



Week of May 11, 2020 – Friday Memo

Good afternoon. This is the City Manager's week in review.

Stay Home Stay Safe – The Governor's Stay Home Stay Safe order continues until May 28.

Budget Meetings with Directors – Early this week I met with each Department head to go over their budget requests. I think the process went smoothly and I certainly appreciate their input. On Tuesday, I reviewed the budget with our interim Treasurer as well and he was able to update all of our revenues. Late Wednesday, I was able to email the draft budget to City Council in preparation for the upcoming budget workshop on Monday May 18th. I will review the revenue and the special fund items at the budget workshop.

Beach Stairs – I contacted the engineering firm about a structural inspection of the beach stairs. A structural inspection is planned for May 20th. DPW installed cross bracing under the stairs to minimize any further movement. I've attached pictures at the end of this memo.

Erosion Concerns – I spoke with a resident concerned about excavators moving along the beach. The excavators get access from Oval Beach and travel south to reach their worksite to install rip rap or seawalls for private properties. I told the resident that the contractor was working under a joint DEQ / Corp of Engineers permit and there isn't much the City can do to influence the activity since it wasn't a city issued permit. The individual was concerned that the excavators are creating even more damage along the shoreline. The best advice I could give was to reach out to the Corp or the DEQ to share their concerns.

Douglas Beach Sandbagging – I spoke with a contractor this week about shoring up the eroded dune at Douglas beach. There was at least a 6-7-foot sheer wall at the beach that could collapse if not protected and could erode into adjacent properties. The cost will be significant.

Water Main Questions – I fielded a call from a resident concerned about the upcoming water main project this fall. Her biggest concern was restoration of her landscape within the right of way. Many residents I believe the contractor can accommodate replacement of her boulders once the project is complete.

Campbell Road - I worked with the Saugatuck City Manager and his engineers on the Michigan Category B grant application and resolutions to resurface Campbell Road from Ferry Street to McVea. If awarded, construction would likely be in the next calendar year. The City will have to address the weeping hill this year.

Economic Development – Many of us have been seeing more grant opportunities to support local businesses announced in recent days. I've been exchanging emails with business owners and residents about what the City can do to help. I'm evaluating the opportunity for the City to contract with a grant writer to specifically seek available funding for the Douglas community. I'll work on making contact with grant writers next week to determine the viability of this idea. In my opinion, providing this service would not constitute lending public funds for private purposes.

Buildings – I met with a firm this week to tour municipal buildings. They are going to provide proposals to make building improvements that capture energy savings. I also planned a building team meeting next week to go over ongoing issues with municipal buildings and deferred maintenance problems.

Fire Line Ordinance – I spent quite a bit of time researching the fire line ordinances of other communities this week. I've proposed to City Council to add language to the Water Service ordinance because the existing ordinance is silent on the rules, regulations and requirements for fire lines and sprinkler systems. I'm presenting a proposal to City Council to ask our City Engineer to develop the ordinance language and determine a fee structure for the services.

Brownfield Redevelopment Authority – This week there was a meeting with the Brownfield Redevelopment Authority. The developer who controls the Miro Golf Course property and is interested in developing 200 Blue Star Highway was present to speak about his plans to develop the site. He presented an initial site plan as a courtesy to the Authority. In other business, there was discussion about an EPA grant to clean up TCE contamination. Two new members were also added to the Authority and they were sworn in for their first meeting. Welcome Rob Nauman and Mary Fechtig to the Brownfield Authority.

Assessor – I spoke with the City Assessor this week and she provided a wealth of knowledge about home values and assessed values and the economic crisis brought on by COVID.

Hydrant Flushing – KLSWA will continue hydrant flushing. Hydrant flushing is important to remove debris collected in the mains and also gives KLSWA an opportunity to ensure hydrants are working properly. If a hydrant is inoperable or malfunctions during flushing, its tagged and the fire department is informed its unusable until its repaired. Residents may expect to see water flowing from the hydrant or water on the roads during flushing.

Police Department Donation Box – The Community Church of Douglas donated a food donation box at the Douglas PD to meet the needs of anyone in the community. What a brilliant idea. Douglas PD is still accepting food donations in the Humvee parked on Center Street if you want to make a contribution.

Downtown – Thanks go out to the DPW for doing a great job sprucing up the downtown. See attached images.

Upcoming Events – There are no events scheduled for next week. Stay home, stay safe, and enjoy your family time.

That's all I have for now. Have a great weekend everyone.

Rich LaBombard
City Manager







WHY HOME PRICES ARE RISING DURING THE PANDEMIC

WHILE BUYER DEMAND HAS SOFTENED AND SALES FELL 8.5% IN MARCH, THE SUPPLY OF HOMES ON THE MARKET IS CONTRACTING EVEN FASTER



'DEMAND ABSOLUTELY JUST GOT A KICK IN THE GUT, BUT AT THE SAME EXACT TIME, SO DID SUPPLY,' SAID SKYLAR OLSEN, SENIOR PRINCIPAL ECONOMIST AT ZILLOW.

PHOTO: FREDERIC J. BROWN/AGENCE FRANCE-PRESSE/GETTY IMAGES

By

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The economy is shrinking, businesses are closing and jobs are disappearing due to [the coronavirus pandemic](#). But in the housing market, prices keep chugging higher.

Home prices plunged during the last recession after a housing crash caused millions of families to lose their homes. Home values could start to erode again, especially when mortgage forbearances end, some economists warn.

But that hasn't been the case so far. The median home price rose 8% year-over-year to \$280,600 in March, according to the National Association of Realtors. While buyer demand has softened and sales [fell 8.5% that month](#) from the prior month, the supply of homes on the market is contracting even faster, recent preliminary data shows.

"Demand absolutely just got a kick in the gut, but at the same exact time, so did supply," said Skylar Olsen, senior principal economist at [Zillow Group](#) Inc.

Homes typically go under contract a month or two before the contract closes, so the March NAR data largely reflects purchase decisions made in February or January.

Even by the end of last month, many sellers were reluctant to cut prices. Only about 4% of sellers cut their prices in the week ended April 25, down from 5.7% during the same week last year, according to Realtor.com. ([News Corp](#), parent of The Wall Street Journal, operates Realtor.com.) Some sellers say they are hanging tough because they believe their homes aren't moving because buyers haven't viewed them in person or are reluctant to make offers right now, not because the asking price is too high. They are waiting for stay-at-home orders to ease before deciding whether to lower the price.

"People really aren't leaving their homes" to go house-hunting, said Sarah McMurdy, who listed her Bethesda, Md., house in late March and then opted to temporarily take it off the market in April due to the pandemic. "We're not looking to fire-sale the house. We're in no rush. We would rather wait this out."

Real-estate brokerage [Redfin](#) Corp. said its measure of homebuying demand, which tracks buyer inquiries, was down 15% in the week ended April 26 compared with before the pandemic struck. Mortgage applications for home purchases around the same time were down 20% from a year earlier, according to the Mortgage Bankers Association.

Total listings of homes for sale, meanwhile, have hit a five-year low, while the median listing price was up 1% from last year at \$308,000, Redfin said.

The housing market has [been undersupplied for years](#). During the pandemic it may get worse. There were 1.5 million units for sale at the end of March, NAR said, down 10.2% from a year earlier. Homeowners are waiting to list their houses, real-estate agents say, because they have decided not to move or they are worried about letting buyers into their homes during a pandemic.

Still, some buyers are hoping for bargains. Haas El Farra and his wife were under contract to buy a house in Southern California in early March. As the coronavirus epidemic worsened, they worried they were buying at the top of the market and asked the seller to lower the price. When the seller refused, they pulled their bid and decided to keep looking for a better deal. "Hopefully something nicer than what we were looking at will come up at an affordable price," said Mr. El Farra, a portfolio manager.

Prices in the Midwest showed the strongest annual growth at 9.7% in March. In the Cincinnati area, homes are selling for higher than listing price, said Donna Deaton, vice president at Re/Max Victory in Liberty Township, Ohio. Large companies in the area are still hiring, she said. “For the most part, we’re still [competing against] multiple offers just about on every single thing,” she said.

While many economists expect home sales to tumble this year, many forecasts call for prices to climb slightly or hold flat. Mortgage-finance giant [Fannie Mae](#) said in April that it expects the median existing-home price to tick up to \$275,000 this year from \$272,000 last year. Capital Economics forecasts average home prices this year will fall 3% compared with last year. Zillow said Monday that home prices are likely to drop 2% to 3% from previous levels by the end of the year and recover in 2021.

In a forecast released Tuesday, housing-data provider [CoreLogic](#) called for nationwide home prices to rise 0.5% between March 2020 and March 2021. CoreLogic forecast annual price declines in some cities including Houston, Miami and Las Vegas.

A major uncertainty is whether mortgage-forbearance policies will prevent a wave of distressed sales. More than 7% of mortgages were in forbearance in the week ended April 30, according to mortgage-data company [Black Knight](#) Inc., and some homeowners can get forbearance for up to a year. But homeowners could struggle to make payments after the forbearance period ends. “In the next 12 months it’s hard to anticipate price declines because of the mortgage forbearance in place,” said Lawrence Yun, NAR’s chief economist. “You would have to see continuing job losses for a prolonged period leading to foreclosures, and even then we may not have oversupply.”

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