



# GREAT HOUSING STRATEGIES

## Toolkit



CITY OF  
GRAND  
RAPIDS



# Contents

Accessible Housing.....	3
Accessory Dwelling Units.....	4
Brownfield Redevelopment.....	5
Business Improvement Districts.....	6
Co-Housing & Cooperative Housing.....	7
Community Benefit Agreements.....	8
Community Land Trusts.....	9
Corridor Improvement Districts.....	10
Credit Enhancement Programs.....	11
Demolition Policy.....	12
Employer-Assisted Housing.....	13
General Obligation Housing Bonds.....	14
Height Limits and Bonuses.....	15
Homebuyer Assistance Programs.....	16
Homeowner Rehabilitation Assistance.....	17
Homeownership Education and Counseling.....	18
Housing the Homeless.....	19
Housing Trust Funds.....	20
HUD Programs.....	21
Impact Fees.....	22
Inclusionary Zoning.....	23
Land-banking and Repurposing of Publicly Owned Land.....	24
Low-Income Housing Tax Credits.....	25
Michigan Community Revitalization Program.....	26
MSHDA Reserves for Affordable Homes.....	27
Neighborhood Enterprise Zones.....	28
New Markets Tax Credits.....	29
Non-Profit Tax Exemption.....	30
Obsolete Property Rehabilitation Tax Exemption.....	31
Occupancy Limits.....	32
Payment in Lieu of Taxes (PILOT).....	33
Permitting and Review Policies.....	34
Policies Impacting Income.....	35
Pre-Development and Acquisition Financing.....	36
Property Rent Control.....	37
Small Homes, Tiny Homes, and Micro-Units.....	38
Source of Income Protection.....	39
Tax Increment Financing.....	40



# Accessible Housing

Accessible housing is designed for persons with limited mobility which may include people using wheelchairs or those with vision or hearing impairments. The number of individuals requiring accessible housing is increasing as the Baby Boomer generation ages. It is important to consider accessibility as a potential improvement to all housing stock, not just for those individuals who require it. Accessibility features add value to all housing types. Examples of accessibility considerations include accessible entrances and exits, handicap parking, wheelchair accessible doors and pathways, and wall supports that could hold grab bars.

## **In Grand Rapids**

Disability Advocates of Kent County's ZeroStep program is a one-stop resource that provides Universal Design assessment, consultation, and education. The program assists residents in the construction or remodel of homes that incorporate life-long accessible features. The Universal Design concept adds functionality and accessibility to a home by making it more livable for everyone at every stage of life.

## **In Action**

Lafayette, CO passed a "visitability" ordinance in 2007 requiring 25% of new homes built in the city to have at least one stairless entry, a wider-than-normal bathroom doorway on the ground floor, and built-in supports to anchor future bathroom handrails. The ordinance only applies to units on the ground level and does not apply to homes in areas with steep-sloping topography. Builders can opt out of the ordinance by paying \$2,500 per unit.

## **Topics to Consider**

- Supply versus demand
- Aging in place
- Incentivizing new Universal Design development and/or retrofitting

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are secondary units located within a residence or on the same property. Sometimes referred to as “in-law suites” or “granny flats,” ADUs have traditionally been associated with live-in family members (e.g. grandparents); however, these units can be leased to unrelated individuals depending on local ordinance provisions.

## **In Grand Rapids**

Regulations of Accessory Dwelling Units can be found in Section 5.9.03 of the Zoning Ordinance.<sup>1</sup> The Ordinance provides that one (1) ADU may be contained within a detached single-family dwelling (primary dwelling unit), included within an accessory structure, or separate from, but located on the same lot as, a detached single-family dwelling. Regulations, which may be individually waived by the Planning Commission through Special Land Use procedures, include:

- A minimum lot size of 5,000 square feet
- A minimum ADU size of 400 square feet and a maximum of 850 square feet
- Owner-occupancy of one of the dwelling units
- Maximum of two bedrooms and two residents.
- No more than 11 different rental parties in a calendar year and a minimum tenancy of 30 days
- The ADU is not counted toward maximum residential density requirements

## **In Action**

Ann Arbor, MI allows an accessory unit to be occupied only by a relative or an employee of the property owner who is not charged rent upon approval by the Planning Commission.<sup>2</sup>

Santa Cruz, CA adopted an ADU ordinance in 2003 to promote affordable housing growth and implemented an ADU development program that waives fees for units made available to low- and very low-income households. The program also provides technical assistance for ADU design, a 50% wage subsidy for builders using construction program participants, and access to loan funds for affordable covenants.

Barnstable, MA implemented an amnesty policy for existing ADUs. Single-family, owner-occupied properties and legally permitted multifamily properties can bring illegal ADUs into compliance by renting to low-income tenants with a minimum lease of one year. The amnesty program offers fee waivers for inspections, access to Community Development Block Grant funds for eligible property rehabilitation, and tax relief to offset the effects of affordability deed restrictions.<sup>3</sup>

Portland, Oregon has eliminated several restrictions on ADUs including the minimum square footage, parking, and occupancy requirements.

## **Topics to Consider**

- Merits of ADU restrictions
- Impact on neighborhood (parking, traffic, noise)
- Approval process (special land uses versus by right)

## **Applicable Workgroups**

- Land Use and Zoning
- Economic and Workforce Development
- Housing Finance
- Low-Income and Vulnerable Populations

<sup>1</sup> [http://grcity.us/design-and-development-services/Planning-](http://grcity.us/design-and-development-services/Planning-Department/Documents/ZONING%20ORDINANCE%20last%20amended%20September%202023,%202014%20WEB.pdf)

[Department/Documents/ZONING%20ORDINANCE%20last%20amended%20September%202023,%202014%20WEB.pdf](http://www.mlive.com/news/ann-arbor/index.ssf/2015/04/affordable_housing_advocates_c.html)

<sup>2</sup> [http://www.mlive.com/news/ann-arbor/index.ssf/2015/04/affordable\\_housing\\_advocates\\_c.html](http://www.mlive.com/news/ann-arbor/index.ssf/2015/04/affordable_housing_advocates_c.html)

<sup>3</sup> <http://www.huduser.org/portal/publications/adu.pdf>



# Brownfield Redevelopment

“Brownfield” is a term used to describe land previously used for commercial or industrial uses determined to be, or to potentially be, contaminated with hazardous waste or pollution. The Michigan Brownfield Redevelopment Financing Act 381 of 1996 authorized municipalities to create a brownfield redevelopment authority to facilitate implementation of brownfield plans to promote revitalization, redevelopment, and reuse of tax reverted, blighted, or functionally obsolete property.

## **In Grand Rapids**

The Grand Rapids Brownfield Redevelopment Authority (BRA) was established in 1996 to assist with the redevelopment of blighted or contaminated properties in the city. The BRA can provide tax increment financing to help pay for certain eligible costs associated with a redevelopment project. A property is eligible for assistance if it is contaminated, blighted, functionally obsolete, or a historic resource. Costs associated with the following eligible activities may be reimbursed:

- Demolition
- Asbestos abatement
- Due care and environmental response activities
- Site preparation
- Public infrastructure improvements
- Ramped and underground parking
- Urban stormwater management systems

## **In Action**

The State of Florida has several incentives for developing affordable housing on brownfield sites, including a sales tax refund for materials purchased for an affordable or mixed-use brownfield project, a Voluntary Cleanup Tax Credit, payment up to \$2,500 per job for projects that create new jobs outside of construction or cleanup, and State loan guarantees for up to \$5 million for five years.

## **Topics to Consider**

- Use of brownfield tools to create housing

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Business Improvement Districts

Michigan Public Act 120 of 1961 allows for the creation of Business Improvement Districts (BID) and boards to provide oversight, and authorizes the collection of revenue and bonding for development and redevelopment projects in the district. A BID is a geographically designated area with a special assessment applied to properties within the boundaries for reinvestment into the area.

## **In Grand Rapids**

City Commission Policy 900-54 authorizes establishment of BIDs to promote and encourage community, economic vitality and growth of a neighborhood business district through marketing, development and the provision of enhanced services to the district. BID members are appointed by the Mayor and confirmed by the City Commission. Funding for a BID is provided from a special assessment on non-residential property owners within the defined district. There are currently two BIDs in Grand Rapids:

- Downtown Improvement District
- Uptown Business Improvement District

Downtown Grand Rapids, Inc. maintains the downtown area through a special assessment on properties within the Downtown Improvement District (DID). DID initiatives include a Downtown Clean Team and a Safety Ambassador program. The Clean Team keeps the public realm free of litter and debris, and assists with snow and ice removal to help keep sidewalks and street crossings safe for pedestrians. The goal of the Ambassador program is to ensure a safe and welcoming environment for downtown visitors, workers, and residents. Ambassadors, specially trained in hospitality, first aid and crime prevention, share their knowledge of downtown Grand Rapids and support safety within the area.

## **In Action**

The Chicago Loop Alliance, a BID for the area between Lake Michigan, the Chicago River, and Congress Parkway used revenue for indoor and outdoor art installations along storefronts. In 2014, a new Street Team program was launched consisting of six Ambassadors who walk State Street to provide directions, report sidewalk cleaning needs, and connect homeless individuals and families with social services.

## **Topics to Consider**

- Expanded use of BIDs to support housing goals

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Co-Housing & Cooperative Housing

There are many different models of cooperative and co-housing, but most include shared facilities, shared management and consensus-based decision making. In Michigan, housing cooperative associations are often formed as non-profit corporations. The cooperative's members have exclusive possession of their unit through a proprietary lease but are not protected under the Michigan Landlord and Tenant Relationships Act since the members are both landlords and tenants. Members of housing corporations that provide shared living spaces are ineligible for the homestead tax exemption.<sup>4</sup> Cooperatives own the properties as a group, and the cooperative itself is responsible for the maintenance of the units.

## **In Grand Rapids**

Newberry Place is a co-housing development in Grand Rapids' Belknap Lookout neighborhood. Residents own private homes and share ownership of a common house and a playground. They state that the characteristics of co-housing are a participatory process, neighborhood design, common facilities, resident management, consensus-based decision-making, and no shared community economy.<sup>5</sup> The Grand Rapids Alliance of Cooperative Communities (GRACC), another local cooperative, currently leases 535 East Fulton Street as the James Russell Co-op.

## **In Action**

Many income restricted co-op housing organizations were created in New York City in the late 70s to allow low-income residents to live in the Lower East Side, Upper Manhattan, Brooklyn, and the South Bronx. The apartments were originally sold for \$250 each and income ceilings were placed on all future resale. When property values increased, resale listings began popping up among these properties for as much as \$2 million. Brokers and housing advocates say that retirees, young people who receive help from families, middle-income workers with a sudden inheritance, and others who qualify for the income caps but have significant assets are among the buyers of these properties. The co-ops attempt to keep maintenance fees low and build their reserves by taking a percentage of resale. Some of the price creeping can also be attributed to rising incomes in the area pushing up the income caps that were created as a percentage of AMI.<sup>6</sup>

Housing cooperatives for seniors have been growing in popularity. Seniors are able to keep all of the financial benefits of homeownership while reaping the benefits of community living. It may become a compelling option for seniors as they become a demographically larger population.<sup>7</sup>

## **Topics to Consider**

- Use of these models to meet future housing demand
- Impact of housing type on neighborhoods
- Differentiating from fraternities, group housing

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>4</sup> <http://nationalcooperativelawcenter.com/wp-content/uploads/2011/10/Michigan-Cooperative-Housing.pdf>

<sup>5</sup> <http://in0929.wix.com/newberry-place-cohousing#!about-cohousing>

<sup>6</sup> [http://www.nytimes.com/2014/06/29/realestate/affordable-new-york-apartments-with-a-catch.html?\\_r=0](http://www.nytimes.com/2014/06/29/realestate/affordable-new-york-apartments-with-a-catch.html?_r=0)

<sup>7</sup> <http://usatoday30.usatoday.com/money/economy/housing/story/2012-05-22/senior-cooperative/55502230/1>



# Community Benefit Agreements

Community benefit agreements (CBAs) are agreements made between businesses and local governments or community coalitions to collaborate on specific projects, and may be used to ensure that public subsidies are producing tangible community benefits. Examples of benefits include requiring local hiring, a livable wage, affordable housing, and publicly accessible green space. CBAs are most often used to collaborate on creative solutions to individual community and business needs.

## **In Action**

Baltimore's Red Line Project is a CBA created in partnership with the state and local government to ensure positive community outcomes in a transit-oriented development. The Red Line Citizens' Advisory Council was formed by local legislators and consists of local business owners, residents, service providers, and workers. The Council led to the creation of the Red Line Community Compact which was signed by 70 agencies and organizations including the Maryland Transit Administration and the City of Baltimore. The Compact is not legally binding however, it fostered communication and established mutually agreed-upon goals including job creation and training, community revitalization, environmental protection, and engagement of local residents.

Note that Michigan House Bill 4052 passed the State House of Representatives on May 20, 2015 and is now moving to the Senate. The bill prevents local governments from negotiating community benefits packages with businesses that receive tax credits.<sup>8</sup> The following individuals have come out in opposition to House Bill 4052: Detroit Mayor Mike Duggan, Detroit City Councilwoman Raquel Castaneda-Lopez, Oakland County Commissioner David Woodward, and Genesee County Commissioner Pegge Adams.

## **Topics to Consider**

- Use of CBAs to support housing goals

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>8</sup> [http://www.legislature.mi.gov/\(S\(orp03g2ngp32dteeltuiu0l\)\)/mileg.aspx?page=GetObject&objectname=2015-HB-4052](http://www.legislature.mi.gov/(S(orp03g2ngp32dteeltuiu0l))/mileg.aspx?page=GetObject&objectname=2015-HB-4052)





# Community Land Trusts

A community land trust (CLT) is a non-profit corporation that acquires and holds land to secure access to affordable land and housing within a community; and has the authority to designate permanently affordable or deed-restricted housing to prevent resale prices from rising significantly. CLTs achieve permanent affordability by removing the cost of land from the price of housing and separating ownership of the two.

## **In Action**

The Amherst Community Land Trust (Massachusetts) has been buying single-family properties and providing them to year-long residents for affordable prices in order to combat the encroachment of student rentals on traditionally single-family neighborhoods.<sup>9</sup>

Boston's Chinatown neighborhood formed a CLT in order to prevent gentrification in the neighborhood and maintain housing affordability for recent immigrants and working families.<sup>10</sup>

## **Topics to Consider**

- Areas in Grand Rapids where CLTs may be most effective
- Relationship between CLTs and the LIHTC<sup>11</sup>

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>9</sup> <http://www.gazettenet.com/news/12838827-95/amherst-community-land-trust-seeks-to-provide-affordable-housing>

<sup>10</sup> <http://baystatebanner.com/news/2015/jan/28/chinatown-group-forms-community-land-trust-fight-g/>

<sup>11</sup> <http://scholarworks.uno.edu/cgi/viewcontent.cgi?article=2701&context=td&sei-redir=1&referer=http%3A%2F%2Fwww.bing.com%2Fsearch%3Fq%3Dcommunity%2Bland%2Btrust%2Bcase%2>



# Corridor Improvement Districts

A Corridor Improvement District (CID) is a tool used by a local government to revitalize commercial and mixed-use business corridors that are located outside of a traditional downtown area. With the creation of a CID and a tax increment financing plan, the CID can capture future property taxes that are collected based on the increased value of the property in the district. As properties in the district are improved, the taxable values increase, and the incremental taxes are captured and used to fund eligible activities in the district.

A Corridor Improvement Authority allows the use of tax increment financing to make capital improvements within an established commercial district. CIDs allow communities to combine tax dollars from a variety of sources to leverage economic development dollars.<sup>12</sup>

A corridor must comply with the following criteria:

1. The corridor must be at least 51% first floor commercial.
2. The corridor must have been in existence for the past 30 years.
3. The corridor must be adjacent to or within 500 feet of a road classified as an arterial or collector according to the Federal Highway Administration.
4. The corridor must contain at least 10 contiguous parcels or at least five contiguous acres.
5. The corridor must be zoned to allow for mixed-use and high density residential.
6. The municipality must also agree to expedite the local permitting and inspection process in the development area and also agree to modify its master plan to provide for walkable non-motorized connections, including sidewalks and streetscapes throughout the area.<sup>13</sup>

CIDs are governed by Public Act 280 of 2005 – Corridor Improvement Authority. They use tax increment financing as their primary, but not necessarily sole funding source.

## **In Grand Rapids**

There are five CIDs in Grand Rapids: Madison Square, North Quarter, Uptown, Michigan Street and Westside.

## **Topics to Consider**

- How CIDS might be used to achieve housing goals
- Any concerns with structure or implementation

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>12</sup> [http://grcity.us/design-and-development-services/Economic-Development/Pages/Corridor-Improvement-District-\(CID\)2.aspx](http://grcity.us/design-and-development-services/Economic-Development/Pages/Corridor-Improvement-District-(CID)2.aspx)

<sup>13</sup> <http://grcity.us/design-and-development-services/Economic-Development/Documents/CorridorImprovementAuthority.pdf>



# Credit Enhancement Programs

Credit enhancement programs can reduce borrowing costs by securing a private loan. A loan that has the additional security of the credit enhancement will have a lower interest rate. In exchange for the savings, a developer must agree to provide affordable housing as part of their project. These programs typically require cash deposits at the lender.

## **In Grand Rapids**

The State of Michigan Community Revitalization program has the capability to provide credit enhancement, although it has not chosen to do so in Grand Rapids.

## **In Action**

There are many credit enhancement programs throughout the country. The larger the project and the higher the interest rate environment, the more valuable a Credit Enhancement Program becomes. Many locations have sold bonds to provide the funding for their programs.

## **Topics to Consider**

- Cost benefit of implementing, particularly in a low-interest lending environment

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Demolition Policy

Demolition policies are sometimes used to ensure affordable housing by preventing the unnecessary demolition of affordable housing stock to be replaced with newer, more expensive properties.

## **In Grand Rapids**

Grand Rapids has some of the most restrictive requirements for demolition in the State of Michigan. Under the Zoning Ordinance Sec. 5.2.03, a Demolition Permit application will only be approved if it meets one of the following criteria:

1. Interior only demolition
2. Site plan for redevelopment of the property approved by the Planning Department
3. Greenspace or other uses as approved by the Planning Commission
4. Notice to Repair or Demolish issued by Building Inspections or Code Compliance
5. Court order requiring demolition
6. If the demolition is located in a historic district or is a designated historic landmark, the Historic Preservation Commission must approve the demolition.

## **Topics to Consider**

- Merits of current demolition policy
- Ease of approval process and land reassembly
- Rehabilitation versus reconstruction (versus demolition) and housing prices

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Employer-Assisted Housing

Low- and moderate-income families are integral to Grand Rapids' economy. Income diversity within the City and downtown areas ensure that all sectors of the economy will thrive. If families are unable to live where they are working, businesses will start having a harder time attracting and retaining employees.

## **In Grand Rapids**

The City of Grand Rapids has a City employee home ownership incentive program to encourage City employees to live within the central city and increase the ratio of owner occupied homes. It provides a one-time grant for cash closing and down payment costs of \$3,000 for a home in Community Development Specific Target Areas and \$2,000 for a home in the Community Development General Target Area. The policy was enacted in 1995.<sup>14</sup>

## **In Action**

The U.S. Department of Housing and Urban Development (HUD) administers the Good Neighbor Next Door (GNND) program which provides law enforcement officers, teachers, firefighters, and emergency medical technicians homes in HUD revitalization areas for 50% of the list price. The individual/family must reside in the home for 36 months in order to receive the discount.

The Regional Employer-Assisted Collaboration for Housing (REACH) program in Illinois is administered by local housing nonprofits and provides homeownership education, financial counseling, and help managing the down payment or rental assistance provided by the participating employer. The program is also able to provide the employer with special state incentives including tax credits and matching funds. Participating businesses have experienced improved employee retention, reduced commutes, competitive benefits packages, state and federal tax benefits, and financial stability for employees.

## **Topics to Consider**

- Incentivizing private employers to provide assistance
- Modifications to the City of Grand Rapids employee housing program

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>14</sup> <http://mygrcity.us/departments/hr/servicearea/admin/SharedLibrary/Home%20Ownership%20Incentive.pdf>



# General Obligation Housing Bonds

General obligation bonds are issued by state or local government to raise funds for an activity backed by the jurisdiction. The bonds are repaid through taxes or appropriations made by a legislature.

The issuance of general obligation housing bonds requires a ballot measure vote. This ballot measure sometimes includes a specific tax. This form of funding can be flexible and may be suited for affordable development although it is difficult to secure.

## **In Action**

Villa Madera Family Housing in Oxnard, California consists of 72 units of affordable multifamily homes, along with a 3,655 square foot community room and an outdoor play area. The development was funded in part by California's Multifamily Housing Program, which was supported by funds raised through the Proposition 46 housing bond issue.

## **Topics to Consider**

- Possibility of use in Grand Rapids

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Height Limits and Bonuses

The City of Grand Rapids utilizes maximum height requirements in different zone districts to maintain the character and uses of those districts.

## **In Grand Rapids**

In Mixed-Use Commercial Zone Districts, building height may not vary from the height of adjacent buildings by more than two stories except for TN-CC and TN-TOD Zone Districts.

The City of Grand Rapids Zoning Ordinance establishes height bonuses in Mixed-Use Commercial Zone Districts. Buildings may qualify for a bonus height allowance based upon the Gross Floor Area (GFA) of the development devoted to the features and criteria established in Section 5.6.08. Bonuses are based on the number of units or the stories of the building and the following:

- The percent of the site area designed and committed to urban open space
- The percent of the gross floor area of the ground floor designed and committed to retail use
- The percent of the gross floor area designed and committed to residential use
- The minimum lot area/dwelling unit may be reduced by up to 500 square feet per unit and one additional floor may be added for providing a mix of affordable and market rate
- Three stories may be added for providing one transit station along the bus route as approved by The Rapid

Additionally, Section 5.9.17 allows for one bonus floor for multiple-family dwellings where 15-30% of units are designated as affordable, or if a payment is made to the City's affordable housing fund.

## **In Action**

Urban Group Development in Ann Arbor is proposing the construction of a luxury apartment building on Madison and Main in downtown Ann Arbor. The zone in which the property will be located has a 60 foot height limit. The project is seeking to waive the height requirement in exchange for offering a public benefit. The public benefit being proposed is the creation of two affordable units in the building.<sup>15</sup> New Orleans recently overhauled their zoning ordinance and increased height limits provided that developers:

- Include landscaping and amenities accessible to the public or invest in access to the waterfront
- Use environmentally sustainable building standards
- Dedicate a minimum of 10% of the units to low-income housing<sup>16</sup>

The drafting of the new ordinance took years of public input and City Council deliberation. The public was very interested in being a major part of the discussion and when the policy passed with several last minute amendments, some felt slighted. The major opposition to raising the height limits in New Orleans was related to the preservation of city character.<sup>17</sup>

## **Topics to Consider**

- Merits of current height limits and height bonuses in different zone districts
- Merits of offering additional bonuses for affordable units, or limiting bonuses in other categories.

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

<sup>15</sup> [http://www.mlive.com/news/ann-arbor/index.ssf/2015/05/madison\\_on\\_main.html](http://www.mlive.com/news/ann-arbor/index.ssf/2015/05/madison_on_main.html)

<sup>16</sup> [http://www.nola.com/politics/index.ssf/2015/05/new\\_orleans\\_city\\_council\\_zonin.html](http://www.nola.com/politics/index.ssf/2015/05/new_orleans_city_council_zonin.html)

<sup>17</sup> <https://news.vice.com/article/how-new-orleans-is-in-danger-of-losing-its-identity>



# Homebuyer Assistance Programs

Homebuyer assistance programs help low- and moderate-income families purchase homes when they may have a gap in financing. Programs can be structured in many ways ranging from a grant to a low-interest, no-interest, or forgivable loans. The down payment loans are provided in the form of a silent second mortgage and often cover down payment and closing costs.

Shared-equity models of homebuyer assistance provide financing to purchase a home and, in return, the family returns a portion of any home price appreciation that occurred while living there. The share of the appreciation that goes back to the entity that provided the assistance can be used to help another family buy a home or it can stay with the respective home, reducing costs for future buyers.

## **In Grand Rapids**

The City of Grand Rapids administers a Homebuyer Assistance Fund (HAF) that provides up to \$5,000 in down payment and closing cost assistance to qualified homebuyers. Funds are available to purchase homes that are located within the Community Development General Target Area. Homebuyers must occupy the home as their primary residence for a minimum of five years, after which the loan is forgiven.

## **In Action**

The Anaheim, California Redevelopment Agency offers the Second Mortgage Assistance Program (SMAP), providing down-payment assistance in the form of a silent second mortgage with 5% simple interest. SMAP loans cover up to 20% of the home purchase (not to exceed \$35,000) and are available to first-time homebuyers earning up to 120% AMI. SMAP loans are generated from a 20% housing set-aside from tax increment gains generated in the city's redevelopment districts.<sup>18</sup>

## **Topics to Consider**

- Including middle-income buyers
- Creative models of homebuyer assistance programs

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>18</sup> [www.housingpolicy.org](http://www.housingpolicy.org) (see website for more details about SMAP and a case study of SMAP and workforce housing.)





# Homeowner Rehabilitation Assistance

Homeowner rehabilitation assistance programs offer low- to moderate-income homeowners grants or loans to make repairs on their homes. The majority of state and locally run homeowner rehab programs are funded with federal HOME Investment Partnership Program and Community Development Block Grant (CDBG) funds.

## **In Grand Rapids**

Home Repair Services assists homeowners with emergency repairs.

The City Housing Rehabilitation Department offers loans to homeowners seeking repairs. Eligible homeowners within the Community Development General Target Area can apply for home repair loans between \$1,000 and \$24,000. Financial assistance through the Housing Rehabilitation Program can be used for improving energy efficiency, emergency repairs, exterior repairs, health and safety repairs, handicap accessibility modifications, and treatment of lead-based paint or asbestos

The City of Grand Rapids is a member in Mercantile Bank's FHLBI Neighborhood Impact Program (NIP). The NIP matches qualifying City Housing Rehabilitation Program investments to increase an eligible homebuyer's total source of funds to rehabilitate a home. The maximum NIP award available to a homeowner is \$10,000. Homeowner occupants should apply to the City's Housing Rehabilitation Program. Staff will then apply for NIP funds on behalf of the homeowner if the project qualifies and if NIP funding remains.

## **In Action**

Some homeowner rehabilitation assistance programs target home modifications to increase accessibility while others focus on health and safety hazards. In Tallahassee, FL the Emergency Home Repair Program supports emergency repairs and accessibility improvements to owner-occupied and income-eligible households.

## **Topics to Consider**

- Whether creative uses of homeowner rehabilitation assistance programs can address specific community needs

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Homeownership Education and Counseling

Homeownership education and counseling can encompass issues such as refinancing, reverse mortgages, repairs and maintenance, and foreclosure prevention and can take place in either group or one-on-one settings.

## **In Grand Rapids**

Inner City Christian Federation, LINC Community Revitalization Inc., and New Development Corporation are all members of the Michigan Homeownership Counseling Network and/or are HUD or MSHDA approved counseling agencies in the Grand Rapids area.

## **Topics to Consider**

- Homeownership education and millennials
- MSHDA and HUD's education program policies
- Coordination between neighborhoods, colleges, employers, and counseling agencies
- Home improvement workshops

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Housing the Homeless

Housing First is an approach that offers permanent, affordable housing as quickly as possible for individuals and families experiencing homelessness, and then provides the supportive services and connections to the community-based supports people need to remain in their home.

Key features of the Housing First approach include: few programmatic prerequisites, low barrier admission policies, rapid and streamlined entry into permanent housing, voluntary supportive services, and a focus on housing stability.

## **In Grand Rapids**

Work to end homelessness, coordinated by the Grand Rapids Area Coalition to End Homelessness, is done through the framework of the Housing First philosophy. Emphasis is placed on moving households to safe, secure, and permanent housing as quickly as possible, with no pre-conditions set as readiness for housing. The Grand Rapids Area Coalition to End Homelessness' 2015-2017 Strategic Plan identifies a number of ways the Housing First approach is being implemented locally.

## **In Action**

Alameda County, California has made progress in reducing both family homelessness and chronic homelessness through broad adoption of a Housing First approach. The County developed strategies to reduce homelessness, and used Homelessness Prevention and Rapid Re-Housing Program (HPRP) and Temporary Assistance for Needy Families (TANF) resources to create a comprehensive Housing First system.

## **Topics to Consider**

- Number of housing units and programs using Housing First
- Different needs of the chronically homeless, situationally homeless, episodic homelessness, and sub-populations (families, single adults, youth, veterans, survivors of domestic violence, and older adults)
- Tenant selection and admission policies

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Housing Trust Funds

Housing Trust Funds (HTFs) can be used to address specific local housing needs. Housing trust funds can be structured in a variety of ways. Some HTFs are associated with a dedicated funding source which is stable and will continue to provide resources without the need for annual appropriations. HTFs are a stable and effective way of ensuring long-term financing for affordable housing. However, when these funds are tied to real estate taxes, fees, and revenues from other economic activities, they can be affected by economic downturns. HTFs can also be funded through direct appropriations but then can be affected economic conditions and the political process.

When funding sources are tailored to reflect the economic strengths of an area, HTFs can be more productive. For example, an area with a strong real estate market may fund the HTF through real estate transfer taxes or a document recording fee. Some communities have turned to other sources including document recording fees from birth certificates, deeds of trust, and marriage licenses, general obligation bonds, or public purpose charges linked to utility fees.

## **In Action**

City's Edge condominiums is a 60-unit building that includes 31 homeownership units made permanently affordable through use of a shared appreciation model. The building was developed by the Champlain Housing Trust (CHT) in Burlington, Vermont. Families that buy a home through CHT receive down payment assistance to reduce the cost of purchasing a home. In return, the family agrees to sell the home for an affordable price to CHT or a qualifying buyer. The affordable price allows the original purchaser to recover their initial investment plus 25% of any home price appreciation. The remaining appreciation is used to keep the home affordable to the next buyer. An evaluation of this model found that CHT successfully preserves long-term affordability while providing home purchasers with net proceeds from resale averaging almost \$12,000. Almost 70% of families that resold homes originally purchased through the Trust went on to purchase market-rate homes.

## **Topics to Consider**

- Funding and implementation possibilities in Grand Rapids

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# HUD Programs

The mission of the U.S. Department of Housing and Urban Development (HUD) is to create strong, sustainable, inclusive communities and quality affordable homes for all. In order to achieve this mission, HUD operates a number of programs including, but not limited to:

- **Section 202 Supportive Housing for the Elderly:**  
Provides capital advances and contracts for project rental assistance to expand the supply of affordable housing with supportive services for very-low income elderly persons. Private, nonprofit organizations and consumer cooperatives may qualify for assistance, and may partner with private, for-profit entities so long as the sole general partner is a nonprofit organization that meets the statutory requirements. Occupancy is open to very low-income households which include at least one person 62 years of age or older.<sup>19</sup>
- **Section 108 Loan Guarantee Program:**  
Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Under this section, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. The applicant pledges its current and future CDBG funds as the principal security for the loan guarantee. HUD may require additional security for each loan, and any additional security that may be necessary is determined on a case-by-case basis.<sup>20</sup>
- **Section 811 Supportive Housing for Persons with Disabilities:**  
Provides assistance to expand the supply of housing with the availability of supportive services for persons with disabilities and promotes and facilitates community integration for people with significant and long-term disabilities. Capital advances are made to eligible private, nonprofit sponsors and, in cases of mixed-finance, for-profit limited partnerships where the sole general partner is (i) a nonprofit organization or (ii) a for-profit corporation controlled by a nonprofit organization to finance the development of rental housing with supportive services for persons with disabilities. The advance is interest free and does not have to be repaid so long as the housing remains available for very low-income persons with disabilities for at least 40 years.<sup>21</sup>
- **Section 221(d)(3) and (4) Multi-family Rental Housing for Moderate-Income Families:**  
Mortgage insurance to finance rental or cooperative multifamily housing for moderate-income households, including projects designated for the elderly. Section 221(d)(3) and (4) are HUD's major insurance programs for new construction or substantially rehabilitated multifamily rental housing.<sup>22</sup>

## **Topics to Consider**

- Funding and implementation possibilities in Grand Rapids

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>19</sup> <http://portal.hud.gov/hudportal/documents/huddoc?id=HUDPrograms2013-48.pdf>

<sup>20</sup> <http://portal.hud.gov/hudportal/documents/huddoc?id=HUDPrograms2013-8.pdf>

<sup>21</sup> <http://portal.hud.gov/hudportal/documents/huddoc?id=HUDPrograms2013-49.pdf>

<sup>22</sup> <http://portal.hud.gov/hudportal/documents/huddoc?id=HUDPrograms2013-45.pdf>



# Impact Fees

Impact Fees (also known as Linkage Fees, or Housing Impact Fees) are fees levied on market rate housing developments that can be used to finance or support affordable housing. The fee is based on the idea that every person who moves into a market-rate housing unit generates a need for services typically provided by employees paid less than the area median income. A Nexus Study must be completed in order to verify this assumption and, if confirmed, to determine a reasonable and legally defensible fee that may be charged. This model comes from a traditional model of charging impact fees for development of new infrastructure to serve development outside of an existing service area.

## **In Action**

San Jose, CA recently enacted an Impact Fee that charges a market-rate development \$17/sf of living space. The revenues from the Impact Fee are deposited in the Housing Impact Fee Fund and is used to acquire, finance, construct and develop affordable housing. Many communities in the San Francisco Bay have adopted Impact Fee Ordinances. Seattle has recently voted to pursue an Impact Fee for market rate development.

## **Topics to Consider**

- Whether it is reasonable that a nexus exists between market rate and affordable housing
- Feasibility for Grand Rapids, how revenue that could be generated could be utilized

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Inclusionary Zoning

Inclusionary zoning generally refers to a policy requiring new developments within a particular zone to dedicate a certain percentage of units as affordable in terms of the Area Median Income (AMI). These policies are used to promote mixed-income housing and reduce or prevent income-segregated communities.

At this year's annual Ann Arbor Planning Commission retreat, the topics of rent control and inclusionary zoning requirements were discussed. Michigan Act 226 of 1988 states that "a local government unit shall not enact, maintain or enforce an ordinance or resolution that would have the effect of controlling the amount of rent charged for leasing private residential property." Brett Lenart, deputy director of Washtenaw County's Office of Community and Economic Development, said there is some talk of changing the state law to allow inclusionary zoning. "I'm starting to have some conversations with a variety of communities, and I think there's some interest beyond the Ann Arbor area in maybe looking at some additional legislative tools to allow maybe inclusionary zoning or other flexibility," Lenart said.<sup>23</sup>

## **In Action**

A June 2015 California Supreme Court decision affirmed the City of San Jose's inclusionary zoning ordinance, which requires that residential projects of more than 20 units make at least 15 percent available to low and moderate income occupants, defined as those earning up to 120 percent of the county median income.

Boulder, Colorado instituted an inclusionary housing program which requires that all new residential development contribute at least 20% of the total units as permanently affordable housing. They allow a few options for meeting the requirement (on-site affordable units, dedicated off-site existing or newly constructed affordable units, dedicated vacant land for affordable unit development, or cash-in-lieu). Developments with ownership units must provide a minimum of 50% of the required affordable units on-site. Dedicated land is evaluated on a case-by-case basis and must be of adequate size to result in two and a half times the required number of affordable units.<sup>24</sup>

Montgomery County, Maryland created an inclusionary zoning ordinance that mandated developers of properties over a certain size include Moderately Priced Dwelling Units. The wealthy northern suburb of Washington D.C. had a very strong housing market and was struggling to maintain affordability for less wealthy residents. The inclusionary zoning policy in Montgomery County is widely regarded as one of the most successful programs in the nation. The program has produced more than 13,000 affordable housing units.<sup>25</sup>

## **Topics to Consider**

- Creative incentive policies
- Making mixed-income developments a feasible option when developers generally specialize in either market rate or affordable
- Inclusionary zoning requirements and the State law

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>23</sup> [http://www.mlive.com/news/ann-arbor/index.ssf/2015/04/rent\\_control.html](http://www.mlive.com/news/ann-arbor/index.ssf/2015/04/rent_control.html)

<sup>24</sup> <https://bouldercolorado.gov/housing/inclusionary-housing>

<sup>25</sup> [http://www.huduser.org/portal/Publications/pdf/HUD-496\\_new.pdf](http://www.huduser.org/portal/Publications/pdf/HUD-496_new.pdf)



# Land-banking and Repurposing of Publicly Owned Land

Land banks are entities created by counties, municipalities, or nonprofits to manage and develop abandoned and foreclosed properties. Land bank programs can be used to revitalize blighted neighborhoods, benefit school districts, improve tax revenues, expand housing opportunities, remove public nuisances, assist in crime prevention, and promote economic development.

## **In Grand Rapids**

The Kent County Land Bank Authority's 2013-2015 Strategic Plan includes partnering with local governments to better address the needs of individual municipalities.<sup>26</sup> The Kent County Land Bank Authority (KCLBA) assists the City of Grand Rapids in stabilizing neighborhoods, eliminating blight, increasing property values, creating economic development opportunities, and preserving neighborhood character. City Commission Policy 900-44 guides the acquisition and disposition of tax foreclosed properties offered to the KCLBA to fulfill the public purpose of restoring blighted properties and neighborhoods and to provide affordable housing.

## **In Action**

The Atlanta Land Bank has the authority to direct the tax commissioner to initiate tax foreclosure proceedings on specific parcels as well as receive properties acquired by the local government as the result of drug law forfeitures. Rather than holding properties, the Atlanta Land Bank's main function is to waive delinquent property taxes if a property is acquired by an approved party for a specific purpose (like affordable housing development).<sup>27</sup>

Developers in the Washington D.C. area shared costs with public agencies in new developments. For example, a new apartment building in a publicly owned building shared a parking garage with a publicly owned community center next door. The co-location economy of scale saved money and allowed the developer to ensure affordable units.<sup>28</sup>

## **Topics to Consider**

- Most effective land-banking strategies for Grand Rapids
- Publicly owned land in Grand Rapids as affordable housing

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>26</sup> <http://kclba.org/wp-content/uploads/2014/09/2015-strategic-plan.pdf>

<sup>27</sup> <http://www.cookcountylandbank.org/wp-content/uploads/2014/09/Land-Bank-Advisory-Board-Reccomendations-Nov-21-2012.pdf>

<sup>28</sup> [http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI\\_PublicLandReport\\_Final020215.pdf](http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI_PublicLandReport_Final020215.pdf)





# Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) is the largest funding source nationally for the creation and preservation of affordable housing. State housing finance agencies like the Michigan State Housing Development Authority (MSHDA) administer the LIHTC and have discretion in setting priorities for the allocation of credits. MSHDA's Qualified Allocation Plan sets the requirements for the program. Some states incentivize projects in neighborhoods with low-poverty rates while other states use the LIHTC as a tool to revitalize communities that have higher poverty rates.

## **In Action**

In high cost markets such as New York City, where the development of market-rate rental housing is feasible, the 80/20 program option uses 4% low-income housing tax credits in project financing. In this model, tax-exempt bonds finance 100% of the project's qualifying costs. 80% of the units are rented at market-rate and 20% are designated as tax credit units for income-qualifying tenants whose incomes are 50% or less of the area median.

New York City expands this model and uses local funds to make 30% of the market-rate units affordable to middle-income families and 20% of units rent-restricted.

## **Topics to Consider**

- Expanded use of the LIHTC at the State level

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Michigan Community Revitalization Program

The Michigan Community Revitalization Program (CRP) is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), designed to promote community revitalization that will accelerate private investment in areas of historical disinvestment; contribute to Michigan's' reinvention as a vital, job generating state; foster redevelopment of functionally obsolete or historic properties; reduce blight; and protect the natural resources of this state. The program is designed to provide grants, loans, or other economic assistance for eligible properties. Properties are eligible if they are contaminated, blighted, functionally obsolete, or are a historic resource.

## **In Grand Rapids**

CRP awards have been made to various projects in Grand Rapids over the past several years. The majority of the projects have included market rate housing as part of a mixed-use project. For example, Lofts on Monroe (820 Monroe), 555 and 601 Michigan, Lofts on Michigan (740 Michigan), The Morton (55 Ionia), and Fulton Place (30 Lexington) are all mixed-use projects containing or proposing to contain market-rate housing that have received grant and/or loan assistance from the CRP program.

## **Topics to Consider**

- Other state programs exist that support affordable housing, while the CRP program, has typically supported market-rate programs. Is it possible to layer or mix programs? What difficulties might this present?

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# MSHDA Reserves for Affordable Homes

Housing Finance Agencies retain reserves which might be able to be used for affordable housing under certain conditions. State Housing Finance Agencies (HFAs) like the Michigan State Housing Development Authority keep reserves in order to maintain their bond ratings which enable them to borrow at low rates. HFAs that accumulate high levels of reserves can become vulnerable to the diversion of funds for non-housing purposes. If MSHDA has high levels of reserves, it may be possible to propose that the money be used directly on affordable housing projects.

## **In Action**

The Pennsylvania Housing Finance Agency (PHFA) has used reserve funds for affordable housing every year since 1987. In 2003, the finance agency committed \$15 million of reserves for the Homeownership Choice Program, which finances the new construction of single-family homes in distressed neighborhoods. PHFA also uses reserve funds to provide down payment assistance to low- and moderate-income homebuyers, and to fund affordable rental homes for residents with SSI-income levels.

## **Topics to Consider**

- Viability as a funding option

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Neighborhood Enterprise Zones

The Neighborhood Enterprise Zone (NEZ) Program was established by Public Act 147 of 1992, as amended. The program provides a tax incentive for the development and rehabilitation of residential housing.

## **In Grand Rapids**

NEZs are addressed in Title V, Chapter 69 of the Grand Rapids City Code. NEZ designation provides property owners with tax reductions and exemptions for rehabilitating or constructing homes in areas that are most in need of investment. New construction projects may also qualify if they are mixed-use, contain rental housing, and are in an area zoned and primarily used for business (i.e. commercial corridor).

The City of Grand Rapids has designated eight areas as NEZs: North Baxter, Belknap Lookout, Turner Gateway, Heritage Square, Wealthy Heights, Midtown, Michigan Street and Eastown Flats.

## **In Action**

The City of Grand Rapids operates one of the most successful Neighborhood Enterprise Zones programs in Michigan. The designation of an NEZ is aimed at promoting home ownership and investment in areas of Grand Rapids where the greatest impact would occur and where improvements are likely to trigger additional investment in adjacent neighborhoods.

## **Topics to Consider**

- Where, and under what circumstances, the use of NEZs is the most beneficial

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# New Markets Tax Credits

The New Markets Tax Credit can be used to incentivize investment in low-income communities. The New Markets Tax Credit (NMTC) Program was established in 2000 as part of the Community Renewal Tax Relief Act of 2000. The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. The credit equals 39% of the investment paid out (5% in each of the first three years, then 6% in the final four years, for a total of 39%) over seven years. A Community Development Entity must have a primary mission of investing in low-income communities and persons.

## **In Grand Rapids**

The Bicycle Factory, a mixed-use facility that houses offices of Grand Valley State University, was created using NMTC allocation money from the Michigan Magnet Fund. The Bicycle Factory was an \$8.5 million redevelopment project. Other projects in Grand Rapids funded by NMTC allocations include Grand Valley State University's Seidman Center, 35 Oakes Street Project, Heart of the City Health Care Facility, and Martineau Apartments.

## **In Action**

The Michigan Magnet Fund (MMF), an alliance of the Michigan Economic Development Corporation, the Michigan State Housing Development Authority, and the Great Lakes Capital Fund, is a certified community development entity and was awarded a \$60 million NMTC allocation for investment in eligible businesses in low-income communities throughout Michigan. The Great Lakes Capital Fund received an allocation of \$28 million for their four state region.

## **Topics to Consider**

- Fostering the use of the NMTC

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Non-Profit Tax Exemption

Public Act 456 of 2014, which amends MCL 211.7kk, provides that beginning December 31, 2014 a charitable nonprofit housing organization that owns eligible nonprofit housing property may apply to the State Tax Commission (STC) for an exemption from taxes collected under the General Property Tax Act. The exemption takes effect beginning December 31 in the year in which the STC approves the exemption and remains in place for up to five years.

## **In Grand Rapids**

In March 2008, the City Commission approved a policy to provide a tax exemption for properties owned by certain types of nonprofit organizations that are intended for resale to low-income people. By reducing carrying costs, this policy improved the affordability of housing. The policy was revised by PA 456 of 2014 and eligible nonprofit organizations may now apply directly to the State Tax Commission.

Before December 31, 2014, the governing body of a local tax collecting unit had the ability to adopt a resolution to exempt eligible nonprofit housing property from the collection of taxes pursuant to Public Act 612 of 2006. City Commission Policy 900-50 allowed the Commission to grant property tax exemptions for certain properties owned by a Community Housing Development Organization (CHDO) that were being rehabilitated or constructed for resale to low-income persons. A copy of each Commission resolution authorizing a local exemption was filed with the State Tax Commission. An exemption remained in effect for two years or until the property was sold, whichever was earlier. With the approval of PA 456 of 2014, eligible organizations may now apply directly to the State Tax Commission.

## **In Action**

Portland, Oregon has a range of tax abatement programs designed to promote development near public transit stations, rehabilitation of rental homes, the construction or rehabilitation of owner-occupied homes in certain "opportunity areas," and nonprofit ownership of affordable rental homes. As of fiscal year 2010-2011, almost 14,000 homes received one of these abatements, contributing significantly to the city's objectives for affordable homes and community development.

## **Topics to Consider**

- Awareness of tool

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Obsolete Property Rehabilitation Tax Exemption

Public Act 146 of 2000 allows a property owner to apply for tax exemption for the commercial (including multi-family housing) rehabilitation of an obsolete property, if certain requirements are met. Properties must be certified as functionally obsolete by a Level 3 or 4 assessor. The benefit of the Obsolete Property Rehabilitation Act (OPRA) exemption is a freezing of taxable value for the building improvements at their pre-rehabilitation value for a period of up to 12 years.

## **In Grand Rapids**

City Commission Policy 900-42 guides the use of the OPRA exemption program. Housing projects must have a minimum of ten (10) residential units or be part of a mixed-use development, and the minimum required investment is \$30 per square foot. OPRA exemptions have been utilized to support various projects, including multi-family, mixed-use and commercial rehabilitation projects. Recently, the Lofts on Monroe redevelopment (820 Monroe) was approved for an OPRA exemption for the rehabilitation proposed to create approximately 86 residential apartment units and approximately 27,000 of commercial space.

## **In Action**

The OPRA tax exemption is utilized in core communities throughout the State of Michigan. Grand Rapids' currently stated goals for the OPRA program are to encourage rehabilitation of obsolete property that will facilitate redevelopment, foster job creation and expand the tax base for the City.

## **Topics to Consider**

- Where, and under what circumstances, the use of OPRA exemptions is the most beneficial

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Occupancy Limits

Occupancy limits are put in place to ensure safe and healthy living conditions. They are also sometimes used to maintain the character of a single-family zoning district.

## **In Grand Rapids**

The 2012 International Property Maintenance Code (IPMC) and the Zoning Ordinance both address occupancy limits in Grand Rapids. The IPMC regulates the number of occupants in a unit based on the square footage and amount of living space. For one or two occupants, there must be 120 square feet of living room plus the required amount of bedroom space (70 square feet for one or 50 square feet per person for more than one). For three to five occupants, there must be 120 square feet of living room plus 80 square feet for a dining room plus the minimum bedroom requirements.

The Zoning Ordinance limits occupancy based on family type and the number of unrelated residents. A family living in a single dwelling unit can consist of one of the following:

- An individual
- A group of two or more persons related by blood, marriage, or legal adoption
- Not more than six foster care children
- Not more than four unrelated persons eighteen years of age or older
- Not more than six foster care adults

## **In Action**

There have been several cases in which municipalities attempted to define a “family” for zoning purposes and ran into legal issues. Some options to consider might be removing the zoning piece altogether or changing the zoning code to be more inclusive (see NY Dept. of State General Counsel Legal Memorandum LU05).<sup>29</sup>

## **Topics to Consider**

- Merits of current occupancy restrictions
- Seniors aging-in-place, cooperative communities and higher density
- Impact on single-family neighborhoods

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>29</sup> <http://www.dos.ny.gov/cnsl/lu05.htm>





# Payment in Lieu of Taxes (PILOT)

Payment in Lieu of Taxes (PILOT) is the term used to describe a property tax exemption for rental housing developments serving lower-income households. In exchange for the tax exemption, the property owner pays a service fee based on rents collected from the project. PILOT allows local communities to contribute to the long-term affordability of housing for low-income households. Relevant policies can be found in the Michigan State Housing Development Authority Act of 1966, Section 125.1415a and the Grand Rapids City Code Article 5, Chapter 9 of Title I, Section 1.412.

## **In Grand Rapids**

The Grand Rapids City Commission, on a case-by-case basis, may permit a 4% payment in lieu of property taxes for rental developments that serve lower-income persons. Developments intended to serve formerly homeless persons may have the payment waived in full. This policy has the effect of reducing the carrying costs of certain rental developments, thereby increasing their affordability.

## **Topics to Consider**

- Streamlining the PILOT application process
- Maintaining transparency and oversight

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Permitting and Review Policies

Obtaining the necessary rental and building permits to begin occupancy of a new housing development can take significant time and cost developers money. Expedited permitting can lower the costs of holding land in advance of construction and can create more certainty in the development process, lowering the cost of financing.

Some cities have made exceptions to their policies and implemented separate policies and processes to encourage affordable housing development. Examples of expedited permitting include:

- Prioritizing the review of projects meeting specific City goals
- Establishing time periods for decisions on applications
- Creating multi-agency review committees
- Assigning a project expediter who serves as a single point of contact

## **In Grand Rapids**

The Development Center webpage at [www.grcity.us](http://www.grcity.us) has a Building Permit Fee Estimator and fillable permit applications.

## **In Action**

The Villas on Sixth in Austin, Texas was designed to be in compliance with Austin's S.M.A.R.T. Housing Initiative, a self-funded program that uses expedited review and fee waivers to stimulate the production of affordable homes. Residences built under this program are intended to be safe, mixed-income, accessible, reasonably priced, and transit-oriented.

## **Topics to Consider**

- Ways to streamline the development of affordable housing
- Balancing expedited processes with housing safety, health, and quality of life

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Policies Impacting Income

Adequate income for families to maintain housing can be problematic. Families may receive public assistance to meet these and other needs. The “cliff effect” refers to the situation working families face when attempting to make the transition from leaving public assistance programs to making a more livable wage. In some cases, families lose program benefits faster than they are able to replace those benefits with an increased income.

## **In Grand Rapids**

According to United Way’s ALICE Report, 51 percent of households living in the City of Grand Rapids earn less than the basic cost of living in the county.<sup>30</sup> The Report also lists Kent County as doing poorly in terms of housing affordability. The unemployment rate is 12 percent and 12 percent of residents do not have health insurance in Grand Rapids. Twenty two percent of homeowners and 56 percent of renters in the City of Grand Rapids spend more than 30 percent of their income on housing.

## **In Action**

In Michigan on May 20, 2015, the House of Representatives passed HB 4052 that if passed into law would prevent municipalities from setting local minimum wages or from requiring companies doing business within their boundaries to offer certain public benefits.<sup>4</sup> The bill may also affect previous ballot proposals passed by voters that established a local living wage.

The National Center for Children in Poverty and the Women’s Foundation of Colorado published a report in 2007 analyzing the “cliff effect” in seven counties and advocating for public policy changes to reduce its effects.<sup>31</sup> In 2014, the State of Colorado passed SB 14-003 establishing a pilot program to mitigate the effects of losing assistance while working. The law established a fund for counties to create pilot programs based on specific local needs.<sup>32</sup> The law also has the potential to enable future policy proposals and legislation.

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low–Income and Vulnerable Populations

---

<sup>30</sup> [http://static1.squarespace.com/static/52fbd39ce4b060243dd722d8/t/54ab002ee4b0ab38feeee161/1420492846971/14UW+ALICE+Report\\_MI\\_Hires\\_1.5.15.pdf](http://static1.squarespace.com/static/52fbd39ce4b060243dd722d8/t/54ab002ee4b0ab38feeee161/1420492846971/14UW+ALICE+Report_MI_Hires_1.5.15.pdf)

<sup>31</sup> <http://www.wfco.org/pages/content/the-cliff-effect>

<sup>32</sup> [http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont2/6A4DFD111FCA19BB87257C300005BE6F/\\$FILE/003\\_enr.pdf](http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont2/6A4DFD111FCA19BB87257C300005BE6F/$FILE/003_enr.pdf)  
(07/08/15, jbs)



# Pre-Development and Acquisition Financing

Large non-profit and for-profit developers may have easier access to lines of credit. However, for small organizations the costs of beginning an affordable housing project can be a major obstacle. Small non-profits and affordable housing developers can often have difficulty raising the capital to pay for pre-development and acquisition costs.

## **In Action**

The Florida Housing Finance Corporation offers a pre-development loan program to non-profits, local governments, and public housing authorities seeking to increase the supply of affordable housing. The maximum pre-development loan is \$500,000 and \$750,000 for site acquisition. Interest rates are generally between 1% and 3%. At least 60% of the units must be for affordable rental housing. Technical assistance is provided to ensure that applicants have a plan for construction and permanent financing. Repayment is deferred for three years or until construction or permanent financing is obtained. In 2008 the program helped to create 178 affordable single-family homes and 446 affordable rental homes.

## **Topics to Consider**

- Coordinating with non-profits, MSHDA, foundations, and other community partners

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Property Rent Control

In some cities, rent control policies are enacted to reduce the effects of rising rent on the affordable housing stock. Proponents of rent control policies discuss how it can be used to stabilize school districts and prevent displacement and segregation based on income, age, race, and other factors. Critics of rent control policies point out the inefficiencies and unintended consequences of policies that led to discouraging new construction and decaying housing stock.

The State of Michigan prohibits local governments from enacting rent control policies or ordinances. See Act 226 of 1988, 123.411.

## **In Action**

San Francisco's rent control policy limits the percentage increase that landlords can raise rents each year. The limit is based on inflation and have typically ranged between 1% and 3%. Rent cannot be increased more than once in a 12 month period and landlords must give 30 days' notice for rental increases of less than 10% and 60 days' notice for rental increases more than 10%. When a tenant vacates a rental unit, there is no limit on the rent that can be charged to subsequent tenants. Only buildings constructed before July 1979 are covered by rent control. Rent control does not apply to single-family homes or condominiums with some exceptions. If a landlord evicts a tenant from a single-family home in a no-fault eviction, the next tenant is entitled to rent control. If a single-family home is cited with housing code violations within six months of a tenant moving in, that tenant is entitled to rent control.

A state law in California, the Ellis Act, allows landlords to evict tenants when they stop renting their properties out. However, landlords must take all units off the market, not just one. This may prevent evictions in order to get around rent control. Under the Ellis Act, San Francisco requires compensation to be paid to tenants being evicted when the properties are being removed from the rental market.

## **Topics to Consider**

- Rent control and the State law, see *Inclusionary Zoning*

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Small Homes, Tiny Homes, and Micro-Units

Smaller homes and micro-units can be owned or rented and tend to be more environmentally sustainable and affordable. There is also a market for small rental units among millennials. Smaller units are an emerging trend in urban living. Young professionals especially are willing to sacrifice space for location and affordability.<sup>33</sup> This trend also has the potential to increase density and the amount of affordable units within the city.

Tiny homes range from 80 to 800 square feet and are often built on trailers or with recycled materials. The movement is driven by concerns about environmental sustainability, affordability, and simplicity. The 2015 Cottage & Lakefront Living Show in Grand Rapids on March 27-29 featured two examples of tiny homes which garnered significant interest among attendees.<sup>34</sup> Tiny homes, as opposed to micro-units, are not generally considered as rental properties. Part of the draw of the movement is its focus on affordability and breaking away from long-term mortgages and rental payments. Tiny homes sometimes avoid building and housing codes by being non-permanent or by keeping the size below the regulatory threshold.

## **In Grand Rapids**

For detached single-family dwellings, Section 5.2.08 of the Zoning Ordinance currently permits a minimum horizontal dimension of 18 feet, and a minimum Gross Floor Area of 750 square feet. Urbaner, a brand introduced by Rockford Construction, is working on creating small, simple urban rental properties. Rockford Construction implemented these ideas in their property at 600 Douglas Street NW which consists of 18 townhomes in four buildings. The property offers studio, one-bedroom, and two-bedroom units ranging from 450 to 1250 square feet.<sup>35</sup>

Family Promise of Grand Rapids restores manufactured homes for as little as \$6,500 for families at risk of homelessness. When the family has been able to consistently pay their rent and utilities, they receive the title to their home. The group works with three manufactured home parks. The group is now in its sixth year and has a 97% rate of keeping families permanently housed.

## **Topics to Consider**

- Incentivizing small homes, tiny homes, and micro units
- Any potential barriers to the development of these units
- Zoning code implications
- Minimum health and safety standards
- Potential to address homelessness

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>33</sup> <http://www.bostonglobe.com/opinion/2012/11/24/micro-units-perfect-pad-imperfect-price/E0bP8tQkGfPRdN0rp0XmEI/story.html>

<sup>34</sup> [http://www.mlive.com/business/west-michigan/index.ssf/2015/03/tiny\\_houses\\_are\\_big\\_at\\_the\\_cot.html#incart\\_river](http://www.mlive.com/business/west-michigan/index.ssf/2015/03/tiny_houses_are_big_at_the_cot.html#incart_river)

<sup>35</sup> <http://www.grbj.com/articles/80562-delivering-spaces-that-live-larger>



# Source of Income Protection

The Fair Housing Act prohibits housing discrimination on the basis of race, color, national origin, religion, sex, familial status, or disability. Michigan state law provides additional protection for age and marital status. Grand Rapids has local ordinances that expand coverage for sexual preference and legal and verifiable source of income.

## **In Grand Rapids**

Grand Rapids lists legal source of income as a protected class in terms of housing discrimination. Under Grand Rapids Code of Ordinances, Title IX, Chapter 160, Sec. 9.364, the City of Grand Rapids prohibits housing discrimination regardless of race, color, religion, ancestry or national origin, age, sex, marital status, familial status, handicapped status, source of lawful income or public assistance recipient status. Enforcing this anti-discrimination ordinance effectively may contribute to the availability of affordable housing for residents receiving income subsidies.

## **In Action**

New York City protects Section 8 and other government assistance recipients from housing discrimination through the NYC Human Rights Law.

In New York City, if an apartment building has six or more units or if the landlord owns another building in the City with six or more units, the landlord cannot:

- Refuse to rent an apartment because of income source
- Refuse to accept housing assistance towards the payment of rent for either new or existing tenants
- Print advertisements that indicate a refusal to accept programs

New York City has a Commission on Human Rights hotline that can be accessed through their 311 for residents who witness or experience housing discrimination.

## **Topics to Consider**

- Enforcement of the City Code source of income protection

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations



# Tax Increment Financing

Under a tax increment financing (TIF) program, a base amount of property tax revenue is recorded within an established district before improvements are made. The municipality funds a developer to make improvements to the district (roads, water, sewer, etc.). If the efforts are successful, property values rise and there is an increase in property tax revenue above the base amount. The increase in tax revenue is used to reimburse the community (or developer) for the initial cost of the improvements. TIFs have been used in some cases to support affordable housing projects. This can be accomplished a few different ways. A community can fund affordable homes as the initial improvement project to raise property tax revenue. In other cases, TIFs can fund other community needs (sewers, roads, etc.) and the revenue created can be used to fund affordable housing. This kind of program may be able to curb some of the effects of rising property values and increasing housing costs.

## **In Action**

Some states and municipalities have passed legislation that requires that a minimum portion of any TIF revenue goes towards affordable housing. Utah mandates that any municipality that adopts a program using TIF financing and generates \$100,000 of annual revenue must set aside at least 20% of the money to go towards affordable housing within the TIF district. An additional 20% of the revenue can be used to improve housing preservation efforts outside of the TIF district. Portland, Oregon has a similar program that includes a 30% set-aside policy.<sup>36</sup> Austin, Texas has developed a TIF program that complements the efforts of the land bank and land trust by using revenue to improve infrastructure directly related to the affordable housing project.<sup>37</sup>

## **Topics to Consider**

- Creative TIF programs

## **Applicable Workgroups**

- Land Use and Zoning
- Housing Finance
- Economic and Workforce Development
- Low-Income and Vulnerable Populations

---

<sup>36</sup> <https://www.portlandoregon.gov/phb/60811>

<sup>37</sup> [https://www.dallasfed.org/microsites/cd/epersp/2008/3\\_2\\_austin.pdf](https://www.dallasfed.org/microsites/cd/epersp/2008/3_2_austin.pdf)