

JOINT HOUSING TASK FORCE REPORT

**Grand Traverse County ■ City of Traverse City
Garfield Charter Township ■ East Bay Charter Township
Traverse City Housing Commission**

April 16, 2015

Joint Housing Task Force

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The communities of Grand Traverse County have long recognized a significant unmet demand for a variety of housing choices in and near job centers. Many residents are aware of the issue from their own experiences. If you or someone you know has moved recently into or around the community, then you may know of this issue firsthand. Even businesses recognize that housing impacts their ability to attract and retain employees. This challenge is expected to compound as the county population has been increasing at a rate of approximately 1,000 new residents every year.

While there have been efforts from local units of government and the private sector to address lack of housing options, what has been lacking to date in addressing the housing issue is a coordinated effort amongst units of government and organizations. The 2013 County Housing Strategy outlines objectives to address the issues. A key objective is to coordinate efforts and improve capacity to address housing issues. By setting a common agenda based on a partnership, the County, local units of government and housing organizations can maximize staff resources, financing and incentive mechanisms, and funding resources to develop and complete housing projects. In many cases, this partnership would work with private developers where public resources are leveraged to create a more desired housing product.

A joint housing task force was formed including representatives from the communities most often faced with this issue. The task force met several times between October, 2014 and April, 2015. This report summarizes information presented and discussed at the meetings along with four key actions for the task force communities and others to move forward.

Four Key Actions

▶ **Market Development Opportunities**

Locations throughout the communities have been identified for housing development by each community. All of the communities have a host of planning and zoning incentives for housing development and will be making these readily available to developers. Consideration should be made to improve community policies that expand flexibility in permitting housing developments. Development opportunities should include improvement and upgrading of existing rental housing stock. An array of building types are desired for development including duplexes, triplexes, fourplexes, cottage courts, townhomes, live/work units, courtyard apartments, and mid-rise apartments.

▶ **Partner with Non-Profit and Private Developers**

Together, communities in the region have recognized the value of working collaboratively and should continue in this effort. Taking their collaboration to the next level, the best opportunity for action is for communities to partner with local non-profit developers and private developers. HomeStretch and Traverse City Housing Commission are two potential non-profit developers capable of providing resources to build projects that meet community goals. To be successful, non-profits need to recognize communities as true partners in projects while communities need to shepherd projects through review and approval processes. Private developers bring the much needed investment to the project. Three party partnerships are the ideal scenario for success by engaging a private developer, non-profit developer and a community.

▶ **Unite Housing Resources**

By uniting resources, communities will see greater results that match their goals. Developing a common policy for PILOT projects will provide consistency and recognize the value that communities afford to projects. The Affordable Housing Trust Fund provides a great mechanism to provide a leveraged, primary resource for projects.

▶ **Maintain Awareness**

Community leadership is essential to make housing projects happen. Informing the public and supporting viable, well-designed projects will result in increasing success to achieving community goals.

Summary

Elements of a Successful Community

- Jobs
- ▶ **Housing choices**
- Marketplace
- A variety of ways to travel
- Gathering places
- Municipal services
- Public safety
- Community character

Local Housing Studies and Strategies

- Local studies and strategies focused on housing include the 1996 Grand Traverse County Housing Needs Study, the 2003 and 2009 Grand Traverse County Housing Needs Assessments, the 2008 Regulatory Framework for Workforce Housing in Traverse City, the 2012 Grand Traverse County Housing Inventory, the 2013 Grand Traverse County Housing Strategy, and the 2014 Framework for Housing Choices in Northwest Michigan.
- Key takeaways from the studies include:
 - Renters make up 23.3% of all households
 - 98% occupancy rate for rentals
 - Nearly half of all rental households live in unaffordable housing, including 80% of those earning \$20,000 or less
 - Housing appreciation is rising faster than income appreciation
 - 32% of renter households suffer from overburden
 - Shortages of accessible housing, small rental units
 - 40% of owner-occupied households are “low income”
 - Average household spends 57% of income on combined housing and transportation — over 60% in rural areas
 - 800 homes in the county are in “poor” condition
- Key strategy goals include:
 - Expand location and energy-efficient housing choices
 - Target housing activities toward existing communities
 - Develop greater financial and programmatic capacities to support and enhance housing efforts of existing nonprofits
 - Coordinate planning and zoning policies that encourage greater housing choices
 - Raise awareness and support of affordable housing among the public

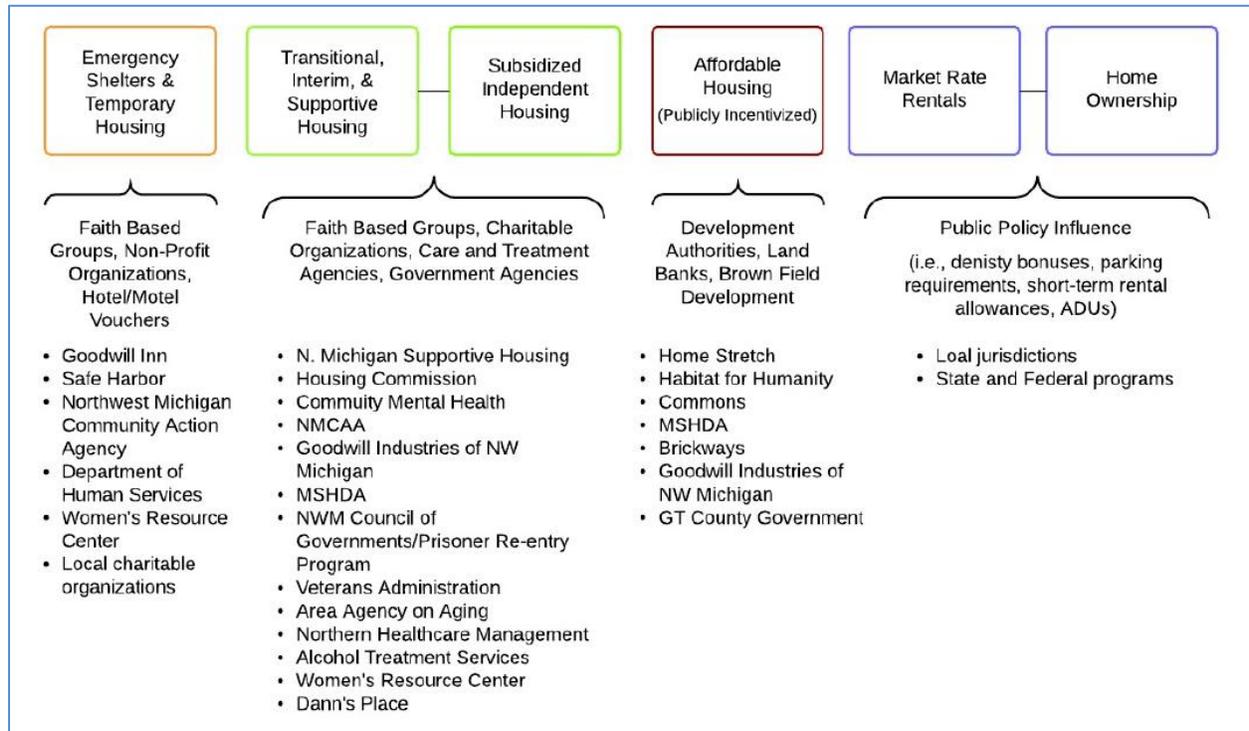
- What is Affordable?
 - **Income.** A housing unit is considered affordable to a household if housing costs total 30% or less of that household’s income—with “costs” referring either to rent, or, for ownership units, mortgage interest and principal, taxes, and insurance. When households pay more than 30% of their income for housing, they are considered cost overburdened, a financial strain that creates a higher risk of foreclosure or homelessness.
 - **Income+Transportation.** A housing unit is considered affordable to a household if housing and transportation costs total 45% or less of that household’s income.
 - **Income+Transportation+Energy.** Home energy costs, including electricity and heating costs, can account for 20% or more of a household’s budget. Low income households spend a greater percentage of their income on energy costs, and are more likely to experience housing instability due to energy costs.
 - The typical household in Grand Traverse County spends 57% of their income on housing and transportation costs combined. In rural areas, home to the County’s more “affordable” housing, combined housing and transportation costs total well over 60% of a typical household budget.

Current Housing Development Trends

- City of Traverse City has several housing units under construction, but most of them are high-end developments. Accessory dwelling units are now allowed.
- East Bay Township is working on changing its “growth boundary” area by looking to increase density within it; however, most of the development is happening outside the boundary line. There are two new apartment complexes and another one recently approved.
- Garfield Township has mapped active housing development projects. All levels of income are represented in the projects. Projects include new apartments, some MSHDA funded, single family, mixed-use commercial, duplexes and residential.

Defining Housing Types and Building Types

- The housing continuum illustrates the variation of **housing types** in our community:



- The variety of **building** types for housing need to expand to meet market demand. These often missing building types are called the “missing middle.”



- Key elements that make successful “middle missing” housing areas include:
 - Medium density development but good design makes it feel like lower density
 - Small footprint and blended densities
 - Smaller, well-designed units
 - Off-street parking does not drive the site plan
 - Simple construction
 - Creating community
 - Marketability
- There are many developments that have successfully blended market rate housing with affordable housing, i.e. Midtown development in Traverse City. A strong non-profit housing developer is often needed to make such developments work. The Dwelling Place in Grand Rapids is a model for a non-profit housing developer (www.dwellingplacegr.org).

Available Housing Incentives and Tools

- Traverse City’s housing incentives and flexible regulations include:
 - Accessory Dwelling Units (ADU)
 - Neighborhood Enterprise Zone (NEZ)
 - Affordable Housing Density Bonus
 - No minimum dwelling size
 - Narrower lots (35 feet wide)
 - Smaller lots (4,000 to 5,000 square feet)
 - Height bonus (extra floor if residential is incorporated in a mixed use building)
 - Low Parking Requirements (1 per dwelling, 0 for dwellings over commercial/downtown)
- Garfield Charter Township’s housing incentives and flexible regulations include:
 - Permits PILOT projects throughout the Township
 - Encouraging more development closer to the urban core
 - Planned Unit Development (PUD) to allow for flexibility in development
- East Bay Charter Township:
 - New master plan is underway
 - Potential redevelopment sites include: Old Ball World site; northwest corner of Vanderlip and Hammond; the Avenues area; 10-acre ridge east of ice rink; the Clous property on Three Mile Road. The township is interested in alternative approaches to housing development, including cottage housing development.
- Grand Traverse County’s housing incentive tools include:
 - The Land Bank Authority
 - The Brownfield Redevelopment Authority
 - The Affordable Housing Trust Fund. Public-private partnerships need to be improved to complete projects. Items to consider: assign a developer fee or percentage to be put towards the Housing Trust Fund; issue a request for proposal (RFP) for developments; and, market our area for housing projects with these tools as incentives.
- The Traverse City Housing Commission:
 - Housing Choice Voucher Program
 - TCHC offers public housing developments: Riverview Terrace and Orchardview
 - The TCHC is in a reorganization process and has a new Executive Director

Recommended Improvements to Housing Incentives and Tools

- Establish criteria to determine when affordable housing projects receive public incentives
 - Tie to affordable housing trust fund
- Continue to explore use of Accessory Dwelling Units
- Establish common PILOT policy, unified criteria, and ordinance
 - Including provision for emergency services
- Continue to reduce zoning barriers by providing greater flexibility for housing developments

Target Market Analysis

- In 2014, 10 target market analyses were developed by LandUseUSA of Lansing and funded by Michigan State Housing Development Authority (MSHDA) and Networks Northwest as part of the Regional Prosperity Initiative. There is one target market analysis (TMA) for each county in Northwest Michigan.
- What is the difference between a traditional housing market study and a target market analysis?
 - Traditional Housing Market Study. Supply and demand based on the housing choices that existing residents have already made the local market. This approach is limited because it a) relies on the behavior of residents who might not be on the move; and b) fails to consider that demographic groups would make other choices if they had the option. It can also contribute to redundancy in the housing market, and blandness in neighborhoods and communities.
 - Target Market Analysis (TMA). A study of populations that are migrating or moving, and that also have a clear preference for city living and urban housing formats (rather than rural living and suburban formats). A study of their lifestyle preferences and of the types of housing formats that they are choosing in other markets throughout the Upper Midwest.
- What is a lifestyle cluster?
 - For a TMA, consumers are defined by demographics, buying preferences, and other factors into a cluster. LandUseUSA utilized the privately developed MOSAIC Lifestyle database. The MOSAIC Lifestyle database is a geodemographic segmentation system developed by Experian and AGS consisting of 71 Lifestyle Clusters.
 - For Northwest Michigan, 12 of the 71 clusters were targeted for the purpose of each TMA. These 12 target clusters were identified as they are the lifestyle clusters primarily interested in higher density areas and tend to be interested more in attached residential units (i.e., apartment complexes, duplexes, townhomes, etc.).
- What are the results of the TMA?
 - The conservative scenario for the 12 targeted clusters in Grand Traverse County indicates **there is an annual demand through the year 2020 for 1,215 housing units (219 owner units and 996 rental units)**.

Utilizing Private/Public Partnerships

- Why form a public/private partnership? A partnership...
 - Reduces risk
 - Draws on each other's strengths
 - Provides additional financial resources
 - Increases access to market based information
 - Encourages private developers to build affordable housing
- What is the role of local government
 - Identify expectations (i.e. duration of participation)
 - Identify incentives available (i.e. Housing Trust Fund, TIF, Brownfield, Land Bank, PILOT)
 - Identify process (Who does the developer work with? What committee(s)? What approvals are needed meaning duration?)
- Why would a private developer partner with local government?
 - Provides for alternative investments
 - Lowers risk
 - Offers reward
 - Affords personal gratification
- Project pro formas identify opportunities and include...
 - Sources and uses
 - Duration of project
 - Return on investment
- How do you encourage partnership
 - Identify gap funding sources
 - Identify process
 - Work with what Committee – If you meet % of units approval
 - Identify obstacles
 - Start Identifying potential private partners
 - Is there agreement/understanding on Boards that public is not going to solve housing crisis – partnerships with private can assist
- How do you reach success?
 - Every partner and every funding source in this community effort — public, private, and nonprofit— is an essential piece of the puzzle

Additional Information available at:

www.grandtraverse.org/planning (Click on “Joint Housing Task Force” on the left)

- JHTF Meeting Agenda Packets and Minutes
- Housing Studies and Reports
 - 1996 Housing Study for Grand Traverse County
 - 2008 A Regulatory Framework for Traverse City
 - 2009 Housing Needs Assessment
 - 2012 Housing Inventory & 2013 Housing Strategy
 - 2014 Northwest Michigan Regional Prosperity Plan - A Framework for Housing Choices
- Meeting Presentations and Handouts
 - Public Private Partnership PowerPoint Presentation
 - Garfield Charter Township Active Development Project Map UPDATED
 - November 20, 2014 JHTF Meeting PowerPoint Presentation
 - Traverse City Housing Incentives and Regulations/Potential Housing Sites PowerPoint Presentation
 - Housing Incentives in Grand Traverse County PowerPoint Presentation
 - Traverse City Housing Commission PowerPoint Presentation
 - Housing Innovations Memorandum from East Bay Township
 - October 23, 2014 JHTF Meeting PowerPoint Presentation