

## AGENDA REPORT

TO: Mayor Pat Humphrey & Clare City Commissioners  
FROM: Diane Lyon, City Clerk  
DATE: January 12, 2023  
RE: \*Professional & Education Training Opportunities

For the Agenda of January 16, 2023.

**\*Note: This is a Consent Agenda item and is considered as routine by the City Commission. As such, this matter shall be automatically enacted by one motion with all other Consent Agenda items unless a Commissioner or citizen requests this item be individually discussed, in which event it shall be removed from the Consent Agenda and considered and acted upon in its designated sequence on the approved Clare City Commission agenda of January 16, 2023.**

Commissioners are encouraged to attend educational and training events. Please submit the attached Professional Development Training Request to the City Clerk if you are interested in attending any educational or training event(s).

1. Michigan Municipal League Upcoming Events. The MML also provides many opportunities for training and professional development including a vast selection of webinars available for viewing. The current offerings are attached for review & consideration.
2. American Planning Association-Michigan Chapter. The Michigan APA likewise offers training sessions and onsite workshops for city officials. If you are interested in having the City host an onsite workshop, please contact the City Clerk. The most current opportunities for professional development are attached for your consideration.

Attachments: as outlined above.

Clearly another way of life.



CITY OF CLARE  
Professional Development Training Request

Today's Date: \_\_\_\_\_

Your Name & Title: \_\_\_\_\_

Name of Training Event: \_\_\_\_\_

Location of Training Event: \_\_\_\_\_

Date(s) & Times of Training Event: \_\_\_\_\_

If you are required to sign up for break-out sessions, which break-out sessions & times would you like to attend:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do you have and special food requirements (if the event is serving food)?

\_\_\_\_\_

Will you need a city vehicle to attend this event? Yes  No   
(If the answer is no, a mileage reimbursement form will be provided)

Will you need overnight accommodations? Yes  No

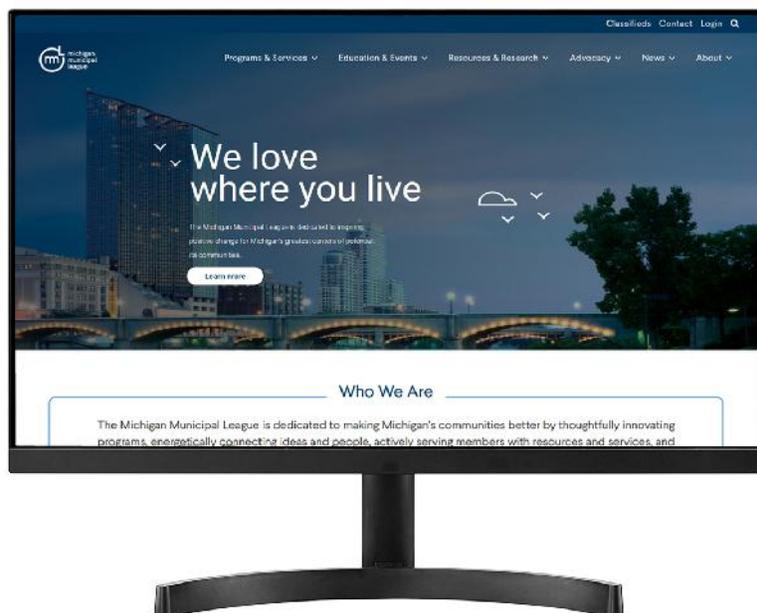
Do you have special needs regarding accommodations? \_\_\_\_\_

Please return this completed form to: Diane Lyon, City Clerk  
202 W. Fifth St.  
Clare, MI 48617  
Or you may email the form to: dlyon@cityofclare.org

**Diane Lyon**

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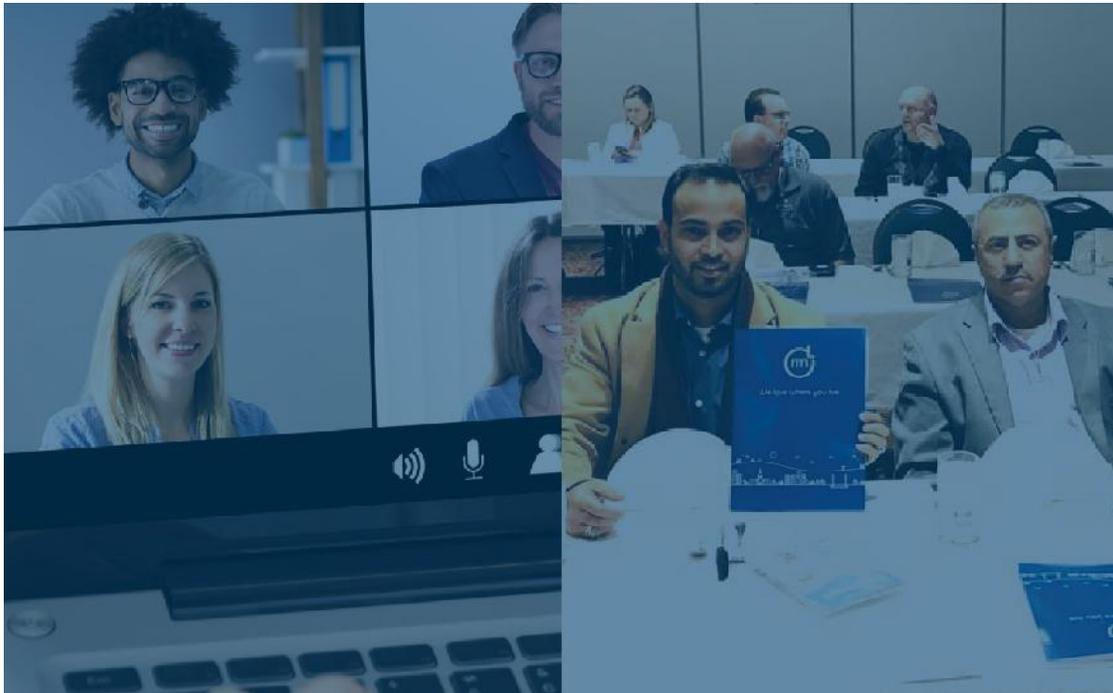
**From:** Michigan Municipal League <mbach@mml.org>  
**Sent:** Tuesday, January 10, 2023 10:03 AM  
**To:** Diane Lyon  
**Subject:** Same Leading Edge, Update Links



**New Website, New Links**

The new Michigan Municipal League website launched on January 6, completing Phase One of an improved online League experience for our members. Due to the technicalities of the website update, links in the previous Leading Edge will no longer work. As a result, we are re-sending this Leading Edge newsletter to our members today with the updated links. We apologize for any inconvenience this has caused.

Please don't hesitate to contact CEO and Executive Director Dan Gilmartin directly if you have any questions, or you can reach out to Dene Westbrook, IT & Operations Director, at [dwestbrook@mml.org](mailto:dwestbrook@mml.org).



## Newly Elected Officials (NEO) Trainings in January

Recently elected officials—there are still two opportunities this month to learn about essential government functions and processes at one of the League's Newly Elected Officials (NEO) trainings. There is an in-person training **Jan. 12 in Ann Arbor** and a virtual option on **Jan. 21**. These are the last NEO trainings for the recent Nov. 2022 election cycle.



**UPCOMING**

**January 9**  
Live with the League

**January 12**  
Newly Elected Officials Training

**January 21**

# EVENTS

## Newly Elected Officials Training (Virtual)

**February 10–11**

Elected Officials Academy Core Weekender

**February 10–11**

Elected Officials Academy Advanced Weekender



### Live with the League

**Live with the League** returned Jan. 9, at noon ([watch here](#)) and our shows in 2023 will take place on the second and fourth Monday of every month. We are looking forward to a new year and new legislative discussions with our Lansing team.



### CapCon 2023 Registration Opening Soon

Keep an eye on your inbox for the opening of CapCon 2023 registration. The League's annual legislative conference will take place on April 19-20, 2023, at the Lansing Center in Lansing, Michigan.

### SMC Data-Driven Decision-Making Workshop

If you missed this crucial workshop last year presented by ServeMICity, here's your chance to learn what long-needed projects, programs, and infrastructure should be priorities when applying for new state and federal resources.

This **workshop on Jan. 25** will help local leaders understand how to access and use reliable data to make these decisions, as well as help them make their grant applications more competitive.

Explore the fundamentals of data use, learn where to easily access data (with a focus on housing), discover tools for identifying good data sources, and find simple ways to incorporate data into your decision-making process.

## **Elected Officials Academy Winter Weekender Feb. 10–11**

### **Elected Officials Academy (EOA)**

A voluntary continuing education program encouraging and recognizing the efforts of local elected officials to become effective leaders.

### **Core Weekender (Virtual)**

This weekend seminar offers the most critical information in four short courses: Legal Framework, Leadership Roles & Responsibilities, Financial Management, and Planning & Zoning. The compact format facilitates achievement of Level One of the Michigan Municipal League's Elected Officials Academy. Attendees earn 8 EOA credits.

### **Advanced Weekender (Virtual)**

This weekender will include formal presentations on municipal budgeting, understanding financial statements and audits, priority-based budgeting, utility rate settings, ServeMICity, and funding community projects, as well as discussions in a relaxed environment. Attendees earn 9 EOA credits.

### **Join us on social media!**



Michigan Municipal League Foundation | 1675 Green Road, Ann Arbor, MI 48105

[Unsubscribe dlyon@cityofclare.org](mailto:dlyon@cityofclare.org)

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Sent by [mbach@mml.org](mailto:mbach@mml.org)



*Volume 1, No. 2*  
*January 2022*

Each January at their annual retreat the MAP Board identifies a policy priority - an issue or challenge facing our industry - and over the course of the year seeks to learn more about that topic, ultimately developing a policy to guide the work of MAP, and of our members.

To that end, the board “links” with experts throughout the year, inviting leaders from planning or other industries to join the board for conversations about the topic, deepening our understanding, and informing our policy direction. What we learn is incorporated into our policies, and ultimately shared with our members through educational programming, Michigan Planner features, and advocacy. Sometimes it results in new partnerships or grants.

These board linkage conversations are so rich with content that we believe our members will find useful that we developed this series of Board Linkage Summaries to highlight the key findings of these exchanges with others - typically non-planners - who join us in the space of community building.

The objective of this series of to allow you to also better understand who the board is meeting with, the objectives of those meetings, and the takeaways that will help us all understand the interconnectedness we share with other disciplines and professions, and how we can apply this knowledge to our work as planners.

## Board Linkage Briefs Allowing Most Housing By Right

Administrative approvals occur in Michigan communities every day. These are routine development approvals that receive sign-off from a designated staff person. If a development project complies with local regulations, then it can be administratively approved. Most communities already have administrative review for single family home construction; if the house meets the zoning ordinance requirements, it is permitted. Further, minor improvements, like an addition to a single-family home, or construction of a deck, are not typically reviewed in a public hearing or require permission from a board or commission. Administrative approvals are intended to make it easy to build a single family home, or for a property owner to improve their property by allowing development projects of a specified size and scope to be quickly processed by staff. Determining whether it meets the ordinance requirements is left to building department staff.

Contrast this process with the one usually required for housing other than a single family home. The midrise apartment building often requires site plan review and a public hearing before the planning commission. Even a duplex or a triplex typically requires site plan review. And this is where development approval can get stuck. Time and again rezoning to higher density housing, even if it's in the master plan, is met with angry citizens. Furthermore, in many communities, there are no housing options between detached single-family homes and mid-rise apartment buildings or multiple family complexes.

There are many housing options that could work well as infill development in a single family residential district. Accessory dwelling units, duplexes, triplexes, quadplexes, attached single family/townhomes, and cottage courts are all housing types that are not as large and dense as an apartment building and can more easily be administratively approved, like a single family home.

Including a range of additional housing types, and allowing administrative review, means a community must do its homework ahead of time to determine what kind of development is acceptable and desirable. This will entail a community campaign that includes meetings and discussions with staff, the commission, the legislative body and the public to both educate and inform as well as come to agreement on outcomes and processes everyone wants to see. This is a big shift for many communities; the single family model has been the norm for new residential development for many decades. Housing type, density, landscaping, screening, parking, and building materials must be considered and codified well in

advance of a building permit application, to ease the comfort levels of both the public and elected leaders. The goals and objectives of the new paradigm must be adopted into the master plan and codified in the zoning ordinance ahead of any development proposal.

Creating a predictable development review process for all types of housing can expedite housing variety AND assure that municipal policies and codes are honored.

The developer will know clearly what is expected, and can better anticipate the cost of development. This takes the guesswork out of what will be permitted, and opens the door to the creation of new housing units in neighborhoods that can support them. The community wins because they know they are going to get the pre-approved minimum in terms of use/density and aesthetics without having a contentious planning commission meeting.

Administrative approvals, when done correctly, can increase predictability and consistency while also implementing a community's vision. Finally, an added benefit is that power is appropriately placed in plans and ordinances, rather than at the dais in potentially politically charged meetings.

### **TERMS:**

**Duplex:** A multi-family home that has two units in the same building. These two units always share a common wall, but the floor plan can vary. Units can be arranged either side by side or stacked on top of one another, each occupying an entire floor or two of the building.

**Triplex:** Three individual dwelling units combined into one building, with the individual units sharing one or two common walls. Each unit of a triplex has its own kitchen, bathroom(s), living room, separate doors to the outside, and its own address or unit number.

**Fourplex or Quadplex:** A multifamily property with four attached units under one roof.

**Cottage Court:** A group of small (1 to 1.5-story), detached structures arranged around a shared court visible from the street. The shared court is an important community-enhancing element and unit entrances should be from the shared court. It replaces the function of a rear yard.

**Townhouse:** A small-to medium-sized attached structure that consists of 2 to 16 multi-story dwelling units placed side-by-side. Entries are on the narrow side of the unit and typically face a street or courtyard. The street façades have entrances and avoid garages.



*Volume 1, No. 3*  
*February 2022*

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## Board Linkage Briefs

# Building Collaboration: Planners Can't Do It Alone

The housing shortage in Michigan started 40 years ago and continues to worsen. Solving this problem will take a collective effort of many players including municipal elected leaders and professionals - including planners - developers, banks and CDFIs, investors, non-profit housing providers, and many others. It is a complex problem requiring many interventions. Planners have a role, but cannot do it alone.

The homes that are being built by the private market primarily serve the shelter needs of higher-income households. A developer must consider many factors when determining what type of housing to build including the economy, the cost of construction materials, labor, and land, whether federal, state or local incentives are available, and the price the market can bear. The total cost of development is based on the following:

- Land cost
- Developing the site: infrastructure, parking, landscaping
- Construction: building construction, permits, property taxes, materials, skilled trades and construction workers
- Marketing: advertising, realtor expenses, promotional materials

Denser housing types such as townhomes and apartments, stacked units, and tri-and quad-plexes might be more affordable to build, but even these units (particularly if they are market-rate and in a desirable area) will not be affordable to many Michigan residents.

The development of affordable housing without incentives or subsidies is practically impossible. Government must intervene with assistance to developers. However, there is no readily available, dedicated project financing that communities or developers can consistently tap to make projects more affordable. Multiple financing and incentive tools are often necessary to fill a funding gap—a stack of funding to make the project viable and affordable - to “pencil in” a profit for the developer. Federal, state, and local subsidies and incentives can make development more affordable, while providing guarantees that the homes remain affordable over the long term. Developers are business people, and seek to make a profit for their efforts.

Long before the project is is queued up for approval, planners and community leaders must forge relationships and alliances with organizations who can assist in making affordable housing projects a reality. This means meeting and discussing the housing problem

ahead of time, before the design is put to paper, before permits are pulled. Planners can take the lead, here, to inform stakeholders about the issue: Bankers, neighborhood groups, developers, city government--all see the world from different perspectives and it is time consuming - but critically important – that each entity receives targeted messages about the critical need for housing, and their role in making it happen. Once partners are assembled and understand the need, creative, out of the box thinking can make projects viable.

Decision makers, citizens, and developers recognize that local government has a big part to play in new housing development. However, sometimes stakeholders assume that role is bigger than it actually is. Be clear about the responsibilities of the municipality, and clarify the roles of the myriad other players. The state and federal government must also recognize the housing crisis and work to solve it through changes in their policies and regulations, too. Planners are trained to talk to different groups and reach across divides. Planners are also trained to review, analyze, and explain data. That training makes planners invaluable to have in the room when these conversations happen.

### ***Where this is happening?***

- Housing North/Networks Northwest in Charlevoix
- Housing Next in Grand Haven
- Equitable development initiative in Grand Rapids

### **RESOURCES:**

- Michigan State Housing Development Authority (MSHDA)
- The Federal Home Loan Bank of Indianapolis (FHLBI), part of the Federal Home Loan Bank system
- Michigan Community Capital
- Community development finance institutions (CDFIs)
- The Michigan Economic Development Corporation (MEDC)
- Housing trust funds
- Philanthropic institutions
- Local tax incentives are available through payments in lieu of taxes, neighborhoods enterprise zones, brownfield redevelopment, and land bank authorities
- The State Land Bank Authority
- County land banks
- Downtown Development Authorities, Brownfield Redevelopment Authorities, Corridor Improvement Authorities, Tax Increment Financing Authorities

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## EPP Coffee Hour

Wednesday, February 08, 2023

8:30 AM - 9:30 AM EST

Category: Emerging Planning Professional

Join us for our virtual coffee hour, an opportunity to connect with planners around the state to discuss shared issues with a friendly crowd. Contact Wendy Rampson for the Zoom link.

**Contact:** Wendy Rampson - wrampson@planningmi.org

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### Upcoming Events

Wed Jan 11, 2023

[EPP Professional Development:  
Tools for Zoning Reform](#)

Category: Emerging Planning Professional

Wed Jan 18, 2023

[Housing in Four Parts](#)

Category: MAP Events

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[FAICP Nomination Deadline](#)

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Fri Jan 20, 2023

[AICP Certification Q & A](#)

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## EPP Professional Development: Tools for Zoning Reform

Wednesday, January 11, 2023

9:00 AM - 10:00 AM EST

Category: Emerging Planning Professional

MAP's Leah DuMouchel, AICP and MML's Richard Murphy, AICP will highlight MAP's Zoning Reform Toolkit and the Michigan Municipal League's Code Reform guides. Contact Wendy Rampson for the Zoom link.

**Contact:** Wendy Rampson - wrampson@planningmi.org

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## Housing in Four Parts

Wednesday, January 18, 2023

11:00 AM - 1:00 PM EST

Category: MAP Events

### Four Part Series via Zoom

**Reference Book Included with Registration | Sessions will be recorded for future viewing**

[Register Now](#)

### Master Planning for Housing | January 18, 2023 | 11 AM to 1 PM

The housing element of a master plan focuses not just on today's shelter goals for current residents, but also for the residents a community hopes to attract and retain well into the future. A housing element that includes a thoughtful and robust analysis of appropriate demographic data, coupled with a comprehensive community engagement program, can establish the framework to get the community on board and informed about local housing needs and gaps. It can also introduce "hidden density" opportunities like 2, 3 and 4 units nestled on the edges of single family neighborhoods, which are often misunderstood and opposed by existing residents. Understanding a community's market context will help identify the housing solutions appropriate for its unique characteristics. This workshop will reveal what data must be considered and how to get your community on board from the beginning of the planning process, so that there is buy in at the end for policies that embrace an appropriate mix of housing now and into the future. *Instructor: Leah DuMouchel, AICP*

### Zoning Reform in Michigan | January 25, 2023 | 11 AM to 1 PM

MAP's Zoning Reform Toolkit for Housing Supply and Choice, completed in June 2022, was created to provide local regulatory solutions that can be implemented now, without changes to the State Zoning Enabling Act. This session provides background on the national housing shortage and its effects in our State, an overview of the 15 tools included in the Toolkit, insight about selecting the tools that match your housing market, and talking points to get you past

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common obstacles to implementing successful housing solutions. *Instructors: Suzanne Schulz, FAICP and Andrea Brown, AICP*

### **Stand by Your Plan | February 1, 2023 | 11 AM to 1 PM**

Density resistant neighbors can have a chilling effect on new housing development, even if the density increases are modest and “around the edges.” Countering opposition is a challenge, but equipping elected and appointed leaders with the tools to defend plans and policies is key. This workshop provides step by step guidance for navigating the “hot seat” of public input to anyone responsible for project approval. It includes new research on public participation in development review, including a first-ever dive into the data of who participates and why. The workshop offers specific advice for connecting the proposal to the plan during the meeting, and for bringing representative community engagement findings into the conversation. It also presents strategies for laying the groundwork for future successful projects: informing the community well ahead of potential new housing development proposals about the social and economic value new housing brings to the community; the what and why of new housing (the current unit type configuration does not meet the needs of changing population demographics, for example); and getting past single family zoning as a property rights protection mechanism with stories, case studies, and design images that bring new housing types to life. *Instructor: Leah DuMouchel, AICP*

### **Accessory Dwelling Units | February 8, 2023 | 11 AM to 1 PM**

ADUs because of their size and the ad hoc nature of their development fit into almost all Michigan communities. This session dives into the five elements of ADUs (what, where, when, how, why). The workshop includes several hands on exercises where participants try their hand at placing an ADU on a property, ADUs in a neighborhood, as well as a whole municipality. Participants will be asked to bring some current and historical census data about their own community. *Instructor: Amy Vansen, AICP*

**MAP Member Price: \$150 | Nonmember Price: \$175 | Student Member Price: \$35**

***RRC Communities: you are eligible for discount pricing. Contact your RRC advisor for details! [See map of RRC communities here.](#)***

***Interested in watching as a group? Contact MAP (734) 913-2000 for group pricing.***

*Eligible for 8 AICP CM Credits*

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Volume 1, No. 6

June 2022

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## Board Linkage Briefs

# How to Talk about Housing in Your Community

The increasing cost of housing has made it prohibitive for those with more modest incomes to afford the purchase or rent of a home in the community where they have stakes.

An acute housing shortage across much of the United States, and in Michigan, makes the problem worse. High housing costs and an inadequate supply contribute to, but are not the only sources, of the problem. Density resistant homeowners who own homes in predominantly single-family neighborhoods are often the most vociferous opponents to new housing units that are not single family, detached dwellings. They’ve been conditioned to oppose new development that they perceive will affect their property value, cause traffic congestion and parking problems, increase school classroom sizes, and negatively impact the “neighborhood character”. Arguments about your children being able to move back to your community after college to start a family, or allowing your parents to age in place, often fall on deaf ears.

Density resistant residents are one aspect of the challenge, but elected officials, conditioned to respond to constituent concerns, are also culpable. Elected officials, along with professional planners and planning commissioners, must become advocates and messengers of community building that includes allowing a range of appropriate housing along with livability and context sensitivity. Having state and federal legislation reinforce good, local decisions is also vital.

Getting beyond community resistance to establish a common understanding of the value of creating a range of housing types, with a variety of densities, and with many price points is not easy, but it is possible. Through education and engagement, the benefits to a community can be reinforced, and opposition lessened.

- **Show, Don’t Tell.** Provide photographs of local examples already in your community, or in a nearby town, along with an address if possible, showing the type of housing being proposed. Be ready with “bad examples” of the same housing and be prepared to explain why the “bad” wouldn’t be allowed and how the “good example” would. A visual of an Accessory Dwelling Unit, Duplex or Quad, when considered in the context of a traditional neighborhood, might sway concerned neighbors.
- **Use Language Carefully.** Avoid “density,” which describes the effect of these policies from a city’s perspective. Instead, talk about how this new housing would benefit an individual: “proximity to stores, parks, and schools”. Avoid “zoning”; “single-family zoning” sounds abstract. Instead, use concrete, colloquial language like “it is currently illegal to build a duplex almost anywhere in [insert your community’s name here].”
- **Talk about your Community’s Specific History.** It is helpful to track

down the date(s) when zoning changed in your community. Was there a time when duplexes became nonconforming? What else was going on in the state or the country at that time? Single-family zoning can then move from “almost-holy abstract concept” into “potentially reversible policy decision.” Understanding when the laws changed can perhaps capture some of the class and racial context of exclusionary zoning.

- **Meet People Where They Are.** Make a good slideshow. Get on organizations’ agendas (e.g., parent teacher associations, historic societies, places of worship). Go to meetings; answer any questions. Never prematurely assume that anyone will be your opponent.
- **Find Partners.** Housing affects everything. Find potential partners and allies at your school districts, chambers of commerce and visitors’ bureaus, and the AARP to craft nuanced policies and show officials the benefits a variety of housing bring.
- **Collaborate with Housing Developers.** Developers have the technical expertise, and a financial incentive, to promote better zoning. With skyrocketing materials costs and a dearth of construction laborers, there are economies for their bottom line usually, to construct more units per acre, attached units, and new housing proximate to existing public utilities. Ultimately, any new housing will be built by a developer. Meet with them to hear what type of housing they think would work in your community and what hurdles they may have encountered.
- **Review your Master Plan.** Does the master plan include a housing, transportation, or equity component? A Housing Needs Assessment is a frequently absent, but critically important plan element that takes a hard look at the number and type of housing units your community needs. Equipped with proper data, keen analysis, and a compelling story, most residents can begin to understand the long-term value of a more diverse range of housing. At their best, hard numbers like median household income, average commute, and the number of housing starts, transform ideological debates into problems that can be solved and tradeoffs that can be balanced.
- **Find Common Ground and Be Willing to Compromise.** YIMBYs (Yes In MY Back Yard) may often be at odds with NIMBYs, but remember to not throw away the good because it isn’t perfect. For example, should fourplexes be permitted in single family detached housing districts? YIMBYs may say yes, NIMBYs may say no. The answer may be to compromise: YIMBYs and NIMBYs say no to fourplexes, but yes to duplexes with triplexes as a special land use.
- **Start Now.** The best day to start building new housing was 10 years ago; the second best day is today. When reaching out to partners and other community members, remember the values you share. This will take patience and persistence, but it must start now.

Officials and professionals must understand the housing needs of the community, as well as listen to the concerns raised in opposition. Potential problems like traffic, noise, and parking can be solved not only through zoning provisions (e.g., screening requirements, minimum parking spaces), but probably more effectively through other local police power regulations like noise, traffic, and nuisances.



April 2021

**Michigan Association of Planning**  
A Chapter of the American Planning Association

## **Housing Linkage Statement Policy Rationale**

Each year, the Michigan Association of Planning Board of Directors identifies priority issues it wishes to learn more about and then seeks input from industry leaders, stakeholders and others to inform itself, and begin the process of developing or improving organizational policy. At its January 2021 meeting the MAP board identified HOUSING as a priority issue and they will now initiate “linkage” efforts to elevate organizational acumen and evaluate next steps.

### **Planning and Housing**

Planners have the skills and ethical responsibility to create communities where diverse housing options are available to existing and future residents.

“In order for communities to function, there must be an adequate supply of housing in proximity to employment, public transportation, and community facilities, such as public schools. The housing stock must include affordable and accessible for sale and rental units, not only to meet social equity goals, but in order to ensure community viability. The development of a diverse and affordable housing stock must be carried out without sacrificing sound regulations that are in place to protect the environment and public health.” \*

\* American Planning Association - Housing Policy, 2006

### **Problem Statement:**

Housing demand has been growing in many markets throughout the country, even as new construction lags well below historic averages, resulting in housing shortages for a broad range of household types. These shortages are driven by trends that have impacted both the demand for housing and new construction nationwide:

- The high and growing costs of building materials, land, infrastructure, and taxes make development too expensive for housing to be affordable to many people across a broad range of incomes
- High costs, complex development processes, and a shortage of skilled labor have suppressed new construction, with new home starts well below a 50-year average
- Because household sizes are shrinking, more homes are needed to house the same or fewer numbers of people – and, those smaller households are looking for smaller housing types that meet evolving family composition needs.
- National population and household growth contributes to an increased demand—particularly from young adults that are ready to form their own households

- Local policies and community opposition limit the construction of smaller or more dense housing types needed by young adults, small households, and seniors
- The market for second homes has been strong and growing, and is predicted to continue to grow with the rise of short-term rentals – taking existing housing units off the market for year-round use
- Seniors are transitioning out of their homes more slowly—partially due to lack of options—resulting in fewer homes “cycling through” the market to first-time homebuyers

These trends have created housing demand in nearly every market, leading to an increase in prices, and, in some communities, stiff competition for any available homes. At the same time, communities that have experienced disinvestment or decreases in property values find themselves struggling not only with limited housing stock, but experiencing further complications in financing redevelopment or rehabilitation of deteriorating homes, due to appraisal and lending practices.

Like so many other conditions, the pandemic exacerbated housing demand and need. As the economy started to re-open, housing markets across the country began to see an increase in sales, even as many households lost income, leaving them at risk of eviction. Meanwhile, building costs skyrocketed, and home construction has become even more costly. And, as the large-scale shift to remote work creates opportunities for individuals and families to leave the communities where they work, there is the potential for major changes to migration patterns that could further impact housing markets throughout the country.

Today’s housing shortages and costs come with far-reaching impacts on nearly every facet of our lives, from earnings, job opportunities, educational attainment, health, and safety. And housing development practices themselves underlie and perpetuate many of our communities’ and nation’s racial and economic inequities. But, they are rooted in a system of policies, practices, and beliefs at the local, state, and federal level that extend far beyond the reach of a single jurisdiction.

As planners face the reality that housing development and redevelopment issues challenge nearly every aspect of community vitality and sustainability, the MAP Board seeks replicable approaches to mitigating housing development costs, ensuring equitable access to housing and the opportunities it creates, creating equitable development and redevelopment in low-income communities, building support for new housing solutions, and creating impactful, state (and, through partnership with the national APA, federal) policy to address the systemic roots of our current housing crisis. To that end, the MAP Board seeks to learn from community representatives, regions, housing-related interest groups, affordable housing developers, lenders, and community groups about issues including:

- What are some examples of successful housing development that offers opportunities for equity, affordability, and opportunity?
- What innovative approaches has your community, region, or organization taken to address housing costs? What are the limitations of these approaches? How might they

be improved or brought to scale?

- Zoning changes
- Public-private-nonprofit partnership (i.e. with land bank authorities, skilled trades training programs, etc)
- New resources, like housing millages (Ann Arbor and Kalamazoo)
- How might planners address housing needs in low-income communities that face declining property value and significant home rehabilitation needs, while preventing displacement and gentrification?
- What are some communications approaches that have worked to minimize or resolve community opposition?
- What policy changes at the state level and federal level are needed to provide more tools and resources to communities? (including, for example, issues related to: tax code; securitization of
- mortgages for single and multi-family units; regional cooperation on fair-share, neighborhood services, and sprawl-prevention; support for manufactured housing; etc)
- What creative solutions have been tried/implemented to address high land costs in densely populated areas? (like NYC's Big Ideas for Small Lots)
- What local regulations unnecessarily contribute to the cost of construction that can be removed/change to bring down the cost new housing?
- What are some collective ownership models proven successful and what elements of the model were most important?
- How to balance City-wide housing goals with the needs of a specific neighborhood ?
- How can new housing impact individual/family wealth generation?
- How do we expand housing opportunities in the non-A markets?



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These board linkage conversations are so rich with content that we believe our members will find useful that we developed this series of Board Linkage Summaries to highlight the key findings of these exchanges with others - typically non-planners - who join us in the space of community building.

The objective of this series of to allow you to also better understand who the board is meeting with, the objectives of those meetings, and the takeaways that will help us all understand the interconnectedness we share with other disciplines and professions, and how we can apply this knowledge to our work as planners.

## Board Linkage Briefs

### What is a CDFI?

A CDFI is Community Development Financial Institution. In 1994, the CDFI Fund was authorized by the Riegle Community Development and Regulatory Improvement Act of 1994 in order to help revitalize economically distressed communities in rural and urban areas. The fund is housed in the United States Department of Treasury.

The CDFI fund and the Community Reinvestment Act (CRA) of 1977 helped insure that business loans were made in economically depressed neighborhoods and real estate loans were made without bias restrictions (red-lining).

There are four types of CDFIs:

- banks and bank holding companies
- credit unions
- loan funds
- venture capital funds

Hundreds of chartered CDFIs operate in the United States.

CDFI loan funds represent the largest percentage of CDFIs. They are non-depository financial institutions. Their borrowers are small businesses, nonprofit organizations, charter schools, individuals, and organizations involved in affordable housing and community development. CDFI loan funds often specialize in financing certain types of borrowers: housing (affordable housing developers), business, microenterprise (very small businesses), and community service organizations (nonprofits).

#### ***How Can CDFIs Help with Housing?***

Traditional banks are cautious. They look at types of development, locations and individuals and assess whether or not they are worthy of a loan. Their standards often eliminate developments, locations, and individual from loan eligibility. CDFIs were designed to assist geographic areas-- zip codes and the individuals who live and work there--that had been left out of the American Dream.

And they still do that by providing financial assistance to developers building in neighborhoods that are economically distressed, and to the individuals that want to own those homes but can't qualify for a traditional mortgage.

But they also have a role in investing in places that would not be considered economically distressed, like typical single family neighborhoods. Because there are few duplexes, triplexes, townhomes in these neighborhoods, having been largely been zoned

out of existence, the banks have no “comparables”, or comps, to consider to determine value, marketability, or SOMETHING. Without comps, banks are skeptical of the ability of non single family detached dwellings to turn a profit.

CDFIs are valuable partners. They increase the capacity of borrowers. CDFI financing often closes structural financing gaps in deals, allowing mainstream financial institutions to participate in transactions that otherwise would not have happened. When CDFIs finance pre-development and development stages of real estate construction, it attracts banks to also participate.

Materials and labor to build, as well as the cost to purchase land, make market rate housing expensive. CDFIs can fill that financing gap by providing down payment assistance to new buyers or by providing mortgages to individuals who have not been approved by traditional banks.

And this is where a CDFI can make alternative and/or affordable housing a reality.

Community development financial institutions (CDFIs) emerged to fill gaps in financing for economically disadvantaged people and communities. They intermediate between banks and borrowers where and when direct financing is difficult or unavailable.

Most CDFI loan funds are structured as nonprofit organizations. CDFI loan funds are subject to the state laws in which they operate and operate under agreed-upon financial covenants by various funding sources, such as philanthropic funds, that impose operational safeguards and guidance.

By financing community businesses—including small businesses, microenterprises, nonprofit organizations, commercial real estate, and affordable housing—CDFIs spark job growth and retention in hard-to serve markets across the country.

### ***To learn more, click on the following links:***

US Department of Treasury Community Development Financial Institutions Fund

Community Development Financial Institutions Fund - CDFI Certification

*What is a Community Development Financial Institution?* by James Chen

*What is a CDFI* by Opportunity Finance Network

*What are Community Development Financial Institutions* by Amber Murakami-Fester

*What is a Community Development Financial Institution* by Emily Guy Birken and Daphne Foreman

Banker Resource Center, Community Reinvestment Act, Federal Deposit Insurance Corporation

*Taking Stock: CDFIs Look Ahead after 25 Years of Community Development Finance* by Mark Pinsky

CDFI Statute and History by CDFI Coalition

CDFIs in Michigan

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## Board Linkage Briefs

# Why is There a Housing Shortage? *(part one)*

### ***What is the Technical Definition of a Shortage?***

According to microeconomics, if a market is not in equilibrium a situation of a surplus or a shortage may exist. A shortage, also called excess demand, is the amount by which the quantity of a good demanded by consumers is greater than the quantity supplied by producers and occurs when prices are below the equilibrium price.

The difference with a housing shortage is that people do need to be sheltered and live someplace. In this way, the demand for housing is very different than other goods like a Tickle Me Elmo doll or diamond pendant. While housing prices may increase due to demand, people typically cannot choose to not live someplace, like they could choose to not buy the doll or jewelry. Furthermore, housing is a fixed asset, so a surplus of housing in North Dakota does not alleviate the need for housing in Oregon.

### ***Not Enough Starter Homes***

The majority of people in Michigan can afford a home that is valued at \$250,000 or less. The inventory that is affordable to middle income households is shrinking. Millennials are coming of age to buy their first house and there aren't enough homes available to purchase.

Demand is increasing, but wages have not kept pace with housing costs. Even residents with technically good paying jobs will be unable to purchase a home, due to high cost. ALICE (Asset Limited, Income Constrained, Employed) is a new way of defining and understanding the struggles of households that earn above the Federal Poverty Level, but not enough to afford a bare-bones household budget. In Michigan in 2019, 26% of the state's population lived above the Federal Poverty Level, but less than the cost of living in the county where they lived.

Homes that are being constructed by the developers with only conventional financing continue to serve the needs of higher-income households. For a developer, determining what type of housing to build is a balancing act between the economy, the actual cost of construction, and the price the market can bear. The total cost of development is based on the following:

- Land cost
- Developing the site: infrastructure, parking, landscaping

- Construction: building, permits, property taxes, materials, skilled trades and construction workers
- Marketing: advertising, realtor expenses, promotional materials

The total cost is then divided by the number of housing units that can be built on the property to determine the cost per unit, and the profit a developer can make on a project. There is little difference in these fixed costs between a high value unit and an affordable unit.

The big question is what price is the market willing to pay? Many factors need to be considered, such as the quality of the school system, access to work and shopping, recreational attraction in the area, etc. – the overall desirability of the area. Based on this criteria, the developer must determine whether the project is viable to develop. Often these calculations mean that houses not affordable to the majority of Michigan residents are being constructed.

Since new starter homes are not being constructed, there is a limited supply. People who currently live in these homes are often reluctant to sell because they are concerned about being priced out of another home in this market. This means that the supply of modest homes—homes that were built years ago - are very attractive to new buyers . . . the very ones who can't afford the new houses built for higher-income households. In many areas, bidding wars are occurring, resulting in fewer and fewer units available within a price range that is truly affordable to a median-income family.

In sought after locations such as Ann Arbor and Traverse City, home values have increased as those areas attracted high-paying jobs and subsequent population growth. During the Great Recession, the period between 2007 and 2013, the production of new housing slowed drastically. While Michigan lost population during that time period, housing construction still fell behind, leading to an ever increasing demand and driving prices upward.

MAP's Board Linkage *Why is There a Housing Shortage, Part Two* looks into other causes of the housing shortage.

### ***Did You Know?***

In Kent County, 22,000 new housing units are needed per year just to match growing demand. The new housing units don't account for growing families, families that would rather relocate to something more affordable, or families that are in housing that is substandard. There has been a 68% increase in the average sale price of houses and a 39% increase in average rent over last 6 years. Wages have not kept pace with the rising price of housing.



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## Board Linkage Briefs

# Why is There a Housing Shortage? *(part two)*

### **Short Term Rentals**

In some communities, short term rentals have further exacerbated the housing shortage by reducing supply. Commercialized short-term rentals (STR) artificially inflate rental costs, and remove housing units from the available inventory. They make it difficult for people to break into the housing market to either rent or purchase a home. As long-term residents get priced out of a neighborhood, who remains? Only those who already own a home (and don't rent it out as a STR). New families are not able to buy or rent those properties on a permanent basis. Aside from the changing neighborhood character, the supply of housing decreases. This leads to housing prices increasing, pricing out many.

### **Materials and Labor**

Costs are driven up by supply unable to keep pace with demand and by a historical increase in land, labor, and materials, which is particularly relevant in high growth areas.

A lumber shortage, which occurred largely from wildfires in the western United States, drove up the price of lumber, making it even tougher for affordable homes to enter the market. But shortages of steel and copper as well as other building materials continue to impact construction. There are also limited lots on which to build and a deficit of skilled labor.

The Bureau of Labor Statistics (BLS) reported that as of April 2021 there were 357,000 unfilled construction jobs. Some experts believe that could be a significant undercount because BLS bases its numbers on payroll data, and many contractors are self-employed, so they don't maintain a payroll roster. NAHB estimated that as of 2019, 2.4 million construction workers — roughly 22 percent of the labor force, a record low rate for the industry — were self-employed.

Construction's labor shortage problem threatens to worsen as homebuilding continues to boom and infrastructure projects increase over the next few years. To support this level of growth, trade associations and industry advocates will need to invest even more time and resources into recruiting the industry's future workforce.

### **The COVID factor**

In this latest housing shortage, the coronavirus pandemic played a

role. When the country first locked down in March 2020, people feared another housing crisis similar to what happened in 2008. During spring 2020, demand for housing was low.

By summer 2020, people began moving. Record low mortgage rates continue to make moving attractive. But at the same time, there was less building happening, even though there was increased demand. Building starts were slow for several reasons. It was harder to do business during lockdowns which led to construction taking longer, but there were also supply-chain issues (sinks, appliances, and other building components). There continue to be supply shortages as the pandemic endures worldwide.

### ***Zoning***

Overly restrictive zoning codes continue to restrict housing choice by prioritizing a single family development model, rather than a range of housing options. Implementing zoning reforms and easing restrictions can play a major role to increase housing supply that meets the needs of current and future residents. For example, Grand Rapids has allowed 50% more by right residential development which has had a huge impact on its housing supply. However, it is also a highly desirable community.

Denser housing types such as townhomes and apartments, stacked units, and tri-and quad plexes, can be more affordable, but even townhomes and apartments (particularly if they are market-rate) cannot completely compensate for a location that is highly desirable or not so desirable.

Articulating a community vision for a range of housing in the master plan, and then allowing housing by right that meets that vision, avoids lengthy and unpredictable development review processes and vociferous residents who oppose new development that isn't single family. Rather than have the difficult conversations at the site plan review meeting or rezoning public hearing, the time to have them is during the master plan process.

### ***Still more is needed***

Because of the factors outlined above, it is sometimes very difficult to make housing affordable for everyone. A local unit of government cannot set land value, or secure the cost of materials or provide construction workers, but there are ways a local unit of government can make housing more affordable. In the next tear sheet, we explore the partnerships and collaboration that are needed to increase housing affordability in Michigan.

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### ***It's Not Just Michigan***

According to the National Association of Realtors, in May 2020, there was a 4.8-month supply of homes which is a fairly normal inventory, but it's been steadily dropping ever since. In December 2020, there was only a 1.9-month supply of homes, the lowest ever recorded. This means that nationally there is a housing shortage. Freddie Mac estimates that nationally 2.5 million houses need to come on the market to combat the shortage.