Data Compendium for Informed Housing Policy: Zoning

Recommendation #3: Small Scale Development
Recommendation #6: Density Bonus for Affordable Housing
Recommendation #8: Accessory Dwelling Units
Recommendation #9: Non-Condo Zero Lot Line Development

As requested by the City Commission on February 20, 2018
Prepared: March 21, 2018
By: City of Grand Rapids Planning Department, Design & Development
Suzanne M. Schulz, AICP Managing Director of Design & Development
Purpose

This document was prepared in response to the City Commission’s request for data and additional information in relation to proposed Zoning Ordinance changes. The document is intended to establish a general level of understanding, through the use of data and published works, regarding Grand Rapids’ housing and the housing needs of all people in our community. The body of work should be considered in DRAFT form given the limited amount of resources and time available. In fact, it should be considered a “living” document – meaning that it may continue to be expanded upon based on the questions asked, and knowledge learned, during the course of the City Commission’s policy discussion. The data contained herein is based on information that is accessible to the general public. The exercise of aligning data with documentation was undertaken in an attempt to provide context to the discussion surrounding housing policy and should not be construed to be a particular position of the Planning Department.

Housing supply is a macro-level issue - all growing cities across the United States are grappling with this challenge. Displacement and neighborhood change is loaded with micro-level issues that have been acknowledged at the podium in City Commission meetings. Micro-level problems typically lead to macro-level ones; therefore, it is important to understand the social context and constructs of how Grand Rapids’ neighborhoods have developed in order to advance housing policy that will best achieve equitable and fair outcomes, allow our community to grow, and sustain or improve our quality of life.

Thank You

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**Housing NOW!** [https://www.grandrapidsmi.gov/Government/Programs-and-Initiatives/Housing-Now](https://www.grandrapidsmi.gov/Government/Programs-and-Initiatives/Housing-Now)
Housing Supply
Housing Supply

“But even after seven consecutive years of growth, new residential construction in 2016 was well below the 1.4–1.5 million unit annual rates averaged in the 1980s and 1990s. In fact, coming on the heels of the most prolonged and pronounced downturn since the Great Depression, housing completions in the past 10 years totaled just 9.0 million units—more than 4.0 million units less than in the next-worst 10-year period going back to the late 1970s. Together with steady increases in demand, the low rate of new construction has kept the overall market tight, leaving the gross vacancy rate at its lowest point since 2000.

Meanwhile, rental markets are extremely tight despite the relatively strong pickup in multifamily construction. According to the Housing Vacancy Survey, the rental vacancy rate fell for the seventh straight year in 2016, dipping to 6.9 percent—it’s lowest level in more than three decades. Indeed, rent gains across the country continue to outpace inflation. With most new supply coming at the upper end of the market and strong demand pushing up rents across the board, the number of modestly priced units available for under $800 declined by 261,000 between 2005 and 2015, while the number renting for $2,000 or more jumped by 1.5 million.”

1 The State of the Nation’s Housing 2017, Joint Center for Housing Studies of Harvard University
Homebuyers in West Michigan are feeling the crunch of one of the tightest residential real estate markets in the country. Realtor.com says Grand Rapids ranks No. 3 in its ranking of the 10 U.S. cities with the “biggest housing shortages.” The ranking examined the top 150 markets in the U.S., looking for the lowest inventory of homes for sale. The shortage of homes for sale, combined with growing demand for homes has created a “skintight, depleted” market where first-time homebuyers are struggling the most, according to Realtor.com’s Chief Economist Jonathan Smoke. “More than two-thirds of the markets are seeing less inventory now compared to a year ago,” Smoke says. “Tight credit and limited new construction are clearly at play.”

“New home sales have not increased as dramatically as existing home sales due, in part, to a general shortage of construction workers. Most home builders say they could build more new homes but do not have enough crews to satisfy all the demand for new housing. During the 3-year forecast period, with continued population and household growth, demand is expected for 9,375 new homes.” (see table)

Estimated Demand for New Market-Rate Sales Housing in the Grand Rapids-Wyoming HMA During the Forecast Period

<table>
<thead>
<tr>
<th>Price Range ($)</th>
<th>Units of Demand</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 125,000</td>
<td>To 174,999</td>
<td>380</td>
</tr>
<tr>
<td>175,000</td>
<td>199,999</td>
<td>1,125</td>
</tr>
<tr>
<td>200,000</td>
<td>249,999</td>
<td>2,450</td>
</tr>
<tr>
<td>250,000</td>
<td>299,999</td>
<td>2,725</td>
</tr>
<tr>
<td>300,000</td>
<td>399,999</td>
<td>1,700</td>
</tr>
<tr>
<td>400,000</td>
<td>499,999</td>
<td>840</td>
</tr>
<tr>
<td>500,000 and higher</td>
<td>190</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: grar.com (Grand Rapids Association of REALTORS®)

3 http://www.grbj.com/articles/87064-grand-rapids-housing-shortage-ranks-no-3-in-us
Regional Rental Housing

“Apartment buildings with five or more units per structure constitute nearly 45 percent of all rental units. With apartments accounting for such a large percentage of the overall rental market, the apartment market has mirrored the trend of the overall rental market, with a significant reduction in the vacancy rate since April 2010. The apartment market is currently slightly tight with a 3.6-percent vacancy rate, which is up from 2.6 percent a year earlier but down from 6.7 percent during the first quarter of 2010.

The apartment vacancy rate was at 8.6 percent during 2006 before declining to 6.0 percent during 2008; the decline in the rental vacancy rate was due in part to enrollment increasing nearly 4 percent annually during the 2006-to-2008 period at GVSU, whose students make up more than 5 percent of all renter households. The rapid economic turnaround, net in-migration, and very low levels of multifamily production from 2008 through 2010 allowed for vacant units to be absorbed in the early 2010s; by the end of 2011, the apartment vacancy rate was down to 2.9 percent. Multifamily production increased in earnest until the second half of 2013, but as a result of strong demand the apartment market remained extremely tight through 2014, with the apartment vacancy rate declining to 2.5 percent. From 2009 through 2014, apartment rents increased by an average of $14, or 2 percent, annually, and by 2014 were up to $720. Continued growth in the number of renter households is expected to contribute to demand for 4,675 new market-rate rental units during the next 3 years. The 1,750 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2016, to November 1, 2019.

The 1,750 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2016, to November 1, 2019.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Grand Rapids-Wyoming HMA During the Forecast Period

<table>
<thead>
<tr>
<th>Zero Bedrooms</th>
<th>One Bedroom</th>
<th>Two Bedrooms</th>
<th>Three or More Bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly Gross Rent ($)</td>
<td>Units of Demand</td>
<td>Monthly Gross Rent ($)</td>
</tr>
<tr>
<td>750 to 949</td>
<td>875 to 1,074</td>
<td>300</td>
<td>975 to 1,174</td>
</tr>
<tr>
<td>950 or more</td>
<td>1,075 to 1,274</td>
<td>700</td>
<td>1,175 to 1,374</td>
</tr>
<tr>
<td></td>
<td>1,275 to 1,474</td>
<td>850</td>
<td>1,375 to 1,574</td>
</tr>
<tr>
<td></td>
<td>1,475 or more</td>
<td>160</td>
<td>1,575 or more</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>2,025</td>
<td>Total</td>
</tr>
</tbody>
</table>

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,750 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2016, to November 1, 2019.

Source: Estimates by analyst

Rentcafe.com

“Developers are building a mix of unit types, however the most popular tend to be the studio and 1-bedroom. Renters are using their apartments less and less and therefore don’t require as much space. The trend is also towards flexibility, so we are seeing less renters who desire to have a roommate.”  

According to https://www.rentcafe.com/ there are currently 297 rentals listed as of March 17, 2018.

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Grand Rapids, MI Apartment Rent Ranges

- $501-$700 8%
- $701-$1,000 54%
- $1,001-$1,500 30%
- $1,501-$2,000 6%
- > $2,000 2%

Average Rent in Grand Rapids, MI

<table>
<thead>
<tr>
<th></th>
<th>All rentals</th>
<th>Studio</th>
<th>1 Bed</th>
<th>2 Beds</th>
<th>3 Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$1,016</td>
<td>$775</td>
<td>$898</td>
<td>$1,059</td>
<td>$1,293</td>
</tr>
<tr>
<td>Y-o-Y change</td>
<td>4%</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Average apartment size</td>
<td>873 sq. ft.</td>
<td>432 sq. ft.</td>
<td>688 sq. ft.</td>
<td>982 sq. ft.</td>
<td>1,349 sq. ft.</td>
</tr>
</tbody>
</table>

> The average size for a Grand Rapids apartment is 873 square feet, but this number varies greatly depending on apartment type. A studio averages 432 sq. ft, while a one-bedroom apartment offers a more generous square footage: 688. 2-bedroom apartments in Grand Rapids have an average size of 982 sq. ft.

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6 2018 West Michigan Economic & Commercial Real Estate Forecast, Colliers International, p 18
Grand Rapids’ Housing Stock

“In the period between the two World Wars, there was a notable falling-off in building construction of merit in Grand Rapids. There was some progress in the 1920’s, but the Great Depression of the 1930’s and World War II, which followed in the 1940’s reduced new building to the essential.”

“As Kent County’s population grew by more than 40,000 in the years between 1940 and 1950, residential construction increased dramatically. With limited land available for building inside the city, Grand Rapids residents followed the national pattern of moving to the suburbs. Would-be homeowners eagerly responded to the attraction of inexpensive lots, quick availability, and ready financing.

By 1954, nearly 18,000 new homes had been built in the metropolitan area, valued at $125 million. Most of the new construction occurred outside the city limits. Of the more than 2,000 homes built in 1954, only 600 were in Grand Rapids, while nearly two-and-a-half times that number, 1,479 were put up in the suburbs. The gap between urban and suburban housing starts widened even further as the decade wore on. The trend… left cities to contend with declining tax bases, segregated and low-income neighborhoods, and vacant factories.”

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Grand Rapids’ Housing Types

In the past, an owner-occupied, single-family detached home with three bedrooms seems to have been the most desirable housing option in the city, or at least the most common. The majority (59 percent) of homes are detached, single family units, and 38 percent have three bedrooms. However, the tight rental market, changing demographics, and Zimmerman/Volk’s market analysis would suggest that Grand Rapids may be ready for a wider variety of housing types. These trends highlight the need to reevaluate the community’s current housing stock, and ensure residents have access to a diverse range of housing options regardless of life stage, household type, ability, income, or neighborhood.

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Regional Construction Activity

“This shortage of (US) housing inventory is the principal reason why home prices have been outpacing people’s income growth for the past five consecutive years. From 2011 to 2016, the median home price will have risen by 42% compared to the median household income gain of only 17%. Such disparity hurts affordability and is unsustainable over the long haul. The only way to lessen home price growth is to bring in more supply. It cannot be a simple case of existing homeowners listing their home. Keep in mind that nearly all home sellers are also home buyers, and thereby not truly providing a net increase to the inventory. What is needed is for homebuilders to boost construction and/or for investors who bought for the purpose of renting to unload those rental properties onto the market soon. There is no indication of the second occurring because of nice rental income flows. The only way to bring additional supply, therefore, is for homebuilders to get really busy.”

Source: Dr. Paul Isely, Grand Valley State University from https://www.census.gov/construction/bps/

https://www.forbes.com/sites/lawrenceyun/2016/12/13/housing-shortage-for-how-long/#4bd612365ee4
“America is facing a new housing crisis. A decade after an epic construction binge, fewer homes are being built per household than at almost any time in U.S. history. Home construction per household a decade after the bust remains near the lowest level in 60 years of record-keeping, according to the Federal Reserve Bank of Kansas City. What makes the slump puzzling is that by most other measures, the American economy is booming. Jobs are plentiful, wages are on the rise and the stock market is near record highs. Millennials, the largest generation since the baby boomers, are aging into home ownership.

Bob Snowden, a home builder in the Grand Rapids, Mich., area thinks he understands what’s happening. He says he gets calls practically every day from families in the thriving western Michigan city asking him to build them a new home. He ends up turning most of them down. Demand for housing is stronger than he has ever seen, he says, but land and construction costs have roughly doubled since the end of the last boom a decade ago. Hardly any entry-level homes are going up in town, he says. “If I was a young couple today, unless you’re making really good money, what are your options,” he says, “short of moving into a $1,000 a month apartment”—an expensive proposition in this part of the country. A combination of tightened housing regulations, a lack of construction labor and a land shortage in highly prized areas is driving the crisis, according to industry experts.

But the boom is missing one critical component. New housing construction is 22% below the historical average, making Grand Rapids one of 69 major metropolitan areas where construction is still below normal levels, according to the Trulia analysis. Builders say this is partly because the wounds from the housing crash, when hundreds of local builders went out of business, haven’t healed. The number of members of the Home Builders Association of Greater Grand Rapids dropped from a peak of more than 1,300 in 2005 to fewer than 400 in 2012. Today, the association has just over 500 members.”

https://www.wsj.com/articles/american-housing-shortage-slams-the-door-on-buyers-1521395460
Grand Rapids’ Construction Activity

“Those who live in Grand Rapids know that there has been an abundance of apartment development over the past few years. As of the fourth quarter of 2017, there were 1,025 units under construction, 776 prospective units (announced...), and 642 units planned (documents filed...). Occupancy rates peaked in early 2017 at about 96.8 percent. We are currently reporting an occupancy rate of 96.5 percent. This is still extremely strong. This slight decrease is largely due to new supply on the market, not a decrease in demand. Because of this activity, the question looming is when the market will become saturated? While we don’t have a definitive answer to the question, we expect 2018 to continue to be a growth year.”

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13 2018 West Michigan Economic & Commercial Real Estate Forecast, Colliers International, p 17
Net Housing Units Added since 2011

There have been more than 4,500 housing units constructed in Grand Rapids since 2011 (1,737 of those are currently under construction). The greatest concentration of these units have been located in Downtown and in near-Downtown neighborhoods, as illustrated on this map.¹⁴

- 1,328 housing units have been constructed in the Heartside Neighborhood and Downtown core.
- The Belknap Neighborhood experienced a net increase of 620 new housing units, which includes the demolition of single-family and multi-family homes occurring to provide space. These projects followed the Belknap Area-Specific Plan recommendations for redevelopment locations.
- Other neighborhoods, such as Midtown and NECAA, saw a jump in units with large projects. The Brix (290 units) and Diamond Place (150 units) are located north of Michigan Street in an area identified in the Michigan Street Corridor Plan for redevelopment. Knapp’s Corner Flats (203 units) is located within the area designated as “Village Center” in the Master Plan.
- The Southeast (49507) area increased the number of new small-scale developments predominately through replacement of existing housing stock by LINC and ICCF. More recently, the Kent County Land Bank has also been identifying infill opportunities.
- Several apartment complexes, such as Bayberry Pointe (48 units), have also expanded in recent years in areas adjacent to existing facilities.

¹⁴ City of Grand Rapids Development Center, Housing Units 2011-2018.
New Developments in the City of Grand Rapids Since 2011 by Number of Housing Units (HUs)

Legend
- LIHTC Developments
- New Developments by # of HUs Added:
  - 1 - 50 New HUs
  - 51 - 100 New HUs
  - 101 - 150 New HUs
  - 151 - 200 New HUs
  - 201 - 250 New HUs
What’s Missing?

“Federal housing programs through HUD, FHA, and the federally-sanctioned Fannie Mae and Freddie Mac programs continue to favor single-family home ownership. Since 1934, FHA and HUD have insured mortgages for 34 million homes, of which only 7.4 million were in multifamily buildings. These programs have, perhaps unintentionally, given disproportionate financial support to single family homes in suburbs, while discouraging development in mixed use, urban areas and suburban downtowns.

The lion’s share of federal loans and guarantees also support single-family home ownership. Of the $1.363 trillion in loans and loan guarantees issued by the federal government between 2007 and 2011, 81 percent went toward single-family loan programs, while only 8 percent of these funds were used for multifamily loan programs. These figures do not include loans made by Freddie Mae and Freddie Mac, which further support the production and ownership of single-family homes.”

“Missing Middle Housing cannot be effectively regulated by conventional, land-use and density-based zoning because these building types often have medium to high densities, excluding them from the singly-family use zone, but their small footprints with lower heights don’t meet the requirements of multifamily use zones. Density-based zoning districts cannot allow the blended densities that are typically inherent in neighborhoods where Missing Middle Housing exists. The Missing Middle types have compatible forms, but often vary dramatically in their densities, thus making them impossible to regulate with a density-based system.”

15 Note: Since 2007, the City of Grand Rapids Zoning Ordinance has allowed missing-middle housing types in all of its zone districts either with Administrative Approval or by Special Land Use.

16 http://missingmiddlehousing.com/about/how-to-regulate/
Housing Demand
Housing Demand

Trulia identified 10 housing markets to watch in 2018 among the 100 biggest markets, based on five key metrics: strong job growth over the past year, low vacancy rates, high starter-home affordability, more inbound than outbound home searches on Trulia and a large share of people under age 35 in the population as a measure of prospective first-time homebuyers. Grand Rapids was listed at the top.\(^\text{17}\) Forbes’ 2017 listing of “Where to invest in Housing”\(^\text{18}\) placed Grand Rapids in the Top 10 (10\(^\text{th}\)) after being listed as the #1 location in 2016.

Note: “The most recent recovery and expansion is partly the result of the return of manufacturing sector jobs in the MSA. The manufacturing sector currently accounts for 20.6 percent of all nonfarm payroll jobs. The manufacturing sector led all employment sectors in job gains during the 12 months ending October 2016, increasing by 4,200 jobs, or 3.9 percent, from the previous 12 months. The manufacturing sector has also led job growth overall since 2010, increasing by an average of 4,200, or 4.5 percent, annually.” According to Birgit Klohs of The Right Place, the outcome of NAFTA trade negotiations could potentially have a seriously detrimental effect on manufacturing growth.

Housing Demand in the Grand Rapids-Wyoming MSA During the Forecast Period

<table>
<thead>
<tr>
<th></th>
<th>Sales Units</th>
<th>Rental Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Demand</td>
<td>9,375</td>
<td>4,675</td>
</tr>
<tr>
<td>Under Construction</td>
<td>800</td>
<td>1,750</td>
</tr>
</tbody>
</table>

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2016. A portion of the estimated 18,300 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2016, to November 1, 2019.

\(^{17}\) [https://info.trulia.com/2017-12-07-Trulia-2018-May-See-Cooling-Of-Pricey-Coastal-Markets-And-Continued-Rise-In-Homeownership-Rate-Despite-For-Sale-Inventory-Shortage](https://info.trulia.com/2017-12-07-Trulia-2018-May-See-Cooling-Of-Pricey-Coastal-Markets-And-Continued-Rise-In-Homeownership-Rate-Despite-For-Sale-Inventory-Shortage)

Chart and Graph source: [https://www.huduser.gov/portal/publications/pdf/GrandRapidsMI-comp-17.pdf](https://www.huduser.gov/portal/publications/pdf/GrandRapidsMI-comp-17.pdf)

In-Migration

“An analysis of several measures of economic health — overall economic growth, wages, jobs and unemployment, found Grand Rapids has had the most vibrant economy among the state’s metropolitan statistical areas in recent years. The Grand Rapids region, comprised of Kent, Ottawa, Barry and Montcalm counties, enjoyed the most robust job growth — 21 percent, more than 90,000 jobs — between 2012 and 2015. And though it has some of the lower average wages in the state, they rose a healthy 3.6 percent over the same three years, second best among the state’s 14 metropolitan regions.

With a nearly 10 percent increase in gross domestic product (the total value of all goods and services produced) over three years, the Grand Rapids region had the 57th fastest growth among the nation’s 386 metropolitan regions.

...more young workers are heading to the largest city in West Michigan, where downtown has enjoyed a revival with the addition and expansion of higher education and healthcare industries. That’s attracted more housing for people choosing the urban core and its lofts and new high-rise apartments that are spurred in part by a burgeoning entertainment scene. “The city of Grand Rapids is doing extremely well in terms of its revitalization,” Grimes said.”

Note: Dr. Paul Isely estimates that to meet current demand, an additional 9,700 housing units are needed within the Grand Rapids MSA. The region had a surplus of 14,600 units after the Great Recession. The number of millennials (ages 30-40 years old) that left Kent County during the recession (2006-2010) declined by 425 individuals. An in-migration of this age group between 2011-2015 shows an increase of 1,150 individuals. Note: multiple sources differ on estimates, but generally the need is expected to be between 5,700 and 9,700 new units.

20 https://flowsmapper.geo.census.gov/map.html#
Vacancy Rates

“Within the Grand Rapids-Wyoming MSA, the recent period of economic expansion contributed to tight sales housing market conditions, with the owner vacancy rate currently estimated at 0.8 percent, a significant decline from the 2.3-percent rate in 2010, when the sales market was soft. During the 12 months ending October 2016, the number of home sales totaled 21,000, an increase of 500, or slightly more than 2 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company).

(Regional) demand is estimated for 9,375 new homes during the next 3 years. The 800 homes currently under construction and a portion of the estimated 18,300 other vacant housing units that may reenter the sales market will satisfy some of the demand during the forecast period. The rental housing market is currently slightly tight with an estimated 5.0 percent vacancy rate, down from 10.1 percent during April 2010. Strong population growth since 2010 has resulted in the absorption of many previously vacant units. During the forecast period, demand is estimated for 4,675 new market-rate rental units. The 1,750 units currently under construction will meet part of that demand.”

According to a study released by Zillow in March 2015, Grand Rapids had the lowest rental vacancy rate in the nation at 1.6 percent, compared to the 75 largest metropolitan areas. The nationwide average was seven (7) percent. This means the supply of rental units is very low, which can lead to higher rents and displacement of residents if they cannot afford the new costs. This low rental vacancy rate has been attributed to a number of factors, including:

- The inability to purchase homes due to severely damaged credit from the aftermath of the foreclosure crisis;
- The high level of student and other debt limiting ability to purchase homes;
- An overall slow economy limiting growth in wages and financial standing;
- An increasing number of college students and limited campus housing; and
- A growing interest of persons of all ages to reside in urban areas.

At the same time, an increase in market rate development has drawn attention to rising prices for both ownership and rental units. The soft housing market in the first decade of the 21st century, made especially difficult by the high number of foreclosures, is in recovery with increasing numbers of sales and prices. Since 2000, the median value of owner-occupied homes in the city has risen by 20% and rents have risen 35%.
Grand Rapids Housing Potential

The 2015 Analysis of Residential Market Potential prepared by Zimmerman/Volk Associates, Inc., provides an analysis of the annual market potential for new housing units in Grand Rapids, created through adaptive re-use of non-residential buildings, rehabilitation of single-family detached houses, and new construction. It takes into consideration migration and moving patterns, lifestyle preferences, and unit type preferences. The study examined two geographies: the City of Grand Rapids and a Target Market Study Area (TMSA).

Market Potential. An average of 22,875 households may be looking for new and existing housing units within the city each year over the next five years. These households are known as the “draw area households.” Thirty-seven percent (37%), or 8,500 households, may be looking for housing in the TMSA. Just under half, or 10,682 households, would be moving from outside the city.

Just over half, or 12,192 households, would be relocating within the city. More than a quarter would be moving from outside Grand Rapids but still within Kent County. Overall, 20% live outside Kent County. Notably, the TMSA attracts a higher percentage from outside the region than does the city as a whole. 21

<table>
<thead>
<tr>
<th>ANNUAL MARKET POTENTIAL BY DRAW AREA</th>
<th>Citywide</th>
<th>TMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Grand Rapids</td>
<td>53%</td>
<td>48%</td>
</tr>
<tr>
<td>Balance of Kent County</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Regional Counties</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Balance of United States</td>
<td>14%</td>
<td>24%</td>
</tr>
</tbody>
</table>


**TMSA Capture.** According to the Zimmerman/Volk report, it is estimated that the TMSA could absorb between an estimated 5,705 and 7,615 new housing units in the next five years. This represents between 4,130 and 5,535 new market rate units and between 1,575 and 2,080 new affordable/workforce units. Over a five-year period, this breaks down to about 72% market rate and 28% affordable units.

<table>
<thead>
<tr>
<th>Annual Capture of Market Potential</th>
<th>Target Market Study Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Type</td>
<td>Market Rate Units</td>
</tr>
<tr>
<td>Rental Lofts/Apartments</td>
<td>530 – 663</td>
</tr>
<tr>
<td>For-Sale Lofts/Apartments/Condos</td>
<td>83 - 124</td>
</tr>
<tr>
<td>For-Sale Townhouses</td>
<td>90 - 135</td>
</tr>
<tr>
<td>For-Sale Detached Houses</td>
<td>123 - 185</td>
</tr>
<tr>
<td>Total</td>
<td>826 - 1,107</td>
</tr>
</tbody>
</table>


**Propensity.** Propensity is a combination of preference and financial capability that can guide planning for future housing needs. According to the Zimmerman/Volk report, the greatest preference is for multi-family rental units, followed by ownership in single-family detached homes, then single-family townhouses, and finally multi-family condo-style homes. These trends are the same for both the city and the TMSA, and for affordable and market rate housing.

**Target Markets.** The general market segments organized by life stage and household type include: 1) Traditional and non-traditional family households, including traditional heads of households, single parents, adults caring for younger siblings, and grandparents raising grandchildren; 2) Younger singles and childless couples, including young professionals and students; and 3) Empty nesters and retirees, including those living on social security, those with pensions, savings and investments, and those still working. The city as a whole is a strong draw for traditional and non-traditional families, while the TMSA is expected to attract high rates of younger singles and childless couples.  

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Housing Cost
Home Prices

“During the 12 months ending October 2016, existing home sales, which include the regular resale of existing homes and real estate owned (REO) sales, totaled 20,175, an increase of 1,175, or more than 6 percent, while the average sales price increased by $10,100, or 6 percent, to $168,000 (Metrostudy, A Hanley Wood Company). The average sales price for regular resales during the 12 months ending October 2016 was $174,400, an increase of $7,825, or nearly 5 percent, from the previous 12 months. The average sales price has increased steadily since 2011.

With construction of new homes constrained by a lack of construction workers, the average sales price of a new home has increased significantly as demand has exceeded supply.”

According to Trulia.com, trends in Grand Rapids show a 14% year-over-year rise in median sales price, a 10% increase in average price per square foot.

“The median home value in Grand Rapids is $139,800 (note: regional sales numbers from GRAR reflect higher home values from surrounding communities). Grand Rapids home values have gone up 9.6% over the past year and Zillow predicts they will rise 4.7% within the next year. The median list price per square foot in Grand Rapids is $113, which is lower than the Grand Rapids Metro average of $132.

The median price of homes currently listed in Grand Rapids is $144,900 while the median price of homes that sold is $147,200. The median rent price in Grand Rapids is $1,300, which is higher than the Grand Rapids Metro median of $1,150.”

23 http://www.builderonline.com/local-housing-data/grand-rapids-wyoming-mi
25 https://www.zillow.com/grand-rapids-mi/home-values/ (chart)
Rents in the Region

“There is a strong relationship between high rents and high house prices. Although rents have not risen as much as house prices generally, they tend to attract people who in the past might have become homeowners but instead have been crowded out by the high prices. This essentially brings into the rental market more affluent tenants who directly compete with those with lower incomes. The rent-related stress also points to a bigger crisis: the decline in the purchase of homes. One of the most prominent reasons for not buying a house directly relates to higher rents: It becomes all but impossible to save enough for a down payment. This also reflects changes in the labor market; service and blue-collar workers, whose incomes have been down in relation to rents, are the most burdened by rising rents.”

According to the online websites Trulia, and Rent Jungle, the rental market may be cooling a little, with rents “as of February 2018 setting at $943, a 2.44% decrease from last year and a 0.11% increase from last month when the average rent was $942.” Whereas Rent Café has identified the average rent at “$1,016, a 4% increase compared to the previous year, when the average rent was $974.” (chart from Trulia) Zillow, likewise, has identified an increase (see next page).

The Grand Rapids Association of Realtors has recognized that there is not a good source of comprehensive data that is collected in the same way as information for home sales. In response to this, GRAR will be conducting a study of rental properties and rents. An RFP has been prepared to solicit consultant services to assist with this evaluation.

26 https://www.forbes.com/sites/joelkotkin/2017/10/19/rising-rents-us-housing-crisis/#6d32826e1ef5
Rents in Grand Rapids²⁹

In Grand Rapids proper, the average price per square foot is $1.11, meaning that $1,500 will get you 1,350 square feet. In the Grand Rapids metro overall, the average price per square foot is $1.03, meaning that $1,500 will get you 1,460 square feet.³⁰  “Grand Rapids rents have increased 0.6% over the past month, and have increased moderately by 2.4% in comparison to the same time last year. Currently, median rents in Grand Rapids stand at $760 for a one-bedroom apartment and $920 for a two-bedroom (the national average for a two-bedroom is $1,160). This is the second straight month that the city has seen rent increases after a decline in December of last year. Grand Rapids' year-over-year rent growth (2.4%) leads the state average of 2.1%, as well as the national average of 2.3%.”³¹

²⁹ https://www.zillow.com/research/data/  Rental Listings/Median Rent List Price ($) for Grand Rapids, MI
³⁰ https://www.apartmentlist.com/rentonomics/where-do-renters-get-the-most-for-their-money/
³¹ https://www.apartmentlist.com/mi/grand-rapids
Rents by Neighborhood

Two different websites identify the Midtown and Heartside neighborhoods among the most expensive, and John Ball Park and NECAA among the most affordable. This, however, may not last for long. According to Zillow\(^\text{32}\) the John Ball neighborhood is at the top of their list for Annual Rent Appreciation, as are other neighborhoods that currently are not on the upper-end of rents. Prices in neighborhoods such as Belknap Lookout and Eastown are now slowing, perhaps in part due to new construction.

### Metro Neighborhoods: Top/Bottom by Annual Rent Appreciation

<table>
<thead>
<tr>
<th>Top:</th>
<th>Bottom:</th>
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<tbody>
<tr>
<td>John Ball Park</td>
<td>Millbrook</td>
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<tr>
<td>Roosevelt Park</td>
<td>Belknap Lookout</td>
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<tr>
<td>Madison Area</td>
<td>Creston</td>
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<tr>
<td>South East Community</td>
<td>Fuller Avenue</td>
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<tr>
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<td>Eastown</td>
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<td>1.7%</td>
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<td>1.8%</td>
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</tbody>
</table>

### Grand Rapids Average Rent By Neighborhood

The most expensive Grand Rapids neighborhoods to rent apartments in are Midtown, Heartside, and Swan. The cheapest Grand Rapids neighborhoods to rent apartments in are West Grand, Northeast Citizens Action, and Highland Park.

Chart: [https://www.rentjungle.com/average-rent-in-grand-rapids-rent-](https://www.rentjungle.com/average-rent-in-grand-rapids-rent-)


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Supply & Demand - Support

Portland “There’s been a lot of skepticism expressed as to whether supply and demand are actually at work in the housing market. We’ve been strong believers that the economic perspective is fundamentally sound: rent hikes over the past few years have been the product of demand outstripping supply, and as supply catches up, we can expect rents to abate. When it comes to housing, there is a classic “temporal mismatch” between demand and supply; demand can change quickly as more people move to an area, jobs and wages increase, and the popularity of city living or particular neighborhoods increases. These changes can happen almost overnight. It takes much longer – years – to plan, finance and build new housing.”33 “(T)he Portland area is seeing an increasing number of new apartments coming on the market. Between freshly built new apartments and a profusion of vacancies in existing buildings, the rental market appears to be changing. After lagging well behind growing demand for the past several years, housing supply is catching up. And this is just starting to have an effect on rents. According to data compiled by Zillow, inflation in Portland area rents fell from a peak of more than 10 percent year over year in 2015 and 2016, to less than zero in August 2017.”34

Montreal “Canada’s second most populous metro area is vastly less expensive than greater Vancouver, BC—less than half as much for a typical house. Montreal in recent years has grown 1.2 percent a year, while Vancouver has grown 1.3 percent a year. More important is that greater Montreal keeps building residences, adding more homes over the last decade not only than Vancouver, BC, but also than similarly sized US metro areas such as Seattle and San Francisco, according to US and Canadian census data. Beyond the numbers alone, is that much of the metropolitan area is dominated by land zoned for low-rise—typically three-story—flats and mid-rise apartment buildings. Montreal’s zoning is the inverse of Portland, Seattle, and Vancouver’s. The latter give most of their land to detached single-family houses, then concentrate high- and mid-rise buildings along arterials and in pockets. Instead, Montreal builds three-story walkup apartments and the like by the square-mile section, both in the city and the suburbs: such neighborhoods are dense enough to support transit, cycling, and walking and are also made up of the cheapest form of housing to build and operate. Montreal demonstrates the power of “missing middle” housing on a massive scale.”35

Tokyo “Tokyo prevented a housing shortage by building more and building up. Interestingly, it appears that this change was instigated by Japan’s national government, which since the 1980s has assumed more authority over development rules. The national government revised regulations to allow more density. Combined with Japan’s famously simple zoning regulations, this resulted in a nation full of dense yet pleasant cities that offer decent, affordable living space. A key part of the equation, of course, is Japan’s efficient, convenient networks of public transportation. One other reason that density might have been more politically acceptable in Japan is that houses are not used as a vehicle for middle-class wealth accumulation. Traditionally, Japanese homes were demolished and rebuilt every 20 to 30 years, to implement improved earthquake-safety technology, to provide jobs for government-favored construction companies or simply because Japanese people demanded nice new houses. As a result, there are relatively few Japanese homeowners trying to prop up the value of their houses by lobbying the government to restrict supply.”36

33 http://cityobservatory.org/more-evidence-of-rent-declines-in-portland/
34 http://cityobservatory.org/signs-of-the-times/
36 https://www.bloomberg.com/view/articles/2018-03-14/california-affordable-housing-is-no-mystery-just-build-more
Supply & Demand - Concerns

Gentrification “Analysis suggests expanding the supply of market-rate housing is necessary to reduce displacement and alleviate rent burdens for residents of all income levels. In contrast, an analysis by New York City’s comptroller finds that the city’s efforts to spur more housing construction would inadvertently displace tens of thousands of families and worsen the affordability crisis. Both pieces highlight the ongoing debate about whether the construction of market-rate housing, especially higher-end luxury condos, drives rents up or down. Moretti firmly believes that “on net, adding more units tends to lower rents.” Yet many practitioners in high-cost cities don’t see such a theory playing out on the ground. Market-rate homes traditionally become affordable as they age, but in gentrifying neighborhoods developers are instead buying them and producing higher-end units. Gentrifying prevents the traditional filtering process from creating housing affordable for low- and middle-income families.”37

Increasing Density “Increasing the density of a neighborhood is one way to accommodate new households without displacing long-term residents. It’s an essential part of a citywide housing policy for high-cost cities. By itself, however, a policy of increasing density in a high-demand neighborhood rarely produces enough housing to substantially lower average housing costs in that neighborhood and will not produce housing affordable to households with the very lowest incomes. Such a policy can also be problematic if it accelerates the process of investment and neighborhood change before a holistic affordability strategy is in place. The solution is to combine increased density with a comprehensive affordability housing strategy. Policies such as inclusionary zoning and housing trust funds depend on new development to provide units and funding for affordable housing. However, increasing density alone is often not enough to maintain affordability.”38

Deliberation “Opposition to new development (can) come from renters and others who advocate for lower rents and housing prices. Those opponents share what we call “supply skepticism” – the belief that additional market rate housing does not help make housing more affordable, and indeed may increase rents and prices. First, skeptics argue that the bundling of land with housing fundamentally alters demand and supply relations, and that land in many high-cost cities is such a constrained good that it should be devoted to affordable housing, because any market rate housing will come at the direct expense of affordable homes. Second, skeptics assert that the new development is usually priced at the highest end of the market, and argue that adding supply at the top end will do little or nothing for low- or middle-income families. They dispute the notion that new luxury housing causes other housing to “trickle down” or “filter” to lower income households, at least in a reasonable time frame, and see the markets for high-end and moderate or low income housing as totally independent. Third, skeptics worry about ‘induced’ demand, fearing that the more you build, the more they’ll come, and the more that wealthier people in particular will come. In a dynamic system, they argue, any decreases in price resulting from additional supply will be fully offset by additional demand resulting from the lower cost. Fourth, skeptics seize on potential localized spillover effects from newly constructed housing, and assert that even if increasing supply might slow the growth in housing costs across the city, new housing will increase rents and trigger displacement in the immediately surrounding neighborhood. …Many of the arguments are plausible, but we ultimately conclude, from both theory and empirical evidence, that adding new homes moderates price increases and therefore makes housing more affordable to low and moderate income families. Moderating prices does not mean prices won’t rise at all; but they won’t rise as much as they would otherwise.”39

38 http://www.changelabsolutions.org/sites/default/files/Preserving_Affordable_Housing-POLICY-TOOLKIT_FINAL_20150401.pdf
39 http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20Regan%20supply_affordability_Oct%202016%20revision.pdf
Households
Housing Tenure

“The percentage of homeowners moving up to their next home is the lowest in 25 years, said Todd Tomalak, vice president of research for John Burns Real Estate Consulting. Instead of moving, people are deciding to make starter homes permanent and are expanding and repairing them for the long term, he said.

The trend is so pronounced it's changed the dynamics of the housing market. It's fueling brisk sales in the remodeling business and at home improvement stores, but it's leaving very few homes available for sale and causing prices to jump from short supply, Tomalak said. "We've never seen this in any prior cycle," he said.

From 1987 to 2008, homebuyers stayed in their homes six years on average before selling, according to the National Association of Realtors. The number of years homeowners expected to stay in their homes started increasing during the housing plunge and has been at 15 years since 2010.

As a result, some young adults looking for their first homes are giving up because they can't find homes on the market that they want. Much has been made about the fact that millennials as a group have not raced out to buy homes. But Urban Institute researchers say the group's low rate of ownership is less about an aversion to settling down and more about a change in selling patterns by existing homeowners, who aren't budging from their properties.

First-time homebuying has rebounded, but repeat buying remains unusually depressed. In addition, people... like the low interest rates they were able to get on mortgages after the housing bust and aren't eager to pay larger monthly mortgage payments.”

**Households**

“Since 2010, nearly 70 percent of all new (Grand Rapids) households have been renter households, a notably higher rate than from 2000 to 2010, when new renter households accounted for 59 percent of all new households. The increased rate of renter household formations has contributed to a drop in the homeownership rate. Currently, 70.8 percent of all households are estimated to be owner-occupied, down from 73.3 percent in 2010, a 2.5-percentage-point decline. By comparison, the homeownership rate declined by 1.2 percentage points from 2000 to 2010.”

In 2013, the estimated number of households in Grand Rapids was 72,760. Of these, 31 percent had at least one child under 18, and 20% had at least one senior over 65. There were 23,812 people living alone, with 29% of them being seniors over age 65. The average household size was 2.5. There were 41,534 families in the city, and just under 50 percent were families with children under age 18. Of these families with children, 53% were married couples and 47% were single parents. The average family size was 3.21. (2009 - 2013 American Community Survey.)

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Housing Occupancy, 2018

The City Assessor’s Office tracks homes that are claiming a Principal Residency Exemption (PRE). Parcels with PRE percentages of 0 are assumed to be renter-occupied, while parcels with PRE percentages of either 100 or greater than 0 and at least 1 DU are assumed to be owner-occupied. When looking at the City, as a whole, there are 25,189 renter-occupied parcels and 40,778 owner-occupied parcels.
**Occupancy Mismatch**

“There's a riddle at the centre of Toronto's housing affordability crisis: What is causing huge chunks of the city to lose population at the same time as the overall population is booming? The answer, according to economist Paul Smetanin, chief executive officer of the Canadian Centre for Economic Analysis, is a phenomenon known as "overhousing." According to his firm's model of the local housing market, there are five million spare bedrooms in the Golden Horseshoe region, more than two million of them just in the Toronto area.

The extra bedrooms Mr. Smetanin has identified aren't about to be rented out. Most are owned by seniors living in empty-nest neighborhoods (70 per cent of the overhoused population is 65 years old and up). But they illustrate the strange predicament of a city booming in population but where many neighborhoods are actually losing density. "If you could return those areas back to 2001 density levels, you'd create about 80,000 homes straight-away," he says."

In Grand Rapids, particularly in the Post-War neighborhoods, many homeowners are age 65 years or older. Some neighborhoods have concentrations where 1 in 4 (25%) or 1 in 5 (20%) single-family homes are now occupied by seniors in the upper West side and Northeast portions of the city.

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Homeowners

“U.S. homeownership rate has steadily declined and the rental vacancy rate has declined right along with it. Does a decline in homeownership mean homeowners are moving out of houses and into apartments? Not necessarily. So what is going on? At least two things. 1. The financial crisis: The recent economic downturn left many households wary of investing (or reinvesting) in a home. 2. Kids today: The younger generation seem less interested in living in the suburbs. In quite a few cities, they seem to prefer to live where they work and spend leisure time. Urban commercial buildings are being converted to apartments to accommodate this increased flow of renters.”

In addition, “strict credit standards, low wage growth, and demographic and employment trends have made ownership less enticing, especially to younger people.”

“According to the 2015 ACS, homeowners with higher family incomes tend to live in the newer residential units...Moreover, younger homeowners are more likely to live in newer homes. Homes built after 2010 are headed by homeowners with a median age of 44 years, compared to homes built prior to 1969 and owned by householders with a median age of 58. It implies a growing market for renovations allowing older homeowners to age in place.”

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45 https://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1191&context=sbr
African-American Homeownership

“While there is no ideal homeownership rate, its long-term decline is a policy concern in part because of its disproportionate impact on black households. Over the past 12 years, the (National) black homeownership rate fell sharply to just 42.2 percent, slightly below the 1994 level. With white rates increasing to 71.9 percent over this period, the black-white homeownership gap widened by 2.3 percentage points to 29.7 percentage points in 2016—the largest disparity since World War II.”

“Homeownership among African Americans has declined to levels not seen since before passage of the Fair Housing Act of 1968, a major concern among economists and financial planners. Chief among the long-term concerns is the impact this black homeownership trend will have on the already grim outlook for their preparation for retirement. The black community got hit harder by the housing crisis than other groups. In general, African Americans bought homes at the peak of the bubble at higher rates than whites and were often offered costly subprime loans, even when they qualified for prime loans with lower interest rates. Also, black families did not benefit as much as white families, overall, from the post 9/11 recovery.”

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47 The State of the Nation’s Housing 2017, Joint Center for Housing Studies of Harvard University

48 https://www.forbes.com/sites/nextavenue/2017/05/10/declining-black-homeownership-has-big-retirement-implications/#5e402207e90c
Renters

“After moving twice in the past two years, Kiki Gary once again is leaving her beloved West Side neighborhood. Gary, a 36-year-old daycare worker, says she can no longer find a house or apartment large enough for herself and her two teenage children near Westwood Middle School and Union High School. "I need to be on the West Side," says Gary, whose children, Jayla and Keyon, are participating in the Challenge Scholars program, which offers full-ride college scholarships to students who keep their grades up and attend schools on the city’s West Side. But rising rental rates and redevelopment in her neighborhood have shut Gary out of the rental market there. Houses that once rented for $500 to $600 a month are now priced in the $800 to $900 range and higher, says Gary, who searched for housing on the West Side for months.

New housing is being built for low and moderate income families and well-to-do young professionals. But average wage-earners are being squeezed out of older neighborhoods that were once the affordable bedrock of city life. Gustavo Rotandaro, a demographer with Metrica Inc., says the median gross rent in the city has gone from $727 a month to $830 a month in the past four years - a 14 percent increase. Meanwhile, 52 percent of the city's renters are paying more than 30 percent of their income toward rent.

Landlords and property managers like Mark Troy, president of Compass Properties, say they are just responding to the booming demand for city apartments and investors - many of them from out of town - who want own rental properties in Grand Rapids. "It's a great place to live," said Troy, who is president of the Rental Property Owners Association (RPOA), an association of West Michigan landlords. "It's a lot like California. Everyone wants to live there and it drives prices up. It's the biggest frustration I see people running into," said Troy. "Standard two-bedrooms that used to rent for between $500 and $600 are now renting between $700 and $800." Even though hundreds of apartment units are being built in the city, they are unlikely to fill the "missing middle" of the housing market.

The cost of building new apartments forces their owners to price their new units at the top end of the market, according to developers. Josh Smith, a partner with The Fulton Group, said they expect to get between $1,800 and $2,000 a month for the 14 single-family homes they are building in city neighborhoods that surround the downtown area. Those prices are driven as much by construction costs as demand from renters, said Smith, whose company manages about 150 units in single-family homes and apartment projects. "I think that's something we're going to struggle with in Grand Rapids for the foreseeable future," said Smith. "It's all market-driven and it's going to have to be figured out within the market."49

Affordability

“Newly released data and analysis from several sources illustrate a major obstacle to a fully healthy housing market in the United States: the nation is not building nearly enough new residential units. The serious shortage of new supply is bottling up housing demand and pushing home prices and apartment rents well beyond what a growing number of households can afford.”

“The number of apartments deemed affordable for very low-income families across the United States fell by more than 60 percent between 2010 and 2016, according to a new report by Freddie Mac. The report by the government-backed mortgage financier is the first to compare rent increases in specific units over time. It examined loans that the corporation had financed twice between 2010 and 2016, allowing a comparison of the exact same rental units and how their affordability changed.

At first financing, 11 percent of nearly 100,000 rental units nationwide were deemed affordable for very low-income households. By the second financing, when the units were refinanced or sold, rents had increased so much that just 4 percent of the same units were categorized as affordable. “We have a rapidly diminishing supply of affordable housing, with rent growth outstripping income growth in most major metro areas,” said David Brickman, executive vice president and head of Freddie Mac Multifamily. “This doesn’t just reflect a change in the housing stock.”

What caused this shortfall? The main factor was a combination of increasing rents and stagnant household incomes. The growing demand for rental housing and rising cost of building new units has exacerbated this problem as well. In fact, previous research confirmed that the U.S. housing supply has fallen short by around 400,000 units each year since the economic crisis. The shortage could grow worse if actions to increase the supply of affordable units are not taken.”

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Housing Burdened Households

According to HUD, families paying more than 30 percent of their income for housing are considered “cost burdened” and may have difficulty affording other necessities such as food, clothing, transportation and medical care. Although the Grand Rapids-Wyoming MSA has long been considered an affordable place to buy a home for median income earners, a significant number of low-income people in Grand Rapids are cost burdened. Specifically, 58 percent of renters and 30 percent of home owners are cost burdened. (Gross rent means monthly payment plus utilities.)

While housing is generally considered affordable for a household if that household spends less than 30 percent of income on housing costs (including utilities), an important addition to the standard of housing affordability is the consideration of locational affordability. Locational affordability is determined by the percentage of a household’s income spent on all housing costs in addition to transportation costs. Under this standard, affordability is defined as spending no more than 45 percent of household income on housing and transportation. The pairing of these costs emphasizes the role transportation alternatives can play in making housing more affordable.53

53 Map: % Renters Spending Over 30% Income on Housing http://gis.cridata.org/community-profiles-2.0/
Housing Burdened Households by Race, Renters and Owners

“Communities of color in the City of Grand Rapids are much more likely to experience housing burden – defined as paying more than 30 percent of their incomes toward housing costs – than their White peers. This is especially true for African American households; 69 percent of Black renters and 31 percent of Black homeowners are cost burdened.”

http://nationalequityatlas.org/sites/default/files/GrandRapids_final_profile.pdf
Subsidized Housing Units

As of September 2015, there are more than 5,590 tenant-based assisted housing units in the Grand Rapids metropolitan area and 5,663 project-based units within the city of Grand Rapids. Housing Choice Vouchers (tenant-based) and project-based assisted rental units are used by extremely low- and low-income families, the elderly, and persons with disabilities. Rapidly increasing rents have resulted in an acute scarcity of units affordable to low-income households. Although median rents have risen substantially, HUD fair market rents (FMRs) are currently set at $878 for 2018, increasing about $50 a year for the past three years. Since the FMR effectively sets the rent limit a landlord accepting HUD rent assistance through a Housing Choice Voucher can charge, units are very scarce for households receiving rental assistance.55

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<th>GRAND RAPIDS METROPOLITAN AREA ASSISTED RENTAL UNITS</th>
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<tr>
<td>Tenant-based Housing Vouchers (Section 8) – Metro Area</td>
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<td>Kent County Housing Commission</td>
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<td>Rockford Housing Commission</td>
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<td>Michigan State Housing Development Authority</td>
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<tr>
<th>Project-based Assisted Rental Units – City of Grand Rapids</th>
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<tbody>
<tr>
<td>Total</td>
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</tbody>
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Note: Because tenant-based vouchers can be used anywhere, metro data is provided. Project-based units are located in the City of Grand Rapids.


New Developments in the City of Grand Rapids Since 2011 by Number of Housing Units (HUs) and Existing LIHTC Projects

Legend

- LIHTC Projects
- New Developments by # of HUs Added:
  - 1 - 50 New HUs
  - 51 - 100 New HUs
  - 101 - 150 New HUs
  - 151 - 200 New HUs
  - 201 - 250 New HUs

Scale:

0 0.4 0.8 1.6 2.4 3.2 Miles
Underutilized Properties
Vacant Housing Units – Pending
**Blight Monitoring**

There were 238 properties as of March 7, 2018 that have been placed on the City's blight monitoring list. The Grand Rapids Property Maintenance Code requires abandoned or vacant homes to be registered. By definition, these homes have not been occupied for more than 30 days and meet any of the following criteria:

- Is a location for loitering, vagrancy, unauthorized entry or other criminal activity;
- Has one or more broken or boarded windows or unsecured point of entry;
- Has taxes in arrears exceeding 365 days;
- Has utilities disconnected or not in use;
- Is not maintained in compliance with the City’s Property Maintenance Code; or
- Is subject to foreclosure

The properties are inspected every 60 days to insure that they are secured. This number is substantially lower than two years ago, when there were 381 properties being monitored through the blight program. Ownership of these properties is a mix of bank-owned, private individuals, estates, investor-owned, and non-profits.

- The SECA neighborhood (49507) has the highest number of blight properties, with 41 being reported.
- West Grand is second in the highest number of blight properties with 40.
- Garfield Park neighborhood has 32 properties that are considered blighted, followed by John Ball Park with 25 properties.
- SEENA, Baxter, and Creston each have between 11 and 19 blight cases.
- Neighborhoods such as Midtown, East Hills, Highland Park, NECAA, and Black Hills have less than 10 but at least 3 blight properties.
"Vacant" refers to unimproved land. No structures or improvements to the property. This classification does not refer to occupancy. These can include privately-owned vacant side yards and non-buildable lots due to size, topography, access, lack of utilities, or other reasons. Parking lots are considered “improved” and are not included on this map. There are a total of 2,479 vacant lots in the city, as reported by the City of Grand Rapids Assessor’s Office in March 2018.

There are currently 1,747 vacant lots in the LDR and MDR zone districts (1,508 and 239 respectively). Of the vacant lots that presently exist, 280 (16%) are held by non-profit entities that may offer an opportunity for new, affordable housing infill development. These are:

- Habitat: 47
- Grand Rapids Housing Commission: 35
- ICCF: 36
- Kent County Land Bank: 162

It is important to note that if a lot is a platted lot of record, it is considered a legal lot and can be built upon. The map shows the location of concentrations of units:

- The SECA neighborhood (49507) has the highest number of vacant lots at 290.
- John Ball Park is second in the highest number of vacant lots with 187.
- Shawmut Hills and Garfield Park neighborhoods each have ~140 lots that are vacant.
- Creston, NECAA and West Grand have ~100 vacant lots each.
- Neighborhoods such as Midtown, East Hills, and Baxter have ~50 lots a piece that are vacant, although these are smaller geographic areas than other parts of the city.
Demolitions

Within the past seven years 522 housing units have been demolished. A number of these were requests for parking lots or business expansions, others were blight-related, and some were lost for new development projects. Most notably, projects in the SE side of Grand Rapids experienced the demolition of more than 60 housing units by LINC and ICCF for new construction on scattered sites. This eliminated a number of blighted housing units and allowed for the replacement of quality housing in the area.

The Zoning Ordinance requires that structures can only be demolished under certain circumstances. Section 5.2.03. Alterations, Enlargements and Demolitions, Part B Demolitions, reads: “In order to assure a legal replacement use, existing buildings or structures shall not be demolished unless”:

- **Site Plan and Reuse of a Lot in any Zone District.** When a site plan for the redevelopment of a property in any Zone District has been approved.
- **Building or Housing Code in any Zone District.** When demolition has been authorized by Chapter 131 General Building Regulations or Chapter 140 Housing of the City Code.
- **Special Land Use Approval.** Vacant, undeveloped, greenspace with no immediate planned use to redevelop, shall require Special Land Use approval. The future use of the site may also require SLU approval. For example, surface parking lots require SLU approval in all zone districts, so the future use of the property as a parking lot would require Planning Commission review.

56 [https://library.municode.com/mi/grand_rapids/codes/code_of_ordinances?nodeId=TITY--ZONING_PLANNING_CH61ZOOR_ART2GEPR_S5.2.03ALENDE](https://library.municode.com/mi/grand_rapids/codes/code_of_ordinances?nodeId=TITY--ZONING_PLANNING_CH61ZOOR_ART2GEPR_S5.2.03ALENDE)
At Risk
Affordable Housing Expiration Dates

“Project-based assisted housing units are able to remain affordable with subsidies or off-sets from various funding sources, such as Low-Income Housing Tax Credits (LIHTC), Michigan State Housing Development Authority (MSHDA) Direct Loan products including 80/20 and 70/30 programs, Neighborhood Stabilization Program (NSP), HOME Investment Partnerships (HOME) program, Section 8, Section 202, and other U.S. Department of Housing and Urban Development (HUD) programs. These programs provide funding to ensure long-term affordability, along with programs like the City’s Payment in Lieu of Taxes (PILOT) program that provides a tax abatement in lieu of the ad valorem tax amount.

These programs require tenant income restrictions for a designated period of time. These restrictions are enforced through various legal mechanisms (e.g. mortgage, regulatory agreement, covenant running with the land). At the end of the affordability period, the project can be refinanced and remain affordable, or it may be converted to market-rate. The chart below shows the decline in assisted rental units over time if existing projects are not restructured to remain affordable upon expiration of the time period.”

57 Great Housing Strategies. December 8, 2015. https://www.grandrapidsmi.gov/Government/Departments/Community-Development/Housing-Rehabilitation-Program/Great-Housing-Strategies. These numbers do not include owner-occupied homes or portable tenant-based vouchers. It should be noted that as the project-based units expire, there is no guarantee the tenant will receive a Housing Choice Voucher (portable tenant-based voucher). Project-based units administered by the Grand Rapids Housing Commission do not have an expiration date.
LIHTC Expiration Dates

“Many affordable housing strategies focus on creating housing that is affordable at the outset, or for a period of ten to 15 years, but do not consider what happens to housing prices or rents after that. This will provide only short-term relief, as rents will rise dramatically as soon as the affordability period expires. For this reason, it’s essential from the very beginning to focus on creating housing that remains affordable for the longest time possible.”

Map Source: City of Grand Rapids Community Development Department, March 2018

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58 http://www.changelabsolutions.org/sites/default/files/Preserving_Affordable_Housing-POLICY-TOOLKIT_FINAL_20150401.pdf

Map Source: City of Grand Rapids Community Development Department, March 2018
Funding for Housing Assistance

Between 2005 and 2017, federal CDBG and HOME appropriations were cut 27 percent and 47 percent respectively. Over this period, allocations to the City of Grand Rapids were reduced 24 percent for CDBG and 35 percent for HOME. The City’s Emergency Solutions Grants (ESG) program award, which supports homeless prevention and rapid re-housing assistance, has nearly doubled over the last seven years. The City’s ESG award increased from $178,131 in 2011 to $310,225 in 2017. While the White House has proposed elimination of the CDBG and HOME programs, the programs have bi-partisan support. It is anticipated that FFY 2018 funding will be at or near current levels.

As part of the Housing NOW! recommendations the City Commission is working with the Grand Rapids Housing Commission to establish a non-profit organization to administer the Affordable Housing Fund that will provide additional housing resources.

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59 City of Grand Rapids Community Development Department
Existing “Affordable” Units

“A large share of the nation’s affordable rental housing stock consists of privately owned unsubsidized units—usually older units in which rents have filtered down over time as newer units with more amenities have come on line. Many of these rental units are single-family homes or homes that provide two or three units. Others are in small, midsize or larger multifamily buildings. In many neighborhoods with rents that are low compared with those in the city or metropolitan area as a whole, these units—sometimes called “market-rate affordable” units—significantly outnumber the number of subsidized rental units.

Given the large number of these unsubsidized but affordable units, it makes sense to at least consider efforts to preserve them as affordable as neighborhoods change. Doing so, however, is easier said than done. Absent the “hook” provided by a government housing subsidy or ownership by nonprofits or mission-driven for-profit organizations, few reasons exist for owners of these buildings to forgo the profit associated with higher rents or conversion to condominiums when the market conditions allow for these higher returns.”60

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Map: http://gis.cridata.org/community-profiles-2.0/
Short Term Rentals

“In the eight years since Airbnb began operations in the District (of Washington DC), thousands of homeowners have used it to become short-term landlords, often illegally. But now, a practice welcomed as a novel way to augment income — and maybe befriend tourists — has become a flash point in the city’s debate over gentrification. Opponents of Airbnb and similar companies are backing legislation before the D.C. Council to prohibit some short-term rentals and regulate the rest. They say that renting houses and apartments for brief stays gobbles up living space that could ease the city’s shortage of affordable housing.

“You’re taking away an apartment that somebody could live in, who’s living in the streets,” Shields said. “You’re taking away from those people and giving to people who are here for a weekend or a week.” Many residents also resent seeing a surge of transients disturb the residential character of their buildings or street blocks. Residents complain about noise, unfamiliar faces and loss of precious parking spaces.

But Airbnb’s defenders turn the gentrification argument on its head. Given the city’s high housing costs, they say, people rent out rooms in their primary residences, or in second and third homes they own, to earn enough money to remain in the District. They also say that the housing shortage has resulted not from short-term rentals — which are a small fraction of the city’s total housing stock — but from larger economic factors such as the desire of millennials to live in cities.”

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At-Risk Households

A Racial Equity lens requires that we ask: “Who will be impacted/burdened?” by policy changes. The following maps identify potentially vulnerable populations. These maps are further refined during the evaluation of the Housing NOW! zoning recommendations. One concern frequently heard is whether gentrification is occurring in city neighborhoods. “Gentrification is generally defined as increases in household income, education, and/or housing costs in previously low-income, central city neighborhoods. Some also consider increases in the percentage of White households.”

“Many urban neighborhoods are experiencing increases in rents and property values associated with an influx of higher-income households. This phenomenon (sometimes referred to as “gentrification”) can be a double-edged sword. On the one hand, it may contribute to the revitalization of older deteriorated buildings; generate increased property taxes for cities, helping to shore up city finances; and contribute to greater diversity in terms of income, race, and ethnicity. On the other hand, many critics are concerned that the rent and property value increases may push out long-time residents of these neighborhoods, undermining the full potential of these changes to enhance community diversity, disrupting longstanding cultural traditions, and depriving long-term residents of the health, educational, and quality-of-life benefits of living in revitalized neighborhoods.”

The ideal solution to the challenge of rapidly rising rents would preserve opportunities for low- and moderate-income households to continue to afford to live in these neighborhoods even as higher-income households move in, increasing income, expanding racial and ethnic diversity. To achieve this outcome, cities and counties will need to be proactive in adopting local housing strategies designed to preserve and expand the availability of affordable housing in these neighborhoods. A successful strategy generally will require the adoption of multiple policies or programs to address different aspects of the challenge and achieve a larger cumulative impact as well as advance planning to anticipate areas where rising rents and home prices are likely so the needed policies can be adopted early in the trajectory of neighborhood change. Communities will need to coordinate the actions of multiple local government agencies and build close working partnerships with many nongovernmental actors, including nonprofit organizations and for-profit developers, community development corporations, advocates, and others.”

63 Cityscape: A Journal of Policy Development and Research • Volume 18, Number 3 • 2016; U.S. Department of Housing and Urban Development • Office of Policy Development and Research, p 3
64 http://www.changelabsolutions.org/sites/default/files/Preserving_Affordable_Housing-POLICY-TOOLKIT_FINAL_20150401.pdf
Median Income
Households in Poverty
Households w/ Disability
Non-White Population
Trends
Millennials

“Grand Rapids continues to accumulate accolades, most recently and notably ranking as the top large metropolitan area in the country for job growth, with 4.4 percent growth in 2016. Add that to being ranked fourth-best city to start a career by WalletHub and second-best city to be a millennial by Trulia, it is no wonder that demand for apartments has been growing. Millennials continue to drive much of the demand, with approximately 78 percent of downtown Grand Rapids renters between the ages of 22 and 39. In addition, we are seeing empty nest baby-boomers grow increasingly interested in trading-in the responsibilities of home ownership for the opportunity to live in an apartment in or our around our vibrant downtown.”

“A significant factor in the increased rate of renter household formation is the increasing number of young professionals who live in the city of Grand Rapids. From 2010 to 2015, the population of the city of Grand Rapids increased by an average of 1,375, or 0.7 percent, annually. During the period, the number of people ages 25 to 34 who lived in the city of Grand Rapids increased by an average of 1,350 people each year, accounting for more than 98 percent of total population growth. During the 3-year forecast period, population growth is expected to average 9,675, or 0.9 percent, annually, with household growth expected to average 3,775, or 1.0 percent, annually. Population and household growth is likely to be strongest in Kent and Ottawa Counties during the next 3 years. It is estimated that 35 percent of the population growth is likely to occur in the city of Grand Rapids as young professionals continue to move into the city.”

“Builders in far-flung exurbs are encountering stiffer resistance from young buyers even as prices ratchet higher for land closer to cities. Economists say that in many large metropolitan areas, suburbanization might simply have reached its limits, as potential buyers increasingly reject long commutes. During the 1950s, buying a home in a new suburb, where land was plentiful and cheap, often meant driving half an hour to a job in the city. Today, commutes from new developments can be several times that long. “There’s a tremendous mismatch between the places where people want to live and the places where it’s easiest to build,” says Edward Glaeser, a professor of economics at Harvard University who studies constraints on housing supply.”

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66 2018 West Michigan Economic & Commercial Real Estate Forecast, Colliers International, p 18
68 https://www.wsj.com/articles/american-housing-shortage-slams-the-door-on-buyers-1521395460
**Baby Boomers**

“82% of Michigan’s senior citizens live in an owner-occupied home. Michigan residents age 60 and older are more likely to live in an owner-occupied home than Michigan residents in general, but seniors also are more likely to pay 30 percent or more of their income towards housing costs, according to Census estimates.”

“Seniors represent a rapidly growing demographic group as the Baby Boomer generation reaches retirement age. The Michigan Association of United Ways’ ALICE Project (standing for Asset Limited, Income Constrained, Employed) reports that Michigan is ahead of the national curve and will have a higher percentage of seniors before other states do (p. 4). Grand Valley State University’s Community Research Institute suggests the number of elderly in Kent County will double before 2035. This has important implications for housing as the aging population requires different housing types and services than are currently in place.”

Grand Rapids is preparing for this change by working to become designated as an Age Friendly Community. “The AARP Network of Age-Friendly Communities encourages states, cities, towns and counties to prepare for the rapid aging of the U.S. population by paying increased attention to the environmental, economic and social factors that influence the health and well-being of older adults. Age-friendly or livable communities have walkable streets, housing and transportation options, access to key services and opportunities for residents to participate in community activities. Proper land-use planning and design are critical to developing livable communities. [The AARP Policy Book] chapter on livable communities broadly highlights the major land-use, housing, and transportation policies that support successful aging.”

<table>
<thead>
<tr>
<th>ELDERLY POPULATION (65+ YRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Rapids</td>
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<tr>
<td>Kent County</td>
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<tr>
<td>Michigan</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Census 1980 STF 1; Census 1990 STF 3; Census 2000 Table QT-P1; Census 2010 Table DP-1; 2009-2013 5-Year American Community Survey Table DP05

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People of Color

Grand Rapids-Wyoming, MI Metro Area: From 1980-2010, people of color grew from 8.7 percent to 20.5 percent of the population.72

Growth of communities of color has fueled overall population growth in the city. In fact, the White population has declined in each decade since 1980. The city’s diverse communities of color, on the other hand, have continued to grow at a steady pace. Over the past several decades, the people-of-color population in Grand Rapids has increased from 20 to 42 percent.

While the Black population has grown fairly steadily since 1980, the Latino population is five times as large as it was then, now comprising 16 percent of the city’s residents.

- Of the nearly 80,000 people of color in Grand Rapids, 48 percent are African American and 38 percent are Latino.
- Demographic change in Grand Rapids can be attributed to both population growth among people of color and steady declines in the city’s White population.
- Diverse groups, especially Latinos and those of mixed/other races, are driving growth and change in the region and will continue to do so for the foreseeable future.73

72 National Equity Atlas, PolicyLink http://nationalequityatlas.org/indicators/
73 http://nationalequityatlas.org/sites/default/files/GrandRapids_final_profile.pdf
The Latino population has increased in many different parts of the city

Racial/Ethnic Composition by Census Block Group, 1990 and 2014

Race/ethnicity
1 Dot = 25 people
- White
- Black
- Latino
- Asian or Pacific Islander
- Native American
- Mixed/other

Source: U.S. Census Bureau, Geolytics, Inc.; TomTom, ESRI, HERE, DeLorme, MaymyIndia, © OpenStreetMap contributors, and the GIS user community.
Note: Data for 2014 represent a 2010 through 2014 average.
Declining Wages

“Declining wages play an important role in the city’s increasing inequality. After adjusting for inflation, wages have declined for all of the city’s workers since 1979, but most strikingly for the poorest half of residents. Wage decline has been much more severe in the city than it has been nationwide, and steepest for the lowest-paid workers. In Grand Rapids, wages fell by at least 20 percent for workers at the 10th, 20th and 50th percentiles. Grand Rapids’s working poverty Rate has increased since 1990, outpacing national averages. Working poverty, defined as working full-time with an income below 200 percent of the poverty level (roughly $48,000 for a family of four), has risen. In Grand Rapids, 12 percent of 25- to 64-year-olds were working poor in 2014. Latinos have the highest rate of working poverty, at 26 percent, followed by African American residents at 15 percent.”

http://nationalequityatlas.org/sites/default/files/GrandRapids_final_profile.pdf
Suburban Poverty

“Between 2000 and 2012, the numbers of the (US) suburban poor who lived in neighborhoods of concentrated poverty, where at least 40 percent of residents were below the poverty line, grew by 139 percent. That’s triple the growth rate for concentrated poverty populations in the cities. ...Some of these new suburban poor were driven out of cities by rising housing prices. But many others had been members of the suburban middle class in good standing until they fell in place, either through job loss of because the value of their homes plummeted in the wake of the 2008 economic crisis. Meanwhile, some of the advantaged who would have chosen to live in suburbs a couple of decades ago are now moving back to cities. America experienced a large-scale flight from density half a century or so ago; today, we are seeing the beginnings of a flight from suburban sprawl.”  

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75 Richard Florida, *The New Urban Crisis: How Our Cities are Increasing Inequality, Deepening Segregation, and Failing the Middle Class – and What We Can Do About It* (Basic Books), 2017, p. 156.
Housing History
The Home Owner’s Loan Corporation

“The Home Owner’s Loan Corporation, after it had finished providing emergency loans and mortgages between 1933 and 1935, went back through its portfolio to assess the long-term outlook for 239 major urban areas. The map created from their survey used a four-tiered system of assessment that took a variety of factors into account. The survey documents stated that:

“In establishing the grade of an area, such factors as these are considered: intensity of the sale and rental demand; percentage of home ownership; age and type of building; economic stability of area; social status of the population; sufficiency of public utilities, accessibility of schools, churches, and business centers; transportation methods; topography of the area; and the restrictions set up to protect the neighborhood. The price level of the home is not the guiding factor.”

“HOLC was formed in 1933 and the FHA a year later. HOLC was created with the lofty purpose of helping lenders and borrowers crushed by the foreclosure crisis of the Depression by buying failing loans and extending the terms out over 10 to 15 years. The FHA would enlarge the government’s role by insuring new mortgages, greatly expanding the market by guaranteeing loans. In the process, HOLC created its “residential security maps” to standardize appraisals across the country. The FHA, meanwhile, promoted segregation by pushing for areas to be of “the same social and racial classes.”

http://www.historygrandrapids.org/tilemap/2596/the-holc-map
**HOLC Legend**

**First Grade or A rating - signified by green on the map**

The First Grade or A areas are “hot spots”; they are not yet fully built up. In nearly all instances they are the new, well-planned sections of the city, and almost synonymous with the areas where good mortgage lenders with available funds are willing to make their maximum loans to be amortized over a 10-15 year period -- perhaps up to 75-80% of the appraisal. They are homogenous; in demand as residential locations in “good times” or “bad”; hence on the up grade.

**Second Grade or B rating - signified by blue on the map**

The Second Grade or B areas, as a rule, are completely developed. They are like a 1935 automobile -- still good, but not what the people are buying today who can afford a new one. They are the neighborhoods where good mortgage lenders will have a tendency to hold loan commitments 10-15% under the limit.

**Third Grade or C rating - signified by yellow on the map**

Third Grade or C areas are characterized by age, obsolescence, and change of style; expiring restrictions or lack of them; infiltration of a lower grade population; the presence of influences which increase sales resistance such as inadequate transportation, insufficient utilities, perhaps heavy tax burdens, poor maintenance of homes, etc. “Jerry” built areas are included, as well as neighborhoods lacking homogeneity. Generally, these areas have reached the transition period. Good mortgage lenders are more conservative in the Third Grade or C areas and hold loan commitments under the lending ratio for the A and B areas.

**Fourth Grade or D ratings - signified by red on the map**

The Fourth Grade or D areas represent those neighborhoods in which the things that are now taking place in the C neighborhoods, have already happened. They are characterized by detrimental influences to a pronounced degree, undesirable population or an infiltration of it. Low percentage of homeownership, very poor maintenance, and often vandalism prevail. Unstable incomes of the people and difficult collections are usually prevalent. The areas are broader than the so-called neighborhoods and others will lend only on a conservative basis.”

Differing opinion: “Despite the harsh wording on the survey sheets, the HOLC did not use these maps and documents for lending as its work had finished by the time the City Survey project started in 1935. Nor, did the surveys mean that good loans were not possible in the lowest two categories; merely that the HOLC thought loans there required a different kind of servicing. Further, the HOLC did not share these maps with state and local officials, nor even with others in the federal government out of concern for their misuse. They remain marked “confidential” in the National Archives and do not appear in the collections of other housing entities such as the FHA. Historian Amy Hillier and others have argued that the predominant conclusion that HOLC and its maps started redlining has overshadowed the roles of other groups at the local, state, and federal levels in those decisions.”

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78 [http://www.historygrandrapids.org/tilemap/2596/the-holc-map](http://www.historygrandrapids.org/tilemap/2596/the-holc-map)
Heritage Hill

“A number of larger houses, especially in the (Heritage Hill) Northern section of the district, became apartment buildings. Some of the owners of these properties were conscientious about maintaining good conditions in their buildings... A number of landlords, however, made the assumption that the district would deteriorate and saw no reason to fight the trend. Income maximization was the goal, as in inner-city neighborhood around the country.

As many families joined the exodus to the suburbs and new housing, the Hill’s subdivided mansions and retrofitted duplexes and four-plexes became more attractive to people without the desire or ability to become owners: young, single people employed in the city, minority group families excluded from many neighborhoods, and elderly folk adjusting to their change in household size. In the 1960s the urban unrest seen in many cities on the part of member of minority groups who felt economically disadvantaged and geographically segregated came to Grand Rapids. The city came to realize that there was a large number of African-Americans in the southern part of the district.

Consultants Feiss and Wright, who worked on the inventory of historic buildings for the Heritage Hill Association, noted in their report that there was a “socially unstable situation which is found at the southern end of the historic district and immediately surrounding it. The area has been subject to serious vandalism and shows signs of social unrest.” They had observed that the increasing African-American population in what had been a predominately white area had “raised in a few instances serious problems in connection with building overcrowding, lack of maintenance, and vandalism.” But they added, “many newcomers maintain their properties well and are excellent additions to the neighborhood.”

Many in the city thought of a large part of the Southeast side as a ghetto. ‘White flight’, brought about by the opening of a large supply of suburban housing and encouraged by ‘block busting’ by realtors and ‘red-lining’ by mortgage institutions, was a reality in Grand Rapids during the 1950s and 1960s.”

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City of Grand Rapids Planning Department, Board of Zoning Appeals cards of approved variance cases
CHAPTER IV
HOUSING

It will be readily acknowledged that housing is a problem today for a great many people, because there are not enough houses to go around. To the majority of white home-seekers, this problem is relatively new, since the war. To the Negro-American, this is an ever-present problem. Next to jobs, according to this survey, housing is the greatest potential tension point in the field of inter-cultural relations. In the present crisis, many sociologists place housing before even jobs, because apparently it is easier to get people to work together than it is to get them to live next door to one another.

Grand Rapids has been proud of the fact that it has no formal slum area. It is true it has none. It is also true that within these ten areas studied, several sections form the nucleus for an actual slum area. It is hard to stop the spread of slums, once they get started. Like a disease, they cannot be confined to any one particular area for long, and soon they contaminate the entire city. It is wise for property owners and for others in authority to act at once to stem the deterioration.

In general, Grand Rapids is a city of home owners. According to Table IX, 46% of the Negro-Americans in those areas own their homes, while the same is true of 60% of the white families. This analysis indicates that about 60% of the people in the areas studied either own or are buying their homes. Of those who are renters, the rent paid is from $15.00 to $20.00 per month for a five to seven room house. (Table X) There occurs the usual disparity in rents due to the fact that Negro families must pay the same rents as whites for the same size house, but are forced to live in the most undesirable and unsatisfactory residences.

The general physical condition of the houses in those areas is found to be good or fair (Table XI), which condition is to be expected in an area where about 60% of the group own their houses. But the figures indicating the number of poor or unfit houses is still too large.

The size of the Negro-American family occupying a five to seven room house is from six to nine persons, as compared with the white families whose size is from three to five persons for a comparable house (Table XIII). This indicates that overcrowding in the homes exists more noticeably among Negro-American families than among white
Anatomy of a Riot, 1967

After the Grand Rapids Riot on July 25 to July 27, 1967 the City of Grand Rapids Planning Department conducted a study regarding the causes that led up to the event. The study concluded that “It is acknowledged that the news of rioting in Detroit generally recognized that a riot would have happened sooner or later in Grand Rapids without the help of a Detroit disturbance.” Census Tract 24, bounded by Wealthy, Division, Hall, and Lafayette, was hardest hit by major property damage. The majority of rioting occurred within a 36-block area between Franklin and Wealthy, Ionia and Lafayette (including Tract 23).

The “riot was mainly in the areas where negroes represent 90% of the population and where many feel trapped between their inability to improve the houses and the neighborhood.”

Exclusionary Zoning

“To prevent lower-income African Americans from living in neighborhoods where middle-class whites resided, local and federal officials began in the 1910s to promote zoning ordinances to reserve middle-class neighborhoods for single-family homes that lower-income families of all races could not afford. Certainly, and important and perhaps primary motivation of zoning rules that kept apartment buildings out of single-family neighborhoods was a social class elitism that was not itself racially biased. But there was also enough open racial intent behind exclusionary zoning that it is integral to the story of de jure segregation. Such economic rezoning was rare in the United States before World War I, but the Buchanan decision provoked urgent interest in zoning as a way to circumvent the ruling.

Residences in single-family districts could not legally be subdivided, but those in industrial districts could be, and with African Americans restricted to all but a few neighborhoods, rooming houses sprang up to accommodate the overcrowded population. Later in the twentieth century, when the Federal Housing Administration developed the insured amortized mortgage as a way to promote homeownership nationwide, these zoning practices rendered African Americans ineligible for such mortgages because banks and the FHA considered the existence of nearby rooming houses, commercial development, or industry to create risk to the property value of single-family areas. Without such mortgages...homes were more likely to deteriorate, reinforcing their neighborhoods’ slum conditions.”

Note: See the Planning and Zoning section of this paper to see how Grand Rapids’ 2007 Zoning Ordinance removed exclusive single-family zone districts.

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Federal Fair Housing Act

The Fair Housing Act prohibits a broad range of housing practices that discriminate against individuals on the basis of race, color, religion, sex, disability, familial status, or national origin (commonly referred to as protected characteristics). As established by the Supremacy Clause of the U.S. Constitution, federal laws such as the Fair Housing Act take precedence over conflicting state and local laws. Examples of state and local land use and zoning laws or practices that may violate the Act include:

- Prohibiting or restricting the development of housing based on the belief that the residents will be members of a particular protected class, such as race, disability, or familial status, by, for example, placing a moratorium on the development of multifamily housing because of concerns that the residents will include members of a particular protected class.
- Imposing restrictions or additional conditions on group housing for persons with disabilities that are not imposed on families or other groups of unrelated individuals.
- Imposing restrictions on housing because of alleged public safety concerns that are based on stereotypes about the residents’ or anticipated residents’ membership in a protected class, by, for example, requiring a proposed development to provide additional security measures based on a belief that persons of a particular protected class are more likely to engage in criminal activity.
- Refusing to provide reasonable accommodations to land use or zoning policies when such accommodations may be necessary to allow persons with disabilities to have an equal opportunity to use and enjoy the housing, by, for example, denying a request to modify a setback requirement so an accessible sidewalk or ramp can be provided for one or more persons with mobility disabilities.

Even absent a discriminatory intent, state or local governments may be liable under the Act for any land use or zoning law or practice that has an unjustified discriminatory effect because of a protected characteristic. In 2015, the United States Supreme Court affirmed this interpretation of the Act in Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. The Court stated that “[t]hese unlawful practices include zoning laws and other housing restrictions that function unfairly to exclude minorities from certain neighborhoods without any sufficient justification.” A land use or zoning practice results in a discriminatory effect if it caused or predictably will cause a disparate impact on a group of persons or if it creates, increases, reinforces, or perpetuates segregated housing patterns because of a protected characteristic. A state or local government still has the opportunity to show that the practice is necessary to achieve one or more of its substantial, legitimate, nondiscriminatory interests. These interests must be supported by evidence and may not be hypothetical or speculative. If these interests could not be served by another practice that has a less discriminatory effect, then the practice does not violate the Act.”

83 https://www.justice.gov/opa/file/912366/download
Regional Zoning

Grand Rapids does not have an exclusive single-family zone district. A variety of different housing types are allowed within the LDR Low-Density Residential Zone and MDR Mixed-Density Residential Zone Districts either with Administrative Approval or Special Land Use. In surrounding jurisdictions, however, exclusive single-family residential zone districts are the norm; where only single-family homes are allowed and no other housing types. For example, Kentwood and Wyoming’s R-1 District only allows detached single-family homes; Kentwood’s R-2 and Wyoming’s R-3 zone district allows duplexes; and apartments are allowed in their R-4 zone districts by-right. Walker’s “A” and “SA” Zone Districts are exclusive single-family residential districts, with the “ARM” district allowing duplexes or multi-family. Surrounding townships have the majority of their land zoned R-1 and Rural Estate Residential zone districts; with limited duplexes allowed and multi-family is only permitted in a separate use district or by Planned Unit Development (Ada Township does not appear to have a multi-family district).
Planning & Zoning
Planning and Zoning

Master Plan

- Policy document
- Not law
- Guide for the future
- Establishes Vision
- Based on community engagement
- Facilitates investment
- Coordinates programs, policies, and funding to support desired outcomes
- Michigan Planning Enabling Act, PA 33 of 2008

The Master Plan establishes the type, character and density of development that is appropriate in different areas of the community, including where new development might occur and where resources should be directed to revitalize or reuse already developed areas. It also provides a framework for identifying important natural and cultural resources to be protected and for determining what public investments in streets and other infrastructure will be needed. Grand Rapids’ Master Plan is based upon the following themes: Great Neighborhoods, Vital Business Districts, A Strong Economy, Balanced Transportation, A City that Enriches Our Lives, A City in Balance with Natures and Partnerships.

The Plan was adopted unanimously by the City Commission on December 10, 2002. A robust community engagement process involved more than 2,500 people in hundreds of meetings. The foundation of the document is based on Smart Growth tenets.

Zoning Ordinance

- Law
- Describes Purpose and Intent
- Sets policies and procedures
- Assigns uses to certain districts
- Contains rules for building placement, neighborhood character, tree canopy, etc.
- Requires neighbor input
- Implements Master Plan and Area Specific Plans
- Zoning Enabling Act, PA 110 of 2006

In addition to promoting the purposes provided in the Zoning Enabling Act, the Ordinance is necessary to promote the public health, safety, and general welfare of the City of Grand Rapids as well as to implement the themes, policies and goals contained in officially adopted plans, including the themes of the City of Grand Rapids Master Plan. The code provides direction as to what approvals can be made, who must review them, and how decisions are rendered through the use of a series of standards prescribed either through State law or by case law developed in State and Federal courts.

The Ordinance attempts to balance what is in the public interest/public good alongside private property rights. The code is regulated through a series of zone districts, displayed as maps, which coordinate with various geographic areas of the city. Provisions controlling the type and intensity of development, the arrangement of buildings, green infrastructure, parking, and place-making elements are defined and dimensional requirements are assigned.
Master Plan

Chapter 3: Great Neighborhoods

“Great neighborhoods are the foundation of a great city; they are the physical and social expression of community. Grand Rapids’ citizens are concerned about the physical quality of their neighborhoods – the housing stock, convenience to shopping and services, streets, open spaces and overall appearance. But because it is the people who live in the city’s neighborhoods who ultimately determine the sustainability of investments in brick and mortar, Grand Rapids’ citizens are also concerned about the quality of public education, job and job training, strong neighborhood organizations and collaborative decision-making.”

This Chapter includes a number of recommended objectives so that Grand Rapids becomes a city of "great neighborhoods" and a residential location of choice for many types of households in the metropolitan region. This following side-by-side comparison provides Master Plan language, and then demonstrates how that intent was implemented in the Zoning Ordinance.

Objective GN 2. Provide a choice in neighborhood types.
- Protect the character of existing neighborhoods by maintaining overall existing residential densities and building patterns.
- Build on the special assets of older neighborhoods by encouraging housing rehabilitation and establishing and administering building and maintenance codes that encourage renovation and improve housing quality.
- Encourage mixed-use development in the areas identified on the Future Land Use Map to expand the range of neighborhood choices within the city.
- Develop area-specific plans, standards and guidelines that promote the compatibility of new development and rehabilitation projects with the existing density and visual character of the surrounding context; incorporate site planning and architectural design principles in zoning and building codes.

Zoning Ordinance

Neighborhood Types

The Zoning Ordinance contains neighborhood classifications, where each "residential and mixed-use commercial Zone District has been assigned a Neighborhood Classification based on similar development characteristics within the City of Grand Rapids, as established by the Master Plan and Pattern Work Book. These Neighborhood Classifications are Traditional Neighborhood; Mid-20th Century Neighborhood; and Modern Neighborhood. Within each Neighborhood Classification are individual Zone Districts, each with its own uses and development requirements.”
Master Plan

Objective GN3. Promote a broad range of high quality housing choices.

- Maintain and increase the number and variety of housing units (e.g., owner-occupied and rental serving young adults, seniors, low- and moderate-income households, special needs populations, middle and upper income households) to meet the diverse needs of existing residents and to attract new residents.
- Allow for new housing products: for example, small-lot single-family housing, site condominiums, live/work units, upper story residences in commercial districts and "granny flats" (accessory apartments) in single family neighborhoods where adequate parking can be provided.
- Allow for a range of housing types in all neighborhoods to provide residents the opportunity to progress through various life stages while maintaining their attachment to a particular area.

This Objective was established to promote a broad range of high quality housing choices. Housing choices should be available to people of different ages, ethnicity and income levels. Housing choice also involves addressing the different housing needs and preferences of individuals and families, including allowing for transition between housing types while remaining within the community.

Zoning Ordinance

Residential Zone Districts: Low-Density Residential (LDR) and Mixed-Density Residential (MDR)

<table>
<thead>
<tr>
<th>Table 5.5.05.B. Uses: Residential Zone Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use Category</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Residential</td>
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<tr>
<td></td>
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<td></td>
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</tbody>
</table>

The City of Grand Rapids offers a wide variety of housing types in all of its neighborhood zone districts. The Zoning Code also provides incentive-based policies such as minimum lot area reductions in exchange for meeting housing goals such as accessible units and mixed-income housing. For those uses listed as permitted (P) and meet all applicable standards (such as use standards, building design standards, etc.), review is administrative; either as a counter review or through the director review process. Where a use is listed as a Special Land Use (S), then a public hearing with the Planning Commission is required so that neighbors are notified and have an opportunity to provide input.
Master Plan

Objective GN 7. Locate new higher density residential development to capitalize on transit and improve land use transitions.

- Locate higher residential densities on transit routes and within walking distance of business areas.
- Encourage the restructuring of existing commercial areas as more compact, mixed-use, pedestrian and transit-oriented centers that include higher density residential development.
- Encourage higher density residential development in revitalizing existing traditional business areas.
- Encourage the introduction of higher density residential development to better utilize shallow parcels on strip commercial corridors and to create improved transitions between single family neighborhoods and major streets.

This Objective of the Plan was established to encourage greater densities in mixed-use commercial areas to increase the vitality of neighborhood business districts, increase transit ridership, provide services in close proximity to one another, allow for a range of uses, and create a pedestrian-friendly environment.

Zoning Ordinance

Mixed Use Commercial Zone Districts: City Center (CC), Transitional City Center (TCC), Traditional Business Area (TBA), Transit-Oriented Development (TOD), Commercial (C), Neighborhood Office Service (NOS)

<table>
<thead>
<tr>
<th>Use Category</th>
<th>Specific Use</th>
<th>CC*</th>
<th>TCC</th>
<th>TBA</th>
<th>TOD**</th>
<th>C</th>
<th>NOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Dwellings</td>
<td>S</td>
<td>P</td>
<td>E</td>
<td>P/S/E</td>
<td>E</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Ground floor</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Upper floors</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Household Living</td>
<td>Household living</td>
<td>S</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Lodging, extended stay</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>X</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td>Manufactured housing community</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Live-work unit</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Group Living</td>
<td>Group living</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>(including residential care)</td>
<td>Group living</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Accessory Uses</td>
<td>Accessory dwelling unit</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td>Accessory structure</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>S</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Home occupation</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
</tbody>
</table>

All uses considered to be “Household Living” – those listed in the use table for Residential Zone Districts - including single-family, two-family, and multiple family dwellings are allowed in any mixed-use commercial zone district with administrative approval. No public hearing or Planning Commission approval is required. One exception to this is ground-floor residential uses in the Downtown, Traditional Business areas, and Commercial zone districts require additional review. Bonuses are also available within these zone districts for accessible housing and mixed-income development.
## Locations with Administrative Approval for Multi-Family

<table>
<thead>
<tr>
<th>Zoning District</th>
<th>Total # of Parcels Where Multi-Family is a Permitted Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN-MDR</td>
<td>3,033</td>
</tr>
<tr>
<td>MCN-MDR</td>
<td>432</td>
</tr>
<tr>
<td>MON-MDR</td>
<td>2,633</td>
</tr>
<tr>
<td>TN-CC</td>
<td>2,005</td>
</tr>
<tr>
<td>TN-TBA</td>
<td>2,275</td>
</tr>
<tr>
<td>TN-TCC</td>
<td>1,305</td>
</tr>
<tr>
<td>TN-TOD</td>
<td>5</td>
</tr>
<tr>
<td>MCN-C</td>
<td>299</td>
</tr>
<tr>
<td>MON-C</td>
<td>314</td>
</tr>
<tr>
<td>NOS</td>
<td>472</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,773</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Zoning District</th>
<th>Acreage of Parcels Where Multi-Family is a Permitted Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN-MDR</td>
<td>990.6</td>
</tr>
<tr>
<td>MCN-MDR</td>
<td>1,389.4</td>
</tr>
<tr>
<td>MON-MDR</td>
<td>38,527.7</td>
</tr>
<tr>
<td>TN-CC</td>
<td>1,820.1</td>
</tr>
<tr>
<td>TN-TBA</td>
<td>645.8</td>
</tr>
<tr>
<td>TN-TCC</td>
<td>1,246.0</td>
</tr>
<tr>
<td>TN-TOD</td>
<td>1.0</td>
</tr>
<tr>
<td>MCN-C</td>
<td>421.0</td>
</tr>
<tr>
<td>MON-C</td>
<td>456.8</td>
</tr>
<tr>
<td>NOS</td>
<td>669.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,167.8</strong></td>
</tr>
</tbody>
</table>
Zoning Approval Processes

There are two main approval methods for uses: Administrative and Special Land Use. In some rare cases, rezoning is required for unique projects that are in a location where there is a shift in use (for example, from an office or institutional use into a multi-family development) or where the project is of a substantial size; the request may also comport with an area-specific plan that identified the area for change from current zoning designations (for example, in the Belknap neighborhood).

Administrative Approval. A use listed as “P” in the use table is permitted. The use must meet all applicable zoning requirements, including operational requirements (such as density, hours of operation, window transparency, and parking). If a new building is constructed, it must also meet dimensional requirements such as building setback and height, as well as any design standards such as an expression line or building entry location. Ninety-two percent of all development requests are approved administratively.

Special Land Use. A use listed as “S” in the use table is a Special Land Use. In addition to meeting the standard requirements, Planning Commission review and a public hearing is required. Per State law, property owners within 300’ are to be notified and a public notice is published in the Grand Rapids Press. Eight percent of all development requests are approved through the Special Land Use process. The pie chart below illustrates the types of requests that were considered by the Planning Commission in 2016.

Timelines. The Administrative Approval typically takes two weeks, although it may vary based on the completeness of submittal. Building permit approval occurs simultaneously or following issuance of a Land Use Development Site (LUDS) permit. The Special Land Use process typically takes five weeks, although it may vary based on the completeness of submittal, complexity of the project, and Planning Commission case volume. Following approval, the applicant has one year in which to apply for and receive a LUDS and/or building permit.
Multi-Family Approvals

Concern has been expressed about whether or not the Special Land Use process hinders the development of multi-family units in the City of Grand Rapids. An analysis was conducted to understand the type and number of approvals that are granted for this development type.

Approximately two-thirds of all multi-family units received administrative approval; one-third of units appeared before the Planning Commission. Of the 1,774 housing units approved by the Planning Commission since 2011, either through Rezoning or Special Land Use, an estimated 1,644 units have been constructed. Three large projects, in particular, skew these numbers (658 units, 37%). Building permit data shows that 4,440 multi-family housing units were constructed or in the process of construction since 2011. (Note: One-family was included as three accessory dwelling units have been approved.) 2,756 multi-family housing units were built with administrative review.

The majority, 77%, of Planning Commission requests were for 20 housing units or less per application. Of those 39 project submittals, two-thirds (25 out of 39) were by affordable housing developers or non-profits; with ICCF, LINC, and Kent County Land Bank representing the largest share. The projects involving 100 or more units required a rezoning, whereas nearly all other approvals were granted through Special Land Use.
Special Land Use Process

Special Land Use Definition.

“A land use of a lot, building or structure listed in a Zone District in this Chapter that could have additional effects related to the health, safety, convenience, and general welfare of users of nearby properties and the community as a whole, and for which additional scrutiny is needed.” (City of Grand Rapids Zoning Ordinance)

Michigan Zoning Enabling Authority – Public Act 110 of 2006

Article V Special Zoning Provisions, Section 125.3502 (1) specifies:

(1) The legislative body may provide in a zoning ordinance for special land uses in a zoning district. A special land use shall be subject to the review and approval of the zoning commission, the planning commission, an official charged with administering the zoning ordinance, or the legislative body as required by the zoning ordinance. The zoning ordinance shall specify all of the following:
   (a) The special land uses and activities eligible for approval and the body or official responsible for reviewing and granting approval.
   (b) The requirements and standards for approving a request for a special land use.
   (c) The procedures and supporting materials required for the application, review, and approval of a special land use.

(2) Upon receipt of an application for a special land use which requires a discretionary decision, the local unit of government shall provide notice of the request as required under section 103. The notice shall indicate that a public hearing on the special land use request may be requested by any property owner or the occupant of any structure located within 300 feet of the property being considered for a special land use regardless of whether the property or occupant is located in the zoning jurisdiction.

(3) At the initiative of the body or official responsible for approving the special land use or upon the request of the applicant, a real property owner whose real property is assessed within 300 feet of the property, or the occupant of a structure located within 300 feet of the property, a public hearing shall be held before a discretionary decision is made on the special land use request.

(4) The body or official designated to review and approve special land uses may deny, approve, or approve with conditions a request for special land use approval. The decision on a special land use shall be incorporated in a statement of findings and conclusions relative to the special land use which specifies the basis for the decision and any conditions imposed.

City of Grand Rapids Special Land Use Review Process

Section 5.12.09. Special Land Uses. of the Zoning Ordinance “provides procedures and standards for uses of land or structures that, because of their unique characteristics, require additional consideration in relation to the welfare of adjacent properties, the neighborhood, and the community. The regulations and standards herein are designed to allow practical latitude for the applicant, but maintain adequate provision for the protection of the health, safety, convenience, and general welfare of the community."

An applicant is required to submit an application to the Planning Department to commence the Special Land Use process. Oftentimes, there have been conversations with staff to insure that the applicant fully understands the process, and that staff understands the project request. Applicants are strongly encouraged during the early planning stages to reach out to the respective neighborhood or business association in their area. If there is no association, staff will provide a mailing list based on the public hearing radius.
Special Land Use Process

It is important to note that rarely all items on the checklist apply to a project. However, in the cases of new development on an urban infill site it is important to have critical information regarding building setbacks, building height, and other dimensional standards. Oftentimes neighbors desire to know what the project might “look like” so renderings may be submitted. Site grading information can be a challenge for low-budget or inexperienced developers, however, given that Grand Rapids is in a river valley this information can be very important. Understanding the site and its existing and proposed conditions can save a developer time and money in the long run; it is not wholly uncommon for an item to be “discovered” during the final plan review stage of permitting that may jeopardize a project.

Application Fee

The current rate for a Special Land Use application is $1,975. Planning Department fees are administered under the City Commission’s directive of trying to reach full-cost recovery. The General Operating Fund currently subsidizes 12% of the cost of a Special Land Use Request. Costs include required hearing notices, recording secretary, staff time, and resources to support this function.

Preliminary versus Final Approvals

The timeline for the Special Land Use process is dictated by State law. The Planning Commission very rarely tables an item, so requests are nearly always “one and done”. A preliminary and final approvals process would extend the approval time period and increase the case load of the Planning Commission. Given that the Special Land Use process allows for the Planning Commission to condition an approval so that potentially deleterious impacts on adjacent neighbors can be mitigated, an application that contains enough information to be useful in a public hearing is needed. It is important to note that landscape plans, lighting plans, engineered stormwater plans, and other “layers” of information are not required for Special Land Use approval. These items are managed administratively by staff during the LUDS permitting process.

Site Plan Review Application

Article 12 of the City of Grand Rapids Zoning Ordinance provides a Site Plan Review Checklist in Section 5.12.08.E. This checklist is comprehensive; applicants are encouraged to meet with staff in advance, before preparing an application, to determine the level of submission information that will be required (see next page).
Site Plan Review Checklist

Items that are highlighted in YELLOW are typical submittal requirements for a Special Land Use application. It is important to note that there may be unique characteristics of a site (e.g. topography, wetlands, traffic concerns) which may require additional information for the Planning Commission to make an informed decision. Items that are highlighted in GRAY are items that are generally reserved for the LUDS and Building Permit process, after approval has already been granted to the applicant. Non-marked items may or may not be pertinent to a request.

**General Plan Requirements**

- **Project Info:** Project address and name, scale, north arrow, location map, date(s) of submission/revisions, sheet number, name, address, phone number, and email of the designer(s) who prepared each plan
- **Scaled Site Plans, Elevations, etc:**
  1. Full size (24” x 36”) set of plans
  2. Copies of plans on 11” by 17” paper
  1. Digital copy of plans on a CD/DVD, with an individual PDF file of each drawing, plan or other document.

**Site Data**

- Existing zoning of property and all abutting properties
- **Property dimensions and gross acreage or square footage (including width, length, and frontage)**
- Net acreage or square footage, minus rights-of-way and submerged land
- Existing and proposed topography of the property and within 100’ of the property at 2-ft intervals
- Existing lot lines, lot dimensions, building lines, structures, parking areas, and other improvements on the property and within 100’ of the property

**Access, Circulation and Parking Plans**

- Dimensions, curve radii and centerlines of existing and proposed access points, streets, rights-of-way, or access easements
- Existing driveways and street intersections within 250 feet of the property
- Dimensions of acceleration, deceleration and passing lanes
- Cross section details of proposed streets, driveways, parking lots, sidewalks and non-motorized paths, with materials and thickness
- Traffic regulatory signs and pavement markings
- Designation of fire lanes
- Existing and proposed parking and loading areas, including location and size
- Calculations for the required number of parking and loading spaces
- Dimensions of parking spaces, landscape islands, circulation aisles, and loading zones
- Existing and proposed sidewalks or pathways within the site and in the right-of-way

**Landscape and Screening Plans**

- Locations, sizes, and types of existing trees 6 inches in diameter, measured at 3½ ft off the ground, including what is to be removed and what is to be preserved
- General location of all other existing plant materials, identification of the plant material, including what is to be removed and what is to be preserved
- Existing and proposed lawns and landscaped areas
- Location and type of all proposed shrubs, trees, and other live plant material
Landscape and Screening Plans con’t
- Planting list for proposed landscape materials with caliper size or height of material, quantity, botanical and common names, and method of installation
- Details on screening
- Location, size, height, and construction materials for all fences, walls and berms

Building and Structure Plans
- Location, height, and exterior dimensions of all proposed structures on the property
- Building floor plans and total floor area, including number and height of stories
- Building elevations for all sides, at an appropriate scale
- Description of all exterior building materials and colors (samples may be requested)
- Calculations of transparency requirements

Drainage and Utility Plans
- Location of existing drainage courses, floodplains, streams, wetlands, and other water bodies
- Existing and proposed water mains, water service, storm water loads and fire hydrants
- Stormwater retention/detention ponds, including grading, side slopes, depth, high water elevation, volume and outfalls, and calculations
- Site grading, drainage patterns, and other stormwater management measures
- Underground storm sewers and drains, including location and size
- Existing and proposed, above and below ground gas, electric, and telephone lines
- Transformers and utility boxes, including locations and dimensions

Other Site Features
- Location, height, and dimensions of storage facilities
- Waste receptacles and transformer pads and enclosures/screening
- Extent of any outdoor sales or display area
- Existing and proposed building and site lighting
- Photometric plan with: 1) foot candle readings at 10’ intervals or less, 2) table showing minimum and maximum lighting levels, and maximum to minimum illumination ratios, and 3) location and mounting heights of fixtures [If the project is located in the East Beltline Overlay District, see Section 5.8.04.F.]
- Size, height, and method of shielding for all lighting on the building and the site
- Location, size, height, and lighting of all proposed signs on the building and the site
Area Specific Plans

The Master Plan provides a city-wide vision of how to direct and manage land use change in the community. In some instances, a more detailed approach will be required to insure that appropriate consideration is given to character, design and detailed issues. Area-Specific planning provides the opportunity to more closely examine a particular geographic area of the city and tailor appropriate recommendations that best suit the needs of area residents, businesses and property owners.

An Area-Specific Plan is designed to:
- Become part of the City-wide Master Plan
- Be policy document; it is not law
- Establish a shared community Vision and land use/development goals for a particular area of the city, oftentimes describing the desired character
- Encourage reinvestment and revitalization
- Provide a strategic focus for neighborhood and business organizations
- Guide investors, developers, City Staff and Planning Commission when evaluating a redevelopment project

A number of ASP’s have been adopted by the City Commission as amendments to the 2002 Master Plan:
- Belknap Lookout (2010)
- Boston Square Business District (2010)
- Grandville Avenue (2017)
- Heritage Hill (2013)
- John Ball Area Neighbors/SWAN (2012)
- Michigan Street Corridor (2015)
- Midtown Neighborhood/Brikyaat (2007)
- Monroe North Business District (2010)
- West Side (Leonard/Bridge/Stocking) (2014)

The 2002 City of Grand Rapids Master Plan is the “umbrella” document to the ASPs. It is expected that neighborhood plans will align with overall city goals and objectives. The Planning Commission is responsible for insuring that there is consistency between the plans. Some plans more closely align than others. Below are several excerpts from ASPs that demonstrate this:

Belknap Neighborhood Area Specific Plan – Housing Goals

- Encourage housing reinvestment, renovation and new construction on vacant or blighted properties in a manner that strengthens the quality and character of the neighborhood.
- Encourage the availability of housing at varying occupancy opportunities and price points (e.g., owner-occupied, rental, special needs populations, low- moderate- and upper-income households) to meet the diverse needs of existing residents and to attract new residents to the neighborhood.
- Provide a variety of housing choices, for example, small-lot single family housing, upper story residences above mixed-use commercial, live-work units, apartments and rowhouses to allow residents the opportunity to progress through various lifecycle stages while being able to remain in the neighborhood.
- Use principles of accessibility and Universal Design in building construction so that aging residents and persons with disabilities are able to live here.
Belknap Neighborhood ASP – Housing Goals con’t

- Recognize that some incremental density increases may be needed to improve the feasibility of new investment or to provide affordable housing choices.
- Discourage the conversion of single-family homes to multifamily use.
- Encourage the preservation and reuse of historically and architecturally significant structures either on-site or by moving the structures to a new location within the neighborhood.
- Advocate for a relocation plan that provides housing choice and opportunity to tenants who may be displaced by change.
- Educate homeowners on State of Michigan tax rules regarding the Homestead Property Tax Exemption program and Mathieu-Gast Home Improvement Act.

Grandville Avenue Area-Specific Plan – Housing

“The other cornerstone of diversity, culture, and opportunity along the corridor and within the neighborhood is the Detached Residential area. Along the corridor, this area provides a respite from the more urban Traditional Business Area and reinforces the strong existing cadence of businesses and homes along Grandville Avenue. Within the surrounding neighborhood, this area provides a diverse array of housing choices and sizes that promote diversity of population and opportunity. Housing within this area is scaled to match the existing pattern of single-family detached homes, while also promoting appropriately scaled duplex homes and carriage houses. Front porches, stoops, garden walls, decorative fences, and verdant landscapes define the physical form of this area.” (Future Land Use)

U to the Zoo (SWAN/JBAN) – Housing, Future Land Use

“The detached residential land use designation corresponds to the LDR zoning district, with the exception that only duplex would be permitted as an attached dwelling type. Multi-family should not be permitted. Park and civic uses are anticipated. Commercial uses would not be permitted including surface parking lots to support adjacent retail uses. Along Grandville Avenue, the intent is to maintain the single family detached residential housing, with adjacent Traditional Business Areas at specific nodes as designated on the Future Land Use map.” (Zoning Plan)

“The underlying principle for future land use within the U to the Zoo planning area is to promote varied land uses and traditional development character. This is accomplished by encouraging mixed uses, including commercial and residential uses, along most of the Fulton Street corridor and, except for a few targeted locations, primarily along the east side of Seward Avenue. Another key principle is to target, concentrate and require primary retail and residential uses at specific retail hub and residential core locations. This will help create the synergy necessary to support viable and healthy clustered shops at key intersections and build residential cores along Seward Avenue and Fulton Street. Given the overwhelming concern for the continued erosion of residential neighborhoods, proposed future
U to the Zoo ASP – Housing, Future Land Use con’t

land uses along both Fulton Street and Seward Avenue should be limited to the minimum depth necessary to support viable development options. Further expansion of any non-residential land uses (or their supporting activities) into adjacent Medium Low Density residential areas is clearly not supported by this plan. Given these requirements, building heights in the planning area should be limited to a maximum two stories, which would still allow sufficient room to accommodate on-site parking. However, because of proximity to the GVSU campus and larger parcel sizes, taller buildings, up to four stories, should be allowed for Mixed Use at the east end of Fulton Street, between Lexington Avenue and Winter Avenue and along the east side of Seward Avenue. For similar reasons, taller buildings, up to 2-1/2 stories, should be allowed for the Mixed Use designation on the west side of Seward Avenue, at its intersection with Lake Michigan Drive.”

Michigan Street Corridor Plan – Housing Objectives

Objective: Promote a broad range of high quality housing choices
- Encourage a mix of affordable, mid-price, and upper-end housing choices through a combination of preservation, rehabilitation, and new construction.
- Encourage the availability of a variety of housing types and costs (e.g., owner-occupied and rental serving young adults, seniors, low- and moderate-income households, special needs populations, middle and upper income households) to meet the diverse needs of existing residents and to attract new residents.
- Allow for new housing products, for example, small-lot single-family housing, site condominiums, upper story residences in commercial districts, and accessory apartments where adequate parking can be provided.
- Amend the Zoning Ordinance to better address missing medium-density building typologies.
- Work with neighborhoods to determine appropriate development densities and locations for new housing types.

Objective: Support Affordable Housing Development.
- Provide density bonuses to developers who provide a percentage of affordable units.
- Provide gap funding on adaptive reuse and new construction to aid in the financial feasibility of affordable or mixed-income properties.
- Enact a lease-purchase program for those initially unable to qualify for a home loan whereby they can apply rent to the purchase price.
- Expand individual development account programs like those that the Inner City Christian Federation uses to help low-income persons receive matching funds towards savings to use towards purchasing a home.
- Promote shared-equity/shared-appreciation homeownership programs whereby a nonprofit or government agency helps reduce the purchase price of homes. When the buyer eventually sells, the contributing agency shares the appreciation value of the home to maintain long-term affordability.
- Promote MSHDA's Down Payment Assistance Program that provides no-interest loans as well as MSHDA's Property Improvement Program for home improvement loans.
- Establish Employer-Assisted Housing programs to encourage employers to provide forgivable loans for down payments, property improvements, or closing costs for homes in the study area.
- Establish a Community Land Trust to acquire and hold land to reduce the costs to just the home itself.
- Promote Limited-Equity Cooperatives to provide resident-controlled multi-family housing and ensure long-term affordability.
New Master Plan

The 2002 City of Grand Rapids Master Plan is sixteen years old. The planning process began in early 2000 when then-Mayor John H. Logie appointed a 31-member steering committee to guide the preparation of the City’s Master Plan. The Master Plan Committee selected a consultant team, helped to develop the plan process and worked with city staff and consultants to maximize community participation, and to shape plan content. It was a dynamic and exciting event the community embraced; it had been nearly 40 years since the city had a new Master Plan. Similar, subsequent planning efforts such as Green Grand Rapids and GR Forward also grabbed our imagination and have continued to advance change.

As Grand Rapids entered the 21st century, there was angst within the business community that the city lacked a vision and frustration in the neighborhoods that development was unpredictable and did not meet expectations. This moment is reminiscent of almost twenty years ago. There is concurrence that “it’s time”. The life of a Master Plan is said to be twenty years. Grand Rapids has undergone extensive transformation over the past two decades. This section of the report offers a brief discussion about next steps.

Current Efforts

There are several planning efforts currently underway that have been viewed by the Planning Department as the stepping stones for the next Master Plan effort. These are: South Division Development Plan, Heartside Quality of Life Plan, Southtown CID Area-Specific Plan, and Age-Friendly Community designation. The common thread in all of these efforts is that non-traditional voices are being engaged in a planning process. Persons of color, low-income individuals, homeless, non-English speakers, immigrants, refugees, and senior citizens are gathering to discuss ideas and aspirations closest to their hearts. It is hoped that with these engagement efforts two-way learning will occur; the Planning Department will know how best to engage previously unrecognized voices and these individuals will trust that their voices will be listened to.
Planning to Plan

Preparation to do a Master Plan is not a small effort. Community expectations will be high, particularly for inclusionary engagement approaches. Initial scoping will be challenging given the number of planning efforts that have occurred since 2002, including area-specific plans. It will need to be determined very early in the process how these efforts will be honored as it can affect project scope and budget. For example, based on the work of the Planning Department and a review of the 2002 Master Plan it is suspected that many of the Master Plan’s goals are still relevant today. A potential starting point might be to organize community book clubs to review the current document and provide feedback on what is missing, what is no longer relevant, and what is desired. In addition, a number of new technologies exist for build-out scenarios and public engagement. If the community wishes to explore these tools it should be anticipated in the project budget.

To provide a general idea of the tasks ahead, before actual engagement of the community in “master planning” will occur, the following should be accomplished:

- Identify expectations for engagement
- Decide on project approach
- Determine number of special studies and unique tasks
- Develop potential budget
- Identify funding sources and community partners
- Identify Master Plan Steering Committee members
- Identify community ambassadors/facilitators
- Determine starting point of plan effort
Zoning’s Impact on Housing

“Over the past three decades, local barriers to housing development have intensified, particularly in the high-growth metropolitan areas increasingly fueling the national economy. The accumulation of such barriers – including zoning, other land use regulations, and lengthy development approval processes – has reduced the ability of many housing markets to respond to growing demand. The growing severity of undersupplied housing markets is jeopardizing housing affordability for working families, increasing income inequality by reducing less-skilled workers’ access to high-wage labor markets, and stifling GDP growth by driving labor migration away from the most productive regions. By modernizing their approaches to housing development regulation, states and localities can restrain unchecked housing cost growth, protect homeowners, and strengthen their economies.

Modernized housing regulation comes with significant benefits.
- Housing regulation that allows supply to respond elastically to demand helps cities protect homeowners and home values while maintaining housing affordability.
- Regions are better able to compete in the modern economy when their housing development is allowed to meet local needs.
- Smart housing regulation optimizes transportation system use, reduces commute times, and increases use of public transit, biking and walking.
- Modern approaches to zoning can also reduce economic and racial segregation, as recent research shows that strict land use regulations drive income segregation of wealthy residents.

Cities and states across the country are interested in revising their often 1970s-era zoning codes and housing permitting processes, and increasingly recognize that updating local land use policies could lead to more new housing construction, better leveraging of limited financial resources, and increased connectivity between housing to transportation, jobs and amenities.”

84 https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf
How Does Grand Rapids Fare?

The Obama-era White House Housing Development Toolkit provides a list of actions that local jurisdictions can take to promote “healthy, responsive, affordable, high-opportunity housing markets”\(^85\) The items that have been bolded (non-tax related issues) are addressed here to provide context for the Housing NOW! discussion. Recommended approaches are:

- Establishing by-right development
- Taxing vacant land or donating it to non-profit developers
- Streamlining or shortening permitting processes and timelines
- Eliminate off-street parking requirements
- Allowing accessory dwelling units
- Establishing density bonuses
- Enacting high-density and multifamily zoning
- Employing inclusionary zoning
- Establishing development tax or value capture incentives
- Using property tax abatements

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<tr>
<th>White House Toolkit Recommendation: Establish by-right development</th>
<th>Grand Rapids</th>
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| Most development today goes through a discretionary review process prior to approval, such as public hearings or local legislative actions. These processes predispose development decisions to become centers of controversy, and can add significant costs to the overall development budget due to the delay and uncertainty they engender. The tradeoffs that developers make to account for those additional costs can result in lost affordability, quality, or quantity of units developed. “As-of-right” or “by-right” development allows projects to be approved administratively when proposals meet local zoning requirements. Such streamlining allows for greater certainty and more efficient development and, depending on a locality’s regulatory approach, supports lessening of barriers from density limits and other zoning requirements. It can also be targeted to achieve public goals by making “by-right” approval contingent on increased affordable housing, transit-oriented development, or energy efficiency. | The following zone districts allow multi-family development to be administratively approved (“by-right”):
- City Center (CC)
- Transitional City Center (TCC)
- Traditional Business Area (TBA)
- Transit-Oriented Development (TOD)
- Commercial (C)
- Neighborhood Office Service (NOS), and
- Mixed-Density Residential (MDR)

Two-thirds (2,756 of 4,400 units) of all multi-family housing development in the city has been administratively approved (based on evaluation from 2011-2018). |

\(^{85}\) [https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf)
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<tr>
<th>White House Toolkit Recommendation: Streamline or Shorten Permitting Processes and Timelines</th>
<th>Grand Rapids</th>
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<td>Permitting processes can introduce yet another source of cost and uncertainty in the effort to increase housing supply through production. Unnecessarily lengthy permitting processes restrict long-run housing supply responsiveness to demand, and also present an inefficiency for city planners and reviewers whose time could be more effectively spent on essential tasks. Most localities’ permitting processes do not fully leverage new technology to achieve greater speed, reliability and efficiency.</td>
<td>Grand Rapids’ Development Center uses the latest technology, Accella, for project intake and electronic plan review. Individual reviewers are tracked for timeliness on review, and to manage work flow. For development statistics: <a href="https://www.grandrapidsmi.gov/Directory/Guides/Development-Plans-and-Current-Building-Projects-in-Grand-Rapids">https://www.grandrapidsmi.gov/Directory/Guides/Development-Plans-and-Current-Building-Projects-in-Grand-Rapids</a></td>
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<tr>
<th>White House Toolkit Recommendation: Eliminate Off-Street Parking Requirements</th>
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| Parking requirements generally impose an undue burden on housing development, particularly for transit-oriented or affordable housing. When transit-oriented developments are intended to help reduce automobile dependence, parking requirements can undermine that goal by inducing new residents to drive, thereby counteracting city goals for increased use of public transit, walking and biking. Such requirements can also waste developable land, and reduce the potential for other amenities to be included; a recent Urban Land Institute study found that minimum parking requirements were the most noted barrier to housing development in the course of their research. By reducing parking and designing more connected, walkable developments, cities can reduce pollution, traffic congestion and improve economic development. Businesses that can be accessed without a car can see increased revenue, increased use of alternative modes of transportation, and improved health outcomes for residents. | Off-street parking is not required in the City Center (CC) zone district. With the 2007 Zoning Ordinance re-write, parking numbers were reduced from the requirements of the 1969 Zoning Ordinance, for example:  
- Single-family was reduced from 2 to 1.5  
- Multiple family was reduced from 1.5 to 1 per unit  
The Planning Director may reduce 50% of required parking where on-street parking or publicly-owned lots (surface or structure) are available, proximity to transit exists, alternative vehicles are available, carpooling or vanpooling is used, bike facilities are present, shared parking arrangements are made, or a mixed-use coefficient is applied (where offsets occur due to a range of uses). The Planning Commission has authorization to waive all required parking. |

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<th>White House Toolkit Recommendation: Enact High-Density and Multi-Family Zoning</th>
<th>Grand Rapids</th>
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<td>Local zoning code changes that allow for the development of higher-density and multifamily housing, especially in transit zones, can help to alleviate some of the pressure of the growing population in many city centers.</td>
<td>The Mixed-Use Commercial zone districts and MDR zone district previously mentioned allow for higher-density and multi-family housing. The LDR zone district allows for these uses as well, albeit with Special Use approval. There are no exclusive single-family zone districts within the City of Grand Rapids Zoning Ordinance. Most residentially zoned property (TN-LDR) allows a minimum of 14 units per acre.</td>
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<td>White House Toolkit Recommendation:</td>
<td>Grand Rapids</td>
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<tr>
<td><strong>Allow Accessory Dwelling Units</strong></td>
<td>Grand Rapids currently allows Accessory Dwelling Units (ADUs) within the Mixed-Use Commercial zone districts, except the NOS district, with administrative approval. ADUs are allowed within the LDR and MDR residential districts by Special Land Use from the Planning Commission. There are use requirements regarding minimum lot size, building size, number of occupants, and other items that strive to keep the unit “accessory” to the primary structure. Some of these rules are recommended to change as part of Housing NOW!.</td>
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Accessory dwelling units can expand the available rental housing stock in areas zoned largely for single-family housing and can address the needs of families pulled between caring for their children and their aging parents, a demographic that has been growing rapidly in recent years. As a result of the recent recession, young adults have achieved financial independence at a slower rate than prior generations. While the number of Americans caring for both an aging parent and a child has increased only marginally, the costs associated with caring for multiple generations has increased significantly as a greater share of parents support their children beyond age 18. Accessory dwelling units offer one solution to this challenge by facilitating intergenerational living arrangements and allowing more seniors to age in place, something that nearly 90% of older Americans desire for themselves and their families. In addressing the temporary needs of families that are stretched thin, accessory dwelling units can create a permanent increase in affordable housing stock.

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<td><strong>Establish Density Bonuses</strong></td>
<td>Density bonuses are currently available in the Zoning Ordinance for mixed-income residential development and accessible housing (a recommendation from Great Housing Strategies). These bonuses are available in the form of additional units or an additional building story. Recommendation #6 of Housing NOW! would provide an additional bonus for affordable housing development.</td>
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Density bonuses encourage housing development and incentivize the addition of affordable housing units by granting projects in which the developer includes a certain number of affordable housing units the ability to construct a greater number of market rate units than would otherwise be allowed. Density bonuses are frequently tied to community goals of increased affordable housing and can be effective in driving larger quantities of units supplied through new construction.

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<td><strong>Employ Inclusionary Zoning</strong></td>
<td>Leasing of Private Residential Property (Public Act 266 of 1988), Part 123.411, Section 1 (2). reads: “A local governmental 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.”</td>
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Inclusionary zoning requires or encourages the inclusion of affordable units in new residential development projects. As of 2014, such policies had been implemented by nearly 500 local jurisdictions in 27 states and the District of Columbia.
Housing NOW!
Housing NOW!

Background

The City of Grand Rapids has been discussing and studying extensive measures to advance affordable housing since 2015. This began with the Great Housing Strategies process, a community planning initiative consisting of three City Commissioners and over 200 residents. This group represented non-profit and for-profit housing developers, lenders, neighbors, education institutions, local philanthropy and government officials.

Participants gathered to recommend goals and actions for equitable housing needs. The primary concern was lack of affordable housing due to increasing rents and resulting potential displacement of vulnerable individuals. Residents formed work groups and presented their strategies to City Commission. The City Commission adopted the recommended eight goals and 35 actions in December, 2015.

Zoning text amendments were made in 2016 in response to Great Housing Strategies recommendations, including: reducing lot area requirements for 2-family units; moving attached single-family requirements into Article 9 Use Regulations to allow the Planning Commission greater discretion in the approvals process; allowing the Planning Commission to waive the min lot area of 20,000 square feet for multi-family developments within Traditional Neighborhoods; eliminating the 12-month ownership requirement for Accessory Dwelling Units; and addition of a micro-unit density bonus.

In 2016, the Mayor appointed the Housing Advisory Committee (HAC) to further Great Housing Strategies recommendations. The Committee, chaired by First Ward City Commissioner Jon O’Connor, included two additional City Commissioners, more than 20 residents and stakeholders and several City staff. The Committee met seven times beginning in October 2016 and presented its recommendations to the City Commission on May 1, 2017. The City Commission reviewed the recommendations and directed staff to develop ordinance and policy language to put into place the Committee’s recommendations. The ordinances and policies that were drafted to advance the recommendations from the HAC are now known as the Housing NOW! package, which includes these eleven items:

1. Proposed ordinance amendment to reduce PILOT (Payment in Lieu of Taxes) fees
2. Proposed policy amendment to provide homeownership incentives
3. Proposed ordinance to provide incentives for small-scale development
4. Proposed policy amendment to provide incentives for affordable housing in the NEZ tool
5. Proposed policy to encourage voluntary development agreements for affordable housing
6. Proposed ordinance to provide incentives for increased density
7. Proposed policy to provide requirements for affordable housing whenever the City is a partner in an affordable housing project
8. Proposed ordinance to permit accessory dwelling units by right
9. Proposed ordinance to permit non-condo, zero-lot-line housing
10. Proposed ordinance to regulate rental applications
11. Proposed policy to establish the Affordable Housing and Preservation Fund
Zoning Recommendations

Of the eleven recommendations, the City Commission referred recommendations 3, 6, 8 and 9 to the Planning Commission for further discussion and recommendation given that the Zoning Ordinance must be amended to achieve the stated recommendation. A description of the HAC recommendation with originally proposed ordinance language is provided, followed by the Planning Commission’s recommendation to the City Commission.

HAC Recommendation #3 – Incentives for Small Scale Development

The HAC recommended the City develop incentives for small scale residential development. Small scale development is also referred to as “missing middle” housing consisting of multi-unit housing types such as duplexes, four-plexes, bungalow courts and mansion apartments that are not bigger than a large house. In order to incentivize or encourage this type of development pattern, simplifying the review process and modifying current site layout and building placement standards has been proposed.

Based on the work of the HAC and with feedback from the development community, the proposed zoning amendment was drafted as follows:

- Reduce minimum dwelling unit width from 18 feet to 14 feet.
- Allow the construction of two-family residential developments with administrative approval in the LDR zone district when located on a corner parcel or within one-hundred (100) feet from a TBA, TOD, TCC or C zone district. Also, align two-family lot width and area requirements with single family residential.
- Eliminate minimum lot area requirement (20,000 sq. ft.) for multi-family residential developments.
- Allow the construction of multi-family residential developments by-right in the LDR zone district when all of the following criteria is met:
  - Located within one-hundred (100) feet from a TBA, TOD, TCC or C zone district
  - No more than 4 units per building
  - Complies with maximum building width and footprint
  - Development complies with form standards

Community Engagement

Prior to the public hearing on proposed zoning text changes, Planning Staff facilitated a number of community input and information sessions.

On October 23, 2017, and November 2, 2017 staff hosted two input sessions on the HAC recommendations and gained a better understanding of the important issues surrounding these topics. In general, concerns were raised about the effects of increased density (parking, noise and overcrowding) and the City’s capacity to adequately enforce these complaints. Concerns were also expressed about the lack of citizen/neighborhood involvement in the HAC process.

On November 6, 2017, planning staff hosted a housing developer meeting, including for-profit and non-profit housing developers, to review the proposed HAC recommendations. Included in that meeting were professional architects and planners that routinely do work within the City of Grand Rapids.

On January 8, 9 and 10, 2018, staff hosted three community information meetings to provide an opportunity for the community to learn about the proposed zoning text changes that would be considered by the Planning Commission at the January 25th public hearing. The meetings were intentionally staggered over three days, one in each ward, at various times of the day. Many of the same concerns were raised by the attendees as at the fall meetings. Staff encouraged those individuals to share the concerns with the Planning Commission at the public hearing.
HAC Recommendation #3 – Incentives for Small Scale Development con’t

These changes are designed to work in conjunction with a design guidelines manual so that the preservation of existing neighborhood character is considered in each by-right development. Design guidelines would need to be codified. Additional form-based architectural requirements may increase initial construction costs, but the long term benefit of complimentary neighborhood design will help keep property values stable.

HAC #3 Planning Commission Recommendation – The Planning Commission recommends the suggested language with two modifications:

1. The with-administrative-approval area surrounding mixed-use commercial zone districts is 500 feet.

2. Eliminate the recommendation that design guidelines be developed prior to adopting this zoning amendment.\(^8\)

HAC Recommendation #6 – Density Bonus for the Development of Affordable Housing

The HAC recommended the City consider a zoning text amendment that would modify or add to existing residential density bonuses so to incentivize residential developments with units priced at or below a determined Area Median Income (AMI).

The current residential density bonus within the zoning ordinance was written to incentivize mixed-income housing projects. The ordinance does not have a housing bonus that incentivizes more traditional affordable housing projects such as those developed with Low Income Housing Tax Credits (LIHTC). In fact, the current requirement for the mixed-income housing bonus cannot be used for LIHTC funded projects because the percentages within the ordinance are at odds with the funding source. On November 6, 2017, planning staff met with housing providers to discuss changes to the ordinance.

The proposed amendment as originally presented would modify the requirements as follows:

- Add an Affordable Housing Bonus within Articles 5 (Residential Zone Districts) and 6 (Mixed-Commercial Zone Districts) with requirements that a project must:
  - Be located within 300 feet of a transit line
  - At least 20 units are developed as part of the project
  - Rental units: not less than 30% of the total number of units are provided at or below 60% AMI
  - Owner units: not less than 30% of the total number of units are provided at or below 60% AMI

HAC #6 Planning Commission Recommendation – The Planning Commission recommends the suggested language with four modifications:

1. Eliminate that the density bonus be tied to a distance from transit.

2. Eliminate a threshold for the minimum number of units to be developed to be eligible for the bonus.

3. The Commission recommends adding a failure to perform clause with penalties for non-compliance.

4. The Commission recommends that compliance for annual reporting and price thresholds be recoded with the Deed.

Planning Commission did not want the requirement for design guidelines to stall the construction of new units. Therefore, they recommended taking the recommendation for Design Guidelines out and letting the City Commission decide if it was important enough of an effort to dedicate resources for community engagement and the creation of design guidelines that were neighborhood relevant.

\(^8\) Note: The Planning Commission had extensive discussion about Design Guidelines, which can be read in the minutes beginning on Page 41. There was direction that if the City Commission would be willing to commit the resources necessary to extensively engage the community and do the work, that some members of the Planning Commission would be amendable to further discussion on this topic. The
HAC Recommendation #8 – Permit Accessory Dwelling Units By-Right

The HAC recommended the City consider a zoning text amendment that would allow for the development of Accessory Dwelling Units (ADU’s) with administrative approval within residential zone districts.

The current ordinance permits ADU’s as a Special Land Use, subject to the use restrictions of Article 9. As proposed, ADU’s would be permitted with administrative approval within the Low Density Residential (LDR) and Mixed-Density Residential zone districts, subject to the use restrictions of Article 9.

The proposed amendment would modify the requirements as follows:

- Modify minimum lot area of 5,000 square feet to lots meeting the minimum lot area for the applicable zone district.
- Regulate maximum building height for detached ADU’s
- Permit two-story detached ADUs
- Increase floor area ratio between ADU and primary structure
- Eliminate maximum occupancy and number of bedrooms

The proposed modifications were made following two neighborhood input sessions (October 23, 2017 and November 2, 2017) and research of comparable communities such as the City of Portland OR, City of Seattle WA and publications from AARP and the American Planning Association.

HAC #8 Planning Commission Recommendation – The Planning Commission recommends the suggested language as presented.

HAC Recommendation #9 – Modify Requirements for Non-Condo Zero Lot Line Units (Attached Single-Family Residential)

The HAC recommended the City consider a zoning text amendment that would modify attached single-family residential dwelling unit requirements to encourage this type of development pattern within the City’s residential zone districts.

The current ordinance permits attached single-family residential dwellings as a Special Land Use within the Low Density Residential (LDR) zone district and as a Permitted Use within the Mixed Density Residential (MDR) zone district. All attached single-family residential developments are subject to the use restrictions of Article 9. As amended, attached single-family dwellings would be permitted by-right within the Low Density Residential (LDR) (when certain conditions are met), subject to the use restrictions of Article 9, Section 5.9.06 of the Zoning Ordinance.

The proposed amendment as drafted would modify the requirements as follows:

- Permit attached single-family residential dwelling units with administrative approval within the LDR zone district where the following criteria is met (otherwise regulated as a Special Land Use):
  - Four (4) or less attached units per structure are proposed
  - The parcel is within one-hundred (100) linear feet of a TBA, TOD, TCC or C zone district as measured from the closest point of the parcels along the public right-of-way.
- Reduce minimum dwelling unit width from eighteen (18) feet to fourteen (14) feet
- Eliminate a requirement for minimum lot width, allowing dwelling unit width to control
- Reduce minimum lot area from 3,000 square feet (in TN-LDR) to 1,500 square feet and from 2,250 square feet (in TN-MDR) to 1,250 square feet.
The proposed modifications were made following two neighborhood input sessions (October 23, 2017 and November 2, 2017) and a meeting with housing developers and architects (November 6, 2017).

**HAC #9 Planning Commission Recommendation** – The Planning Commission recommends the suggested language with three modifications:

1. Eight (8) or less attached units are allowed per structure, rather than four (4).
2. The area surrounding mixed-use commercial zone districts is 500 feet, rather than 100 feet.
3. In addition to the TN zone district, the MON and MCN zone districts shall be included and that dimensional requirements shall be modified proportionately to those for the TN zone district.

**Tenets of Zoning**

There are several zoning standards to keep in mind in the drafting of Zoning Ordinance text. These standards are governed by State law, as well as local, State, and Federal case law. These include:

- A use stays with the property, not with the owner. Meaning that when land use approval is granted, a property right is being provided to the parcel not the individual. Land use decisions must be based on the merits of the requests in adherence with set standards. Distinctions between types of ownership is not allowed. Because of this, non-profit and for-profit developers must follow the same procedures and processes required under the ordinance.

- Similar uses must be treated the same in the same zone district. This is called “uniformity”. The Michigan Zoning Enabling Act states that “regulations shall be uniform for each class of land or buildings, dwellings and structures within a district.” Uses – past, present, or future – should be regarded as having the same rights in the same zone district. What may be a vacant lot now, may not be so in the future. Every parcel in the same zone district has the same property rights; therefore distinctions cannot be made if a property is vacant or blighted from one that is presently occupied.

- Allowing a certain type of land use in only parts of a zone district, but not other areas of the same district, is not allowed. The same property rights must be afforded to all properties in the same zone district. For example, if accessory dwelling units are permitted by right then all properties in the same district will have that benefit. Distinctions can be made regarding lot size, parking, setbacks, building size, etc. to insure compatibility and that sufficient room is available to accommodate the use without being a potential detriment to adjacent properties.

- Standards must be used to avoid arbitrary and capricious decision-making that benefits some but not all applicants. These standards are defined within the Zoning Ordinance, in adherence with State law.
Potentially Affected Properties

It is important to understand the potential impact that proposed zoning amendments might have on city neighborhoods. Many of the proposed dimensional requirements, such as reducing the minimum building width from 18’ to 14’ or changing the minimum lot area requirement for an accessory dwelling unit, would have no impact on the built environment. Other changes, particularly modifications to approval processes and housing types, could be more significant.

A mapping analysis was undertaken to better understand how the originally approved ordinance language to allow administrative approval for small-scale multiple-family dwellings, and up to 4 units of single-family attached dwellings, within 100’ of a mixed-use commercial zone district; as well as to understand how the Planning Commission-recommended modifications to allow small-scale multiple-family dwellings, and up to 8 units of single-family detached dwellings, within 500’ of a mixed-use commercial zone district. An ArcGIS Story Map was created so that individuals can look at the city as a whole, by Ward, or by neighborhood to gain information. The Story Map link is here: https://grandrapids.maps.arcgis.com/apps/MapJournal/index.html?appid=207972e8cc2441e0a28b757ec315f366
Potentially Affected Persons: Households in Poverty

It is also important to understand the potential impact that the proposed zoning amendments might have on households living within the geographic boundaries of the proposed changes. Equity data derived from the Vital Streets Plan was used to evaluate those who may be affected.

In general, findings indicate that nearly one-third of households in poverty are located within the 100' buffer and could be potentially vulnerable to land use changes, while 29% would be affected within the 500’ buffer. In comparison, 17.5% of city households in poverty live outside of these areas. The median income increases by more than $10,000 between the geographies.

When broken down by Ward, households in poverty in the Third Ward would be affected more greatly. Thirty-six percent of households are located within the 100’ buffer and 32% are located within the 500’ buffer.
Potentially Affected Persons: Median Household Income

Areas of the city where Median Household Income is less than $40,000 are located predominately in the Pre-World War portions in the city. These areas have higher concentrations of Mixed-Use Commercial zone districts than the suburban portions of the community; therefore, the effect of the proposed zone changes will more greatly affect these households. New construction projects are occurring in these areas, which has heightened concerns about displacement and gentrification.

<table>
<thead>
<tr>
<th>Median Household Income</th>
<th>Number of Parcels (Within 100-Foot Buffer Area)</th>
<th>% of Parcels (Within Buffer Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $29,573.75</td>
<td>2,251</td>
<td>48.21%</td>
</tr>
<tr>
<td>$29,573.76 - $59,147.50</td>
<td>2,177</td>
<td>46.63%</td>
</tr>
<tr>
<td>$59,147.51 - $88,721.25</td>
<td>190</td>
<td>4.07%</td>
</tr>
<tr>
<td>$88,721.26 - $118,295.00</td>
<td>51</td>
<td>1.09%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,669</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Median Household Income</th>
<th>Number of Parcels (Within 500-Foot Buffer Area)</th>
<th>% of Parcels (Within Buffer Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $29,573.75</td>
<td>7,469</td>
<td>40.52%</td>
</tr>
<tr>
<td>$29,573.76 - $59,147.50</td>
<td>9,990</td>
<td>54.20%</td>
</tr>
<tr>
<td>$59,147.51 - $88,721.25</td>
<td>751</td>
<td>4.07%</td>
</tr>
<tr>
<td>$88,721.26 - $118,295.00</td>
<td>223</td>
<td>1.21%</td>
</tr>
</tbody>
</table>
Potentially Affected Persons: Persons of Color

The Housing History portion of this report provided insight into the housing challenges communities of color faced for decades. While Grand Rapids’ diverse population is becoming more dispersed (see Trends), high concentrations of persons of color are located in the Southeast and Southwest portions of the city due to this legacy.

<table>
<thead>
<tr>
<th>Non-White Density (in HH per Acre)</th>
<th>Number of Parcels (Within 100-Foot Buffer Area)</th>
<th>% of Parcels (Within Buffer Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4.09</td>
<td>2,487</td>
<td>53.27%</td>
</tr>
<tr>
<td>4.1 - 11.81</td>
<td>1,652</td>
<td>35.38%</td>
</tr>
<tr>
<td>11.82 - 31.98</td>
<td>530</td>
<td>11.35%</td>
</tr>
<tr>
<td>31.99 - 92.05</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,669</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-White Density (in HH per Acre)</th>
<th>Number of Parcels (Within 500-Foot Buffer Area)</th>
<th>% of Parcels (Within Buffer Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4.09</td>
<td>8,367</td>
<td>45.39%</td>
</tr>
<tr>
<td>2: 4.1 - 11.81</td>
<td>7,111</td>
<td>38.58%</td>
</tr>
<tr>
<td>11.82 - 31.98</td>
<td>2,955</td>
<td>16.03%</td>
</tr>
<tr>
<td>31.99 - 92.05</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,433</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
Equity Lens Considerations

The Local and Regional Government Alliance on Race & Equity (GARE) Racial Equity Toolkit (An Opportunity to Operationalize Equity) asks:

You should be able to answer the following questions about community engagement and involving stakeholders:

1. Who are the most affected community members who are concerned with or have experience related to this proposal? How have you involved these community members in the development of this proposal?
2. What has your engagement process told you about the burdens or benefits for different groups?
3. What has your engagement process told you about the factors that produce or perpetuate racial inequity related to this proposal?

You should be able to answer the following questions about strategies to advance racial equity:

1. Given what you have learned from the data and stakeholder involvement, how will the proposal increase or decrease racial equity? Who would benefit from or be burdened by your proposal?
2. What are potential unintended consequences? What are the ways in which your proposal could be modified to enhance positive impacts or reduce negative impacts?
3. Are there complementary strategies that you can implement? What are ways in which existing partnerships could be strengthened to maximize impact in the community? How will you partner with stakeholders for long-term positive change?
4. Are the impacts aligned with your community outcomes defined in your Equity Plan?

i U.S. Census Bureau, 2009-2013 5-Year American Community Survey (Table DP04)

ii National Association of Home Builders, Housing Opportunity Index, www.nahb.org
