



**IRONWOOD**  
MICHIGAN | *Find Your North*



# HOUSING ACTION PLAN

CITY OF IRONWOOD, MI  
DRAFT JUNE 2025



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- » Windward Group

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# EXECUTIVE SUMMARY

## A Housing Dilemma

The City of Ironwood has seen dramatic cost increases for housing over the last 5 years. At the same time the community lacks many of the housing options that residents and potential residents desire. Apartments, senior housing, affordable rentals, and move-up homes are all extremely limited in the City. New construction has been nearly non-existent for decades and the current housing stock is aging rapidly.

A lack of options has had negative impacts on existing residents who would like to adjust their living situation. This also limits turnover of homes to better match the community's needs. Prospective residents (and businesses recruiting them) struggle to find adequate housing, and it becomes more difficult to attract and keep people in Ironwood.

## Finding Housing Solutions

A healthy housing stock should include a variety of different housing types and price points. To encourage new housing development, simplify the process, reduce risk, improve the economics, and make sure people are aware of the opportunities that exist. Fixing the housing market in Ironwood will take time and a multi-faceted approach. The plan goes into further detail on how to move forward, but some of the highlights and steps the City should take are listed below:

### *Simplifying Regulations*

- » Providing pre-approved housing plans that meet building code
- » Increase what housing is already a "permitted use" which simplifies and shortens the application and City review process
- » Address points where the zoning code makes it difficult to develop on certain lots
- » Urging the State to improve regulatory services in Ironwood and the western UP

### *Closing the Financial Gap*

- » Using public finance tools such as Housing TIF and waiving fees to develop housing
- » Connecting developers with outside funding sources like state and regional grants and loans
- » Offering City owned vacant land at a discounted price to those who would develop housing
- » Exploring options to address how the current tax system disincentivizes rehabbing existing housing and creating new housing

### *Identifying and Promoting Development Opportunities*

- » Piloting an infill program to turn vacant lots into occupied homes
- » Consider a similar program to incentivize rehabilitation of underutilized, existing homes
- » Promoting the findings of the market study that shows opportunities to develop successful projects in Ironwood
- » Identifying properties that could be developed and marketing them to the development community
- » Working with potential housing developers and builders to expand their capacity to build homes in Ironwood

## Navigating the Plan

The main part of this plan is the Overview Section (pages 6-17) and the Action Plan Section (pages 18-27).

After these sections, the plan document includes a number of additional resources, including the Developers Guidebook aimed at the development community, and a number of technical additions that will be used by City Staff to support housing development and develop programs to facilitate development.



# PROJECT PURPOSE

## Why does Ironwood Need a Housing Action Plan?

Ironwood has historically offered a very affordable housing stock for residents. One appealing selling point for the city was that someone could afford to own a home in Ironwood, when a similar house would be out of reach in many other communities. This is evidenced by the finding that over half of households in Ironwood making less than \$25,000 per year own their homes.



*As a town that grew up in the early 1900s, much of Ironwood's housing stock is from the same era.*

In the last 5 years a number of factors have come together to drive housing costs much higher than the community has been used to:

- » Low interest rates allowed for higher purchase prices at a similar monthly payment.
- » The rise of short term rentals introduced new competition for for-sale homes.
- » The pandemic had people re-evaluating live/work patterns whether they were moving to Ironwood and working remotely, or purchasing a second home where they could work for longer periods of time.
- » Housing stock reaching the end of its lifespan and being demolished, reducing the supply of homes.
- » Material costs and labor shortages making it more expensive to rehabilitate homes to shore up the supply side of the residential market.
- » A continuing trend towards smaller household sizes, meaning that even if population declines, the number of homes needed may not.
- » Rising costs to build new housing, limiting new supply of homes.
- » Limited turnover keeping supply of housing options low



*With care, these older homes can be valuable assets in a community, but that requires ongoing maintenance and investment*

When combined these have contributed to home prices doubling or even tripling in the last five years. While home prices have remained affordable by national standards, the higher costs are posing challenges for Ironwood residents, where the median income for a household of four people is below \$80,000. At the same time, a lack of housing supply is making it challenging for businesses in the area to attract employees. The City's recent investments in infrastructure have been needed upgrades, but it would be good to spread the costs across more households. Regional projects such as mining and pipeline construction have the potential to drastically increase the demand for housing for a few years while these projects are being constructed.

# What Does This Plan Include?

This plan is an **action plan** for the City of Ironwood. Findings in this document are intended to guide City staff, boards, and commissions as they strive to improve housing in Ironwood.

This plan is also paired with a **Developer's Guidebook**. The intent of the guidebook is to assist potential developers in understanding what they need to do to build homes in Ironwood. For a new developer, the guidebook may serve as a road map, pointing out common pitfalls and connecting to other valuable resources. To an experienced developer, the guidebook may simply act as an insight into local policies and procedures. Either way, the goal of the guidebook is to encourage developers and smooth the process for creation of more homes in the city.

During the process of developing this plan, there have been a series of three **workshops** to help walk community members through the process of building housing. These have been led by Jenifer Acosta, a member of the Incremental Development Alliance and frequent lecturer for the MEDC guiding "how-to" sessions for development. The presentations and recorded workshops are available at the City's website.

The process also included site planning for a 27 acre City owned property on Ayer Street and a review of available City owned vacant lots scattered throughout the community.

The findings and recommendations in all these documents are based on background and market analysis, as well as community and board and commission input.

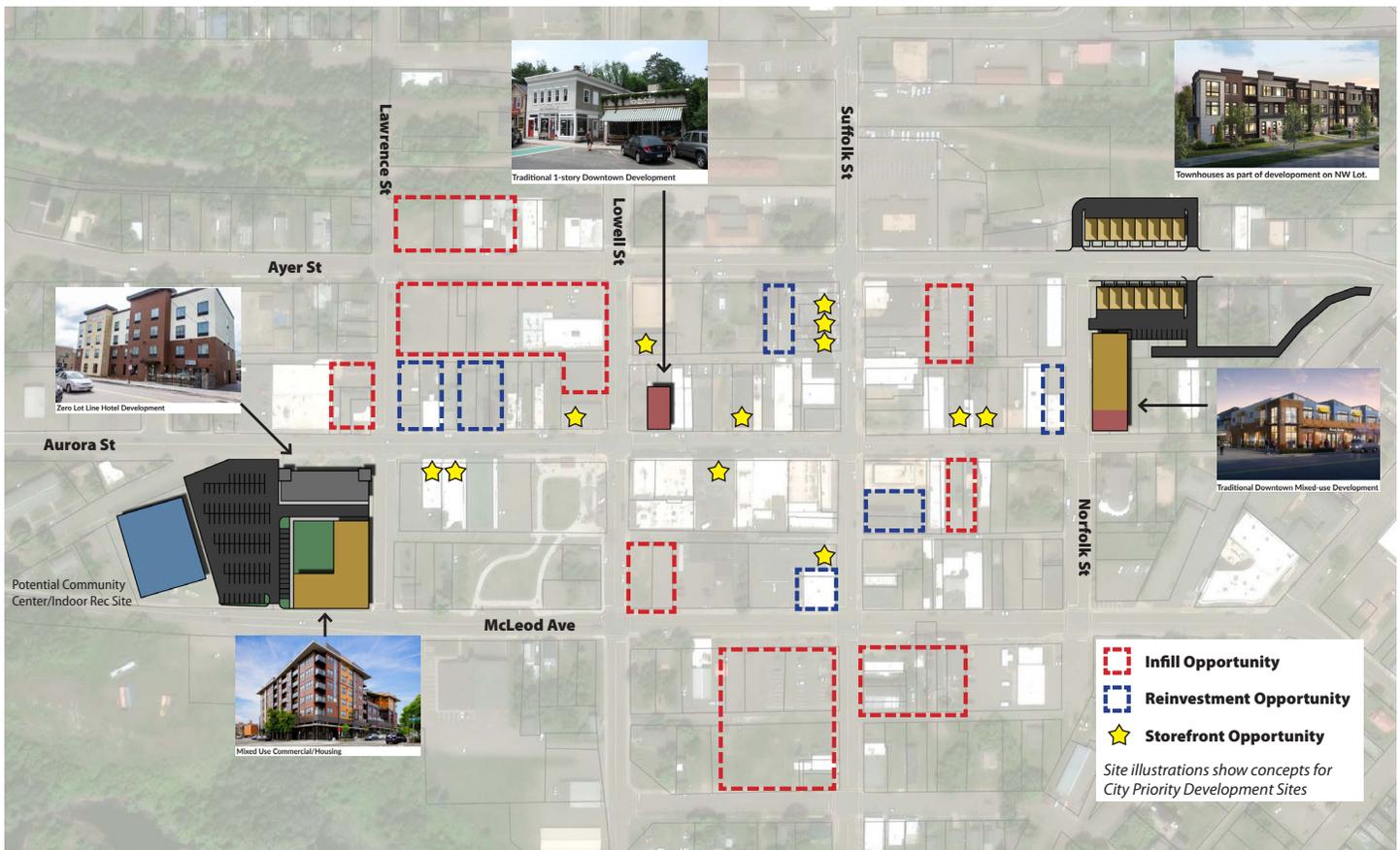


Figure 1. The Comprehensive Plan and the Housing Study both emphasize the potential for downtown re-investment, including housing.



# EXISTING CONDITIONS AND NEEDS ASSESSMENT

This section summarizes findings from the market study and analysis of other data and input. The market study can be found at the end of this report.



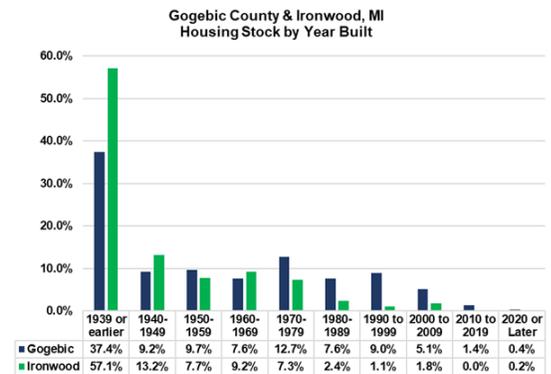
Many Ironwood homes were built at the same time, from the same blueprints. Over the last century they have been modified and seen different levels of upkeep and reinvestment.

## The Existing Supply of Housing

Ironwood's housing stock is extremely limited in terms of diversity. The city's population peaked in the 1920s at almost four times the current number of residents. Unsurprisingly most of the City's housing stock is from this era.

These houses are typically single family homes, sitting on small lots that were platted during the mining heyday of the region. Many of the homes were originally built as workforce housing, functional and not fancy, meant to serve the needs of families in the 1920s.

Over time as the city lost population, these homes have experienced vastly different levels of upkeep. Some have remained occupied throughout their life, while others have at times been abandoned. With declining prices at many times in the last 100 years, it has been difficult for some residents to justify spending money on upgrades or even standard maintenance. The winters in the Upper Peninsula can be punishing on houses and those that have gone through periods of minimal maintenance often show additional wear and tear.

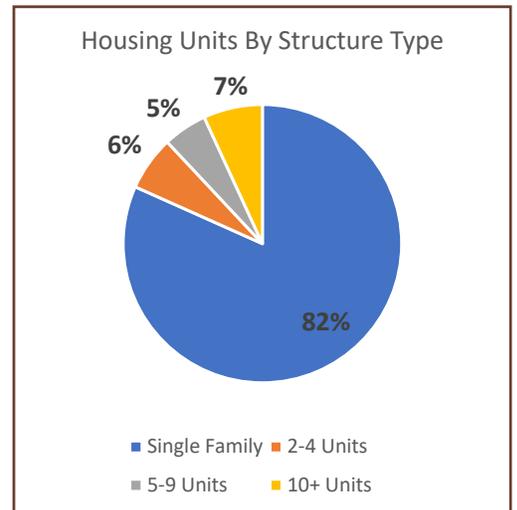


More than half of Ironwood's housing stock was built before 1940. Only about 5% of the existing homes in Ironwood are less than 45 years old.

Though the supply of housing in Ironwood is limited, some of this housing stock that is 100 years old may be reaching the end of its functional lifespan. The City has torn down a number of blighted homes in the previous decade. In the coming decades, it is likely that more homeowners will find it is cheaper and/or easier to build a new home than to renovate an older home. This may lead to additional teardowns. From 2010 to 2020, the US Census recorded 112 fewer housing units in the City of Ironwood.

Ironwood’s housing stock is also primarily single family. Over 80% of the housing units in Ironwood are single homes. Many are a typical miner’s home with two stories, two to four bedrooms, and economically built. These homes may not meet the preferences of the current population.

While some additional homes were built through the 1970s, fewer than 200 homes have been built since 1980.



## Challenges to Increasing Supply

### *Reductions in Current Supply*

As noted above, the current housing stock is getting old, and some of it will need to be demolished. This has the effect of reducing the supply of homes, at a time when housing is getting tighter.

### *Rising Prices, but not enough to Merit New Construction (until recently)*

While home prices have risen significantly, the prices of existing homes remain low enough to deter new construction. While a prospective buyer may value the easy maintenance and up to date features of new construction, it may be difficult to justify paying \$250,000 for a new home when existing houses could be had for \$50,000. Similarly, prospective developers would likely have a hard time finding comparable products to prove to lenders that a market exists. In Ironwood, this may have been a self fulfilling conclusion. Nobody was building, which may have led some to believe there was not a market for new construction. In reality, nobody had tested the market.

In the last three years, 16 homes sold for \$200,000 (5% of approximately 330 home sales) and above according to Zillow. This suggests that there is a small, but real market for homes in a price range that can be achieved with new construction.

Recently a few small projects have gone under construction. Seeing how these sell when they reach market will be informative about the potential for additional new housing.

## A Note on Data Sources

This document uses different sources of data to identify trends and statistics. At some points, the data may vary slightly from place to place. This is typically due to variations in the way data is collected. Each source has benefits and drawbacks. It is our intent to use the various data sources to identify key trends, though there may be small inconsistencies.

- American Community Survey (ACS) from the US Census Bureau 2018-2022 *This information is a sample collected over 5 years, not a full count. The sample is extrapolated to make assumptions about the full community.*
- Census 2010 and 2020 *This information is a full counting of all residents. It occurs once every ten years. The Census asks fewer questions than the ACS. The 2020 Census was collected in April of 2020 and may reflect deviations from a normal reality because it was in the midst of COVID-19 shutdowns.*
- Real Estate Sales trackers like Zillow and Realtor.com *These sites provide information based on public sales that have been reported to the Multiple Listing Service (MLS) and may not reflect all transactions*
- City/County Building Permits and Assessor Data *Building permits look at new activity only. Assessor data is typically based on formulas and may lag for unsold properties.*

### *Any New Homes will be a Small Portion of Total Housing Stock*

It will be difficult for the city to build themselves out of the crisis. Ironwood has an estimated 3,015 housing units. In order to increase the housing supply by just 2%, there would need to be 60 homes built. This would represent a 10x increase in the number of homes built from 2014-2023.

At the same time, there are an estimated 379 housing units that are not owner occupied or rented to long term tenants. That is about one in every eight homes in Ironwood. These homes may fall into a number of categories:

- » Vacation Homes
- » Seasonal Residents who claim residence elsewhere
- » Short Term Rentals (AirBnB, VRBO, etc.)
- » Unoccupied Houses
- » Homes for sale or preparing for sale and the owner has already moved out.

It is likely that these homes are in varying levels of repair. An AirBnB may have been recently updated, while an unoccupied house may be on the verge of condemnation. But there may be opportunities to increase the functional supply of housing by reintroducing some of these units into homes.

That's not to say that the City shouldn't be focusing on home building. It is very important that Ironwood diversifies its housing stock to meet the needs of the community. This means building new single family homes, homes targeted to seniors, and for rent apartments. Improving the housing supply will take a number of different solutions.

### *Construction Prices and Challenges*

Across the country, builders have been seeing inflated material costs for the last 5 years. This has been occurring for a number of reasons ranging from supply chain issues, to increased building activity in other parts of the country, to labor costs to manufacture those goods. Labor costs for the trades have also risen dramatically, a trend that is especially pronounced in Ironwood where there is a limited labor supply and many currently in the trades are reaching (or have reached) retirement age. Residents looking for contractors have reported long wait times and higher pricing, which is expected when contractors are in higher demand than supply. Higher construction prices have pushed more of the building activity to stronger markets.

Ironwood also relies on the State of Michigan to issue electrical, plumbing, and heating permits. This can present issues when inspectors are not locally available from a timing and scheduling perspective for builders.

While not directly construction related, home insurance rates have been increasing significantly as flooding, fire, and storm events have caused more damage to homes. While Ironwood has been more insulated from those effects than some communities, the costs are still rising significantly. This has the effect of raising the cost of home ownership.

### *Competition in the Townships*

It is worth noting that the City's housing market exists as part of a larger region including Hurley, Bessemer and other townships and small cities. One issue that was pointed out during this process was a competitive mismatch between the City of Ironwood and the surrounding townships. Because the City provides additional resources relative to the townships, there is a higher tax rate within the city limits. This may be putting the City at a disadvantage, especially for higher cost homes when property tax bills are calculated based on value. Further exacerbating the mismatch is the presence of larger lots in the townships. This has made it even more difficult for the City to compete for "move-up" housing.



## Drivers of Housing Demand

Ironwood is a great place to live. A tight knit community that offers more than most towns of 5,000, Ironwood is the gateway to the western UP and all of the natural beauty of the south shore of Lake Superior. Multiple ski resorts, hiking, bike trails, waterfalls, snowmobiling, and ATVing all sit at the city's doorstep. Jobs are available in a variety of industries. The City boasts an historic downtown and is home to Aspirus Ironwood Hospital serving northern Wisconsin and the western UP between Ashland and Iron River. Ironwood is the regional hub for Gogebic and Iron (WI) Counties.

### *Affordability*

The affordable housing stock has been a key asset for the City of Ironwood. More than two thirds of households making less than \$50,000 and over half of households making less than \$25,000 per year own their homes. These were often purchased years ago when home prices were even lower. Many households in Ironwood could afford a more expensive house than the one they live in currently but those homes don't exist in similar numbers. This means that higher earning households are competing for the same pool of homes as lower earning households. With more resources, higher earning households are able to pay higher prices for homes. When that is combined with the lower interest rates that were in place through the late 2010s and early 2020s, people could afford to pay a much higher "sticker" price for homes, while keeping a similar monthly payment. This has had the effect of creating additional demand in the housing market.

### *Rethinking Live/Work Patterns*

During the pandemic, there was a shift to allow some employees to work from home. When that occurred, it didn't really matter where "home" was as long as you had a good internet connection. Ironwood has seen a small increase in the number of people who have chosen to live in Ironwood. There has also been an increase in the number of people who are splitting time between Ironwood and a home elsewhere. Remote work has allowed people to stretch trips from a weekend stay into weeks long stays.

### *Short Term Rentals*

AirBNB, VRBO, and other short term rental options have been increasing in popularity across the country, and in Ironwood. When sorting for full homes, there are approximately 70 AirBnBs in the system in Ironwood. This represents a little more than 2% of the homes in the city. That does not mean that each is actively being run exclusively as an AirBnB. Some may be vacation homes that people use as short term rentals when they are not vacationing themselves. Others may be primary or seasonal homes that people occasionally rent out. Zillow identifies approximately 330 homes sold in Ironwood in the last 3 years. While some of these were undoubtedly purchased for short term rentals, the vast majority of sales do not appear to be for this purpose. Short term rentals have contributed to the rise in home costs, but are not the primary driver of the explosive change in prices.

Short term rentals can contribute to a community by encouraging owners to reinvest in homes that need it. They are also businesses and a welcoming spot for people coming to Ironwood who will spend money at other businesses too. But they can also be challenging to live next to and do remove some homes from the available housing stock for people to live in full time.

# A Shifting Demographic

## *Smaller Households*

Even though the City's population has been decreasing for some time, there has been a shift towards smaller households. People are waiting longer to get married, families are having fewer kids, divorces are more common, and the aging population increasingly has widows and widowers that are living alone. This means that housing demand has actually tightened today relative to the number of households than it was in 2010 with a larger population.

Census	Population	Households	Pop/HH	Ave HH	Housing Units	Units/HH
2010	5,387	2,520	2.14	2.09	3,175	1.26
2020	5,045	2,462	2.05	2.02	3,063	1.24

It also means that the housing stock may not be meeting the community's needs. Homes built for miners' families may be more house than a smaller household needs. While the homes here are not enormous, there are still very few options for one or two person households in Ironwood.

## *An Aging Population*

The population is also aging. As the baby boom generation gets older, they are going to be looking for different things in their homes. Many own their homes outright. For owner occupied homes in Ironwood, 60% are owned without any type mortgage on them, with an average reported value of about \$70,000. That also means they have equity in their homes that can be put towards the purchase of a home that better meets their needs. More may be looking for single level living and minimal snow clearing. Some may even be considering multi-generational housing like accessory dwelling units.





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# VISION AND DIRECTION

Based on the Existing Conditions and Needs Assessment, the following direction is provided as part of this plan. The action steps that follow are intended to help the City achieve the vision for housing in Ironwood.

## Summary of Key Issues

The Vision and Direction are intended to address the key issues identified in the previous section:

- Aged Housing Stock
- Constrained (and shrinking) housing supply
- Challenges to building new housing
- Limited housing types
- Increasing demand
- Rising Housing Costs
- Pockets of unmet demand in specific housing types



## Improve Local Development Capacity

### Local Development Solutions

Ironwood recognizes that outside forces are not the likely solution to the City's housing crisis. In order to build momentum for new construction and reinvestment, it is going to take members of the community stepping up and creating change. Local people:

- » Care about creating a better Ironwood
- » Understand the unique market conditions *and opportunities*
- » Are able to take on the incremental, small scale projects that fit Ironwood
- » Have the community connections to draw on to get things done

**The City should strengthen efforts to cultivate, grow, and strengthen the local development community.**

## Improved Regulatory Conditions

The City of Ironwood has already begun the process of streamlining and improving the regulatory requirements necessary for development, through the work done to become a "Redevelopment Ready Community." Even with the improvements, any zoning and development process is a complex regulatory task. When including the constraints of relying on the State and their limited staff in the western UP, it can become more challenging.

**The City should continue working to reduce and clarify what the regulatory obligations are for developers who would like to do projects in Ironwood.**



## Improving Use of Existing Homes

Any solution to housing problems in Ironwood should start with the homes that are already in Ironwood. It will be difficult to build yourself out of the housing shortage, without adding other strategies in a multi-pronged approach.

### Reinvestment in Current Stock

As noted in the Existing Conditions section, more than 2,100 of the 3,015 housing units are over 75 years old. Seventy-five years of Ironwood winters will age a house even more. Population and even total households may decline, but it is likely that this housing stock will shrink faster, putting additional pressure on the remaining homes. Ongoing investment in these homes will keep them at the core of Ironwood's housing mix.

**The City should continue to promote and utilize programs that encourage residents to reinvest in their homes.**

### *Vacant Homes*

One in eight Ironwood homes is not consistently occupied. Some of these are seasonal homes, vacation homes, or currently for sale, but others are sitting vacant or abandoned. These homes can become magnets for trouble, decrease the value of not only vacant homes, but also surrounding properties, and reflect poorly on the community to visitors and residents alike. Some of these homes may be salvageable and can supplement Ironwood's housing supply.

**The City should take an active role in monitoring and addressing vacant properties with property owners to either restore or remove homes that are no longer habitable.**

### *Safety*

In addition to the vacant homes discussed above, a number of occupied homes have not been kept up. Maintaining affordability should not be an excuse for deferring necessary maintenance to keep homes safe. No resident of Ironwood should be put in danger due to the condition of their home.

**The City should build on existing code enforcement efforts, including the rental registration and inspection program to ensure all homes are being maintained in safe condition.**

### *Short Term Rentals*

Short term rentals are a double edged sword for the housing stock in Ironwood. They provide places for visitors to stay and discover the western UP, supporting tourism in the area. Owners also tend to put significant reinvestment into these properties, at a level that is not often matched for primary homes.

At the same time, houses that are being used for AirBnB or VRBO are often coming out of the housing stock. People visiting them may not have the same respect for their neighbors and if not managed properly can be a nuisance for nearby residents. While not a perfect substitute, they can also compete with hotels for tourists.

**The City should continue to monitor the impacts of short term rentals on the housing stock.**

*At this point a short term rental licensing program may be more expensive to operate than benefit that would be realized, but the City should be inspecting all rental housing for compliance with the City Code and issuing a Certificate of Compliance.*

## Do We Have the Housing?

A lack of housing options is an ongoing concern. It can be helpful to think about the people in Ironwood that may be looking for something other than what exists today. Consider the:

- Widow who would like to downsize to single level living with a garage and an association to mow the lawn and clear snow
- Doctor being recruited by Aspirus looking for a large, newly built home in a nice neighborhood.
- Recently divorced father that wants an apartment nearby his kids for the next year until he figures out his next steps
- Business owner who doesn't have time to be constantly in DIY mode or chasing down contractors to fix problems
- The college grad moving back home and looking for a fun apartment
- The senior citizen who wants to stay in town by their family, friends, and church, but needs more support than living alone.
- The machinist & nurse couple that can now afford a nicer "move-up" house for their growing family.



## Diverse Housing Stock

Ironwood has a very homogenous housing stock of older, mid-sized single family homes. While these homes have served Ironwood well, they are not for everyone. Part of having a healthy housing stock is a wide range of options.

### *Apartments*

With limited supply, vacancy is very limited. A review of the apartment complexes in the City did not find any vacancy. There have not been apartments built since at least 2000, and likely much longer. The existing stock of apartments are mostly rent controlled or individual units built over commercial buildings or into single family homes.

Findings suggest that 40% of renters are spending more than 30% of their income on apartments. This suggests that there is a real need for affordable housing in Ironwood for renters. With subsidy programs, there are programs that will likely make it more feasible to do affordable housing rather than market rate. The market rate in Ironwood is consistent with affordable housing limits so this likely makes more sense.

*A single 30 unit apartment building would represent a 1% change in the overall housing units in Ironwood, but it would mean a 15% increase in the number of Apartment complex units, and a 5% increase in the number of total rental units in the City.*

**The City should support apartment development, particularly affordable housing, to better support all residents and provide different options to existing and new residents.**

### *Age in Ironwood*

Ironwood has a rapidly aging population. A quarter of the population was over 65 at the 2020 Census, and that number is probably closer to one third today. These residents are closely tied to the community through family, volunteering, churches, and history. Ironwood's housing stock does not lend itself to aging in place. Wildwood Manor is the only identified senior facility and that is 24 units with no vacancy.

*Thirty units of senior appropriate housing would represent a 1% change in the overall housing units in Ironwood, but it would mean more than a 2x increase in the number of dedicated senior housing units in the City.*

**The City should support Senior appropriate housing as it will allow more residents to age in Ironwood.**

### *Move-Up Housing*

In discussions with the community and employers, the lack of housing has been a major challenge for attracting and retaining talent, especially those who could afford and prefer nicer housing. That's not just very high earners like doctors and lawyers, but also managers, accountants, nurses, tech support, and a number of technical blue collar jobs. As people grow families and move up in their careers, they would like to have options for newer and lower maintenance homes.

*Fifteen new homes half a percent change in the overall housing units in Ironwood, but it would mean more than a 2.5x increase in the number of homes built in the last 15 years.*

**The City should support the development of new, middle class homes to provide options for the community, and attract and retain families and workforce.**



## Filling In

### *Neighborhood Infill*

The City has invested in an extensive network of sewer, streets, and other services. There are quite a few vacant lots of homes that have been demolished over the years. These lots are not contributing much to the tax rolls and not taking advantage of the adjacent services. Great neighborhoods have been cited as an asset for the City and filling them in will strengthen them further.

**The City should work to get vacant, neighborhood lots developed. This could include pursuing a scattered site infill program to get new homes built on vacant lots and reviewing zoning, specifically setbacks, that may be making infill more challenging.**

### *Downtown Living*

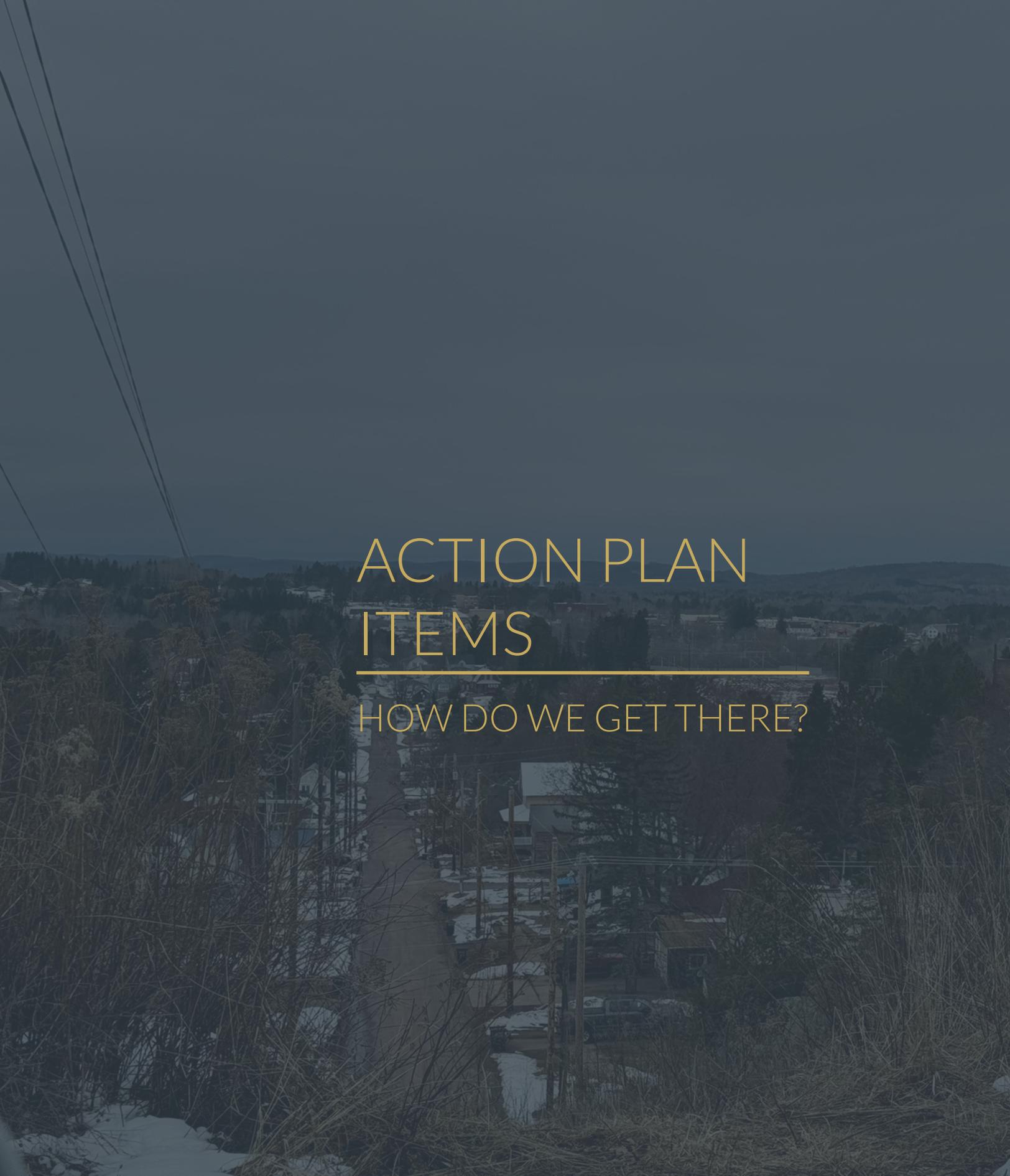
Ironwood is able to offer a walkable downtown with great parks, trails, galleries, theater, shops, restaurants, a brewery. This is a marketable asset, and would certainly be a benefit to any apartment development in the area. Many of the buildings in downtown also have apartments on the second level. Reinvestment in these buildings would go a long way to preserving the character, charm, and history of Downtown Ironwood.

**The City should support development of denser housing on vacant lots in the downtown area, as well as redevelopment and rehab downtown mixed use buildings with apartments on the upper floors.**



*Mixed use building example that could fit in Ironwood*

**DRAFT**



# ACTION PLAN ITEMS

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HOW DO WE GET THERE?



## Rehabilitate and Revitalize Downtown Properties

*Objective: Encourage reinvestment in underutilized properties to support economic growth and mixed-use development.*

Ironwood is able to offer a walkable downtown with great parks, trails, galleries, theater, shops, restaurants, a brewery. This is a marketable asset, and would certainly be a benefit to any apartment development in the area. Many of the buildings in downtown also have apartments on the second level. Reinvestment in these buildings would go a long way to preserving the character, charm, and history of Downtown Ironwood.

### **Key Strategies:**

- » Promote rehabilitation of buildings for residential and commercial uses.
- » Identify redevelopment opportunities, such as the former Sleight School, and connect property owners to funding programs (e.g., MEDC's Community Revitalization Program).
- » Leverage incentive programs like Façade Improvement Grants, Brownfield Redevelopment incentives, and OPRA abatements.

## Expand Housing Opportunities

*Objective: Maximize available land and infrastructure to address housing shortages.*

The City of Ironwood has a smaller population than it did during its heyday during the first half of the 20th Century. The City's roads, pipes, and other municipal infrastructure were designed to serve more households than they do today. Neighborhoods were platted and built out to accommodate more people than are currently in the community.

This presents an opportunity and desired outcome for the City. If Ironwood can encourage redevelopment on existing lots it can eliminate the need to build new infrastructure, while at the same time, spreading the costs of the existing systems out over a larger population and tax base.

This may mean incentivizing development in these locations or providing public assistance for barriers to redevelopment such as demolition or foundation removal.

### **Key Strategies:**

- » Utilize vacant lots for infill housing that aligns with market needs. Consider a scaled version pilot program of the Jackson 100 Homes initiative.
- » Promote accessory dwelling units (ADUs) by streamlining permitting and providing homeowner guidance.
- » Work with the Gogebic County Land Bank to identify and market properties suitable for redevelopment.



## Address the Impact of Short-Term Rentals

*Objective: Balance economic benefits with long-term housing availability.*

Short term rentals are a double edged sword for the housing stock in Ironwood. They provide places for visitors to stay and discover the western UP, supporting tourism in the area. Owners also tend to put significant reinvestment into these properties, at a level that is not often matched for primary homes.

At the same time, houses that are being used for AirBnB or VRBO are often coming out of the housing stock. People visiting them may not have the same respect for their neighbors and if not managed properly can be a nuisance for nearby residents. While not a perfect substitute, they can also compete with hotels for tourists.

Anecdotally, during this planning process, there were stories of AirBnB's being converted back into longer term rental housing. Landlords who were struggling with off-season vacancies and constant turns found longer term tenants. While the one-night fees might be less, the consistency of these tenants more than outweighed the cost difference.

### **Key Strategies:**

- » Monitor short-term rental trends and their effect on housing stock.
- » Consider policies that encourage long-term rentals through tax incentives.
- » Apply successful renovation models from short-term rentals to long-term housing solutions.
- » Explore programs to convert short term rentals to longer term rentals
- » Connect local employers and short term rental landlords to offer longer term leases

## Strengthen the Rental Market

*Objective: Improve the quality and availability of rental housing.*

The current rental market is incredibly tight in Ironwood. Larger apartment buildings have negligible or no available units. Employers and residents have both reported challenges when it comes to finding housing for rent. Even among renters, there is a decent contingent of residents that could afford nicer rental units, but they are not available. This means that people looking for cheaper housing may be getting out competed by those that can pay a little more.

There has not been a larger new apartment building built in Ironwood in at least 40+ years. Developers may want to utilize affordable housing tools like LIHTC to finance their projects, but from a cost perspective, these would be on par or higher than most of the available for rent housing stock today.

### **Key Strategies:**

- » Partner with local housing commissions and nonprofits to increase affordable rental units.
- » Provide landlords with access to rehabilitation funding (e.g., MSHDA rental housing assistance programs).
- » Ensure rental prices reflect local demand while promoting quality developments.



## Strengthen Local Development Capacity

*Objective: Increase the number of local developers and contractors involved in housing projects.*

Review of the community and the market study suggests there are opportunities to develop homes and be successful doing it in Ironwood. But it will likely take those who have local knowledge of the markets and a good feel for what will and won't work in the city.

Furthermore, local developers are more likely to be invested in the community for the long haul, know their neighbors, and develop the incremental, small scale projects that will be truly transformative for Ironwood.

Efforts should be made to encourage and teach local builders, designers, property owners, and others how to develop.

### **Key Strategies:**

- » Support workforce development programs in collaboration with Gogebic Community College.
- » Establish **\*\*Developer Roundtables\*\*** to connect investors, landlords, and builders for peer mentorship.
- » Foster local investor networks through initiatives like LiveIronwood to encourage reinvestment.

## Advance Public-Private Partnerships

*Objective: Leverage employer engagement and community resources to support housing initiatives.*

Housing and economic development go hand in hand. Many employers have reported issues finding suitable housing for potential employees. Growing the resident base is a good thing for employers, whether they will be employees or customers in the future. Employers have some resources to put toward housing, and there are programs that can heavily subsidize housing development that is done with a workforce focus.

### **Key Strategies:**

- » Partner with major employers to create workforce housing programs.
- » Collaborate with CDFIs and philanthropic organizations to establish a revolving loan fund for housing rehabilitation.
- » Work with regional employers like Stormy Kromer and Ironwood Plastics to align housing supply with workforce needs.



## Increase Awareness and Utilization of Financial Incentives

*Objective: Ensure developers and investors understand and access available funding programs.*

The City of Ironwood, the State of Michigan, and the Federal government all have programs that can improve the viability of a project in Ironwood. These are often changing and difficult to follow for anyone, but if a developer isn't dealing with them constantly, they are unlikely to even know they exist.

The City has the opportunity to be a clearing house and resident expert on these tools, to support developers when they come in to explore different projects.

### **Key Strategies:**

- » Develop a **\*\*Housing Development Financial Tools Guide\*\*** outlining tax abatements, low-interest loans, and grant opportunities.
- » Host workshops and roundtables to educate local stakeholders on incentives like Michigan Community Capital's Build MI Community initiative.
- » Strengthen relationships with local lenders to encourage investment in small-scale projects.

## Streamline Development Process and Permitting

*Objective: Reduce barriers for developers and first-time homebuilders.*

An ongoing challenge for any city is managing the permitting process. It is necessary to protect the safety and welfare of the community and to ensure that homes are up to standards. At the same time, questions about approvals and regulations increase timelines and risk for potential developers. Any efforts are positive that can be made to mitigate that risk while continuing to ensure the housing product in Ironwood is safe.

### **Key Strategies:**

- » Implement a pre-approved building catalog with ready-to-use designs for small scale infill projects
- » Create a simplified development manual with clear zoning approvals, permitting process, and incentives
- » Provide a visual flowchart to make permitting and approval steps easier to navigate



# ACTION PLAN TO-DO LIST

A plan for City Staff, Officials, and other stakeholders

The following list identifies different strategies and the associated action items to achieve them. Each action item has a general timeframe associated with it. These timeframes will be somewhat fluid as the capacity of City Staff, Officials, and other stakeholders shifts. The list is based on current resources, grant availability, and programs through the State and Federal government. These may need to be updated from time to time.

Most of the City Staff initiatives will be the responsibility of the Community Development office, sometimes in collaboration with other offices.

On a year-to-year basis, the City Commission, Economic Development Corporation, and Planning Commission will identify specific action items as staff priorities. Generally items identified as short term are 0-3 years, mid term is 3-6 years, and long term is 6+ years, subject to staff capacity and City prioritization.

## City Staff Initiatives

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Reduce Barriers with Inspectors	Ensure building inspector is trained in rehabilitation code, Building inspector to identify common barriers experienced by developers, Improve access to electrical inspectors, Improve access to health department, Engage Fire Marshall in Redevelopment Goals	Ensure building inspector is trained in rehabilitation code	Mid Term	Collaborative code enforcement	Rehabilitate & Revitalize Properties
		Building inspector to identify common barriers experienced by developers	Short Term	Increased communication with across city staff departments	Streamline Development & Permitting
		Advocate to State for increases to electrical inspectors	Short Term	Reduce barriers to investment by streamlining processes	
		Advocate to State for improved access to health department forms and procedures.	Short Term		
		Engage Fire Marshall in Redevelopment Goals	Short Term		

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Identify Priorities for MI Neighborhood Program Funding	MSHDA program aligns directly with need for single-family rehabilitation	Complete MI Neighborhood LOI based on Priorities	Short Term	Create local funding opportunity to rehabilitation of single-family housing	Rehabilitate & Revitalize Properties
		Explore hosting an Americorps Volunteer through the Community Economic Development Association of Michigan or through the American Connection Corps in Community and Economic Development who can work with emerging developers and local investors on rehabilitation of existing housing	Mid Term	Increase local capacity to administer new funding and programmatic efforts	Strengthen Local Development Capacity
Scattered Site Infill Program	Development of a pilot program to encourage and incentivize infill development on vacant existing City lots	Ongoing coordination with MEDC and the City of Jackson	Short Term	Creation of an infill housing program on City services	Expand Housing Opportunities
		Verify existing vacancy mapping and identify other opportunity sites	Short Term		
		Develop pre-approved housing plans either through the MEDC/MML plans, the MiPlace.org plans, City of Jackson, City of Marquette, or other pre-approved plans.	Mid Term		
		Identify potential financiers for infill program	Mid Term		
		Create developer RFP to utilize City owned land	Mid Term		
		Develop incentive program sources to close financial gap (if any) for the development community	Mid Term		
		Shepard the development RFP proposals through the application and inspection process	Mid Term		
		Review pilot and develop strategy for continuing infill	Long Term		
Incentive Training	Participate in Incentive Trainings (MEDC, MSHDA, CEDAM, Rural Prosperity Office), Share Incentive Summaries and Mini-Trainings for City Officials	Familiarize City Council with key local incentives (OPRA, NEZ, PILOT, and TIF)	Short Term	An informed and proactive local government able to review and approve incentive requests as needed	Increase Awareness & Utilization of Financial Incentives
		Participate in Incentive Trainings (MEDC, MSHDA, CEDAM, Rural Prosperity Office)	Short Term		
Make very clear visual guide to City Fees & Permit Costs	Using the fee table, identify what fees would be typical for different types of redevelopment and development projects	Develop worksheets for 3-5 typical development projects: cosmetic remodel, gut rehab, ADU, new single family home, attached homes.  These may be incorporated into the Developers Guidebook.	Short Term	Adding clarity to processes and forms	Streamline Development & Permitting

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Ensure all Planning Commissioners are Engaged in Trainings with Michigan Association of Planning	Michigan Association of Planning offers many resources	Review the zoning reform toolkit, pro-housing webinar series, and annual conference	Ongoing	An informed and proactive local government able to review and approve incentive requests as needed	Streamline Development & Permitting
Consider adoption of MML Pattern Book Homes to be allowable as of right in appropriate zoning districts.	Contact MML for a presentation and process for adoption of permit ready home catalog	Build an Online Experience that is Highly Visual and Clear - Link or offer resources directly in a One-Stop Shop Format	Short Term	Adding clarity to processes and forms	Streamline Development & Permitting
		Include Permits and Fees	Short Term		
		Include Allowable Deviations	Short Term		
Explore a Fire Suppression Grant Program to Incentivize Mixed-Use Rehabilitations			Long Term	Reduce barriers to rehabilitating existing buildings	Rehabilitate & Revitalize Properties
Vacant Home Inventory	In coordination with the police department and utility department, develop a list of Ironwood homes that are unoccupied	Develop an inventory of the vacant homes in Ironwood.	Ongoing	Reduce barriers to rehabilitating existing buildings	Rehabilitate & Revitalize Properties

## Other Stakeholder Initiatives

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Employer Assisted Housing Opportunities	Employer-Assisted Housing Pilot program opportunities are available	Discuss opportunity with area employers and see if there is any interest in land donation, investment, direct financial support, low interest loans, or downpayment assistance	Short Term	Potential for financial assistance by employers for workforce housing	Advance Public-Private Partnerships
Explore Developer Roundtables to facilitate peer-to-peer networking among local investors	Local landlords and developers often benefit from collaboration	Regularly held open agenda meetings for local investors and developers to form a collective where they can leverage the purchasing power and information of each of their small entities can help them gain strength in a difficult marketplace. Cadance can be quarterly unless a more frequent desire is demonstrated	Mid Term	Local coalition building of developers, investors, builders, and landlords to share information, collaborate, streamline inspections and timelines for mutually beneficial goals.	Strengthen Local Development Capacity

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Facilitate alignment among stakeholders all along the real estate pipeline	Communication and collaboration of housing market needs and opportunities	Participation in realtor, builders, lending, and inform groups of market demands and opportunities	Mid Term	Inform, collaborate, and strengthen robust local real estate pipeline	Address the Impact of Short-Term Rentals
Civic/Grassroots Events and Opportunities for Welcoming	Strong local events increase resident engagement	Support local festivals and events.	Ongoing	Networking, neighboring, and encouraging legacy residents to embrace new residents	Advance Public-Private Partnerships
Enhance local capacity for builders and developers to navigate opportunities more effectively	Participate in area association meetings	Attend local homebuilders association meetings and any other groups that can identify barriers, solutions, and actions to increase local capacity	Mid Term	Increase investment in opportunity sites	Strengthen Local Development Capacity
Increase or Reactivate Building Trade Program Collaboration with Gogebic Community College and Luther L. Wright High School	Increased need for local trades and leveraging financial resources through collaborative construction measures	Explore opportunities to reignite this program in collaboration with MI Neighborhood rehabilitation program funding opportunity	Mid Term	Increase skilled trade program talent pipeline and offer hands-on learning opportunities	Advance Public-Private Partnerships
Collaboration with Region A Action Plan in calling out Growth Area in City of Ironwood	Represent and articulate Ironwood's Housing Needs to the Region A Group so resources and needs can be more easily achieved	Participation in the Region A Housing Strategy group by one City representative.	Short Term	Inform on local needs for Ironwood to the Region	Expand Housing Opportunities
		Participation in Region A Housing Strategy annual events by electeds, staff, and area stakeholders	Mid Term		

# City Commission and Planning Commission Initiatives

Strategy	Description	Action Items	Timing	Objective	Strategic Focus
Incentive Trainings to stay current on programs, policies, procedures, and regulations	Funding programs update often and require consistent training to stay updated	Attend conferences, webinars, and training opportunities for incentives when possible	Ongoing	An informed and proactive local government able to review and approve incentive requests as needed	Strengthen Local Development Capacity
		Consider what mechanisms behind funding incentives can be implemented in projects to well-align with strategic goals	Short Term	An informed and proactive local government able to review and approve incentive requests as needed	Increase Awareness & Utilization of Financial Incentives
Strengthen relationships with Major Employers	Strong communication and relationship building with area employers and their housing needs	Identify any opportunities and needs for housing and infrastructure to support economic development	Ongoing	Deeper understanding of employer's workforce needs and how their growth targets align with housing market capacity	Strengthen the Rental market
Review housing reports and data annually to understand market needs	Ensure policies and activities are in line with overall housing strategy	Review local data, number of permits issued, types of permits, variances needed	Annually - Ongoing	Deeper understanding of market needs and capacity	Streamline Development & Permitting

An aerial photograph of a town, featuring a prominent brick church with two spires on the left, a large industrial building with a flat roof in the foreground, and various residential houses scattered throughout. The background shows rolling green hills under a clear sky. The text is overlaid in a light yellow color.

# DEVELOPERS GUIDEBOOK

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YOU CAN BUILD IT!



# DEVELOPERS GUIDEBOOK

## Why Develop in Ironwood?

Ironwood, Michigan represents a great opportunity for development. Situated just south of Lake Superior, at the foot of multiple ski resorts, trails, and other natural attractions, Ironwood is a dream for outdoor enthusiasts. Pair that with a vibrant downtown, strong employers, and a growing middle class, and it is no surprise that the demand for housing has pushed prices up. The market strengthened over the last five years and opportunities to develop successful projects have emerged.

The City is eager to help bring your project to life! City Staff is well versed in the incentive programs that can support your project and close financial gaps. There are available lots and pre-approved housing plans to help speed up your process and reduce time, cost, and risk. It is the City's goal to increase the number of local developers and contractors involved in building here and we want you to be a part of it!

## Getting Started

Real estate development in Ironwood presents a unique opportunity to restore older homes, provide much-needed housing, and contribute to the community's growth. With a housing inventory where the median home is 90 years old and only 2% of homes built since 2000, the demand for rehabilitation and new housing is significant. However, successful development requires careful planning, financial preparedness, and an understanding of local market conditions.

Before starting a project, consider your motivation. Are you interested in revitalizing historic homes, improving housing options for local workers, or investing for long-term financial returns? Having a clear goal will help guide your decision-making. Financial readiness is also essential, as development involves both expected and unexpected costs. Consider who will buy or rent your project. The median household income in Ironwood is lower, so affordability is a key consideration in planning any project. There are also many households that want and could afford more expensive homes, if that housing stock existed in the city. Developers should assess the financial feasibility of their project, explore funding sources, and have a plan for unexpected expenses.

Understanding the local market is crucial. Ironwood has a housing shortage at price points above \$100,000, with 88% of homes valued below this threshold. At the same time, there is an excess of homes priced under \$100,000 that are in need of renovation. Annual growth has been 20-30 households per year. That trend is expected to continue and will provide strong demand for quality housing, particularly for young professionals and families. Developers should align their projects with these needs, ensuring they provide housing options that fit within local income levels while also improving the city's aging housing stock.

### *Understanding the Development Process*

For any real estate project—large or small—it's essential to understand the overall development process. Every successful project begins with identifying the right product for the right market. Ironwood's housing shortage presents opportunities for new homes that are priced appropriately, offer modern amenities, and respect the character of existing neighborhoods.

Developers should start by identifying their target market—is it young professionals looking for small, efficient homes near downtown? Is it seniors looking to downsize into accessible living? Is it families in need of workforce-priced housing? Once the market is clear, the next step is to decide what to develop. Projects responding to clear gaps in the market tend to perform best.

**DRAFT**

# Development Process

For new developers, starting with small projects—such as rehabilitating single-family homes—can provide valuable experience while minimizing financial risk. Given that Ironwood’s housing inventory is dominated by older homes, focusing on projects that modernize existing structures while preserving their historic character can create strong market demand. Working with experienced contractors, architects, and real estate professionals can help ensure that projects meet local needs and regulatory requirements.

## Stages of the Development Process

### 1. Feasibility & Acquisition

At this stage, the developer analyzes the site, market conditions, local demand, and project costs to determine if the project “pencils out.” This includes checking zoning, evaluating existing structures, and making offers on land or property.

### 2. Design

This is where the project vision takes shape—floor plans, building elevations, accessibility features, and overall site layout are drafted. The design process balances creativity with cost-efficiency and building code compliance.

### 3. Financing

Developers finalize the capital stack—personal equity, bank loans, investor capital, and potential incentive programs (like TIF or OPRA). A solid pro forma and lender-ready documentation are essential here.

### 4. Construction

Once financing is secured, construction begins. This includes hiring contractors, managing site work, scheduling inspections, and ensuring the project stays on budget and timeline. In rehab projects, critical systems—electrical, plumbing, HVAC, and the building envelope (roof, siding, insulation)—must be prioritized to bring homes up to code.

### 5. Marketing & Leasing (or Sales)

As the project nears completion, developers launch marketing efforts to attract renters or buyers. The story behind the project—why it was developed and for whom—is often key in Ironwood’s community-minded market.

### 6. Operations & Management

For rental projects, this stage includes leasing, maintenance, and property management. For for-sale projects, this is about warranty, customer care, and transitioning to homeowner occupancy.

# Navigating City Requirements

Navigating city requirements is an essential step in any development project. Ironwood has a zoning framework that allows for a mix of single-family and multi-family housing, and developers should familiarize themselves with permitting processes and guidelines. Meeting with city officials early in the planning process can help clarify expectations and streamline approvals. The city's interest in revitalization means that well-planned projects that enhance the housing stock are often welcomed and supported. It is wise to meet with Community Development staff BEFORE you are going through your application process. They can guide you on the regulatory requirements, flag potential issues, and are also familiar with various incentive programs that may be available to you and your project.

## Zoning

The City's zoning code outlines what is permitted on any given piece of property in Ironwood. The code can be found online at the City's website, and a preliminary look at the zoning map will give you an idea of what is permitted on your parcel. The code does include a number of different considerations from allowable uses to site design and layout, and it can be helpful to meet with Ironwood's Community Development staff to understand the intricacies of the zoning code, as well as the steps you will follow to get your project permitted. Even if your project does not align perfectly with the zoning code, it may still be allowed. Staff can walk you through options if you are proposing something different than what is zoned.



If your project meets certain thresholds, it may need to go through a public hearing process. Nearby residents will be notified of the project and given the opportunity to comment on the proposal. This process will take longer than an administrative approval.

## Building Code

Your architect should be familiar with the building code requirements, but if your project is a rehabilitation of an existing building, it is a great idea to meet with the City's building inspector to walk the building. They will help you get an understanding of where it may be deficient from a building code standard and what you will be required to address.

## Other Regulatory Considerations

The City has a number of other development related ordinances and plans. City staff can help you understand if these will affect your project. Depending on the project, there may be other regulatory requirements beyond the City. Examples of things that can require additional permitting include floodplains, wetlands, contamination, or historic designation. These are usually on larger or more complex projects, and getting through state or federal permitting will extend the timeline significantly.

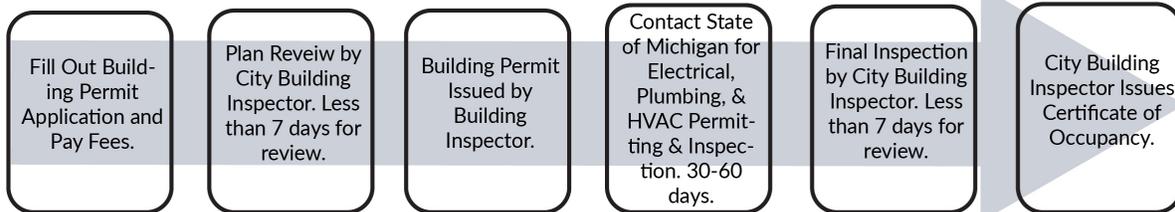
## Fees

Pre-conceptual meetings with the City will not incur a fee, but when you begin submitting applications, there are fees in place to help the City recoup the costs of staff time and materials. This extends through the construction process for items like inspections and utilizing City utility services. The City has a fee schedule on the website, and staff can help you identify which fees may apply to your project. It is important to include these fees in your financial planning so they are not a surprise cost to your project.

## Timing

Staff review, public hearings, and approvals all take time. It is not uncommon for these processes to take 2-4 months or more. Pay special attention to when submissions are due in order to give staff time to review them and include them in Planning Commission and City Commission packets ahead of meetings. The best approach is to set the time you would like to be finalizing approvals and then work backwards through the various due dates, knowing you may need time to develop plans and adjust them based on feedback. For more complex projects, you may need to budget time for another round of reviews before you get approvals.

### Permitted Use Development ..... TIMELINE DEPENDENT ON STATE REVIEW



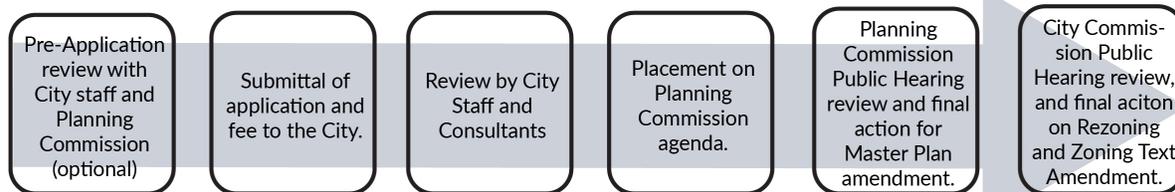
### Site Plan Review ..... APPROXIMATELY 45-60 DAYS



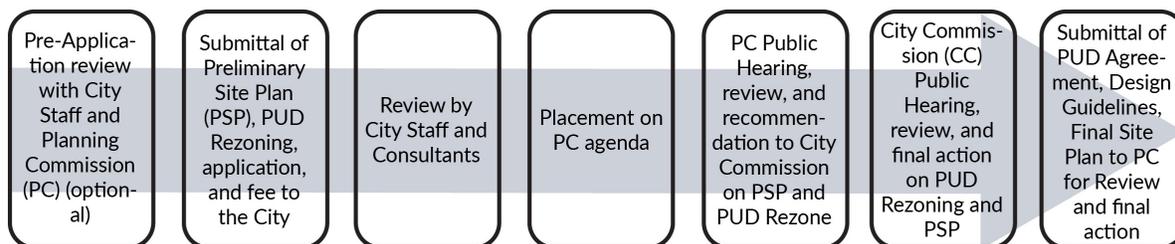
### Special Land Use ..... APPROXIMATELY 45-60 DAYS



### Rezoning, Zoning Text Amendment, and Map Amendment ..... APPROXIMATELY 60-70 DAYS



### Planned Unit Development (PUD) ..... APPROXIMATELY 60-70 DAYS



## Public Participation

As a developer, you may want to consider reaching out to the surrounding residents to gather feedback on your project if you think there may be neighborhood concerns. This will give you an understanding of neighbors' concerns and the opportunity to address them prior to a public hearing.

# Assembling Financing

Each development project operates as its own business, requiring a well-structured financing plan to succeed. Developers must determine where their initial capital will come from, the most appropriate type of financing for the project, and whether to involve investors. Successful real estate financing relies on a combination of strategic planning, a strong financial foundation, and the ability to present a viable project to lenders or investors.

## *What Can You Bring to the Table?*

In order to do a development project, you will need to bring some of your own resources to the project. This is often referred to as “skin in the game” and helps other investors and lenders know you are serious about making the project happen. Often, this takes the form of cash that you bring to a project, similar to a down payment in a traditional mortgage.

You may also have other assets to leverage. If you own land already, you may be able to use the value of the land going into the project as your contribution to the financial package. You may also be able to contribute your own labor (sweat equity), project management, or design skills as part of the value of the project.

## *Bank Loans*

A key component of financing a project is securing a bank loan, which provides the primary funding for property acquisition, construction, or renovation. Banks evaluate loan applications based on the developer’s financial standing, project feasibility, and risk factors. Understanding how to approach a bank, prepare necessary documentation, and present a compelling case will significantly improve your chances of loan approval.

Before approaching a bank, developers should ensure they have a legally registered business entity (LLC, partnership, or corporation). A strong personal and business credit history is crucial, as lenders assess your ability to manage debt and repay loans. If your business is new, the bank may also evaluate your personal credit score.

Lenders want to see a well-thought-out business plan that outlines the project’s scope, objectives, and financial viability.

Different projects require different types of loans. Some common financing options may include acquisition loans, construction loans, bridge loans, permanent loans, small business administration loans and other government-backed loan options. Preliminary conversation about the investment and project goals with area lenders can help identify the best funding sources. Knowing what local lenders can offer and what their investment priorities are is very helpful to developers. When project opportunities appear, they will know which lending agent to contact first.

Once a lender is interested in a project they will request required documents for their underwriters and leadership. Be prepared to provide:

- » Business and personal tax returns (last 2-3 years)
- » Personal and business bank statements
- » Credit reports
- » A detailed proforma with cost breakdowns
- » Property appraisals and feasibility studies
- » Construction budgets and contractor bids
- » Lease agreements (if applicable)
- » Title reports and site surveys

## Development Plan Bank Package

A well prepared package of information the bank will want to see readily available will help present your case for financing in a compelling way. It shows the bank you have thought through and organized the potential project. It should include:

- Project Overview:** A description of the development, including property location, size, and intended use
- Market Analysis:** Data on local demand, rental rates, sales trends, and comparable properties
- Financial Projections:** Estimated development costs, revenue projections, and expected return on investment (ROI)
- Exit Strategy:** Whether you plan to sell or hold the property long-term
- Project Timeline:** Estimated completion and leasing/sales phases

Developers should engage privately with several banks to compare loan terms, interest rates, and repayment structures. Local banks and credit unions offer more flexibility for community-focused projects, while larger institutions provide higher loan amounts. Consider working with lenders who specialize in real estate development.

Most real estate loans require collateral, such as the property itself, personal assets, or additional guarantees from investors. Be prepared to offer sufficient security for the loan. Understand your loan terms in order to secure the most favorable financing for your project. Knowing whether the interest rate is fixed or variable. The loan-to-value (LTV) ratio determines how much of the project costs the bank will finance. A repayment schedule will include any potential interest-only periods or deferred payments during construction. Prepayment penalties and additional fees are of additional importance for financial planning.

With home values increasing by 8.1% over the past year and demand for new housing growing, developers should explore both traditional financing, such as bank loans and private investments, and public incentives designed to support revitalization efforts.

### *Incentive Programs*

Sometimes funding a development project requires exploring multiple financing sources. In Ironwood, developers can benefit from local, state, and federal incentives. Programs such as Tax Increment Financing (TIF) and the Obsolete Property Rehabilitation Act (OPRA) offer financial relief for renovation projects. At the state level, the Michigan State Housing Development Authority (MSHDA) provides grants and low-interest loans for housing development. Federal options, including FHA 203(k) rehab loans, Low-Income Housing Tax Credits (LIHTC), and USDA housing incentives, can also support development efforts. All of these local, state and federal programs that may fill the gap between the cost and value of a project benefit from or require the information in your Development Bank Package.

These programs can be vital for helping you secure financing and making a project viable. They also have their own goals they are trying to achieve, and may have restrictions, requirements, or additional reporting that can increase costs or your time. Be open to using these tools, but make sure you know what they require so you aren't left with surprises at the end of your project.

City staff can help connect you with the right state and federal resources if you want to pursue these funding options.

### *Other Sources*

It may be the case that you do not have enough money at this point to pay for a project, but you still want to pursue the project. If you are going to seek outside investors, even friends and family, it is worth hiring a lawyer who understands how to put together partnership agreements for real estate.

### *Who gets paid back first?*

The order in which participants get paid back is known as a "capital stack." Deals can be structured in different ways, but typically the bank loan and interest will be paid back first. Next comes anyone else who has invested in your project, plus the additional returns on their investment. If there is money after that (hopefully there is, including a nice profit!), you get those funds. Discussion about selling or keeping your property are discussed further later in this guidebook.

## Finding & Securing Your Site

Choosing the right property is a critical step in any development project. In Ironwood—where over 80% of the housing stock is made up of aging single-family homes—developers have a unique opportunity to revitalize existing structures or build infill housing that meets modern standards. The city’s downtown and adjacent neighborhoods are seeing increased real estate activity, with homes currently selling at an average price of \$108,860 and an average size of 1,315 square feet. This growing momentum signals opportunity for well-positioned, thoughtfully upgraded housing.

When searching for the right site, it’s important to begin with a clear vision of your budget, product type, and development goals. Working with a local real estate agent who understands the Ironwood market can be one of the most valuable partnerships a developer makes. Realtors often have early access to listings, off-market opportunities, or distressed properties that are ideal for renovation or redevelopment. Be sure to:

- » Clearly communicate what you’re looking for: single-family homes for renovation, small multi-unit properties, vacant lots, etc.
- » Share your purchase budget and any pre-approval letters from lenders to ensure your realtor understands your financial parameters.
- » Ask about current deal timelines in the local market—how long properties are staying on the market, how quickly offers are being accepted, and what contingencies are typical.
- » Request insight into comparable property values and market rents, particularly if you plan to hold the property as a rental.

Once you’ve identified a potential property, it’s important to conduct proper due diligence before finalizing your purchase. This includes:

- » Ordering a professional home inspection to assess the condition of the structure and key systems (electrical, plumbing, HVAC, roof, foundation, insulation, windows).
- » Walking the lot to evaluate site conditions, drainage, access, and visibility.
- » Checking zoning regulations to confirm your intended use is permitted and to identify any restrictions or special approvals needed.
- » Reviewing utility access—confirm that water, sewer, electricity, and broadband are available or can be extended affordably.
- » Investigating environmental concerns, particularly if the site was previously used for industrial or commercial purposes.

It’s strongly recommended that developers make their purchase agreements contingent upon inspection, using language that allows the buyer to withdraw from the deal at their sole satisfaction. This gives you a critical off-ramp if major problems are uncovered during inspection and protects your upfront capital.

Given the city’s need for homes priced above \$100,000—and the limited inventory in that segment—sites that can be improved and positioned to fill that market gap are particularly promising. Focus on locations that are walkable to downtown, schools, parks, or recreation trails, and that will appeal to first-time buyers, retirees, or remote workers relocating to the region.

A strong start begins with a smart site. When developers combine local knowledge, professional support, and careful due diligence, they greatly improve their odds of a successful and profitable project.

## Designing Your Project

Designing a successful project in Ironwood means balancing affordability with quality. With the city's median home value at \$67,700, keeping costs manageable while delivering well-designed housing is essential. Renovation projects should focus on preserving historic charm while modernizing interiors to meet current market expectations.

Developers should prioritize energy efficiency, functional layouts, and durable materials. Creating flexible spaces that accommodate multi-generational living, aging in place, and remote work can make properties more attractive to a diverse range of buyers and renters. In a market where single-family homes make up over 80% of the housing inventory, designing homes with two to three bedrooms and updated amenities will meet the greatest demand.

Designing a successful housing project in Ironwood means aligning the vision of your development with the needs of the local community—balancing affordability with durability, beauty with functionality. While sensitivity is real, it doesn't mean cutting corners. It means being smart, efficient, and intentional.

### *Preserve What's Beautiful, Modernize What's Needed*

For renovation projects, developers should aim to preserve architectural details—like original woodwork, window trim, porches, and facades—while investing in meaningful interior updates that meet modern expectations.

Focus on:

- » Energy efficiency (insulation upgrades, high-efficiency HVAC, LED lighting, and energy-star-rated windows and appliances),
- » Improved layouts that open up spaces and add storage, and
- » Modern kitchens and bathrooms, which are among the top decision factors for buyers and renters.

Flexible design is key—spaces should be adaptable to multi-generational living, aging in place, and remote work, all of which are rising priorities for today's households. That could mean adding a half bath on the main floor, incorporating a flex room that could serve as a home office or guest room, or ensuring wide hallways and no-step entries for older adults.

### *Incorporating Permit-Ready Housing Plans*

For developers constructing new homes, Michigan's Permit-Ready Housing Plans provide a smart starting point. These pre-designed, code-compliant architectural plans help developers build homes that are both cost-effective and shovel-ready, reducing the time and expense typically associated with design and permitting.

These plans are designed to:

- » Be flexible in lot orientation and fit a range of lot sizes, including narrow or infill parcels,
- » Offer attractive curb appeal with minimal construction complexity,
- » Use standard, widely available materials to control cost,
- » Include energy-efficient layouts that align with affordability goals, and
- » Satisfy Michigan Residential Code (2015), making them easier to adapt locally.

Some of the available plan types include:

- » Two-story family homes ideal for smaller lots and efficient building footprints,
- » Single-story ranches designed for accessibility and senior living,
- » Accessory Dwelling Units (ADUs) which could complement an existing home on the same lot and support multi-generational living or rental income,
- » Cottage-style homes that pair well with a cottage court or pocket neighborhood concept.

Ironwood developers can download and use these plans at no cost from MiPlace.org's Permit Ready Housing Plans page, adapting them to local zoning and site conditions with the help of a licensed architect or builder.

These are examples of the types of plans available for free through the MEDC and MML websites. These homes have been



## Design Principles for Success in Ironwood

To meet both affordability and appeal, developers should prioritize:

- » Durable materials like engineered wood or fiber cement siding, LVP flooring, and solid-surface countertops.
- » Low-maintenance exteriors that can withstand Ironwood’s weather without frequent repair.
- » Simple, well-proportioned designs that are timeless rather than trendy.
- » Porches and entryways that create a sense of arrival and enhance the walkability and sociability of neighborhoods.

Even with modest budgets, thoughtful design creates homes that people are proud to live in—and which strengthen the fabric of Ironwood’s neighborhoods.

## Design Strategies Checklist: Building Better Homes in Ironwood

### Core Design Priorities

#### Preserve Historic Character (if renovating)

Retain exterior architectural details like wood trim, porches, or original siding where feasible.

#### Improve Energy Efficiency

Add or upgrade insulation, install energy-efficient windows and doors, and use Energy Star appliances.

#### Prioritize Building Envelope

Repair or replace roof, siding, windows, and foundation as first priorities to prevent future issues.

#### Use Durable, Low-Maintenance Materials

Select finishes like LVP flooring, fiber cement siding, and solid-surface counters for longevity.

### Layout & Floor Plan Functionality

#### Flexible Room Uses

Include at least one flex space that could function as a bedroom, office, or guest room.

#### Aging in Place Features

Offer no-step entries, wide doorways, main-level bedroom and full bath where possible.

#### Storage & Closet Space

Include coat closets, bedroom closets, pantry space, and dedicated laundry area.

#### Open-Concept Living

Design living, kitchen, and dining spaces to feel open and connected without unnecessary walls.

### Modern Livability

#### Dedicated Space for Remote Work

Ensure there is a quiet nook or room with good lighting and outlets for remote work or study.

#### Efficient Kitchen & Bath Layouts

Galley or L-shaped kitchens with storage, durable countertops, and a dishwasher. Bath upgrades = major ROI.

#### Natural Light & Ventilation

Design for cross-ventilation and maximize daylight with well-placed windows and glass doors.

### Site & Exterior Features

#### Front Porch or Entry Feature

Even a small covered entry adds charm and connects the home to the neighborhood.

#### Parking Plan

Include off-street parking that doesn’t dominate the front yard—use alleys or side-driveways when possible.

#### Outdoor Living Space

Provide a patio, yard, or shared green space for tenants or homeowners to enjoy.

#### Landscape for Curb Appeal

Simple native plants, walkway lighting, and a clear path to the front door go a long way.

### Use Permit-Ready Plans When Possible

#### Select from Michigan’s Permit-Ready Housing Plans

Plans can be found with the Michigan Economic Development Corporation and Michigan Municipal League. Confirm with a local architect or builder to adapt the plan to your site. Ensure design meets Ironwood’s zoning and building code requirements

# Getting it Constructed

Construction management is crucial to keeping projects on time, within budget, and aligned with regulatory standards. In Ironwood, where housing rehabilitation presents a significant opportunity, developers should prioritize working with experienced contractors who understand local building codes, permitting requirements, and the specific challenges of renovating older homes. Ensuring that homes are structurally sound and meet modern safety standards should be the first step in any renovation.

A comprehensive home inspection is essential before beginning any rehabilitation project. Given that the median home in Ironwood is 90 years old, many properties have endured decades of disinvestment or deferred maintenance. Before allocating funds toward cosmetic improvements, developers should conduct thorough inspections of the following core systems:

- 1. Structural Integrity** – Foundations, load-bearing walls, and framing should be assessed for stability. Issues like cracked foundations or sagging floors can lead to major safety concerns and expensive repairs.
- 2. Electrical Systems** – Older homes often have outdated or unsafe wiring, posing fire hazards. Ensure electrical panels, wiring, and outlets meet current safety codes and can handle modern energy loads.
- 3. HVAC (Heating, Ventilation, and Air Conditioning)** – Heating systems must be efficient and safe, especially in Ironwood’s cold climate. Many older homes lack central air or have inefficient heating units. Ensuring proper ventilation can also prevent moisture buildup and mold issues.
- 4. Plumbing** – Many aging homes have old, corroded pipes that can cause leaks and water damage. Inspecting water lines, sewer connections, and drainage systems is crucial to avoiding costly surprises.
- 5. Building Envelope (Roof, Siding, Windows, & Insulation)** – A home’s exterior must be weather-tight to protect against the elements. Old roofs may leak, causing water damage and mold. Siding should be inspected for rot or deterioration, and windows and doors should be energy-efficient to reduce heating costs. Proper insulation is necessary to improve efficiency and lower utility expenses.

These essential upgrades should be the first priority in the project’s budgeting process. Once a property meets structural and safety standards, additional allocations can be made toward interior enhancements that will have the most impact on a future buyer or tenant.

- **Kitchen & Bath Upgrades** – These are the most valuable improvements for potential homeowners and renters. Modernizing layouts, upgrading fixtures, and installing new countertops and cabinetry significantly improve livability and marketability.
- **Closet & Storage Enhancements** – Older homes often lack sufficient storage. Adding built-in shelving, closet organizers, or expanding storage space can make a home much more appealing.
- **Aesthetic & Functional Improvements** – Flooring, lighting, and fresh paint contribute to the overall feel of a home but should only be prioritized after essential repairs are completed.

Developers should ensure they obtain the necessary permits and schedule inspections at critical points throughout the renovation process. Managing labor costs, securing quality materials, and maintaining clear communication with contractors will help prevent delays. Given that Ironwood has seen an increase in new home construction, securing skilled labor early in the process is particularly important.

By following a code-first approach, developers can ensure that rehabilitated homes not only look appealing but also provide safe, long-lasting, and energy-efficient housing for Ironwood’s growing population.

# Selling or Holding/Managing

Once construction is complete, developers need to decide whether to sell the property or retain it as a rental investment. Ironwood has an increasing number of households, and the demand for quality housing is expected to continue growing. Selling homes at price points above \$100,000, where inventory is limited, can be a profitable strategy. Working with real estate professionals to stage and market properties effectively will help attract buyers.

## To maximize the value of your sale:

- » Work with a local realtor who understands current buyer trends and can help you price the property strategically.
- » Stage the home professionally or with simple furnishings to highlight space, function, and comfort—particularly in small footprint homes.
- » Highlight upgrades such as energy-efficient systems, new roofs, updated kitchens and baths, or features that support aging in place.
- » Market the home well, using high-quality photography and storytelling that communicates your investment in the home and the surrounding neighborhood.

## Holding & Managing as a Rental Investment

Ironwood's rental market is limited, with most available units in older homes or subsidized properties. Market-rate rental options that are well-maintained, energy-efficient, and thoughtfully designed are rare—especially for professionals, small families, and retirees who want to stay in the community but don't want the responsibility of homeownership.

Retaining your property as a rental can be a powerful strategy to build long-term income and equity, particularly in a rising housing market.

Key factors for success include:

- » **Tenant Screening:** Carefully screen for credit, references, and stable income. Consider partnering with a local property manager if you're not equipped to handle screening personally.
- » **Maintenance Planning:** Set aside a monthly reserve for maintenance and repairs. Preventative maintenance will protect your asset and reduce costly emergencies.
- » **Compliance:** Ensure your unit meets all building code and rental licensing requirements. Properties must be safe, habitable, and up to code to avoid liability.
- » **Financial Modeling:** With a median rent under \$500 in Ironwood, you'll need to structure rents carefully. Look at what comparable updated homes are leasing for, and factor in insurance, taxes, and maintenance to ensure long-term viability.

If your property includes energy-efficient systems or utility-inclusive pricing, it may be possible to command slightly higher rents while still remaining within local affordability guidelines. Keep in mind that more than 40% of Ironwood renters are cost-burdened, so affordability remains key.

For developers who take a long view, rentals offer the benefit of steady cash flow, potential appreciation, and tax advantages, while contributing to Ironwood's growing need for quality rental housing.

## The BRRR Method



## Why is the BRRRR method popular?

### Low Initial Investment:

The BRRRR method can be used with a relatively low initial investment, as it leverages debt to finance the purchase and renovation.

### Passive Income:

By renting out the property, you generate a consistent stream of income, while the property appreciates in value.

### Capital Growth:

The method allows you to grow your property portfolio and build wealth by repeating the process.

### Financial Freedom:

By leveraging equity and generating income, the BRRRR method can be a path to financial freedom.

# Proforma “Lite” Project Evaluation Tool

Ironwood’s market conditions indicate strong demand for updated housing, particularly at higher price points. A carefully prepared proforma can help developers determine the feasibility of a project and adjust plans to maximize returns while ensuring affordability for local residents.

Every development project starts with a question: Will this work financially? A proforma is your tool to answer that question. It’s a back-of-the-envelope analysis that helps you determine whether a deal is feasible, and if so, whether it’s worth pursuing. The “Proforma Lite” tool included in this guidebook includes separate worksheets for for-sale and rental project analysis, allowing you to quickly compare outcomes based on acquisition price, renovation costs, and market assumptions.

## *For-Sale Projects: Renovation Feasibility*

The RENOVATION FOR SALE PROFORMA tab is designed to help you determine if your project will return a profit once it’s sold. To use it:

- » Enter your purchase price, renovation budget, and soft costs like closing or holding expenses.
- » Input your expected sale price based on comparable sales in the area.
- » The spreadsheet will calculate your project cost, net proceeds, and estimated profit.

This is especially useful in Ironwood where many older homes need significant work to meet buyer expectations. Use this tool early in your process to see if a deal is worth moving forward before spending time or money on design, permits, or financing.

## *Rental Projects: Cash Flow & Financing*

Rental deals are more complex. They’re less about the immediate sale price and more about ongoing cash flow and long-term asset management. The RENTAL PROFORMA tab helps you evaluate if your rental property will cover its costs and still return a profit.

Here’s how it works:

- » Input your rents, vacancy assumptions, and annual operating expenses (including taxes, insurance, maintenance, and reserves).
- » Input your acquisition and rehab costs, then calculate your loan amount based on expected mortgage terms.
- » The spreadsheet will calculate annual cash flow and your Debt Service Coverage Ratio (DSCR).

Ironwood’s current median rent is low, so it’s essential to understand how your rental income stacks up against your loan payments and operating costs. Even small miscalculations in taxes or repairs can make the difference between a profitable and unviable project.

### What is DSCR?

DSCR stands for **Debt Service Coverage Ratio**. It measures how well your rental income covers the annual cost of your mortgage.

$$\text{DSCR} = \frac{\text{Annual Operating Income}}{\text{Annual Debt Service}}$$

A DSCR of 1.25 means you are earning 25% more in net operating income than your annual mortgage payments—a common minimum threshold banks require to approve a loan. Anything below 1.0 means your property won’t generate enough income to pay the debt, and lenders will consider it too risky.

## Quick Start Guide to Using the Proforma "Lite" Tool

The Proforma Lite spreadsheet is your go-to tool for deciding whether a potential project is worth pursuing—either as a for-sale flip or a rental investment. This guide will help you get started.

### For-Sale Projects: Is It Worth Flipping?

Use the RENOVATION FOR SALE PROFORMA tab to quickly test a rehab deal.

Step-by-step:

1. Enter the Purchase Price of the property.
2. Plug in your Renovation Costs using the RENO BUDGET TEMPLATE tab to estimate line items.
3. Add Soft Costs (e.g. utilities during rehab, permits, closing costs).
4. Input Expected Sale Price based on local comps.
5. Review your Net Profit and % return—does the deal work?

Rule of thumb: Build in at least a 10–15% profit margin to account for surprises.

RENOVATION FOR SALE proforma						
1	GROSS POTENTIAL VALUE					
2	Unit type	sf / unit	SALES value / sf	no. of units	subtotal sf	total sales value
3	Example A	1200	\$ 150.00	1	1200	\$ 180,000.00
4	Example B	1000	\$ 125.00	2	2000	\$ 250,000.00
5					0	\$ -
6					0	\$ -
7					0	\$ -
8					0	\$ -
9					0	\$ -
10					0	\$ -
11					0	\$ -
12					0	\$ -
13	Land sale					\$ -
14	total # of units			3		
15	total square foot home sale				3,200	
16	gross potential income					\$ 430,000
17						
18	<b>PROJECT COSTS</b>					
19	property purchase					\$ 130,000
20	closing costs (including 1.5% realtor fee)					\$ 4,000
21	attorney / litigation expenses					\$ 2,500
22	survey + geotech					\$ 5,000
23	entitlement cost to rezone / lot split					\$ 5,000
24	civil engineering fees					\$ 20,000
25	property basis					
26						
27	renovation direct construction costs	\$ 50	per sf			\$ 160,000
28	renovation indirect construction cost	\$ 10	per sf			\$ 32,000
29						
30	total project costs					\$ 358,500
31	equity			20%	% of total costs	\$ 71,700
32	debt					\$ 286,800
33						
34	<b>CONSTRUCTION DEBT SERVICE</b>					
35	loan term		12	months		
36	12 month interest only rate		4.00	%		
37	loan amount					\$ 286,800
38	monthly interest payment					\$ 956
39						
40	18 month interest only debt service					\$ 11,472
41	construction equity					\$ 717
42	total project equity required					\$ 12,189.00
43						
44						
45	<b>PROJECT PERFORMANCE</b>					
46	total project cost					\$ 369,972
47	gross profit					\$ 430,000
48	net income					\$ 60,028
49	profit margin					14%

# RENOVATION FOR SALE proforma

1 <b>GROSS POTENTIAL VALUE</b>							
2	Unit type	sf / unit	SALES value / sf	no. of units	subtotal sf	subtotal VALUE / UNIT	total sales value
3						\$ -	\$
4						\$ -	\$
5						\$ -	\$
6						\$ -	\$
7						\$ -	\$
8						\$ -	\$
9						\$ -	\$
10						\$ -	\$
11						\$ -	\$
12						\$ -	\$
13	Land sale						\$ -
14	total # of units						
15	total square foot home sale						
16	gross potential income						\$
17							
18 <b>PROJECT COSTS</b>							
19	property purchase						\$
20	closing costs						\$
21	attorney / litigation expenses						\$
22	survey + geotech						\$
23	entitlement cost to rezone / lot split						\$
24	civil engineering fees						\$
25	property basis						\$
26							
27	renovation direct construction costs		\$	per sf			\$
28	renovation indirect construction cost		\$	per sf			\$
29							
30	total project costs						\$
31	equity				% of total costs		\$
32	debt						\$
33							
34 <b>CONSTRUCTION DEBT SERVICE</b>							
35	loan term			months			
36	12 month interest only rate			%			
37	loan amount						\$
38	monthly interest payment						\$
39							
40	18 month interest only debt service						\$
41	construction equity						\$
42	total project equity required						\$ -
43							
44							
45 <b>PROJECT PERFORMANCE</b>							
46	total project cost						\$
47	gross profit						\$
48	net income						\$
49	profit margin						

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## Rental Projects: Will It Cash Flow?

Use the RENTAL PROFORMA tab if you plan to hold and rent the property.

Step-by-step:

1. Enter Monthly Rent and expected Vacancy Rate (use 5–8%).
2. Input Annual Expenses (taxes, insurance, repairs, reserves).
3. Estimate Loan Terms (interest rate, term, down payment).
4. Calculate Debt Service using the mortgage inputs.
5. Review your Annual Cash Flow and DSCR (Debt Service Coverage Ratio).

Goal: DSCR  $\geq$  1.25

This means your Net Operating Income covers your mortgage with a safe buffer. Most lenders require this to approve your financing.

Tips for Use

- » Always run both proformas before committing to a deal—you may discover the rental strategy works better than selling (or vice versa).
- » Make your purchase agreements contingent on inspection and “buyer’s sole satisfaction” to allow an exit if the numbers don’t work.
- » Use realistic estimates. Ask contractors and local realtors for input before filling out the tool.

Additional Resources

- » Michigan Economic Development Corporation’s Proforma 101 Guide & Development Proforma
- » MI Neighborhood Rental Development Proforma & Grant Resources
- » Invest U.P. tools and technical assistance

Rental Proforma							
1 GROSS POTENTIAL VALUE							
	sf / unit	monthly rent / SF	no. of units	subtotal sf	subtotal monthly rent / unit	subtotal annual rent	
2 Unit type							
3 Example: Studio	550	1.75	2	1100	\$ 962.50	\$23,100.00	
4 Example 2BR	1,000	1.50	1	1000	\$ 1,500.00	\$18,000.00	
5				0	\$ -		
6				0	\$ -		
7				0	\$ -		
8 total # of units			3			3	
9 total square footage				2,100		2100	
10 gross potential income						\$41,100.00	
11							
12 <b>NET OPERATING INCOME</b>							
13 gross potential income						\$ 41,100	
14 vacancy allowance			5% of GPI			\$ (2,055)	
15 operating expenses	40%	\$ (5,480)	per unit	# of units: 3		\$ (16,440)	
16 net operating income						\$ 22,605	
17							
18 <b>PROJECT COSTS</b>							
19 land basis				\$ 40,000	per door	\$ 120,000	
20 direct construction costs		\$ 75.00	per sf	\$ 52,500	per door	\$ 157,500	
21 indirect construction cost		\$ 15.00	per sf	\$ 10,500	per door	\$ 31,500	
22 architectural / engineering		7.00%		\$ 4,410	per door	\$ 13,230	
23 Project Management Fee		4.00%		\$ 2,520	per door	\$ 7,560	
24							
25 total project costs						\$ 329,790	
26 equity			30%		% of total costs	\$ 98,937	
27 debt						\$ 230,853	
28							
29 <b>DEBT SERVICE</b>							
30 loan term		60	months				
31 interest only rate		5.00%	%				
32 loan amount						\$ 230,853	
33 monthly interest payment						\$ 962	
34							
35 interest only debt service						\$ 57,713	
36 construction equity						\$ 989	
37 total project equity required						\$58,702.62	
38							
39							
40 <b>PROJECT PERFORMANCE</b>							
41 net operating income						\$ 22,605	
42 annual debt service						\$ (14,871)	
43 leveraged cash flow						\$ 7,734	
44 % to hold for reserves		10%	of net operating income			\$ (2,261)	
45							
46 annual cash flow available for distribution						\$ 5,473	
47 debt service coverage ratio						(1.52)	
48 cash-on-cash return						5.53%	
49 depreciation basis						\$ 329,790	
50 annual depreciation						\$ 11,992	

# Rental Proforma

1 <b>GROSS POTENTIAL VALUE</b>						
	sf / unit	monthly rent / SF	no. of units	subtotal sf	subtotal monthly rent / unit	subtotal annual rent
2	Unit type					
3					\$ -	
4					\$ -	
5					\$ -	
6					\$ -	
7					\$ -	
8	total # of units					
9	total square footage					
10	gross potential income					\$ -
11						
12 <b>NET OPERATING INCOME</b>						
13	gross potential income					\$
14	vacancy allowance		% of GPI			\$
15	operating expenses		per unit	# of units:		\$
16						
17	net operating income					\$
18						
18 <b>PROJECT COSTS</b>						
19	land basis				per door	
20	direct construction costs		per sf		per door	\$
21	indirect construction cost		per sf		per door	\$
22	architectural / engineering				per door	\$
23	Project Management Fee				per door	\$
24						
25	total project costs					\$
26	equity			% of total costs		\$
27	debt					\$
28						
29 <b>DEBT SERVICE</b>						
30	loan term		months			
31	interest only rate		%			
32	loan amount					\$
33	monthly interest payment					\$
34						
35	interest only debt service					\$
36	construction equity					\$
37	total project equity required					\$ -
38						
39						
40 <b>PROJECT PERFORMANCE</b>						
41	net operating income					\$
42	annual debt service					\$
43	leveraged cash flow					\$
44	% to hold for reserves			of net operating income		\$
45						
46	annual cash flow available for distribution					\$
47	debt service coverage ratio					
48	cash-on-cash return					%
49	depreciation basis					\$
50	annual depreciation					\$

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TECHNICAL  
RESOURCES

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THE TOOL KIT

# INCENTIVE GUIDE

## Leveraging Financial Tools for Housing Rehabilitation, Infill Housing, and Downtown Redevelopment

### Introduction

The City of Ironwood faces critical housing challenges, including an aging housing stock, limited rental housing options, and a shortage of new, higher-quality housing units. As noted in the Ironwood Housing Needs Assessment (2024), 78% of homes were built before 1960, with the median year of construction being 1934. Few new residential units have been constructed in the past two decades, and rental housing supply is extremely limited, with most apartments either subsidized or senior-restricted. Downtown Ironwood has underutilized and obsolete buildings that could be redeveloped into mixed-use housing. Household incomes are relatively low, with renters earning a median of \$22,613 per year.

To address these challenges, the City of Ironwood must prioritize housing rehabilitation, support the development of workforce and affordable housing, and activate mixed-use redevelopment downtown. This guide outlines state, federal, and local housing incentives that can help finance these initiatives.

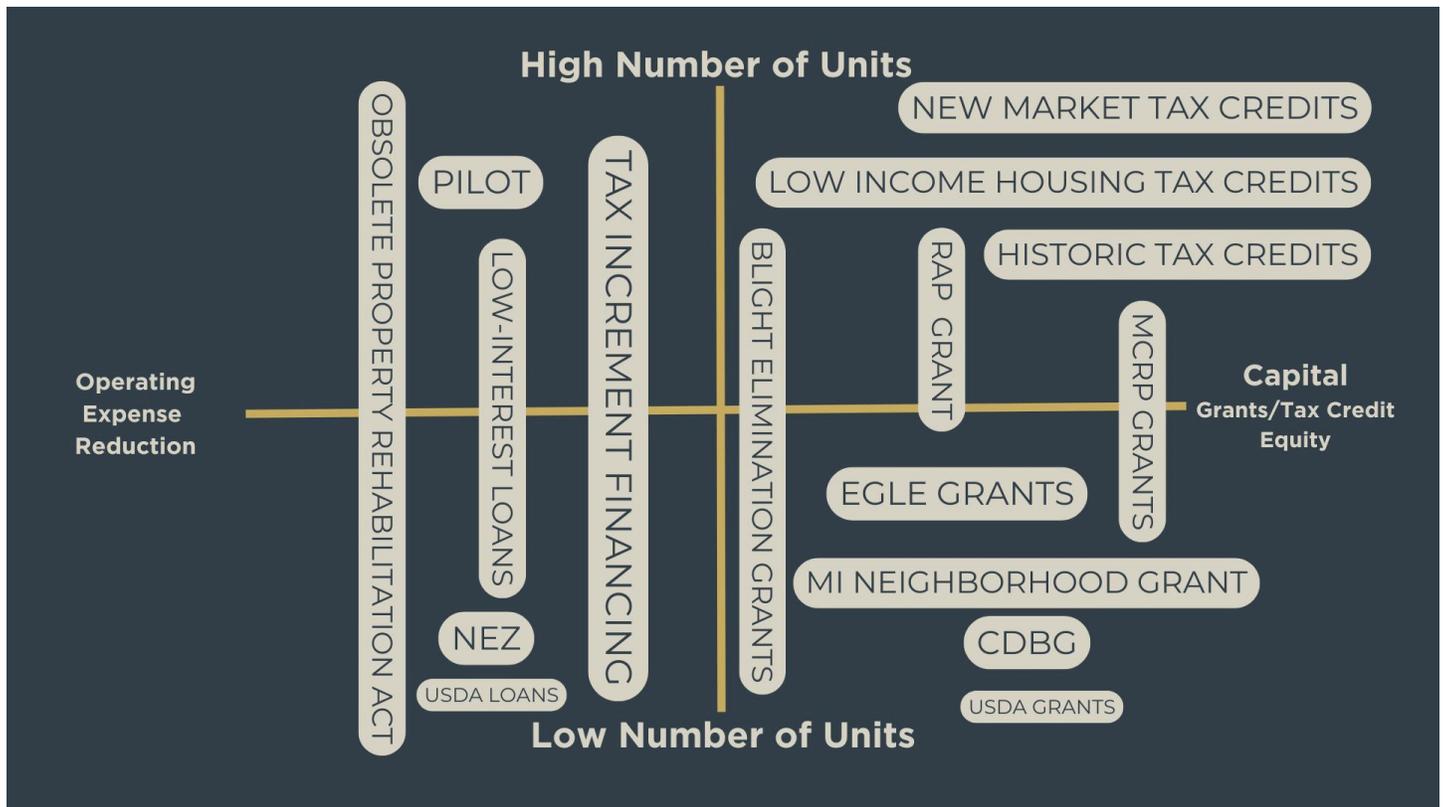
Category	Excess or Shortage
Homes Valued Under \$100,000	Excess of 767 units
Homes Valued Over \$100,000	Shortage of 767 units
Rental Units Needed	Shortage of 32 Rental Units
Barrier-Free/Aging-Friendly Housing	Significant Need

Incentives are categorized into either reducing the project’s operating expenses or offering an equity source into the project. Operating expense subsidies allow for projects to afford more private capital, either through bank financing or equity. The reduced operating costs allow the project to utilize the increase in cash flow to generate more ability to repay loans or get returns to equity investors up to a reasonable rate. Both tax abatements and tax increment financing are in the hands of local government to review and approve these subsidies for appropriateness. Local government staff review applications, meet with the project leaders, and review the project proforma to ensure the incentive is based on need. Local governments could take these tools further by negotiating terms in their developer reimbursement agreements that align with the city’s strategic housing goals.

Equity contributions on the other hand are often state and federal tax credits or grants designed to support projects through strategic objectives in state and federal program policy. Local impact investment equity, employer support matching grant dollars and downpayment assistance are examples of more locally controlled equity sources for project support. For the federal and state programs, it is important for local governments to understand their role in project support, the checks and balances that exist among the other program partners, and to build confidence among the public.

Operating Expense Subsidies	Equity Contributions
<p><b>Tax Abatements</b></p> <p>Reduce property tax liability over time</p>	<p><b>Tax Credits</b></p> <p>Credits can be sold at a discounted rate or taken over time by the investor/developer</p>
<p><b>Tax Increment Financing (TIF)</b></p> <p>Uses future tax revenue to fund elements of a public benefit (site improvements, infrastructure, housing attainability)</p>	<p><b>Government Grants (e.g. HOME, MI Neighborhood)</b></p> <p>Direct funding that reduces required debt and equity</p>
<p><b>Low-Interest Loans</b></p> <p>Reduces the cost of borrowing</p>	<p><b>Impact Investment Equity</b></p> <p>Non-Traditional investment sources</p>

Of importance, securing incentive requires demonstration of need, alignment with local and state priorities, and for projects to be shovel ready. Projects will have to privately complete ample predevelopment work to be shovel ready. The City of Ironwood having clearly demonstrated priorities, housing data, and streamlining regulatory controls can assist project. Investors often look for communities who are proactive in their approach as they consider investing the time and money into predevelopment activities. City of Ironwood could consider reduced review fees, consolidation of the public approval process, and/or allowing workforce housing projects to receive priority review.



# Priority Incentives for Ironwood

## *MI Neighborhood Program (MIN) – Addressing Ironwood’s Housing Rehabilitation Needs*

The MI Neighborhood Program provides grants for housing rehabilitation and development in areas with an aging housing stock and a high-cost burden. It can fund both occupied and unoccupied residential rehabs, helping preserve and modernize Ironwood’s existing housing. This program can directly impact the number of low home values that need rehabilitation and conversion to higher home values. In addition, the program has a built in affordability mechanism to keep 20% of units offered at or below 60% area median income, directly impacting the ability to offer existing residents rehabilitated homes as affordable price points as well as offering the higher value homes to the market (current residents and non-residents alike).

### **Eligible Uses:**

- » Rehabilitating single-family and small multifamily homes
- » Improving energy efficiency, accessibility, and structural integrity
- » Infill construction of new homes
- » Addressing code violations and safety issues

### **Key Considerations:**

- » Grants range from \$25,000 to \$2 million, depending on the applicant’s experience
- » A five-year forgivable lien applies to properties receiving over \$10,000 in assistance
- » Funds must be spent within 24 months

### **Strategic Recommendation:**

- » Ironwood City Led Redevelopment Program
- » Communities without CDBG entitlement can complete a Letter of Intent form to MSHDA with a funding request
- » If approved, municipalities can have locally led rehabilitation programs for local investors to comply with MI Neighborhood Guidelines and interface with the City in their administration of the funds.

The City could leverage this tool further by adding mechanisms in their developer agreements whereby the affordable units must be sold to households with a primary residence in Ironwood. The market rate units would not. This would allow for the City to create more high-quality homes at reasonable price points for existing residents, attract new residents to the market, and be an integral part of the administration of MI Neighborhood funds for emerging developers without experience utilizing subsidy.

### *Michigan Community Revitalization Program (MCRP) – Downtown Mixed-Use Redevelopment*

This program offers pathways for the redevelopment or infill development in Downtowns. There are pathways for emerging developers in addition to the primary MCRP program. The MCRP provides gap financing in the form of grants or low-interest loans for redeveloping vacant, underutilized, or historic buildings into mixed-use and residential spaces. It encourages private investment in downtown revitalization projects.

#### **Eligible Uses:**

- » Rehabilitation of vacant and underutilized buildings for mixed-use development
- » Conversion of historic buildings into market-rate or workforce housing
- » Infrastructure improvements supporting downtown housing development

#### **Key Considerations:**

- » Can provide up to 25% of a project's cost, capped at \$10 million per project
- » Smaller cities (under 15,000 residents) may receive up to 50% of project costs
- » Can be combined with Brownfield TIF and OPRA abatements

#### **Strategic Recommendation:**

As a State Incentive, a degree of local support is anticipated to be paired with the funding request to the state. Generally, this would be a local tax incentive (either the OPRA or a TIF). The local support is required to be pledged before the MCRP applicant can be approved for State support. Public education around these incentives can be very helpful. The Downtown Ironwood Development Authority (DIDA) is very aligned with the goals and mission of this program and can be a voice of support. In addition, DIDA funding can be pledged to projects for public amenities that enhance projects and reduce costs (e.g. sidewalk, alley, lighting, bike racks, benches, and infrastructure improvements).

# Leveraging Local Incentives for Housing & Redevelopment

## *Tax Increment Financing (TIF) – Financing Infrastructure for Housing Development*

TIF captures increased property tax revenue from new development to finance infrastructure improvements. It is used for site preparation, demolition, utilities, and streetscapes in designated TIF districts.

### **Best Used For:**

- » Making downtown housing projects financially viable by funding infrastructure costs
- » Supporting new workforce housing projects. Either for-rent or for-sale.

### **Key Considerations:**

- » In attainable housing developments, the infrastructure and public improvements can all be demonstrated in documentation for reporting. However, the housing public benefit is reported through the sale of homes at attainable pricing or receipt of rent rolls for each unit annually.
- » Involve assessors very early. Local tax assessors will be the primary source of information for how much increment the project will generate.

### **Strategic Considerations:**

Map an administrative process for City Staff to receive reporting from housing incentivized developments, audit the income compliance aspects, and approve disbursements. As staff proactively has a plan in place, each tax increment financing plan has an administrative fee related to the City's administrative needs. In addition, Brownfield Redevelopment Authorities are allowed 5-years of capture at the end of project capture. Those funds create a local Brownfield Revolving Loan Fund which can support more projects through low-interest loans.

## *Obsolete Property Rehabilitation Act (OPRA) – Lowering Costs for Historic and Mixed-Use Projects*

OPRA freezes property taxes for up to 12 years, reducing financial barriers to rehabilitation. It helps convert obsolete, vacant, or historic buildings into housing and mixed-use spaces.

### **Best Used For:**

- » Historic building rehabilitations in downtown Ironwood
- » Converting obsolete buildings into modern housing units

### **Key Considerations:**

- » Policy is written with job creation as a key element. Knowing the full time equivalents, pay rates, and economic growth aspects is crucial.

### **Strategic Considerations:**

Developers and investors should be able to explain how they will have the ability to pay full taxes when the project matures past the abatement period. Working with the assessor early and being able to demonstrate to City Staff the project will be able to pay taxes is critical. The project team may need to demonstrate a refinance that will increase their cashflow at a later date or establish a reserve fund for operating expense increases.

## *Invest UP Build UP Cash Collateral*

InvestUP provides cash collateral to enhance the borrower's collateral position, enabling lenders to extend necessary financing. The cash collateral covers a portion of the collateral shortfall as identified by the lending institution. Eligible borrowers must meet the lending requirements of qualified lending institutions and be engaged in projects located in the Upper Peninsula.

### **Eligible Uses:**

- » The cash collateral award addresses collateral shortfalls within a lender's loan structure for shovel-ready projects expected to commence within 18 months of approval.
- » The maximum cash collateral award for a single project cannot exceed 10% of total project costs, with awards ranging from \$50,000 to \$1,500,000

### *Invest UP Build UP Equity Participation*

To invest equity into qualified housing projects when the lender determines the borrower's cash equity is insufficient for construction equity. InvestUP provides equity investment to support the construction phase.

#### Key Considerations:

- » Requires repayment within five years
- » Borrowers must have a minimum 10% real and tangible equity, defined as cash or cash and land
- » InvestUP's equity position is capped at 20% of project costs or a maximum \$1,000,000
- » The equity may be used in conjunction with the Cash Collateral Program, subject to demonstrated need.

### *Invest UP Residential Infrastructure Loan Program*

To provide financial assistance to local governments in the Upper Peninsula for infrastructure improvements that facilitate new residential developments.

#### How Ironwood can use it:

- » InvestUP purchases municipal bonds issued by local units, providing funds for infrastructure such as water, sewer, road improvements, and utility placements
- » Bond amounts range from \$250,000 to \$1,500,000 with a term not exceeding 15 years and interest rates not exceeding 2%
- » Repayment is secured by the limited tax, full-faith, and credit of the issuing entity

#### Strategic considerations for InvestUP Programs

Leveraging the Build U.P. programs can be instrumental to address housing shortages and promote development.

1. Utilizing the Residential Infrastructure Loan Program: Ironwood can finance essential infrastructure improvements to support new housing development. By issuing municipal bonds purchased by InvestUP, the city can upgrade water, sewer, and road systems making areas more attractive for residential or mixed-use project. Focusing on infill development whether in downtown or on vacant and underutilized properties will be most in line with the repayment structure for financial and environmental sustainability.
2. Encourage Developers to Access the Cash Collateral and Equity Participation Programs: local developers facing collateral shortfalls or insufficient equity can benefit from these programs, facilitating financing for housing projects that align with Ironwood's strategic housing plan.

### *Low-Income Housing Tax Credits (LIHTC) – Supporting Affordable Rental Housing*

LIHTC provides tax credits for developers who build affordable rental housing. It includes the 9% LIHTC (competitive) and the 4% LIHTC (non-competitive).

#### Why It's Important for Ironwood:

- » Rental housing supply is extremely limited
- » Affordable workforce housing is needed for Ironwood's lower-income renters
- » LIHTC can support mixed-income housing development downtown

#### Key Considerations

- » Permanent supportive housing for specialty populations or elderly LIHTC properties may be a priority for Ironwood
- » Local support is generally a PILOT in lieu of a TIF or OPRA abatement

#### Strategic Consideration

Low-income housing tax credit projects do not necessarily align with the most imminent needs demonstrated in the market data but can serve as a catalyst to offer a new construction higher quality product in rental housing. These additional comparisons can leverage additional local investment, encourage landlords to improve disinvested properties, and create mixed-income affordable housing with more barrier-free units.

## *Payment in Lieu of Taxes (PILOT) – Tax Abatement for LIHTC Projects*

A Payment in Lieu of Taxes (PILOT) agreement is a tax incentive that allows developers of affordable housing projects to replace traditional property taxes with a fixed annual service charge, typically based on rental income. PILOT programs are a critical component of financing Low-Income Housing Tax Credit (LIHTC) developments by lowering operating costs and making projects financially viable.

### **How PILOT Works**

Unlike standard property taxes, which are based on assessed property value, PILOT agreements calculate payments as a percentage of rental income. This ensures that taxes remain predictable and aligned with the financial realities of affordable housing operations.

### **Key Features:**

- » Ties taxes to rental revenue instead of property values.
- » Typically applies for 15-35 years, ensuring long-term affordability.
- » Requires a local ordinance and City Council approval.

### **Eligibility and Calculation**

A PILOT can be applied to LIHTC projects that commit to long-term affordability standards.

Typical PILOT Calculation:

- » Example: A 4% PILOT means the developer pays 4% of total annual rental revenue as a service charge.
- » If a project generates \$1,000,000 in rental income annually, a 4% PILOT would result in a \$40,000 tax payment.

### **PILOT vs. Other Tax Incentives**

Unlike OPRA and TIF, which are used for general redevelopment, PILOT is specifically designed for LIHTC deals:

- » PILOT vs. OPRA: OPRA freezes property taxes for up to 12 years but does not apply to LIHTC projects. PILOT provides a longer-term tax stabilization mechanism.
- » PILOT vs. TIF: TIF captures increased tax revenue from redevelopment to fund infrastructure, while PILOT directly reduces tax burdens on affordable housing projects.

### **Applying PILOT in Ironwood**

As Ironwood looks to expand affordable rental housing, implementing a PILOT program will be essential. Given the city's aging housing stock and lack of new rental developments, PILOT can be leveraged to attract LIHTC projects that support workforce and low-income housing.

## Recommended Strategy for Ironwood:

- » Prioritize PILOT for LIHTC developments that align with the city's housing goals.
- » Coordinate PILOT approvals with MSHDA and developers to streamline project financing.

### *EGLE Brownfield Grants & Loans – Funding Site Cleanup for Redevelopment*

EGLE provides grants up to \$1 million and loans at 1.5% interest to fund environmental remediation. This funding is used for cleaning up vacant, contaminated, or underutilized sites before redevelopment.

#### **How Ironwood Can Use It:**

- » Downtown sites needing environmental cleanup before housing development
- » Pairing with MCRP & TIF to finance mixed-use redevelopment projects

### *Employer-Assisted Housing*

Engaged local employers can participate in the Employer-Assisted Housing Fund (EAHF). MSHDA offers a guidebook for employers interested in helping to create housing. In addition to the guidebook, a 2025 pilot program has been released which offers matching grant opportunities for employers willing to support the development of housing or downpayment assistance. Contributions can include cash investments, land donations, below-market interest loans, or a combination thereof.

#### **Key Considerations:**

- » Downpayment assistance maximum per household is \$50,000
- » Construction project grant assistance is maximum of \$1,000,000
- » Ensure the housing initiatives supported by EAHF are targeted toward income-eligible households and defined by MSHDA guidelines
- » Project must commit to maintaining affordability for a minimum of 10 years for rental housing and 5 years for for-sale to comply with program requirements

#### **How Ironwood Can Use It:**

- » Discuss employer needs for housing among their workforce
- » Inform employers of the opportunity and identify any shovel ready projects that could align with housing needs
- » Quantify home rehabilitation projects that are planned or upcoming with MI Neighborhood which would align with employer matched downpayment assistance

### *USDA Rural Grant and Loan Programs*

The United States Department of Agriculture (USDA) offers various programs to support housing development in rural areas, focusing on both single-family and multi-family housing

#### **Single-Family Housing Programs**

**Single Family Housing Direct Home Loans (Section 502 Direct Loan Program):** Assists low- and very-low-income applicants in obtaining safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability

- » Eligibility: Applicants must have incomes below 80% of the area median income and be without adequate housing. They must also demonstrate the ability to afford mortgage payments, including taxes and insurance.
- » Terms: Loans are typically for up to 33 years (38 years for applicants with incomes below 60% of the area median income who cannot afford 33-year terms). The interest rate is fixed at 1%, with payment assistance reducing the effective interest rate.
- » • Usage: Funds can be used to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

**Single Family Housing Guaranteed Loan Program:** Assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe, and sanitary dwellings as their primary residence in eligible rural areas.

- » Eligibility: Applicants must have incomes up to 115% of the median income for the area and must be without adequate housing. They must also have the ability to afford the mortgage payments, including taxes and insurance, and have reasonable credit histories
- » Terms: Offers 100% financing with no down payment required. Loans are for 30-year terms at fixed interest rates determined by the lender
- » Usage: Funds can be used to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities

**Single Family Housing Repair Loans and Grants (Section 504 Home Repair Program):** Provides loans to very-low-income homeowners to repair, improve, or modernize their homes or grants to elderly very-low-income homeowners to remove health and safety hazards.

- » Eligibility: Homeowners must have incomes below 50% of the area median income. Grants are available to homeowners aged 62 or older who cannot repay a loan.
- » Terms: Loans are up to \$20,000 with a fixed 1% interest rate and a repayment period of 20 years. Grants are up to \$7,500 and must be repaid if the property is sold within three years
- » Usage: Loans and grants can be used to repair, improve, or modernize homes or remove health and safety hazards

### **Multi-Family Housing Programs**

**Multi-Family Housing Direct Loans (Section 515):** Provides financing to develop affordable rental housing for low-income, elderly, or disabled individuals and families in eligible rural areas.

- » Eligibility: Individuals, trusts, associations, partnerships, limited partnerships, nonprofit organizations, for-profit corporations, and consumer cooperatives; most state and local governmental entities; and federally recognized Tribes.
- » Terms: Loans are for up to 30 years with a fixed interest rate determined by the USDA.
- » Usage: Funds can be used for construction, improvement, and purchase of multi-family rental housing for low-income families, the elderly, and disabled individuals. Funding may also be available for related activities, including buying and improving land and providing necessary infrastructure.

**Multi-Family Housing Loan Guarantees (Section 538):** Works with qualified private-sector lenders to provide financing to qualified borrowers to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.

- » Eligibility: For-profit and nonprofit organizations, including LLCs; federally recognized Tribes; and state and local government entities.
- » Terms: Loans are for up to 40 years with fixed interest rates. The USDA guarantees up to 90% of the loan amount.
- » Usage: Funds can be used for new construction, acquisition with rehabilitation, and revitalization or repair of existing rental housing.

**Housing Preservation and Revitalization Demonstration Program (Section 514/516):** Provides grants, zero- and low-interest loans, and debt deferrals to owners of USDA-financed rental and farmworker housing properties in rural areas to preserve and revitalize affordable rental housing.

- » Eligibility: Owners of USDA-financed rental and farm labor housing properties.
- » Terms: Varies based on the type of assistance provided.
- » Usage: Funds can be used to preserve and revitalize existing multi-family housing complexes financed by USDA Rural Development to ensure that the properties are safe and affordable for low-income residents.

# Strategic Approach for Ironwood

To maximize housing and downtown redevelopment, Ironwood should prioritize the following incentive utilization as appropriate:

## *For Housing Rehabilitation & Neighborhood Revitalization:*

- » MI Neighborhood Program (MIN) → Grants for housing rehab
- » OPRA Tax Abatements → Reduces property tax burden for property owners
- » InvestUP programs to support emerging developers through the cash collateral program or equity participation and potentially upgrade infrastructure to align with redevelopment efforts
- » Single Family Housing Repair Loans and Grants through USDA
- » Single Family Housing Direct Home Loans and Guarantees through USDA

## For Downtown Mixed-Use Redevelopment:

- » MCRP (Grants/Loans) → Funds gap financing for mixed-use projects downtown
- » Brownfield Grants & TIF → Covers site remediation and infrastructure costs
- » OPRA Abatement → Lowers tax burden on developments so they can afford more private (bank) financing
- » USDA Multifamily Housing Direct Loans and loan guarantees

## For New Rental Housing Development:

- » LIHTC (Tax Credits) → Supports new affordable housing
- » PILOT would be used to support LIHTC development projects
- » USDA Multifamily Housing Direct Loans and loan guarantees
- » Housing TIF → Covers infrastructure costs and can cover a portion of potential rent loss/potential development loss

## Conclusion

Ironwood must leverage state and local incentives strategically to meet its housing and downtown redevelopment goals. By stacking MI Neighborhood Program and MCRP funding with OPRA and TIF, the city can revitalize neighborhoods, attract private investment, and expand housing options.

### **Next Steps:**

- » Familiarize City Council with key local incentives (OPRA, NEZ, PILOT, and TIF)
- » Identify priority sites for MI Neighborhood Program funding
- » Complete MI Neighborhood LOI based on priorities
- » Align development opportunities to utilize MCRP & LIHTC
- » Participate in events, trainings, and roundtables offered by the Rural Prosperity office of Michigan
- » Consider hosting an Americorps Volunteer through the Community Economic Development Association of Michigan or through the American Connection Corps in Community and Economic Development who can work with emerging developers and local investors on rehabilitation of existing housing stock

# DEVELOPMENT CONCEPTS

## City Owned Property: 7XX Ayer Street

As part of this planning process, conceptual plans were developed for housing development at an approximately 26 acre City owned property on Ayer Street, across from Miners Park. The City would entertain development proposals for the site that further advance the City's goals for development and housing in the community.

The City recognizes that a future development will likely deviate somewhat from this concept. This concept has seen solid community support through this plan and the Comprehensive Plan process. Similar approaches should be well received by staff, the Planning Commission, the City Commission, and the community.

### *Goals:*

#### **Integrate a mix of housing types into the site**

How the preferred concept does this: The concept shows four housing products: Apartments, rowhouse townhomes, twinhomes, and senior care housing.

The twinhomes and senior care housing are intended as a continuum of care type layout. Single level twinhomes with garages and association maintenance would be attractive to the independent senior population, while those needing additional care would be well served in the larger building.

This concept could conceivably be completed as three to four separate phases or even projects. This would allow developers to "prove the market" without overly relying on one product type.

#### **Consider the relationship between housing and economic development**

How the preferred concept does this: The apartments would likely be rental units affordable at "workforce" level pricing. They are located more proximate to the industrial park and could serve employees of companies located there.

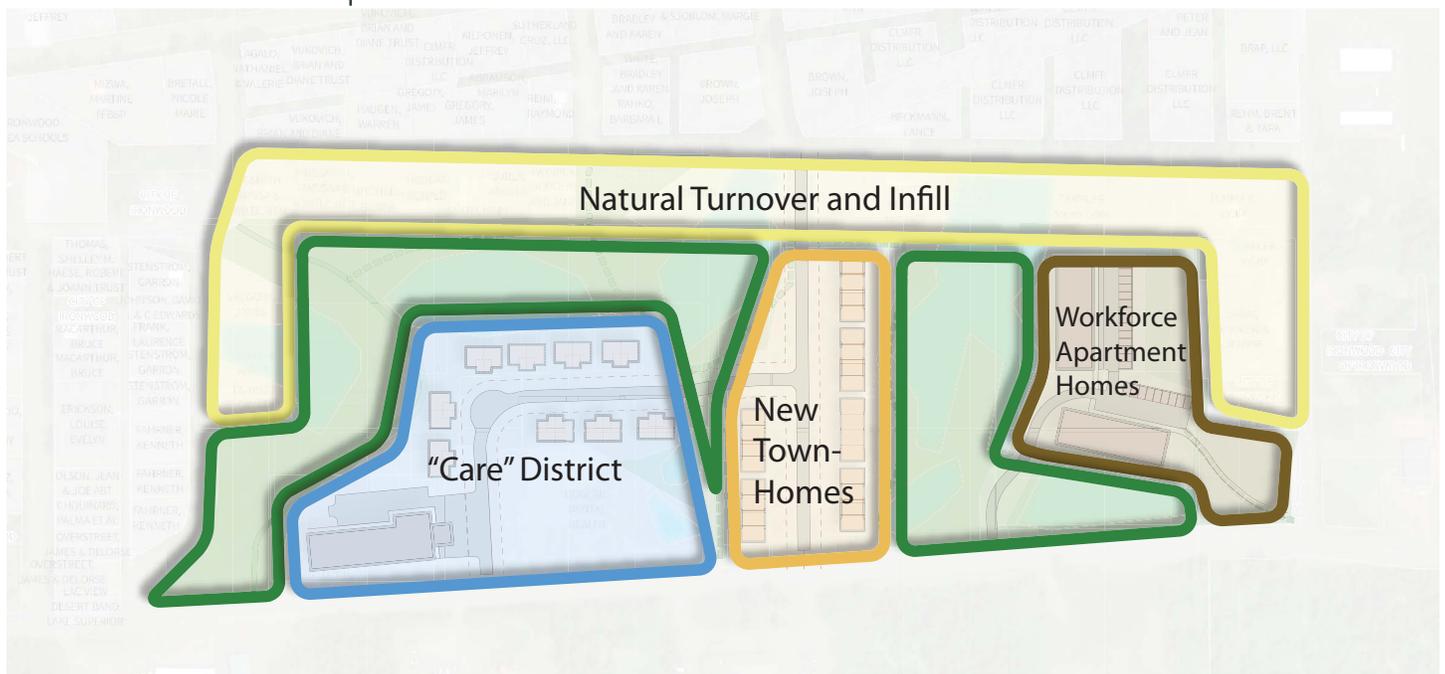
The rowhomes would likely appeal to a number of people in the community looking for low maintenance living, but could be especially valuable to hospital staff such as techs and nurses.

#### **Extend greenspace and trails to both serve the community, and market the development**

How the preferred concept does this: While the individual parceling of the sites would be small, the shared greenspace gives residents the feel of a much larger lot. For the most part, homes face out to forested property and people wouldn't have immediate rear neighbors.

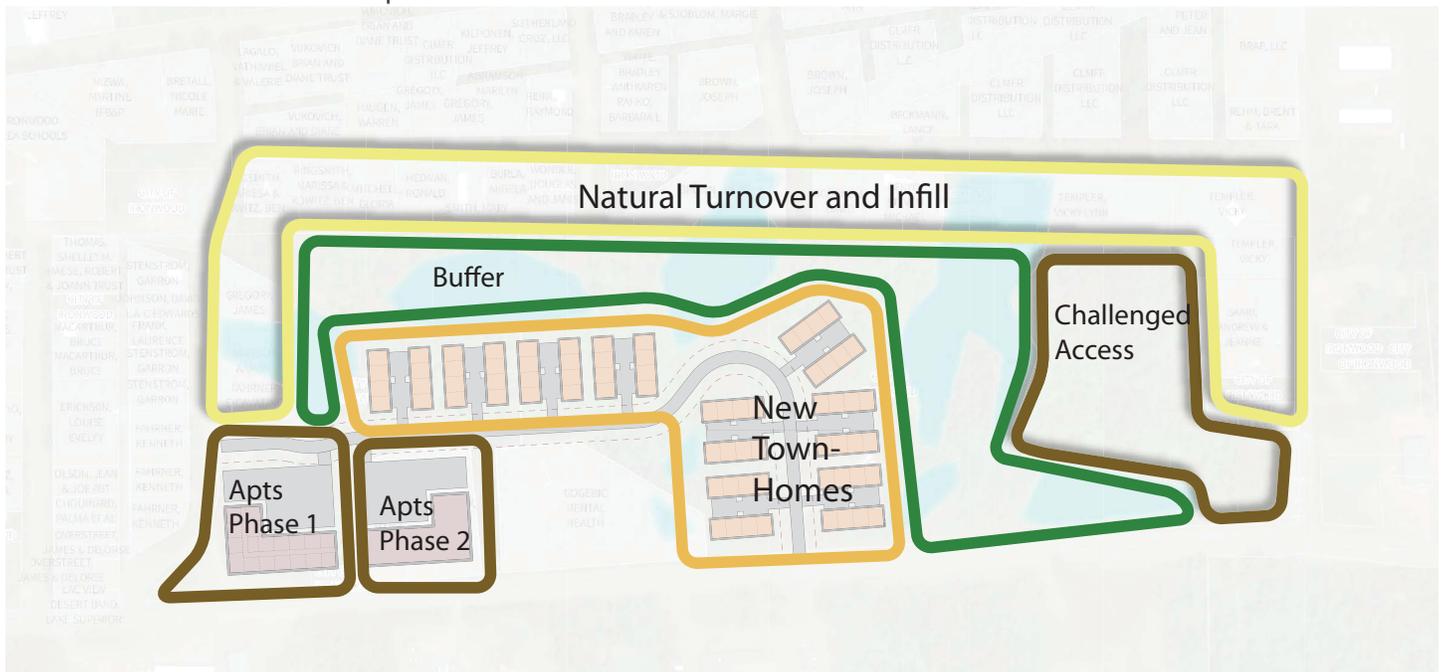
An internal trail network, building on some existing trails on the property, would help connect the surrounding neighborhoods and the Iron Belle Trail to Miners Park.

# Preferred Concept



Product	Unit Count
Senior Care Housing	32
Twinhomes	18
Rowhouse Townhomes	24
Apartments	56

# Alternative Concept



Product	Unit Count
Townhomes	72
Apartments	102

This concept was not as well received when compared to the preferred concept, but may offer alternative layouts that would be of interest. The primary driver of this concept was to develop an apartment building in the southwest corner with the least amount of upfront infrastructure investment. Future phases could include a second apartment building and townhomes. Minimization of infrastructure remained the driving theme for this concept, while still retaining connectivity through the site.

The reduced mix and reliance on only two product types may also be challenging for the market to take on.

**DRAFT**

# VACANT LOT INFILL PROGRAM AND VACANT LAND ANALYSIS

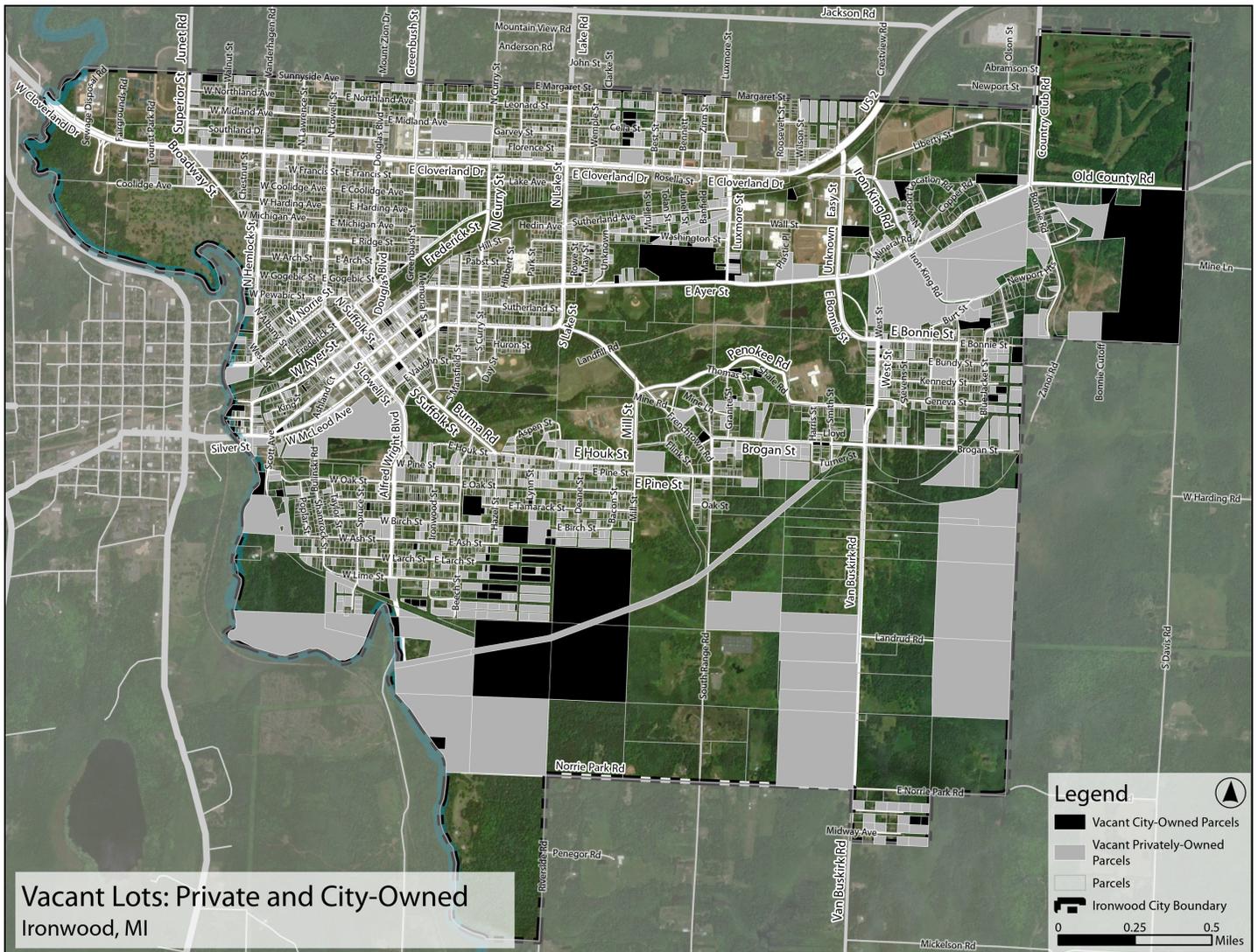
A new program to incentivize infill development on existing City lots and infrastructure

The City of Ironwood has a number of vacant lots that were platted at a time when the City had significantly more population. Over the course of the last few decades a number of homes have come down, leaving behind these vacant lots, that are still adjacent to a number of City services, such as roads, water, and sewer, and proximate to amenities like downtown. While many are in private ownership, these lots represent an enormous opportunity to build new housing.

The City of Jackson, Michigan has been running a program called “100 Homes” that focused on vacant site infill. This project could be replicated in Ironwood. While Jackson is a larger city, and had more public ownership of lots, Ironwood could scale the project to better fit a City of 5,000. 10 city owned vacant lots could be identified for phase one of the project.

Steps:

1. Identify 10 lots that could be offered to builders/developers at a nominal cost if they would develop housing on them. If there are other vacant lots currently in private ownership that could be included, consider them as well as long as there are solid assurances that they will be available for redevelopment.
2. Develop an RFP for developers to put homes on those lots. The RFP should include:
  - » Cost to the final owner. Utilize financial tools to close the gap between cost of construction and the for-sale price of the home to ensure new homes are attainably priced.
  - » A review of anticipated proforma and returns
  - » Desired ownership structure (for example, homes need to be owner occupied for at least 5 years)
  - » What homes would be built. Jackson had developers create home plans that would fit. By replicating the same home, there were cost savings achieved through scale and repetition. Developers could create their own home plans, or the City could use any number of the pre-approved home plans available through MML/MEDC, or other cities that are developing plans, including the City of Jackson plans.
3. Pre-approve these homes to be built on identified vacant lots without additional zoning approvals. This may require an adjustment to setbacks or other regulatory considerations. Having them pre-approved allows the developer to minimize risk and move faster.
4. Coordinate with the lending community in Ironwood to get these projects financed. Help lenders understand the other public finance tools that will go towards supporting the project.



Other issues that may need to be considered are:

- » Unique challenges to Ironwood’s vacant lots including depth to bedrock and old foundations.
- » Tax and fee structure of these projects. New construction taxed on a millage basis without abatement, TIF, or other tools may not be competitive due to the low valuations on much of the existing housing stock.
- » City staff capacity. Jackson’s staff made this project a large priority. Introducing new work to the Community Development department without additional support may pull them off of other community priorities. Consider the use of Americorps or similar programs.

### Follow-Up

If the project is successful, there is a good chance that much of the work done could be applied to future projects, especially in the private market. Lending, pre-approved plans, an understanding of the market and pricing, and leveraging scale and builder experience could all help this project expand greatly beyond the initial ten homes.

### Jackson and the MEDC as resources

The City of Jackson and the MEDC have both offered to continue to be resources for the City of Ironwood. Both would love to see the program replicated and be successful in other Michigan communities, especially Ironwood. As this project gets underway, continue discussions with both entities to review and fine tune Ironwood’s program.

# ZONING REVIEW

Objective: Consider adjustments to the zoning code to better support housing development.

## Existing Zoning Conditions

### **Zoning Districts**

The City of Ironwood's zoning ordinance includes both residential and commercial/mixed-use zoning districts that allow housing development. The districts regulate what types of housing are allowed and where they are allowed, as well as the required dimensional (lot/site/building), design, and parking standards by district and housing type.

#### *Residential Districts*

The five residential districts are:

- R-1 Residential
- R-1A Low Density Residential
- R-1B Medium Density Residential
- R-2 Multiple-family Residential
- R-3 Rural Residential
- R-4 High Density Residential

#### *Commercial/Mixed-use Districts*

The four commercial/mixed-use districts are:

- C-1 Neighborhood Commercial
- C-2 Downtown Mixed-use
- C-2A Downtown Storefronts
- C-3 Highway Mixed-use

## Housing Types Allowed

The following housing types are defined and allowed in the districts:

- » Detached single-family dwelling
- » Detached single-family dwelling, small lot
- » Duplex/triplex
- » Townhouse
- » Multi-family residential dwelling (flat)
- » Upper floor residential dwelling
- » Manufactured housing unit
- » Cottage court
- » Cottage (tiny home)
- » Accessory dwelling unit (ADU)
- » Live/work

## Lot/Site/Building Dimensional Requirements

### *Residential Districts*

The Residential Districts have the following lot, site, building requirements:

- » Lot size - area minimum, width minimum and maximum, depth minimum
- » Setbacks (minimum) – front, rear, side least, side total
- » Floor area ratio maximum
- » Building floor area minimum
- » Building height maximum – stories and feet

### *Commercial/Mixed-use Districts*

The Commercial/Mixed-use Districts have the following lot, site, building requirements:

- » Lot size - area minimum, width minimum
- » Setbacks (minimum) – front, rear, side, parking; also front setback maximum, build-to/dooryard, buffer (adjacent to single-family residential)
- » Building footprint maximum
- » Building height maximum – stories and feet; also building height minimum
- » Other building standards – ground floor elevation, second floor elevation, upper stories clear height, upper stories setback, window fenestration
- » Other site standards – Frontage build-to, private open space, lot coverage, screening (parking, adjacent to single-family residential)

## Design Standards

### Residential General Building Standards

- » Window fenestration
- » Façade articulation
- » Front porch or stoop
- » Building materials
- » Utility services
- » Garage/parking

### Residential Standards by Building Type

- » Building entrance orientation
- » Parking access and location
- » Façade articulation
- » Cottage courts – many!
- » Manufactured housing units – many!

### Commercial/Mixed-use Districts

- » Building materials
- » Façade articulation
- » Window fenestration
- » Upper story windows
- » Entrances
- » Awnings
- » Building height
- » Screening of building-mounted mechanical equipment
- » Private open area
- » Existing buildings

## Findings

### Allowed Uses in Districts

1. The names and numerical codes for the Residential Districts are confusing and misleading related to the types of housing and density allowed.

- a. R-3 is the rural and lowest density district
- b. R-4 is named High Density but is not high density, is lower density than a medium density district, and only allows single-unit dwellings
- c. R-2 is the highest density district
- d. R-1A and R-1B are sub-districts of R-1 which is confusing. R-1 is not an actual district and R-1A and R-1B function like separate districts (even shown separately on the zoning map).

2. Three of the five districts only allow single-family dwellings, one district allows one- and two-family dwellings, and only the R-2 district allows more than two-unit dwellings; there is not a district that allows Missing Middle Housing that doesn't also allow higher density housing.

3. While the Residential Districts' Use Table includes both detached and attached housing types, it is missing some attached housing types. Often referred to as Missing Middle Housing, some additional housing types that could be defined in the zoning ordinance are small vs. large townhouses and low- vs. high-rise apartment buildings.

4. Each district's intent also identifies applicable building types, which is redundant with the Use Table, so could be removed.

5. Commercial districts/mixed-use districts also allow residential uses, however, developers may not be aware of or understand these opportunities for residential development.

6. It's not clear whether the C-2A district is an overlay district or a base district, both in the zoning ordinance and the zoning map.

- a. Since the C-2A district is also subject to the C-2 requirements, it functions as an overlay. However, the C-2A district has different allowed uses in the Use Table which is not typical of an overlay district.
- b. In the C-2 Siting & Building Requirements table, it appears that there are separate standards for the C-2 and C-2A districts within the same table.
- c. If it is an overlay district, it could be shown on the zoning map as a hatched area over the C-2 base district. The way that the C-2A district is represented on the current zoning map, properties appear to be subject to both C-2 and C-2A zoning.

### Zoning Map

1. On zoning map, for all residential zoned land:
  - a. 83% of the land only allows single-unit dwellings
  - b. 98% of the land only allows single- or two-unit dwellings
2. On zoning map, for urban residential zoned land (doesn't include R-3 district):
  - a. 70% of the land only allows single-unit dwellings
  - b. 96% of the land only allows single- or two-unit dwellings
3. For C-2A, the zoning map is confusing as to whether it is a base or an overlay district.
4. Limited quantity of vacant land/parcels zoned for development of small lot single-unit dwellings, duplexes, triplexes, townhouses, and apartments. See tables below.

Zoning	Zoning District	Number of Vacant Parcels in District	Number of Total Parcels in District	Percent Vacant Parcels
Residential		634	3226	19.65%
R-1A	Low Density Residential	452	1756	25.74%
R-1B	Medium Density Residential	130	1293	10.05%
R-2	Multiple-family Residential	4	30	13.33%
R-3	Rural Residential	37	90	41.11%
R-4	High Density Residential	11	57	19.30%
Commercial		143	580	24.66%
C-1	Neighborhood Commercial	5	38	13.16%
C-2	Downtown Mixed-Use	81	292	27.74%
C-3	Highway Mixed-Use	57	250	22.80%
Other		24	93	25.81%
I	Industrial	17	58	29.31%
O	Open Land	7	35	20.00%
<b>Total</b>		801	3899	20.54%

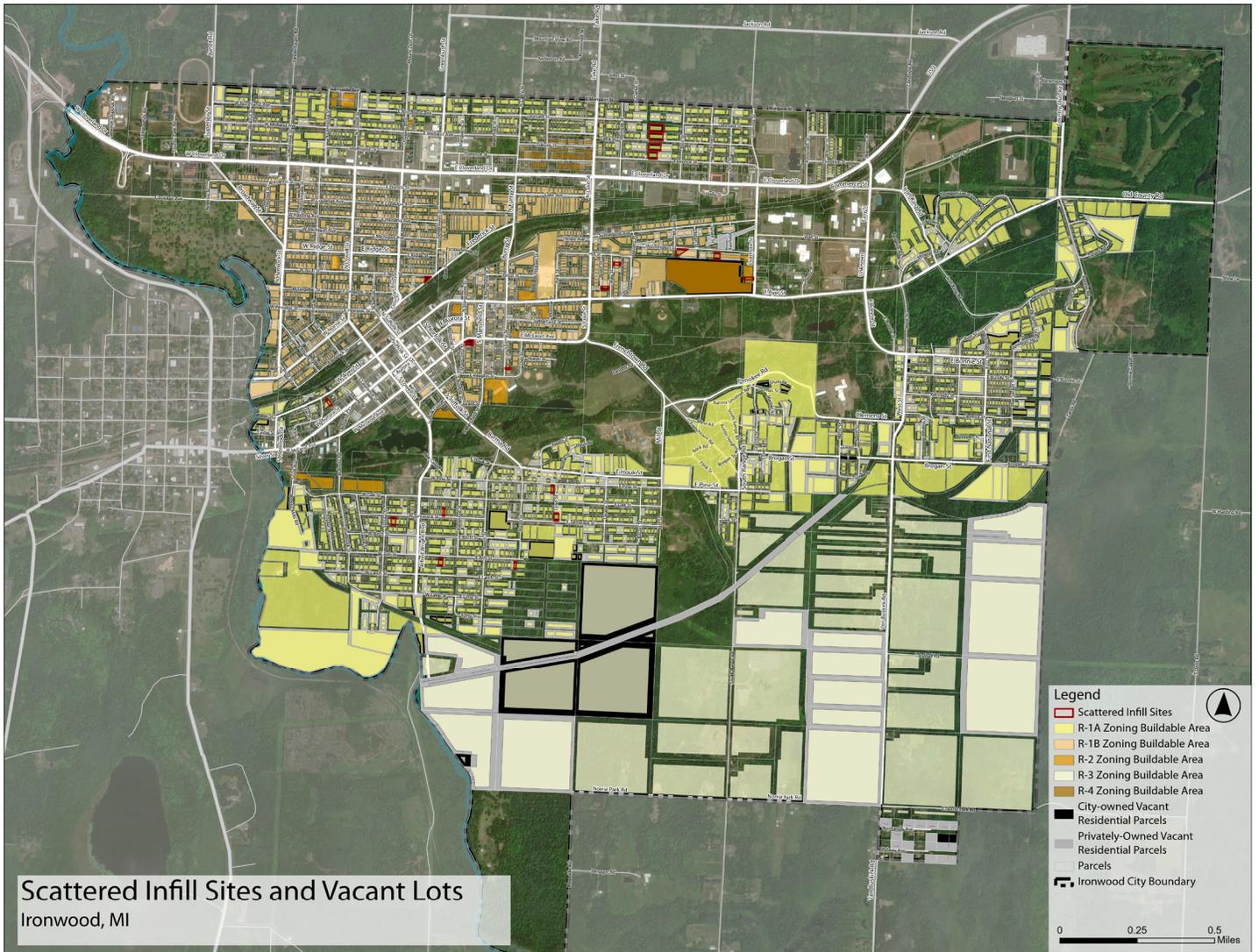
Zoning	Zoning District	Vacant Acres in District	Total Acres in District	Percent Vacant Acreage
<b>Residential</b>		732.41	2200.04	33.29%
R-1A	Low Density Residential	242.25	834.74	29.02%
R-1B	Medium Density Residential	28.69	338.76	8.47%
R-2	Multiple-family Residential	20.37	45.89	44.40%
R-3	Rural Residential	439.78	972.75	45.21%
R-4	High Density Residential	1.32	7.90	16.67%
<b>Commercial</b>		50.27	272.73	18.43%
C-1	Neighborhood Commercial	0.42	15.04	2.80%
C-2	Downtown Mixed-Use	21.29	80.81	26.35%
C-3	Highway Mixed-Use	28.56	176.87	16.15%
<b>Other</b>		182.44	1175.62	15.52%
I	Industrial	92.29	384.51	24.00%
O	Open Land	90.15	791.11	11.40%
<b>Total</b>		965.12	3648.39	26.45%

# Lot, Site, and Building Dimensional Requirements

1. The R-1A district, which is applied to 70% of the urban residential zoned land, has minimum lot size requirements that are large enough to be potential barriers to housing development. While the R-4 district has smaller lot size requirements, it is applied to less than 1% of the residential zoned land.
2. Average lot sizes of existing parcels by district are substantially larger than the minimum lot size requirements. Over time, the potential for subdividing lots could facilitate infill redevelopment.

Residential District Code	Residential District Name	Average Parcel Size in Square Feet	Minimum Lot Size in Square Feet
R-1A	Low Density Residential	20,990	8,400
R-1B	Medium Density Residential	10,824	5,000
R-2	Multiple-family Residential	62,478	5,000
R-3	Rural Residential	470,899	435,600 (10 acres)
R-4	High Density Residential	6,037	4,000

3. Minimum lot size requirements are set at the district level only; where multiple housing types are allowed in one district, the single minimum lot size requirement may be too large for some housing types. For example, the minimum lot area (5,000 sf) and lot width (50 ft) are too large for townhouse units. Consider setting lot size minimums by housing type.
4. Sec. 3.1-18 establishes a minimum lot width/depth ratio which probably is not needed.
5. Some site and building requirements may present barriers to housing development:
  - a. The R-2 maximum building height may be too low for the market for apartment buildings – 3 stories (50 ft).
  - b. Lot depth is typically determined by block sizes and typically is not needed as a standard, since there is already lot area and lot width standards.
  - c. The FAR standards may be too low, particularly for higher density housing. Best practices are to have a lot coverage standard and building height standard and then the FAR standard is not needed.
  - d. Floor area vs. FAR calculations related to the inclusion of garages is confusing.
  - e. Cottage court/cluster housing have confusing maximum floor area standards: 700 sq. ft. in the Schedule of Regulations table but 1,200 sq. ft. in the use specific standards within the district text.
  - f. The zoning ordinance has potentially restrictive, overly complex standards that could present barriers to housing development for ADUs and cottage court housing.
6. Cottages/tiny homes require a special land use approval, including a public hearing, but there are no specific standards. This approach may add delay and unpredictability to the development process.
7. Minimum parking space standards for residential are high, for example:
  - a. Multi-family \_\_\_\_\_ 1.5 to 2.5 spaces per dwelling unit
  - b. Small single-family (cottage, tiny home) \_\_\_\_\_ 2 spaces per dwelling unit
8. Numerical window fenestration standards are located in multiple locations - Siting & Building Requirements tables, Design Standards section, and the C-2A district text.
9. Definitions should be located in one place. Residential Building Design (Sec. 2.2-7) includes definitions for housing types. Some definitions are missing or hard to find.



A review of buildable lot areas shows that in many cases, what exists today could not be build with today's setback requirements. While the City has other options for permitting variances and special uses to allow development to happen on many of the undersized lots (a remnant of old, mining times platting), it is worth exploring other options to remove the ambiguity of what is allowed.

# R-1A Low Density Single Family Residential Example Lots



## R-1A District Requirements

### Lot Requirements

Minimum lot area: 8,400 s.f.  
 Minimum Lot Width: 75 ft. average, 70 ft. at road  
 Maximum Lot Width: 100 ft.  
 Minimum Lot Depth: 120 ft.

### Setback Requirements

Front Yard: 35 ft.  
 Side Yard: 20 ft. total, 8 ft. minimum  
 Rear Yard: 30 ft.

## Average of R-1A Example Lots

### Lot Requirements

Average Lot Area: 6,796 s.f.  
 (Median Lot Area: 6,211 s.f.)  
 Average Lot Width: 61 ft.  
 (Median Lot Width: 61 ft.)  
 Average Lot Depth: 102 ft.  
 (Median Lot Depth: 98 ft.)

### Setback Requirements

Front Yard: 35 ft.  
 Side Yard: 10 ft. each side, total 20 ft.  
 Rear Yard: 30 ft.

## Legend

- Yard Setbacks
  - Buildable Area
  - R-1A Lot Lines
- 0 40 80 Feet

# R-1B Medium Density Single Family Residential Example Lots



## R-1B District Requirements

### Lot Requirements

Minimum lot area: 5,000 s.f.  
 Minimum Lot Width: 40 ft.  
 Maximum Lot Width: 50 ft.  
 Minimum Lot Depth: 120 ft.

### Setback Requirements

Front Yard: 25 ft.  
 Side Yard: 16 ft. total, 8 ft. minimum  
 Rear Yard: 30 ft.

## Average of R-1B Example Lots

### Lot Requirements

Average Lot Area: 6,961 s.f.  
 (Median Lot Area: 5,553 s.f.)  
 Average Lot Width: 63 ft.  
 (Median Lot Width: 50 ft.)  
 Average Lot Depth: 110 ft.  
 (Median Lot Depth: 110 ft.)

### Setback Requirements

Front Yard: 25 ft.  
 Side Yard: 8 ft. each side, total 16 ft.  
 Rear Yard: 30 ft.

## Legend

- Yard Setbacks
  - Buildable Area
  - R-1B Lot Lines
- 0 40 80 Feet

# Action Plan

## City Staff Action Items

### Residential Districts

1. Rename and renumber the residential districts to reflect their relative density, with R-1 as the lowest density district, in order to make the zoning districts and the zoning map easier to understand. Update the districts' sequence in the tables accordingly.
2. Review and update the residential districts' intents to reflect the renamed/renumbered districts.
3. Add and define new housing types: small townhouse buildings (up to 4 attached units) and low-rise apartment buildings.
4. Create a new medium density district or update an existing district to allow Missing Middle housing options without allowing apartment buildings.
5. Remove the applicable building types from each district's intent. Since the Use Table identifies building/housing types for each district, it is redundant to list them with each district intent.
6. Reduce the lot R-1A lot size requirements and/or rezone more parcels to other districts with smaller lot size requirements.
7. Consider eliminating the minimum lot width/depth ratio requirement (Sec. 3.1-18).
8. Identify existing parcels that have substantially larger lot sizes than the minimum lot size requirements and analyze the potential for subdividing and infill development or complete redevelopment.
9. In conjunction with updated lot standards, conduct a rezoning study to identify opportunities for increasing the application of the R-1B, R-4, and R-2 districts on the zoning map.
10. Increase the R-2 maximum building height of 3 stories (50 ft).
11. Consider eliminating the lot depth, site FAR, and building floor area requirements.
12. Reduce residential minimum parking standards.
13. Clean up the confusing standards, discrepancies, and overly complex standards, including the following:
  - a. Floor area vs. FAR calculations related to the inclusion of garages
  - b. Cottage court/cluster housing maximum floor area standards
  - c. ADUs
  - d. Cottage court housing
  - e. Cottages/tiny homes
  - f. Window fenestration
14. Organize all definitions into one place within the zoning ordinance.

### Other Districts

15. Rename the commercial districts as mixed-use districts since they all allow residential.
16. Review and update the commercial districts' intents to reflect their mixed-use nature.
17. Clarify and update C-2A as an overlay district or a base district and represent accordingly on the zoning map. If it is a base district, then the properties should be clearly zoned C-2A. If it's an overlay district, there could be a hatched layer over the C-2 zoning.
18. Organize the Site & Building Requirements tables for the Commercial/Mixed-use districts into a single table, similar to the Residential Districts' Schedule of Regulations table (Sec. 2.2-5).
19. Review and update the dimensional standards of the commercial districts to remove barriers for housing development.
20. Conduct a rezoning study to identify opportunities for increasing the application of the C-1 district on the zoning map, which is only applied to 20 acres total and less than one acre of vacant land.

# 2025 HOUSING NEEDS ASSESSMENT

Prepared by: The Windward Group, LLC - March 2025

# HOUSING NEEDS ASSESSMENT IRONWOOD, MI



**IRONWOOD**  
MICHIGAN | *Find Your North*

**Prepared by: The Windward Group, LLC**

**March 2025**

**DRAFT**

## **PURPOSE & METHODOLOGY**

At the request of The City Ironwood, Michigan, The Windward Group was commissioned to evaluate the existing housing market and offer recommendations regarding steps that can be taken to improve housing quality and affordability within Ironwood with a focus upon the downtown core.

More specifically, this analysis includes the following:

- A thorough examination and analysis of the Gogebic County and Ironwood, MI areas taking into consideration location, accessibility, visibility, proximity to major employment, recreational and retail concentrations, and the general character of the county/community.
- A detailed economic and demographic analysis of Ironwood, MI and Gogebic County focusing upon employment, residential construction, and population/household trends as they affect potentials within Ironwood.
- An analysis and assessment of the future demand for residential housing, in Ironwood and Gogebic County over the next five years.
- An audit of all newer/larger-scale housing developments in the defined market area viewed to hold either direct or indirect competitive influence over future development potentials in Ironwood. This audit details absorption rate histories, rent/price positioning, unit size factors and included features or amenities on a project by project basis.
- A thorough examination of the existing housing market in Ironwood, as evidenced through active listings and recent sales activity.
- An assessment of the future competitive positioning of comparable rental developments in the planning pipeline.

## **EXECUTIVE SUMMARY**

The following paragraphs summarize the salient points detailed in the body of this analysis.

- After its incorporation as a city in the late 1800's, the population of Ironwood grew rapidly as iron ore mining jobs became plentiful, and myriad service oriented industries were established to support the local residents. As mining jobs disappeared beginning in the 1930's, continuing through the 1960's, Ironwood began a steady decline in both employment and population which continued until quite recently.

- In Gogebic County, of which the City of Ironwood is a significant component, we see that the number of employed persons declined from 6,113 in 2014 to 5,317 in 2021. A modest reversal of this trend has been witnessed over the past several years, as after losing only three jobs in 2021, Gogebic County added 149 new jobs in 2022, with another 175 positions added in 2023. Furthermore, the unemployment rate in Gogebic County has declined from 8.9% in 2014, to only 4.7% in 2023. It should be noted however, that during this ten-year timeframe, the labor force has also declined, but mirroring employment trends, has shown an increase over the past two years.
- In terms of residential construction (as evidenced by the authorization of building permits), between 2014 through 2021, development activity in Gogebic County was minimal, while in the City of Ironwood, it was nonexistent. However, along with modest employment additions there has been a recent uptick in residential construction with 38 new single family homes added to Gogebic County, and six new homes added to Ironwood over the past two years.
- From 2010 through 2015, US Census figures indicate that the number of households in Gogebic County dropped from 7,302 to 6,741, a net loss 561 households, continuing a trend that has been in place since mid-1900's. Over this same timeframe, the City of Ironwood lost 201 households. Over the past several years, however, an increase in employment has reversed the trend, with 196 households added to Gogebic County from 2015 through 2022, and an accompanying addition of 146 households added in the City of Ironwood. We expect this moderate increase to continue over the next several years, with 88 additional households forecast in Gogebic County and 139 new household formations expected in Ironwood by 2027.
- Annual household incomes in both Gogebic County and the City of Ironwood are somewhat low, but not altogether surprising. Specifically, we note a median income of \$48,199 in Gogebic County, and a median income of only \$35,722 in the City of Ironwood. Comparatively, we find a median income of \$51,950 in the larger Upper Peninsula, while the median in the State of Michigan stands at \$63,202. By ownership status, the median City of Ironwood income for homeowners is \$45,348 per year, while among renter households, the median is a very low \$22,613 per year.
- While local household incomes are restrained, correspondingly low housing costs have allowed area households to generally keep the percentage of income within standard affordability limits, defined as contributing under 30% of one's income towards housing. Specifically, we find that in both Gogebic County and the City of Ironwood, only 21.3% of all households are paying more than 30% of their incomes for housing. As would be

expected, rental households and lower income ownership households devote higher levels of income for housing in both areas.

- Given the older housing inventory and the associated lower prices/rents, in both Gogebic County and the City of Ironwood, we find an excess of homes at prices below \$100,000 and rents below \$1,000 per month. Conversely, at higher prices/rents, we note a significant shortage of inventory in both areas.
- Based upon a synthesis of several housing demand factors, we expect that housing demand in Gogebic County will average between 75 and 90 units annually over the next five years.
- As referenced earlier and detailed in the body of this analysis, the current housing inventory in both Gogebic County and the City of Ironwood is generally older, and in many instances, functionally obsolete. Specifically, the median year of construction for a home in Gogebic County is 1954 with only 6.9% of the housing stock having been built after the year 2000. In Ironwood, the general housing inventory is even older as the median home is 90 years old, with only 2.0% of existing homes having been built in the past 24 years.
- An older housing inventory coupled with modest incomes has kept housing values relatively low in the region. In Gogebic County, the 2022 median value of a home stands at \$87,800, with 70.9% of all homes valued at \$150,000 or lower. In Ironwood, we note a median home value of only \$67,700, with 88.2% of all units valued under \$150,000.
- While housing values remain relatively low, recent figures provided by Realtor.com indicate moderate increases over the past year. In Gogebic County, we note that since August 2023, median home values have grown from \$111,064 to \$119,776 in July of 2024, an increase of 8.1% over that timeframe. All things being equal, we anticipate that these moderate increases in housing values will likely continue over the next five years.
- In both Gogebic County and the City of Ironwood, the housing inventory trends heavily towards single family alternatives, with a representation rate of over 80.0% in both areas. Conversely, in both areas we find a low percentage of higher density (rental apartment and/or townhome/condominium) housing options. As would be expected, a preponderance of single family homes dictates that almost all housing units include two, three or four bedrooms, with over 80% of the overall housing inventory found in these categories.
- In the City of Ironwood focusing upon the downtown area, we note a total of 35 homes have been sold since October of 2023. Among all units the average home included 2.9

bedrooms, 1,5 bathrooms, and offered 1,315 square feet of living area. With an average sales price of \$108,860 among these 35 sales, we note a value ratio of \$82.79 per square foot.

- Among higher density for-sale alternatives, in Gogebic County only two townhome/condominium units have been sold over the past eight months, with both being located proximate to the Snow River Ski Resort. As such, it is likely that both units were purchased for seasonal use.
- Among rental apartment options, we find no significant development since the mid to late 1980's. Further, outside of two smaller properties (5 and 12 units), all apartment properties are either subsidized through programs like Section 8, are restricted to tenants aged 62 or older, or both. As Section 8 rents are based upon tenant income and not upon market factors, evaluating overall rental rate trends is not practicable.

## CONCLUSIONS

Like many other similar communities located throughout the upper Midwest that were historically heavily dependent upon a specific manufacturing industry, the City of Ironwood (which relied upon iron ore mining, and to a lesser degree, timber/logging) experienced significant population losses, negative employment growth, stagnant housing values and general economic malaise after mining operations either closed or severely curtailed operations, beginning in the 1930's and continuing over the following decades.

For several reasons discussed further in the body of this report, the City of Ironwood has begun reversing these trends over the past several years. While a return to the halcyon days of the early to mid-1900's is unlikely, there is certainly cause for a moderate degree of optimism.

Based upon the information detailed in this report and summarized above, it is evident that the City of Ironwood, Michigan currently suffers from a shortage of newer, high quality housing and that new, properly designed, marketed and priced rental apartment and/or single-family home developments can achieve strong levels of consumer acceptance from both current residents of Ironwood, as well as from those currently residing outside of the City or Gogebic County limits.

However, it will be critically important that any future rental apartment or for-sale (single family or to a lesser degree, townhome/condominium) development be properly priced to fall within the affordability parameters of the consumer base.

Given the significant number of current area residents who are paying significantly less than what they can nominally afford (based upon a maximum of 30% of income for housing) there is ample opportunity for any new residential development to tap into those potential buyers or renters who would opt for newer housing options should they become available.

In the section which follows, we will present detailed product recommendations that will fit within these affordability parameters.

### RECOMMENDATIONS

As detailed in the body of this analysis, and summarized above, though moderate, there is verifiable demand for various residential development alternatives in the City of Ironwood. However, in order to maximize consumer acceptance, it will be essential that any residential offerings be efficiently designed, well marketed and of primary importance, be properly priced.

As a matter of general guidelines, any residential development (either rental or for-sale) should be relatively simple in design, without excessive or overly expensive amenities and features. Buildings should be somewhat basic in layout, without extraneous gables, rooflines, exterior materials or interior finishes. Following each recommendation by product type are photo images that display the general concept for design.

Furthermore, the product guidelines are meant to be somewhat general in nature, and specific details concerning these options will need additional research and market analysis. These should be used as a starting point for future evaluation.

All options presented below would be well suited for development upon the 17-acre Ayer Street site just east of downtown, or upon any comparable site in Ironwood that includes, at minimum, approximately five to seven acres.

For rental apartments, there are three options presented below. The first two would require allocations of Low Income Housing Tax Credits, as allocated through MSHDA, while the third is a market rate apartment alternative. Developers can focus on any one of these options, or a combination of all three. It is important to stress, however, that the allocation of annual tax credits is typically both highly competitive and comprehensive.

Ironwood, Michigan Rental Apartment Product Recommendations LIHTC & Market Rate Alternatives							
60% of AMI Unit Type	Unit Count	Percent of Total	Maximum Rent (60%)	Unit Size (Sq. Feet)	Rent/ Sq. Foot	Estimated Utilities	Total Cost
Studio/Efficiency	2	5.0%	\$762	450	\$1.69	\$75	\$837
One Bedroom	18	45.0%	\$796	650	\$1.22	\$100	\$896
Two Bedroom	16	40.0%	\$950	800	\$1.19	\$125	\$1,075
Three Bedroom	4	10.0%	\$1,092	1,000	\$1.09	\$150	\$1,242
<b>Total/Average</b>	<b>40</b>	<b>100.0%</b>	<b>\$886</b>	<b>735</b>	<b>\$1.20</b>	<b>\$114</b>	<b>\$999</b>
80% of AMI Unit Type	Unit Count	Percent of Total	Maximum Rent (80%)	Unit Size (Sq. Feet)	Rent/ Sq. Foot	Estimated Utilities	Total Cost
Studio/Efficiency	2	5.0%	\$1,041	450	\$2.31	\$75	\$1,116
One Bedroom	18	45.0%	\$1,095	650	\$1.68	\$100	\$1,195
Two Bedroom	16	40.0%	\$1,309	800	\$1.64	\$125	\$1,434
Three Bedroom	4	10.0%	\$1,506	1,000	\$1.51	\$150	\$1,656
<b>Total/Average</b>	<b>40</b>	<b>100.0%</b>	<b>\$1,219</b>	<b>735</b>	<b>\$1.66</b>	<b>\$114</b>	<b>\$1,333</b>
Market Rate Unit Type	Unit Count	Percent of Total	Monthly Rent	Unit Size (Sq. Feet)	Rent/ Sq. Foot	Estimated Utilities	Total Cost
Studio/Efficiency	4	10.0%	\$1,100	450	\$2.44	\$75	\$1,102
One Bedroom	20	50.0%	\$1,200	650	\$1.85	\$100	\$1,202
Two Bedroom	14	35.0%	\$1,400	800	\$1.75	\$125	\$1,402
Three Bedroom	2	5.0%	\$1,600	1,000	\$1.60	\$150	\$1,602
<b>Total/Average</b>	<b>40</b>	<b>100.0%</b>	<b>\$1,280</b>	<b>700</b>	<b>\$1.83</b>	<b>\$109</b>	<b>\$1,389</b>



For single family development, we suggest that the following be used as a general guideline.

Ironwood, Michigan Single Family Product Recommendations					
Single Family Unit Type	Unit Type	Unit Count	Purchase Price	Unit Size (Sq. Feet)	Price/ Sq. Foot
3 BR/2 BA	Ranch	10	\$229,900	1,600	\$143.69
3+Den/2.5 BA	Cape Cod	15	\$249,900	1,750	\$142.80
4BR/2.5 BA	Two Story	20	\$269,900	1,900	\$142.05
4BR/2.5 BA	Two Story	10	\$289,900	2,100	\$138.05
<b>Total/Average</b>		<b>55</b>	<b>\$260,809</b>	<b>1,841</b>	<b>\$141.67</b>



For higher density, maintenance free townhome/condominium development, we suggest a flat-over-flat design, with attached one or two car garage spaces as detailed below.

Ironwood, Michigan Townhome/Condominium Product Recommendations					
Townhome/Condo Unit Type	Unit Type	Unit Count	Purchase Price	Unit Size (Sq. Feet)	Price/ Sq. Foot
1+Den/1.5 BA	Flat-Lower	4	\$149,900	800	\$187.38
2 BR/2 BA	Flat-Lower	8	\$159,900	900	\$177.67
2 BR/2 BA	Flat-Upper	8	\$174,900	1,000	\$174.90
3 BR/2 BA	Flat-Upper	4	\$194,900	1,200	\$162.42
<b>Total/Average</b>		<b>24</b>	<b>\$169,067</b>	<b>967</b>	<b>\$174.90</b>



## Current Economic Developments

Within the Ironwood/Gogebic County, MI area, there are several recent, significant economic developments that will likely have a positive impact upon the local economy over the next five to ten years.

In northwest Gogebic County, the Quebec based Highland Copper Company has secured 550 acres to develop the **Copperwood Mine**. This fully permitted, non-acid generating development will include a processing plant, an ore stockpile area, a tailings disposal facility as well as support facilities.

With an expected life of 11 years, the Copperwood Mine will employ 380 workers and will inject an estimated \$425 million in development costs into the area.

At the **Copper Peak** ski area in Ironwood, the iconic ski jump structure is set to undergo a \$20 million renovation with the intent of making it a global destination. The structure, which was decommissioned in the 1990's, will allow Copper Peak to host year-round ski jumping competitions and training. Redevelopment is expected to take approximately two years to complete.

Just west of Ironwood on the Bad River Indian Reservation, Enbridge Energy, a Canadian Oil Company is working to reroute the existing **Line 5 Pipeline** after their permission on the land expired 10 years ago.

Line 5 currently transports 545,000 barrels a day of light crude oil, light synthetic crude oil and natural gas liquids from western Canada, through northern Wisconsin and the Upper Peninsula of Michigan into eastern Canada. Products which are carried by the 645-mile long pipeline are used to make transportation fuels, as well as fuel used to heat homes and businesses.

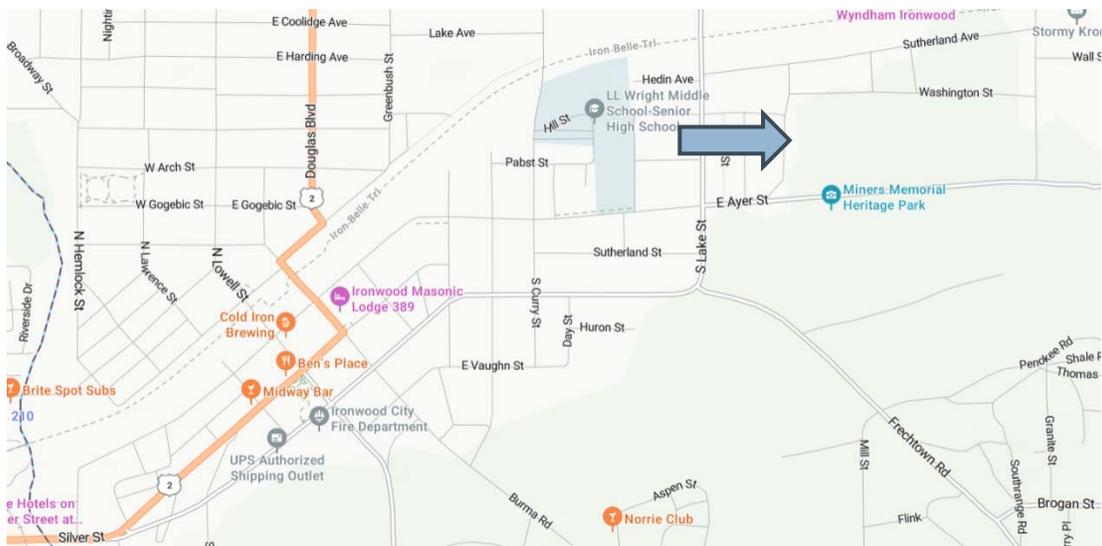
The rerouting of Line 5 is expected to cost approximately \$450 million, and will employ 700 workers during its construction, which is expected to take approximately 10 years to complete is still in the final permitting process.

## Development Parcel

While this analysis is not site-specific, there is a 27-acre parcel located just east of the downtown area that has been identified by the City as an ideal location for future residential development.

As seen on the graphic below, the site is bordered by Ayer Street on the south, Washington Street on the north and by Luxmore Street on the east. The site is also enhanced by the presence of the Miners Memorial Heritage immediately to the south, across Ayer Street.

## Housing Needs Assessment Ironwood, MI



With its location proximate to downtown Ironwood, and the growth corridor along Highway 2 to the north, as well as to LL Wright Middle and Senior High School, the site is ideally suited for future residential development.

Topographically, the site is relatively flat, but it benefits from excellent accessibility and visibility. The property is also served by all utilities including sewer and water, as well as electrical.

The property is currently zoned R-2, which will allow for the development of most residential uses, including single family, rental apartment or townhome/condominium alternatives.

As part of their update to the Ironwood Comprehensive Plan, Minneapolis based HkGi developed two conceptual development layouts for this property. These include a mix of residential uses, including senior housing, rowhouses and /or rental apartment alternatives. These preliminary land use plans are presented below.



City of Ironwood Parcels  
Potential Housing Development Site

Housing Needs Assessment Ironwood, MI



In the Recommendations section of this analysis, we provide specific market based product guidelines for each of the above residential development alternatives.

## ECONOMIC, DEMOGRAPHIC & DEMAND FACTORS

### Methodology

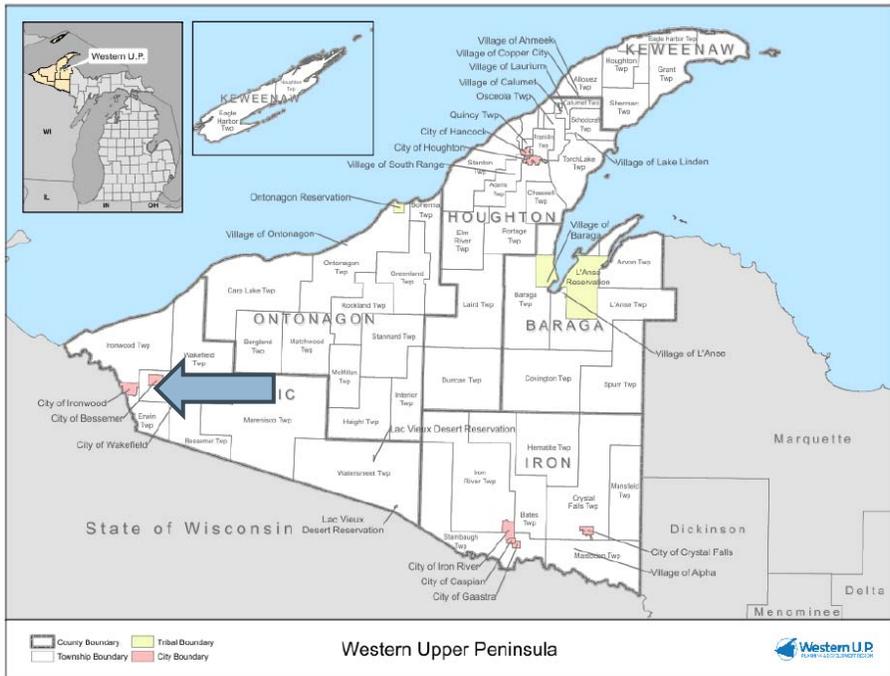
In this section of the analysis, we examine those relevant economic and demographic factors that will have an impact upon future housing potentials in both Gogebic County and the City of Ironwood over the next five to ten years.

In order to derive our future demand figures we synthesized a number of different housing demand indicators, including anticipated employment growth, residential construction activity, expected household formations, as well as capture rate calculations for both for-sale and rental alternatives.

### Market Area Definitions

While the focus of this analysis is the City of Ironwood, Michigan, future residential potentials within the city will be significantly impacted by a larger geographic area. As such, to evaluate the potential demand for residential development within the City of Ironwood, it is first necessary to establish that market area from which most future demand will emanate. In our determination, this area includes the entirety of Gogebic County.

Geographically, the City of Ironwood sits in the southwest of Gogebic County, aligning the Montreal River, and immediately north and east of Hurley, Wisconsin. From a broader perspective, Gogebic County is geographically positioned within the westernmost reaches of Michigan's Upper Peninsula, as indicated in the maps which follow.





**Employment & Industry**

As detailed in the chart which follows, over the past ten years, the number of employed persons in Gogebic County has **declined** from 5,959 to 5,620. This reflects a loss of 339 jobs in total, or an average of 40 per year.

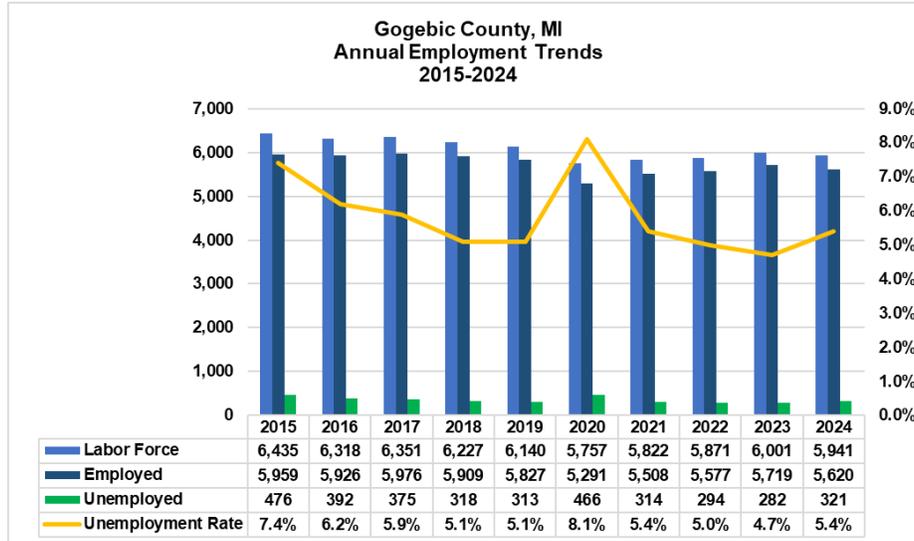
However, we also note that after suffering the loss of 536 jobs in COVID impacted 2020, over the following three years, employment in Gogebic County began to reverse this negative trend, with 217 job additions in 2021, followed by 69 jobs additions in 2022, and 142 jobs added in 2023. In 2024, the market weakened slightly, with 99 jobs lost during the year. This figure, however, is slightly misleading and likely due to general cyclical market trends, as evidenced by the fact that between July and December 2024, Gogebic County recorded 146 new job additions.

Going forward, we expect these moderate employment gains to continue, with an average of approximately 150 new jobs created annually in Gogebic County over the next five years. Based upon a ratio of one new housing unit for every 1.75 new jobs created yields expected demand for an average of 85 new housing units.

Furthermore, over this same ten-year timeframe, we see that the unemployment rate has declined significantly and consistently from a high of 8.1% in 2020 to 5.4% in 2024. This positive trend should be somewhat tempered, as over that same timeframe, the number of persons in the Gogebic County labor force has also declined from 6,435 in 2015 to 5,941 in 2024, as detailed in the table and chart which follow. The bulk of these recent declines in the labor force can be traced to an aging local populace with many current residents either in or approaching retirement age.

Gogebic County, Michigan Annual Employment Trends 2014-2024*						
	Labor Force		Employed		Unemployed	Unemployment
	Total	Net Chg	Total	Net Chg	Total	Rate
<b>2015</b>	6,435	-275	5,959	-207	476	7.4%
<b>2016</b>	6,318	-118	5,926	-33	392	6.2%
<b>2017</b>	6,351	33	5,976	50	375	5.9%
<b>2018</b>	6,227	-124	5,909	-67	318	5.1%
<b>2019</b>	6,140	-86	5,827	-82	313	5.1%
<b>2020</b>	5,757	-383	5,291	-536	466	8.1%
<b>2021</b>	5,822	65	5,508	217	314	5.4%
<b>2022</b>	5,871	48	5,577	69	294	5.0%
<b>2023</b>	6,001	131	5,719	142	282	4.7%
<b>2024</b>	5,941	-60	5,620	-99	321	5.4%

Source: Federal Reserve Bank of St. Louis



As noted above, the current employed population within Gogebic County stands at 5,620 persons, and the general economy is well diversified with no one employment sector dominating the area. Specifically, the Education & Healthcare sector accounts for the highest representation in the area at 20.9%, followed by Retail Trade at 14.6%, and Manufacturing at 12.6%. Within the City of Ironwood, a similar trend is evident, with Education & Healthcare accounting for 21.2% of all jobs, while Manufacturing represents 19.5% of total employment, and Retail Trade supports 14.5%, as detailed in the table below.

**Gogebic County & Ironwood, MI  
2022 Employed Population by Industry**

Industry	Gogebic County		Ironwood, MI	
	Number	Percent	Number	Percent
Agriculture & Mining	209	3.7%	21	1.0%
Construction	429	7.6%	144	7.0%
Manufacturing	711	12.6%	400	19.5%
Wholesale Trade	73	1.3%	50	2.4%
Retail Trade	824	14.6%	297	14.5%
Transportation & Utilities	265	4.7%	49	2.4%
Information	79	1.4%	24	1.2%
Finance, Insurance, & Real Estate	367	6.5%	90	4.4%
Professional Services	333	5.9%	148	7.2%
Education & Healthcare	1179	20.9%	434	21.2%
Arts & Entertainment	542	9.6%	136	6.6%
Other Services	276	4.9%	109	5.3%
Public Administration	355	6.3%	145	7.1%
<b>Total</b>	<b>5,641</b>	<b>100.0%</b>	<b>2,047</b>	<b>100.0%</b>

Source: U.S. Census Bureau

**Residential Construction Activity**

As a relatively rural area in Michigan’s Upper Peninsula with only modest employment growth over the past ten years, residential construction activity (as evidenced through building permit authorizations) within both the City of Ironwood and Gogebic County has been minimal over the past ten years.

However, mirroring recent employment trends, the area has seen a recent uptick in activity. Specifically, after authorizing a total of only nine new residential units (all within the Single Family sector) from 2014 through 2021, Gogebic County saw 11 new homes constructed in 2022 and 27 new homes developed in 2023. Continuing this trend, we see that through September of 2024, a total of 26 new homes have been authorized, reflecting a moderate increase from the same period one year earlier, during which 24 new units were permitted.

It is likely that this increase can be attributed, at least partially, to the rapid increase in home values in Vilas and Oneida County, Wisconsin to the south, as moderate income households spill over into Gogebic County searching for less expensive housing options.

Within the City of Ironwood, there was no new residential construction activity recorded from 2014 through 2021. However, while still minimal, Ironwood did see the construction of three new homes in both 2022 and 2023 with another four new authorizations recorded through September of this year, as indicated in the following table.

<b>Gogebic County &amp; Ironwood, MI Annual Housing Start Statistics 2014-2023</b>				
<b>Year</b>	<b>Gogebic County</b>		<b>Ironwood, MI</b>	
	<b>Total</b>	<b>Single Family</b>	<b>Total</b>	<b>Single Family</b>
<b>2014</b>	0	0	0	0
<b>2015</b>	0	0	0	0
<b>2016</b>	3	3	0	0
<b>2017</b>	1	1	0	0
<b>2018</b>	1	1	0	0
<b>2019</b>	2	2	0	0
<b>2020</b>	1	1	0	0
<b>2021</b>	1	1	0	0
<b>2022</b>	11	11	3	3
<b>2023</b>	27	27	3	3
<b>Total</b>	<b>47</b>	<b>47</b>	<b>6</b>	<b>6</b>
<b>Average</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>1</b>
<b>2023 September</b>	24	24	2	2
<b>2024-September</b>	26	26	4	4

The most recent statistics available (through September of 2024) indicate a continuation of the trend noted over the past two years. In Gogebic County, 26 new single family homes have been authorized thus far in 2024, which compares favorably to the 24 units recorded over the same time frame in 2023. In the City of Ironwood, the four new homes permitted in 2024 also reflects a year over year increase as through June of 2023, only two new home permits were recorded.

Based upon a continuation of these construction trends, we estimate that new housing construction activity (based upon building permit authorizations) will average between 25 and 50 new units yearly in Gogebic County over the next several years.

### Demographic Factors

Within Gogebic County, the most recent (2022) census estimates placed the total **household** count at 7,302 units in 2010, declining to 6,741 households in 2015. A reversal in the declining trend was witnessed in 2020 as the household base expanded to 6,896, and further to 6,937 in 2022. This modest expansion is expected to continue over the next five years, with an estimated 88 household formations anticipated, bringing the total to 7,025 in 2027.

In the City of Ironwood, a similar and more positive trend is evident, with the household base expected to grow from 2,636 in 2022 to 2,775 in 2027, an increase of 139 households.

Gogebic County & Ironwood, MI Population & Household Trends 2010-2027*					
	2010	2015	2020	2022	2027*
	Households	Households	Households	Households	Households
<b>Gogebic County</b>	7,302	6,741	6,896	6,937	7,025
<b>Net Change</b>	NA	-561	155	41	88
<b>Net Change/Year</b>	NA	-112	31	21	18
<b>Average HH Size</b>	2.26	2.35	2.13	2.10	2.06
<b>Ironwood, MI</b>	2,691	2,490	2,589	2,636	2,775
<b>Net Change</b>	NA	-201	99	47	139
<b>Net Change/Year</b>	NA	-40	20	24	28
<b>Average HH Size</b>	2.04	2.07	1.90	1.93	1.99
	2010	2015	2020	2022	2027*
	Population	Population	Population	Population	Population
<b>Gogebic County</b>	16,471	15,824	14,715	14,597	14,500
<b>Net Change</b>	NA	-647	-1,109	-118	-97
<b>Net Change/Year</b>	NA	-129	-222	-59	-19
<b>Ironwood, MI</b>	5,490	5,153	4,925	5,088	5,525
<b>Net Change</b>	NA	-337	-228	163	437
<b>Net Change/Year</b>	NA	-67	-46	82	87

Source: US Census Bureau  
\*Forecast estimate

As detailed above, over the next five years the **population** of Gogebic County is forecast to decline but at a slower pace than seen in previous years, while in the City of Ironwood, population trends will be more in line with household formations and will increase by 427 persons over that timeframe.

The median annual household income within Gogebic County currently (2022) stands at \$48,199 per year. As a point of reference, for the entire Upper Peninsula the median income stands at \$51,950, while for the State of Michigan as a whole, a median annual income of \$63,202 is noted.

By component income category, the bulk of households in Gogebic County are earning between \$25,000 and \$49,999 annually, with 1,824 households in this range, accounting for 26.3% of the total. Conversely, we note that 25.1% of all households are earning less than \$25,000 annually, with only 20.0% of the households earning \$100,000 or more.

In the City of Ironwood, the 2022 median annual income for a resident household stood at only \$35,722 per year, a figure 25.8% lower than that noted for Gogebic County. Incomes are somewhat concentrated in the \$15,000 to \$34,999 range, in which the 1,002 households represent 38.0% of the total. Furthermore, we find that in the City of Ironwood, only 17.0% of households earn in excess of \$100,000, as seen below.

Gogebic County & Ironwood, MI 2022 Income Distribution						
Annual Income	Gogebic County			Ironwood, MI		
	Number	Percent	Cumulative	Number	Percent	Cumulative
< \$14,999	839	12.1%	12.1%	301	11.4%	11.4%
\$15,000-\$24,999	902	13.0%	25.1%	472	17.9%	29.3%
\$25,000-\$34,999	957	13.8%	38.9%	530	20.1%	49.4%
\$35,000-\$49,999	867	12.5%	51.4%	303	11.5%	60.9%
\$50,000-\$74,999	1,263	18.2%	69.6%	385	14.6%	75.5%
\$75,000-\$99,999	721	10.4%	80.0%	198	7.5%	83.0%
\$100,000-\$149,999	819	11.8%	91.8%	293	11.1%	94.1%
\$150,000-\$199,999	305	4.4%	96.2%	95	3.6%	97.7%
\$200,000 >	264	3.8%	100.0%	61	2.3%	100.0%
<b>Total Households</b>	<b>6,937</b>	<b>100.0%</b>		<b>2,636</b>	<b>100.0%</b>	
<b>Median Household Income</b>		<b>\$48,199</b>			<b>\$35,722</b>	
<b>Mean Household Income</b>		<b>\$68,140</b>			<b>\$59,185</b>	

Source: US Census Bureau

Looking at incomes by home ownership status we see that in the City of Ironwood, among householders that **own** their home (76.6% of all households), the median income stands at \$45,348, while among **renter** households (23.4%), the median income is only \$22,613 per year.

Furthermore, among renter households, fully 83.9% earn less than \$50,000 annually as detailed in the following table. Based upon this fact, it will be important to understand that any new rental apartment development in the City of Ironwood must be designed and priced to remain within the affordability limits of the bulk of the renter household base.

Ironwood, Michigan 2022 Income Distribution by Ownership Status						
Annual Income	Owner Occupied			Renter Occupied		
	Number	Percent	Cumulative	Number	Percent	Cumulative
< \$14,999	149	7.4%	7.4%	153	24.8%	24.8%
\$15,000-\$24,999	269	13.3%	20.7%	204	33.1%	58.0%
\$25,000-\$34,999	412	20.4%	41.1%	118	19.2%	77.1%
\$35,000-\$49,999	261	12.9%	54.0%	42	6.8%	83.9%
\$50,000-\$74,999	332	16.4%	70.4%	52	8.4%	92.4%
\$75,000-\$99,999	185	9.2%	79.6%	12	1.9%	94.3%
\$100,000-\$149,999	267	13.2%	92.8%	25	4.1%	98.4%
\$150,000 >	145	7.2%	100.0%	10	1.6%	100.0%
<b>Total Households</b>	<b>2,020</b>	<b>100.0%</b>		<b>616</b>	<b>100.0%</b>	
<b>Median Household</b>		<b>\$45,348</b>			<b>\$22,613</b>	

It is generally accepted that in order to remain “affordable”, housing costs should account for less than 30.0% of a household’s total income.

In Gogebic County, among **owner-occupied** households we find that only 16.5% are paying more than 30.0% of their annual income for housing, with 69.2% paying less than 20.0%. Conversely, among **renter** households, 48.5% are contributing more than 30.0% of their income for housing, while only 35.4% are paying less than 20.0%.

These relatively low ratios, especially among homeowners, is more a function of low housing costs rather than elevated incomes.

In the City of Ironwood, an identical 16.5% of owner-occupied households are paying 30.0% or more of their income for housing, while among renter households, we find that 40.0% are dedicating 30.0% or more of their income to housing costs, with relatively low housing costs/prices again being the operative factor. This is detailed further in the table below.

Gogebic County & Ironwood, MI 2022 Housing Costs as a Percentage of Household Income												
Household Income Range	Gogebic County, Michigan						City of Ironwood, Michigan					
	Owner Occupied		Renter Occupied		All Households		Owner Occupied		Renter Occupied		All Households	
	Households	Percent	Households	Percent	Households	Percent	Households	Percent	Households	Percent	Households	Percent
<b>All Households</b>	<b>5,897</b>	<b>100.0%</b>	<b>1,040</b>	<b>100.0%</b>	<b>6,937</b>	<b>100.0%</b>	<b>2,098</b>	<b>100.0%</b>	<b>538</b>	<b>100.0%</b>	<b>2,636</b>	<b>100.0%</b>
Under 20%	4,079	69.2%	368	35.4%	4,447	64.1%	1,423	67.8%	222	41.3%	1,646	62.4%
20% to 29%	844	14.3%	167	16.1%	1,011	14.6%	329	15.7%	101	18.7%	430	16.3%
Over 30%	974	16.5%	505	48.5%	1,479	21.3%	345	16.5%	215	40.0%	560	21.3%
<b>Less than \$20,000</b>	<b>648</b>	<b>100.0%</b>	<b>480</b>	<b>100.0%</b>	<b>1,128</b>	<b>100.0%</b>	<b>322</b>	<b>100.0%</b>	<b>232</b>	<b>100.0%</b>	<b>554</b>	<b>100.0%</b>
Under 20%	53	8.2%	19	4.0%	72	6.4%	24	7.5%	9	3.9%	33	6.0%
20% to 29%	146	22.5%	74	15.4%	220	19.5%	88	27.3%	51	22.0%	139	25.1%
Over 30%	449	69.3%	387	80.6%	836	74.1%	210	65.2%	172	74.1%	382	69.0%
<b>\$20,000 to \$34,999</b>	<b>1,080</b>	<b>100.0%</b>	<b>243</b>	<b>100.0%</b>	<b>1,323</b>	<b>100.0%</b>	<b>469</b>	<b>100.0%</b>	<b>155</b>	<b>100.0%</b>	<b>624</b>	<b>100.0%</b>
Under 20%	584	54.1%	100	41.2%	684	51.7%	304	64.8%	89	57.4%	393	63.0%
20% to 29%	197	18.2%	58	23.9%	255	19.3%	89	19.0%	35	22.6%	124	19.9%
Over 30%	299	27.7%	85	35.0%	384	29.0%	76	16.2%	31	20.0%	107	17.1%
<b>\$35,000 to \$49,999</b>	<b>712</b>	<b>100.0%</b>	<b>118</b>	<b>100.0%</b>	<b>830</b>	<b>100.0%</b>	<b>261</b>	<b>100.0%</b>	<b>22</b>	<b>100.0%</b>	<b>283</b>	<b>100.0%</b>
Under 20%	420	59.0%	85	72.0%	505	60.8%	139	53.3%	13	59.1%	152	53.7%
20% to 29%	163	22.9%	23	19.5%	186	22.4%	97	37.2%	9	40.9%	106	37.5%
Over 30%	129	18.1%	10	8.5%	139	16.7%	25	9.6%	0	0.0%	25	8.8%
<b>\$50,000 to \$74,999</b>	<b>1,176</b>	<b>100.0%</b>	<b>83</b>	<b>100.0%</b>	<b>1,259</b>	<b>100.0%</b>	<b>332</b>	<b>100.0%</b>	<b>52</b>	<b>100.0%</b>	<b>384</b>	<b>100.0%</b>
Under 20%	1,001	85.1%	77	92.8%	1,078	85.6%	321	96.7%	52	100.0%	373	97.1%
20% to 29%	150	12.8%	5	6.0%	155	12.3%	11	3.3%	0	0.0%	11	2.9%
Over 30%	25	2.1%	1	1.2%	26	2.1%	0	0.0%	0	0.0%	0	0.0%
<b>\$75,000 or More</b>	<b>2,025</b>	<b>100.0%</b>	<b>71</b>	<b>100.0%</b>	<b>2,096</b>	<b>100.0%</b>	<b>597</b>	<b>100.0%</b>	<b>47</b>	<b>100.0%</b>	<b>644</b>	<b>100.0%</b>
Under 20%	1,844	91.1%	71	100.0%	1,915	91.4%	556	93.1%	47	100.0%	603	93.6%
20% to 29%	151	7.5%	0	0.0%	151	7.2%	26	4.4%	0	0.0%	26	4.0%
Over 30%	30	1.5%	0	0.0%	30	1.4%	15	2.5%	0	0.0%	15	2.3%

Looking at households by both age of primary householder and income, we find that in Gogebic County the median income for a household headed by a person 25 years or younger, the median income stands at \$31,447 per year. For households headed by a person 35 to 44, the median is \$48,608, increasing to \$66,607 for 45 to 64 year old households, then declining to \$48,199 for households headed by a person 65 or older.

In the City of Ironwood, a similar trend is evident with the Under 25 median at \$36,896, the median for 25 to 44 year olds at \$37,812, a median of \$55,512 for 45 to 64 year olds, and \$35,722 for households headed by a person 65 or older. Further details can be found in the following table.

Gogebic County, MI 2022 Households by Age & Income										
Income Range	Age of Householder								All Households	
	Under 25		25 to 44		45 to 64		65 & Older		Households	Percent
	Households	Percent	Households	Percent	Households	Percent	Households	Percent		
Under \$15,000	25	20.0%	170	10.6%	317	12.4%	325	12.3%	837	12.1%
\$15,000-\$24,999	13	10.4%	273	17.0%	223	8.7%	390	14.7%	899	13.0%
\$25,000-\$34,999	38	30.4%	139	8.7%	229	9.0%	556	21.0%	962	13.9%
\$35,000-\$49,999	8	6.4%	243	15.1%	265	10.4%	348	13.1%	864	12.5%
\$50,000-\$74,999	14	11.2%	292	18.2%	366	14.3%	598	22.5%	1,270	18.3%
\$75,000-\$99,999	27	21.6%	194	12.1%	295	11.5%	203	7.7%	719	10.4%
\$100,000-\$149,999	0	0.0%	182	11.3%	492	19.3%	143	5.4%	817	11.8%
\$150,000-\$199,999	0	0.0%	41	2.6%	219	8.6%	43	1.6%	303	4.4%
\$200,000 & Over	0	0.0%	71	4.4%	149	5.8%	46	1.7%	266	3.8%
<b>Total</b>	<b>125</b>	<b>100.0%</b>	<b>1,605</b>	<b>100.0%</b>	<b>2,555</b>	<b>100.0%</b>	<b>2,652</b>	<b>100.0%</b>	<b>6,937</b>	<b>100.0%</b>
<b>Median Income</b>	<b>\$31,447</b>		<b>\$48,608</b>		<b>\$66,607</b>		<b>\$37,290</b>		<b>\$48,199</b>	

Ironwood, MI 2022 Households by Age & Income										
Income Range	Age of Householder								All Households	
	Under 25		25 to 44		45 to 64		65 & Older		Households	Percent
	Households	Percent	Households	Percent	Households	Percent	Households	Percent		
Under \$15,000	2	4.3%	57	8.0%	134	14.5%	111	11.6%	304	11.5%
\$15,000-\$24,999	9	19.6%	208	29.3%	60	6.5%	204	21.3%	481	18.2%
\$25,000-\$34,999	11	23.9%	69	9.7%	154	16.7%	288	30.1%	522	19.8%
\$35,000-\$49,999	8	17.4%	114	16.0%	88	9.5%	101	10.6%	311	11.8%
\$50,000-\$74,999	6	13.0%	128	18.0%	117	12.7%	140	14.6%	391	14.8%
\$75,000-\$99,999	5	10.9%	33	4.6%	100	10.8%	37	3.9%	175	6.6%
\$100,000-\$149,999	4	8.7%	81	11.4%	157	17.0%	54	5.6%	296	11.2%
\$150,000-\$199,999	1	2.2%	9	1.3%	76	8.2%	10	1.0%	96	3.6%
\$200,000 & Over	0	0.0%	12	1.7%	37	4.0%	11	1.2%	60	2.3%
<b>Total</b>	<b>46</b>	<b>100.0%</b>	<b>711</b>	<b>100.0%</b>	<b>923</b>	<b>100.0%</b>	<b>956</b>	<b>100.0%</b>	<b>2,636</b>	<b>100.0%</b>
<b>Median Income</b>	<b>\$36,896</b>		<b>\$37,812</b>		<b>\$55,512</b>		<b>\$30,608</b>		<b>\$35,722</b>	

Source: US Census Bureau

Based upon an analysis of household income and associated housing affordability (using an income/value factor of 2X) we find that in Gogebic County that there is currently an excess of affordable housing options for households in the lower income ranges, and a significant shortage of affordable housing for those households with incomes exceeding \$50,000 per year.

Specifically, we note a current excess supply of 911 homes at values under \$100,000, and a corresponding shortage of 911 homes at prices over \$100,000. In other words, the current housing inventory in Gogebic County is somewhat out of balance as it relates to household incomes and associated affordability.

In the City of Ironwood, a similar situation is evident with an excess of 767 homes at prices \$100,000 or lower, and a corresponding shortage of housing inventory at prices over \$100,000. Further details are provided in the table below.

HOUSING SUPPLY/INVENTORY BY INCOME GOGEBIC COUNTY & IRONWOOD, MI								
Gogebic County								
Income Range	Owner Occupied		Renter Occupied		Total Units	Excess/Shortage		Percent
	Households	Affordable Value	Households	Affordable Rent		Units	Units	
\$0 - \$24,999	1,741	\$0 - \$49,999	1,362	\$0 - \$499	1,175	2,537	796	45.7%
\$25,000 - \$49,999	1,824	\$50,000 - \$99,999	1,562	\$500 - \$999	377	1,939	115	6.3%
\$50,000 - \$74,999	1,263	\$100,000 - \$149,999	748	\$1,000 - \$1,499	0	748	-515	-40.8%
\$75,000 - \$99,999	721	\$150,000 - \$199,999	773	\$1,000 - \$1,499	0	773	52	7.1%
\$100,000 - \$149,999	819	\$200,000 - \$299,999	450	\$1,500 - \$1,999	0	450	-369	-45.0%
\$150,000+	569	\$300,000+	490	\$2,000+	0	490	-79	-13.9%
	6,937		5,385	1,552		6,937		
City of Ironwood								
Income Range	Owner Occupied		Renter Occupied		Total Units	Excess/Shortage		Percent
	Households	Affordable Value	Households	Affordable Rent		Units	Units	
\$0 - \$24,999	772	\$0 - \$49,999	839	\$0 - \$499	693	1,533	761	98.5%
\$25,000 - \$49,999	833	\$50,000 - \$99,999	628	\$500 - \$999	211	839	6	0.7%
\$50,000 - \$74,999	385	\$100,000 - \$149,999	134	\$1,000 - \$1,499	0	134	-251	-65.2%
\$75,000 - \$99,999	198	\$150,000 - \$199,999	74	\$1,000 - \$1,499	0	74	-124	-62.6%
\$100,000 - \$149,999	293	\$200,000 - \$299,999	45	\$1,500 - \$1,999	0	45	-248	-84.6%
\$150,000+	156	\$300,000+	11	\$2,000+	0	11	-145	-92.9%
	2,636		1,731	904		2,635		

**Capture Rate-For Sale Alternatives**

Another analytical tool that is useful for estimating housing demand for residential development is the capture rate. The capture rate can be defined as the percentage of age, and income qualified renter or buyer households in a market area that a property must capture to achieve a stabilized level of occupancy. The capture rate is calculated by multiplying a reasonable capture rate percentage by the total number of age, and income qualified renter or buyer households in the market area, in this instance, defined as Gogebic County.

For the purposes of this analysis, we expect that almost all future demand for rental housing alternatives will originate from households headed by persons aged from 25 to 64, with annual incomes between \$15,000 and \$49,999. At incomes above \$50,000, it is more likely that households will lean towards home ownership, while at incomes below \$15,000, affordability issues will likely prevent them from leasing at a newer development with associated higher rents.

To assess the number of income and age qualified households in Gogebic County we focused on households headed by persons between 25 and 64 years of age, with incomes exceeding \$50,000 per year. It is believed that this group will compose the majority of potential Gogebic County purchasers. Using this methodology we find that the annual potential for new for-sale housing stands at 88 units, as outlined below.

<b>Gogebic County Capture Rate Analysis - For Sale Housing</b>			
Annual Income	25-64	Percent	Project
< \$14,999	487	11.7%	-
\$15,000-\$24,999	496	11.9%	-
\$25,000-\$34,999	368	8.8%	-
\$35,000-\$49,999	508	12.2%	-
\$50,000-\$74,999	658	15.8%	658
\$75,000-\$99,999	489	11.8%	489
\$100,000-\$149,999	674	16.2%	674
\$150,000-\$199,999	260	6.3%	260
\$200,000 >	220	5.3%	220
<b>Total Households</b>	<b>4,160</b>	<b>100.0%</b>	<b>2,301</b>
Assumed Homeowner Percent			76.6%
Income Qualified Households			1,763
Capture Rate			5.0%
Potential For Sale Units			88

### Capture Rate-Rental Alternatives

As displayed in the following table, within Gogebic County, there are 1,372 households headed by someone between the ages of 25 and 64, with annual incomes between \$15,000 and \$49,999. However, as only 23.4% of households in the county are currently renters, this must be factored into the final calculation.

<b>Gogebic County Capture Rate Analysis - Renter Housing</b>			
Annual Income	25-64	Percent	Project
< \$14,999	487	11.7%	-
\$15,000-\$24,999	496	11.9%	496
\$25,000-\$34,999	368	8.8%	368
\$35,000-\$49,999	508	12.2%	508
\$50,000-\$74,999	658	15.8%	-
\$75,000-\$99,999	489	11.8%	-
\$100,000-\$149,999	674	16.2%	-
\$150,000-\$199,999	260	6.3%	-
\$200,000 >	220	5.3%	-
<b>Total Households</b>	<b>4,160</b>	<b>100.0%</b>	<b>1,372</b>
Assumed Homeowner Percent			23.4%
Income Qualified Households			321
Capture Rate			10.0%
Potential Rental Units			32

As revealed above, we find 321 income and age eligible households in Gogebic County assuming a 23.4% renter likelihood. By applying a capture rate of 10.0%, we can extrapolate that the maximum number of rental units (within one development) that can be absorbed by the market is approximately 32.

### Housing Demand Forecast

In the preceding paragraphs, we estimated future housing demand based upon a number of different but still interconnected factors.

Specifically, we note that based upon recent **employment** trends, annual housing demand in Gogebic County is expected to average **85 units annually** over the next five years.

Looking solely at recent **residential construction trends** yields anticipated housing demand of 25 to 50 units yearly.

A housing demand estimate of 88 units is forecast based upon expected organic household formations, and using capture rate calculations, we expect that housing demand in Gogebic County will average 120 units annually from 2024 through 2029.

Furthermore, outside of the occurrence of a catalytic event, such as the relocation of a significant employer into the area, it is likely that employment growth, and by extension, demand for new housing that would be required to accommodate an influx of new residents will remain modest over the next five to ten years, though this will be mitigated to some degree by continued spillover from the higher priced Wisconsin counties to the south.

***Based upon a synthesis of the above factors, we would expect that in Gogebic County, overall demand for new housing will average between 75 and 90 units yearly over the next five years.***

***Given the relatively low levels of county-wide annual housing demand, estimating the level of new housing that can be captured by the City of Ironwood can be difficult to assess. However, it is not unreasonable to predict that Ironwood can capture at least 50% of this demand provided that the new housing product is properly designed, priced and marketed and more importantly, enters the market prior to the development of similar housing in other Gogebic County communities.***

***In other words, the timing of the development will be of significant importance, as it is highly likely that the earliest entrants into the market will benefit from the initial surge of local buyers/renters who are looking for new housing alternatives. Furthermore, once the initial demand base is tapped, later developments will be competing for a declining number of potential customers.***

## THE RESIDENTIAL ENVIRONMENT

### Introduction

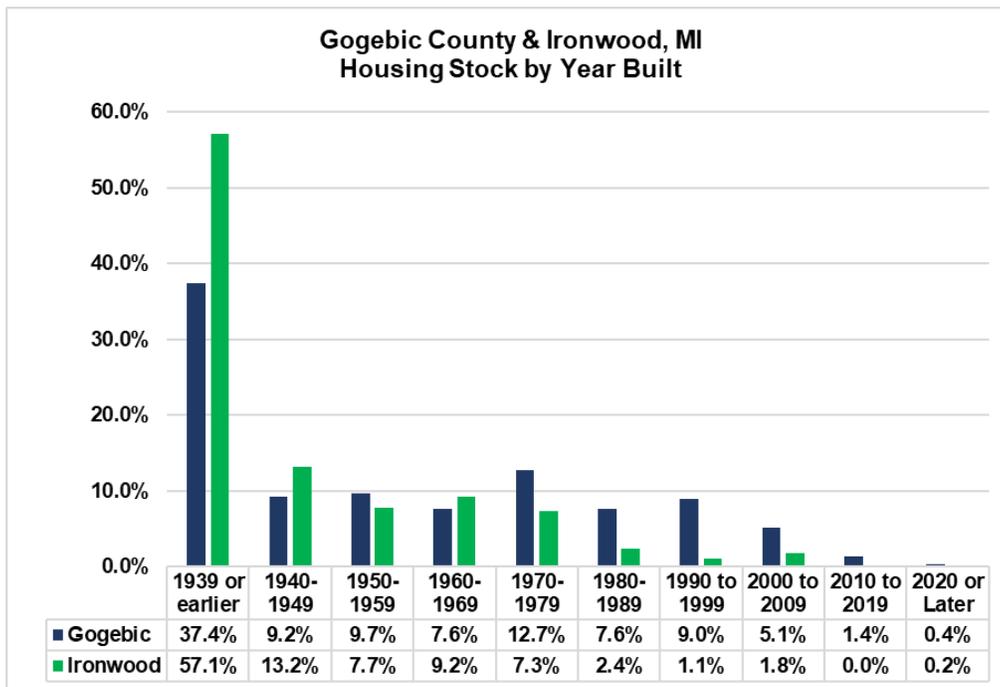
To assess the potential for new residential development in the City of Ironwood, MI, we examined a number of relevant housing market statistics and have detailed them in this section of the analysis.

### General Housing Statistics

As it relates to the existing housing stock, we find an aging inventory with little recent construction activity in either the Gogebic County or the City of Ironwood as was discussed in the preceding section of this analysis.

Specifically, the median year built for a home in Gogebic County is 1954, with only 6.9% of the housing stock having been constructed since 2000. We also find that 56.3% of all housing units within the County were constructed prior to 1960.

Within the City of Ironwood we find an even older housing inventory, as the median year built for residential units is 1934, with only 2.0% of the inventory constructed in year 2000 or later. Conversely, 78.0% of the housing stock was built in 1959 or earlier, as seen in the following chart.



Given the age of the majority of housing units in both Gogebic County and the City of Ironwood coupled with the rural nature of the area, it should not be surprising that housing values generally trend towards the lower end of the pricing spectrum.

Within the City of Ironwood, we note a current median home value of only \$67,700. While relatively low, this does reflect an increase of 12.8% from the figure of \$60,000 recorded one year earlier. Furthermore, after declining consistently from 2010 through 2019, prices have reversed the trend and have shown annual increases in 2020, 2021 and 2022.

Similarly, Gogebic County has seen home value increases over the past three years, rising from \$67,100 in 2019, to \$87,800 in 2022, an increase of 30.8% as seen in the table which follows.

<b>Gogebic County &amp; Ironwood, MI Median Home Values 2010-2022</b>						
<b>Year</b>	<b>City of Ironwood</b>			<b>Gogebic County</b>		
	<b>Median Value</b>	<b>Percent Change</b>	<b>Cumulative Percent</b>	<b>Median Value</b>	<b>Percent Change</b>	<b>Cumulative Percent</b>
2010	\$60,600	NA	0.0%	\$69,200	NA	0.0%
2011	\$59,400	-2.0%	-2.0%	\$67,900	-1.9%	-1.9%
2012	\$54,900	-7.6%	-9.6%	\$67,500	-0.6%	-2.5%
2013	\$52,300	-4.7%	-14.3%	\$66,800	-1.0%	-3.5%
2014	\$49,000	-6.3%	-20.6%	\$66,900	0.1%	-3.4%
2015	\$53,100	8.4%	-12.2%	\$68,800	2.8%	-0.5%
2016	\$54,100	1.9%	-10.4%	\$69,800	1.5%	0.9%
2017	\$49,900	-7.8%	-18.1%	\$70,100	0.4%	1.4%
2018	\$49,500	-0.8%	-18.9%	\$69,900	-0.3%	1.1%
2019	\$47,000	-5.1%	-24.0%	\$67,100	-4.0%	-2.9%
2020	\$52,800	12.3%	-11.6%	\$73,500	9.5%	6.6%
2021	\$60,000	13.6%	2.0%	\$76,400	3.9%	10.6%
2022	\$67,700	12.8%	14.8%	\$87,800	14.9%	25.5%

As presented above, the median value of a home within Gogebic County stands at a relatively low \$87,800. By price range, we find that 70.9% of all homes are valued under \$150,000 and only 9.4% support values exceeding \$300,000. In the City of Ironwood, the median home value is 22.9% lower at only \$67,700. Within the City, 88.2% of residences are valued at under \$150,000, and only 1.2% carry values over \$300,000, as indicated below.

**Gogebic County & Ironwood, MI  
2022 Housing Values**

Value	Gogebic County		Ironwood, MI	
	Total	Percent	Total	Percent
Less than \$50,000	1,583	27.6%	675	33.4%
\$50,000 to \$99,999	1,597	27.9%	819	40.5%
\$100,000 to \$149,999	881	15.4%	289	14.3%
\$150,000 to \$199,999	637	11.1%	130	6.4%
\$200,000 to \$299,999	497	8.7%	83	4.1%
\$300,000 to \$499,999	371	6.5%	24	1.2%
\$500,000 to \$999,999	141	2.5%	0	0.0%
\$1,000,000 or more	25	0.4%	0	0.0%
<b>Owner-Occupied Units</b>	<b>5,732</b>	<b>100%</b>	<b>2,020</b>	<b>100%</b>

<b>Median Home Value</b>	<b>\$87,800</b>	<b>\$67,700</b>
--------------------------	-----------------	-----------------

Source: US Census Bureau

According to statistics provided by Realtor.com, the most recent figures available point to a continuation of the recent increase in home values. Specifically, in July of 2024, the median value of a home in Gogebic County stood at \$119,776 reflecting an increase of 1.0% from the preceding month. Furthermore, over the past year, we have seen the median home value improve by a strong 8.1%, as indicated in the table below.

Gogebic County, MI Median Home Values June 2022 - July 2024			
Month	Median Value	Percent Change	Cumulative Percent
Aug-23	\$111,064	0.5%	0.5%
Sep-23	\$111,598	0.5%	1.0%
Oct-23	\$112,324	0.7%	1.6%
Nov-23	\$113,242	0.8%	2.4%
Dec-23	\$113,322	0.1%	2.5%
Jan-24	\$113,282	0.0%	2.5%
Feb-24	\$113,392	0.1%	2.6%
Mar-24	\$114,689	1.1%	3.7%
Apr-24	\$116,066	1.2%	4.9%
May-24	\$117,257	1.0%	6.0%
Jun-24	\$118,564	1.1%	7.1%
Jul-24	\$119,776	1.0%	8.1%

Within Gogebic County, among the 10,405 housing units identified in 2022, we note that 9,183 units, or 88.3% of the housing stock consists of single family homes. Conversely, we see that only 793 units, or 7.6% of the total, are found in structures including five units or more.

In the City of Ironwood, single family representation is slightly lower, with 81.7% (2,463 units) of the 3,015 housing units found within this sector. Like Gogebic County, Ironwood supports very little high-density development, with only 12.0% of the housing stock in structures containing five units or more. The following table provides details for both Gogebic County and the City of Ironwood.

Gogebic County & Ironwood, MI Housing Units by Structure Type				
	Gogebic County		Ironwood, MI	
	Units	Percent	Units	Percent
Single Family	9,183	88.3%	2,463	81.7%
2 Units	185	1.8%	70	2.3%
3 or 4 Units	244	2.3%	121	4.0%
5 to 9 Units	193	1.9%	154	5.1%
10 to 19 Units	102	1.0%	68	2.3%
20 Units or More	254	2.4%	139	4.6%
Mobile Home	244	2.3%	0	0.0%
<b>Total households</b>	<b>10,405</b>	<b>100.0%</b>	<b>3,015</b>	<b>100.0%</b>

Source: US Census Bureau

As indicated in the following table, 43.1% of all homes in Gogebic County include three bedrooms, 30.2% include two bedrooms, and 12.1% offer four bedrooms. In the City of Ironwood, a similar distribution is noted, with 42.5% of all homes supporting three bedrooms, 27.5% including two bedrooms and 14.2% providing four bedrooms.

<b>Gogebic County &amp; Ironwood, MI 2022 Housing Units by Bedroom Count</b>				
	<b>Gogebic County</b>		<b>Ironwood</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Studio</b>	<b>182</b>	<b>1.7%</b>	<b>34</b>	<b>1.1%</b>
<b>One Bedroom</b>	<b>1,101</b>	<b>10.6%</b>	<b>361</b>	<b>12.0%</b>
<b>Two Bedrooms</b>	<b>3,146</b>	<b>30.2%</b>	<b>829</b>	<b>27.5%</b>
<b>Three Bedrooms</b>	<b>4,483</b>	<b>43.1%</b>	<b>1,281</b>	<b>42.5%</b>
<b>Four Bedrooms</b>	<b>1,261</b>	<b>12.1%</b>	<b>427</b>	<b>14.2%</b>
<b>Five Bedrooms or more</b>	<b>230</b>	<b>2.2%</b>	<b>83</b>	<b>2.8%</b>
<b>Total</b>	<b>10,405</b>	<b>100.0%</b>	<b>3,015</b>	<b>100.0%</b>
<b>Median</b>	<b>3.17</b>		<b>3.22</b>	

Source: U.S. Census Bureau

### The Single-Family Home Sector

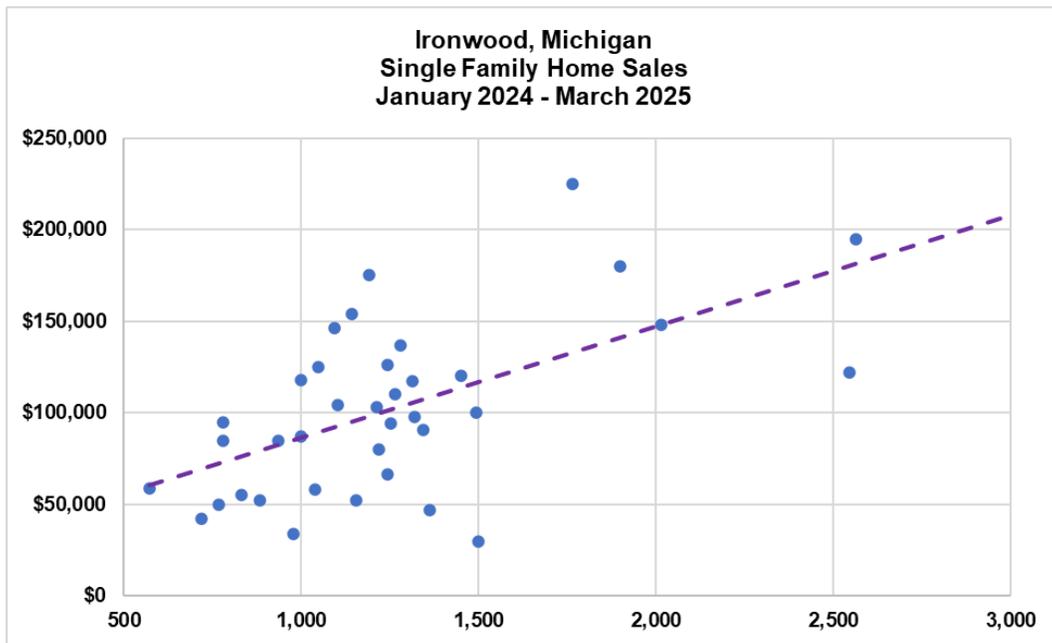
As outlined in the table which follows, a total of 46 single family homes have been sold through the local Multiple Listing Service (“MLS”) in the City of Ironwood over the past fifteen months. The average price among these sales was \$112,463 for a home including 1,320 square feet of living area. This yields a value ratio of \$85.21 per square foot. The average home also provided 2.9 bedrooms and 1.5 bathrooms.

**Ironwood, Michigan  
Single Family Home Sales  
January 2024 - March 2025**

Property/Address	Sale Date	Bedrooms	Baths	Home Size (Sq. Ft.)	Sales Price	Price/Sq. Ft.
166 Midland Avenue E	3/18/2025	3	1	1,000	\$87,000	\$87.00
402 E Bonnie Street	2/21/2025	3	1	1,344	\$90,500	\$67.34
202 W Arch Street	2/3/2025	3	1.5	978	\$34,000	\$34.76
240 Ash Street E	1/30/2025	3	1	1,144	\$154,000	\$134.62
755 Van Buskirk Road	1/15/2025	3	2	1,450	\$120,000	\$82.76
453 Oak Street E	12/23/2024	3	1.5	1,213	\$102,900	\$84.83
1303 N Hemlock Street	12/10/2024	2	1	780	\$85,000	\$108.97
423 E Bonnie Street	12/4/2024	2	1.5	1,280	\$137,000	\$107.03
122 Coolidge Avenue E	12/2/2024	2	1	936	\$85,000	\$90.81
129 Norris Street W	11/20/2024	3	1	831	\$55,100	\$66.31
219 Lake Street N	11/12/2024	3	2	1,218	\$79,900	\$65.60
608 Sutherland Street	11/8/2024	3	1	1,155	\$52,000	\$45.02
824 Florence Street	10/31/2024	4	2	1,243	\$126,000	\$101.37
1314 Lowell Street	10/31/2024	3	1.5	1,049	\$124,900	\$119.07
1313 Lawrence Street N	10/28/2024	3	2	1,765	\$225,000	\$127.48
213 Clemens Street	10/17/2024	3	1	1,265	\$110,000	\$86.96
928 Ayer Street E	10/2/2024	2	1	1,321	\$97,500	\$73.81
1219 Douglas Blvd	9/25/2024	3	1.5	2,016	\$147,900	\$73.36
729 Pabst Street E	8/9/2024	3	1	1,251	\$94,000	\$75.14
410 Norrie Street W	8/1/2024	2	1	768	\$50,000	\$65.10
117 E Michigan Avenue	7/25/2024	3	1	1,000	\$118,000	\$118.00
140 Pewabic Street	7/23/2024	5	2	1,362	\$47,000	\$34.51
310 Suffolk Street	7/19/2024	4	2	2,564	\$194,900	\$76.01
503 Pine Street E	7/16/2024	3	1	1,312	\$117,500	\$89.56
433 Lake Avenue	6/20/2024	5	3	3,068	\$210,500	\$68.61
424 Midland Avenue W	6/17/2024	3	1	1,104	\$104,000	\$94.20
141 Pewabic Street	6/10/2024	4	1	882	\$52,500	\$59.52
100 Coolidge Avenue E	6/7/2024	3	2	1,244	\$66,200	\$53.22
1160 Leonard Street	6/5/2024	3	2	1,192	\$175,000	\$146.81
N10474 Lake Road	5/30/2024	3	1	1,095	\$146,000	\$133.33
169 Coolidge Avenue E	2/22/2024	3	1.5	2,545	\$122,000	\$47.94
E5114 John Street	2/16/2024	3	3	1,900	\$180,000	\$94.74
129 Coolidge Avenue W	2/15/2024	1	1	572	\$59,000	\$103.15
204 W Larch Street	2/15/2024	3	2.5	1,500	\$30,000	\$20.00
640 Florence Street	2/14/2024	2	1	720	\$42,000	\$58.33
200 S Range Road	1/12/2024	4	1	1,493	\$100,000	\$66.98
N11830 Lake Road	1/12/2024	2	1.5	780	\$95,000	\$121.79
207 Kennedy Street	1/9/2024	2	1	1,038	\$58,000	\$55.88
<b>Average</b>		<b>2.9</b>	<b>1.5</b>	<b>1,320</b>	<b>\$112,463</b>	<b>\$85.21</b>

Source: Realtor.com

The chart below provides a graphic delineation of all 46 single family sales recorded in the City of Ironwood since January 2024.



Straight-line regression analysis reveals that “market” or average single-family home prices in the City of Ironwood extend from \$73,103 for a 500-square foot home to \$164,303 for a home with 2,400 square feet while moving at an incremental rate of \$48 per square foot, as outlined in the following chart.



### The Townhome/Condominium Sector

Within the City of Ironwood, the market for townhome/condominiums is minimal. Over the past eight months, only two units have been sold, both within Jackson Creek Summit at Snowriver Resort (formerly Indianhead Mountain).

In March of 2024, a one bedroom, one bath unit including 644 square feet sold for \$125,500 (\$194.88/sf), while in February of this year, a two bedroom, two bath condo with 922 square feet sold for \$185,000 or for \$200.65/sf.

Given the location of these sales, it is highly likely that both condominiums were purchased by recreational/second home users.

**The Rental Apartment Sector**

Within both Gogebic County and the City of Ironwood, we find no larger scale apartment communities, and no rental housing of any type developed since at least the year 2000. The rental units that do exist include either older single family homes, rental units atop older commercial buildings, or only available as short-term, seasonal rentals available through online avenues like Air BnB or Vrbo.

Among these limited options, and based upon US Census figures from 2022, the median rent for rental unit in Gogebic County (not including short-term seasonal rentals) stands at \$503 per month with 84.2% of the 1,040 renter households paying less than \$1,000 per month. Within the City of Ironwood, the 2022 median rent was only \$491 per month, a figure 2.3% lower than Gogebic County. In Ironwood, 97.8% of the 538 renter households are paying less than \$1,000 per month in rent.

Please refer to the following table and chart for details regarding monthly rents in Gogebic County and the City of Ironwood.

Gogebic County & Ironwood, MI 2022 Rent Characteristics				
Monthly Rent	Gogebic County		Ironwood, MI	
	Number	Percent	Number	Percent
Less than \$500	311	29.9%	290	53.9%
\$500-\$749	182	17.5%	130	24.2%
\$750-\$999	383	36.8%	106	19.7%
\$1,000-\$1,249	42	4.0%	6	1.2%
\$1,250-\$1,499	40	3.8%	5	1.0%
\$1,500 & Over	83	8.0%	0	0.0%
<b>Total</b>	<b>1,040</b>	<b>100.0%</b>	<b>538</b>	<b>100.0%</b>
<b>Median Rent</b>	<b>\$503</b>		<b>\$491</b>	

Source: U.S. Census Bureau

Ironwood, MI Rental Property Summary								
Property	Year Built	Unit Count	Bed/Bath	Average Adj. Rent	Average Unit Size	Rent/ Sq. Ft.	Vacant Units	Vacancy Rate
Ahonen Apartments	1975	12	2/1	\$750	700	\$1.07	0	0.0%
Mill Trace Apartments (Section 8)	1983	48	1/1	\$1	1	\$1.00	0	0.0%
Wildwood Manor (Senior 62+, Section 8)	1985	24	1/1	\$1	580	\$0.00	0	0.0%
Grose Apartments	1930	5	2/1	\$1	700	\$0.00	0	0.0%
Pioneer Park (Section 8)	1979	55	1/1	\$1	1	\$1.00	0	0.0%
Pioneer Park (Section 8)	1979	55	2/1	\$1	1	\$1.00	0	0.0%
<b>Total/Average</b>		<b>199</b>		<b>\$108</b>	<b>283</b>	<b>\$0.38</b>	<b>0</b>	<b>0.0%</b>

### Short-Term/Vacation Rentals

Adding to the housing supply issues has been the proliferation of short term rentals through web-based entities such as Airbnb and Vrbo. While Ironwood is not considered to be a major tourism destination, like Minocqua, Hurley/Cable and Eagle River to the south, there is a material number of short-term units available.

In August of 2024, we identified 41 such rentals in the downtown Ironwood area. Single family homes represent the majority of the inventory, with 25 units available. The remaining 16 units were segmented among townhome/condominium, apartment and individual room options.

Among all units, the average rental rate stands at \$104.45 per night. Single family homes represent the most expensive option with an average of \$145 per night, followed by Townhome/Condominiums at \$130 per night, as detailed in the table below.

Ironwood, Michigan Short Term Rental Summary		
Housing Type	Total	Average Cost/Night
<b>Single Family</b>	<b>25</b>	<b>\$ 145</b>
<b>Townhome/Condo</b>	<b>5</b>	<b>\$ 130</b>
<b>Apartment</b>	<b>6</b>	<b>\$ 99</b>
<b>Room</b>	<b>5</b>	<b>\$ 82</b>
<b>Total/Average</b>	<b>41</b>	<b>\$ 104.45</b>

**Low Income Housing Tax Credits**

Given current Gogebic County demographics, household incomes, current market rents and construction costs, it is highly likely that any future rental apartment development in the City of Ironwood will need to utilize IRS Section 42 Low Income Housing Tax Credits (“LIHTC”) as allocated by the Michigan State Housing Development Authority (“MSHDA”), or another similar program.

Tax credits are allocated in exchange for a mandate to keep rents “affordable”, and only leasing to households with annual incomes that are below a certain percentage of county-wide medians.

Furthermore, the State of Michigan (unlike many other states) bases maximum allowable rent

The following table provides details for maximum household income, and maximum allowable rents based upon bedroom counts over several AMI income categories in Gogebic County for 2024.

Gogebic County, MI MSHDA Income and Rent Limits - 2024								
Income Category	Household Size							
	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
30% of AMI	\$16,740	\$19,110	\$21,510	\$23,880	\$25,800	\$27,720	\$29,640	\$31,530
50% of AMI	\$27,900	\$31,850	\$35,850	\$39,800	\$43,000	\$46,200	\$49,400	\$52,550
60% of AMI	\$33,480	\$38,220	\$43,020	\$47,760	\$51,600	\$55,440	\$59,280	\$63,080
80% of AMI	\$44,640	\$50,960	\$67,360	\$63,680	\$68,800	\$73,920	\$79,040	\$84,080
Income Category	Rent by Bedroom Count							
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom		
30% of AMI	\$418	\$448	\$537	\$621	\$693	\$764		
50% of AMI	\$697	\$746	\$896	\$1,035	\$1,155	\$1,274		
60% of AMI	\$837	\$896	\$1,075	\$1,242	\$1,386	\$1,529		
80% of AMI	\$1,116	\$1,195	\$1,434	\$1,656	\$1,848	\$2,039		
Income Category	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
30% of AMI	\$418	\$477	\$537	\$597	\$645	\$693	\$741	\$788
50% of AMI	\$697	\$796	\$896	\$995	\$1,075	\$1,155	\$1,235	\$1,313
60% of AMI	\$837	\$955	\$1,075	\$1,194	\$1,290	\$1,386	\$1,482	\$1,576
80% of AMI	\$1,116	\$1,274	\$1,434	\$1,592	\$1,720	\$1,848	\$1,976	\$2,102

Source: MSHDA

**Future Development**

## DISCLAIMER

*This report may have forward-looking projections about the future growth of various markets. These projections are subject to risk and uncertainty. Actual results may differ due to a variety of factors including, but not limited to; competition, regulatory changes, and general economic conditions. All other factors should be considered carefully, and the Client shall not place undue reliance on these forward-looking projections.*

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