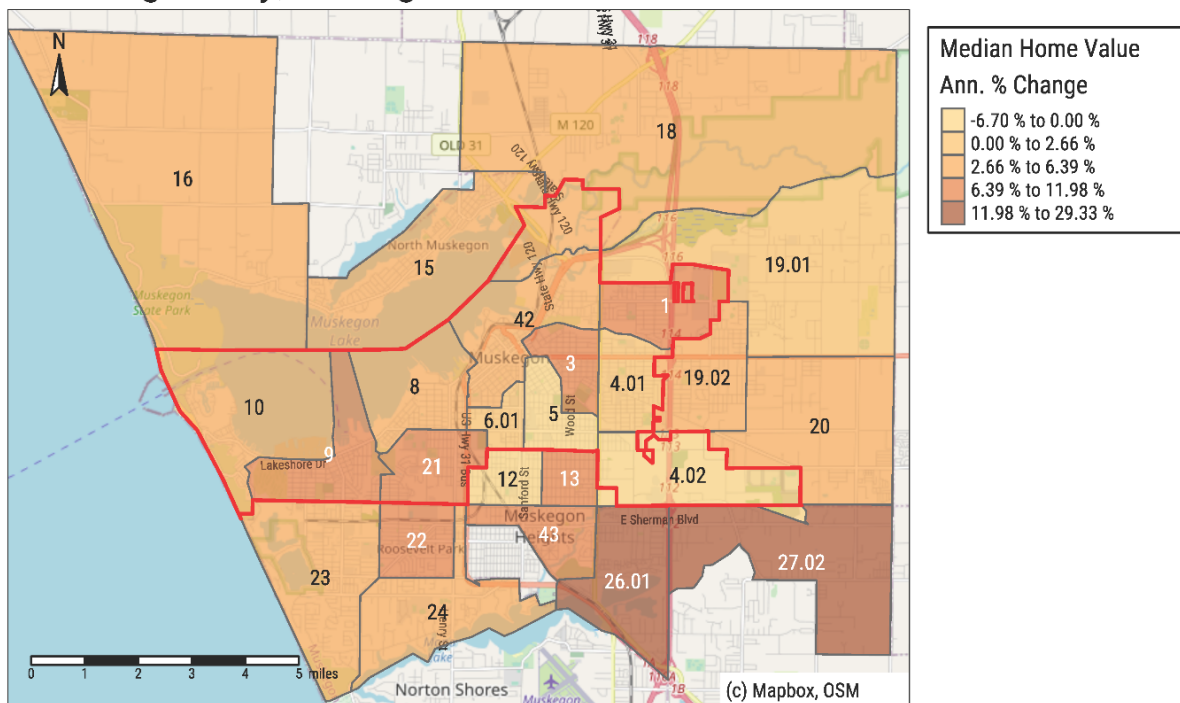
10. Rising Home Values in Some Challenged Neighborhoods

As discussed in Chapter 6, Census Tract 3 (Angell) which has one of the lowest household incomes, the fourth lowest median home value, a concentration of the minority population, and higher shares of housing conditions has also experienced a fast increase in its median home value. This census tract also has two LIHTC projects, which are Bayview Tower and Cogic Village, and has 501 owner-occupied households according to the 2021 American Community Survey 5-Year Estimates. This census tract includes the Oakwood Cemetery, Restlawn Cemetery, and Evergreen Cemetery and is adjacent to retail and food and drink establishments along South Getty Street and East Laketon Avenue. Therefore, it is possible that the home value acceleration in this neighborhood is linked to its existing housing affordability, convenience, and the desirable environment around the cemeteries and green spaces (Map 7-2).

The fast increase of median home values in Census Tract 3 will likely further limit homeownership opportunities for the low- and moderate-income population. This should be investigated and monitored further by the City as it will likely further pressure its most vulnerable residents in terms of access to fair housing opportunities. The City should also continue to invest and partner with various non-profit organizations to stabilize the housing stock in this part of the City and prevent involuntary displacement. As discussed above, LIHTC is a great funding source to utilize for preserving/rehabilitating existing affordable housing properties, especially those with housing conditions issues, while “locking in” their affordability for at least 30 years. Before LIHTC, Columbia at Capitol View was an affordable but substandard rental property at risk of being sold to be redeveloped as market-rate housing in a neighborhood being rapidly revitalized. The London Townhomes property was at risk of foreclosure before the acquisition and LIHTC rehabilitation.

Map 7-2

Median Home Value Annual Percent Change, 2015-2021 ACS Muskegon City, Michigan Census Tracts



11. Limited Supply of Housing for Persons with Disabilities

Disability is the second most common basis for housing discrimination complaints, accounting for 47.2% of all complaints originating in Muskegon, Muskegon Heights, and Norton Shores combined between 2017 and October 2022. The most common disabilities cited were ambulatory difficulties and cognitive problems, inflicting 11.7% and 8.5% of the total population according to HUD. These needs may require increasing the provision of housing that is specifically designed to meet ADA standards to accommodate people with ambulatory or other physical disabilities, in addition to providing supportive services. Cognitive issues usually impact elderly residents at a higher rate, and there are housing needs related to the group of people with cognitive or learning disabilities. Based on the information gathered from stakeholder interviews, there is a severe shortage of housing units that meet ADA standards in emergency housing/shelters that serve low- and moderate-income households and individuals and the homeless shelters currently cannot accommodate disabled clients.

The City should expand public/private partnerships to obtain property to increase the accessible, affordable housing stock with a balanced mix of bedroom types that meet ADA requirements. In addition, the City should expand its current ADA building code requirements to cover all residential properties. Currently, one- or two-unit private residential properties are not required for ADA compliance in Muskegon according to the Building Department. If properties have more than two residential units, then they fall under commercial codes and are required for ADA compliance. The City should also seek to provide accessibility modification improvements through the CDBG or HOME funds and increase support for community-based nonprofit organizations that provide housing-related services to the disabled population.

An example is that the City of Norman in Oklahoma, in conjunction with the Metropolitan Fair Housing Council of Oklahoma (MFHC), is currently developing a Visitability Ordinance which will incentivize developers to construct or modify units to the adopted Visitability Standards. The new Ordinance draft includes several different levels of modifications that a developer can pursue. In addition, all new constructions funded by Norman's HOME program are designed to meet these standards at the minimum. Muskegon should consider similar policy approaches to provide more access to affordable housing opportunities to the disabled population.

12. Increase Fair Housing Education and Encourage Real Estate Sales and Property Management Companies to Include Fair Housing Language in Real Estate Listings

Based on RKG's review of the real estate websites, it appears that most of Muskegon's local real estate firms engaged in the sale and rental of residential properties do not promote statements in accordance with fair housing laws. The National Association of Realtors requires that their members adhere to the following practices:

- Provide equal professional service without regard to the race, color, religion, gender (sex), disability (handicap), familial status, national origin, sexual orientation, or gender identity of any prospective client, customer, or resident of any community.
- Keep informed about fair housing laws and practices, improving my clients' and customers' opportunities and my business.
- Develop advertising that indicates that everyone is welcome, and no one is excluded; expanding my client's and customer's opportunities to see, buy, or lease property.
- Inform clients and customers about their rights and responsibilities under the fair housing laws by providing brochures and other information.
- Document efforts to provide professional service, which will assist members in becoming more responsive and successful REALTORS.

- Refuse to tolerate non-compliance.
- Learn about those who are different from me and celebrate those differences.
- Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
- Develop and implement fair housing practices for my firm to carry out the spirit of this declaration.

The City of Muskegon should expand its partnership with the Fair Housing Center of West Michigan to provide more education programs, monitoring, and evaluation targeting Realtors and property management firms. In addition, the City has seen an increase in housing discrimination complaints generated between 2017 and October 2022. The City should ensure continuing funding dedicated to fair housing issues.