

5-2004

Emerging Trends: Community and Economic Development, 2004

Community Research Institute-Johnson Center

Follow this and additional works at: <https://scholarworks.gvsu.edu/jcppubs>

ScholarWorks Citation

Community Research Institute-Johnson Center, "Emerging Trends: Community and Economic Development, 2004" (2004). *Research, Reports, and Publications*. 86.
<https://scholarworks.gvsu.edu/jcppubs/86>

This Article is brought to you for free and open access by the Dorothy A. Johnson Center for Philanthropy at ScholarWorks@GVSU. It has been accepted for inclusion in Research, Reports, and Publications by an authorized administrator of ScholarWorks@GVSU. For more information, please contact scholarworks@gvsu.edu.

Emerging Trends: Community and Economic Development

May 2004

Grand Rapids Community Foundation

Community Research Institute[®]

Supporting Community Improvement Through Research and Data Sharing



DOROTHY A. JOHNSON CENTER FOR PHILANTHROPY AND NONPROFIT LEADERSHIP

About this Report

The Community Research Institute (CRI) at Grand Valley State University, a partnership between the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership and the Grand Rapids Community Foundation, serves the Greater Grand Rapids nonprofit and philanthropic community. CRI's mission is to assist nonprofit organizations with acquisition of information and technical skills that will help them to understand the evolving needs of the community, plan programs, solve problems, and measure outcomes.

CRI engages in applied research and Geographic Information Systems (GIS) projects and is a clearinghouse for community data. The CRI web site provides a comprehensive overview of community indicators at www.cridata.org. Research for this report was provided by: Korrie Ottenwess, Gustavo Rotondaro, Cori Scholtens, Nicole Notario-Risk, Mathias McCauley, and Patricia Teles. Questions may be directed to Korrie Ottenwess at 331-7585 or ottenwko@gvsu.edu, or to Gustavo Rotondaro at 331-7591 or rotondag@gvsu.edu.

Introduction to the Emerging Trends Initiative

Staff at the Community Research Institute (CRI) have developed a process for systematically scanning the Greater Grand Rapids Area for emerging trends and relevant data to inform the work of the Grand Rapids Community Foundation and the larger nonprofit and philanthropic community. More specifically, this project intends to track data for each of the Foundation's Leadership Agenda areas including:

- Public Education
- Healthy Youth/Healthy Seniors
- Civic Engagement
- Community & Economic Development
- Child Welfare

This "working document" is a progress report on the Emerging Trends Initiative in the area of Community & Economic Development. Included is a glimpse into the data being collected within the areas of Housing, Labor force, and Costs of Living. Also included is a data glimpse on the tourism industry. As a next step, a group of local experts in issues relating to community & economic development from both the public and nonprofit sectors will be involved in the initiative as Community Interpretive Partners (CIP). These CIPs will be asked to provide feedback to refine the data collection system and provide insight to emerging trends. At the completion of this project a full range of community and economic development data will be available on the Community Research Institute's website at www.cridata.org. In addition, insight provided by the Community Interpretive Partners and goals for future data collection will be available.

Table of Contents

Community and Economic Development

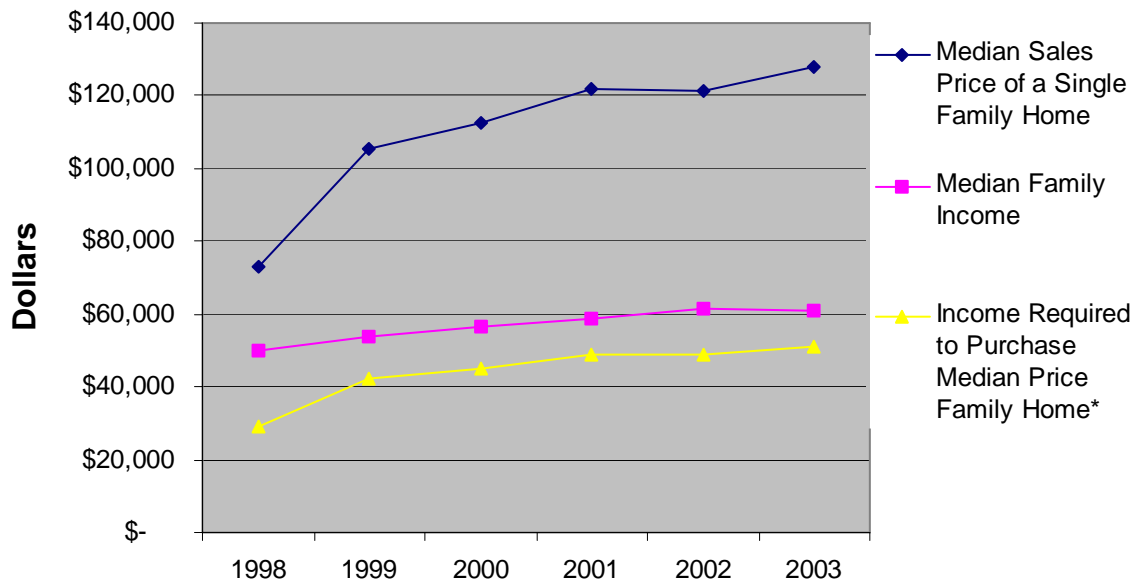
Introduction	page 2
Housing	
Variable 1 – Affordability	page 4
Variable 2 – Housing Burden	page 6
Variable 3 – Housing Supply	page 8
Variable 4 – Housing Vacancies	page 9
Variable 5 – Residential Investment	page 11
Variable 6 – Owner Occupied Housing	page 13
Workforce	
Variable 7 – Educational Attainment	page 16
Variable 8 – Labor Force Participation	page 17
Variable 9 – Unemployment	page 19
Variable 10 – Employment by Sector/Occupations	page 21
Cost of Living	
Variable 11 – Median Income	page 23
Variable 12 – Families Living in Poverty	page 24
Variable 13 – Economic Equity	page 25
Tourism	
Variable 14 – Travel	page 27
Variable 15 – Economic Impact	page 29
References	

Housing

Variable 1: Affordability

- As the largest expense of most households, housing costs are an important issue to Kent County residents. This is even more true as rising utilities, health care and transportation costs strain budgets.
- In 2004 HUD stated, “Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing, and a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.”²
- Between 1998 and 2003, the median sales price of a single family home in Grand Rapids MSA (Allegan, Kent, Muskegon, and Ottawa Counties) increased by 33.2%, from \$73,000 during the first quarter of 1998 to \$128,000 during the first quarter of 2003. During this same time period, median family income increased at a slower rate of 21.6%. (Exhibit 1)^{3,4}

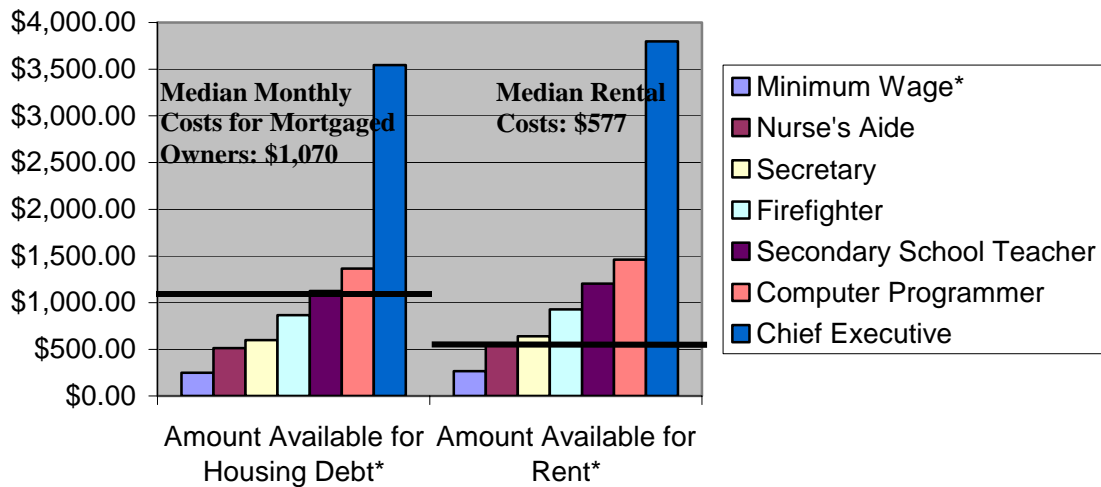
**Exhibit 1 – Median Family Incomes vs. Median Home Sales Prices
Grand Rapids MSA (Allegan, Kent, Muskegon, Ottawa Counties) 1998 - 2003**



Source: National Association of Realtors
US Department of Housing and Urban Development
*40% of Median Sales Price

- Grand Rapids MSA has long been considered an affordable place to buy a home for someone earning median income. The Housing Opportunity Index created by the National Association of Home Builders shows that in 2002, 80.6% of homes sold in the Grand Rapids MSA were affordable to a family earning the median income.⁵
- Monthly owner costs are the sum of payments for mortgages or similar debts on the property (including payments for the first mortgage, second mortgage, and home equity loans); real estate taxes and insurance on the property; utilities; and fuels. It also includes, where appropriate, the monthly condominium fees and mobile home costs (installment loan payments, personal property taxes, site rent, registration fees, and license fees). In Grand Rapids MSA, the median monthly owner costs for someone with a mortgage was \$1,030 in 2002. In Kent County it was \$1,037 during the same year.⁶
- Looking closer at housing affordability for individual occupations, there is an affordability gap between the mean wages of certain occupations and the median home/rental price in Grand Rapids MSA. For example, a single person living in Grand Rapids MSA and earning minimum wage would need to spend 65% of his monthly income to afford a median priced rental unit. Financial advisors have long thought that people should typically spend no more than 28% of their income on housing debt or 30% of their income on rent. (Exhibit 2)⁶

**Exhibit 2 – Housing Affordability by Occupation
Grand Rapids MSA (Allegan, Kent, Muskegon & Ottawa Counties), 2002**



Source: US Census Bureau, 2002 American Community Survey (H088)

*Monthly minimum wage earnings computed with \$5.15 hourly wage and a 40 hour work week. Amount available for housing debt or rent based on 28% and 30% of income respectively.

Housing

Variable 2 - Housing Burden

- Research suggests that there are more benefits to good, affordable housing than just a place to live. For example, studies have shown that children that live in quality housing are closer to good schools, stay in school longer, are more likely protected from violence and are unlikely to be displaced by frequent relocation.⁷
- According to federal guidelines, households are considered to have a “Housing Cost Burden” if they spend more than 30% of their monthly pre-tax household income on housing expenses. Spending upwards of 50% or more constitutes a “Severe Housing Cost Burden”.
- At both national and local levels the housing cost burden for homeowners is rising. The national percentage of households considered to be burdened by housing costs climbed from 19.4% in 1989 to 23.6% in 2002. Kent County households experienced increases from 13.6% in 1989 to 18.3% in 2002.^{9, 10} (Exhibit 3)

**Exhibit 3 - Monthly Owner Costs as Percentage of Household Income
United States, Kent County & Grand Rapids, 1989–2002**

% of Income Spent on Housing Costs	United States			Kent County			Grand Rapids		
	1989	1999	2002	1989	1999	2002	1989	1999	2002
Less than 20%	56.7%	54.0%	51.7%	61.1%	60.1%	56.1%	60.2%	61.1%	na
20 - 24%	13.8%	13.9%	14.3%	15.7%	14.5%	15.1%	14.4%	13.0%	na
25 - 29%	9.4%	9.4%	9.9%	9.3%	9.0%	10.3%	9.5%	8.7%	na
30 - 34%	5.9%	6.0%	6.5%	4.8%	4.7%	6.4%	5.2%	4.6%	na
35% or more	13.5%	15.8%	17.1%	8.8%	11.0%	11.9%	10.4%	11.5%	na
Not computed	0.7%	0.3%	0.7%	0.4%	0.2%	0.6%	0.4%	0.5%	na

**Source: U. S. Census for Population and Housing
1990 STF(3) H058 - Sample Data
2000 SF(3) H94 - Sample Data
2002 American Community Survey H088**

*na indicates the data was not available for the given year.

- Examining housing costs for renters at the national and local level, we see that renters are also experiencing an upsurge in housing cost burden. In 1989, 38.7% of renters

spent more than 30% of their monthly income on housing expenses at the national level.⁹ After a slight decrease in 1999 to 36.8%, this percentage rose to 41.3% in 2002.^{10,7} Similarly, Kent County went from 36.4% in 1989, experienced a moderate decrease to 32.8% in 1999 and finally climbed to 39.8% in 2002.^{7, 9, 10} (Exhibit 4)

**Exhibit 4 - Gross Rent as a Percentage of Household Income
United States, Kent County & Grand Rapids, 1989 – 2002**

% of Income Spent on Housing Costs	United States			Kent County			Grand Rapids		
	1989	1999	2002	1989	1999	2002	1989	1999	2002
Less than 20%	30.0%	32.4%	28.1%	34.1%	38.6%	27.5%	28.0%	34.2%	na
20 - 24%	13.8%	12.8%	12.6%	14.8%	13.5%	17.0%	13.3%	12.4%	na
25 - 29%	11.4%	10.4%	10.7%	11.7%	10.4%	11.3%	10.9%	9.8%	na
30 - 34%	8.0%	7.3%	7.9%	7.5%	6.7%	9.8%	8.1%	6.9%	na
35% or more	30.7%	29.5%	33.4%	28.9%	26.1%	30.0%	36.7%	30.9%	na
Not computed	6.1%	7.5%	7.3%	3.1%	4.8%	4.4%	3.0%	5.7%	na

**Source: U. S. Census for Population and Housing
1990 STF(3) H067 - Sample Data
2000 SF(3) H69 - Sample Data
2002 American Community Survey H050**

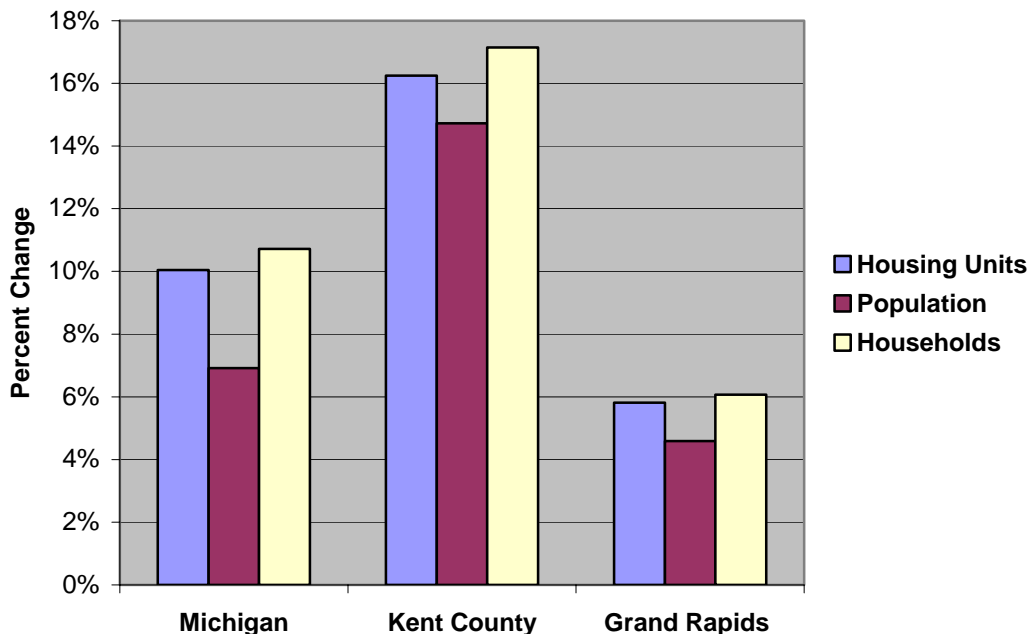
*na indicates the data was not available for the given year.

Housing

Variable 3: Housing Supply

- A community's housing supply is directly related to the overall health of the community. Gaps between housing supplies and the number of households within a community create housing shortages. A domino effect then triggers home sales and rental price increases. The result is a crisis for low and middle-income community members.¹
- Data shows that there is a trend toward smaller-sized households, so that fewer people need more housing units. Between 1990 and 2000 in Michigan, Kent County and Grand Rapids the number of households grew faster than the population and the number of housing units (Exhibit 5).^{9,10}

Exhibit 5 - Percent Change in Population, Number of Households and Number of Housing Units Michigan, Kent, & Grand Rapids 1990-2000



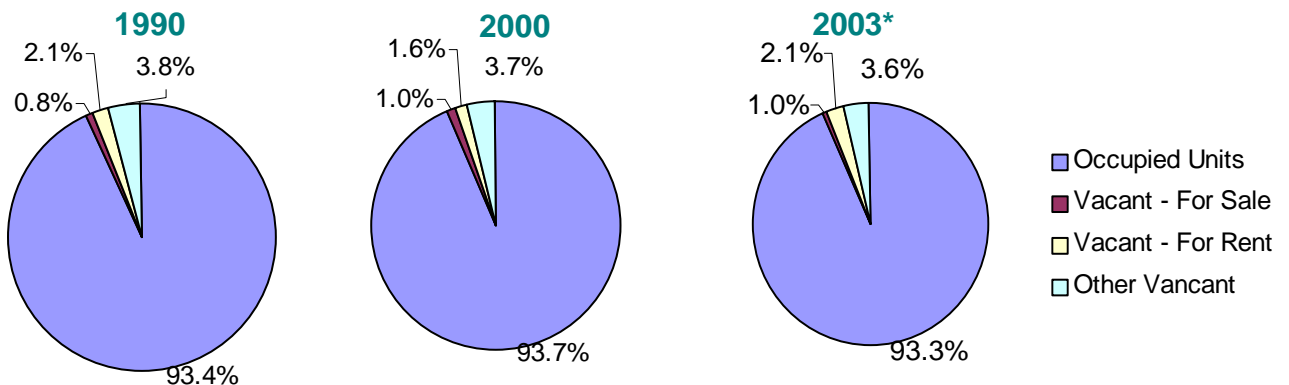
Source: U.S. Census Bureau for Population and Housing
1990 STF (1) P001, P003 – 100% Count Data, STF(3) H001 – Sample Data
2000 SF (1) P1, P15 – 100% Count Data, SF(3) H1 – Sample Data

Housing

Variable 4: Residential Vacancies

- Traditionally, residential vacancy rates have been used as an indicator of equilibrium or balance between supply & demand in a housing market. More recently, communities across the United States have begun to document the relationship between low housing occupancy rates and crime rates. As a result, reducing vacancies has become an important goal of community development activities.
- Grand Rapids MSA, which is composed of Allegan, Kent, Muskegon, and Ottawa counties, had only a small percentage (6.7%) of residential properties vacant in 2003. (Exhibit 6) According to HUD, the relative lack of change in vacancy levels between 1990 and 2003 signifies a stable housing market.¹¹

**Exhibit 6 - Percent of Housing Inventory by Occupancy Status
Grand Rapids MSA (Allegan, Kent, Muskegon, & Ottawa) 1990-2003***

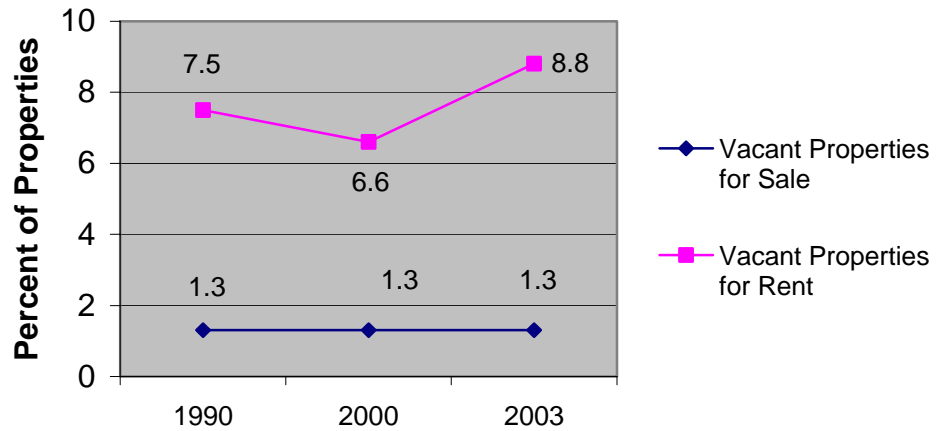


Sources: US Department of Housing & Urban Development

* 2003 data based on estimates by the US Dept. of Housing & Urban Development

- Vacancy rates in the City of Grand Rapids are slightly higher than those in Grand Rapids MSA (Exhibit 7). Although experts predicted that there would be an increase in vacant rental properties due to increased opportunities for homeownership created by low interest rates, this prediction has not yet come true in Grand Rapids. ¹¹

**Exhibit 7 – Vacancy Rate by Property Type
Grand Rapids 1990-2003***



Sources: US Department of Housing & Urban Development

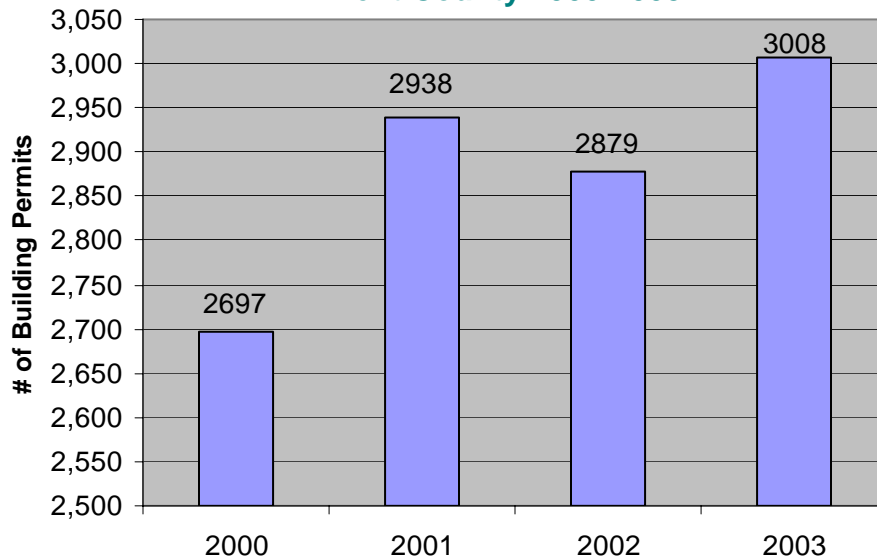
*** 2003 data based on estimates by the US Dept. of Housing & Urban Development**

Housing

Variable 5: Residential Investment

- According to the Indiana Business Research Center at Indiana University, “The housing market is generally seen as one of the first economic sectors to rise or fall when economic conditions improve or degrade. Housing permits and starts can be early indicators of activity in the housing market. New residential housing construction generally leads to other types of economic production.”¹²
- A decline in mortgage interest rates kept the construction industry booming in 2003. At the national level, construction of single-family homes exceeded 1999 pre-recession levels and overall residential investment reached new highs.¹³
- From 2000 to 2003, 11,522 building permits were issued for single-family residences (new construction or remodeling) in Kent County (Exhibit 8). This represents 98.2% of the 11,736 total building permits given from 2000-2003.¹⁰

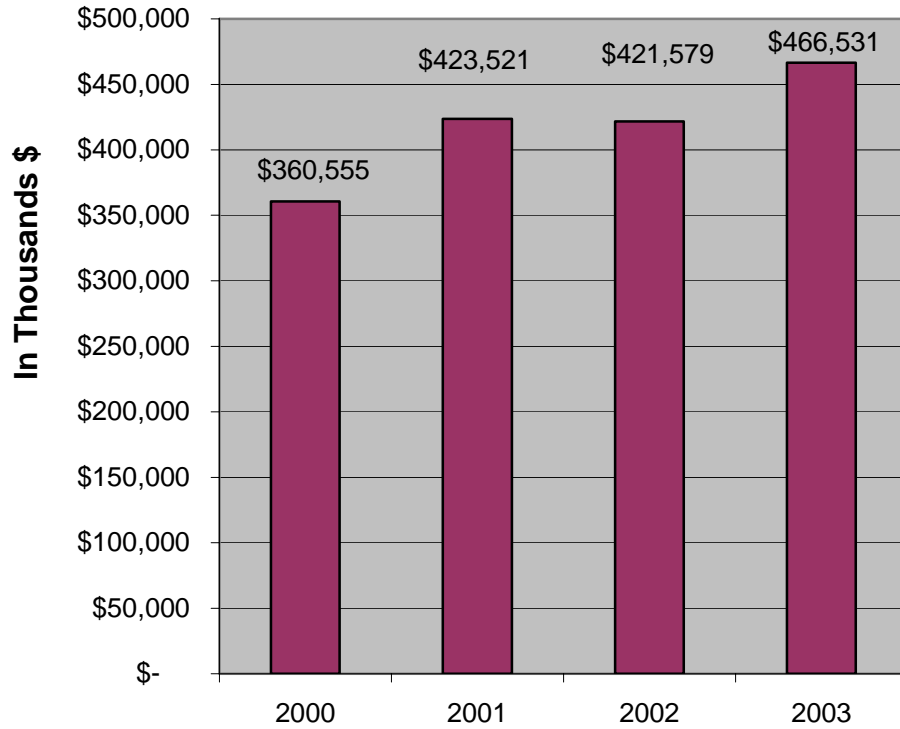
Exhibit 8 – Number of Single Family Building Permits (New Construction & Remodeling) Issued Kent County 2000-2003



Source: U.S. Census Bureau
Manufacturing, Mining and Construction Statistics

- Between 2000-2003, there was a 29.4% increase in the total valuation of single-family building permits issued in Kent County- increasing from \$360.5 million to \$466.5 million. (Exhibit 9)¹⁰

Exhibit 9 - Total Valuation of Single-Family Building Permits (New Construction & Remodeling) Issued Kent County 2000–2003



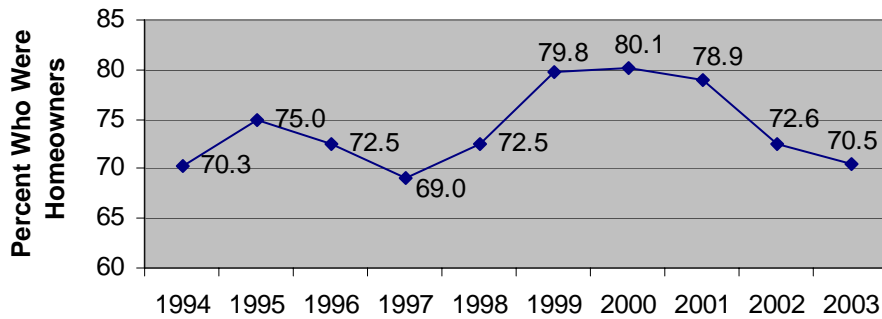
**Source: U.S. Census Bureau
Manufacturing, Mining and Construction Statistics**

Housing

Variable 6: Housing Tenure

- Homeownership helps build wealth and long term financial security for families. As a result, communities are strengthened.

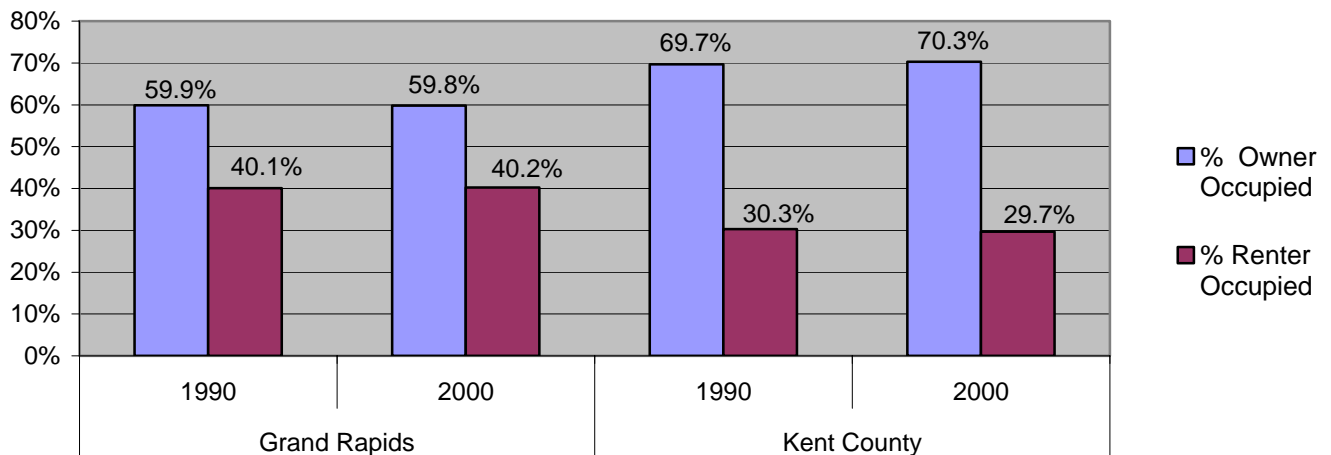
**Exhibit 10A – Homeownership Rate
Grand Rapids MSA (Kent, Muskegon, Ottawa & Allegan) 1994–2003**



Source: U.S. Census for Population and Housing

- Homeownership rates in Grand Rapids decreased 0.1% from 1990 to 2000. In Kent County they increased 0.7% (Exhibit 10B).^{9,10}

**Exhibit 10B - Percent of Population by Housing Tenure
Grand Rapids, Kent County 1990–2000**



Source: U.S. Census for Population and Housing
1990 STF(1) H003 – 100% Count Data
2000 SF(1) H8 – 100% Count Data

- In Grand Rapids, Kent County, and the State of Michigan, disparities exist between the homeownership levels of various race and ethnicities. In 2000, White and Asian populations had the highest percentages of home ownership in Grand Rapids and Kent County (Exhibit 11).¹⁰

**Exhibit 11 – Housing Tenure by Race
Grand Rapids, Kent County, Michigan 2000**

	White	Black	AIAN*	Asian	NHOPI*	Hispanic
City of Grand Rapids						
Owner occupied	69.9%	47.7%	43.3%	58.5%	21.2%	44.7%
Renter occupied	30.2%	52.3%	56.7%	41.5%	78.8%	55.3%
Kent County						
Owner occupied	79.8%	45.6%	53.2%	65.9%	31.2%	47.3%
Renter occupied	20.2%	54.4%	46.8%	34.1%	68.8%	52.7%
Michigan						
Owner occupied	82.2%	53.6%	63.6%	59.3%	55.3%	56.8%
Renter occupied	17.8%	46.4%	36.4%	40.6%	44.7%	43.2%

**Source: U.S. Census for Population and Housing
2000 SF(3) H11A-E,H – 100% Count Data**

*AIAN (American Indian and Alaska Native) *NHOPI (Native Hawaiian and Other Pacific Islanders)

- According to 2000 census data, the majority of people in Grand Rapids, Kent County, and Michigan who own their own homes have been living in them since 1994 or earlier. The majority of those living in rental units have moved in since 1995 (Exhibit 12).¹⁰

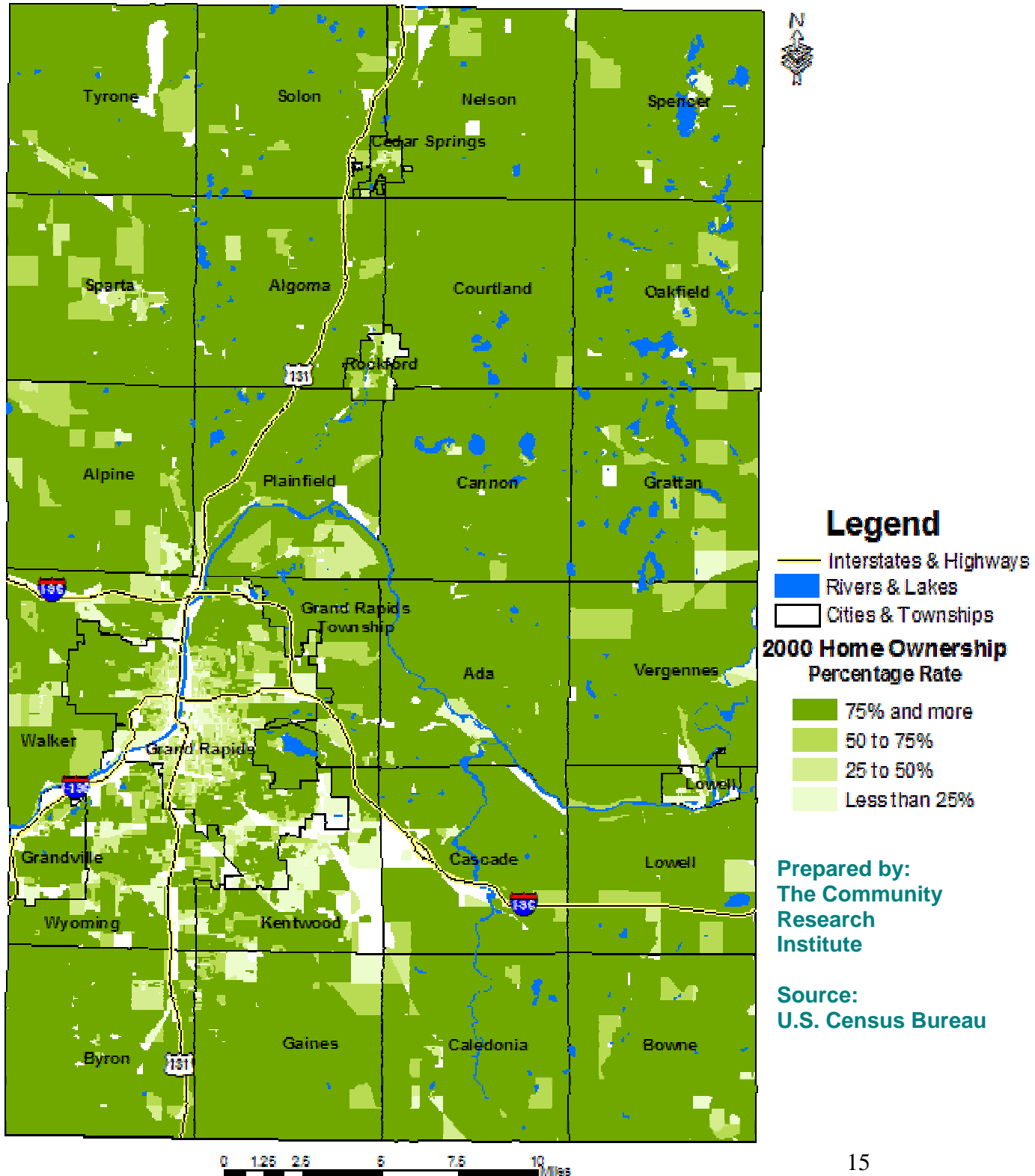
**Exhibit 12 - Year Householder Moved Into Unit
Grand Rapids, Kent County, Michigan 2000**

Owner occupied:	Grand Rapids	Kent County	Michigan
Moved in 1999 to March 2000	10.4%	10.9%	9.7%
Moved in 1995 to 1998	26.4%	28.5%	24.8%
Moved in 1990 to 1994	18.8%	18.9%	17.8%
Moved in 1980 to 1989	16.7%	18.9%	19.2%
Moved in 1970 to 1979	10.5%	10.5%	14.0%
Moved in 1969 or earlier	17.1%	12.3%	14.6%
Renter occupied:	Grand Rapids	Kent County	Michigan
Moved in 1999 to March 2000	42.6%	45.5%	39.5%
Moved in 1995 to 1998	37.7%	37.1%	36.4%
Moved in 1990 to 1994	11.2%	9.3%	12.0%
Moved in 1980 to 1989	5.6%	5.4%	7.9%
Moved in 1970 to 1979	1.7%	1.6%	2.6%
Moved in 1969 or earlier	1.3%	1.0%	1.5%

**Source: U.S. Census for Population and Housing
2000 SF(3) H38 – Sample Data**

- The below map illustrates home ownership in Kent County. The map below illustrates that the majority of Kent County has home ownership rates of 75% or greater. (Exhibit 13)

**Exhibit 13 – Density of Owner Occupied Housing Units
Kent County 2000**

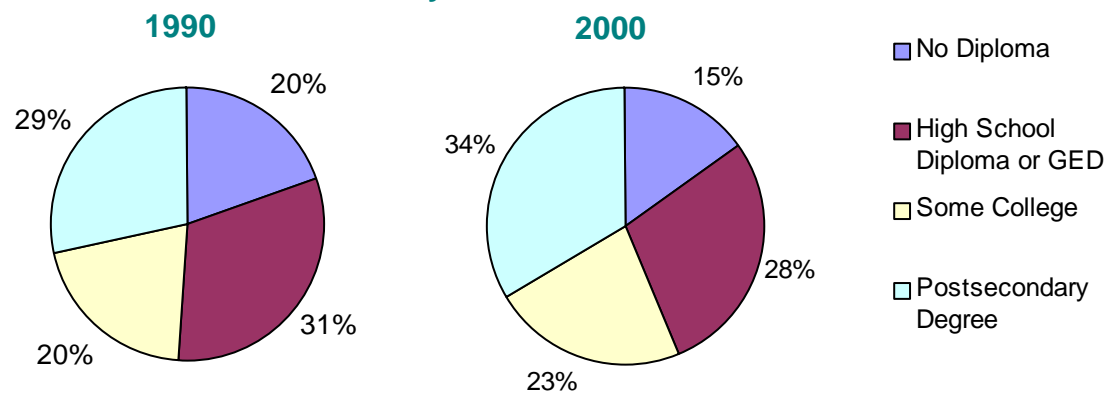


Workforce

Variable 7: Educational Attainment

- The level of education achieved by the residents of a community is one indicator of the kinds of human resources that are available in a community and the level of workforce preparation. Communities with highly educated workforces are better prepared when it comes to attracting and retaining the increasingly technical jobs found in today's workplace.¹⁴
- According to the 2000 U.S. Census, 25.6 % of Americans have completed 4 years or more of college. Additionally, more than 17 million Americans were enrolled in undergraduate, graduate, or professional school programs across the nation.¹⁰
- As a group, Kent County residents are highly educated. As of 2000, more than 33.5% of those age 25 or older held postsecondary degrees. This is significantly higher than the 28.7% figure for the state as a whole. At the other end of the educational spectrum, just 15.4% of Kent County residents had not graduated from high school, compared to 16.6% for the state.¹⁰ (Exhibit 14)

**Exhibit 14 - Educational Attainment (Population Age 25+)
Kent County 1990-2000**



**Source: U.S. Census for Population and Housing
1990 STF(3) P057 – 100% Count Data
2000 Demographic Profile DP2007-DP2014**

- In 1990, 34,355 Kent County residents were enrolled in college. This represented 6.9% of the population. In 2000, 34,031 Kent County residents were enrolled in college or graduate school. This represented number represented a smaller portion of the county's population, 5.9%.¹⁰

Workforce

Variable 8: Labor Force Participation

- Participation in the labor force is directly related to economic wellbeing.¹⁵ This means that providing job opportunities is a critical component of most economic and community development programs.¹⁶
- The labor force participation rate is officially defined as the proportion of people age 16 years and older who are employed or available for work. Differences in participation rates between communities are thought to be the result of factors including the percentage of the population enrolled full-time in education, the number of people who have withdrawn from the labor force after being unable to find work, and the number of women not working for reasons such as caring for their families.¹⁷

Exhibit 16 - Employment Status by Sex for Workers 16+ Years of Age Michigan, Kent County, & Grand Rapids, 1990–2000

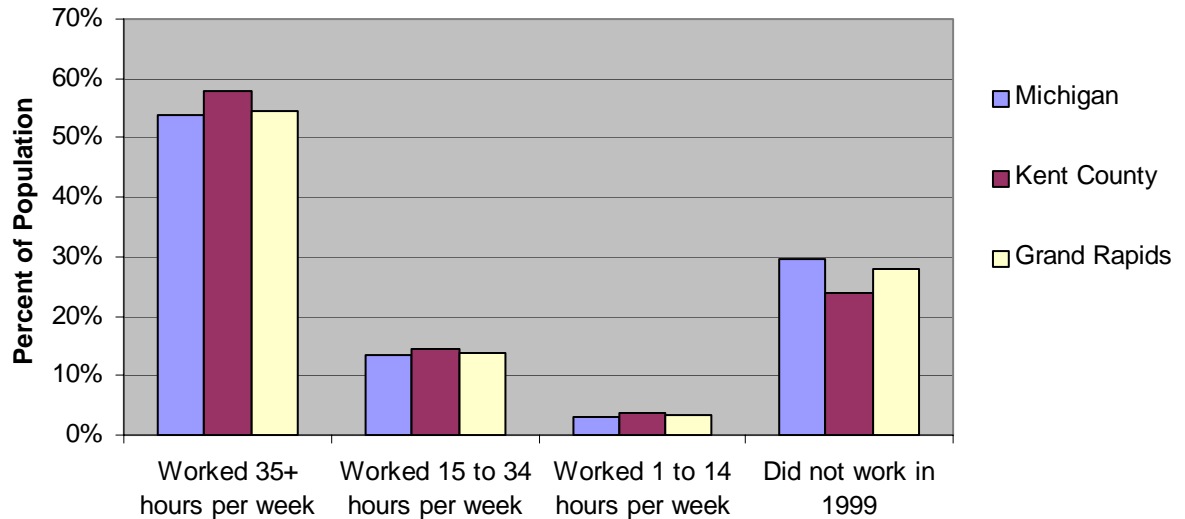
	Michigan		Kent County		Grand Rapids	
	1990	2000	1990	2000	1990	2000
Male:						
Employed	66.66%	66.69%	75.37%	74.32%	68.33%	66.91%
Unemployed	6.34%	4.30%	4.32%	3.32%	5.76%	4.35%
Not in labor force	26.65%	28.91%	20.14%	22.29%	25.75%	28.65%
Female:						
Employed	51.36%	55.24%	58.76%	60.74%	54.29%	56.71%
Unemployed	4.29%	3.20%	3.16%	2.92%	4.03%	4.01%
Not in labor force	44.30%	41.54%	38.05%	36.33%	41.61%	39.27%

**Source: US Census for Population and Housing
1990 STF(3) P070 – 100% Count Data
2000 SF(3) P43 – Sample Data**

- In 2000, 70.9% of Michigan inhabitants worked within their county of residence, while 27.5% worked outside their county of residence. In Kent County and Grand Rapids, the numbers that worked outside of their county of residence were 8.5% and 6.7%, respectively.¹⁰

- According to the 2000 Census, more than half of Michigan (54%), Kent County (58%) and Grand Rapids (55%) residents worked 35 hours or more per week in 1999. Just under 1/3 reported not having worked at all.¹⁰ (Exhibit 17)

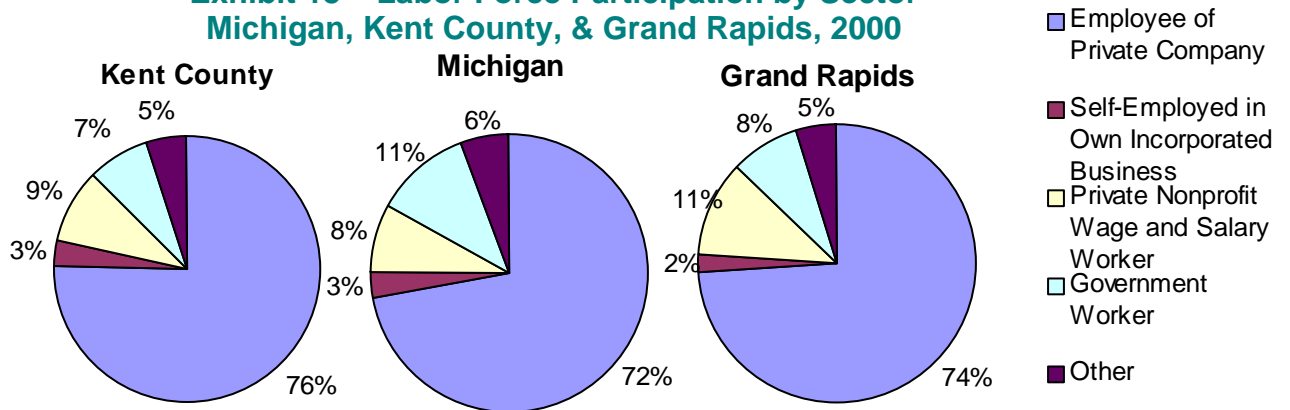
**Exhibit 17 – Hours Worked per Week
Michigan, Kent County, Grand Rapids, 2000**



**Source: US Census for Population and Housing
2000 SF(4) PCT82 – Sample Data**

- Employment levels were relatively consistent across the state, county and city. In 2000, over 70% of all workers were employed in private companies in Michigan, Kent County, and Grand Rapids. Three percent were self-employed in Michigan and Kent County, with 2% working in their own private business in Grand Rapids. Private nonprofit employment varied more with a rate of 8% in Michigan, 9% in Kent County, and 11% in Grand Rapids. Government employment showed the reverse relationship than private nonprofits with a higher percentage at the state level, and a decrease at county and city levels. The ‘other’ class of worker hovered around 5% for all levels (Exhibit 18).¹⁰

**Exhibit 18 – Labor Force Participation by Sector
Michigan, Kent County, & Grand Rapids, 2000**



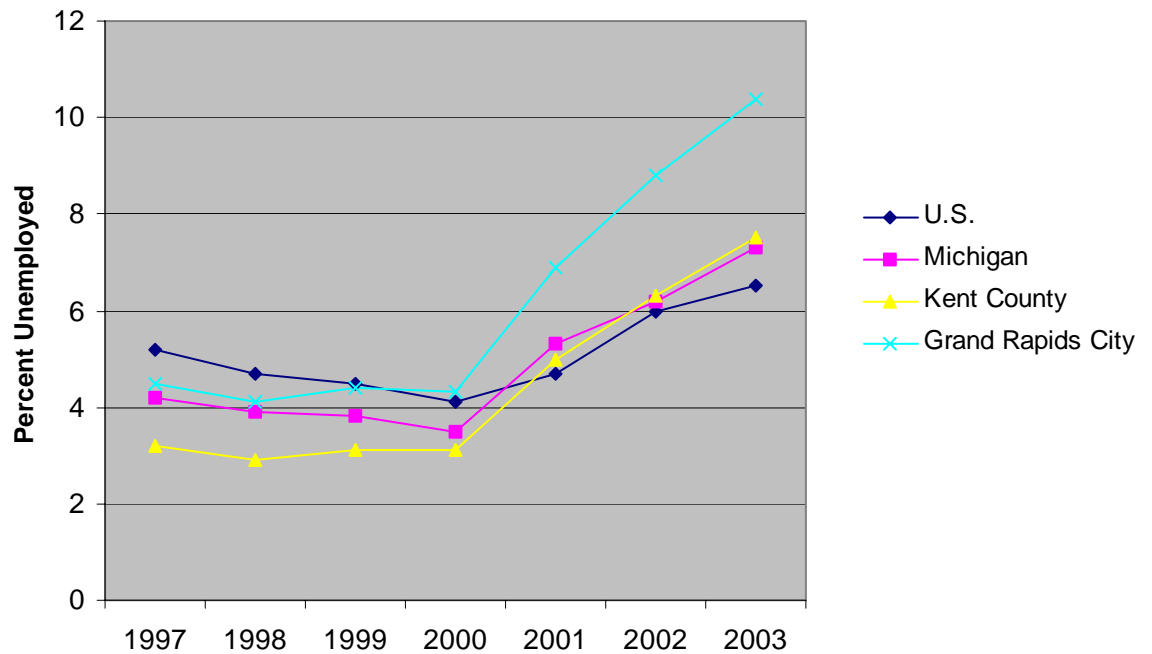
**Source: US Census for Population and Housing
2000 SF(4) PCT87 – Sample Data**

Workforce

Variable 9: Unemployment

- Unemployment rates are one of the most widely cited and closely monitored economic statistics.¹⁸ According to the Bureau of Labor Statistics, as of 2003, the national unemployment rate was 6.5%; the ten-year (1993-2003) low for the nation was 4.1% (in 2000).¹⁹ (Exhibit 19)
- Michigan, Kent County, and Grand Rapids have also seen an increasing unemployment rate over the last few years. The City of Grand Rapids enjoyed a ten year low of 4.1% unemployment rate in 1998. Since then, Grand Rapids' unemployment rate has been steadily increasing. The annual rate for 2003 was 10.4%.¹⁹ (Exhibit 19)

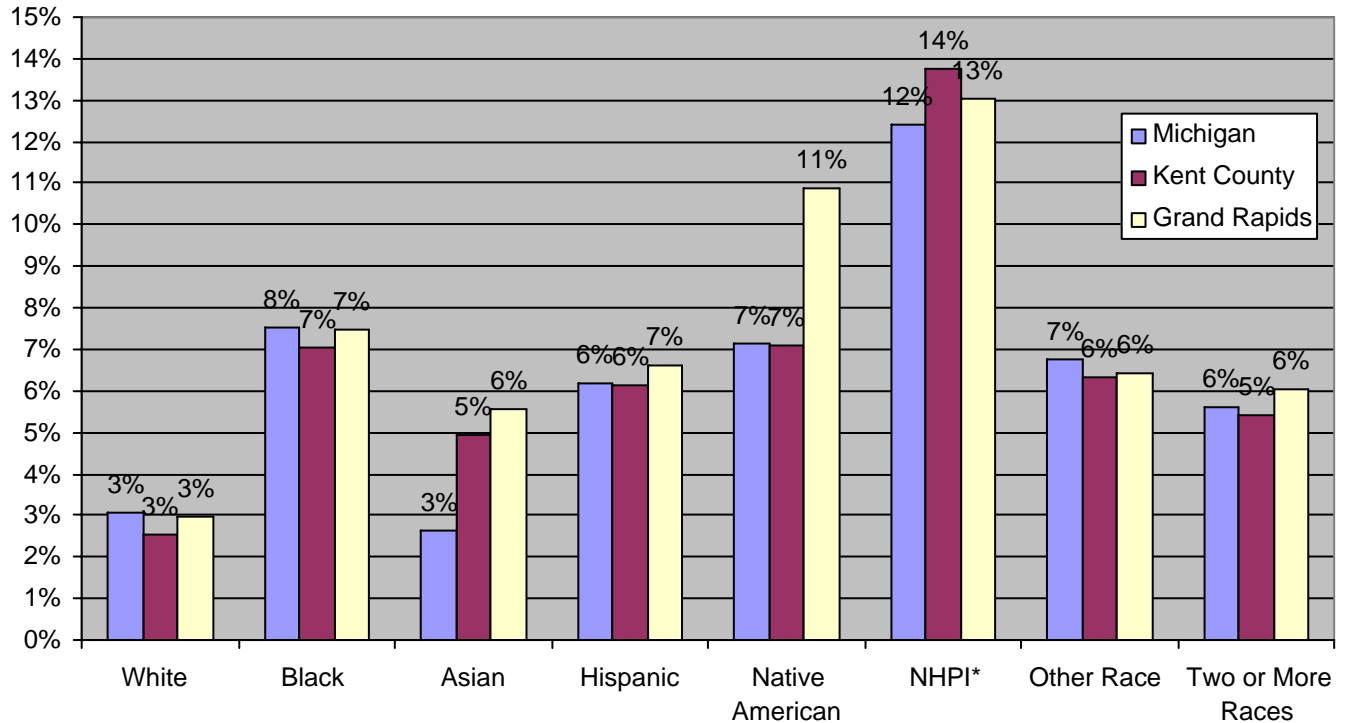
**Exhibit 19 – Annual Unemployment Rate
Grand Rapids, Kent County, & Michigan 1997–2003**



Source: U.S Department of Labor, Bureau of Labor Statistics

- When examining various racial/ethnic populations, it is clear that unemployment rates vary by race. In fact, recent data suggests that the unemployment gap between races may be widening. According to the US Census, between 2000 - 2002, unemployment rates for Kent County's white population increased by 2.5% (from 2.5% to 5%). During the same time period, unemployment rates for Kent County's Black or African American population increased by 8% (from 7.1% to 15%).^{10,7} (Exhibit 20)

**Exhibit 20 - Unemployment by Race
Michigan, Kent County and Grand Rapids, 2000**



**Source: U.S. Census for Population and Housing
2000 SF(3) P150A-H – Sample Data**

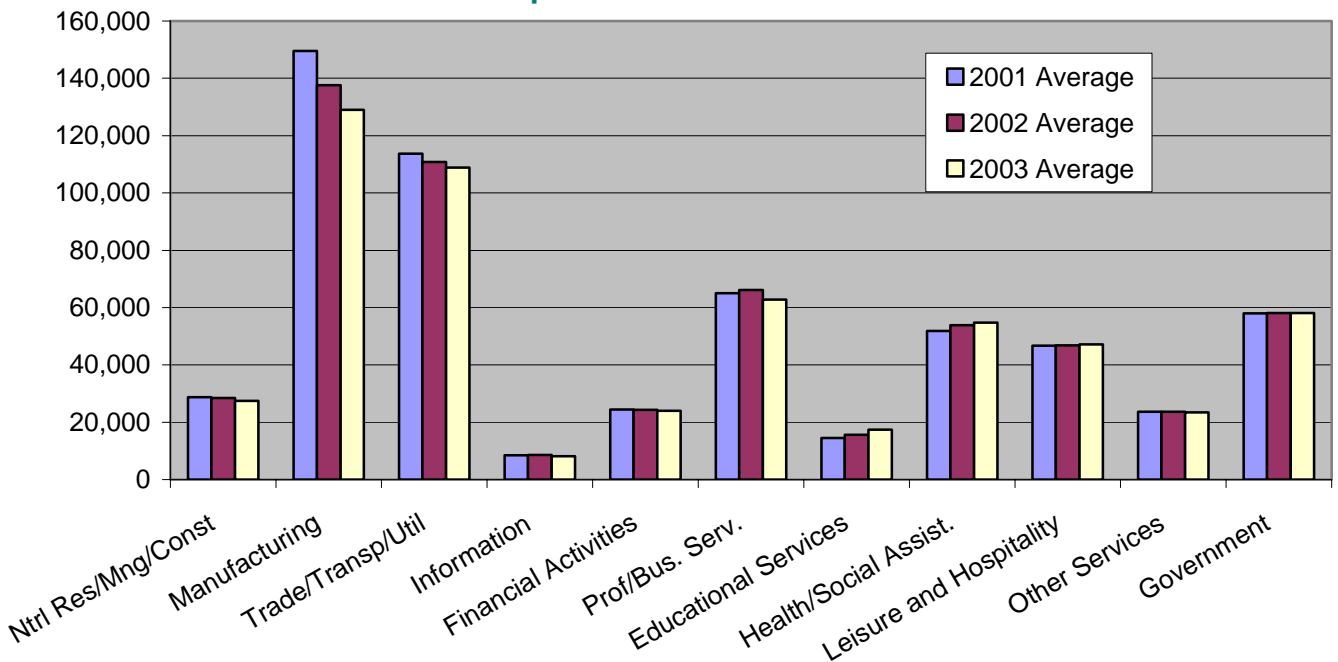
*NHPI (Native Hawaiian and Other Pacific Islanders)

Workforce

Variable 10: Employment by Industry

- According to the Michigan Department of Labor and Economic Growth, the distribution and growth of jobs by industry are key economic indicators for states and regional labor markets because they shed light on the income potential and diversification of local economies.²⁰
- In the Grand Rapids MSA between 2001 and 2003, the manufacturing industry had the largest employment decrease (-13.7%), followed by the natural resources, mining and construction industry (-4.9%). The educational services industry displayed the largest employment growth (20%), followed by the health and social assistance industry (5.6%) and the leisure and hospitality industry at (1.1%).²⁰ (Exhibit 21)

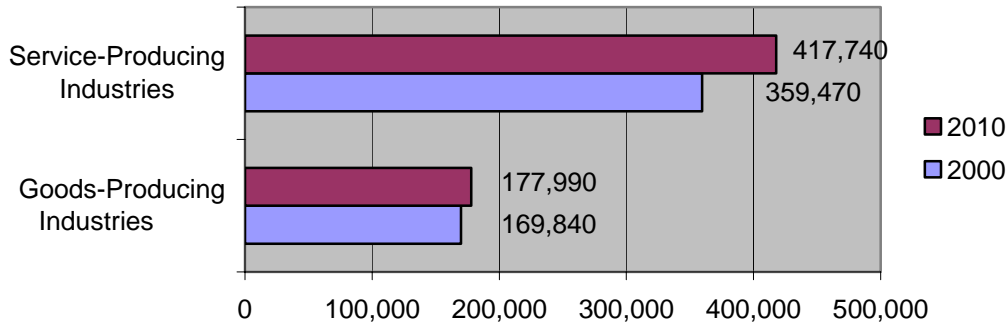
**Exhibit 21 - Employment by Industry
Grand Rapids MSA 2001-2003**



**Source: DLEG/Office of Labor Market Information,
Current Employment Statistics Section**

- Looking at employment forecasts, employment in the service industry (which includes government, health, education, trade, finance, transportation, communication, etc) is expected to increase 16.2% from 2000 to 2010. Employment in the goods producing industry (which includes mining, construction and manufacturing) is expected to increase 4.8% between 2000 and 2010.²⁰ (Exhibit 22)

**Exhibit 22 - Employment Forecast Data
Kent, Muskegon, Ottawa Counties 2000-2010**



Source: MDLEG/Office of Labor Market Information

- According to the US Census, "Nationally, businesses with no paid employees make up more than 70% of all businesses. These businesses range from home-based businesses to corner stores or construction contractors, and often are part-time ventures with owners operating more than one business at a time."¹⁰ Locally, there was growth in the number of nonemployers between 1998 and 2001.¹⁰ (Exhibit 23)

**Exhibit 23 - Growth in Nonemployer Establishments by Type
Grand Rapids MSA, Kent County 1998-2001**

	Nonemployer MSA	Nonemployer Kent County
All Sectors	6.6%	6.7%
Forestry, Mining and Utilities	-3.1%	5.4%
Construction	10.6%	10.0%
Manufacturing	-5.6%	-3.1%
Trade, Transportation and Warehousing	-0.9%	-2.7%
Information, Finance and Insurance	5.0%	5.4%
Real estate, rental and leasing	15.2%	12.5%
Professional, scientific, and technical services	2.8%	5.9%
Administrative, support, waste management, etc.	11.3%	11.6%
Educational services	19.6%	15.8%
Health care and social assistance	6.4%	11.4%
Arts, entertainment, and recreation	6.5%	8.3%
Accommodation and foodservices	21.2%	23.8%
Other services (except public administration)	8.4%	5.0%
All Sectors	6.6%	6.7%
Forestry, Mining and Utilities	-3.1%	5.4%
Construction	10.6%	10.0%
Manufacturing	-5.6%	-3.1%
Trade, Transportation and Warehousing	-0.9%	-2.7%

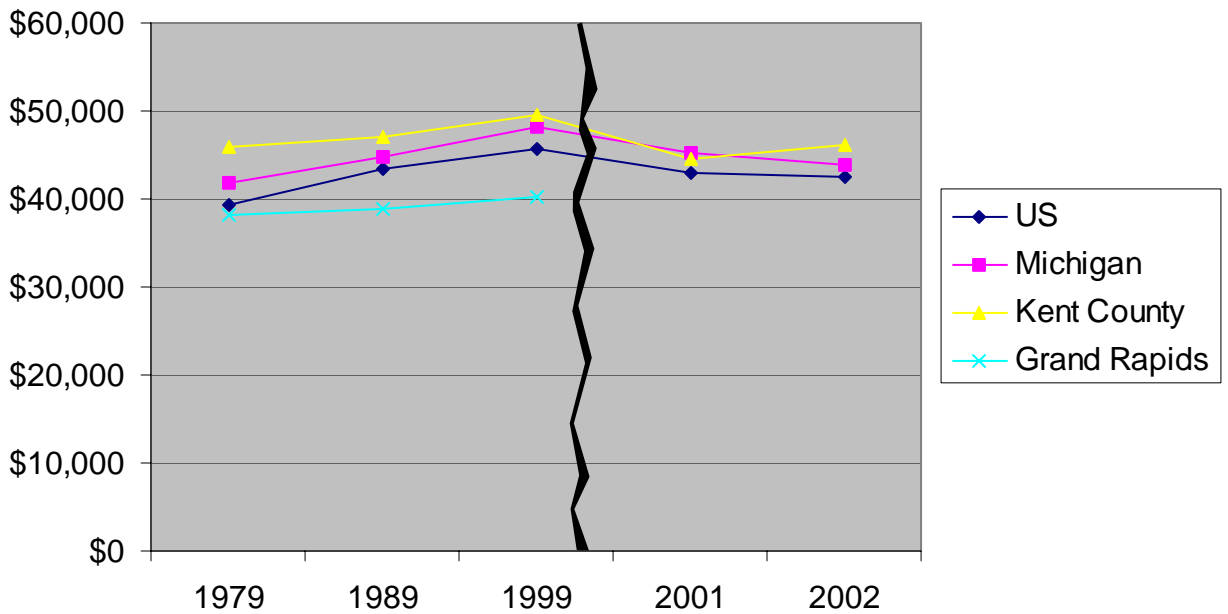
Source: U.S. Census Bureau, EPCD, Nonemployer Statistics

Cost of Living

Variable 11 – Median Income

- A rising median income is an indication of economic prosperity. This is a counterpoint to measures of job and firm growth, which are often unable to measure the impact of the business activity on personal income.
- The national median household income in the United States rose at a steady rate from 1979 to 1999, reaching \$41,994. Between 1999 and 2002 the national median income increased by 1% to \$42,409. When examining median incomes (adjusted for inflation) we see that the national median income actually began to decrease between 1999 and 2002. Michigan and Kent County both followed this trend.¹⁰ (Exhibit 25)

**Exhibit 25 –Median Household Income (Adjusted for Inflation*)
US, Michigan, Kent County & Grand Rapids 1989-2002**



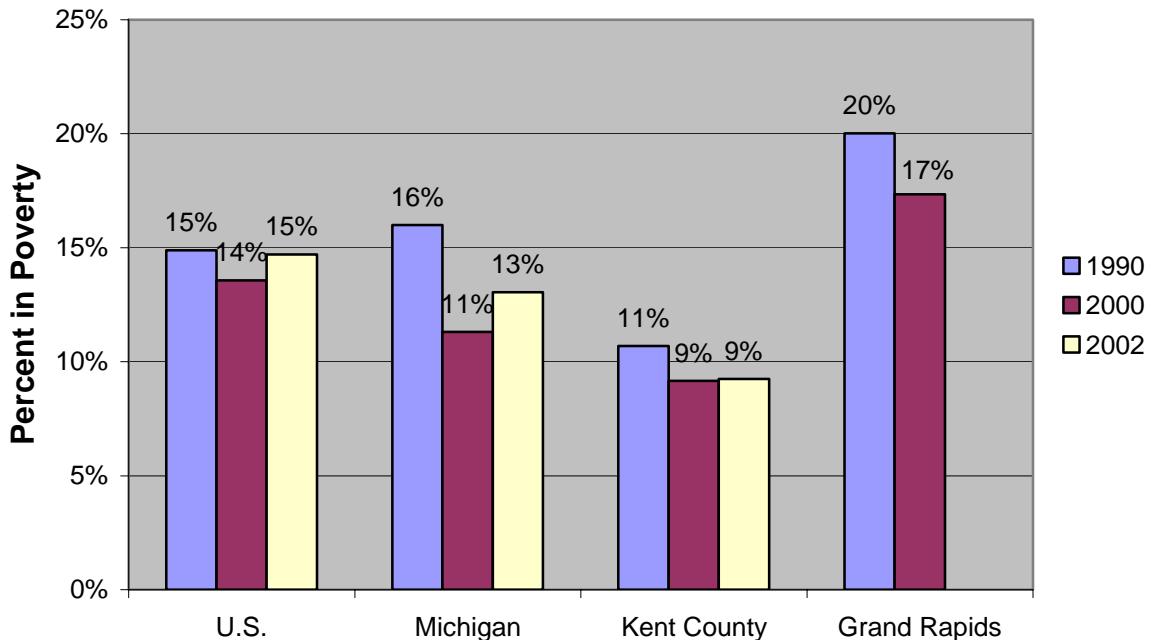
Sources: US Census for Population and Housing
1990 STF(3) PO80A – 100% Count Data
2000 SF(3) P53 – Sample Data
2001 Supplementary Survey, Profiles
2002 American Community Survey P070
Population and Housing Historical Tables
Consumer Price Index, Bureau of Labor Statistics

Costs of Living

Variable 12 – Families Living in Poverty

- Nationally, poverty rates for families (with and without children) decreased .8% between 1990 and 2000. Over the next two years (2000 – 2002), the poverty rate climbed .4%. While a low poverty rate indicates that there are enough jobs paying wages that are sufficient to keep people above the poverty threshold, increasing poverty rates should provoke concern regarding national and regional economies.¹
- Poverty has countless effects on those experiencing it. It can be argued that children suffer most acutely from poverty. Children from poor families are less likely to succeed later in life than other children because of problems resulting from poor nutrition, as well as social instability and educational disadvantages.

**Exhibit 26 – Poverty Rates for Families with Children Under Age 18
Michigan, Kent County & Grand Rapids, 1990 - 2002**



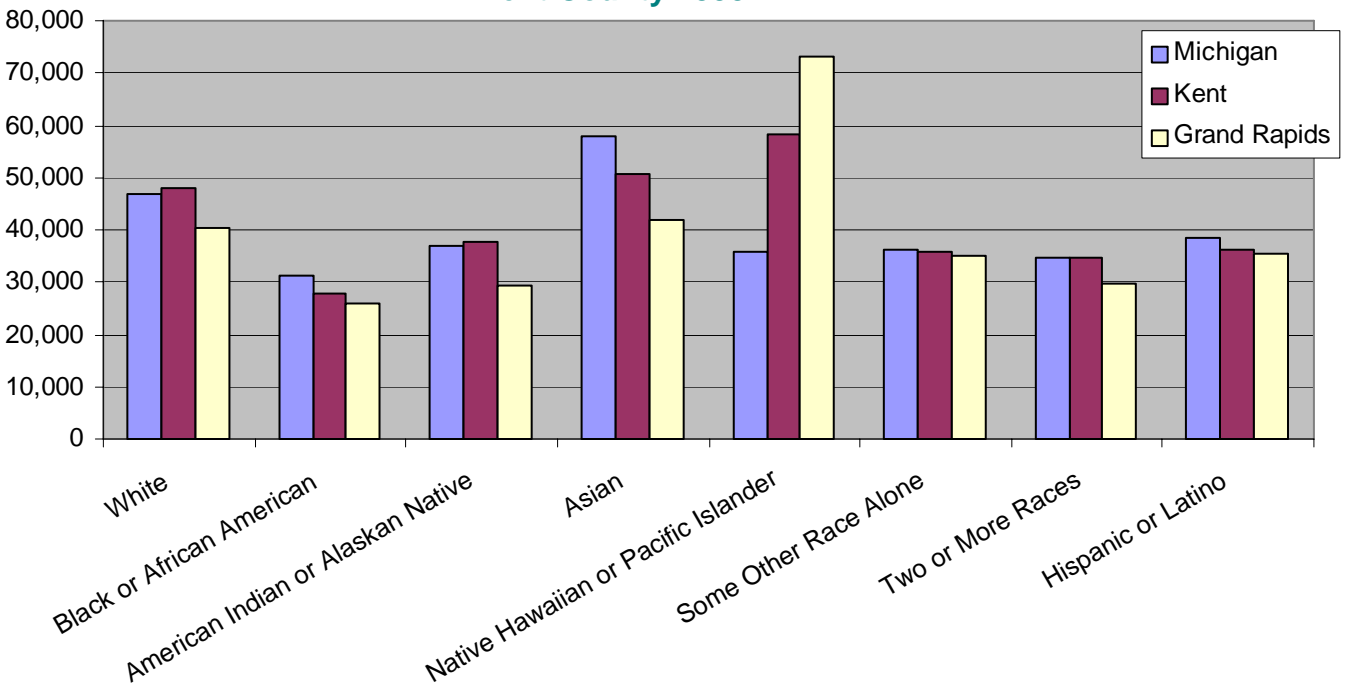
Source: U.S. Census for Population and Housing
1990 STF(3) P125 – 100% Count Data
2000 SF(3) P90 – Sample Data
2002 American Community Survey P116

Costs of Living

Variable 13: Economic Equity

- According to the Boston Foundation, “Income levels reflect the opportunities available to people to meet basic necessities of life and access resources for economic advancement and a good quality of life. Understanding the distribution of income provides a glimpse of relative opportunities for advancement in today’s economy...Put simply, when absolute income levels are low, or relative incomes reflect high levels of inequality, a state of social as well as physical deprivation is likely to result, followed by capital flight, disinvestment and lack of new investments (that is, poor economic growth) to create jobs.”¹
- Examining the incomes of various racial/ethnic populations provides an indication of the success of efforts to eliminate disparities in access to employment and education.¹ According to the most recent Census figures, in Kent County there was more than a \$20,000 difference between the median incomes of Whites and Blacks and an approximate \$12,000 difference between Whites and Hispanics in 1999 (Exhibit 27).¹⁰

**Exhibit 27 - Median Household Income by Race/Ethnicity
Kent County 1999**

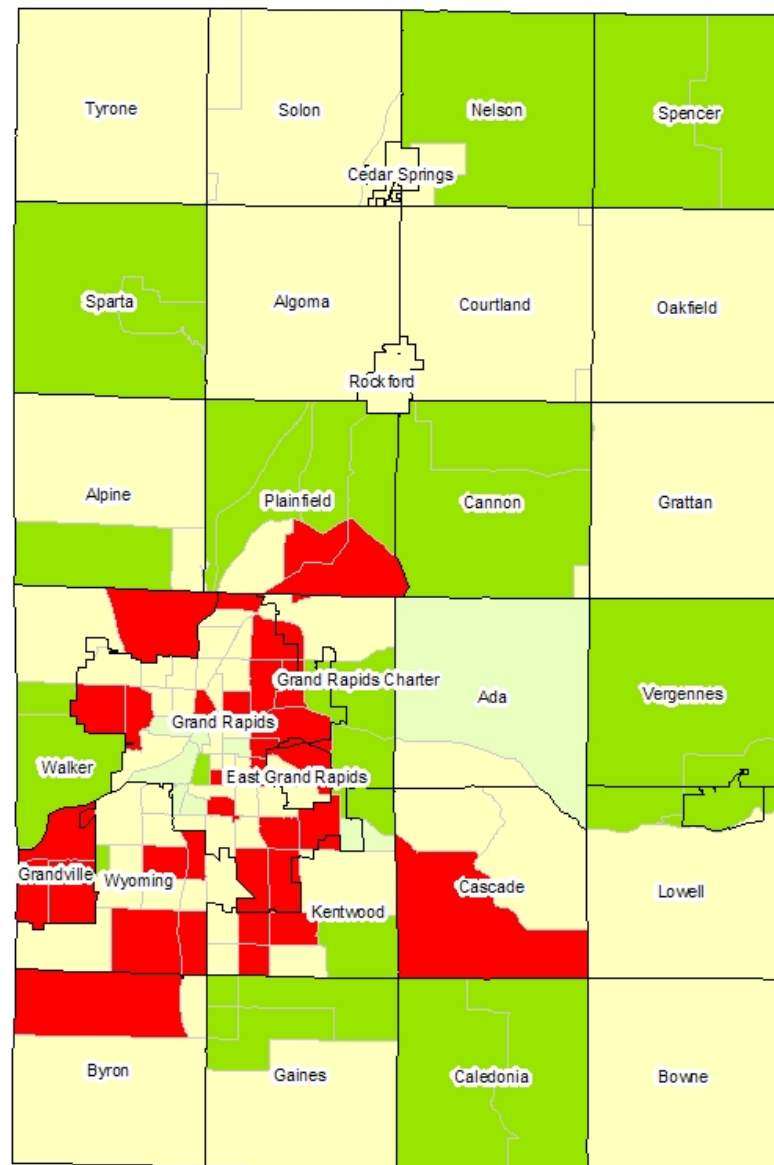


Source: US Census for Population and Housing
2000 SF(3) P152A-H – Sample Data

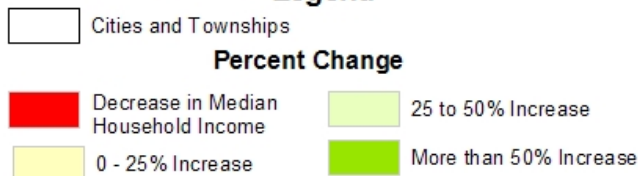
- Examining the distributions across geographic areas is another way to examine economic equity in a community. Improvements in neighborhood income over time may indicate that residents' incomes have improved, or that a neighborhood's demographic composition has changed, with lower income residents moving out and higher income residents moving in.¹ Looking at a map of Kent County, the areas with the greatest decrease in median incomes between 1990 and 2000 were generally first ring suburbs of Grand Rapids. The areas with that saw the greatest increases in median incomes tended to be more rural areas (Exhibit 28).

Exhibit 28 - Percent Change in Median Household from 1989 to 1999*

* 1989 Dollars adjusted for inflation to 1999 dollars



Legend



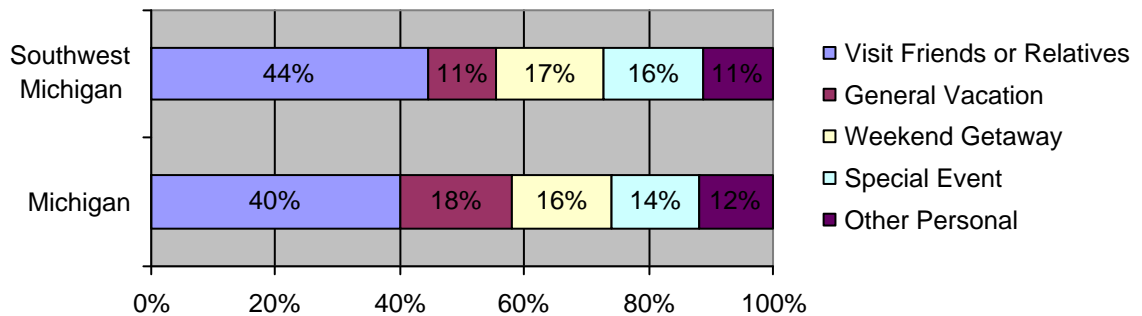
Source:
Geolytics in Association with the Urban Institute
Neighborhood Change Database (NCDB)
1990 - 2000 Tract Data
Prepared by: The Community Research Institute

Tourism

Variable 14 - Travel

- In 2001, 67 million U.S citizens visited Michigan and 11.8 million visited Southwest Michigan. When multiplying the number of visitors by their length of stay, the total volume of travelers in Michigan was 140.9 million “visitor-days.” The total volume of travelers in the Southwest Region was 22.5 million.²¹ The Southwest Region includes Allegan, Barry, Berrien, Branch, Calhoun, Cass, Eaton, Ionia, Kalamazoo, Kent, Montcalm, Muskegon, St. Joseph, and Van Buren Counties.
- The most common purpose visitors to Michigan gave for leisure travel in the state was to visit friends or relatives.²¹ (Exhibit 29)

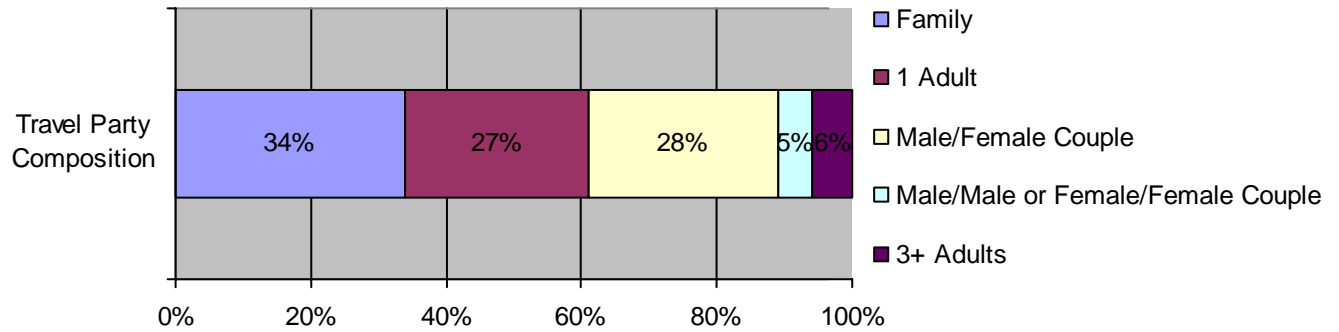
**Exhibit 29 - Purpose of Tourist Visit
Michigan & the Southwest Region, 2001**



Source: Travel Michigan, D. K. Shifflet & Associates, Ltd

- The most common type of party to visit Michigan and the Southwest Region in 2001 was families consisting of one or more household adults with one or more children under 18 years of age.²¹ (Exhibit 30)

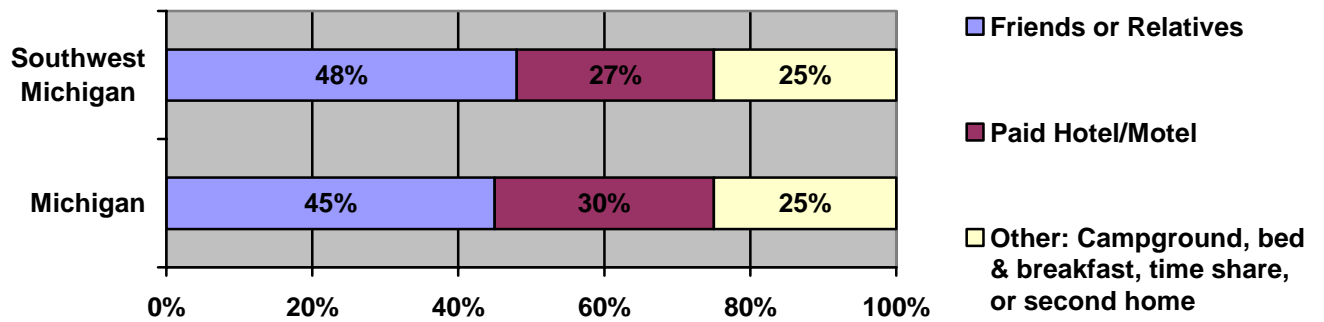
Exhibit 30 - Composition of Travel Parties Michigan, 2001



Source: Travel Michigan, D. K. Shifflet & Associates, Ltd

- The most prevalent accommodation type for visitors to Michigan was staying with friends and relatives followed by hotels or motels.²¹ (Exhibit 31)

Exhibit 31 - Accommodation Type of Visitors Michigan and the Southwest Region, 2001



Michigan and the Southwest Region, 2001

Source: Travel Michigan, D. K. Shifflet & Associates, Ltd

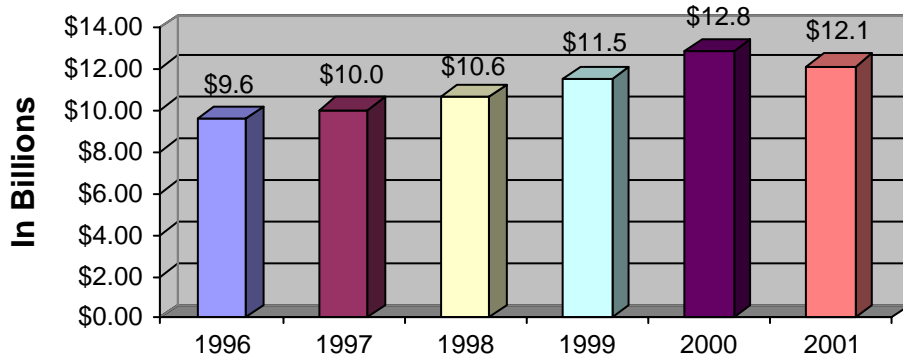
- In 2000, 1,627 persons owned second homes in Kent County. There were 65 commercial lodging establishments with a total of 6,036 guest rooms. The majority of those establishments were hotels, motels, lodges, and historic inns (54 establishments with 6,000 guest rooms) compared to 8 bed & breakfasts (33 guest rooms) and 3 cabins, cottages, condos, or rentals (3 guest rooms). There were also 10 commercial campgrounds in Kent County in 2000 with 971 campsites.²¹

Tourism

Variable 15 - Economic Impact

- Michigan experienced a decrease in various tourism economic impact indicators in 2001 after an increase during the five years prior. Direct and secondary effects of spending by visitors in Michigan who had traveled 100 miles or more decreased 5.3% from 2000 to 2001 after increasing 33% from 1996 to 2000.²² (Exhibit 32)

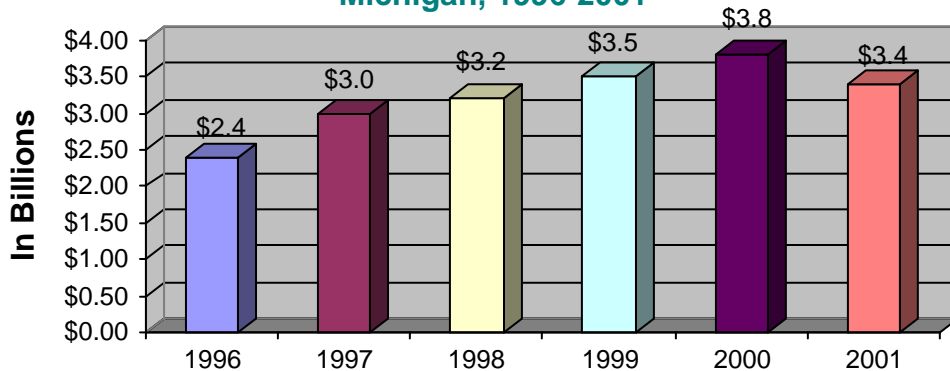
**Exhibit 32 - Direct and Secondary Effect of Tourist Spending
Michigan 1996-2001**



Source: Michigan State University, Dept. of Park, Recreation, and Tourism

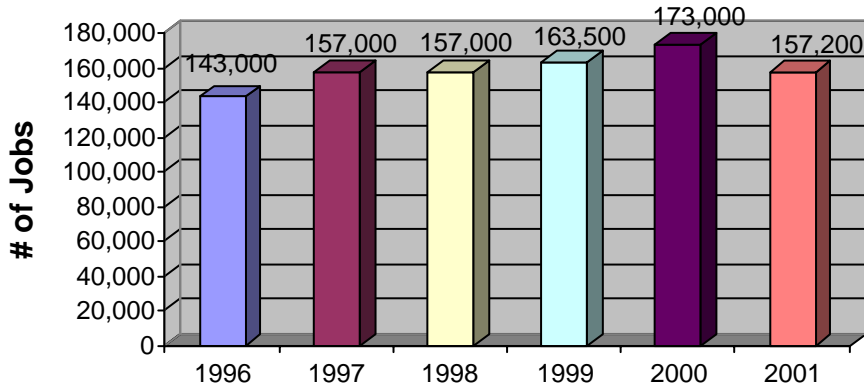
- Tourism payroll and the number of direct tourism jobs in Michigan also decreased from 2000 to 2001. Tourism payroll dropped from \$3.8 billion in 2000 to \$3.4 billion in 2001 (Exhibit 33) and direct tourism jobs fell 9%.²² (Exhibit 34)

**Exhibit 33 - Tourism Payroll
Michigan, 1996-2001**



Source: Michigan State University, Dept. of Park, Recreation, and Tourism

Exhibit 34 - Direct Tourism Jobs Michigan, 1996-2001



Source: Michigan State University, Dept. of Park, Recreation, and Tourism

- Direct tourism spending in Michigan totaled \$8,891 million in 2000, not including airfare and travel arrangements. Visitors staying in hotels, motels, cabins, or bed & breakfasts spent the largest proportion of total visitor spending, accounting for 42% of the total. The direct value added to the Michigan state economy by tourism in 2000 was approximately \$4.4 billion. (Exhibit 35)
- Kent County was ranked third in the state in 2000 for tourism spending in a destination county behind Wayne County and Oakland County with a total of \$452.7 million.

Exhibit 35 - Direct Tourism Spending Michigan & Kent County, 2000

Parties staying overnight...	Michigan		Kent County	
	In Millions	% of Total	In Millions	% of Total
In hotels, motels, cabins, bed & breakfasts, and other related lodging	\$3,731	42%	\$216.6	48%
In campgrounds (private or public)	\$373	4%	\$5.2	1%
In seasonal home	\$1,116	13%	\$7.0	2%
With friends or relatives	\$2,519	28%	\$145.6	32%
Day visitors from outside the immediate area (50 miles or more).	\$1,152	13%	\$78.4	17%
Total Spending	\$8,891	100%	\$452.7	100%

References

- 1) The Boston Foundation. Boston Indicators Report 2002. Retrieved from: <http://www.tbf.org/indicators>
- 2) U.S. Department of Housing and Urban Development (HUD). Who Needs Affordable Housing? April 28, 2004. Retrieved from: <http://www.hud.gov/offices/cpd/affordablehousing/index.cfm>
- 3) National Association of Realtors. Market Intelligence Report. Retrieved from: <http://www.realtor.org/prodser.nsf/OpenProd?OpenForm&IN=E186-73>
- 4) Federal Financial Institutions Examination Council. Home Mortgage Disclosure Act, Census Data Products. US Census & HUD Estimated Family Income. Retrieved from: <http://www.ffiec.gov/hmda/censusproducts.htm#MSAincome>
- 5) National Association of Home Builders. Housing Opportunity Index. Retrieved from http://www.nahb.org/fileUpload_details.aspx?contentID=535
- 6) US Census Bureau. 2002 American Community Survey. Retrieved from <http://www.census.gov/acs/www/index.html>
- 7) DeParle, Jason. Journal of Housing and Community Development. Slamming the Door on Affordable Housing. January/February 1997. Pgs. 10, 14.
- 8) U.S. Census Bureau. Housing Vacancies and Homeownership Annual Statistics 2003. Retrieved from: <http://www.census.gov/hhes/www/housing/hvs/annual03/ann03t14.html>.
- 9) U.S. Census Bureau. 1990 Census of Population and Housing, 1990 Census Summary Tape File 1 (STF 1) and Summary Tape File 3. Retrieved from: <http://www.census.gov>
- 10) U.S. Census Bureau. Census 2000. Summary File 1 (SF 1) and Summary File 3 (SF3). Retrieved from: <http://www.census.gov>.
- 11) US Department of Housing & Urban Development. Policy Development and Research. Analysis of the Grand Rapids, Michigan Housing Market. As of October 1, 2003. Retrieved from: <http://www.huduser.org/Publications/PDF/GrandRapidsComp2.pdf>
- 12) Indiana Department of Commerce and the Indiana Business Research Center. IN Context. Building Permits: Useful Indicator or Meaningless Information? April 1, 2001. Vol. 2. No. 4. Retrieved from: <http://www.incontext.indiana.edu/2001/april01/details.html>
- 13) The White House. Bureau of Economic Analysis. Economic Statistics Briefing Room. April 29, 2004. Retrieved from: <http://www.whitehouse.gov/fsbr/output.html>
- 14) Boulder County Civic Forum. Quality of Life in Boulder County: A Community Indicators Report. 1998. Retrieved from: <http://www.bococivicforum.org/indicators/people/04.html>
- 15) Urban Institute. 2004. Retrieved from: <http://www.urban.org>

- 16) Welfare to Work website Partnership. 2002. Retrieved from:
<http://www.welfaretowork.org>
- 17) U.S. Dept. of Education. National Center for Education Statistics. Institute of Education Sciences. Retrieved from: <http://nces.ed.gov>
- 18) Jones, Stephen R.G. and W. Craig Riddell. The Measurement of Unemployment: An Empirical Approach. February 1994. Final revision February 1998. Retrieved from:
<http://www2.arts.ubc.ca/cresp/measpap.pdf>
- 19) U.S Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics Program. 2003. Retrieved from: <http://www.bls.gov/home.htm>
- 20) Michigan Department of Labor and Economic Growth. Office of Labor Market Information. Retrieved from: <http://www.michimi.org/index.jsp>
- 21) Michigan 2001 Travel Summary (March 2003), Prepared for Travel Michigan by D. K. Shifflet & Associates, Ltd. Retrieved from:
<http://www.travelmichigannews.org/pdf/MICHIGAN%202001%20Report.pdf>
- 22) Kent County Travel Indicators: Kent County Tourism Profile, June 2001, MSU Tourism Resource Center Retrieved from: <http://www.tourismcenter.msu.edu/ttrrc/html-ttrrc/frames-ttrrc/Indicators.htm>
- 23) Travel Michigan: Michigan Statewide Tourism Spending and Economic Impacts, MSU's Department of Park, Recreation, and Tourism Resources Retrieved from:
<http://www.msu.edu/course/prr/840/econimpact/MIindex.htm>
- 24) Michigan Tourism Spending by County 2000, MSU Economic Impacts of Recreation and Tourism. Retrieved from: <http://www.msu.edu/course/prr/840/econimpact/MIindex.htm>
- 25) Stynes, Daniel J. (January 2002). Michigan Statewide Tourism Spending & Economic Impact Estimates, 1998-2000. Retrieved from:
<http://www.prr.msu.edu/miteim/MichiganSatExec.pdf>