

US Department of Housing and Urban Development|
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Mid-Michigan Program for Greater Sustainability

Regional Affordable Housing Study: Part II. Housing Expert Interview Results

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Introduction to the Regional Affordable Housing Study

Introduction to the Affordable Housing Study



1.1 Introduction

There has been a need for housing market analysis in the Tri-County Region that consists of Clinton, Eaton, and Ingham Counties in Michigan due to a variety of demographic and socioeconomic characteristics. These regions include the capital city of the state, an internationally renowned state university, a community college, a number of refugees from different cultures, small villages, rural areas, and various types of middle-income communities. As a result, the resident components are diverse from state employees, college students, faculty, staff, culturally diverse refugees, and different types of low-, middle-, and high-income families.

However, there was a lack of holistic approaches to diagnose demographic and socioeconomic characteristics of the regions and identify housing profiles along with these features. Because these regions experienced economic downturn after automobile companies left in the 1990s but now the economy and population in these regions are growing, it is important to investigate current regional conditions in demographic, socioeconomic, and housing characteristics to envision future directions for achieving sustainable community goals.

1.2 Affordable Housing Need in Tri-County Regions in Michigan

According to the 2010 American Community Survey (US Census Bureau, 2010), there are approximately 4.5 million housing units in Michigan. As of 2010, the tri-county region has 196,866 housing units comprising 4.4% of the total stock of Michigan homes. The average homeownership rate in tri-county areas is 73.2%, which is slightly lower than the state average (74.2%). The median value of owner-occupied housing units is \$152,770 which is slightly higher than the state average, \$144,200.

These homeownership rates and the median housing value are different among the three counties. Ingham County has the lowest homeownership rate and median housing value while Clinton County has the highest homeownership rate and median housing value. More detailed analysis about housing stock in these regions will be discussed in later sections. Through implementing a Regional Five-Year Comprehensive Housing Plan and Fair Housing Plan, we expect to increase homeownership rates throughout the tri-county region and also resolve discrepancies.

The necessity of affordable energy-efficient housing was already strongly emphasized by the 2008 State of the State Survey of 1,001 Michigan residents, who selected affordable housing as the greatest need among various sustainable community-development issues (i.e., walkable environments, public transportation, downtown revitalization, open space and sports facility design, wildlife and natural environment preservation, energy efficient and affordable housing design, child-friendly residential design) in Michigan (see Kim, Lee, & Bell, 2008).

Table 1. Overview of Housing in Tri-County Regions

American Community Survey Items	Ingham County	Clinton County	Eaton County	Michigan
Housing units, 2010	121,281	30,695	47,050	4,532,233
Homeownership rate, 2006-10	61.7%	82.5%	75.3%	74.2%
Median value of owner-occupied housing units	\$137,900	\$167,700	\$152,700	\$144,200
Median household income, 2010	\$45,808	\$58,016	\$54,885	\$48,432
Persons below poverty level, percent, 2006-10	20.0%	8.5%	9.1%	14.8%

Source: US Census Bureau (2010), State & County QuickFacts

1.3 Research Scope of the Regional Affordable Housing Study

This regional affordable housing study is an empirical research project to analyze the existing housing inventory in the Clinton, Eaton, and Ingham counties.

The research process including data collection and analysis methods is presented in Figure 1 below. A thorough review of census data of the years 2000 and 2010 was the first step of data collection. From the census data, we obtained and analyzed information on demographic and socioeconomic characteristics of population and households in these areas (i.e., household age,

gender, age, education, income level, employment, average mortgage amount), and physical and socioeconomic characteristics of existing housing stock (i.e., number of current housing units, year of completion, structure, energy efficiency, homeownership rate, median housing value). The census data in two periods were also compared to examine if there would be any notable changes between these periods. This comparison was expected to bring more accurate diagnosis of current housing stock and help us set up practical goals to improve housing affordability across the tri-county region.

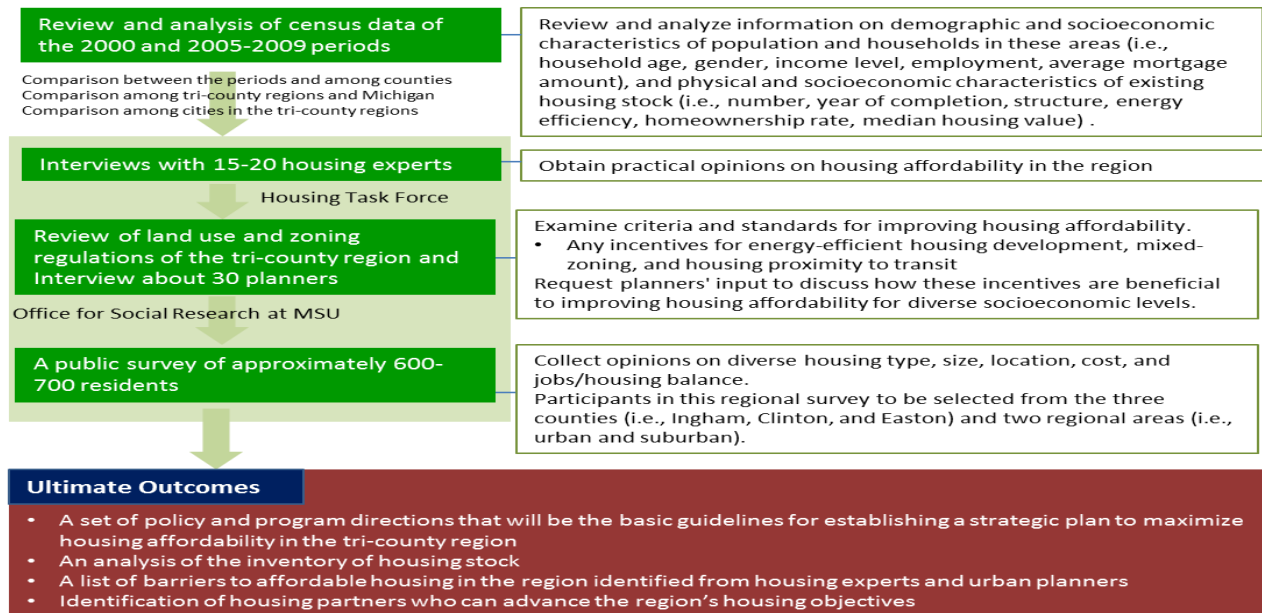


Figure 1. Process of the Affordable Housing Study

In-depth interviews with 33 housing experts in these areas were conducted from September 2012 through March 2013 to obtain practical opinions on housing affordability in these areas.

After the interview questionnaire was constructed and approved by the Institutional Review Board of Michigan State University in November 2012, interviews began in December 2012. The Office for Survey Research (OSR) at Michigan State University contacted about 45 housing experts who were recognized by the Housing Task Force of this project, and finally 33 housing experts completed the telephone interview. Along with the housing experts, interviews with urban planners are planned between April and June 2013. These interviews aim to gather planners' input about housing programs and services to improve regional housing affordability.

Future Research Plan: April 2013-March 2014

As the next step of the Housing Affordability Study, the research team will review land use and zoning regulations of the tri-county regions to examine criteria and standards for improving housing affordability. Main foci will be any incentives for energy-efficient housing development, mixed zoning, and housing proximity to transit.

The research team will also gain planners' input to discuss how these incentives are beneficial to improving housing affordability for diverse socioeconomic levels in this region.

In 2008, Michigan residents' need for affordable housing was identified through the State of the State Survey conducted by the Institute for Public Policy and Social Research at MSU. As a further step, the research team will investigate more specific opinions of the citizens residing in the tri-county regions on housing affordability. Such opinions on diverse housing type, size, location, cost, and jobs/housing balance will be solicited in this survey. Participants in this regional survey will be selected from the three counties (i.e., Ingham, Clinton, and Eaton) and two regional areas (i.e., urban and suburban). We plan to survey 100 residents from each category; thus, a total of 600 residents are expected to participate in this survey. The ultimate outcome of this holistic and empirical research will be a set of policy and program directions that will be the basic guidelines for establishing a strategic plan to maximize housing affordability in the tri-county region.

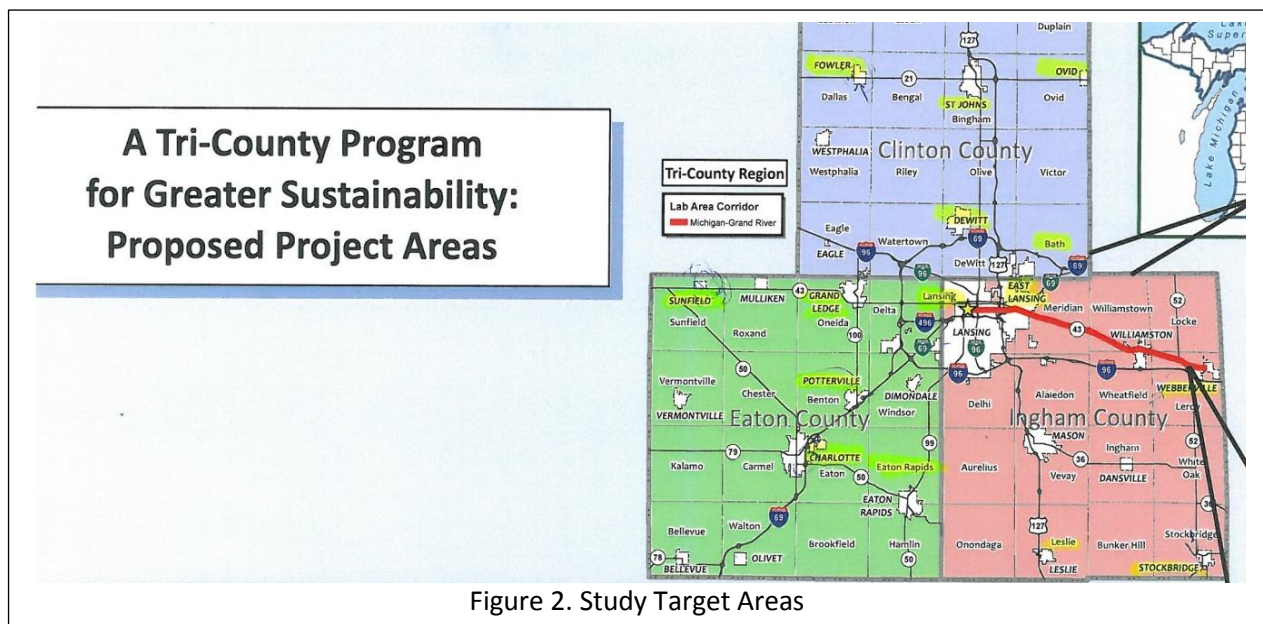


Figure 2. Study Target Areas

Housing Expert Interview

1. Purpose and Process



1.1 Purpose

The housing expert interview was conducted to collect opinions of various housing-related professionals about regional housing affordability.

1.2 Process

The process for interviewing housing experts was planned in collaboration with the Office for Survey Research at Michigan State University, based on discussions and feedback from the Housing Task Force and the Greater Lansing Housing Coalition. The process included several steps as follows:

- We developed an initial interview questionnaire in September 2012 and had several meetings with the Office for Survey Research at Michigan State University to discuss the questions and interview methods.
- We finalized the interview questionnaire in October 2012 and submitted an application to the Institutional Review Board for Human Subject Research at MSU in October 2012.
- We obtained final approval from the IRB at MSU on November 26, 2012.
- We completed the interviewer training session on November 27 and confirmed the questionnaire contents with interviewers.
- We finalized contact information for potential interview participants from Housing Task Force members and created a list of participants.
- We conducted telephone interviews from December 2012 through March 2013.
- We reported primary findings based on 16 responses at the Housing Task Force meeting on March 12, 2013.

This report aims to state additional findings based on 33 interviewees' insightful opinions on regional housing affordability, gaps, needs, and future directions.

2. Participants



2.1 Definition of Housing Experts

We defined *housing experts* as people having longer than 5 years' work experience in housing related fields. We included realtors; developers; property managers; housing service coordinators who are recommended by planners working in counties, cities, or townships; loan providers; architects; directors; or administrators of various types of shelters for minorities or low-income families.

2.2 Participants

As of March 30, 2013, a total of 33 housing expert interview responses were available for analysis. Two were in their 30s and all the other participants were older than 40 years old. The participants' affiliations were identified as follows.

Table 2. Housing expert interview participants' affiliations

County	Participants' affiliations
Ingham	Realtor: Coldwell Banker, Tomin Raines, Gilbert M White Realtor, Inc. Builder or Developer: Mayberry Homes, Vesta Building Industries, Hollander Development Corp., Habitat for Humanity Lansing, Neighborhood empowerment group member and developer Property manager: Lansing Housing Commission, East Glen Apartments Loan provider: MSU Federal Credit Union Housing for minorities or refugees: St. Vincent, Others: Mid-Michigan Environmental Action Council, Ingham County Health Department, faculty in Urban and Regional Planning at MSU, Ingham County Land Bank
Eaton	Realtor: Remax Realty Service provider: Housing Services for Eaton County, Capital Area Community Services, Inc. Township administrator: Delta Township Housing for minorities, refugees, or abused families: SIREN/Eaton Shelter Landlord: Single-family housing landlord
Clinton	Realtor: Weichert Realty, Coldwell Banker Consultant: Land Use USA Loan provider: Fifth Third Bank Committee for the county: Building Stronger Communities Council Township administrator: Bath Township Other: Clinton County Transit
Covering Tri-county Regions	Michigan Foreclosure Task Force (MFTF) Habitat for Humanity Michigan

3. Opinions on Regional Housing Affordability



3.1 Opinions on an Adequate Supply of Affordable Housing Units

The first item we looked at was housing expert’s opinions on the quantity of affordable housing units in these regions. About 21% of respondents agreed that there is an adequate supply of affordable housing units in their areas while 57.6% disagreed with this question (see Table 3). Several housing experts emphasized not only the quantity of affordable housing units but also the quality of affordable housing units. Their various opinions on housing affordability in these regions are presented in the next section.

Table 3. Opinions about an adequate supply of affordable housing in the regions

Adequate supply of affordable housing	Yes, adequate		No, inadequate		Hard to answer		Total	
	n	%	n	%	n	%	n	%
	7	21.2	19	57.6	7	21.2	32	100.0

3.2 Major Concerns for Improving Affordable Housing

The interview question reads, “When you think about improving your area’s housing affordability for people you serve, what are the major concerns? Does your area provide enough available housing units for them?”

1) Ingham County

We characterized the responses into five categories. They are: Lack of available single-family housing units; Insufficient financial support or/and lack of enough credits; Property tax causing lack of affordable housing and financial burdens; Lack of rental units and landlords’ efforts; and Development density, public transportation options. Example opinions are shown below.

Concern 1: Lack of available single-family housing units

- The area has enough unoccupied units, but they aren’t affordable.
- The major concerns are quality and availability. There’s not enough housing. For instance, Lansing Housing Commission opened a waiting list in fall 2012 and 10,400 people applied. They randomized the selection to 400 people and still have 799 names left waiting for housing to become available.
- Finding enough housing is generally a problem; especially families with low-income, who face the biggest problems because there are not any housing units available and they wait for years on the waiting lists.

- The area does not provide enough affordable housing units. It is missing affordable apartments not targeted to students in Lansing/East Lansing, so it's impossible to find apartments that aren't licensed for student living. We can also find a lack of apartment housing for transitioning seniors moving out of ancestral homes close to transportation, especially in the suburbs. We experience a lack of options for seniors. We need affordable housing, especially for seniors, with public transportation, stores, etc. We have an overabundance of high-end housing (\$300,000 range); the most critical factor is affordable with transportation and convenient living, not just for students and singles but also seniors. One of the worst kept secrets is that we have immigrant ghettos and we don't have a lot of options for those new to the US trying to buy houses or rent apartments for lots of reasons: language barriers, or want to live near people like self. Some of this is more in the rural areas, but it's more concentrated in Ingham County and there are not a lot of housing options for those who define family differently. We are not culturally sensitive to it in our outreach and work.
- There is not enough affordable, safe housing for Habitat for Humanity home applicants. And in some cases, there is not enough large housing. For example, one family lives in two apartments side by side because not a big enough house can be found. Some of our applicants are paying 45% of their income for housing that is often not safe or clean. We need to consider good affordable housing, especially for larger families in the area.
- Affordability is not only price, but also decent places to live, which translates to energy efficiency, durability, and design of homes and apartments. This translates to good places for children to study, having way spaces so people aren't jammed into one room, good appliances, colors, good quality fixtures, and flooring.
- In East Lansing, like many other cities, the Baby Boomers and older generations aren't leaving their homes. There are certain cycles: Elders will retire and sell their homes to move to condos or assisted living. This allows young people and families to repopulate the homes/area. This Baby Boomer generation is healthier and mobile and wants to stay. This puts a cap on young families to move on. This is due to the changing preferences of older generations because their traditional transition housing patterns aren't being evoked. Single family homes are occupied. Cities haven't provided options for them so they are stuck in place. The challenge is to get young families back into the communities to regenerate. The city and county need better plans for the future and to see what elders are looking for because it isn't there. They want single-floor units in downtown areas with lots of activities and recreational possibilities.

Concern 2: Insufficient financial support and/or lack of enough credits

- A population needs subsidies to afford rent. Rents are too high for the population below poverty level. It is very tough to find housing for part-time, unemployed, minimum wage earners, or people working full-time on minimum wage because they don't earn enough to pay for all their expenses.
- People do not have good enough credit and the down payment needed to get into a place; if they want FHA financing and to find house that needs a lot of work because FHA is looking for health and safety with heat, water, hand rails, and smoke detectors. For instance, a totally refurbished home was bought for \$18,000 and now her client is interested but needs handrails and smoke detectors. FHA is strict on these things.
- Financing is the biggest obstacle. There is a great federally funded program (Rural Housing) available, with zero down payment, that targets certain locations. The only problem is that the federally funded programs are always backed up. There's nothing we can do to make it go faster and no one really to call and see what the problem/holdups are because it's a federal program, and they won't approve until the house is done, so there's always a risk.

- A major concern is down-payment assistance for lower-income individuals. The other concern is contraction of lenders.
- Currently 33% of people who are MI residents with a mortgage are paying more for their mortgage than their house is actually worth. Therefore Federal and State levels need to work to get them lower loan rates, and get the principals reduced. Or it is desirable to modify those rates so that people can stay in their homes.
- Down payments and credit building are major concerns. Some people have gotten on the wrong credit track, and have had issues with foreclosures on their homes. Those foreclosed upon tend to remove major elements from their homes—copper tubing, furnaces, etc.—because they are mad at the banks and have to keep paying the banks. So financing is difficult for buyers because the homes are not livable at the time they buy and they have to put out lots of money to replace major essential items. Some people say there is also a limited supply of housing in the current market. There was a surge of available homes and now it's tapered off.

Concern 3: Property tax causing lack of affordable housing and financial burdens

- Availability of affordable housing is a main concern. Part of the problem is that property taxes weigh so much on what people can afford. For instance, East Lansing's taxes are really high, since cities are generally higher than townships, so taxes are a real issue for East Lansing buying. That's what lenders look at, so some people can't afford to live where they really want to live. There are government assistance programs (like where she volunteered & MISHTA) in Ingham County, to get assistance with a house. People can't make more than \$54k for a family of four, or \$35,500k if they are single, to qualify, though.

Concern 4: Lack of rental units and landlords' efforts

- Lack of affordable rent and energy-efficient houses with lower energy bills that low-income individuals can afford is the major concern. Health and safety are also factors (lead paint, mold, and asbestos).
- Tenants don't always know their rights; they don't have the same information that landlords do, such as housing regulations, or building safety. This puts them at a disadvantage. Some renters are very low-income are refugees, aren't native English speakers, have an incarceration history, aren't US citizens, or aren't white. They face a discriminatory situation where it's hard to obtain housing period, not just affordable housing or state help.
- We need to pay attention to slumlords and take a hands-off approach to property management. Money seems to be important to these landlords. Plenty of affordable housing units are available but they have no curb appeal. More local landlords need to have concern for curb appeal of property.

Other concerns: Development density, public transportation options, and quality of homes

- There is concern about development density. There is a lack of zoning that encourages an increase in mixed-use density. The consumer market is changing and there is a greater desire for this type of development. Particularly, Baby Boomers are fine to take higher density and wish for mobile transit to daily retail. There are insufficient units close to downtown where local retails and commercials are located.
- There is a large amount of "affordable homes" but when we look at the quality and condition of the homes, there are not enough in good/decent condition.

2) Eaton County

The responses were categorized into four major concerns as follows:

Concern 1: Lack of affordable single-family housing units, especially for seniors

- There is a lack of affordable single-family housing units. The county does not have enough units for families or singles.
- The area does not provide enough available housing units. Mostly there is no senior housing or assisted living available in Charlotte and the other cities in Eaton County.
- There is not enough affordable housing where the landlord wants to rent. They deal primarily with the stigma of being in a shelter.
- Generally there is enough housing provided. Over the past couple years, there has been new complexes built including affordable housing and senior housing. Many houses that were foreclosed have been purchased and turned into new rental housing. And there is more housing being built. However, there could possibly be a need for more affordable housing, to a smaller degree.

Concern 2: Lack of affordable rental units and lack of landlords' efforts

- There is a lack of units with subsidy.
- The SIREN/Eaton Shelter is a scattered site, with 25 units across the county. The Shelter rents these units from the landlords and then subleases to the clients. One of the major problems is that the landlords will rent to SIREN but not directly to the families because the landlords are afraid they won't pay rent or that the children will destroy the property units because of the shelter stigma.
- The areas need more units for homeless and domestic- violence victims. These people do not have good credit history, which was an obstacle in their finding good housing. The county and city do not have enough 3-4 bedroom rental units. A Section 8 voucher makes it hard to find affordable housing units with housing quality standards. Housing stock and availability are limited for them.

Concern 3: Lack of public transportation options

- It's gotten more important since gas prices went up to not be too far from work. People are not so interested in the farther-out districts (Eaton Rapids, Perry, St. Johns) now – 10-15 miles from work is about the maximum commuting distance. These days one of my first questions to buyers is "Where do you work?"

Other Concerns: Lack of units for handicapped residents, lands for new developments, and employment

- Lack of accessible units for handicapped residents.
- Lack of land for new developments. No more land is available in Charlotte for new housing units.
- Good school districts and stabilized sources of income.

3) Clinton County

Housing experts from Clinton County indicated three major concerns as follows:

Concern 1: Lack of affordable single-family housing units especially for seniors

- The county does not have a lot of good affordable housing available. Because of a lack of affordability including insufficient affordable rental units, inefficient energy use, and limited public transportation—people are doubling up, which puts people at risk in many ways.

- The areas seem to have plenty of housing availability, including affordable options, but people do not have enough access when they choose their homes.
- For older people, there is not enough housing; there are no ranch-style condos available in Clinton County. The elderly need ranch-style, one-level homes for ease of access. Clinton County is worse off. Typically there are enough, but currently there is a shortage because of demand for first time home-buyers. There are too many people making multiple offers on cheap houses. This is new this year, which means there is not enough affordable housing for home buyers.
- Housing options are limited. Very few condominium developments are done now. Senior housing options are very limited in Bath Township. There are very few quality options for lower-income members of the community.

Concern 2: Lack of affordable rental units

- There is so much owner-occupied housing that is being rented that it depresses the availability a little bit because owner-occupancy housing isn't being used for owners. They need more apartments for families in Laingsburg.
- Rental housing that is available is often old, and not energy efficient. There are some subsidized units available, but even those are more expensive than some people can afford.
- We need additional housing for multifamily purposes for low-income housing. The only difficulty is providing the services. The utility services aren't adequate to provide necessary utilities to multifamily housing in most cases in Clinton County, which is a mostly rural area. In Ingham County, there is the possibility to build because the City of Lansing can provide the services. Clinton County does not have a lot of experience. Government units are not equipped to handle the needs of the required utilities in planning for multifamily housing.
- The lack of affordable housing rental units should be addressed. After the recession, people were buying foreclosures. New rental units are insufficient. Many people are concerned about the creation of slums and slumlords because there is a lack of quality affordable rentals.

Concern 3: Lack of public transportation options

- Until recently there wasn't much access to food without private transportation. The areas need more public transportation options.

3.3 Particular Groups in Need of Affordable Housing Options

The question reads, "When we talk about the lack of affordable housing, which groups in particular come to mind? Who seems to be having a hard time finding affordable housing in your area?" Six groups were presented as examples and respondents were asked to check whether they agreed or disagreed with the need for affordable housing options for these population groups.

Table 4 shows the result of 33 housing experts' opinions. "Families lower than poverty level" was indicated most frequently as the group with serious affordable-housing difficulty. The next groups were the elderly (56.3%), renters (53.1%), households with children attending public schools (50.0%). Many respondents indicated some other types of populations in need of affordable housing that included the handicapped, families living in rural area, and small farming families.

Table 4. Groups with affordable housing difficulty

Groups	Yes		No		Not sure		Total	
	n	%	n	%	n	%	n	%
Families lower than poverty level	26	78.8	2	6.1	5	15.2	33	100.0
Elderly	19	57.6	12	36.4	2	6.1	33	100.0
Renters	17	51.5	10	30.3	6	18.2	33	100.0
Households with children attending public school	17	51.5	13	39.4	3	9.1	33	100.0
Refugees	9	27.3	14	42.4	10	30.3	33	100.0
College students	6	18.2	25	75.8	2	6.1	33	100.0
Other	20	60.6	6	18.2	7	21.2	33	100.0

3.4 Housing Options Available for the Handicapped or the Elderly

The next questions were about respondents’ opinions on the lack of certain housing options. The interview included their opinions about the availability of “handicap accessibility housing units,” “single-family homes for seniors,” and “rental units for seniors.” The questions read:

- 1) How about handicap accessible housing units? Are there sufficient rental units in the area you serve or are more needed?
- 2) How about housing units for seniors? Are there sufficient rental units in the area you serve or are more needed?
- 3) With regard to seniors, are there sufficient affordable single-family homes for purchase in the area you serve or are more needed?

Results in Figure 3 show that more respondents indicated a strong need for accessible housing units for the handicapped (63.6%), a need for rental units for seniors (51.5%), and a need for single-family homes for seniors (39.4%).

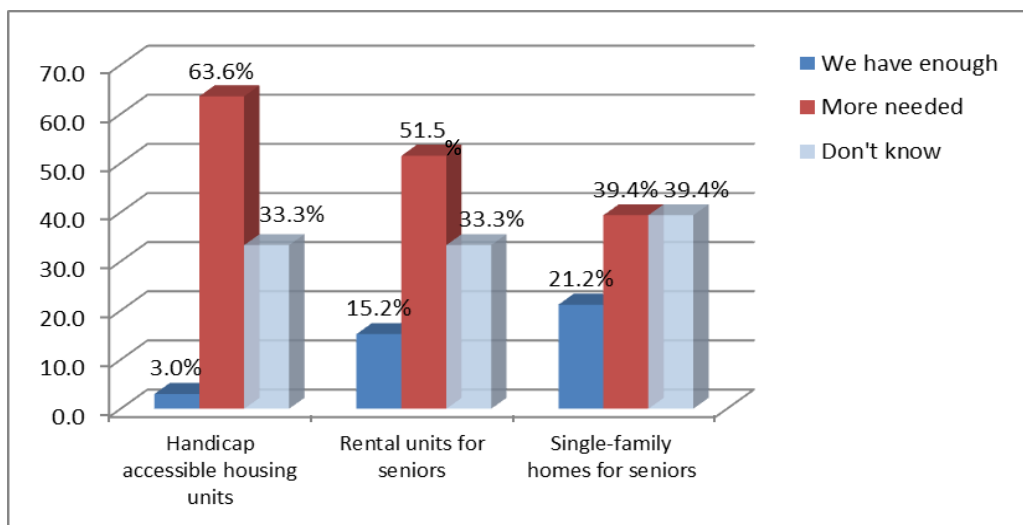


Figure 3. Available Housing Options for the Handicapped or the Elderly (N=33)

3.5 Factors Influencing the Housing Market Value in This Area

We investigated which factors will affect the market value of housing in the respondents’ areas. The findings from this question can determine more important factors that should be considered for improving housing affordability in the regions. The most important factors indicated by the housing expert interview participants were “upkeep of homes in the neighborhood,” “level of neighborhood crime,” “repair and maintenance of streets and sidewalks,” “proximity to public transportation and availability,” “school district affiliation,” and “distance to commercial shopping districts.” They also indicated “the importance of housing and building code enforcement” and “rental license requirements” (see Table 5).

Table 5. Important factors influencing the housing market value

Importance of factors influencing market value	Very Important		Somewhat Important		Not Important		Not sure		Total	
	n	%	n	%	n	%	n	%	n	%
Upkeep of homes in the neighborhood	21	63.6	9	27.3	1	3.0	2	6.1	33	100.0
Level of neighborhood crime	21	63.6	7	21.2	3	9.1	2	6.1	33	100.0
Repair and maintenance of streets and sidewalks	19	57.6	11	33.3	1	3.0	2	6.1	33	100.0
Proximity to public transportation and availability	18	54.5	9	27.3	4	12.1	2	6.1	33	100.0
School district affiliation	17	51.5	11	33.3	3	9.1	2	6.1	33	100.0
Distance to commercial shopping districts	15	45.5	12	36.4	4	12.1	2	6.1	33	100.0
Housing and building code enforcement	15	45.5	11	33.3	4	12.1	3	9.1	33	100.0
Rental license requirements	13	39.4	12	36.4	4	12.1	4	12.1	33	100.0
Availability of residential parking	10	30.3	14	42.4	6	18.2	3	9.1	33	100.0
Single-family home value compared to county home values	10	30.3	14	42.4	2	6.1	7	21.2	33	100.0
Age of housing	8	24.2	19	57.6	4	12.1	2	6.1	33	100.0
Racial composition of the schools	8	24.2	14	42.4	8	24.2	3	9.1	33	100.0
Racial composition of the neighborhood	7	21.2	13	39.4	10	30.3	3	9.1	33	100.0
Concentration of college students in the neighborhood	6	18.2	15	45.5	9	27.3	3	9.1	33	100.0

3.6 Reasons People Leave or Choose the Communities

The reasons people leave or choose the current communities were investigated by asking two different questions. The first question reads, “In your opinion or based on what you may have heard, which of the following are reasons that people are leaving the area that you serve to move to another area?” The second question reads, “In your opinion or based on what you may have heard, which of the following are reasons that people are choosing to live in your area?”

Figures 4-5 show comparisons between the two different reasons. As Figure 4 exhibits, the major reasons people leave the community included “lack of employment,” “problems in school districts,” “high crime rate,” “prevalence of poverty and poor housing conditions,” “lack of rental units,” and “lack of public services.” Surprisingly, “the lack of affordable housing” was indicated less than these six reasons.

Figure 5 shows the reasons people choose their communities. The most highly ranked reason was “generally decent housing conditions.” The next reasons were “low-crime rate,” “good school district,” “enough public services,” and “reasonable property tax rate.” Offering enough affordable rentals or

housing units counted less as an important reason people choose their communities than those four reasons. Still, more than 51% of the respondents agreed that people choose their communities based on enough affordable rentals or housing units.

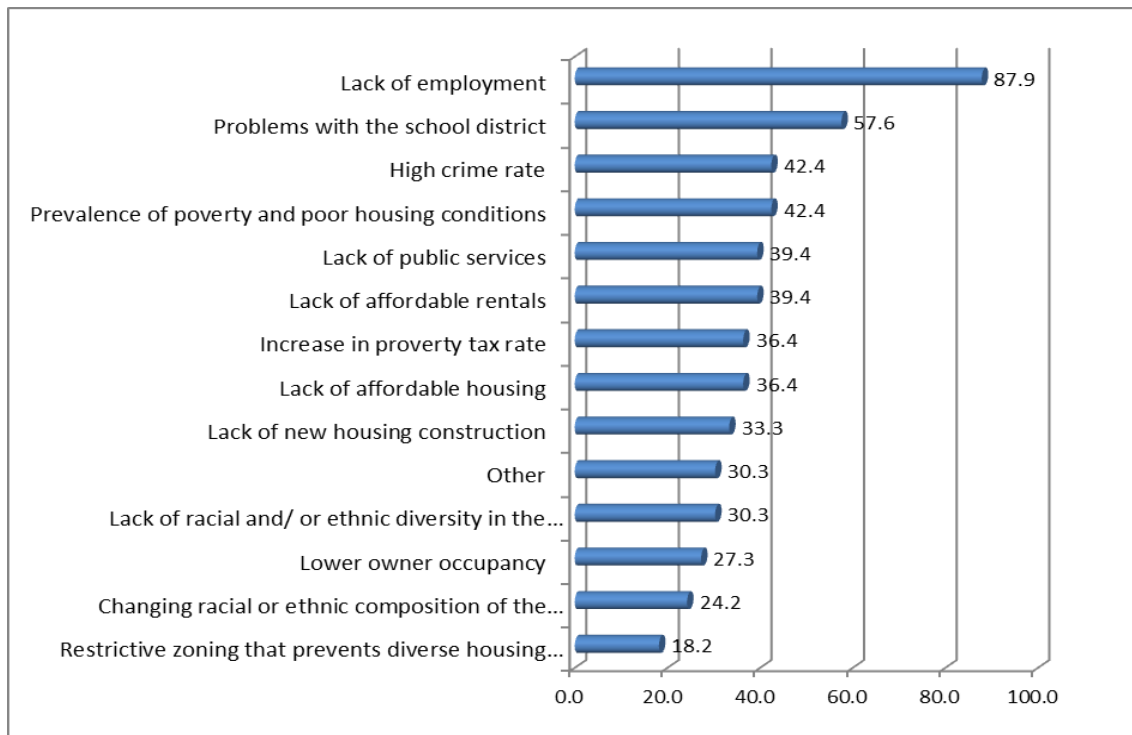


Figure 4. Reasons people leave the current community

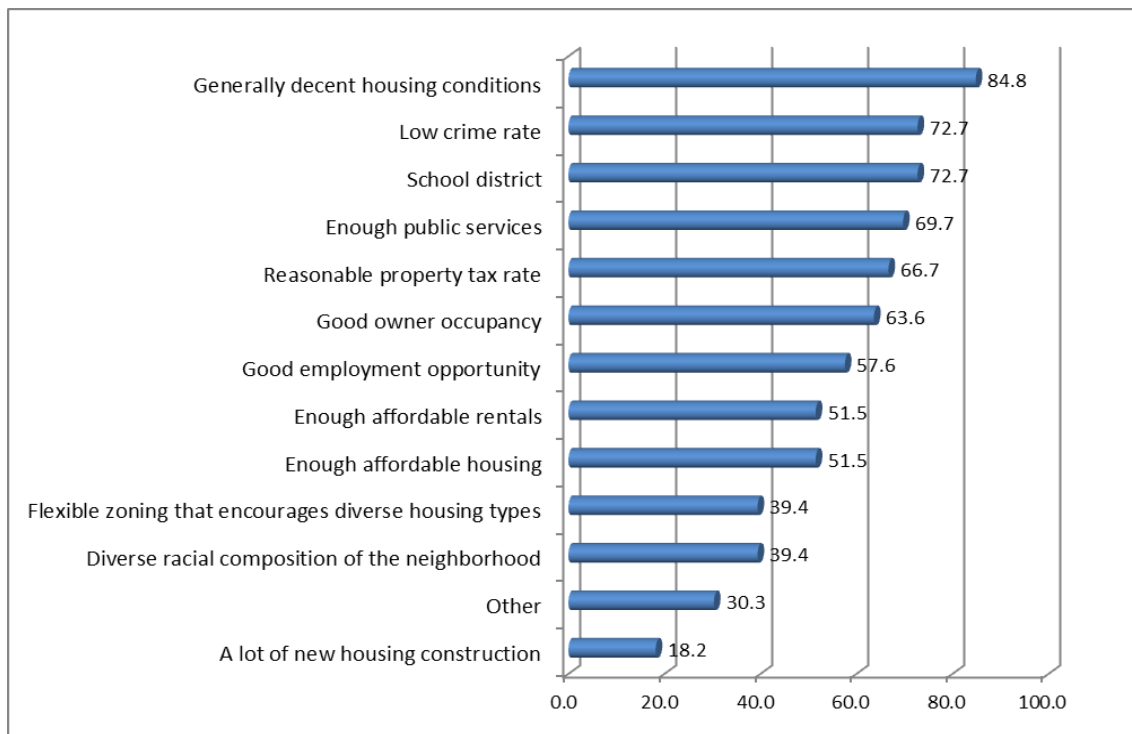


Figure 5. Reasons people choose the current community

3.7 Opinions on Vacant Units

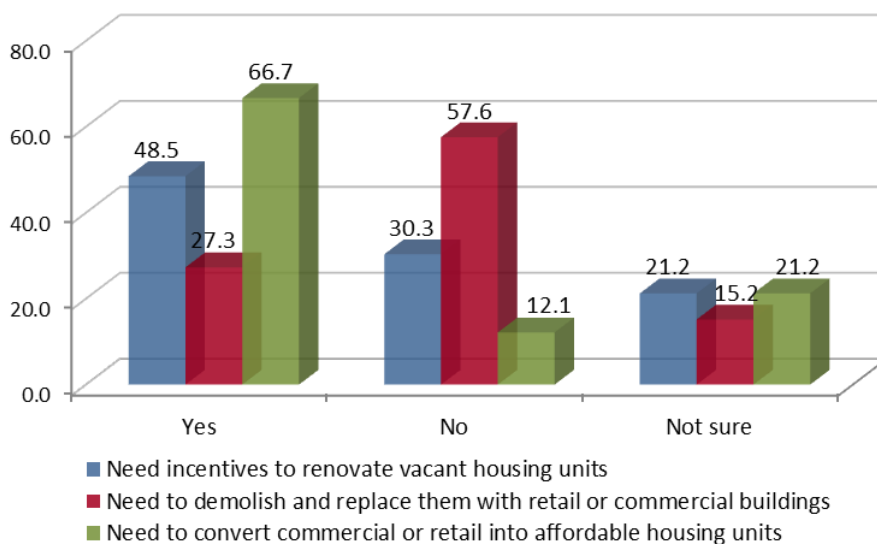
We investigated housing experts' opinions on the current vacant units available in their communities. Three options for the vacant units were presented. The questions read:

- What is your thinking on vacant housing units in your area? Do we need any incentives to encourage people to rehabilitate those vacant housing units?
- Do we need to demolish those vacant housing units located in the downtown area and replace them with different types of facilities such as retail or commercial buildings?
- Do we need to convert vacant commercial or retail buildings into affordable housing units?

Table 6 shows 66.7% respondents agreed with converting commercial or retail buildings into affordable housing units while about 27.3% agreed with demolishing current vacant housing units and replacing them with retail or commercial buildings. They emphasized a strong need for readapting existing buildings to provide more affordable housing units. Not many housing experts supported demolishing current buildings.

Table 6. Opinions on vacant units

Opinions about vacant units	Yes		No		Not sure		Total	
	n	%	n	%	n	%	n	%
Need incentives to rehabilitate vacant housing units	16	48.5	10	30.3	7	21.2	33	100.0
Need to demolish and replace them with retail or commercial buildings	9	27.3	19	57.6	5	15.2	33	100.0
Need to convert commercial or retail buildings into affordable housing units	22	66.7	4	12.1	7	21.2	33	100.0



Their need for mixed-use development was identified additionally. Although housing experts did not support the idea of demolishing current vacant buildings to build new retail or commercial buildings, they strongly supported a need for more mixed-use developments in the areas. This means that they preferred the idea of rehabilitating or renovating current vacant buildings into mixed-use developments. Figure 6 shows their opinions on mixed-use developments in the communities. About 51.5% strongly agreed, 30.3%

somewhat agreed, and 12.1% were neutral. No respondent strongly disagreed with the need for mixed-use developments in the regions.

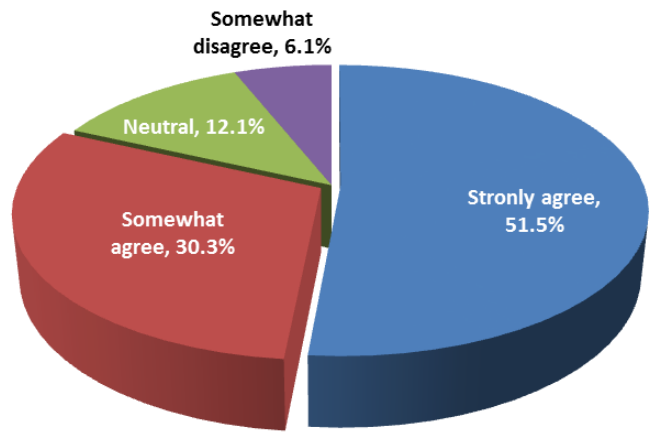


Figure 6. Need for more mixed-use developments in the community

Instead of big mixed-use development, many housing experts indicated small-scale mixed-use developments in downtown areas. As Figure 7 shows, it seems desirable to utilize current outdated buildings downtown through upgrading the facades and offering small-scale mixed-use developments that can include some affordable residential units on the 2nd or 3rd floor. These mixed-use buildings are located in Williamston, MI. Figure 8 shows a newly developed mixed-use building located along Grand River Avenue in East Lansing, MI, that include retails on the first floor and residential units on the 2nd floor.

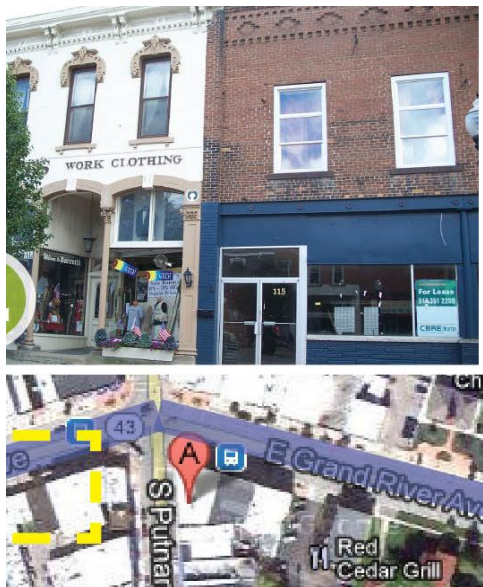


Figure 7. Mixed-use buildings in Williamston, MI

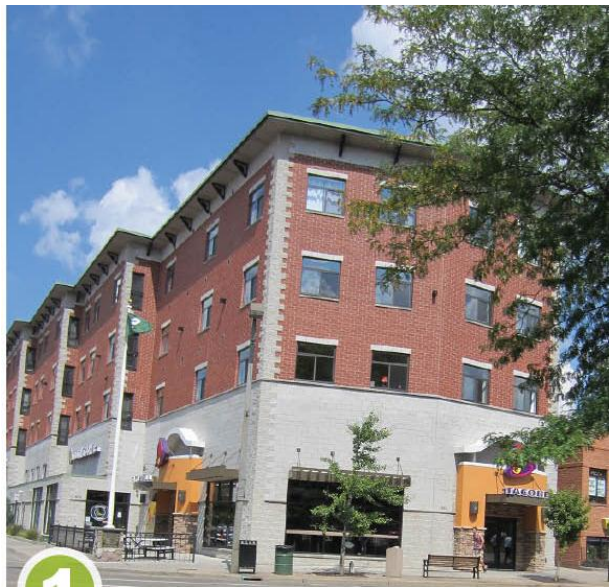


Figure 8. Mixed-use building in East Lansing, MI

3.8 Main Obstacles Preventing Housing Affordability

Housing experts indicated the main obstacles that prevent housing affordability in the regions. Their responses were categorized into seven key categories. The first category highlighted by a lot of respondents was “difficulties in finance” that include “lack of financial sources for building or purchasing home,” “insufficient jobs,” and “unaffordable housing prices and property taxes.” Example responses are listed below.

Obstacle 1: Difficulties in Finance

1) Lack of financial sources for building or purchasing homes

- We do not have enough funding for subsidies, which is a barrier to rental subsidy for low incomes.
- Low-income people need federal and other funding sources to underwrite expenses for housing. The municipalities have a goal to get people to spend 30% or less of their income toward paying rent, which is the affordable number mark. To do so, more funds should be available.
- More housing money should be supported by HUD, if the federal program has money to offer.
- For buyers, down payment and credit score are obstacles while credit score, rental history, or security deposit can be obstacles for renters.
- Nonprofit organizations for low-income families, such as Habitat for Humanity or Greater Lansing Housing Coalition, need more funds so they can build more housing. It is also important to keep people in their homes so they can age in place. That is one of the new programs these organizations are implementing, but they need funds. That’s also integral in keeping the housing stock in Lansing in good repair, but it is hard to do due to the limited financial and human resources.
- Lack of mortgage opportunities for low-income households has been the major problem.
- Lack of other loan programs is the problem.
- Getting costs in line with appraisals is not simple. It is hard to get renovation costs recouped.
- Getting financing opportunities for landlords is very limited. If landlords could turn more properties into rentals, they would. But attainable financing for purchasing or upgrading homes is a roadblock.
- The cost of building new homes is usually much more desirable than rehabilitating obsolete homes. But, due to the economic turndown, sales are down 30%, and it is not worth building new affordable housing developments. There are condo development sites that have been purchased, but they haven’t been built yet because no one can afford to buy. Financial sources for the community are essential.

2) Lack of employment

- The communities do not offer enough jobs for community residents. Jobs can give people enough income to pay rent or mortgage, but these regions do not offer enough job opportunities. There is not enough government money to cover that expense. Available funds from the government are just seeds for down payments or for starting development or rehabilitation. There is no further support for continuous development.
- The communities do not offer enough good sustainable jobs with good incomes.
- Lack of jobs has been an obstacle for housing affordability in the regions.

3) Prices of homes and property taxes

- High prices of homes and high property taxes are the two main things.
- The economy has been depressed, so housing market prices have gone down. People are still scared or unable to list their houses for sale.
- Lack of tax breaks from the city for delinquent-paying tenants.
- The prices of homes—with interest rates as low as they are, housing can be made affordable right now. The prices of homes have been an issue and will continue to be if interest rates increase.
- The cost of building and actual property values (if everything is in a certain range, you are not going to find so many bargains) are the main obstacles against housing affordability.

The next categories were “lack of regional housing vision, zoning, and regulations,” “lack of affordable rental or single-family housing units,” “lack of knowledge of low-income families about available sources for them,” “a lot of foreclosed units without appropriate assistance,” and “others.” Example responses are presented below.

Obstacle 2: Lack of regional housing vision, zoning, and regulations

- There is no cohesive regional vision for housing.
- Zoning requirements are unclear sometimes.
- Lack of remodeling programs for upgrading outdated homes in the regions. There is a lack of government programs to help low-income families.
- The developers need to meet all regulations, but some of them are not trustful.
- Zoning ordinances can be an obstacle to improving housing affordability.
- Sprawled development has been an obstacle. For instance, if we accept the idea that we cannot afford to develop in a low-density model, we’ll realize the market realities see that sprawl isn’t feasible. In fact, gas prices to get far out to the sprawl are really high. The problem is that we have to look at redevelopment over new development. This necessitates public-private partnerships, and there is a vocal crowd against them.
- Local maintenance regulations are needed, which the board has taken care of. Lack of implementation in regulations and rules has been the main obstacle.

Obstacles 3: Lack of affordable rental or single-family housing units

- Rental units with good costs are necessary.
- The main problem is a lack of affordable units. We need more rental units with enough bedrooms.
- An obstacle to housing affordability is working with landlords and cooperating with apartment complexes that are strict on the credit issue. Some low-income families do not have good credit histories, and thus there is no way for them to rent decent housing units.
- Utility affordability has been an issue.
- There is a lack of housing for an aging demographic.
- More demand than supply has been an issue when it comes to high-quality low-income housing.

Obstacles 4: Lack of knowledge of low-income families about their rights

- Another obstacle is knowledge of the ability to apply for Section 8 housing.

- Renters don't have a good understanding of their rights and how to improve their housing situations, especially families with kids living in single-family dwellings. Also renters need to have time, knowledge, and ability to organize and advocate for themselves. Seniors tend to have time to form effective tenant organizations and dig up the info they need, but other renters don't.

Obstacle 5: A lot of foreclosed units without appropriate assistance

- Preventing foreclosures! These equal vacant properties. It's a cycle because once one home is foreclosed upon, the other property values go down. They can't sell or get equity on the home. It limits everyone's ability because it reduces tax revenue, which pays for basic services. The legislators' lack of understanding prevents policy to get the market back on track. Many legislators still think the foreclosure crisis is because of irresponsible homeowners. The finger pointing and denial of reality on the part of legislators is keeping us from moving forward.

Other: Lack of developers and investors

- The largest obstacle right now is the developers or investors. They just don't exist or they're not investing. The banking industry isn't lending very much money for those types of projects right now. It's a matter of finance.

4. Suggestions for Possible Actions



Possible Actions Taken by Municipalities and Other Types of Stakeholders

We investigated what kind of actions housing experts suggested for the county, city, or township to take in order to improve housing affordability in the regions. Not surprisingly, “financial support” was the first action they suggested. Example responses are presented below.

Action 1: Financial support

- Advocacy for further funding: We need to create developments with multi-tiered units and loans. We also need to provide more funding options for low-income people to live in housing complexes.
- A tax abatement for building condos that was done in Lansing a few years ago, or things like the Avondale project or some kind of development where taxes are levied only on the building—not on the land—will be needed. The prices can be lower for buyers.
- Provide more funding or borrowing programs: This doesn’t have to be just for low-income people. We need some financial support for many people who don’t have low-enough income or don’t have enough dependent family members or whatever to qualify for low-income programs, don’t have good enough credit, don’t have enough cash for down payment, haven’t been in their current job long enough, had a foreclosure recently, or can’t get mortgages through regular lenders. In fact, the requirements for getting financing are so incredibly strict and limited.
- The city, county, and town do not have the money. We need federal grants.
- Citizens and government officials need to be more aware of the issues that banks are dealing with in regard to housing. Sometimes there is conflict between the local government and the banks.
- There is not enough money for the working poor. It is not as easy to get a housing subsidy. Since Michigan is now a right-to-work state, salaries will go down to minimum wage: \$10/hr. The working poor can’t support their families that way, even with two people working minimum-wage jobs. They cannot support a family or pay \$1,000 rent, utilities, insurance, car payments, food, and so on. There is no safety net for the working poor. If only there was a method, something like the Habitat concept that gives people the opportunity to get a mortgage.
- The economy is going to have to slowly heal: Got to get rid of foreclosures or short sales, but it is not easy for people to walk away from their mortgages. Banks need to work with people to keep them in their current mortgages – “loan modifications are a joke,” in fact. We have not heard of a single successful one yet. The government needs to stop pouring in money, and let things fall where they will. Then the economy can heal.
- Since SIREN/Eaton Shelter is an emergency shelter, they couldn’t really do anything, but the housing agencies and anyone dealing with housing could get involved in local government since these are local issues. But change is slow on a local level. Perhaps conduct focus groups with landlords to see why they don’t want to rent to people who’ve been in shelters, and get the landlords’ point of view. They could then tie that in to programs to help clients become more desirable. Money is really the first line, giving the landlords financial incentives. One possibility through MSHDA would be to provide grants to the shelter to establish programming that, as a client is placed and becomes stable, the client starts to pay more on the rent and the shelter pays less — allowing for the client to eventually take over the lease. But there’s no funding for that now.

- Low-interest loans are needed as an incentive.
- The government should provide subsidies in affordable housing for the elderly and others. Economy improvement will help. The government should show some initiative.
- The county could receive more funding for Community Development Block Grants Programs that could help, but the city doesn't really have a stake in providing housing. If it could be expanded, that could be helpful.
- Energy efficiency subsidizing: Anyone willing to take up the cause could be a catalyst for a relationship to energy services. The Board of Water and Light already has Pennies for Power, but they need more energy cost-subsidizing programs. It would also be helpful if these plans could be implemented in advance of power shutoffs.

Action 2: Offering more housing options, particularly more rental units or opportunities for renters

- There need to be more opportunities for renters to weigh in on their situation, and help us to learn how best to get them information and help them apply it. It is extremely necessary to create spaces for renters to get together and talk about solutions. We're offering some incentives for people to get involved (bus passes, grocery cards, etc.). Another problem we've discovered recently is about the effects of lead on children. For instance, if children with lead poisoning live in rentals, they should be insured to live in a lead-free environment, but the cost of inspection is very high (\$750-1,000, and Medicaid only covers \$150). We need to find out more about how to fund it, how the tool could better be used.
- We need to educate the landlords. Incentives for landlords to work with people and be flexible on the credit issue would help considerably.

The next series of actions are about regional housing planning administered by municipalities. These include: "adopting a regional housing plan considering jobs and housing relationship," "creating housing authority or active city's involvement," "code and regulation enforcement," "simplifying the process for low-income families to find permanent homes," and "proving more transportation options." Example responses are presented below.

Action 3: Adopting a regional housing plan considering jobs and housing

- It is extremely important to adopt a regional housing plan and adopt a consistent set of building and zoning codes. Last but not least, we should establish a regional fair housing office.
- It would be great to see a policy tying together job creation and rehabbing houses. There is no policy to rehab homes, and we could find more creative solutions. Getting unemployed construction workers and independent small contractors to return to work for rehabilitating houses can solve the employment and housing issue. If legislators were informed, they could tie affordable

Action 4: Creating a housing authority or active city involvement

- It would be great for Clinton County to have some kind of Housing Authority (either government or nonprofit) to coordinate efforts on all kinds of housing efforts, provide some oversight, as well as be a source of information. It is also extremely necessary to see some kinds of housing repair and rural development organizations.
- Communities with similar concerns can lobby together for political changes on local and state levels.

- More MSHDA involvement in local property improvements would help. But overall, the city isn't a player in housing.

Action 5: Code and regulation reinforcement

- Planning departments should ease up on square-footage requirements, to change the architecture of affordable housing. To make it more aesthetic and fit it into the neighborhoods in which it is placed, planners need to encourage diversity in housing within the neighborhood context.
- It is necessary for the county to convene a landlord forum. Incentive should not be given to a slumlord. Tenant associations rising up against slumlords can be considered by municipalities. Community organizing can be initiated by cities for tenants.
- There needs to be a change in zoning to reflect the "new normal" of mixed-use development rather than continuing to reflect old planning methods. In the past decades, we experienced sprawl. The federal transportation policy is changing, but a lot of local policies still reflect the old normal, which is automobile-oriented development.
- There should be city certifications on each unit so that each unit is required to meet a certain standard.

Action 6: Simplifying the process for low-income families to find permanent homes

- It is very important to package all processes properly. Not dealing with individual issues separately, but rather dealing with them more holistically, is desirable and more effective. For instance, the county provides some match money for rehabilitation of some homes, which is good for people, but the flow is not easy to follow.

Action 7: Provide more transportation options

- We need to think about commercial nodes and walkability: Think on the neighborhood level, not just block by block, and the transitions between neighborhood to neighborhood. We need to reduce barriers that prevent transition (pedestrian transitions in particular). In terms of walkability, it is needed to get road people involved more. Neighborhoods aren't just something to drive through; they need to be built, and require consideration.

The next series of actions are relevant to the actions of educating people and encouraging developers.

Action 8: Offering more information and education opportunities

- Knowledge is the biggest. We need to have more information readily available to house renters.
- It is important to educate the public and private sectors on how we can address necessity and value to get to a different place on how to develop. We should bring people back into cities; give them new skill sets for understanding the new realities. Local institutions such as LCC or MSU can be involved to teach partnerships and to build trust.
- It is necessary to host housing fairs with municipalities, builders, and consumers coming together to learn about buying or renter rights. Different municipalities are missing out by not reaching out to high school students who are entering Michigan State University, which would help parents decide whether it is wiser to buy a house for their students or rent.

Action 9: Giving incentives to developers

- Making multi-income developments can be a part of the plan when a new developer comes in to create new development; we need to set aside some percentage of housing for the lower-income. Developers need to be involved in the actions.
- It is important to have stakeholders bring in developers who would be interested in tax credits from state or federal subsidies. At the same time, the government needs to insure that people who have housing-choice vouchers are recertified so they don't lose them. Additionally, it is important to advocate with the federal government to provide more rental subsidy to the local communities.