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 - 23 Reduce or eliminate monitoring and blight fees for non-profits awaiting redevelopment

MEMORANDUM

CITY OF GRAND RAPIDS

Date: March 16, 2017

To: Commissioner Jon O'Connor
Chair, Housing Advisory Committee

From: Gregory Sundstrom, City Manager

Subject: Affordable Housing

Following the January 19, 2017, meeting of the Housing Advisory Committee, City staff has produced the following packet of information for your March 16, 2017, Housing Advisory Committee meeting. The packet has been sent to the City Commission, Housing Advisory Committee members, and key City staff. It includes:

- A list of the suggestions made by the Housing Advisory Committee during their brainstorming session;
- A series of detailed sheets providing further examination of several suggestions; and
- A description of the Affordable Housing Community Fund, its purpose, governance, sources, and uses, accompanied with a fund statement to approximate the fund's earnings and expenditures over the next ten years.

The intent of this packet is to provide a basis for the Housing Advisory Committee to make recommendations to the City Commission. It is the intention of staff to prepare for a May 9, 2017, City Commission discussion of the Housing Advisory Committee's recommendations, for the year beginning in July 2017. It is clear that there are several suggestions that can be relatively quickly implemented, with the remainder of the suggestions to be further explored. The City Commission will consider the Housing Advisory Committee recommendations and direct the City Manager to develop budgets, timelines, and rules to begin implementation of the various recommendations in FY2018.

For the list of brainstormed suggestions made by the Housing Advisory Committee, City staff was requested to review the suggestions to determine which could be implemented quickly or easily. City staff analyzed each suggestion for implementation challenges, impact on affordability, impact on housing supply, timeline and complexity, consistency with the Great Housing Strategies, and equity considerations.

The Housing Advisory Committee's brainstorming suggestions list has been divided into two groups: Short-Term and Longer-Term. The Short Term list includes suggestions that can be easily or quickly implemented with relatively little cost. The Longer-Term list includes suggestions that will require more time and examination to consider their feasibility, impact, and advantages for implementation, or are not implementable under current State Law.

For several of the suggestions on the Short-Term list, City staff prepared detailed sheets providing further examination of the suggestion. There are 25 of these detailed sheets attached. For the suggestions on the Longer-Term list, a memorandum is attached providing explanation of why these suggestions cannot be immediately implemented. Finally, for the suggestions on the Not Permissible list, a memorandum is attached providing explanation of why these suggestions cannot be implemented without significant change to State law.

The City's implementation of the Housing Advisory Committee's recommendations will represent only a portion of the City's total effort to address affordable housing. The City will continue our Neighborhood Investment plan that has historically allocated over \$1 million each year for affordable housing using Community Development Block Grant and HOME Investment Partnerships federal funding.

The City will continue to aggressively use economic development tools to incent affordable housing of all types. The City will continue to work with community partners, such as ACSET on weatherproofing residential homes or with Home Repair Services on rehabilitation of existing homes. The City will continue to collect data on housing needs to align City resources. The City will continue to monitor policies that impact housing affordability. The City will continue to work with developers on different types of affordable housing. The City will continue with our Employee Homebuyer's Assistance program.

The Affordable Housing work proposed through the Housing Advisory Committee will undoubtedly have a significant impact on our community. When this work is added to the work of the many nonprofit affordable housing developers in our community, for-profit housing developers, and continuing City program work, we should see significant changes in our City's future with regard to affordable housing.

Attachments

- Housing Advisory Committee's Brainstorming Suggestions, January 19, 2017
- Short-term Suggestions Detail Sheets
- Impermissible Suggestions Memorandum
- Affordable Housing Community Fund Outline
- Affordable Housing Community Fund Statement
- 2016-2017 Income Limits, Average Median Income Chart

cc: Connie Bohatch
Suzanne Schulz
Kara Wood
Jessica Wood
Kristen Turkelson
Courtney Mendez
Landon Bartley
Jordoun Eatman

Housing Advisory Committee

Thursday, March 16, 2017

3:00 p.m.-5:00 p.m.

City Hall, Commission Chambers, 9th floor

Agenda

- I Welcome
 - a. Timeline for Balance of Housing Advisory Committee work
 - b. Review of agenda packet

- II Affordable Housing Community Fund
 - a. Affordable Housing Community Fund Outline, Purpose, Governance, Uses and Sources
 - b. Affordable Housing Community Fund Statement
 - c. Current Income Limits based on Area Medium Income

Action: Housing Advisory Committee Recommendations to the City Commission

- III Committee Brainstorming Suggestions
 - a. Review of Short-Term Detailed Sheets

Action: Housing Advisory Committee Recommendations to the City Commission

- IV Next Meeting
 - a. April 20, 2017, 3pm-5pm

City of Grand Rapids Affordable Housing Community Fund

Housing Advisory Committee

Chairperson—Commissioner Jon O'Connor

Grand Rapids is experiencing a significant economic recovery following the Great Recession of a decade ago. There have been historic levels of investment, both private and nonprofit, in areas of housing, commercial and industrial development, education, technology and public infrastructure. Historically, Grand Rapids has had a comparatively low cost of living which, combined with sound City financial management, great quality of life, low housing costs, short commutes, quality educational options, ample employment opportunities, and changing generational proclivities toward urban living, have created an acute housing shortage of nearly all types and price points within Grand Rapids. This has impacted the availability and cost of housing both for rent and for purchase.

The City of Grand Rapids seeks to:

- Ensure that all people have an opportunity to live healthy and productive lives in safe housing;
- Encourage mixed-income neighborhoods with a citywide housing inventory mix of 70% market rate and 30% affordable housing units;
- Provide a variety of housing choices that support a mix of homeownership and rental opportunities that accommodate various household sizes, abilities, and needs;
- Address significant personal income disparities and long-term equity issues by promoting personal wealth creation through homeownership;
- Establish an Affordable Housing Community Fund along with the criteria to provide incentives and tools to develop long-term affordable housing for eligible Grand Rapids residents;
- Engage the philanthropic and nonprofit communities to support the Affordable Housing Community Fund;
- Create multiple sustainable revenue sources to fund the Affordable Housing Community Fund, and use other City resources, e.g., CDBG, HOME, and City Employee Homebuyer assistance, to leverage the Affordable Housing Community Fund;
- Target Affordable Housing Community Fund resources to individuals and families of greatest need;
- Begin with two years of significant financial investments from City resources, then utilize multiple funding mechanisms for the Affordable Housing Community Fund to ensure long-term sustainability; and
- Minimize administrative and overhead costs to ensure that the Affordable Housing Community Fund is utilized to provide maximize benefit for those with housing needs in our community.

Purpose

The purpose of the Affordable Housing Community Fund is to:

- Invest in the creation and preservation of affordable housing units, both owned and rented, using dedicated revenues, private contributions, and interest earnings;
- Support affordable housing development for low and extremely low income renters, and provide financial assistance and incentives for low to moderate income homebuyers and extremely low to moderate income housing developers;
- Support investments that leverage and maximize the creation of affordable housing for residents with incomes up to 80% of the Area Median Income. The Area Median Income is determined annually by the Federal government. It is an income level that has one-half of residents with higher income and one-half of residents with lower income.

Governance

As a City Board appointed to oversee the Affordable Housing Community Fund and make recommendations on its uses, the Affordable Housing Oversight Board shall:

- Be comprised of eleven individuals who have experience or expertise in affordable housing. The residents, City Commissioners, and City staff shall be chosen as below:
 - ◆ Each City Commissioner shall nominate one City resident,
 - ◆ The Mayor shall nominate one City resident and three City Commissioners, and
 - ◆ The City Manager shall appoint a City staff person with accounting expertise to serve as Treasurer on the Affordable Housing Oversight Board. Additionally, the City Manager shall appoint staff to support the Board;
- Be led by a Chair designated by the Mayor;
- Elect a Vice Chair and Secretary to join the Mayor's designated Chair and the City Manager's appointed Treasurer;
- Meet as needed, no less than twice annually;
- Post its meetings with the date, time, and location of their meetings, and minutes of actions decided in their meetings;
- Make recommendations to the City Commission through the City Manager for funding appropriations and policy recommendations; and
- Provide an annual written report each April, reporting on their activities and any recommendations for policy changes to support the City's affordable housing programs.

The City shall:

- Establish the Affordable Housing Community Fund as a designated fund of a community foundation or as a subsidiary fund of a non-profit organization;
- Develop a Request for Proposal process that permits the Affordable Housing Oversight Board to transparently evaluate projects and deliberate on funding recommendations;
- Collect housing data to understand trends and future housing needs, to provide periodic community housing needs assessments; and
- Ensure funded projects comply with financing requirements and periods of affordability.

Affordable Housing Definition

The City recognizes housing as being affordable when its annual cost is no more than 30% of the tenant's or homeowner's annual income.

The City seeks to incent the creation of rental housing for residents with household incomes of 60% or less of Area Median Income, and incent homeownership with financial assistance for residents with household incomes of 80% or less of Area Median Income.

Uses

Uses of the Affordable Housing Community Fund shall include:

- Creating affordable rental housing or homeownership, as recommended by the Affordable Housing Oversight Board;
- Incentivizing for-profit development projects which contain affordable housing;
- Incentivizing investment in affordable rental housing for residents with household incomes at or below 60% of Area Median Income;
- Furthering homeownership with financial assistance programs for residents with household incomes at or below 80% of Area Median Income;
- Layering support for projects receiving funding from HOME, LIHTC, or other State or Federal funding;
- Giving priority to projects that are located adjacent to designated transit corridors designated by the City Commission;
- Funding project costs, including: pre-development, acquisition, construction, and other related costs, as well as, homeownership educational programs. The funding could provide matching funds, bridge or gap financing, grants, or loans; and
- Subsidizing City fees required for the development of affordable housing, i.e., water/sewer connection fees, development fees, LUDS fees, permits.

The City Manager shall coordinate City housing programs with the projects supported by the Affordable Housing Community Fund.

Eligible applicants shall include nonprofit and for-profit affordable housing developers, and public housing authorities. For homeownership financial assistance, individuals are eligible.

During the first two years, significant investments from the initial seed funding in the Affordable Housing Community Fund should be made to address immediate housing issues. Beginning in the third year and thereafter, no less than 85% of the Affordable Housing Community Fund balance at the end of a fiscal year, including interest earnings and contributions, must be retained each year and may not be programed for expenditure in that year.

All projects receiving Affordable Housing Community Fund funding shall provide annual reports for ten years to the Affordable Housing Oversight Board that demonstrate maintaining the affordable housing units which received Affordable Housing Community Fund dollars.

Sources

The City's goal for the Affordable Housing Community Fund is to provide sustainable annual appropriations from multiple sources to build and stabilize a fund corpus to generate revenue for annual affordable housing investments. This approach is intended to provide reliable and long-term sources of funding to address affordable housing.

Annual appropriations to the Affordable Housing Community Fund shall be based on City Income Tax growth and the health of the General Operating Fund. The City Manager shall provide a report demonstrating all new City Income Tax growth derived from projects containing housing as a component which are supported by City economic development incentives.

The Affordable Housing Community Fund shall:

- Be held by a partner community foundation or nonprofit organization and shall be invested by that entity according to their normal practices;
- Accept contributions from private individuals, philanthropic organizations, State of Michigan, County of Kent, Grand Rapids Housing Commission, federal grants, or other organizations that seek to further the creation and sustainability of affordable housing;
- Receive annual appropriations from the City of Grand Rapids. The amount of the appropriation shall be determined by a formula based on one year of the projected City Income Tax growth from each project containing housing as a component that is supported by economic development incentives. The amount from each project shall be appropriated in the fiscal year following approval of the development incentive and issuance of a Certificate of Occupancy for the development, whichever is later;
- Receive 100% of future General Operating Fund PILOT payments, appropriated in the fiscal year following approval of the PILOT and issuance of a Certificate of Occupancy for the development, whichever is later; and
- Receive 20% of revenues that exceed expenditures in the General Operating Fund, based on the City final annual audit each year, appropriated in the following year.

AFFORDABLE HOUSING COMMUNITY FUND

| A8:I A8:M35 | ESTIMATED FY2017 | PROPOSED FY2018 | FORECAST FY2019 | FORECAST FY2020 | FORECAST FY2021 | FORECAST FY2022 | FORECAST FY2023 | FORECAST FY2024 | FORECAST FY2025 | FORECAST FY2026 | FORECAST FY2027 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | | |
| 401-Taxes | | | | | | | | | | | |
| - 100% of General Operating Fund PILOT Payments ¹ | 61,337 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| 664-Investment Income | | | | | | | | | | | |
| - Interest Earnings (Estimated) | 0 | 15,000 | 15,000 | 15,000 | 20,000 | 25,000 | 30,000 | 35,000 | 40,000 | 45,000 | 50,000 |
| 671-Other Revenues | | | | | | | | | | | |
| - Grand Rapids Housing Commission | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Past Program Income from MSHDA Projects | 415,232 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Union Square Income Diversity Program | 358,233 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Private Contributions (Estimated) | 0 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| 695-Other Financing Sources | | | | | | | | | | | |
| - Operating Transfer from GOF Income Tax Growth ² | 0 | 336,682 | 200,000 | 204,000 | 208,000 | 212,000 | 216,000 | 220,000 | 225,000 | 230,000 | 234,000 |
| - Operating Transfer from GOF Year-End Balance ³ | 0 | 0 | 100,000 | 102,000 | 104,000 | 106,000 | 108,000 | 110,000 | 112,000 | 114,000 | 116,000 |
| - Operating Transfer from General Operating Fund | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Operating Transfer From Property Management Fund | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Affordable Housing Community Fund Revenues | 1,034,802 | 911,682 | 875,000 | 881,000 | 892,000 | 903,000 | 914,000 | 925,000 | 937,000 | 949,000 | 960,000 |
| Expenditures | | | | | | | | | | | |
| 701 - Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 726 - Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 800-Other Services and Charges⁴ | 0 | 750,000 | 750,000 | 330,000 | 414,000 | 488,000 | 551,000 | 608,000 | 657,000 | 701,000 | 740,000 |
| 970 - Capital Outlays | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 995 - Other Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Affordable Housing Community Fund Expenditures | 0 | 750,000 | 750,000 | 330,000 | 414,000 | 488,000 | 551,000 | 608,000 | 657,000 | 701,000 | 740,000 |
| Affordable Housing Community Fund Net Income (Loss) | 1,034,802 | 161,682 | 125,000 | 551,000 | 478,000 | 415,000 | 363,000 | 317,000 | 280,000 | 248,000 | 220,000 |
| Beginning Fund Balance | 0 | 1,034,802 | 1,196,484 | 1,321,484 | 1,872,484 | 2,350,484 | 2,765,484 | 3,128,484 | 3,445,484 | 3,725,484 | 3,973,484 |
| Ending Fund Balance | 1,034,802 | 1,196,484 | 1,321,484 | 1,872,484 | 2,350,484 | 2,765,484 | 3,128,484 | 3,445,484 | 3,725,484 | 3,973,484 | 4,193,484 |

Sources

- The appropriation shall be based on 100% of all General Operating Fund PILOT payments, based on a rate of 4%. The appropriation will be made in the fiscal year following approval of the PILOT and issuance of the Certificate of Occupancy, whichever is later.
- The appropriation shall be based on one-year of the projected City Income Tax growth from each project containing housing as a component that is supported by economic development incentives. The growth of City Income Tax from these economic projects will be appropriated in the fiscal year following approval of the incentive and issuance of a Certificate of Occupancy for the development, whichever is later.
- The appropriation shall be based on 20% of revenues that exceed expenditures in the General Operating Fund, based on the City final annual audit each year. The growth in the City's General Operating Fund year-end balance is estimated at 2% per year. The appropriation will be made in the year following the audited year.

Uses

- Incentivize investment in affordable rental housing for residents with incomes at or below 60% of Area Median Income by layering support for projects receiving HOME, LIHTC, or other State or Federal funding

Fund project costs, including: pre-development, acquisition, construction, and other related costs for affordable housing projects

Provide matching funds, bridge or gap financing, grants, or loans

Further homeownership with financial assistance programs for residents with incomes at or below 80% of Area Median Income seeking to buy homes in specific geographic areas of need or adjacent to designated transit corridors designated by the City Commission

Fund homeownership educational programs

Subsidizing City fees required for the development of affordable housing, i.e., water/sewer connection fees, development fees, LUDS fees, permits

| 10-year Summary | |
|-----------------------|-----------|
| Expenditures | 5,989,000 |
| Private contributions | 5,000,000 |
| City contributions | 4,892,484 |
| Interest earnings | 290,000 |
| Accrued fund balance | 4,193,484 |

**Grand Rapids
Current Income Limits
Based on AMI**

| Household Size | 30% of Median | 50% of Median | 60% of Median | 80% of Median |
|-------------------|------------------|------------------|------------------|------------------|
| 1 | \$14,050 | \$23,400 | \$28,080 | \$37,450 |
| 2 | 16,050 | 26,750 | 32,100 | 42,800 |
| 3 | 18,050 | 30,100 | 36,120 | 48,150 |
| 4 | 20,050 | 33,400 | 40,080 | 53,450 |
| 5 | 21,700 | 36,100 | 43,320 | 57,750 |
| 6 | 23,300 | 38,750 | 46,500 | 62,050 |
| 7 | 24,900 | 41,450 | 49,740 | 66,300 |
| 8 | 26,500 | 44,100 | 52,920 | 70,600 |

Housing Advisory Committee Suggestions

Short Term:

The suggestions on the Short Term list can be easily or quickly implemented by an action of the City Commission.

1. Reduce PILOT fee from 4% to 1%, Market rate developers qualify for PILOTS if affordable housing
2. Re-focus on homeownership
3. Incentives for small scale development (residential/commercial)
4. Reduce or subsidize City fees (i.e., water and sewer connection fees, LUDS, HPC, permits)
5. Neighborhood Enterprise Zone
6. OPRA
7. Brownfield
8. Development agreement
9. Expedited permitting
10. Move to monthly water bills
11. a: Density bonus, b: parking reductions, c: affordable housing prerequisite
12. Homeownership and rental balance for healthy market and Tag parcels to an affordability index, to know affordability ranges

13. Number of unrelated people, raise from current four
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16. Setback requirements, minimum lot size, building area, building width for single family
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20. Eliminate minimum lot width requirement in Traditional Neighborhood zone district and Lot width requirements for two families
21. Income Limits and Lead Practices for Tax Foreclosures
22. Layer lead abatement/housing assistance
23. Residential Rental Application Ordinance
24. Reduce or eliminate monitoring and blight fees for non-profits awaiting redevelopment

Longer Term:

- The suggestions on the Longer Term list generally need additional staff time to review and analyze before they can be recommended for implementation.

Incentives available to businesses that provide living wages

Look at geographic areas of need, tailor for neighborhoods like

Vacancy tax – non-use fees

Housing Code enforcement policies, make it more proactive for homeowners

Incentivize Code Enforcement to take proactive v. punitive to create a supportive environment for homeowners/repairs

Bulk purchasing/services with the City and/or neighborhoods

Rental property inspections, limit to safety, standardize inspections

City prioritize CRA projects with affordability and jobs

Get colleges and universities to build student housing

Immigration status challenges, access to housing, ability to meet qualifications

Incentives/Partnerships with large employers to support housing for employees;

Rezone LDR districts to MDR

Linking zoning to transportation transformation

Better data collection for the future

Allow staff more discretionary decisions based on guidelines to avoid Planning Commission

Evaluate “red tape” in zoning

Incentives for small scale development (commercial)

Weatherization

Wages – Living wage

By-right conversion of single family homes to multi-family or duplexes in certain zone districts

#1

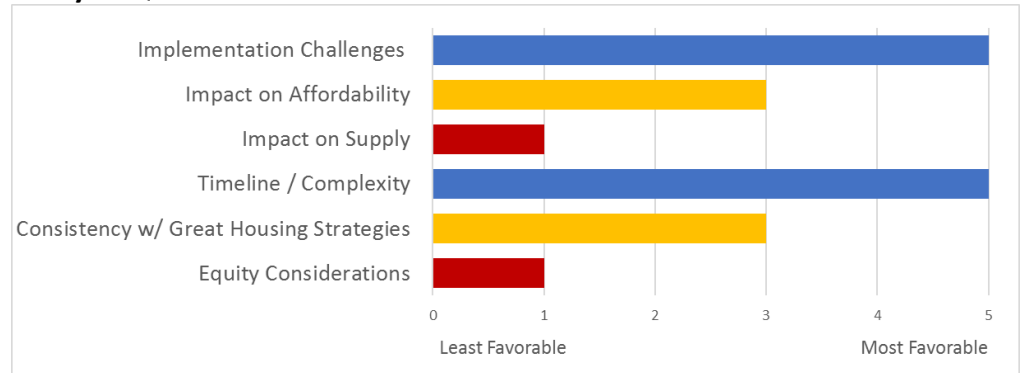
Reduce PILOT fee

Policy Strategy

Proposal Summary

Amend City ordinance to decrease the payment in lieu of taxes (PILOT) service fee from 4% to 1%.

Analysis Quick Score:



If we approve a PILOT; then we can expect...

- Financial feasibility and long-term sustainability of affordable housing projects.
- Long-term affordability for tenants.
- Less property tax revenue contributed to the City's general operating fund.

Current Conditions

Payment in Lieu of Taxes (PILOT) is a property tax exemption for rental housing developments serving low-income households. In exchange for the tax exemption, the property owner pays a service fee based on rents collected from the project. Michigan PA 364 of 1966 as amended and Title I, Chapter 9, Article 5 of City Code combined authorizes the City Commission to grant PILOTs.

Applications are submitted by developers to the Community Development Department and approved via resolution by the City Commission. Approval is "conditional" upon receiving "Notification to Local Assessor of Exemption" issued by the Michigan State Housing Development Authority (MSHDA). Projects meeting all of the following criteria may be considered for PILOT approval.

1. Projects which are financed with a Federally-aided or State Housing Development Authority-aided mortgage or with an advance or grant from such authority;
2. Projects which serve lower-income families, elderly and/or handicapped, and
3. Projects which are owned by a consumer housing cooperative, qualified nonprofit housing corporation, or limited dividend housing association.

City Ordinance establishes two service charge levels:

1. Four percent (4%) for projects serving lower-income, elderly and/or handicapped persons; and
2. Zero percent (0%) for emergency shelters or transitional housing projects for the homeless.

The service charge is based on the amount equal to 4% of the annual shelter rents of the proceeding calendar year exclusive of any charges for gas, electricity, heat, or other utilities furnished to the occupants.

References:

City Code of Ordinances: Title I, Chapter 9, Article 5

Other: Section 125.141a of Michigan PA 364 of 1966 (as amended)

Analysis

A PILOT allows local units of government to contribute to the long-term affordability of housing for low-income households. Securing a PILOT is critical to obtaining Low Income Housing Tax Credits (LIHTC), which is the largest source of financing for affordable housing. To be competitive in applying for LIHTC through MSHDA, a project must submit

evidence of a PILOT. The current Qualified Allocation Plan used by MSHDA to score LIHTC applications provides five points for having proof of a PILOT, regardless of the established percentage. According to MSHDA, current PILOTs obtained around the state range from 10% to 4%, with 10% to 6 % seen more frequently. Examples have been found where a lower percentage is used in the first year or two and is increased over a 10-year period. The 4% PILOT approved by the City of Grand Rapids is viewed positively by MSHDA, financial investors, and developers. Currently, lowering the PILOT below 4% does not increase the likelihood of a project being approved for LIHTC.

Implementation Challenges



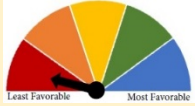
There is minimal implementation challenge to change the service fee charged for projects. By resolution, the City Commission can amend Title I, Chapter 9, Article 5 of the City Code of Ordinances. Concern may be expressed by the general public about further lowering the service charge which reduces funds for municipal services, schools and library. (Score = 5)

Impact on Affordability



Developers seek a PILOT to reduce operating costs and assist in ensuring long-term affordability of the units. While reducing the service fee to 1% would further reduce operating costs, it is unclear if this small percentage change would further impact affordability. According to MSHDA, it could result in a few additional units being reserved for 30% AMI in large scale developments and unlikely to impact the mid-level developments typically supported in Grand Rapids. (Score = 3)

Impact on Housing Supply



In context of the LIHTC application process, reducing the service fee to 1% would have minimal effect on housing supply. It should be noted, however, that this would change significantly if the QAP was structured to consider PILOTs with lower service fees more favorably in their scoring system. (Score = 1)

Timeline / Complexity



This policy change is not complex. City staff would prepare proposed language changes to the City ordinance (Title I, Chapter 9, Article 5) for consideration by the City Commission. A public hearing may be held prior to final approval as determined by the City Manager. (Score = 5)

Consistency with Great Housing Strategies



- | | |
|---|---|
| <input type="checkbox"/> Provide a Variety of Housing Choices | <input type="checkbox"/> Support Employers and Workforce Development |
| <input type="checkbox"/> Encourage Mixed-Income Neighborhoods | <input type="checkbox"/> Encourage Alternative Transportation & Parking Options |
| <input checked="" type="checkbox"/> Create and Preserve Affordable Housing | <input type="checkbox"/> Change Public Perception of Affordable Housing |
| <input checked="" type="checkbox"/> Support Low-Income and Vulnerable Populations | <input type="checkbox"/> Advocate for Change to State and Federal Policies |

Commentary: While reducing the PILOT is not identified in the *Great Housing Strategies* plan, the *GHS Toolkit* specifically identifies the use of PILOT as a tool to support housing affordability. (Score = 3)

Equity Considerations



In general, a PILOT assists in the creation of housing for persons at or below 60% of the Area Median Income; including providing workforce housing and housing for seniors, handicapped and vulnerable populations. This proposed strategy to reduce the service charge, however, does not specifically create new units and thus has minimal effect on equity considerations. (Score = 1)

Possible Alternatives

Option A: The service fee remains at 4%, with 100% of all General Operating Fund PILOT payments appropriated to the Affordable Housing Community Fund.

Option B: Reduce the service fee to 1%.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#2

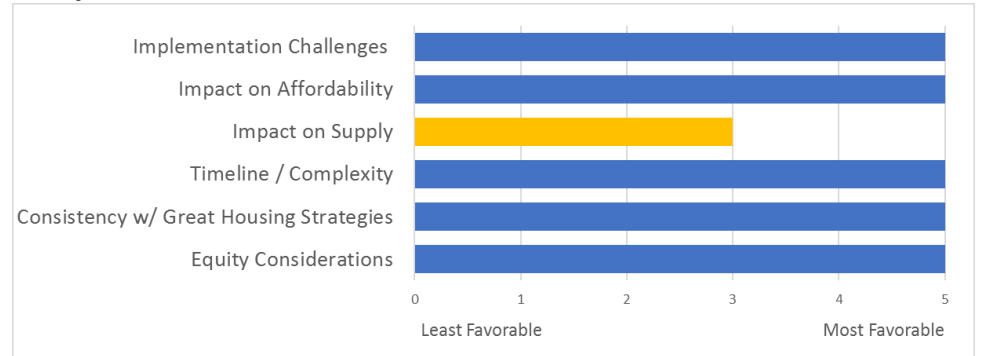
Re-focus on Homeownership

Policy Strategy

Proposal Summary

Re-focus on homeownership and expand access to the Homebuyer Assistance Fund for eligible homebuyers.

Analysis Quick Score:



If we expand access to the Homebuyer Assistance Fund; then we can expect...

- Increased homeownership rates and housing choices.
- Increased equity resulting in increased wealth over time for low- and moderate-income homeowners.
- Reduced number of vacant properties.

Current Conditions

Until the housing foreclosure crisis, the City of Grand Rapids' community development programs and policies primarily focused on homeownership opportunities. Lease-purchase programs, redevelopment of single-family homes and down payment assistance were supported with federal program funds. The Community Development Department employed a fulltime Housing Advocate from 1998 through 2001 who worked with education and business institutions to develop walk-to-work programs, employer assisted housing programs, etc.

One critical tool for increasing homeownership for low- and moderate-income families is access to down payment assistance. Established under City Commission Policy 900-35, the City's Homebuyer Assistance Fund (HAF) provides down payment and closing costs assistance to low- and moderate-income, first-time homebuyers for homes purchased in the City's Community Development General Target Area. The City has provide such assistance using HOME Investment Partnerships (HOME) program funds since 1997.

Assistance is provided in the form of a forgivable loan between \$1,000 and \$5,000 with a term of 60 months. The loan plus other gifts or subsidies, except gifts from family, may not exceed \$5,000. This loan is only available in conjunction with a mortgage loan through an approved lender, and is secured by a second mortgage and promissory note (land contract purchases are not eligible). The loan is forgiven in increments based pro-rata on each complete month the homebuyer lives in the house. If the homebuyer moves and/or sells the property within five years (or in the event of a foreclosure) the loan is subject to recapture provisions.

Eligible properties may be single-family detached and attached homes, two-family homes, condominiums, and manufactured homes. Properties must be on a permanent foundation and have a permanent utility hook-up. Properties for sale must be vacant or occupied by the seller, and no tenant shall be displaced. The appraised value and purchase price must comply with HUD's Section 203(b) Program, and the house must meet FHA Minimum Property Standards and the City's Property Maintenance Code at the time of initial occupancy. Inspections by licensed plumbing, electrical, mechanical, structural, and termite inspectors are required prior to closing. The property must also comply with federal lead-based paint and environmental clearance regulations.

Eligible homebuyers are first-time buyers, or those who have not owned a home within the last three years, with a household income that does not exceed 80% of the Area Median Income (AMI). The homebuyer must:

1. Agree to live in the home as their primary residence.

2. Make a cash contribution of at least 1% of purchase price. Homebuyer cash assets must not exceed \$5,000 after making the required contribution.
3. Complete a City-approved homebuyer education counseling course.

References: City Commission Policy 900-35 Homebuyer Assistance Fund.

Analysis

Homebuyer assistance programs are an important tool to help low- and moderate-income families purchase homes when gaps in financing exist. Programs can be structured in many ways ranging from a grant to low-interest, no-interest, or forgivable loans. Loans are provided in the form of a silent second mortgage and often cover down payment and closing costs. Amending the geographic portion of the HAF program policy to allow eligible homebuyers to purchase homes city-wide rather than just within the Community Development General Target Area would expand opportunities for homeownership and increase housing choice for low- and moderate-income families.

Implementation Challenges



There is minimal implementation challenge to expand geographic access to the HAF program. By resolution, the City Commission can amend Policy 900-35. If continued use of federal funds is anticipated, changes in policy could not conflict with federal rules and regulations pertaining to the funding source. For example, the policy could not be changed to increase income eligibility beyond 80% AMI. (Score = 5)

Impact on Affordability



Homeownership has been a long-standing strategy to obtain stable affordable housing and generate wealth for low- and moderate-income families. A home purchased within appropriate means of the family may be more expensive in the first few years than paying rent, but as the interest portion of the mortgage payment decreases, the payment often becomes lower than what would be paid on rent. (Score = 5)

Impact on Housing Supply



This strategy does not increase housing units, but may decrease the number of vacant homes in neighborhoods. The strategy may also decrease the number of rental properties as a number of single-family homes are currently being rented. (Score = 3)

Timeline / Complexity



This policy change is not complex to implement and could occur within a matter of weeks. City staff would prepare a City Commission resolution identifying changes for their consideration and approval. (Score = 5)

Consistency with Great Housing Strategies



- ✓ Provide a Variety of Housing Choices
- ✓ Encourage Mixed-Income Neighborhoods
- ✓ Create and Preserve Affordable Housing
- ☐ Support Low-Income and Vulnerable
- ☐ Support Employers and Workforce Development
- ☐ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ☐ Advocate for Change to State and Federal Policies

Commentary: The *Great Housing Strategies (GHS)* plan identifies homebuyer assistance programs as a tool to “Create and Preserve Affordable Housing.” Specifically, *GHS* stresses the importance of continuing efforts to support affordable homeownership opportunities, and in particular, housing opportunities for families. Expanding the program city wide further supports *GHS* goals to provide housing choices and encourage mixed-income neighborhoods. (Score = 5)

Equity Considerations



The HAF program provides assistance to homebuyers at or below 80% AMI. This program provides opportunity for all low- to moderate-income households, regardless of age, sex, or race to own a home and build wealth. (Score = 5)

Possible Alternatives

Option A: No change. The Homebuyer Assistance Fund remains available to eligible homebuyers in the City’s Community Development General Target Area.

Option B: Initiate change to City Commission Policy 900-35 for the Homebuyer Assistance Fund program that expands the program Citywide.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#3

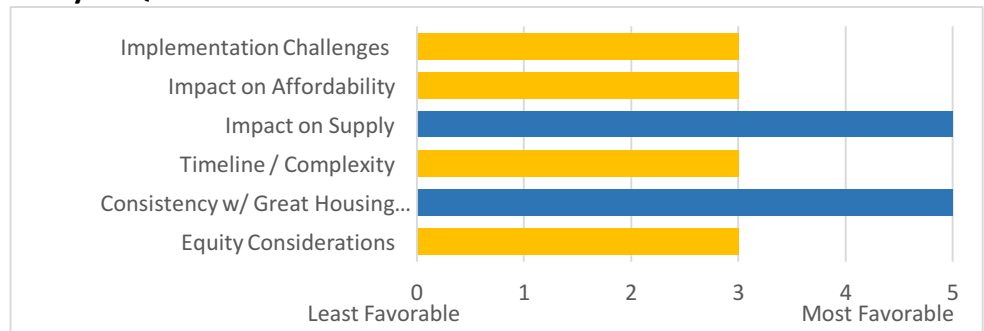
Incentives for Small Scale Development

Zoning / Policy Strategy

Proposal Summary

Develop incentives for small scale residential development.

Analysis Quick Score:



If we create incentives for small scale development; then we can expect...

- Higher density in neighborhoods.
- Increased housing choice.
- Increased transit and neighborhood commercial use.

Current Conditions

Small scale residential development is also referred to as “missing middle” housing consisting of multi-unit housing types such as duplexes, fourplexes, bungalow courts, and mansion apartments that are not bigger than a large house. The term was coined by architect and urban planner Daniel Parolek, Principal and Founder of Opticos Design, Inc. The concept is to integrate this type of housing into walkable pre-1940 neighborhoods particularly in blocks with primarily single-family homes to provide diverse housing choices and generate enough density to support transit and locally-serving commercial amenities. Although these housing types were common features in pre-war building stocks, many have been replaced and are less common in redevelopment and new construction.

According to Parolek, few of these housing types have been built since the early 1940s due to regulatory constraints, the shift to auto-dependent patterns of development, and the incentivization of single-family homeownership. With shifting demographics and in-migration to urban areas, these designs are a key component to diverse neighborhoods and meeting market demand for walkable urban living. Following are eight defining characteristics of missing middle housing:



1. Walkable Communities is considered to be the most important characteristic of missing middle housing types. Buyers or renters of these housing types often are choosing to trade larger suburban housing for smaller homes without yards to maintain that are close to services and amenities such as restaurants, markets, and work.

2. Medium Density but Lower Perceived Densities due to the small footprint of the building types and integration with adjacent single-family homes and other building types in the neighborhood. Density of these projects typically ranging

from 16 dwelling units/acre (du/acre) to 35 du/acre depending on the building type and lot size, with fewer units or lower acres per unit if design plans are compatible with neighborhood. This figure is generally used as the threshold at which a neighborhood can support public transit and where walkable retail and services become viable.



3. Small Footprint and Blended Densities, as mentioned above, are common characteristics of these housing types that have small to medium sized building footprints. The largest of these types of homes, the mansion apartment or side-by-side duplex, may be about 40-50 feet wide, which is comparable to a large estate home.

4. Smaller, Well-Designed Units that are comfortable and usable. The smaller unit sizes can help developers keep their costs down and improve the pro-forma performance of a project, while appealing to a larger group of buyers or renters at a

lower price point.

5. Off-Street Parking Does Not Drive the Site Plan because the units are built in a walkable urban context. There should be no more than one off-street parking space per unit. Lack of large parking lots supports curb appeal, walkability, and marketability of the units.

6. Simple Construction is an important element to make attractive homes within the means of financially constrained buyers/renters. Affordability without compromising quality is achieved through simple forms and construction, smaller size, and reduced parking requirements.

7. Creating Community is achieved through integration of shared community spaces, as with courtyard housing and bungalow courts, or simply from the proximity they provide to a larger social community within the neighborhood or building.

8. Marketability is the most important characteristic of these housing types, in terms of market viability. These units are close in scale and provide a similar experience to single-family homes. Typically, occupants enter from a front porch facing the street versus walking down an interior corridor to get to a unit.

References: *Ideas to Action: Strategies For Building Missing Middle Housing Locally* (presentation MSHDA, Opticos Design, Inc). *Missing Middle Housing: Responding to the Demand for Walkable Urban Living*, April 6, 2012.

Analysis

Financing mechanisms to create affordable, multi-family housing typically require larger-scale developments. Underwriting for Low Income Housing Tax Credits, for example, favor developments with 30 units or more to maximize development costs and operating efficiencies. Design concepts of missing middle housing are contradictory to traditional investor and underwriter considerations for feasibility and marketability, including higher density and number of required off-street parking spaces.

In 2015, the Michigan State Housing Development Authority (MSHDA) held a missing middle housing design competition. The intent was to highlight design concepts, improve understanding of this housing type, and encourage developers and communities to consider it in redevelopment plans. While MSHDA encourages development of the missing middle housing type, it recognizes financing is not readily available for these types of projects.

Implementation Challenges







Implementation challenges for development incentives for missing middle housing is unknown at this time. Until specific strategies are identified, it is difficult to determine the level of complexity for implementation. (Score = 3)

Impact on Affordability



Missing middle housing units appeal to a diverse market (e.g. singles, families, empty nesters). While this style of housing may be considered affordable by design through lot selection in areas that serve to lower transportation costs, construction of smaller units, and use of simple construction, these units can be sold or rented as either affordable or market rate. Affordability would need to be an intentional outcome of the project. (Score = 3)

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| <p>Impact on Housing Supply</p>  | <p>Development of the missing middle housing type would increase neighborhood density and increase the housing supply. (Score = 5)</p> | |
| <p>Timeline / Complexity</p>  | <p>The timeline/complexity for facilitating development of missing middle housing depends on the strategies employed to incentivize such development. (Score = 3)</p> | |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <p>✓ Provide a Variety of Housing Choices</p> <p>✓ Encourage Mixed-Income Neighborhoods</p> <p>✓ Create and Preserve Affordable Housing</p> <p><input type="checkbox"/> Support Low-Income and Vulnerable Populations</p> <p><input type="checkbox"/> Support Employers and Workforce Development</p> </div> <div> <p><input type="checkbox"/> Encourage Alternative Transportation & Parking Options</p> <p><input type="checkbox"/> Change Public Perception of Affordable Housing</p> <p><input type="checkbox"/> Advocate for Change to State and Federal Policies</p> </div> </div> <p><i>Commentary:</i> Great Housing Strategies (GHS) references missing middle housing under the goal to “Encourage Mixed-Income Neighborhoods.” Development of smaller, multi-family housing that currently is not present in many neighborhoods helps to provide a variety of housing choices and may create affordable housing opportunities. (Score =5)</p> | |
| <p>Equity Considerations</p>  | <p>Development of missing middle housing will advance equity to the extent such housing opportunities are made available to low- and moderate-income households and minority residents. (Score = 3)</p> | |
| <p>Possible Alternatives</p> | | |
| <p>Option A: Consider using the Affordable Housing Community Fund and other City programs to incentivize small-scale development.</p> <p>Option B: Consider creation of a package of tools that enhance small-scale development, such as zoning allowances, and permit/fee reductions.</p> | | |
| <p>Recommendations / Actions:</p> | | |
| <p>Housing Advisory Committee Recommendation:</p> | | |
| <p>City Commission Action:</p> | | |

OPTIONAL: Any Specific References.

#4

Reduce or Subsidize City Fees

Policy Strategy

Proposal Summary

Develop a framework for reducing or eliminating development fees, connection fees, and the cost of seeking development approvals and permits.

Analysis Quick Score:



If we address the cost of fees related to development; then we can expect...

- Lower soft costs in project development.
- Reduced total cost of delivering affordable housing.

Current Conditions

Costs related to developing a parcel of property range from those involved in project initiation and approval to connection fees for water and sewer service to building and trade permit fees related to construction of the development. These fees are enabled by Federal and State law and regulation, established by ordinance, included in intergovernmental contracts and governed by City policy. Fees and costs are established to cover all or part of the expense of providing the service. Less cost recovery is accomplished in the area of planning and zoning fees. Full cost recovery is required for water and sewer fees.

References:

Chapter 26 of the City Code: City Water System
 Chapter 27 of the City Code: City Sewage Disposal System
 City of Grand Rapids Water Rules and Regulations, 2017
 Water and Sanitary Sewer Service Agreement, as amended
 City Commission Policy 700-10: User Fee Policy

Analysis

Development fees, permit costs and connection charges are a part of the cost of development. To the extent these costs can be addressed in an alternative way, pre-development costs could be reduced to lower this potential hurdle to development. And, additional dollars may be available for investment in production of affordable housing units.

Waiving of fees is prohibited by law, rule, ordinance and policy.






The Utility Advisory Board is currently evaluating water and sewer connection fees and is developing a framework that could lead to reduced connection fees beginning January 1, 2018, if approved.

Implementation Challenges



The prohibition on waiving of fees is a barrier.

However, a solution may be found through the Affordable Housing Community Fund if payment of development fees, connection fees, and the cost of seeking development approvals and permits is defined as an eligible activity. The cost of water and sewer connection fees may be reduced in the future, requiring less investment from the Fund. (Score = 5)

| | |
|--|--|
| <p>Impact on Affordability</p>  | <p>Net affordability could increase, since pre-development and development costs would be reduced. (Score = 3)</p> |
| <p>Impact on Housing Supply</p>  | <p>Pre-development and development costs are not the most significant cost in a development project. (Score = 3)</p> |
| <p>Timeline / Complexity</p>  | <p>Payment of these costs by the Affordable Housing Community Fund could be seamlessly integrated into the investment rules governing the fund. Transaction costs for the fund and applicant should be low. (Score = 5)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <ul style="list-style-type: none"> ✓ Provide a Variety of Housing Choices ✓ Encourage Mixed-Income Neighborhoods ✓ Create and Preserve Affordable Housing ✓ Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options ✓ Change Public Perception of Affordable Housing ✓ Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> This change reflects many of the principles of the Great Housing Strategies, particularly in regards to housing choice and mixed-income neighborhoods. (Score = 4)</p> |
| <p>Equity Considerations</p>  | <p>Adopting this recommendation would contribute to lowering any barriers to development of affordable housing and may reduce the cost of housing developed if this recommendation is implemented. (Score = 3)</p> |
| <p>Possible Alternatives</p> | |
| <p>Option A: No action.</p> | |
| <p>Option B: Recommend use of a portion of the Affordable Housing Community Fund to subsidize or pay the cost of City fees related to construction and development.</p> | |
| <p>Recommendations / Actions</p> | |
| <p>Housing Advisory Committee Recommendation:</p> | |
| <p>City Commission Action:</p> | |

#5

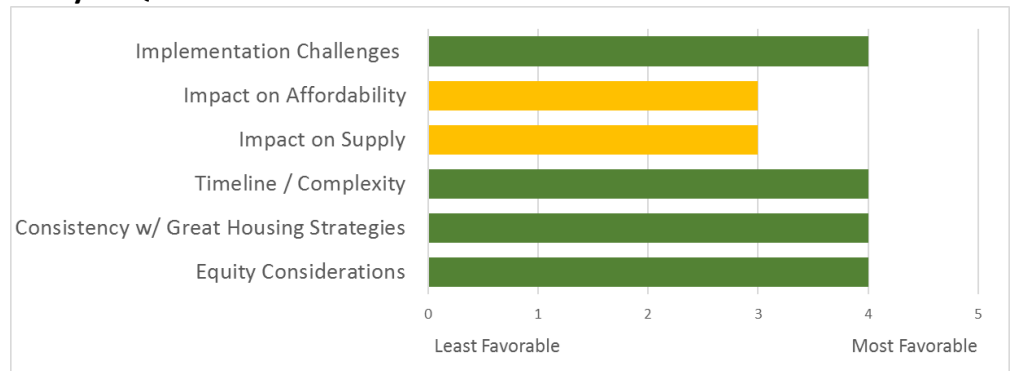
Neighbor-hood Enterprise Zones (NEZ)

Policy Strategy

Proposal Summary

Modify City Commission Policy 900-45 to (a) establish baseline qualification criteria beyond those required in PA 147 of 1992, and (b) modify the City Investment Criteria to focus on the highest priority criteria, eliminating lower priority criteria.

Analysis Quick Score:



If we modify the NEZ policy; then we can expect...

- Potential for development in areas not experiencing development
- Potential to increase supply of affordable housing
- Potential to accomplish greater levels of City priorities

Current Conditions

The NEZ tax exemption provides for a reduction in new real property taxes that result from a qualifying new construction or rehabilitation project that includes residential housing as a component. The exemption reduces operating costs of a development, resulting in a higher project value, and therefore greater ability to attract debt (i.e. borrowing ability) for a project.

The current policy was adopted in February, 2016 in response to the Great Housing Strategies work, and in recognition of the limitations of the current Michigan legal restrictions. Current policy creates a “standard” term for NEZs of 12 years (which was the general practice prior to amendments), and allowed for bonus years, up to the maximum of 15, if certain City Investment Criteria were proposed to be achieved. City Investment Criteria include activities that are intended to support sustainable development, income and housing diversity, architecture and site design, access to the Grand River, and public transit.

Since February, when the NEZ policy was amended to include the City Investment Criteria, 2 of 3 approved NEZ projects included bonus years for achievement of City Investment Criteria; however, only one of the bonuses was provided for activity that was not already part of the proposed project.

References:

City Commission Policy 900-45; City Code

Other: Public Act 147 of 1992, as amended

Analysis

This analysis suggests that in most instances, the financial benefit that could be obtained from the incentive bonus is insufficient to encourage modifications to projects to meet the City Investment Criteria, particularly those that are higher cost/higher impact. Further, it suggests that the 12 year “standard” NEZ exemption is, at a minimum, sufficient to allow developers to finance redevelopment projects. To further elevate City development priorities, City Commission

Policy 900-45 could be amended to narrow the City Investment Criteria to elevate certain activities (i.e. affordable housing) as priorities for the City.

Evaluation and modification of City Investment Criteria could focus on high priority items, such as affordable housing, and could eliminate those items that the majority of projects include by default (i.e. Type B accessible units).

Implementation Challenges



A policy modification would simply require review of the policy recommendations by the Economic Development Project team and subsequent action of the City Commission. Implementation of a revised program would require some additional administrative effort, but would include revision of application requirements. This proposal would likely be met with support from housing advocates, and with some resistance from the private developers. It should be noted that enforcement of compliance with a modified policy would require additional monitoring and administrative efforts, and could face legal complications, specifically related to requirements for maintenance of affordable housing. (Score = 4)

Impact on Affordability



By design, projects that take advantage of a revised NEZ program could include affordable housing, where it would not have been otherwise required, hypothetically resulting in an increase in affordable units. However, it should be considered that a modification to program guidelines could make certain redevelopment projects not feasible financially, regardless of the type of units to be constructed (i.e. market-rate or affordable), and that, within reason, additional housing supply moderates housing costs within the particular sector (i.e. multi-family rental, etc.). (Score = 3)

Impact on Housing Supply



The proposal is likely to increase the supply of affordable housing when compared to the “do nothing” alternative. The potential results of the suggested policy modification would likely either (a) have potential to increase new supply, by increasing affordable housing units. (Score = 3)

Timeline / Complexity



The proposal could be accomplished within 3 months, depending on the level of community engagement. Complexity is relatively low. Community engagement could be sought around the modification of City Investment Criteria. Economic Development would lead the effort, and involve Community Development, Planning, Attorneys and Community Engagement. No funding would be required for policy modification, but compliance efforts could result in increased administrative cost via human resources or compliance system investments. Financial implications for the City could include reduced public investment in private development, and/or reduced tax revenues from developments which do not proceed. (Score = 4)

Consistency with Great Housing Strategies



- ✓ Provide a Variety of Housing Choices
- ✓ Encourage Mixed-Income Neighborhoods
- ✓ Create and Preserve Affordable Housing
- ☐ Support Low-Income and Vulnerable Populations

- ☐ Support Employers and Workforce Development
- ✓ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ✓ Advocate for Change to State and Federal Policies

Commentary: The change would be generally consistent with and support several strategies. (Score = 4)

Equity Considerations



NEZ projects also typically include job creation, and generate construction employment/investment. The proposal could include voluntary considerations for equitable contracting, and/or equitable hiring practices (the latter of which would generally be an obligation on a tenant, as opposed to a project’s applicant). (Score = 4)

Possible Alternatives

Option A: Continue utilizing NEZ tax incentives to support all types of housing development with a portion of the increases in income tax growth from these investments being utilized as a mechanism to fund the Affordable Housing Community Fund.

Option B: Consider including (a) an evaluation of geographic areas, to determine whether policy could be crafted to encourage appropriate development in specific geographic areas, and (b) efforts to include voluntary Micro Local Business Enterprises or Disadvantaged Business Enterprises contracting as an investment criteria.

Recommendations / Actions

Housing Advisory Committee Recommendation:

City Commission Action:

#6

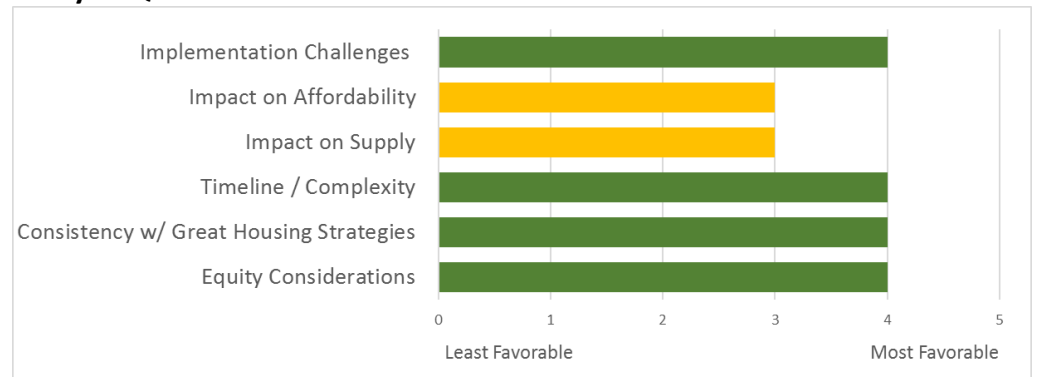
Obsolete Property Rehabilitation Exemption (OPRA)

Policy Strategy

Proposal Summary

Modify City Commission Policy 900-42 to (a) establish baseline qualification criteria beyond those required in PA 146 of 2000, and (b) modify the City Investment Criteria to focus on the highest priority criteria, eliminating lower priority criteria.

Analysis Quick Score:



If we modify the OPRA policy; then we can expect...

- Potential for development in areas not experiencing development
- Potential to increase supply of affordable housing
- Potential to accomplish greater levels of City priorities

Current Conditions

The OPRA tax exemption provides for a reduction in new real property taxes that result from a qualifying rehabilitation projects that include are commercial in nature, including multi-family housing. The exemption reduces operating costs of a development, resulting in a higher project value, and therefore greater ability to attract debt (i.e. borrowing ability) for a project.

The current policy was adopted in February, 2016 in response to the Great Housing Strategies work, and in recognition of the limitations of the current Michigan legal restrictions. Current policy creates a “standard” term for OPRA of 10 years (which was the general practice prior to amendments), and allowed for bonus years, up to the maximum of 12, if certain City Investment Criteria were proposed to be achieved. City Investment Criteria include activities that are intended to support sustainable development, income and housing diversity, architecture and site design, access to the Grand River, and public transit.

Since February, when the OPRA policy was amended to include the City Investment Criteria, 2 of 3 approved OPRA projects included bonus years for achievement of City Investment Criteria; however, only one of the bonuses was provided for activity that was not already part of the proposed project.

References:

City Commission Policy 900-42

Other: Public Act 146 of 2000, as amended

Analysis

This analysis suggests that in most instances, the financial benefit that could be obtained from the incentive bonus is insufficient to encourage modifications to projects to meet the City Investment Criteria, particularly those that are higher cost/higher impact. Further, it suggests that the 10 year “standard” OPRA exemption is, at a minimum, sufficient to allow developers to finance redevelopment projects. To further elevate City development priorities, City Commission Policy 900-42 could be amended to narrow the City Investment Criteria to elevate certain activities (i.e. affordable housing) as priorities for the City.

Evaluation and modification of City Investment Criteria should focus on high priority items, such as affordable housing, and should eliminate those items that the majority of projects include by default (i.e. Type B accessible units).

Implementation Challenges



A policy modification would simply require review of the policy recommendation by the Economic Development Project Team and subsequent action of the City Commission. Implementation of a revised program would require some additional administrative effort, but would include revision of application requirements. This proposal would likely be met with support from housing advocates, and with some resistance from the private development community. It should be noted that enforcement of compliance with a modified policy would require additional monitoring and administrative efforts, and could face legal complications, specifically related to requirements for maintenance of affordable housing. (Score = 4)

Impact on Affordability



By design, projects that take advantage of a revised OPRA program could include affordable housing, where it would not have been otherwise required, hypothetically resulting in an increase in affordable units. However, it should be considered that a modification to program guidelines could make certain redevelopment projects not feasible financially, regardless of the type of units to be constructed (i.e. market-rate or affordable), and that, within reason, additional housing supply moderates housing costs within the particular sector (i.e. multi-family rental, etc.). (Score = 3)

Impact on Housing Supply



The proposal is likely to increase supply of affordable housing when compared to the “do nothing” alternative. The potential results of the suggested policy modification would likely have potential to increase new supply, by increasing new affordable housing units. (Score = 4)

Timeline / Complexity



The proposal could be accomplished within 3 months, depending on the level of community engagement. Complexity is relatively low. Community engagement could be sought around the modification of City Investment Criteria. Economic Development would lead the effort, and involve Community Development, Planning, Attorneys and Community Engagement. No funding would be required for policy modification and implementation. Additional cost may become necessary depending upon compliance and enforcement requirements. Financial implications for the City could include reduced public investment in private development, and/or reduced tax revenues from developments which do not proceed. (Score = 4)

Consistency with Great Housing Strategies



- ✓ Provide a Variety of Housing Choices
- ✓ Encourage Mixed-Income Neighborhoods
- ✓ Create and Preserve Affordable Housing
 - ☐ Support Low-Income and Vulnerable Populations
 - ☐ Support Employers and Workforce Development
- ✓ Encourage Alternative Transportation & Parking Options
 - ☐ Change Public Perception of Affordable Housing
- ✓ Advocate for Change to State and Federal Policies

Commentary: The change is consistent with several strategies. (Score = 4)

Equity Considerations



OPRA projects also often include job creation, and generate construction employment/investment. The proposal could include voluntary considerations for equitable contracting, and/or equitable hiring practices (the latter of which would generally be an obligation on a tenant, as opposed to a project’s applicant). (Score = 4)

Possible Alternatives

Option A: Continue utilizing OPRA tax incentives to support all types of housing development with a portion of the increases in income tax growth from these investments being utilized as a mechanism to fund the Affordable Housing Community Fund.

Option B: Additional alternatives or additions that could be considered include (a) an evaluation of geographic areas, to determine whether policy could be crafted to encourage appropriate development in specific geographic areas, and (b) efforts to include voluntary Micro Local Business Enterprises or Disadvantaged Business Enterprises contracting as an investment criteria.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#7

Brownfield Redevelopment Policy Strategy

Proposal Summary

Modify Brownfield Redevelopment Authority Policy to (a) establish baseline qualification criteria beyond those required in PA 381 of 1996, and (b) modify the City Investment Criteria to focus on the highest priority criteria, eliminating lower priority criteria.

Analysis Quick Score:



If we modify the Brownfield policy; then we can expect...

- Potential for development in areas not experiencing development
- Potential to accomplish greater levels of City priorities

Current Conditions

The Brownfield Redevelopment program provides for reimbursement of certain eligible activities, as defined in Act 381, with the use of tax increment revenues captured by the BRA. The program reduces the overall cost of urban redevelopment by assisting with the financing of qualifying projects. Often, the tax increment revenues are assigned as collateral for the debt, which may increase ability to attract debt (i.e. borrowing ability) for a project. Current policy was adopted in April, 2016 in response to the Great Housing Strategies work, and in recognition of the limitations of the current Michigan legal restrictions. Current policy creates a “standard” for reimbursement of 100% of eligible activity cost over a period of up to 25 years, and requires a 10% annual administrative fee. The administrative fee can be reduced to 5% or 0% if certain City Investment Criteria were proposed to be achieved. City Investment Criteria include activities that are intended to support sustainable development, income and housing diversity, architecture and site design, access to the Grand River, and public transit.

Since the NEZ, OPRA and Brownfield policies were amended to include the City Investment Criteria, 2 of 9 approved projects have received annual administrative fee reductions; however neither of these projects were modified from what was originally planned in order to receive the bonus.

References: Brownfield Redevelopment Authority Policy / Other: Public Act 381 of 1996, as amended

Analysis






This analysis suggests that in most instances, the financial benefit that could be obtained from the incentive bonus is insufficient to encourage modifications to projects to meet the City Investment Criteria, particularly those that are higher cost/higher impact. Further, it suggests that the “standard” reimbursement is, at a minimum, sufficient to allow developers to finance redevelopment projects. To further elevate City development priorities, Brownfield Authority Policy could be amended to narrow the City Investment Criteria to elevate certain activities (i.e. affordable housing, transit) as priorities for the City.

Evaluation and modification of City Investment Criteria should focus on high priority items, such as affordable housing, and should eliminate those items that the majority of projects include by default (i.e. Type B accessible units).

Implementation Challenges



A policy modification would simply require review of the policy recommendation by the Economic Development Project Team, and subsequent action of the Brownfield Redevelopment Authority. Implementation of a revised program would require some additional administrative effort, but would include revision of application requirements. This proposal would likely be met with support from housing advocates, and with some resistance from the private development community. It should

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| | be noted that enforcement of compliance with a modified policy would require additional monitoring and administrative efforts, and could face legal complications, specifically related to requirements for maintenance of affordable housing. (Score = 4) | |
| Impact on Affordability  | By design, projects that take advantage of a revised BRA program could include affordable housing, where it would not have been otherwise included, could result in an increase in affordable units. However, it should be considered that a modification to program guidelines could make certain redevelopment projects not feasible financially, regardless of the type of units to be constructed (i.e. market-rate or affordable), and that, within reason, additional housing supply moderates housing costs within the particular sector (i.e. multi-family rental, etc.). (Score = 3) | |
| Impact on Housing Supply  | The proposal is likely to increase supply when compared to the “do nothing” alternative. The potential results of the suggested policy modification would likely have a positive impact on potential total new supply, but also increase new affordable housing units (offset by a reduction in new market-rate units. (Score = 4) | |
| Timeline / Complexity  | The proposal could be accomplished within 3 months, depending on the level of community engagement. Complexity is relatively low. Community engagement could be sought around the modification of City Investment Criteria. Economic Development would lead the effort, and involve Community Development, Planning, Attorneys and Community Engagement. No funding would be required for policy modification and implementation. Additional cost may become necessary depending upon compliance and enforcement requirements. (Score = 4) | |
| Consistency with Great Housing Strategies  | <ul style="list-style-type: none">✓ Provide a Variety of Housing Choices✓ Encourage Mixed-Income Neighborhoods✓ Create and Preserve Affordable Housing<input type="checkbox"/> Support Low-Income and Vulnerable Populations<input type="checkbox"/> Support Employers and Workforce Development | <ul style="list-style-type: none">✓ Encourage Alternative Transportation & Parking Options<input type="checkbox"/> Change Public Perception of Affordable Housing✓ Advocate for Change to State and Federal Policies |
| | <i>Commentary:</i> This policy generally supports several of the Great Housing Strategies goals. (Score = 4) | |
| Equity Considerations  | BRA projects also often include job creation, and generate construction employment/investment. The proposal could include voluntary considerations for equitable contracting, and/or equitable hiring practices (the latter of which would generally be an obligation on a tenant, as opposed to a project’s applicant). (Score = 3) | |
| Possible Alternatives | | |
| Option A: Continue utilizing Brownfield tax incentives to support all types of housing development with a portion of the increases in income tax growth from these investments being utilized as a mechanism to fund the Affordable Housing Community Fund. | | |
| Option B: Conduct an internal review and evaluation process to modify City Investment Criteria to support only those highest priority items, including affordable housing. Bonuses should also be scaled consistently with the cost/difficulty of achieving the revised City Investment Criteria, providing larger bonuses for more expensive/complex efforts. The process should involve some input from the development community (potentially including lending institutions) which would be impacted by the proposal. | | |
| Option C: Alternatives or additions that could be considered include (a) an evaluation of geographic areas, to determine whether policy could be crafted to encourage appropriate development in specific geographic areas, and (b) efforts to include Micro Local Business Enterprise or Disadvantaged Business Enterprise contracting as an investment criteria. | | |
| Recommendations / Actions | | |
| Housing Advisory Committee Recommendation: | | |
| City Commission Action: | | |

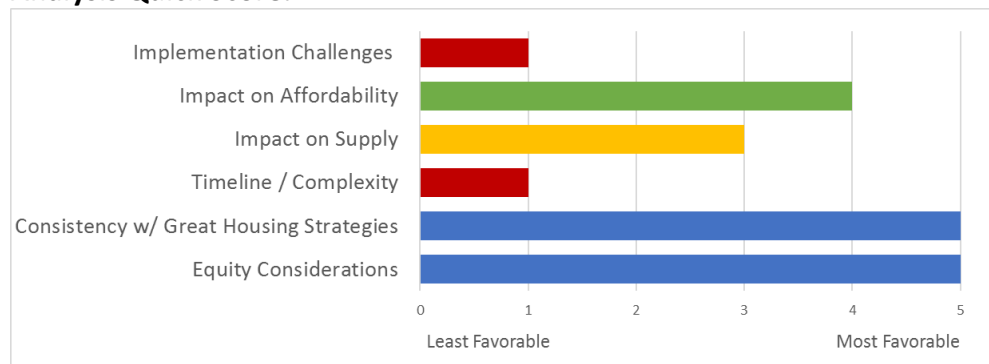
#8

Voluntary Equitable Development Agreements Policy Strategy

Proposal Summary

Establish policy to allow for developers to voluntarily commit to various goals, which could include City Investment Criteria or other stated goals.

Analysis Quick Score:



If we create a voluntary program; then we can expect...

- Opportunities to encourage equitable development
- Potential increase in housing diversity, and affordability
- Potential increased disadvantaged business contracting
- Potential increase in hiring of GR residents in certain geographical areas

Current Conditions

State law prohibits the City from requiring certain activities from real estate developers or businesses when they are applying for financial support from the City in the form of tax abatements, grants, tax increment financing, or other financial support from a project. Many of the restrictions imposed by state legislation limit the City's ability to require activities that (a) the community has identified as priorities through various planning and community engagement activities, or (b) could assist the City in achieving more equitable outcomes from the economic activity taking place in the City.

Currently, in connection with existing programs, the City provides bonus financial incentives to applicants if they propose to contribute to the achievement of certain City Investment Criteria, which are defined in City Commission Policy and the Brownfield Redevelopment Authority's policies. This is intended to encourage certain activities, but has not had a significant impact since being implemented in February, 2016 (see forms related to OPRA, Brownfield Redevelopment and NEZs).

References:

Rent Control Act, Local Government Labor Regulatory Limitation Act, Prop 2

Other: City Commission Policies 900-45, 900-42, Brownfield Redevelopment Authority Policy

Analysis

In light of the current legal constraints, the City could consider a voluntary program that would provide a certain benefit or increase in financial incentive for a project in exchange for a commitment to work toward more equitable development. A priority for this proposal would be to establish a baseline account of the current situation. Evaluation of current state and potential for improvement of any specific activity that could be a part of a voluntary agreement would be necessary.

While race and gender preference is prohibited in Michigan, for certain aspects of this program, geographic areas could be used as a proxy for race.

System development would be required for monitoring and tracking outcomes. Certain aspects could require significant resources, both human and financial. Partnerships could be explored.

The City's recourse related to an individual agreement is likely to be substantially hampered by state law; however, other cities have found success in using past performance as a portion of a project evaluation. An applicant who did not

fulfil their voluntary commitments in a prior project would be less likely to benefit from making voluntary commitments in a proposed project, for instance.

Implementation Challenges



This proposal would require careful evaluation to minimize potential for challenges in light of current state law. The proposal is may be met with resistance from the development community, and potentially from the business community as well. (Score = 1)

Impact on Affordability



Proposal has the potential to impact affordability significantly. (Score = 4)

Impact on Housing Supply



Total supply may not be significantly impacted, unless a new source of funding can be identified that would provide additional incentive above what is currently available to developers. (Score = 3)

Timeline / Complexity



Complex. System design, including application, evaluation, monitoring, tracking, reporting and compliance/enforcement would all require work. Legal concerns. Would involve the work of Economic Development, Planning, Community Development, Attorney, and potentially others, including partners. Funding is likely to be required to ensure all aspects of the program operate together. (Score = 1)

Consistency with Great Housing Strategies



- ✓ Provide a Variety of Housing Choices
- ✓ Encourage Mixed-Income Neighborhoods
- ✓ Create and Preserve Affordable Housing
- ✓ Support Low-Income and Vulnerable Populations
- ✓ Support Employers and Workforce Development
- ✓ Encourage Alternative Transportation & Parking Options
- ✓ Change Public Perception of Affordable Housing
- ✓ Advocate for Change to State and Federal Policies

Commentary: If enforceable, the proposed policy could positively influence all aspects of the Great Housing Strategies, particularly in regards to implementation and monitoring of changes. (Score = 5)

Equity Considerations



Through evaluation of the current state, the program should be designed taking a targeted universalism approach, which identifies universal goals (i.e. quality employment) but identifies and targets the removal of barriers that are experienced by certain groups. The program should be intended to benefit the historically marginalized populations (primarily people of color) in the Grand Rapids community. (Score = 5)

#9

Expedited Permitting Policy Strategy

Proposal Summary

Offer expedited LUDS permitting for projects containing affordable housing.

Analysis Quick Score:



If we offer expedited permitting; then we can expect...

- Minor reduction in review times.

Current Conditions

The City of Grand Rapids Development Center already performs plan reviews quickly by industry standards, with each plan version for a major development project reviewed in an average of 10 days.

Average Commercial (Including Multifamily) Project Days to Approval

| | Days with Planning Commission | Days without Planning Commission |
|---|-------------------------------|----------------------------------|
| Public notice wait time | 20 | 0 |
| Staff prep, meetings, hearing, etc. | 25 | 0 |
| Permit review active time (avg. 2.1 versions x 10.1 days) | 21 | 21 |
| Permit review waiting for response time | 4 | 4 |
| Total | 70 | 25 |

Analysis

Generally, the timeframes are the shortest possible based on the time needed for review, advertising, etc. For the Planning Commission portion, further reductions would be limited without also waiving important steps of the process, for example notice and advertising of items that are coming before the Planning Commission. As noted above, the LUDS (Building Permit) process at the City exceeds industry standards in terms of processing timelines. Each plan set is typically 100-plus page sets that have to be reviewed by 8-10 individuals in specialized disciplines. At most, it may be possible to reduce this timeframe by up to 2 days per plan version reviewed. Since projects average 2.1 versions prior to issuance, this might result in a permit being issued 4 days sooner. However, the expedited review would be challenging to administer. For example, permit applicants are contractors who may not have a good understanding of what “affordable” means in terms of housing projects. If we were to ask a construction foreman dropping off the application “Is this an affordable housing project?” they likely wouldn’t know or would give an unreliable answer. We would need to double-check their answers against some sort of master list (which doesn’t currently exist). Other projects would be delayed based upon the focus on the affordable housing project, which may generate complaints.

Expedited inspections for affordable projects would be even more challenging to implement. Inspections are typically scheduled out 1-3 days depending on urgency and inspector workload. The City performs tens of thousands of inspections a year. Creating a separate tracking and scheduling system specific to affordable units would be exceptionally difficult and cumbersome to administer.

Implementation Challenges



The minor time savings that could be gained would be far outweighed by the difficulty in tracking and administration, particularly if applied to inspections. (Score = 2)

Impact on Affordability



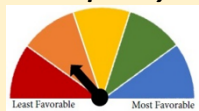
The minor time savings achieved would likely have no impact on affordability, as it would not reduce the overall month-to-month carrying costs of a project. (Score = 2)

Impact on Housing Supply



There is no direct impact on housing supply. (Score = 3)

Timeline / Complexity



Any changes to the review procedures for projects that require public hearing before the Planning Commission, Board of Zoning Appeals, or City Commission would require Zoning Text Amendment. The remainder of changes could be amended administratively, however the process would still be complex, particularly in terms of coming up with a way to track and verify affordable projects through the permitting system. (Score = 3)

Consistency with Great Housing Strategies



- | | |
|--|---|
| <input type="checkbox"/> Provide a Variety of Housing Choices | <input type="checkbox"/> Support Employers and Workforce Development |
| <input type="checkbox"/> Encourage Mixed-Income Neighborhoods | <input type="checkbox"/> Encourage Alternative Transportation & Parking Options |
| <input type="checkbox"/> Create and Preserve Affordable Housing | <input type="checkbox"/> Change Public Perception of Affordable Housing |
| <input type="checkbox"/> Support Low-Income and Vulnerable Populations | <input type="checkbox"/> Advocate for Change to State and Federal Policies |

Commentary: The change does not directly relate to any of the Great Housing Strategies. (Score = 2)

Equity Considerations



The change does not impact equity. (Score = 2)

Possible Alternatives

Option A: No change.

Option B: Amend the Zoning Code review procedures to provide reduction in the processing timeframe for projects requiring public hearing.

Option C: Recommend the Development Center seek ways to modify the LUDS / Building permitting process to reduce review timeframes or otherwise expedite affordable housing projects.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#10

Move to Monthly Water Bills Policy Strategy

Proposal Summary

Change from current quarterly billing to a monthly billing cycle.

Analysis Quick Score:



If we move to a monthly billing cycle; then we can expect...

- Bills in amounts that vary less over a twelve month cycle.
- Bills in amounts that are easier to fit within a monthly budget.

Current Conditions

Grand Rapids Water meters are read quarterly and Water/Sewer Bills are calculated on a quarterly basis.

Customers currently have the option to pay on a monthly basis. The quarterly bill contains a designation of a minimum payment amount that customers may pay in three installments. There is no service charge for selecting this option. Approximately 25-30% currently select the monthly option for payment

References:

Chapter 26 of the City Code: City Water System
Chapter 27 of the City Code: City Sewage Disposal System
City of Grand Rapids Water Rules and Regulations, 2017
Water and Sanitary Sewer Service Agreement, as amended

Analysis

Water System staff analyzed conversion to a monthly bill option during a software conversion that took place in August 2011 and since then during software updates. A conversion has not been recommended for several reasons including the expected cost to convert billing software, implementation costs, the need for monthly estimates or monthly meter readings and the one-time impact on customers of converting from quarterly to monthly billing. Additional costs associated with the increase in bill prints and mailing would be expected, perhaps as much as 3 times more.

Review of meter reading technology is underway and monthly billing could be reconsidered as part of an overall technology upgrade that is projected to occur within the next five years. These types of technology projects are very difficult to roll out and would be expected to occur over a period of several years.

Implementation Challenges



Several implementation challenges exist, including cost of technology, cost of implementation, cost of monthly estimation of bills and the one-time impact on customers of converting from quarterly to monthly billing. (Score = 2)

Impact on Affordability



Net affordability could increase, since payments would be less lumpy and could fit more easily into a monthly budget. (Score = 4)

Impact on Housing Supply



There would be no impact on housing supply. (Score = 3)

Timeline / Complexity



The complexity and cost of implementation is significant, especially given the availability of the current monthly option. (Score = 2)

Consistency with Great Housing Strategies



- ☐ Provide a Variety of Housing Choices
- ☐ Encourage Mixed-Income Neighborhoods
- ☐ Create and Preserve Affordable Housing
- ☒ Support Low-Income and Vulnerable Populations
- ☐ Support Employers and Workforce Development
- ☐ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ☒ Advocate for Change to State and Federal Policies

Commentary: This change is not significantly reflected in the principles of the Great Housing Strategies. (Score = 2)

Equity Considerations



Adopting this recommendation would contribute to making the cost of water and sewer more predictable on a monthly basis. (Score = 4)

Possible Alternatives

Option A: No action.

Option B: Work to make the monthly payment option more apparent and easier to use through increased outreach to customers, neighborhood associations and agencies.

Recommendations / Actions

Housing Advisory Committee Recommendation:

City Commission Action:

#11A

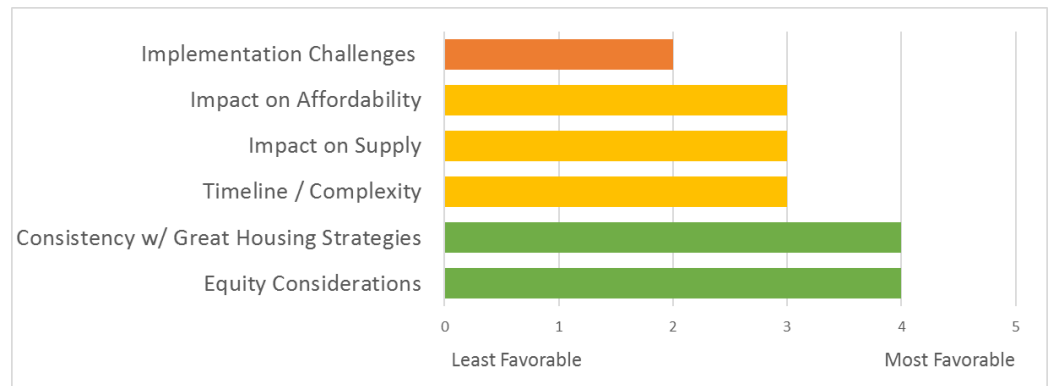
Density Bonus

Zoning Strategy

Proposal Summary

For two-family and multiple-family developments, the minimum lot width/area per dwelling unit may be reduced when a percentage of units are priced at or below a determined AMI.

Analysis Quick Score:



If we permit density bonuses; then we can expect...

- The need for resources to monitor development agreements.
- Density that exceeds existing patterns of development.
- Potential additional mixed-income developments.

Current Conditions

Within current residential zone districts, a variety of housing bonuses are available. Bonus thresholds currently exist under Section 5.5.10. Density bonuses are available for two-family and multiple-family developments and are available for rental or owner-occupied developments. They may be obtained through construction of accessible units or for mixed-income developments. For mixed income developments, 15-30% of rental units must be priced for households at or below 60% AMI, with a minimum 15-year time period; for owner units the threshold increase to 80% AMI with the same percentage of units and timeframe. Within the Mixed-Use Commercial zone districts, a density bonus is available which significantly reduces the square feet per unit provided off-street parking standards are met. Bonuses have not been utilized as anticipated, but it is unclear why that is.

References: Zoning Code: Sec. 5.5.10, Table 5.6.08.B.3

Analysis

Incentivizing affordable and mixed-income housing developments is inherently challenging because of market conditions, financing, monitoring requirements and current state legislation. Although density bonuses have been in place within the Zoning Ordinance since 2007, this is not a tool that is used by the development community. More work needs to be done with for-profit and non-profit housing developers to understand why these bonuses are not being utilized. It is possible that the monitoring requirement (15 years) is burdensome, especially for owner-occupied developments. It may also be possible that current by-right densities are high enough to support development plans and that the bonuses are not enough of an enticement to encourage a change in behavior (stick and carrot).






Implementation Challenges



Impact on Affordability

The City lacks resources to monitor development agreements. Also, the incentive is not consistent with current funding mechanisms (i.e. LIHTC). Enforcement for noncompliance is very challenging because the once unit(s) are built there is not a way to remove the bonus; monitoring of sales is problematic and enforcement mechanisms are significantly limited. (Score = 2)

Current regulations have resulted in minimal. The bonus has not been well utilized, although it is unclear why. It does guarantee affordability for 15 years, but after that units can revert to market prices. This is a mixed income bonus, not an affordable housing bonus. If adjustments are made to

| | |
|--|--|
|  | <p>the current bonus structure that result in greater utilization of the incentive, a positive impact in terms of additional affordable units could be realized. (Score = 3)</p> |
| <p>Impact on Housing Supply</p>  | <p>The proposal is a density incentive thus increasing the supply of affordable housing units in an overall development. This is an incremental change. However, increasing the overall number of units within a project can also distribute other shared costs, benefiting affordability. (Score = 3)</p> |
| <p>Timeline / Complexity</p>  | <p>Multiple family developments are permitted by right in the MDR district and at a greater density than LDR. This incentive would be more impactful if the City had additional MDR districts. However, inclusion of a concurrent rezone would significantly extend and complicate the process. There is also a high degree of complexity involved in finding the point at which this incentive becomes more desirable to a housing developer, and may require multiple adjustments. (Score = 3)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <ul style="list-style-type: none"> ✓ Provide a Variety of Housing Choices ✓ Encourage Mixed-Income Neighborhoods ✓ Create and Preserve Affordable Housing <input type="checkbox"/> Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development ✓ Encourage Alternative Transportation & Parking Options <input type="checkbox"/> Change Public Perception of Affordable Housing <input type="checkbox"/> Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> To use the bonus, a development must be within 300 feet of a transit line. (Score = 4)</p> |
| <p>Equity Considerations</p>  | <p>By being a mixed-income bonus, this strategy encourages the integration of the affordable housing units with market rate units, mitigating stigma of affordable housing developments. (Score = 4)</p> |
| <p>Possible Alternatives</p> | |
| <p>Option A: No change. Retain existing density bonuses.</p> <p>Option B: Initiate a Zoning Text Amendment to amend density bonus provisions. A public outreach plan including a series of focus groups with developers, financial professionals, and other stakeholders would be needed to determine the appropriate policy that both attracts use of the bonus and generates public benefit.</p> | |
| <p>Recommendations / Actions:</p> | |
| <p>Housing Advisory Committee Recommendation:</p> | |
| <p>City Commission Action:</p> | |

Sec. 5.5.10. - Residential Bonuses.

The Master Plan calls for a range of housing types and price points within neighborhoods to accommodate all residents regardless of income, special need or place in life cycle. Developments can receive bonuses as outlined in this Section by providing additional accessibility and housing that is affordable to a wide range of residents.

A. **Accessible Housing Bonuses.** Development projects may qualify for this bonus when units are designed and constructed to meet the ANSI A117.1 standards for Type B accessible units.

1. **Two-Family Developments.** The minimum lot area for two-family residential developments may be reduced where the conditions of Section 5.5.06.B.3.ii. are met.

2. *Multiple-Family Developments. The minimum lot area may be reduced by up to five hundred (500) square feet per dwelling unit when at least twenty-five (25) percent of the units are designed and constructed to meet the Type B requirements of the ANSI A117.1 standard.*

B. Mixed-Income Housing Bonuses.

1. *Two-Family Developments. The minimum lot area for two-family residential developments may be reduced where the conditions of Section 5.5.06.B.3.i. are met.*
2. *Multiple-Family Developments. The minimum lot area for a multi-family development may be reduced by up to five hundred (500) square feet per dwelling unit for a project that satisfies the following criteria:*
 - a. *Project is located within three hundred (300) feet of a transit line;*
 - b. *At least twenty (20) dwelling units are developed as part of the project;*
 - c. *If rental units, not less than fifteen (15) percent nor more than thirty (30) percent of the total number of units are priced for households at or below sixty (60) percent of Area Median Income, as adjusted for family size, with rental charges remaining affordable for at least fifteen (15) years.*
 - d. *If owner units, not less than fifteen (15) percent nor more than thirty (30) percent of the total number of units are priced for households at or below eighty (80) percent of Area Median Income, as adjusted for family size.*
 - e. *The remaining units are priced at market rate.*
 - f. *The affordable units shall be comparable in unit sizes, amenities and location with the market rate units.*
- g. *Provisions shall be made for certification of eligible tenants and purchasers, annual certification of rental property and monitoring of affordable rental housing requirements.*

Table 5.5.10. Summary of Available Residential Bonuses

| Activity | District(s) | Incentive/Bonus | Bonus |
|---|-------------|--|--------------------------------|
| Accessible Housing - Two-Family Residential (5.5.10.A) | LDR, MDR | Minimum lot area for a development is reduced when at least one unit is designed and constructed to meet the Type B requirements of the ANSI A117.1 standard. | Reduced minimum lot area/width |
| Accessible Housing - Multiple-Family Residential (5.5.10.A) | LDR, MDR | The minimum lot area/dwelling unit may be reduced by up to five-hundred square feet per unit when at least 25% of the units are designed and constructed to meet the Type B requirements of the ANSI A117.1 standard. | # of units |
| Mixed-Income Residential - Two-Family Residential (5.5.10.B.1) | LDR | Minimum lot area and/or width is reduced where both units are priced at or below 30% of area median household income as adjusted for family size. | Reduced minimum lot area/width |
| Mixed-Income Residential - Multiple-Family Residential (5.5.10.B.2) | LDR, MDR | The minimum lot area/dwelling unit may be reduced by up to five-hundred (500) square feet per unit when all of the units are priced at or below 30% of the income per capita for the census tract in which the development is located in, per the US Census. | # of units |

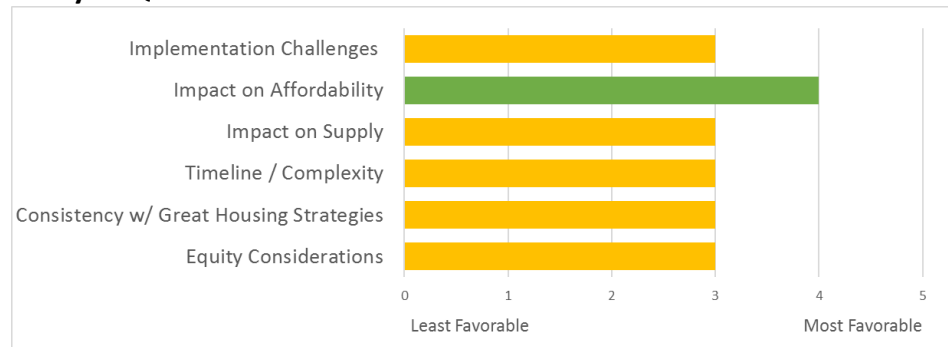
#11B

Parking Reductions for Affordable Housing *Zoning Strategy*

Proposal Summary

Reduce or eliminate parking requirements for the development of affordable housing units.

Analysis Quick Score:



If we reduce parking requirements; then we can expect...

- Reduction of per unit cost.
- Increased demand for on-street and district parking (shifting of burden).
- Additional transit needs in terms of routes / timing.

Current Conditions

The Zoning Code provides a variety of reductions and reliefs from parking requirements. In the City Center Zone District, a pending Zoning Text Amendment eliminates all parking requirements. In all mixed-use commercial zone districts, reductions are available for the development of micro-units as well as for transit proximity, alternative vehicles, and bicycle parking. General parking waivers may be granted by staff (up to 50% of required) or by Planning Commission (up to 100% of required) for developments meeting certain criteria such as proximity to transit.

Since 2012, the Planning Commission has granted more than 30 reductions to parking requirements. Approximately half fall within the threshold that could be considered administratively, but were considered by the Planning Commission as a part of concurrent approvals, such as a Special Land Use. These requests include residential, commercial, and mixed-use projects. Four projects have received a full waiver (100%) of parking requirements in this timeframe.

References: Zoning Code: Section 5.10.05

Analysis

Parking is very expensive and contributes to the cost of housing. Generally, parking for residential uses is provided on-site through surface or structured parking. Private parking reductions can shift the burden from private to public, particularly if the need for parking is not mitigated. The cost of constructing parking and its impact on affordability must be balanced with outside impacts such as demand to on-street neighborhood parking, district parking, parking enforcement and availability of transit.

The average parking space costs within the range of \$15,000 to \$30,000 per space, depending if it is surface or structured. If all or part of this cost-savings is passed to the renter or buyer, the impact on affordability could be substantial. Parking reductions may also allow for additional density or intensity of development on site to reduce total per-unit costs to increase the affordability of a unit.

For this strategy to succeed, the unit and its location must support the ability for a person (or persons) to live without a private vehicle. This means access to affordable transit or close walking proximity from the residential unit to nearby jobs, amenities, schools, etc. This strategy will be most successful in the downtown and mixed-use districts along major corridors. Within primarily residential neighborhoods, the likelihood of the burden shifting from on-site parking to

street parking or other available off-site district parking is greater. This could result in negative impacts to the surrounding neighborhoods. The importance of having a high-quality, robust transit system cannot be understated when discussing the corollary between transportation and density.

Implementation Challenges



The relationship between parking cost and unit pricing may be highly variable based on the location and site design, as well as market demand. The community must consider impacts to neighborhoods, transit level-of-service, and access to employment amenities. There is a high potential for community pushback based on increased on-street parking utilization and general scarcity of available parking. If used as a direct incentive for affordable units, then monitoring would be necessary. (Score = 3)

Impact on Affordability



With a reduction in parking requirements, the cost point of a unit could drop into a more affordable bracket, especially if structured parking is needed to meet parking requirements. Even reductions in required surface parking could have substantial benefit to the cost of the unit. These changes could directly result in more affordable units. (Score = 4)

Impact on Housing Supply



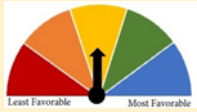
If reductions are permitted in residential districts, land that would have been dedicated to parking can now be used for additional density. Increasing the overall number of units within a project can also distribute other shared costs, benefiting affordability. (Score = 3)

Timeline / Complexity



If parking reductions are expanded or further reduced administratively, neighborhood/community engagement would be necessary. If reductions are tied to an affordability rate, resources to monitor development would be necessary. (Score = 3)

Consistency with Great Housing Strategies



- | | |
|--|--|
| <input type="checkbox"/> Provide a Variety of Housing Choices | <input type="checkbox"/> Support Employers and Workforce Development |
| <input checked="" type="checkbox"/> Encourage Mixed-Income Neighborhoods | <input checked="" type="checkbox"/> Encourage Alternative Transportation & Parking Options |
| <input checked="" type="checkbox"/> Create and Preserve Affordable Housing | |
| <input type="checkbox"/> Support Low-Income and Vulnerable Populations | <input type="checkbox"/> Change Public Perception of Affordable Housing |
| | <input type="checkbox"/> Advocate for Change to State and Federal Policies |

Commentary:

Continued work is needed with the Rapid on transit routes and wait times. (Score = 3)

Equity Considerations



If transit isn't offered as a mitigating impact to development without parking, then residents of an affordable housing development are further burdened by needing access to work and other daily needs. (Score = 3)

Possible Alternatives

Option A: No change. Retain existing parking standards and exceptions.

Option B: Initiate a Zoning Text Amendment to expand parking waivers for affordable housing from the current City Center zone district to additional districts. This could include only other Mixed-Use Commercial zone districts or also include Residential Zone districts. A public outreach plan could better identify neighborhood concerns and address some of the potential challenges identified above. Coordination with the Rapid and Mobile GR would also benefit the discussion.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

Sec. 5.10.05. - Reductions In Parking Requirements

Reductions. Off-street parking requirements may be reduced based on the requirements of Subsections B., C., D., and E. below.

1. The Planning Director may reduce off-street parking requirements by fifty (50) percent. The Planning Director may refer the decision of allowable off-street parking reductions to the Planning Commission, based on neighborhood character, absence of public parking or the results of a parking demand study.
2. The Planning Commission, using Special Land Use procedures, may eliminate or reduce up to all one hundred (100) percent of required off-street parking.
3. Administrative Departure. An Administrative Departure for part or all of the off-street parking requirements, not to exceed eight (8) spaces, may be granted by the Planning Director, where the building comprises ninety (90) percent or more of the lot, or the lot cannot otherwise accommodate the required parking.

B. Alternate Modes of Transportation. One or more of the following methods may be utilized to reduce off-street parking requirements.

1. *Transit.* Parking requirements may be reduced for buildings, structures or uses within three hundred (300) feet of a Bus Rapid Transit (BRT) station or one hundred (100) feet of a transit stop. A Transportation Demand Management (TDM) study may be required to demonstrate that a sufficient number of vehicle drivers would immediately opt for transit, and therefore would not result in adverse parking impacts on surrounding properties. The Rapid shall verify in writing that the transit station or transit stop is in a permanent location.
2. *Alternative Vehicles.* Parking spaces reserved, signed, and enforced for Low-Emitting and Fuel-Efficient Vehicles (vehicles that are either classified as Zero Emission Vehicles (ZEV) by the California Air Resources Board or have achieved a minimum green score of 40 on the American Council for an Energy Efficient Economy (ACEEE) annual vehicle rating guide) or for car-sharing services, may count as four (4) regular parking spaces. Electric car spaces shall include a power outlet for use by the parked car. Such spaces should be closest to the main entrance (exclusive of spaces designated for handicapped). Parking spaces reserved, signed, and enforced for carpooling or vanpooling services may count as two (2) regular parking spaces.
3. *Bicycle.* Parking requirements may be reduced by one (1) space for every four (4) covered, secure bicycle parking spaces, where lockers, one (1) or more floor pumps, and a work stand are provided on site. Parking requirements may be further reduced by four (4) spaces where free showers are available for employee use within the building.

C. On-Street and Business District Parking.

1. The use of on-street parking or publicly-owned business district parking lots or parking structures to meet a portion of the minimum off-street parking requirements shall be permitted, provided the following conditions are met:
 - a. Adequate on-street, district lots or parking structures exist within five hundred (500) linear feet of the primary entrance of the main building;
 - b. No more than fifty (50) percent of the off-street parking space requirement is met through the use of on-street, district lot or structure parking;
 - c. The intensity of the use and its parking requirements shall not substantially adversely impact surrounding uses; and
 - d. There is no negative impact to existing or planned traffic circulation patterns.
2. A parking demand study may be required to demonstrate that adequate available spaces exist on street or in a district lot or parking structure.

D. Payment in Lieu of Parking. A parking program may be instituted to develop publicly-owned district parking lots or structures as opposed to individually owned and operated parking areas.

1. *Payment.* In lieu of providing the required off-street parking space for any development located in a mixed-use commercial Zone District, a payment may be made to the City's Parking Facilities Account or to a special assessment fund.

2. *Parking Facilities Account.* The Planning Commission may approve in-lieu payment for up to eighty (80) percent of required parking in the TN-CC Zone District, subject to review and approval under Site Plan Review procedures in [Section 5.12.11](#). The Planning Commission, shall take into consideration the comments and suggestions of the City's Automobile Parking Commission. The purpose of the Parking Facilities Account as set forth in [Chapter 31](#) of the City Code, is to fund the planning, designing, acquiring, building, financing, and developing, but not maintaining, of public off-street parking facilities which shall be designated by the City Commission as serving the TN-CC Zone District. The Parking Facilities Account may also be used for other alternatives to the provision of parking facilities in the Zone District, including Transportation Demand Management measures. [Chapter 31](#) shall establish an amount which, if paid to the Parking Facilities Account, shall constitute provision of one (1) off-street parking space. [Chapter 31](#), also sets forth conditions for partial in-lieu payments and recording of in-lieu payments.

3. *Special Assessment.* The City may, as part of any special assessment levied to defray a portion of the cost of a parking facility, determine that the payment or, alternatively the levy of a special assessment, shall constitute provision of a designated number of parking spaces for the building or structure, and any future building or structure, located on the property specially assessed. The determination of the number of parking spaces deemed to be provided, if any, shall be made at the time that the special assessment is levied.

E. *Shared Parking Agreements.*

1. *Mixed-Land Use.* Where a mix of land uses creates staggered peak periods of parking demand, shared parking agreements that have the effect of reducing the total amount of required parking spaces are encouraged. Shared parking agreements for off-street parking for two (2) or more buildings or uses is permitted subject to the following:

- The total number of required parking spaces for each use on each lot shall not be reduced by more than fifty (50) percent.
- Shared parking areas shall be located within three hundred (300) feet of the use.
- Adjacent lots shall be interconnected for vehicular passage.
- Shared parking leases or agreements shall have a term of not less than five (5) years, including any renewals at the option of the lessee.

2. *Easements.* Written easements that provide for continued use and maintenance of shared parking shall be submitted to the Planning Director for review and approval. Any agreement shall include provisions to address changes in use.

F. *Mixed-Use Parking Coefficient.* Where the Planning Director determines that a mix of land uses could reduce the number of required parking spaces, Table 5.10.05.F. below shall be used. To calculate mixed-use parking requirements, the required parking for each use shall be totaled, and then divided by the appropriate mixed use coefficient:

| Table 5.10.05.F. Mixed Use Parking Coefficients | Residential | Lodging | Office | Retail | Other Commercial |
|--|-------------|---------|--------|--------|---------------------|
| Residential | X | 1.1 | 1.4 | 1.2 | 1.1 |
| Lodging | 1.1 | X | 1.7 | 1.3 | 1.2 |
| Office | 1.4 | 1.7 | X | 1.2 | 1.1 |
| Retail | 1.2 | 1.3 | 1.3 | 1.2 | 1.0 |
| Other Commercial | 1.1 | 1.2 | 1.1 | 1.0 | X |

For example, for a mixed-use development containing office and retail uses:

| | | | | |
|--------------------------|---|---|-----------------------|--------------|
| Total required parking = | $\frac{(\text{Parking}_{\text{OFFICE}} + \text{Parking}_{\text{RETAIL}})}{1.2}$ | = | $\frac{14 + 21}{1.2}$ | + 29.17 = 30 |
|--------------------------|---|---|-----------------------|--------------|

If there are more than two (2) uses in the development, the required parking for all uses shall be totaled and divided by the lowest applicable coefficient.

For example, for a mixed-use development containing office, residential, and retail uses:

| | | | | |
|--------------------------|--|---|----------------------------|--------------|
| Total required parking = | $\frac{(P_{\text{OFFICE}} + P_{\text{RESIDENTIAL}} + P_{\text{RETAIL}})}{1.2}$ | = | $\frac{14 + 12 + 21}{1.2}$ | + 39.17 = 40 |
|--------------------------|--|---|----------------------------|--------------|

G. *Deferral of Parking Spaces.* The Planning Commission may approve a smaller number of parking spaces than required in Table 5.10.04.C. as part of a Special Land Use approval, subject to the following:

1. The owner can demonstrate that the required number of parking spaces is excessive;
2. An area of sufficient size to meet the deferred number of parking spaces, along with access drives, aisles and other required parking lot features, shall be retained as open space;
3. A deferred parking site plan shall identify the area where parking is being deferred, including dimensions and dotted parking lot layout;
4. Stormwater management requirements shall be based on the required parking to ensure adequate capacity if an expansion is necessary; and
5. The owner agrees in writing to construct the deferred parking within six (6) months of a written request from the Planning Director.

H. *Affordable Housing in TN-CC Zone District.* The parking requirements of Section 5.10.04.D. may be reduced for dwelling units, on a per unit basis, as follows:

1. Full Parking Waiver. One hundred (100) percent of the parking requirement shall be completely waived for dwelling units priced to be affordable for residents with incomes at eighty (80) percent to one hundred ten (110) percent Area Median Income, as adjusted for family size, with affordability maintained for at least fifteen (15) years.
2. Partial Parking Waiver. Fifty (50) percent of the parking requirement shall be waived for dwelling units priced to be affordable for residents with incomes at one hundred ten (110) percent to one hundred forty (140) percent Area Median Income, as adjusted for family size, with affordability maintained for at least fifteen (15) years.
3. Provisions shall be made for certification of eligible tenants and purchasers, annual certification of rental property and monitoring of affordable housing requirements.

I. *Micro-Units.* The required parking shall be reduced to one-half (0.5) space per unit for micro-units (multiple-family dwellings) meeting the conditions of Section 5.6.07.B.1., as long as two (2) bike spaces are also provided per unit. Bicycle spaces provided in association with this waiver shall be located in an enclosed, secure facility located on the ground floor with an exterior entrance and paved access to the nearest sidewalk, road, or bicycle path.

(Ord. No. 2009-48, § 33, 9-15-09; Ord. No. 2015-75, § 9, 12-15-15)

#11C

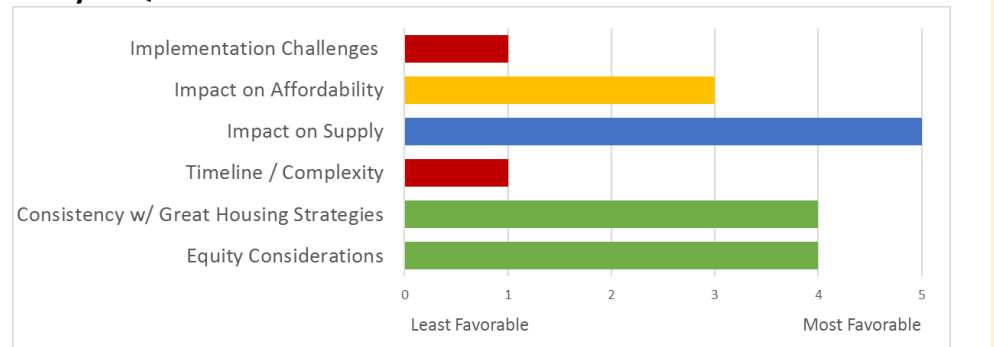
Affordable Housing Prerequisite

Zoning Strategy with Community Development & Economic Development

Proposal Summary

Develop policies or programs designed to bring about a supply of housing priced for a mix of incomes within Grand Rapids neighborhoods.

Analysis Quick Score:



If we promote mixed-income neighborhoods; then we can expect...

- Fewer areas of concentrated poverty
- “Healthier” overall neighborhood environment
- Significant potential for public opposition

Current Conditions

National data suggest that such a mix is healthier because a mix tends to increase the quality of life for lower-income population without decreasing the quality of life for the higher-income population, and also helps to avoid the negative effects associated with concentrated poverty.

Zoning incentives currently exist for a mix of incomes within an individual multi-family housing project, allowing a density bonus for projects of at least 20 dwelling units where 15-30% of units are priced at or below 60% AMI and the remaining units are market rate.

A primary goal of the 2015 Great Housing Strategies document is to encourage mixed-income neighborhoods, and recommends as an action to explore a policy or tool that encourages housing diversity based on income and housing types. A mix of approximately 70 percent market rate and 30 percent affordable was identified as the ideal Citywide distribution under this analysis. A similar objective is recommended in the 2002 *Master Plan*, which seeks to “encourage a mix of affordable, mid-price, and upper-end housing choices across the city through a combination of preservation, rehabilitation, and new construction.”

References: Zoning Code: Section 5.5.10.B.; Other: Great Housing Strategies, 2002 Master Plan

Analysis






Significant theoretical and historical research is needed to understand positive or negative impacts of neighborhoods with a range of housing for a mix income neighborhoods (as opposed to concentration of affordable housing) in Grand Rapids. While there are incentives currently existing in the Zoning Ordinance, it is notable that there has been extremely low utilization of these incentives. The identified 70 percent market rate to 30 percent affordable may reflect overall housing stock, but not at all represent the composition of existing neighborhoods. A further analysis at the neighborhood level and specific strategies to address the mix on a neighborhood by neighborhood basis is needed. Challenges are expected to accompany the implementation of any strategy designed to introduce housing suited for an income level not currently prevalent in any given neighborhood.

Implementation Challenges



Significant challenges can be expected from residents in neighborhoods on both ends of the affordability spectrum: introducing market-rate housing into neighborhoods with ample affordable housing may be viewed negatively as government-led gentrification, and introducing affordable housing into neighborhoods with little existing supply of such may be viewed as governmental overreach, and may possibly result in class- and/or race-based conflict.

Additionally, the Michigan constitution currently prohibits governments from having any direct impact on housing costs. Because of this prohibition, any program or policy must be limited to incentives or disincentives, as opposed to requiring certain housing prices. (Score = 1)

| | |
|---|--|
| <p>Impact on Affordability</p>  | <p>By design, this should have no net effect on affordability, since the aim is to introduce housing priced at levels other than what currently exists within a given neighborhood. (Score = 3)</p> |
| <p>Impact on Housing Supply</p>  | <p>A significant increase in housing choice is expected across all areas of the community, since the primary goal of this initiative would be to do exactly that. The housing supply would likely see a net increase since an incentive or disincentive would probably affect new construction of housing instead of existing housing. (Score = 5)</p> |
| <p>Timeline / Complexity</p>  | <p>This initiative would require considerable research to determine an optimal mix of incomes and appropriate strategies for execution. Implementation should be expected to be burdened with potential legal challenges, a need for significant and meaningful community engagement efforts, and likely an ongoing process taking place over multiple years. Planning or Community Development should engage a team for original research, and the Planning Department would be a reasonable champion to lead public engagement. Research could be executed by graduate students from an interested university program, which could also be the primary funder in that regard. The community engagement process would be funded by general department budgets.</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <ul style="list-style-type: none"> ✓ Provide a Variety of Housing Choices ✓ Encourage Mixed-Income Neighborhoods ✓ Create and Preserve Affordable Housing ✓ Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options ✓ Change Public Perception of Affordable Housing ✓ Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> This change reflects many of the principles of the Great Housing Strategies, particularly in regards to housing choice and mixed-income neighborhoods. (Score = 4)</p> |
| <p>Equity Considerations</p>  | <p>This program would be intended to support community vision for equity by providing significant housing choice and mixed-income impacts across all areas of the City. Mitigation of unintended and possibly very significant consequences would be very difficult. (Score = 4)</p> |
| <p>Possible Alternatives</p> <p>Option A: No action.</p> <p>Option B: Conduct a neighborhood by neighborhood analysis of the current mix of market and affordable housing. Following the research, additional planning efforts would need to be identified. A project of this magnitude may be appropriate as part of a full <i>Master Plan</i> update. A detailed public engagement strategy would be needed.</p> | |
| <p>Recommendations / Actions:</p> <p>Housing Advisory Committee Recommendation:</p> <p>City Commission Action:</p> | |

#12

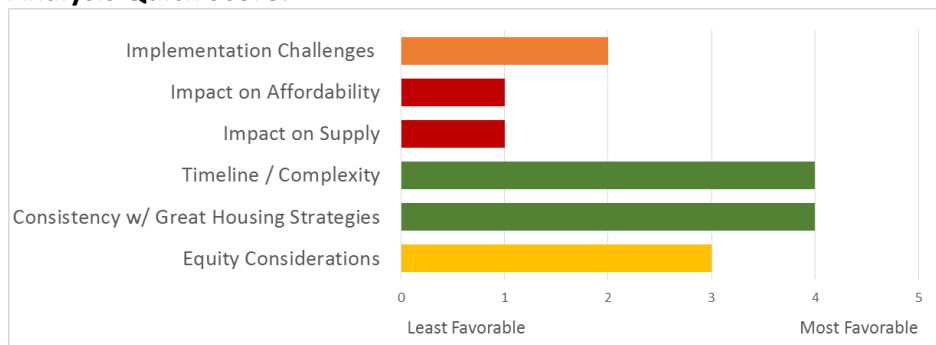
Home Ownership & Rental Balance

Policy Strategy

Proposal Summary

Define a healthy balance for a neighborhood regarding occupancy of residential units. This can help shape and prioritize future policy decisions and programs.

Analysis Quick Score:



If we research occupancy trends; then we can expect...

- A better understanding of current conditions and trends.
- A theoretical basis for future policy decisions.

Current Conditions

2012 Census data show that homes located in or around the central core of the City tend to have lower rates of occupancy by the owner, while those homes located further from the center of the City tend to have higher rates of owner-occupancy. Although there are significant data gaps in the availability of monthly mortgage/rent costs (and/or housing + transportation costs), available cost of living data should be correlated to existing occupancy data to help shed light on potential connections between these two indicators.

References:

Zoning Code:

Other: 2012 U.S. Census

Analysis

Zoning controls land use and not occupancy. However, by exploring various incentives and/or requirements for multi-family residential, changes to the Zoning Code may indirectly affect occupancy, since multi-family developments with fewer units are more conducive to rental occupancy due to financing and condominium requirements. Owner occupancy (often styled as homeownership) has been touted for decades as a tool to reduce poverty and as a route to wealth-building for the middle class. However, encouraging this at the expense of alternative may simply lead to higher levels of housing consumption rather than wealth-building, and for low-income individuals and families may prove to be a particularly risky bet. As the 2008 subprime lending crisis revealed, the conventional wisdom that a house is a safe investment, with guaranteed long-term appreciation, does not by any means prevail in all economic climates. Additionally, in an economy that increasingly prizes mobility, policies that discourage renting over owner occupancy reduces just that. More extensive local analysis on this topic should be led by the Planning and Community Development Departments, preferably with assistance in a research capacity from local graduate students.

Implementation Challenges



Relatively few challenges are expected as far as gathering data, other than the availability of actual monthly housing costs (rental rates or mortgage payments). Seeking monthly lease costs could potentially be done during the registration or certification process by the City's Code Compliance Division, which would likely face resistance from property owners and managers. The original research may be expected to be controversial if the outcome does not match conventional wisdom and/or specific policy objectives of stakeholders. (Score = 2)

Impact on Affordability



Very little impact on affordability is expected. This proposal seeks to gather information about impacts to neighborhoods by rates of owner occupancy vs. renter occupancy. Potential outcomes of policy decisions in this regard will be considered, which may certainly have an impact on affordability. (Score = 1)

Impact on Housing Supply



This research will have no foreseen immediate impact on the supply of housing. If incentives implemented as a result of the research include additional multi-family housing, then the housing supply could theoretically be increased. (Score = 1)

Timeline / Complexity



Depending on the desired quality and quantity of data and analysis, this proposal varies in regards to complexity and timeline. For rigorous analysis at least 3-4 months of dedicated student research time is recommended. Possible funders/partners may include local universities and/or foundations. (Score = 4)

Consistency with Great Housing Strategies



- ✓ **Provide a Variety of Housing Choices**
- ✓ **Encourage Mixed-Income Neighborhoods**
- Create and Preserve Affordable Housing
- Support Low-Income and Vulnerable Populations
- Support Employers and Workforce Development
- Encourage Alternative Transportation & Parking Options
- ✓ **Change Public Perception of Affordable Housing**
- ✓ **Advocate for Change to State and Federal Policies**

Commentary: This change reflects many of the principles of the Great Housing Strategies, particularly in regards to housing choice and mixed-income neighborhoods. (Score = 4)

Equity Considerations



Race or socioeconomic status has certainly (currently and historically) played a role in ownership trends across the City. Those data will be important to the research and should factor into the analysis and discussion, but will not be the primary question. (Score = 3)

Possible Alternatives

Option A: No action, continuing to depend on generally accepted occupancy mix of 70% owner, 30% renter.

Option B: Research occupancy trends in the City, including an extensive review of the literature through the lens of affordability, socioeconomic forces and historical actions, & general housing trends, and determine an accurate and localized definition of a “healthy” occupancy mix for Grand Rapids, with concrete policy recommendations.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#13

Number of Unrelated People *Zoning Strategy*

Proposal Summary

Increase the number of unrelated individuals that may live together as a single household unit.

Analysis Quick Score:



If we increase persons per household; then we can expect...

- Impacts to the neighborhood surrounding larger rental units, particularly in terms of parking.
- Difficulty in enforcement and ability to differentiate between households meeting the definition of a family versus temporary housing arrangements.
- Potential per-person cost reduction for shared rental, but potential overall price increases for rental units.
- Reduced demand to subdivide large single-family units into two or more units.

Current Conditions

The Zoning Code provides that each dwelling unit may be occupied by a single family, which may include a family or up to four unrelated individuals that together function as a single household. Fraternities, student housing and other temporary arrangements are specifically excluded from this definition.

References: Zoning Code: 5.16.02.F, Family







Analysis

Increasing the number of unrelated individuals could have impacts, both positive and negative. Practically, increasing the number of people in a household could further distribute the costs of the total rent, making the unit affordable to the individuals. This change could influence the market cost of a larger rental unit if more people can occupy that unit. It should also be noted that landlords often charge rental rates per person, not for the entire structure. This could result in increased income for the landlord, without direct cost savings to the individual lessee. This change increase the competition for larger single-family houses, with the higher rent yield of additional per-room rates pushing them out of the affordability range for a family. On a positive note, the change could reduce pressure for conversion of existing large single-family homes into smaller two-family or multifamily units. This change could also serve as a bridge-point for the transition to cooperative housing models that do not meet the definition of multifamily.

As a part of any change, it will also be important to consider the impacts on neighborhood conditions, with the foremost concern being impacts on parking availability and enforcement. The additional vehicles that belong to the household could not be accommodated in the traditional single-family arrangement (garage/driveway) leading to over-burdening of surrounding on-street or other district parking. This may also require increased enforcement of the prohibition of front yard parking. Unrelated living situations also tend to me more transitory in nature, leading to higher turnover and less investment in the neighborhood. You may also see increased traffic to and from the residence if each resident maintains a separate schedule, guests, etc. This could result in quality of life impacts for the neighborhood.

Implementation Challenges

The proposed change could generate substantial concern from surrounding neighbors, particularly in areas with moderate to high concentration of rental units. This could result in the expansion of rentals in neighborhoods with large single-family structures. It may also encourage overcrowding of

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|  | <p>structures, which can already be an enforcement challenge. For example, it may lead to illegal conversion of basements, using rooms not specifically designed as bedrooms, and other activities to increase the occupancy of a structure without the proper life/safety review and safeguards. (Score = 2)</p> |
| <p>Impact on Affordability</p>  | <p>As noted above, distributing the cost between more individuals could decrease the immediate cost to the individual when not leased per room, but may drive increases in the rental rate of the overall housing stock and increase competition for single-family rental units. In particular, this could have negative consequences for families seeking affordable rental housing. As it is market-driven, there is no guarantee on affordability (short- or long-term). (Score = 3)</p> |
| <p>Impact on Housing Supply</p>  | <p>There is no impact on total supply of housing units, although those available housing units could serve more individuals in total. This would positively benefit supply for a subset of individuals with affordable housing need. (Score = 3)</p> |
| <p>Timeline / Complexity</p>  | <p>The actual change would be a relatively simple zoning text amendment, however the engagement process with the neighborhoods and analysis of potential impacts could become cumbersome. (Score = 2)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <input type="checkbox"/> Provide a Variety of Housing Choices <input type="checkbox"/> Encourage Mixed-Income Neighborhoods <input type="checkbox"/> Create and Preserve Affordable Housing <input type="checkbox"/> Support Low-Income and Vulnerable Populations </div> <div> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options <input type="checkbox"/> Change Public Perception of Affordable Housing <input type="checkbox"/> Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> The change is not recommended within the Great Housing Strategies, nor does it contribute to any of the identified strategies. (Score = 2)</p> |
| <p>Equity Considerations</p>  | <p>This does not influence racial equity or provide specific consideration to low income populations. It could open options for alternative housing choices for vulnerable populations that may not qualify for traditional transitional housing but benefit from the shared household environment. (Score = 3)</p> |
| <p>Possible Alternatives</p> | |
| <p>Option A: No change. Retain definition of 4 unrelated persons.</p> <p>Option B: Initiate a Zoning Text Amendment to amend the definition of family to exceed four unrelated individuals, potentially to 5 or 6 individuals. This would apply to all dwelling units in all zone districts. A public outreach plan could better identify neighborhood concerns and address some of the potential challenges identified above. Additional enforcement efforts may also be required to ensure that these units are operated within the definition of a single household unit, that the dwelling units are being inspected and approved for the number of rooms being rented, and that enforcement of the prohibition on front yard parking is occurring.</p> <p>Option C: Initiate a Zoning Text Amendment to create an exception to family size applicable only to specific zone districts, perhaps within Mixed-Use Commercial which already permits higher densities. Public outreach and enforcement comments identified in Option B would also apply.</p> | |
| <p>Recommendations / Actions</p> | |
| <p>Housing Advisory Committee Recommendation:</p> | |
| <p>City Commission Action:</p> | |

#14

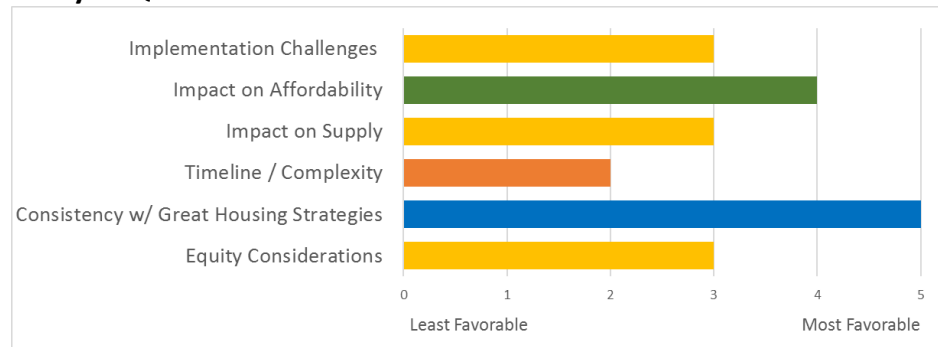
Allow Accessory Dwelling Units by Right

Zoning Strategy

Proposal Summary

Allow accessory dwelling units (ADUs) by right.

Analysis Quick Score:



If we expand the allowance of ADUs; then we can expect...

- Concerns regarding change to neighborhood character.
- Incremental increases in housing stock within neighborhoods.
- Alternative housing options for single and two-person households.
- Opportunity for multigenerational housing and similar living.

Current Conditions

Currently, accessory dwelling units (ADUs) are permitted in the CC, TCC, TBA, TOD, C, and NOS districts subject to Director Review (Administrative). They are allowed in LDR and MDR as a Special Land Use (Planning Commission). Use standards apply to accessory dwelling units including minimum lot size, allowable unit size (400 – 850 square feet), owner-occupancy of one unit, limited occupancy (2 persons) minimum length of tenancies, consistency in design with the primary residence, etc. (See Section 5.9.03.) Since 2012, only two accessory dwelling units have been requested through the Special land Use process, both of which were approved.

References: Zoning Code: Table 5.5.05.B; Table 5.6.06.B, Section 5.9.03

Analysis






Accessory dwelling units provide an opportunity for individuals to live within a desirable neighborhood which may not be financially available to them if they were seeking a traditional single-family rental. The accessory dwelling unit can also provide supplemental income to the property owner, allowing them to retain ownership and maintain/improve their property. Accessory dwelling units also offer opportunities for alternative living models, such as multigenerational housing, which provides independence for each unit while still having the close-by support or companionship that they may need.

The further allowance of ADUs by Director Review could be made as a wholesale change in all zone districts, or as a more limited change in only LDR or MDR or by neighborhood type (TN, MCN, or MON). This is a complex issue which would be influenced by community outreach. For example, ADUs in certain neighborhoods may have more tangible impacts to adjacent neighbors due to the placement of the structure, parking, etc. on the property versus other neighborhoods or districts.

Implementation Challenges



The actual change would be a relatively simple zoning text amendment but the neighborhood engagement process could be substantial. Specifically, there are concerns that accessory dwelling units can change the character of a neighborhood and result in additional impacts such as parking and traffic. The current Special Land Use process

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| | <p>provides a level of notice and involvement in the decision-making process for surrounding neighbors that would not be available if review become administrative. In addition, some aspects of the accessory dwelling unit regulations are difficult to enforce. Specifically, the requirement that the primary dwelling unit be owner-occupied and the ADU, if leased, be registered with the City can be challenging because both units could be used as illegally as rentals. Similarly, it may be difficult to enforce the 30-day tenancy requirement (designed to support non-transient rental) as there are minimal mechanisms in place to monitor and enforce this limitation. (Score = 3)</p> |
| <p>Impact on Affordability</p>  | <p>Accessory dwelling units provide an alternative housing type that is, in general, more affordable than the surrounding primary housing stock. These units are limited in size and number of bedrooms, again serving as a limit to their rent within the market. However, rental and pricing of each unit is an individual decision, and someone may even choose not to rent the unit, but rather maintain it for family or guests. (Score = 4)</p> |
| <p>Impact on Housing Supply</p>  | <p>The impact of accessory dwelling units is dependent on the market and how many people choose to construct and rent these units. The current districts where ADUs are allowed has not resulted in a substantial number of units, however this may be because many of these districts allow multifamily housing types without the ownership restrictions of an ADU. There has also been limited interest in the other districts where they require a Special Land Use approval. It is unclear if this is due to the cost and process or lack of interest. (Score = 3)</p> |
| <p>Timeline / Complexity</p>  | <p>As noted above, the actual change is a relatively simple text amendment within the Zoning Code. The community engagement process however, would be substantially more complicated and time-consuming requiring both educational, visioning, and feedback processes. (Score = 2)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <ul style="list-style-type: none"> ✓ Provide a Variety of Housing Choices ✓ Encourage Mixed-Income Neighborhoods ✓ Create and Preserve Affordable Housing <ul style="list-style-type: none"> <input type="checkbox"/> Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options ✓ Change Public Perception of Affordable Housing <ul style="list-style-type: none"> <input type="checkbox"/> Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> Great Housing Strategies specifically identified accessory dwelling units as a tool to support housing choice. It also recommended their expansion into single-family neighborhoods, with Special Land Use approval to guarantee public notice of the project and public hearing for neighborhood residents. The plan recommends removal of the 12-month owner-occupancy requirement. ADUs also provide opportunity for the creation of additional affordable housing units. Because they are integrated into the fabric of the existing neighborhood, they can also change the perception of affordable housing and how it can be successfully integrated into mixed-income neighborhoods. (Score = 5)</p> |
| <p>Equity Considerations</p>  | <p>Accessory dwelling units are limited to a maximum of two bedrooms and occupancy of no more than two people. This makes the units unavailable to a family or mother with more than one child. However, these units can also offer opportunities for individuals to live in a neighborhood that may not be financially accessible to them if they had to rent a traditional single-family house. (Score = 3)</p> |
| <p>Possible Alternatives</p> <p>Option A: No change. Accessory dwelling units may still be permitted by Director Review or Special Land Use, as currently identified.</p> | |

Option B: Initiate a Zoning Text Amendment to modify the existing standards for accessory dwelling units, specifically removal of the owner-occupancy requirement while keeping the approval process intact. Monitor to determine if this change generates additional construction of these units where permitted.

Option C: Initiate a Zoning Text Amendment to allow accessory dwelling units as a permitted use (Director Review) in additional zone districts. Careful consideration should be exercised in identifying those districts. A public outreach plan could better identify neighborhood concerns and address some of the potential challenges identified above.

Recommendations / Actions

Housing Advisory Committee Recommendation:

City Commission Action:

Existing Use Requirements

Sec. 5.9.03. - Accessory Dwelling Units (ADU).

One (1) Accessory Dwelling Unit (ADU) may be contained within a detached single-family dwelling (primary dwelling unit), included within an accessory structure, or separate from but located on the same lot as a detached single-family dwelling. The Planning Commission shall take into consideration the proximity of a detached Accessory Dwelling Unit to other surrounding residential structures as part of the Special Land Use review. The following regulations shall apply:

- A. Minimum Lot Size. One (1) ADU shall be allowed in conjunction with an existing detached single-family dwelling, located on a lot with a minimum area of five thousand (5,000) square feet.
- B. Minimum/Maximum ADU Size. The ADU shall not exceed twenty-five (25) percent of the gross floor area of the primary dwelling unit, nor shall it be less than four hundred (400) square feet or greater than eight hundred fifty (850) square feet in gross floor area.
- C. Residential Density. The ADU shall not be counted toward maximum residential density requirements.
- D. Owner Occupancy. One (1) of the dwelling units shall be owner-occupied. If the ADU is used for lease, it shall be registered with the City as required in Chapter 140 of the City Code.
- E. Bedroom Maximum. A maximum of two (2) bedrooms are permitted within an ADU. Occupancy shall be limited to no more than two (2) persons.
- F. Leasing or Rental. Leasing or rental of the ADU for tenancies of less than thirty (30) days or to more than eleven (11) different parties in any calendar year shall be prohibited.
- G. Alterations or New Construction. Any alterations to existing buildings or structures or the construction of a new structure to accommodate the ADU shall be designed to maintain the architectural design, style, appearance and character of the main building as a detached single-family dwelling, including but not limited to entrances, roof pitch, siding and windows.
- H. Front Yard Prohibited. The ADU may not be located within the front yard.
- I. Deed Restriction. A deed restriction enforceable by the City shall be recorded prior to the issuance of a building permit stipulating that the ADU may not be conveyed separately from the primary dwelling unit. An alternative form of security may be substituted if it meets the intent of this provision and is approved by the City Attorney.

(Ord. No. 2015-75, § 7, 12-15-15)

#15

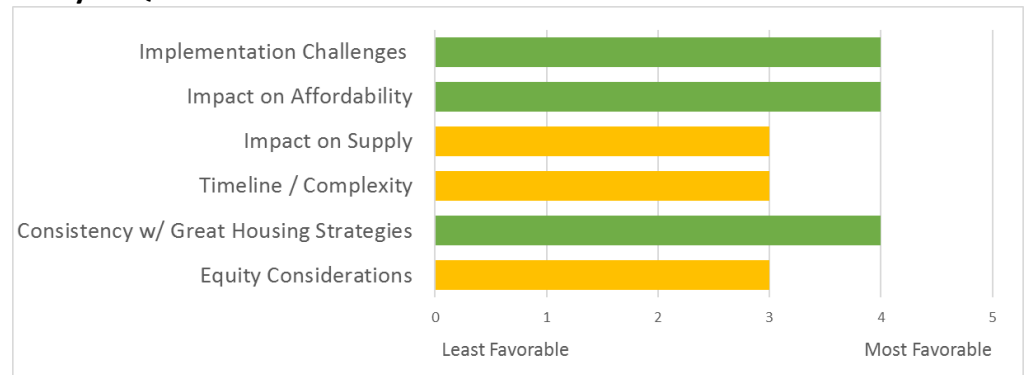
Non-Condo Zero Lot Line Units

Zoning Strategy

Proposal Summary

Modify attached single-family residential requirements to encourage this development pattern.

Analysis Quick Score:



If modify attached single-family requirements; then we can expect...

- Increased use of development tool.
- Expansion of home ownership opportunities.

Current Conditions

Attached single-family dwellings are defined by the Zoning Ordinance as: *a single-family dwelling attached to one (1) or more other single-family dwellings by a common vertical wall, with each dwelling located on a separate lot. This term includes town houses and row houses.* Attached single-family dwellings are permitted as a Special Land Use in Low Density Residential Zone Districts and by-right in the Mixed-Density Residential Zone Districts. Attached single-family Residential developments are subject to the requirements of Section 5.5.08.

The current zoning text amendment being considered by the City Commission would move the use requirements from Section 5.5.08 to Article 9, therefore giving the Planning Commission the authority to waive or alter the use regulations provided the standards of Section 5.12.12.E (Special Land Use Review Standards) are substantially met.

References: Zoning Code: Sections 5.5.05 and 5.5.08






Analysis

Attached Single-Family dwelling are not generally being developed in the City. Although the reasons for this are not well known, recent development meetings suggest that current requirements, such as minimum dwelling unit width and minimum lot area are significant barriers. Specifically, smaller projects cannot support a condominium development due to the initial legal cost of formation, lack of continued financial stability to support the condominium by the small pool of owners, and lack of interest in condominium board involvement from the required number of owners. However, when they seek to pursue attached single-family as an alternative to the condominium ownership format they have encountered other obstacles to the development, specifically meeting minimum lot sizes for each unit (even if met, on average) and meeting the minimum width requirements that apply to single-family structures. (The unit width requirements would not apply as multifamily). Architects have suggested that a reduction from the minimum 18-foot width to 16-foot width would still allow for an efficient and comfortable row house floor plan, but could substantially reduce costs using a structural design that would allow an exterior wall to exterior wall span without midpoint supports.

Implementation Challenges



The proposed changes are intended to reduce implementation challenges currently associated with the construction of attached single family units. (Score = 4)

| | |
|---|---|
| <p>Impact on Affordability</p>  | <p>Facilitating the construction of attached single-family units could lead to additional opportunities for affordable home ownership. The cost of these units could be further mitigated through reduced lot size or building width and the associated reductions in underlying land cost or construction costs. The cost savings realized from not creating a condominium could also positively impact unit price. Finally, long-term energy savings can be gained in a format that has shared walls. <i>(Score = 4)</i></p> |
| <p>Impact on Housing Supply</p>  | <p>The change would not directly impact housing supply as it doesn't change the underlying permitted density, however it could provide incentive for the development of some infill sites. If such a use were allowed by right, there may be concern regarding the demolition of existing housing units and their replacement with new attached single family units. <i>(Score = 3)</i></p> |
| <p>Timeline / Complexity</p>  | <p>The timeline and complexity is dependent on the changes made and public engagement required. A minor reduction in only minimum building width could be considered relatively minor zoning text amendment and not generate substantial concern. Other changes, such as wholesale changes to zoning lot sizes could have much broader implications overall and require a more intensive engagement process. <i>(Score = 3)</i></p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <p>✓ Provide a Variety of Housing Choices</p> <p>✓ Encourage Mixed-Income Neighborhoods</p> <p>✓ Create and Preserve Affordable Housing</p> <p><input type="checkbox"/> Support Low-Income and Vulnerable Populations</p> </div> <div> <p><input type="checkbox"/> Support Employers and Workforce Development</p> <p><input type="checkbox"/> Encourage Alternative Transportation & Parking Options</p> <p><input type="checkbox"/> Change Public Perception of Affordable Housing</p> <p><input type="checkbox"/> Advocate for Change to State and Federal Policies</p> </div> </div> <p><i>Commentary:</i> The proposed change would facilitate future construction of an additional housing type that is permitted but scarcely utilized within the City. The cost reductions from eliminating a need for a condominium and the potential cost-savings in construction could also impact affordability and encourage the creation of affordable ownership units. <i>(Score = 4)</i></p> |
| <p>Equity Considerations</p>  | <p>The proposed change does not have direct equity implications. <i>(Score = 3)</i></p> |
| <p>Possible Alternatives</p> | |
| <p>Option A: No immediate change, but allow modifications through the Planning Board review process, as proposed under the pending amendment to see if it generates adequate interest in attached single-family.</p> <p>Option B: Initiate a Zoning Text Amendment to modify minimum single-family unit width from 18 feet to 16 feet.</p> <p>Option C: Modify zoning lot size, zoning lot width, and/or approval processes.</p> | |
| <p>Recommendations / Actions:</p> | |
| <p>Housing Advisory Committee Recommendation:</p> | |
| <p>City Commission Action:</p> | |

Attached Single-Family and Two-Family Dwellings

Sec. 5.5.08. - Attached Single-Family and Two-Family Dwellings.

attached single-family or two-family dwelling is located on its own lot and shares one (1) or more common or abutting walls/floors/ceilings with one (1) or more dwelling units. Examples include row houses and townhouses. Attached dwellings must

comply with the dimensional and design standards of Sections 5.5.06. and 5.5.07., except where such standards are expressly modified by the following Section:

- A. *Conversion.* The conversion of attached single-family and two-family dwellings to a higher density on the same lot is prohibited, except where the building exceeds five thousand (5,000) square feet in Gross Floor Area and the Planning Director determines that the size of the house is out of character with other houses within a three (3) block radius. If it is determined that the conversion is permissible, the use shall be heard as a Special Land Use by the Planning Commission to determine the appropriate number of units.
- B. *New Construction.* New construction of a two-family dwelling is a Special Land Use in Low-Density Residential Zone Districts and is permitted by right in Mixed-Density Residential Zone Districts, in accordance with all applicable requirements found in Article 5 Residential Zone Districts.
- C. *Minimum Lot Area.* The minimum lot area per dwelling unit is the minimum lot area per dwelling unit of the Zone District.
- D. *Minimum Setbacks.*
 - 1. The minimum required interior side setback on the side of the dwelling unit containing the common wall is reduced to zero. The (interior) side and rear setback standards of the Zone District apply around the perimeter of the project.
 - 2. On corner lots, the interior side setback may be reduced to zero. However, the remaining side setback on a street must comply with the standards of the Zone District.
 - 3. On a corner lot, the required building setback from one (1) front lot line may be reduced to fifteen (15) feet. This setback may be further reduced to match the predominant setbacks of adjoining structures on the same side of the street between the nearest intersecting streets or alleys, provided that a minimum setback of three (3) feet is provided in all cases. Landscaping must be installed within these required setbacks.
- E. *Minimum Building Width.* Each dwelling shall have a minimum dimension of eighteen (18) feet in any horizontal dimension.
- F. *Separation Between Walls.*
 - 1. When the end wall of a row of attached single-family dwellings faces the front wall or rear wall of another row of attached dwellings, the minimum required separation between such buildings (excluding minor building projections allowed under Section 5.2.06.) is twenty (20) feet.
 - 2. Driveways and open parking areas may be located within this separation area, provided that landscaped planting areas with a minimum separation of four (4) feet from one building wall are provided.
- G. *Building Façades on Public Streets.*
 - 1. *Building Façades.* Building façades that face public streets shall include elements of a front façade, including doors and/or windows.
 - 2. *Façade Treatment.* The front of each attached single-family dwelling must be distinct through either the use of different façade materials; staggered building lines (minimum two (2) feet); an identifiable permanent architectural design element such as a chimney; pilaster or column (excluding gutter spouts or siding trim); or a combination of methods.
- H. *Roof Line.* The roof line of each attached single-family dwelling must be distinct through either a separation of roof pitches (minimum difference at least five (5) degrees), a difference in roof direction, a difference in roof height (minimum of two (2) vertical feet), or a combination of both methods.
- I. *Garage Doors.*
 - 1. *Garage Door Entrances.* Garage door entrances for individual attached single-family dwellings shall not be allowed to face a public street. Alleys or interior driveways shall be used, except as provided. This provision is not intended to prohibit garage doors that serve common parking areas.
 - 2. *Facing Public Street.* When garages for individual attached single-family dwellings must face a public street, garage doors shall be set back at least twenty (20) feet from the front lot line. Garage doors shall be subject to the same transparency requirements as the building façade.
 - 3. *Maximum Width.* Garage doors may not comprise more than forty (40) percent of the width of the street-facing façade of the structure containing the attached single-family dwellings. The maximum continuous, uninterrupted length of a garage door (or combination of smaller, one-car garage doors) along the street-facing façade may not exceed twenty-five (25) feet in width. A minimum separation of six (6) feet is required between garage doors.
 - 4. *Recess.* All garage doors must be recessed at least five (5) feet from the front building wall.
- J. *Private Yards.*

-
1. *Private Yard.* Each attached single-family dwelling shall be provided a private yard. All private yards shall have a minimum contiguous area of two hundred (200) square feet.
 2. *Location.* The private yard shall be located immediately adjacent to the front wall, rear wall or end wall of the attached single-family dwelling it serves.
 3. *At Grade.* Required private yards may be located at grade, within four (4) feet of grade if a terrace or patio. An Administrative Departure may be approved for a deck that is more than four (4) feet above grade.
 4. *Contiguous to Common Open Space.* Required private yards may be located within a common open space area provided that the common area is contiguous and directly accessible to the attached single-family dwelling and the private yard area is in excess of the minimum required common open space.
 5. *Driveways and Parking.* No driveways or off-street parking spaces (open or enclosed) may be located within required yards.

K. *Common Open Space.*

1. *Minimum Required Open Space.* In addition to required private yards in Section 5.5.08.G., any attached single-family dwelling development of forty (40) or more units must provide a minimum of one hundred fifty (150) square feet of common open space per dwelling unit.
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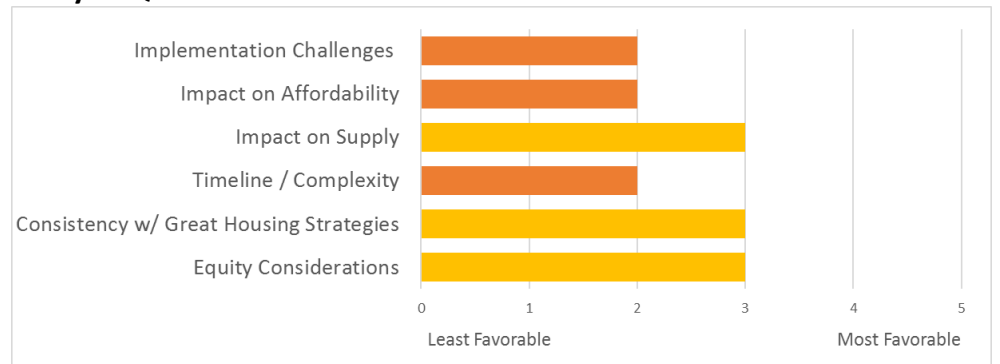
#16

Setbacks, Lot Area, Building Area and Width Zoning Strategy

Proposal Summary

Consider reductions in lot size, dimensional standards, and/or setbacks to encourage infill development of vacant lots.

Analysis Quick Score:



If we modify lot standards; then we can expect...

- Reduction in the number of variances or special approval requests.
- Additional infill development within neighborhoods.
- Concerns regarding changing neighborhood character, particularly in suburban neighborhoods with large lots.

Current Conditions

Each zone district carries its own minimum lot area and setback requirements, as outlined within Table 5.5.06.A. However, these lot area and width requirements are further influenced by the existing neighborhood or block pattern. Similarly, this table establishes minimum front side and rear setbacks. Front setbacks are further controlled by the Required Build Line (RBL) based on the adjacent lots or block pattern, if applicable.

References: Zoning Code: Table 5.5.06.A

Analysis






Lot area and width requirements in combination with setbacks establish the amount of available land for a building footprint. The Zoning Ordinance regards the established neighborhood and block patterns as a controlling factor for development; which may result in a lot that lacks sufficient area to construct a residential unit. Some lots may still be allowed to develop under the nonconforming lot provisions or through granting of a variance from the minimum dimensional standards. However, the uncertainty associated with these lots makes them undesirable for acquisition to develop. Re-examining the minimum zoning lot sizes could identify additional infill opportunities by shifting some lots from non-conforming to conforming lots, thus encouraging infill development or redevelopment. However, it may also encourage demolition of structures on larger lots to allow the splitting of the lots and the construction of additional units; particularly in more suburban parts of the city.

Changes to side yard setbacks, particularly in the TN Traditional Neighborhood district were set so that a driveway could be added to the lot in the future if the property owner did not include it in their plans, and that window opening requirements under the Building Code would not be affected so that windows could be placed on all sides of a structure. Adjusting the metrics of the minimum dimensions will require careful consideration.

Implementation Challenges



The current requirements were designed to preserve neighborhood character based on neighbor concerns expressed during the Master Plan process. Significant or multiple changes may be viewed as a major policy shift. Changing these requirements without community input commensurate to the efforts of the Master Plan and Neighborhood Pattern Workbook could be perceived as disregarding the input that was received. (Score = 2)

| | |
|---|---|
| <p>Impact on Affordability</p>  | <p>The change would not directly affect affordability unless the reduced lot size standards were applied as a bonus only for affordable units. However, this could open a legitimate argument against equal treatment of property. (Score = 2)</p> |
| <p>Impact on Housing Supply</p>  | <p>Depending on the degree of change to lot width and area requirements, this change could have a net benefit to housing supply by shifting lots from undevelopable to conforming lots and could include the demolition of existing housing stock for additional lot splits and more units in existing neighborhoods. (Score = 3)</p> |
| <p>Timeline / Complexity</p>  | <p>The community engagement process could become complex and time consuming depending upon the degree of change. Modifications to how non-conforming lots are regarded, rather than the creation of new lots could be accomplished rather quickly with a text amendment (Score = 2)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <p>✓ Provide a Variety of Housing Choices</p> <ul style="list-style-type: none"> <input type="checkbox"/> Encourage Mixed-Income Neighborhoods <input type="checkbox"/> Create and Preserve Affordable Housing <input type="checkbox"/> Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options <input type="checkbox"/> Change Public Perception of Affordable Housing <input type="checkbox"/> Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> The change could provide opportunity for additional single-family units throughout the city, particularly in areas where larger lots exist. (Score = 3)</p> |
| <p>Equity Considerations</p>  | <p>The change would not address any equity issues. (Score = 3)</p> |
| <p>Possible Alternatives</p> | |
| <p>Option A: No change. Retain existing standards and allow deviation by variance.</p> <p>Option B: Initiate a Zoning Text Amendment to address the buildability of non-conforming lots; potentially allowing for administrative reductions or shifting the process from Board of Zoning Appeals review to an administrative one. There may be challenges in terms of specific duties assigned under the Planning and Zoning Enabling Acts.</p> <p>Option C: Modify lot standard requirements for one or more neighborhoods / zone districts. Research regarding existing conditions and the impact of any change would be useful in deciding where changes should be considered. A public outreach plan could better identify neighborhood concerns and address some of the potential challenges identified above. A comprehensive review of the lot size and dimensional standards could be undertaken as a part of the Master Plan update or other processes where neighborhood character is discussed.</p> | |
| <p>Recommendations / Actions:</p> | |
| <p>Housing Advisory Committee Recommendation:</p> | |
| <p>City Commission Action:</p> | |

#17

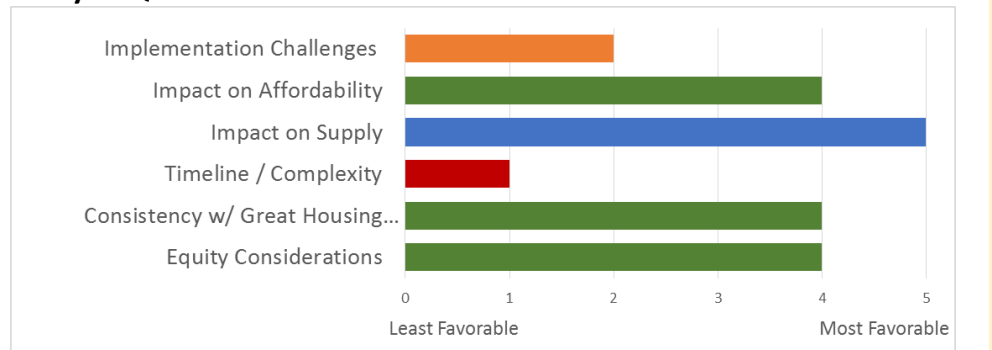
Mixed Housing Types

Zoning Strategy with Community Development

Proposal Summary

Develop policies or programs designed to bring about a mix of housing types (single-, two-, multi-family) as well as housing forms (detached, row house, carriage house, flats, cottage court, etc.) in all neighborhoods.

Analysis Quick Score:



If we promote a mix of housing types; then we can expect...

- “Healthier” overall neighborhood environments
- Opportunities for affordable housing
- Fewer areas of concentrated poverty
- An overall increase in residential density

Current Conditions

The City’s Zoning Ordinance currently allows for a variety of housing types within Mixed-Density Residential (MDR) zoning districts. However, there are very few areas with this zoning. Housing types other than detached single-family are generally allowed within the Grand Rapids, but require Special Land Use approval from the Planning Commission in the Low-Density Residential (LDR) zone district, which is the predominant zone district in the city. Accessory Dwelling Units also require Special Land Use approval in the LDR zone district. A provision to require a “Variety of Housing Types”, for developments with an area greater than 5 acres in size and with more than 2 residential units proposed in 1 building, was proposed following the Great Housing Strategies process. That provision was ultimately not approved by the City Commission.

References:

Zoning Code: Article 5

Other: Great Housing Strategies, 2002 Master Plan



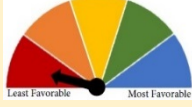


Analysis

Single family residential subdivisions generally have little variation in lot size or housing type along a street or cul-de-sac. Mixing housing density and form in the same vicinity (especially along the same street and/or in the same block) adds physical variety to a street and increases density and promotes opportunities for affordable housing, rather than segregate incomes, it allows for a mixture of incomes within blocks of a development. Research is needed to determine the optimal mix of housing types, particularly for Grand Rapids if applicable.

Implementation Challenges



Many housing types and forms are allowed in the City, but due to predominant LDR zoning are allowed only with Special Land Use review from the Planning Commission, which requires a significant investment of resources and time from the applicant. The LDR zone district regulations could be changed to allow more types of housing, but would likely face opposition from a public that has generally been opposed to introducing additional density within their neighborhoods, even to an extent of allowing density comparable to the existing. Requiring a mix of housing types, as previously proposed, could face potential legal challenges if the underlying provisions of the Zoning Ordinance are not changed accordingly (i.e. a project otherwise allowed by right would essentially be forced to include a component allowed only with Special Land Use review). (Score = 2)

| | |
|---|--|
| <p>Impact on Affordability</p>  | <p>Net affordability would increase, since there is a proven correlative relationship between density and affordability and this proposal would increase net density by introducing housing types other than single-family. (Score = 4)</p> |
| <p>Impact on Housing Supply</p>  | <p>Allowing a greater variety of housing types by right in the city would appreciably increase the housing supply by simply allowing a greater number of units to be constructed without the regulatory controls (and public oversight) inherent to the Special Land Use process. (Score = 5)</p> |
| <p>Timeline / Complexity</p>  | <p>Further investigation is required to determine the state of the art in regards to an optimal mix of housing types and densities for the city. Research led by graduate students at local universities (and funded therein) would be preferred method of gaining such data. Once the underlying research is complete, community engagement efforts could begin in earnest. While Zoning Code amendments themselves require few resources to enact, gaining broad-based public support would be critical to ensure the success and longevity of any such amendments. A recommended engagement strategy would be to host community discussions evaluating the opportunities and concerns associated with a mix of housing types and forms, which would be a logical prologue to the upcoming <i>Master Plan</i> update process. Planning or Community Development should engage a team for original research, and the Planning Department would be a reasonable champion to lead public engagement given its endemic role in the <i>Master Plan</i> process. (Score = 1)</p> |
| <p>Consistency with Great Housing Strategies</p>  | <div> <div> <ul style="list-style-type: none"> ✓ Provide a Variety of Housing Choices ✓ Encourage Mixed-Income Neighborhoods ✓ Create and Preserve Affordable Housing ✓ Support Low-Income and Vulnerable Populations </div> <div> <ul style="list-style-type: none"> <input type="checkbox"/> Support Employers and Workforce Development <input type="checkbox"/> Encourage Alternative Transportation & Parking Options ✓ Change Public Perception of Affordable Housing ✓ Advocate for Change to State and Federal Policies </div> </div> <p><i>Commentary:</i> This change reflects many of the principles of the Great Housing Strategies, particularly in regards to housing choice and mixed-income neighborhoods. (Score = 4)</p> |
| <p>Equity Considerations</p>  | <p>While a choice of dwelling unit type has been shown to be a first step in promoting equitable housing development, it does not directly demonstrate the affordability data that would show a supply of housing for low-income households. A mix of housing types allowed by right allows opportunities for scattered-site public housing, a mix of renter- and owner-occupied housing, and does so without necessarily endangering the quality of a neighborhood or social structure as is sometimes expressed by neighbors concerned about the negative impacts of density. (Score = 4)</p> |
| <p>Possible Alternatives</p> <p>Option A: No action.</p> <p>Option B: Begin analysis to understand optimal housing mix. Research could be done as a stand-alone endeavor or as a part of a <i>Master Plan</i> update process. In either case, meaningful public engagement strategy is required.</p> | |
| <p>Recommendations / Actions:</p> <p>Housing Advisory Committee Recommendation:</p> <p>City Commission Action:</p> | |

#18

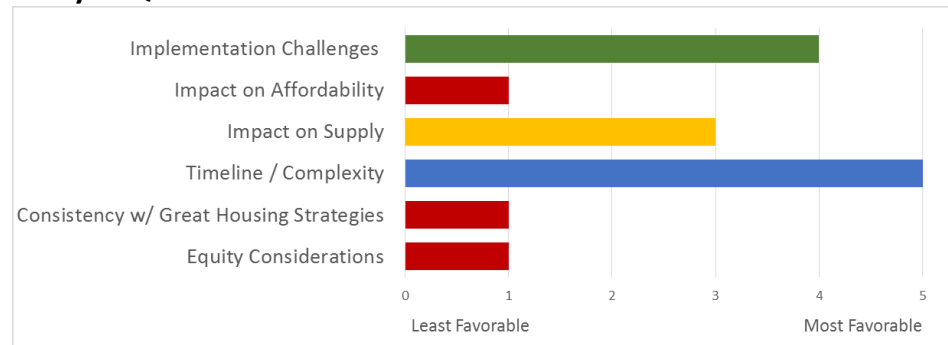
Height Restrictions

Zoning Strategy

Proposal Summary

The proposal was suggested to relax building height restrictions, but without a corresponding increase in units/density.

Analysis Quick Score:



If we relax height restrictions; then we can expect...

- Taller buildings
- Generally less affordable individual dwelling units
- Higher energy costs

Current Conditions

The Zoning Ordinance currently limits building height in all zone districts. In residential districts, the set maximum height can be exceeded by anywhere from 1 to 5.5 stories with approval by the Planning Commission through Special Land Use procedures. In commercial districts, set maximum heights may also be exceeded by 1 to 4 stories by employing one of several bonuses that are available in return for providing urban open space, a mix of affordable and market rate dwelling units, or a transit station in some areas. There is a minimum height requirement in certain commercial districts, as well. Finally, there is a split downtown height overlay zone district, which in one area allows unlimited height, and in the other up to 10 stories by right and an additional 6 stories with bonuses for various amenities. Members of the Housing Advisory Committee suggested relaxing building height restrictions to allow greater heights, but without a corresponding increase in the number of units.

References:

Zoning Code: Table 5.5.07.A., Table 5.6.08.A., Section 5.6.08.B., Table 5.6.08.B.3. Article 7, Section 5.8.02.

Analysis

Relaxing height restrictions would create a more permissive development atmosphere, but would not result in any measurable community benefit. By not allowing correspondingly increased density, additional building height for the same number of units would simply translate to a greater unit size (either multi-story units or a higher indoor ceiling height, which would translate to higher monthly housing and energy costs, with more indoor space to condition). As existing bonuses are designed to reward the creation of community amenities with the additional bonus height (which would otherwise lead to the developer being able to add additional leasable or saleable space), relaxing or removing height limits would consequently remove the ability of the City to work with developers to create the community amenities currently associated with the height bonus language.

Implementation Challenges



Impact on Affordability



Some developers may support a change to the height restrictions, although without a corresponding increase in allowed density, would have little incentive to build to a greater height. Affordable housing advocates, environmental advocates, and neighbors in the building's immediate vicinity would likely object to this change. Implementation itself, in the form of a zoning ordinance amendment, would be relatively straightforward and uncomplicated. (Score = 4)

With larger units and higher associated energy costs, individual unit affordability would be expected to decrease. (Score = 1)

The Planning Department could very easily draft an amendment to the Zoning Ordinance to enact this proposal. (Score = 5)

- ✓ **Provide a Variety of Housing Choices**

A semi-circular gauge with five colored segments (red, orange, yellow, green, blue) representing a scale from 'Least Favorable' to 'Most Favorable'. An arrow points to the red segment.

- Commentary:* Residential units larger than typical would be created as a result of this proposal, which would provide additional residential choices. Even so, this particular choice was not one advocated by the Great Housing Strategies process. (Score = 1)

Possible Alternatives

Option C: Consider an amendment to the zoning ordinance that allows greater building heights but also allows a corresponding greater number of units (density bonus). This alternative is explored in greater detail elsewhere.

City Commission Action:

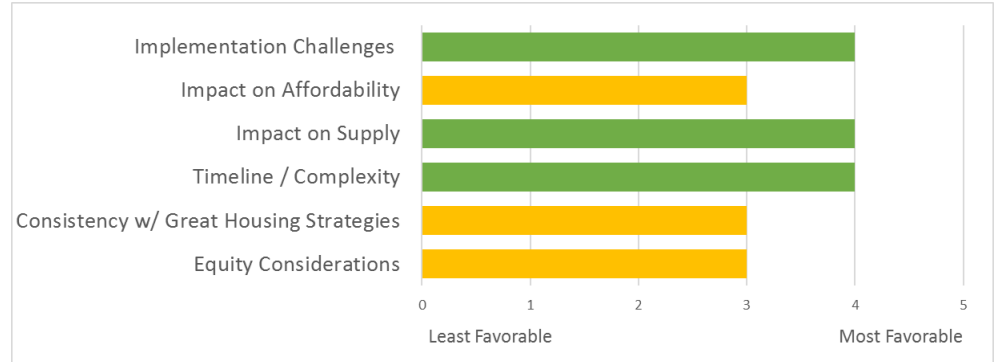
#19

Eliminate Lots of Common Ownership Zoning Strategy

Proposal Summary

Remove limitation under the Zoning Code that prevents development of a vacant non-conforming lot if under common ownership with the adjacent property.

Analysis Quick Score:



If we eliminate restriction for lots of common ownership; then we can expect...

- Additional infill development within some neighborhoods.

Current Conditions

If two or more non-conforming lots that do not individually meet lot width or lot area requirements are held in common ownership, they are considered an undivided parcel for purposes of the Zoning Code and cannot be individually developed. This limitation places an additional burden above that of other non-conforming lots, which are eligible for development, provided they lawfully existed prior to the effective date of the regulations.

References:

Zoning Code: Section 5.3.02

Analysis

There are occasional circumstances that arise where a lot has been developed for single-family with the same owner owning or acquiring an adjacent vacant lot, but with each of the two properties maintained as separate tax parcels. Despite the fact that they have not been formally combined, if either lot is non-conforming, they are considered legally joined for purposes of the Zoning Code. This means that the additional vacant lot becomes undevelopable, other than in support of the lot that is already developed (for additions, accessory uses, etc.). In addition to the impacts on the individual property owner, this regulation reduces infill development opportunities.

Implementation Challenges



Allowing development of smaller infill lots could generate additional requests for variances if the standard allowances for reduction of yards for non-conforming lots cannot be met, unless minimum side yard setbacks and dwelling unit width are also adjusted. Lots that are severely substandard would likely remain undevelopable. (Score = 4)

Impact on Affordability



The proposed change does not directly influence affordability. (Score = 3)

Impact on Housing Supply

The proposed change would have a small, incremental impact on housing supply, however it encourages infill housing within existing neighborhoods that does not significantly vary from or disrupt the pattern of development within the neighborhood. (Score = 4)



Timeline / Complexity



The change would be a relatively simple text amendment. Many people are not aware of or do not understand the current requirements, so some additional outreach would be needed to clearly explain the proposed change and expected outcomes. (Score = 4)

Consistency with Great Housing Strategies



- ✓ **Provide a Variety of Housing Choices**
 - ☐ Encourage Mixed-Income Neighborhoods
 - ☐ Create and Preserve Affordable Housing
 - ☐ Support Low-Income and Vulnerable Populations
- ☐ Support Employers and Workforce Development
- ☐ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ☐ Advocate for Change to State and Federal Policies

Commentary: The change will encourage additional infill housing, providing opportunities for new infill housing (and potentially housing types) within a neighborhood. (Score = 3)

Equity Considerations



The change benefits existing property owners, allowing them financial gain from a property which may have previously had limited value. There is no way to mitigate this benefit in terms of equity unless paired with other incentives that directly encourage affordability. (Score = 3)

Possible Alternatives

Option A: No change. Retain existing limitations for lots of common ownership.

Option B: Initiate a Zoning Text Amendment to amend Section 5.3.02 to remove or create exceptions to the current joinder provisions for lots of common ownership. A communication plan to explain the change and its impact may be helpful, as this Section is not widely understood by the general public.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#20

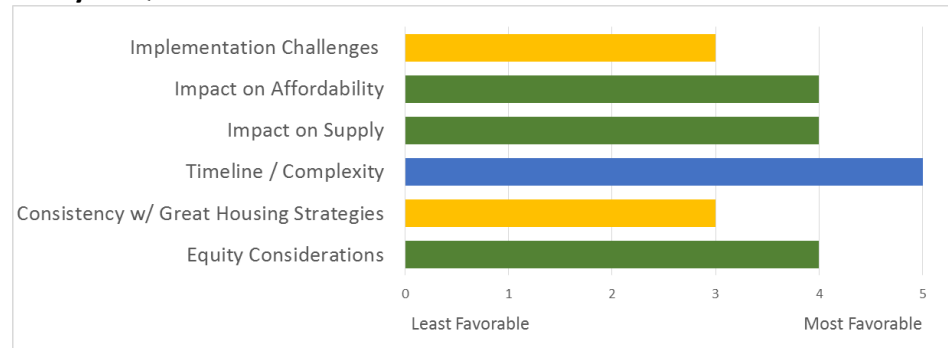
Eliminate Lot Area Requirements in TN Districts

Zoning Strategy

Proposal Summary

Reduce the minimum lot area requirement for proposed multifamily residential developments in TN (Traditional Neighborhood) areas.

Analysis Quick Score:



If we reduce the minimum lot area for multifamily, we can expect...

- A corresponding reduction in Special Land Use requests
- A better development environment for multifamily residential
- Additional residential density in core residential areas.

Current Conditions

The Zoning Ordinance currently requires a minimum lot area of 20,000 square feet for any multifamily development in a residential zone district, regardless of the number of units proposed. In MDR zone districts, multifamily developments are allowed by right, but there are relatively few parcels in the city that meet this requirement. (There are a total of 62,866 parcels in the City; 3426 are currently zoned MDR – 5.4% – and 344 have an area of 20,000 sq. ft. or more). As such, multifamily residential can be constructed by right on just 0.54% of parcels in the City. (Furthermore, it may be worth considering how many of those 344 parcels are currently vacant or otherwise development-ready). Separate from the minimum lot area requirement for multifamily residential, there is also a minimum lot area **per unit** requirement (2,000 sq. ft. in LDR districts and 1,250 sq. ft. in MDR districts). Given the current 20,000 sq. ft. minimum lot area in both neighborhood classifications, this results in a *de facto* prohibition on small multifamily developments of 3-9 units in LDR and 3-15 units in MDR. In 2015, language was added to the Zoning Ordinance allowing the Planning Commission to waive the 20,000 sq. ft. minimum lot area using Special Land Use review procedures. However, there have been few cases of utilization of this waiver to date.

References: Zoning Code: Article 5, Section 5.5.06.B.4. and 5.

Analysis

Due to the combination of the minimum square feet per unit and minimum lot area requirements, there is a potential gap between two-family and small multifamily developments. Small multifamily is sometimes regarded as part of the “missing middle” of housing types, and recent market studies as well as adopted Area Specific Plans have encouraged this kind of multifamily residential over larger apartment complexes or high-rise towers. Reconsideration of the minimum lot area standards for TN areas would facilitate the construction of small multifamily units on lots in the core areas of the city which have a generally smaller lot area than those in outlying areas, and arguably where higher density may be more preferred. For TN-MDR, for example, changing the required minimum could address lots larger than 6,000 sq. ft. (the minimum lot area two-family) but less than 20,000 sq. ft., which would permit up to 16 units based on the required 1,250 square feet per unit. Reducing this requirement would permit smaller multifamily projects of less than 16 units in MDR zone districts by right, and less than 10 units in LDR zone districts with Special Land Use approval. Conventional financing currently allows mortgages for residential construction of up to 4 units without being considered commercial construction, which typically is more restrictive in regards to financing eligibility and terms. Additionally, the residential building code has more restrictions for buildings of 4 or more units. Therefore, it may be preferable to consider a tiered system of different required lot areas for 3, 4, 5-8, 9-15, or 16+ units. Limiting the proposed change to TN areas (28.83% of residentially zoned parcels) would also limit the effects of this expansion, piloting the change for the core city before potentially considering a similar change for parcels further from the city center. Such a change

would not reflect any change in land use regulations, but would result in a more competitive development environment for small multifamily residential proposals.

Implementation Challenges



Because this change would not reflect any change in land use regulations or zone district (Low-Density to Mixed-Density, for example), neighborhood opposition is expected to be relatively minor. However, this change would still result in additional multi-family residential construction and concerns from the public that are generally associated with that (such as parking strain, traffic, noisy neighbors, etc.). (Score = 3)

Impact on Affordability



Since there is generally a correlation between residential density and affordability (given a basic supply/demand relationship), individual unit affordability is expected to increase as a result of this change. (Score = 4)

Impact on Housing Supply



Housing supply would generally increase in the core areas of the city as a result of the proposed reduction, since the reduction would facilitate the development of small multifamily residential projects. (Score = 4)

Timeline / Complexity



The Planning Department would lead the research into the potential impacts of a variety of minimum lot areas and determination of the optimal minimum lot area. No funding would be necessary for this work as it would be ordinance research typically assumed by Planning staff. A relatively simple ordinance amendment could be proposed in concert with any other Zoning Ordinance amendments that may result from the work of the Housing Task Force, with the process taking 10-12 weeks and involving review by the Planning Commission (with a public hearing) and the City Commission (with an optional public hearing). (Score = 5)

Consistency with Great Housing Strategies



- ✓ **Provide a Variety of Housing Choices**
 - ☐ Support Employers and Workforce Development
 - ☐ Encourage Alternative Transportation & Parking Options
- ✓ **Encourage Mixed-Income Neighborhoods**
 - ☐ Change Public Perception of Affordable Housing
 - ☐ Advocate for Change to State and Federal Policies
- ✓ **Create and Preserve Affordable Housing**
- ✓ **Support Low-Income and Vulnerable Populations**

Commentary: This action would result in a more favorable development atmosphere for multifamily residential, which would lead to additional densities and affordable price ranges that reflect the goals of the Great Housing Strategies project. (Score = 3)

Equity Considerations



This strategy would have expected benefits in regards to social equity, as additional density tends to correlate with affordable housing, which has been determined to be a need in the central neighborhoods in which the amendment would be proposed. (Score = 4)

Possible Alternatives

Option A: No change.

Option B: Reduction of minimum lot area for all multifamily development, regardless of number of units.

Option C: Tiered reduction of minimum lot area for various ranges of number of units.

Option D: Complete elimination of minimum lot area requirements (while maintaining *lot area per unit* requirement).

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

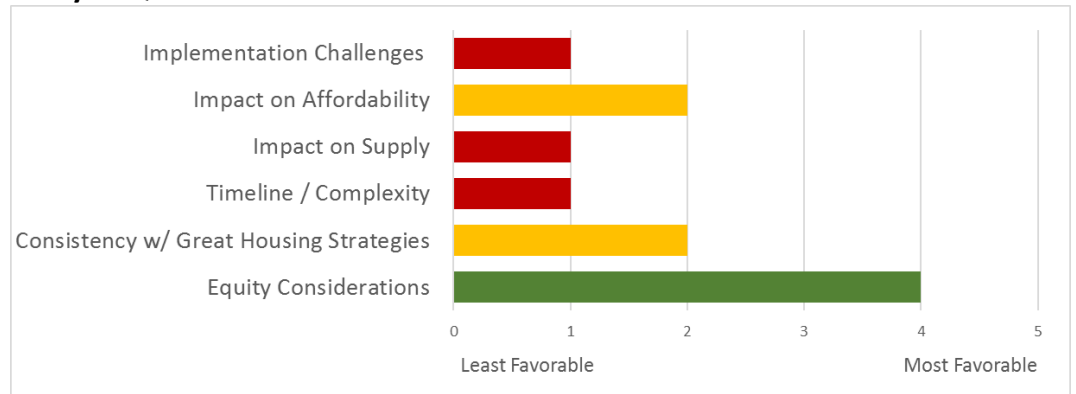
#21

Income Limit and Lead Practices for Tax Foreclosures Policy Strategy

Proposal Summary

Amend policy to require that any entity acquiring property from the City pursuant to Commission Policy 900-44 provide housing for individuals or families earning 100% of Area Median Income (AMI) or below. In addition, ensure that properties rehabbed are lead safe upon completion.

Analysis Quick Score:



If we amend this policy; then we can expect...

- Increase in housing available to <100% AMI families
- Increase in number of houses with lead risks remediated
- Increase in rehabilitation costs for tax foreclosed homes

Current Conditions

In Michigan, properties that are delinquent on three years of property taxes are subject to foreclosure by the County in which the property is located. Since 2013, the City has worked with the Kent County Land Bank Authority (KCLBA) to facilitate the repurposing of tax foreclosed properties in Grand Rapids. To date, the requirements of the transaction with the KCLBA are to resell, reuse or repurpose the properties within 18 months, and to abide by all City codes and ordinances. The policy (900-44) identifies affordable housing as a **goal**, but does not **require** it in practice. The policy also requires that the KCLBA works with non-profit housing developers. Some, but not all, properties acquired by non-profits via this arrangement are redeveloped for affordable housing.

Lead paint poses a significant health risk, and leads to significant health impacts in Grand Rapids. The City's 49507 zip code has the highest level of lead poisoning in the State of Michigan (based on percentage of children tested that return results greater than 5 micrograms per deciliter). Lead poisoning can lead to lifelong impacts, including impacts on IQ, ability to pay attention, and academic achievement. Other reports correlate lead poisoning with decreased productivity and wages, as well as incarceration rates. It is likely that the majority of the homes acquired via tax foreclosure contain lead based paint. When federal funds are involved in a project, certain lead practices and remediation are required which can be quite expensive. Generally, when a non-profit is rehabilitating a home with federal funds, full lead **abatement** is required. Independent of any funding or entity, EPA requires compliance with its [Lead Based Paint](#)

[Renovation, Repair and Painting \(RRP\) Rule](#), which requires that work be performed by an EPA Certified Renovator and comply with Lead Safe Work Practices, as defined in the Rule.

References:

City Commission Policy 900-44, 24 CFR Part 35, Michigan Lead Abatement Act, EPA Renovation, Repair and Painting Program

Analysis

The City could impose two new requirements for any tax foreclosed properties that are conveyed by the City. First, it could require that any property that has the size, access and topography to be built upon (whether or not it currently contains a structure) be improved for home ownership or rental housing opportunities for individuals or families making 100% or less of AMI for a period of at least 5-years. This could be accomplished via third party underwriting, and a subordinated second mortgage.

Second, the City could require, at a minimum, documented compliance with the EPA Remodel, Repair, Paint Rule (RRP Rule), and certification that a completed home is lead safe. This would require certification that contractors are EPA Certified Renovators, and both an interior and exterior clearance provided by a State Certified Clearance Technician upon completion of a project (estimated cost of clearance is \$500-\$600). Detail of the documentation required would be necessary. City could inspect several properties per year for an audit, physical and/or file review.

System development would be required for monitoring performance and tracking outcomes. Certain aspects could require resources, both human and financial. Partnerships could be explored.

Implementation Challenges



This proposal would require review at Economic Development Project Team, and among non-profit partners, along with KCLBA. Once review is completed, implementation would require policy amendment, and work to ensure monitoring and compliance was managed. (Score = 1)

Impact on Affordability



Proposal has the potential to impact affordability slightly. In 2016, tax foreclosures had reduced to about 40 parcels, only approximately 22 of which had homes on them. Unless and until there is an increase in tax foreclosures, that is likely to remain a relatively consistent annual number. (Score = 2)

Impact on Housing Supply



Total supply should not be impacted by this proposal. Some supply could shift from being market-rate to being affordable. (Score = 1)

Timeline / Complexity



Timeline should be relatively brief. Requires a few weeks of review, then policy amendment. Time is of the essence, as the tax foreclosure list is produced in April, and expectations should be established for both KCLBA and its partners at that time. (Score = 1)

Consistency with Great Housing Strategies



- | | |
|--|---|
| <input type="checkbox"/> Provide a Variety of Housing Choices | <input type="checkbox"/> Support Employers and Workforce Development |
| ✓ Encourage Mixed-Income Neighborhoods | <input type="checkbox"/> Encourage Alternative Transportation & Parking Options |
| ✓ Create and Preserve Affordable Housing | <input type="checkbox"/> Change Public Perception of Affordable Housing |
| <input type="checkbox"/> Support Low-Income and Vulnerable Populations | <input type="checkbox"/> Advocate for Change to State and Federal Policies |

Commentary: The change has limited compatibility/impact. (Score = 2)



The majority of the tax-foreclosed properties tend to be in neighborhoods experiencing disparate impacts as it relates to housing, and are primarily minority populations. These are also the areas that experience the highest level of lead poisoning among infants and children. (Score = 4)

Possible Alternatives

Revisions to City Commission Policy 900-44 could include a requirement that any tax foreclosed properties conveyed by the City that have the characteristics that would permit housing, have housing constructed or renovated that is available to individuals or families earning less than 100% of AMI, and that documentation that the rehabilitation has resulted in a lead safe home is made available, as described above.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

#22

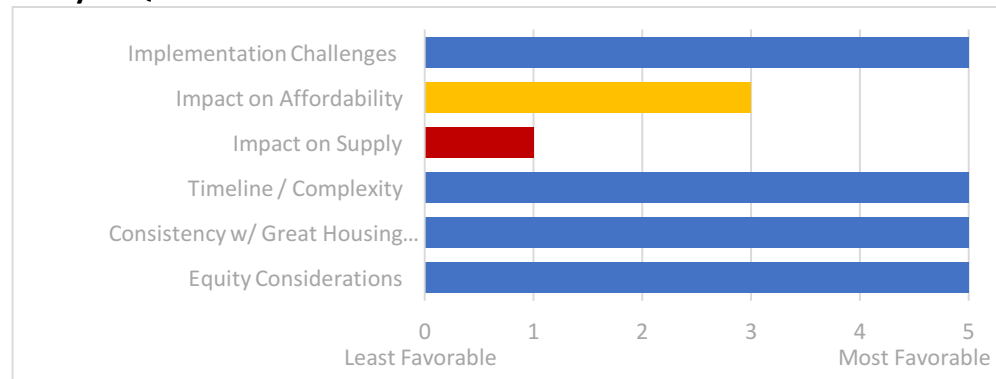
Layer Lead Abatement/ Housing Assistance

Policy Strategy

Proposal Summary

Layer lead-based paint funds with other housing assistance resources.

Analysis Quick Score:



If we layer lead-based paint program funds with other housing program funds; then we can expect...

- Increased number of lead safe homes in the city.
- Decreased number of lead poisoned children in the city.

Current Conditions

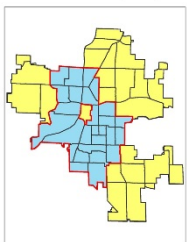
Lead paint poses a significant health risk and leads to significant health impacts. Eighty percent (80%) of the homes in Grand Rapids were built before 1978, which is prior to the ban on lead paint. Lead poisoning can lead to lifelong impacts including lower IQ, ability to pay attention, and academic achievement. Reports also correlate lead poisoning with decreased productivity and income earnings, as well as incarceration rates. Based on percentage of children tested that return results greater than 5 micrograms per deciliter, the Grand Rapids 49507 zip code has the highest level of lead poisoning in the State of Michigan.

With the exception of an individual working within their own home, the Environmental Protection Agency (EPA) requires compliance with the Lead Based Paint Renovation, Repair and Painting (RRP) Rule. This requires work be performed by an EPA Certified Renovator and comply with Lead Safe Work Practices, as defined in the Rule. When federal funds are used to rehabilitate a property, applicable rules for addressing lead-based paint are contingent on the level of assistance to be provided prior to application of the findings of a Paint Inspection/Risk Assessment.

The City, through the Community Development Department, operates a Lead Hazard Control Program that offers assistance to homeowners and rental property owners to remove lead hazards in homes. Since 2003, the City has received seven competitive grants from the U.S. Department of Housing and Urban Development (HUD) Office of Healthy Homes and Lead Hazard Control totaling approximately \$19,000,000. During that time, the program made more than 1,300 homes lead safe.

The most recent grant, awarded in July, 2016, will continue through October, 2019. Eligible program properties include:

2016 Lead Hazard Control Program Target Area



- Homes located within the program's target area,
- Owner-occupied homes or occupied rental units (one- to four-unit buildings only),
- Homes where household income is at or below 80% of the Area Median Income,
- Homes in which a child under the age of six resides or receives regular childcare, and
- Vacant family-friendly rental units may also qualify.

Homeowners are eligible for a no interest loan of up to \$16,000. Up to 50% of the loan may be forgiven if payments are received on a timely and consistent basis. Rental property owners may be eligible for deferred loans of up to \$14,000 for one unit, \$18,000 for 2 - 4 unit properties, with a co-pay of 10% of the contract cost (minimum co-pay is \$300). Rental properties must be affirmatively marketed to families with young children at affordable rents for at least three years after project completion.

References: *Lead Safe Housing Rule (24 CFR Part 35); Michigan Lead Abatement Act; EPA Renovation, Repair and Painting Rule*

Analysis

The Lead Hazard Control program follows the Center for Disease Control and Prevention (CDC) recommended definition for elevated blood lead level of 5 or more micrograms per deciliter. As required by HUD, identification of the Lead Hazard Control Program target area considered the location of older (pre-1978) housing units, the ages of unit occupants, and number and percent of lead poisoned children. Only lead hazards identified as a result of a Paint Inspection/Risk Assessment may be remediated in the program.

Since limited exposure to lead-based paint can lead to harm, the City encourages proactive steps to address lead hazards. The Community Development Department currently layers funding for such projects to maximize available resources and work completed on the property. Lead program funds are used in coordination with Community Development Block Grant (CDBG) and HOME Investment Partnerships funds through the City's owner occupied Housing Rehabilitation and Rental Rehabilitation programs.

Implementation Challenges



There is minimal implementation challenge in coordination of existing Lead Hazard Control program funds with other housing redevelopment funds, but would require adherence to target area geography. Program administrative guidelines would require minor procedural changes, and program outreach and marketing materials would require updating. *(Score = 5)*

Impact on Affordability



Lead Hazard Control Program guidelines require rental units are maintained as affordable for households at or below 80% of AMI for at least 36 months after project completion. While there is no requirement for homeowner units to be maintained as affordable, there is financial incentive to do so as up to 50% of the loan may be forgiven if payments are received on a timely and consistent basis.

Beyond housing affordability, there are significant societal and economic benefits gained by addressing lead-based paint. Inaction affects health care, special education, incarceration, and other social and behavioral costs. *(Score = 3)*

Impact on Housing Supply



This strategy does not increase the supply of housing units. It does; however, improve the health and safety of existing units. *(Score = 1)*

Timeline / Complexity



This strategy is not complex to implement. City staff would need to update Lead Hazard Control Program administrative guidelines, and outreach and marketing materials. *(Score = 5)*

Consistency with Great Housing Strategies



- ☐ Provide a Variety of Housing Choices
- ☐ Encourage Mixed-Income Neighborhoods
- ☒ Create and Preserve Affordable Housing
- ☒ Support Low-Income and Vulnerable Populations
- ☐ Support Employers and Workforce Development
- ☐ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ☐ Advocate for Change to State and Federal Policies

Commentary: The *Great Housing Strategies (GHS)* plan encourages support for existing programs that “Create and Preserve Affordable Housing.” *GHS* states the City should continue its partnerships and programs that preserve the aging housing stock, improve long-term affordability, and ensure health and safety. Specifically, there should be continued support of existing programs such as City housing rehabilitation programs (for renter and homeowner occupied units) that assist with home repair, addressing lead hazards and code violations, and energy efficiency improvements. The majority of properties containing lead-based paint are located in neighborhoods primarily comprised of low-income and minority populations. (Score = 5)



The Lead Hazard Control Program provides assistance to homeowners at or below 80% AMI and property owners that rent to tenants at or below 80% of AMI. The majority of properties containing lead-based paint are located in neighborhoods that primarily comprise of low-income and minority populations. (Score = 5)

Possible Alternatives

Option A: Continue to coordinate/layer use of Lead Hazard Control Program funds with existing CDBG and HOME funded program activities.

Option B: Continue to coordinate program funds as identified in Option A above, and consider expansion of lead remediation activities through use of the Affordable Housing Community Fund.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

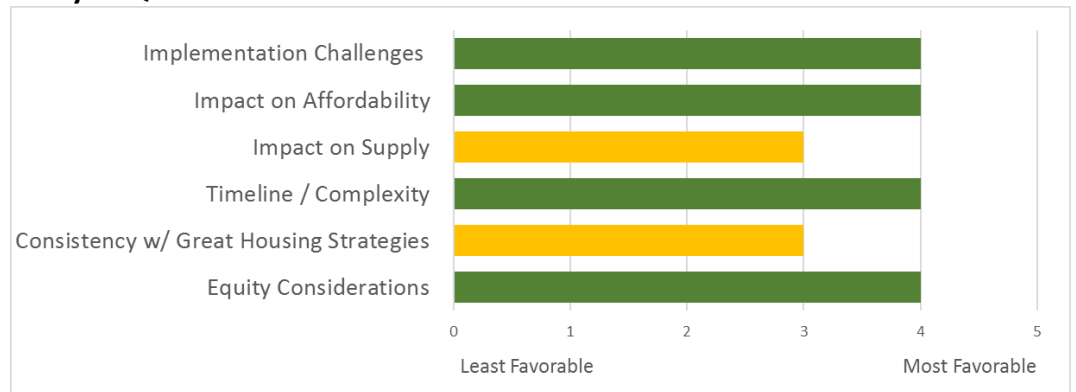
#23

Residential Rental Application Policy Strategy

Proposal Summary

Enact an ordinance regulating residential rental applications and related fees.

Analysis Quick Score:



If we enact an ordinance regulating residential rental applications and related fees; then we can expect:

- Some degree of opposition from landlords.

Current Conditions

There is no state law dictating the contents or form of rental application fees. Other cities, however, have enacted applicable ordinances. A review of a sampling of those ordinances indicates that residential rental applications may (1) prohibit fees altogether; (2) limit fees to those that reflect the actual expense of processing the application and require the return of the remainder within a certain time period; (3) require that reasons for denial be included in rejected applications; (4) disclose the criteria upon which an applicant will be judged; (5) disclose what tenant screening agency or other credit reporting agency will be used in screening the application; and (6) allow the applicant the choice of methods for return of the application.

Analysis

Again, currently there is no statute or local ordinance authorizing or governing residential rental application fees; nor, however, is there any law prohibiting such ordinances. The decision whether to move forward with an ordinance is a policy decision.

Implementation Challenges



The primary challenges would be opposition from landlords and enforcement. However, it could be incorporated into monitoring that already occurs for fair housing practices. (Score = 4)

Impact on Affordability

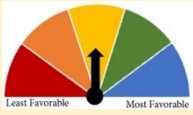



The proposed change would not impact the rental rate, however application fees can be a significant barrier for an applicant in initially securing a rental unit. The proposed change could positively impact accessibility to these units. (Score = 4)

Impact on Housing Supply



The proposed change would not directly impact housing supply. (Score = 3)

| | |
|---|---|
| Timeline / Complexity | A new ordinance could be enacted within approximately six weeks depending on the City Commission’s priorities and meeting schedules. (Score = 4) |
| Consistency with Great Housing Strategies  | <div> <input type="checkbox"/> Provide a Variety of Housing Choices <input type="checkbox"/> Support Employers and Workforce Development </div> <div> <input type="checkbox"/> Encourage Mixed-Income Neighborhoods <input type="checkbox"/> Encourage Alternative Transportation & Parking Options </div> <div> <input type="checkbox"/> Create and Preserve Affordable Housing <input type="checkbox"/> Change Public Perception of Affordable Housing </div> <div> <input checked="" type="checkbox"/> Support Low-Income and Vulnerable Populations <input type="checkbox"/> Advocate for Change to State and Federal Policies </div> <p><i>Commentary:</i> The proposed change would help to support low-income and vulnerable populations in the rental process. (Score = 3)</p> |
| Equity Considerations  | The Ordinance would help to ensure that all groups are treated equitably in the rental application process and that low-income or other groups are not discouraged by disproportionate application fees. (Score = 4) |
| Possible Alternatives | |
| <p>Option A: Do nothing.</p> <p>Option B: Enact an ordinance regulating the content of residential rental applications and fees to address any or all of the criteria listed in (1) through (6) under current conditions above.</p> | |
| Recommendations / Actions | |
| Housing Task Force Recommendation: | |
| City Commission Action: | |

#23

Reduce or Eliminate Blight Monitoring Fees for Not-for-Profit Developers

Policy Strategy

Proposal

Summary

Develop a framework for reducing or eliminating blight monitoring fees for not-for-profit developers to reduce pre-construction cost.

Analysis Quick Score:



If we address the cost of fees related blight monitoring then we can expect...

- Lower cost of ownership and carry in project development.
- Reduced total cost of delivering affordable housing.

Current Conditions

Development of affordable housing can take longer to accomplish than general development due to the complexity of land assembly and financing. Projects can take several years to secure necessary funding, as a number of sources are used that require lengthy application and underwriting processes, and are entwined in complex rules and regulations. During this time, property 'carrying costs' can be challenging for nonprofit developers.

The City's Property Maintenance Code and other sections of the City Code require routine maintenance of property. Routine property maintenance includes mowing grass, removing trash, and ensuring vacant properties are secured and safe. These sections of the City Code are intended to protect health, safety and welfare by preventing, or, if present, causing the remediation of blighted or unsafe conditions. These regulations also help preserve housing stock, improve neighborhoods, and enhance quality of life.

As a result, vacant and blighted properties are monitored by the City every 60 days to ensure compliance with codes and to verify progress on property improvement. Property owners are charged a fee if no progress is made toward improving the property. These fees are enabled by ordinance, enacted by resolution and governed by City policy. Fees and costs are established to cover all or part of the expense of providing the service, net of a subsidy from the City's allocation of Community Development Block Grant awards.

References:

Title VIII, Chapter 140 of the City Code: Property Maintenance Code

Title IX, Chapter 151 of the City Code: Nuisance Code

Title VIII, Chapter 135 of the City Code: Building Maintenance Code (Commercial)

Analysis

Limiting or reducing blight monitoring fees for nonprofit developers would have a direct impact on development costs. To the extent these costs can be addressed in an alternative way, pre-development costs could be reduced, lowering this potential hurdle to development. As a result, additional dollars may be available for investment in production of affordable housing units.

Implementation Challenges



Implementation of agreements with City Code Compliance would be simple to implement. Other alternatives may be more challenging as it relies on outside agencies. (Score = 4)

Impact on Affordability



Net affordability could increase, since pre-development and development costs would be reduced. (Score = 3)

Impact on Housing Supply



Pre-development and development costs are not the most significant cost in a development project. (Score = 3)

Timeline / Complexity



Agreements with City Code Compliance would be simple and could occur quickly. (Score = 4)

Consistency with Great Housing Strategies



- ☐ Provide a Variety of Housing Choices
- ☐ Encourage Mixed-Income Neighborhoods
- ☒ Create and Preserve Affordable Housing
- ☐ Support Low-Income and Vulnerable Populations
- ☐ Support Employers and Workforce Development
- ☐ Encourage Alternative Transportation & Parking Options
- ☐ Change Public Perception of Affordable Housing
- ☐ Advocate for Change to State and Federal Policies

Commentary: This change reflects many of the principles of the Great Housing Strategies, particularly in regards to housing choice and mixed-income neighborhoods. (Score = 4)

Equity Considerations



This strategy would contribute to decreasing barriers to development of affordable housing and may reduce the cost of housing developed. (Score = 3)

Possible Alternatives

Option A: No action.

Option B: Establish agreements between the City and nonprofit developers that replaces City monitoring with routine monitoring by the developer.

Option C: Arrange pre-development ownership and maintenance through KCLBA.

Recommendations / Actions:

Housing Advisory Committee Recommendation:

City Commission Action:

