HUD Pathways to Removing Obstacles to Housing

Notice of Funding

City of Ann Arbor Application Plan

HUD Goals

- Enable promising practices dedicated to identifying and removing barriers to affordable housing production and preservation, while preventing displacement

- Institutionalize state and local analysis and implementation of effective, equitable, and resilient approaches to affordable housing production and preservation

- Provide technical assistance to help communities better identify barriers to affordable housing and implement solutions to address those barriers

- Affirmatively further fair housing by addressing and removing barriers that perpetuate segregation, barriers that inhibit access to well-resourced areas of opportunity for protected class groups and vulnerable populations, and barriers that concentrate affordable housing in under-resourced areas.

- Facilitate collaboration and harness innovative approaches from jurisdictions, researchers, advocates, and stakeholders.

HUD will prioritize applicants that demonstrate:

- Progress and a commitment to overcoming local barriers to <u>facilitate</u> the increase in affordable housing production and preservation

- An acute demand for housing affordable to households with incomes below 100 % Area Median Income

- How the funds would be used to identify and remove barriers to affordable housing in a manner that affirmatively furthers fair housing by expanding access to housing opportunities in well-resourced areas for protected class groups.

Identify & Remove Barriers continued

- The Fair Housing Act prohibits discrimination in housing because of:
  - Race
  - Color
  - National Origin
  - Religion
  - Sex (including gender identity and sexual orientation)
  - Familial Status
  - Disability
- Deconcentrating affordable housing and increasing housing choice

2023 Ann Arbor Area Median Income

Area Median Income	1 Person	2 Person	3 Person	4 Person	5 Person
30%	$26,040	$29,760	$33,480	$37,200	$40,200
50%	$43,400	$49,600	$55,800	$62,000	$67,000
60%	**$52,080**	**$59,520**	**$66,960**	**$74,400**	**$80,400**
80%	$69,440	$79,360	$89,280	$99,200	$107,200
100%	$86,800	$99,200	$111,600	$124,000	$134,000
120%	$104,160	$119,040	$133,920	$148,800	$160,800

Ann Arbor Primary Metropolitan Statistical Area includes all of Washtenaw County – Median Family Income = $124,000

HUD places the Area Median Income into the 100% AMI 4-person household slot, and all other incomes are a formula based off that number

2023 Affordable Monthly Housing Costs Based on AMI

Area Median Income	1 Person	2 Person	3 Person	4 Person	5 Person
30%	$651	$744	$837	$930	$1,005
50%	$1,085	$1,240	$1,395	$1,550	$1,675
60%	**$1,302**	**$1,488**	**$1,674**	**$1,860**	**$2,010**
80%	$1,736	$1,984	$2,232	$2,480	$2,680
100%	$2,170	$2,480	$2,790	$3,100	$3,350
120%	$2,604	$2,976	$3,348	$3,720	$4,020

Federal Poverty Level

Family Size	2023 Poverty Threshold Income
1 person	$14,580
2 people	$19,720
3 people	$24,860
4 people	$30,000

Approximately 20 – 25% of AMI
for Washtenaw County, i.e. Ann Arbor Primary Statistical Area
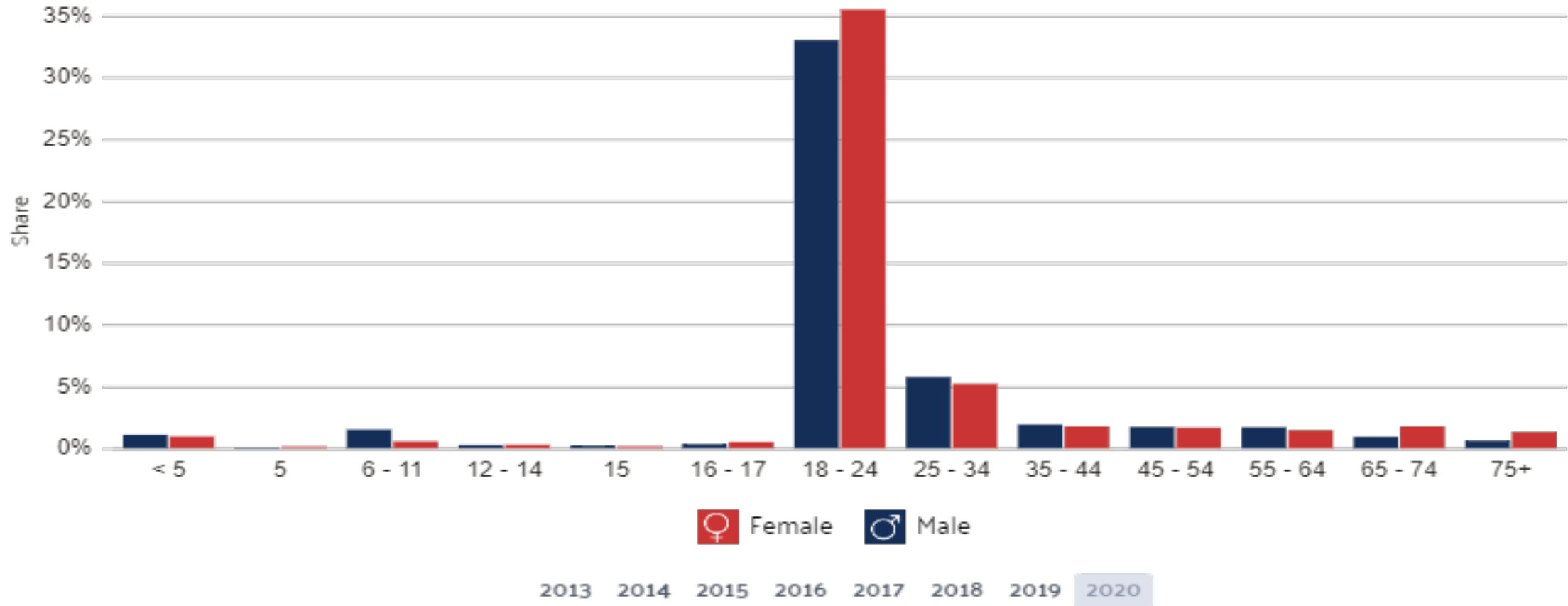
Poverty by Census Tract

Qualified Census Tract: 50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more.
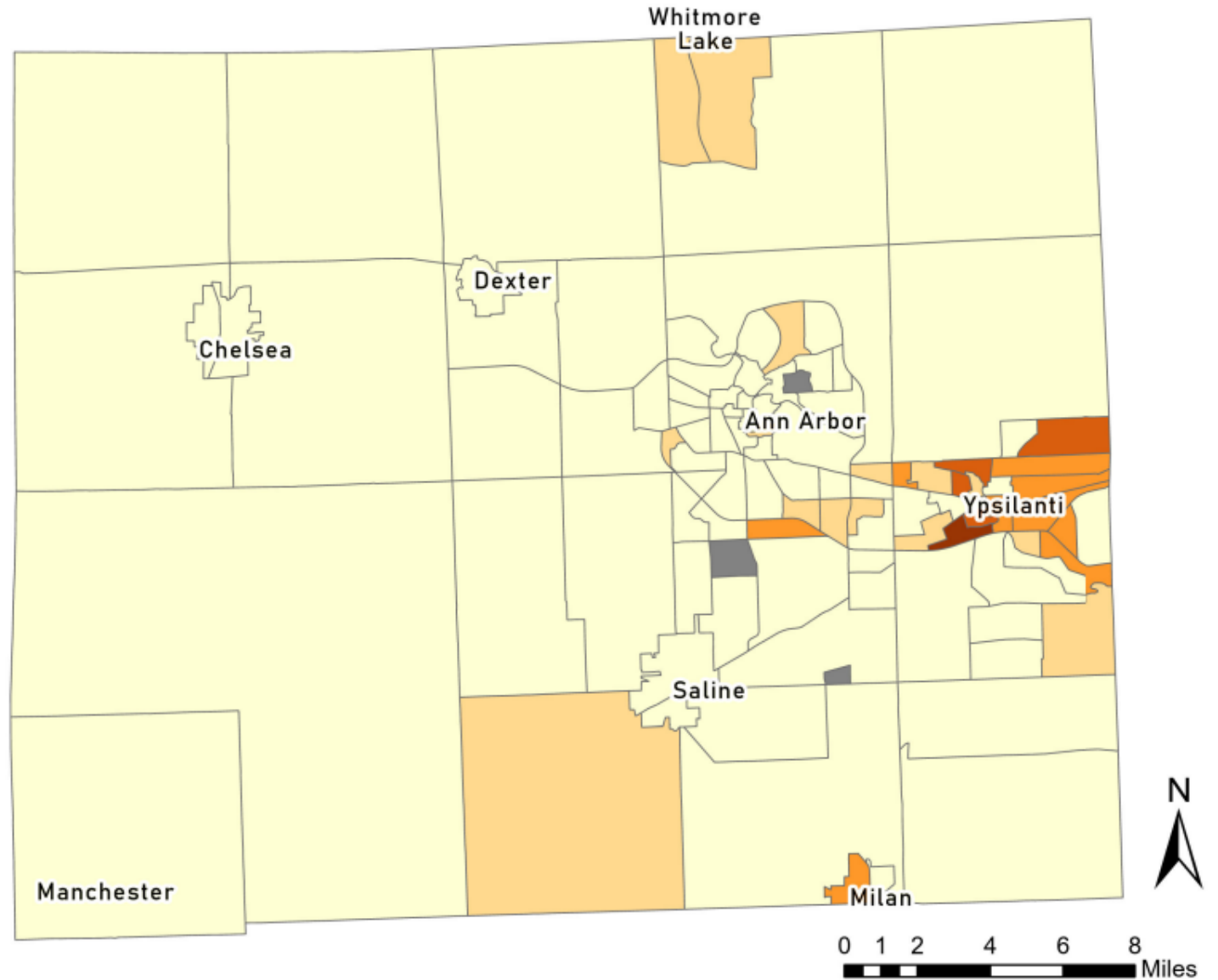
Ann Arbor 2020 Poverty by Age and Gender

Source: DATA USA, Ann Arbor, 2020

Percent of Households on Public Assistance by Census Tract
Washtenaw County, 2020

Percent of Households

- ☐ 0 to 10%
- ☐ 10 to 20%
- ☐ 20 to 30%
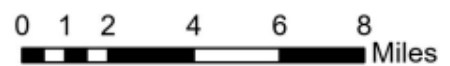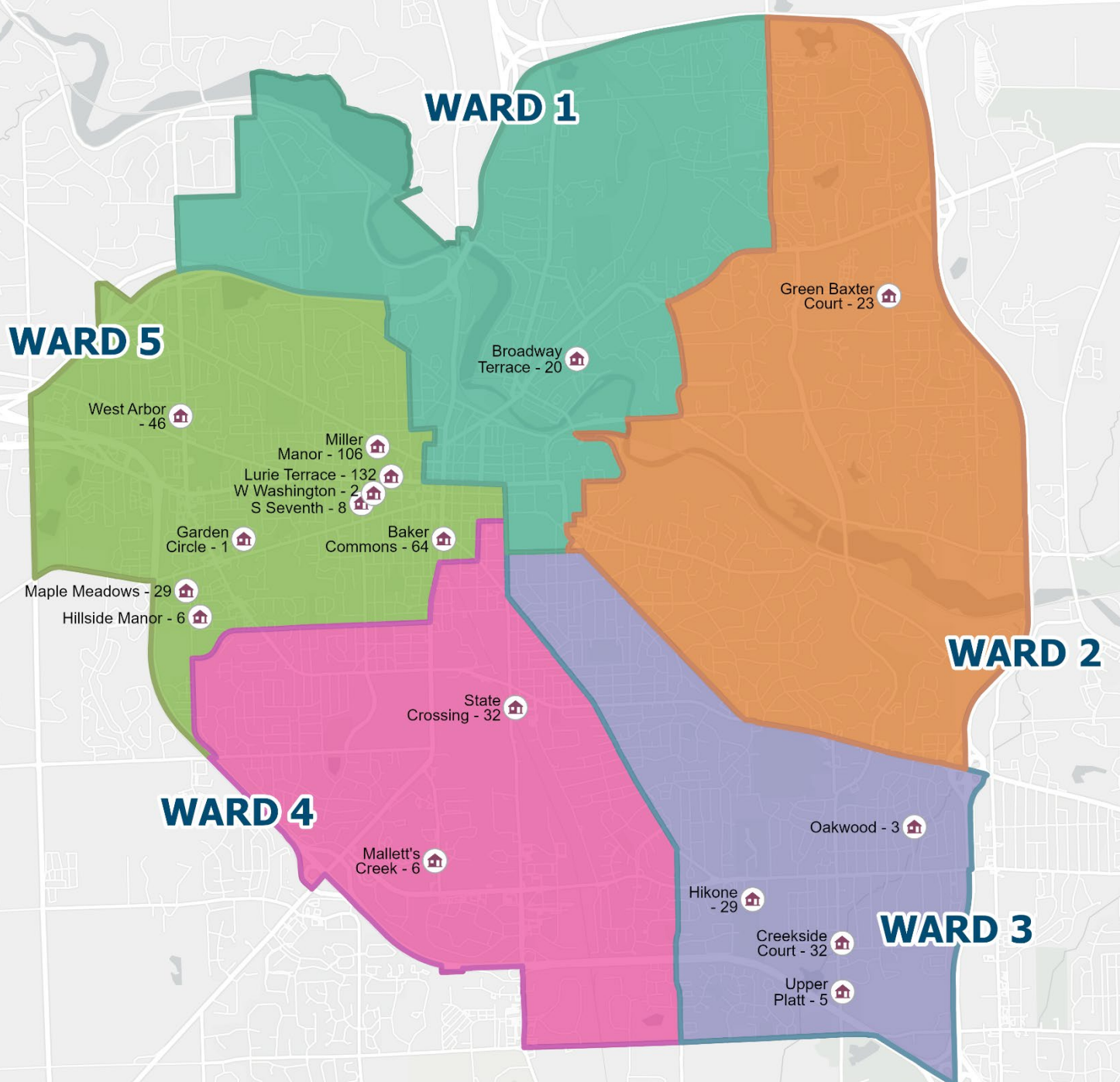- ☐ 30 to 40%
- ☐ 40 to 50%
- ☐ No data available
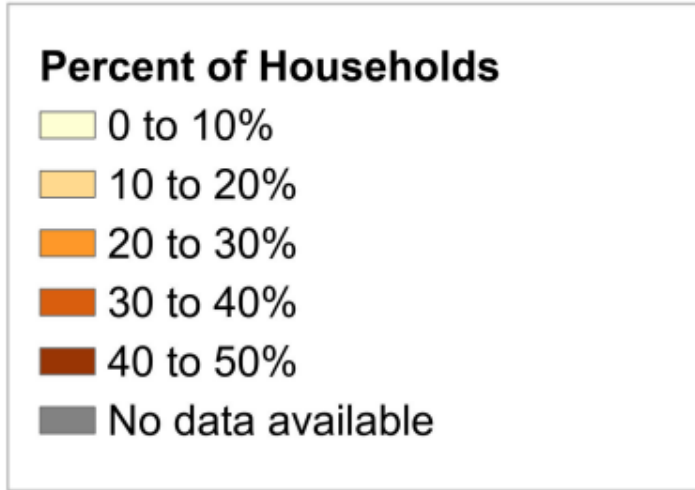
Data Sources: City of Ann Arbor, U.S. Census Bureau 2016-2020 American Community Survey 5-Year Estimates, Table B19058
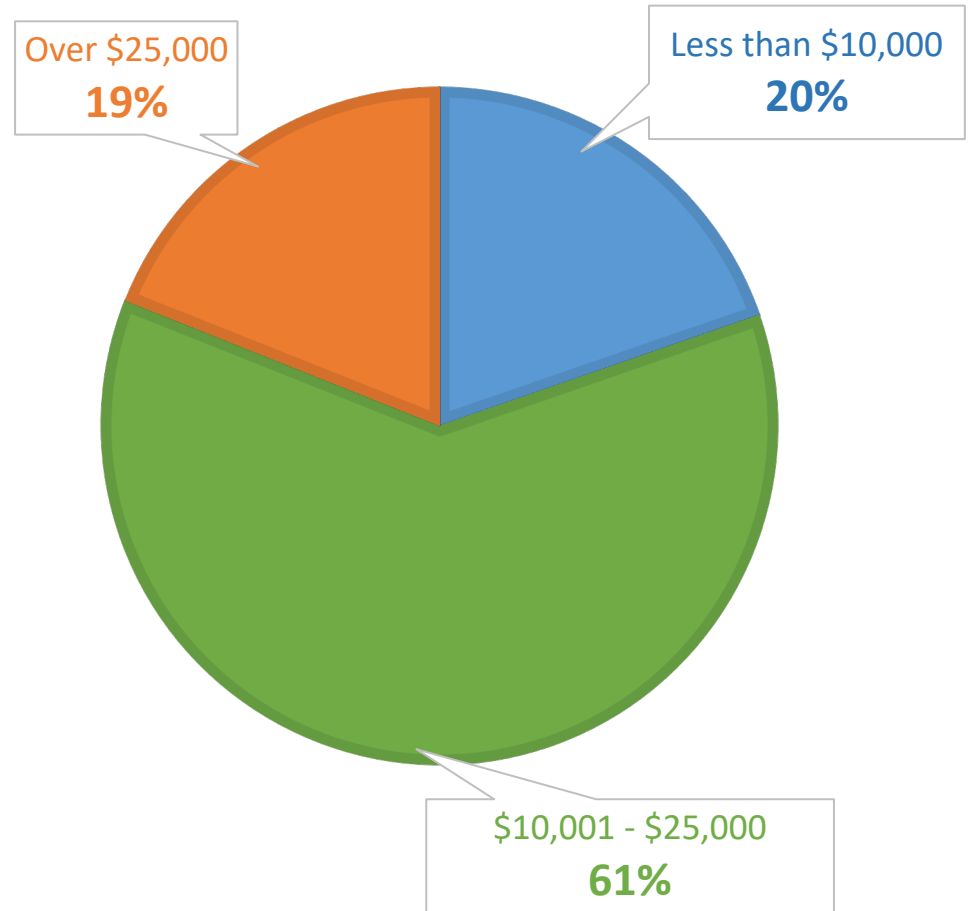
Map Prepared: September 2022

Whitmore Lake

Dexter

Chelsea

Ann Arbor

Ypsilanti

Saline

Manchester

Milan

N

0 1 2 4 6 8 Miles

Distribution of All AAHC Vouchers in Washtenaw County

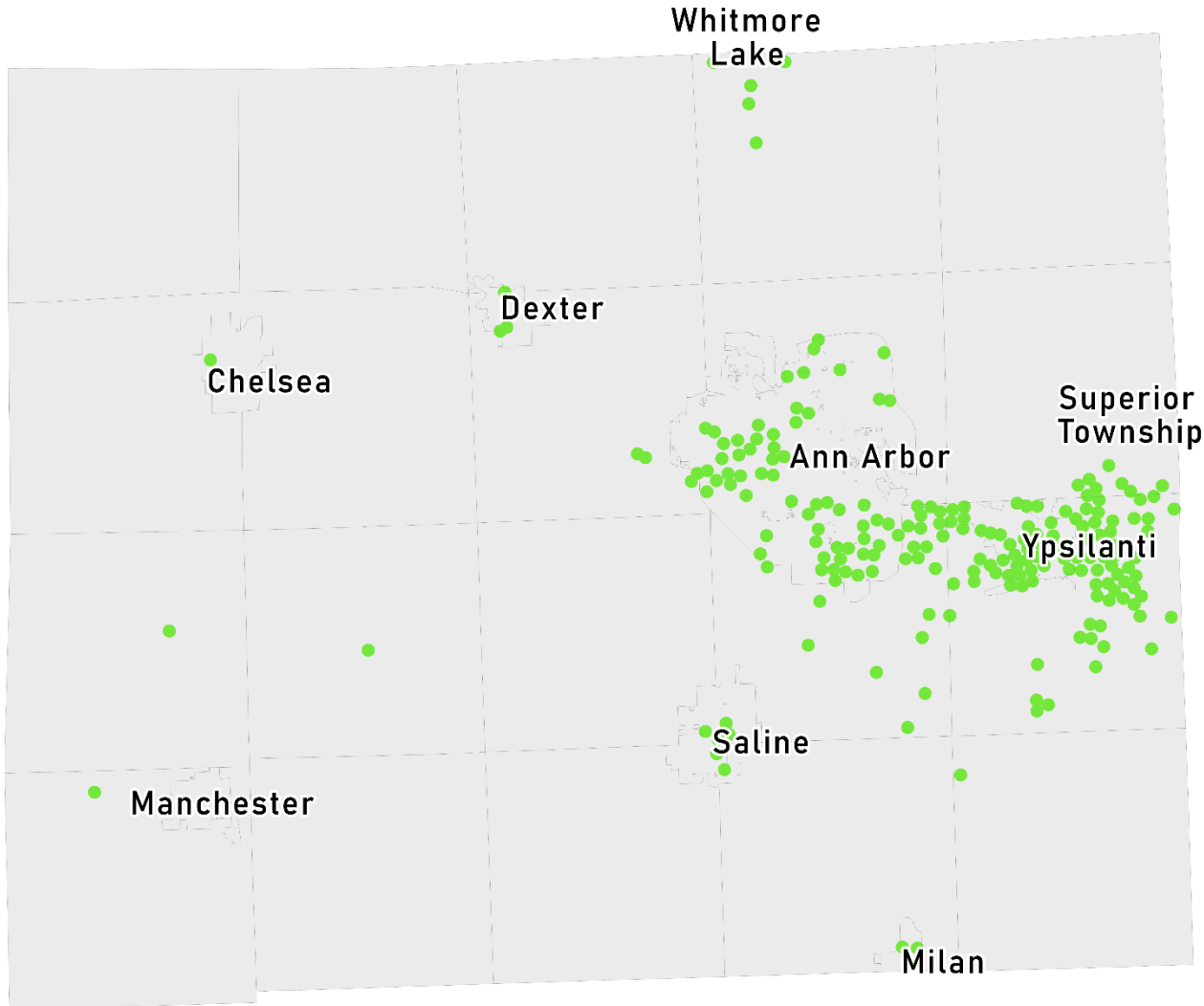# Voucher Programs

AAHC Administers

- 1,249 Housing Choice Vouchers
- 237 Veterans Affairs Supportive Housing (VASH) for Homeless Veterans
- 351 Non-Elderly Disabled Vouchers
- 32 Family Unification Vouchers
- 29 Emergency Housing Vouchers
- 336 RAD Project-Based Vouchers on AAHC properties

| Rent Subsidy Private Sector	30% of Income as Rent	50% Area Median Income Eligibility

Ann Arbor Housing Commission (AAHC) Housing Choice Voucher (Section 8) Participants
Tenant Based Vouchers (TBV) - Washtenaw County, 2022

Total Number of Vouchers Leased Up
in All Programs - 2,074

Total Number of TBVs Leased Up in
Washtenaw County - 1,319*

*23 TBVs leased up outside Washtenaw County

- ● TBV - Washtenaw County
- Washtenaw County Townships
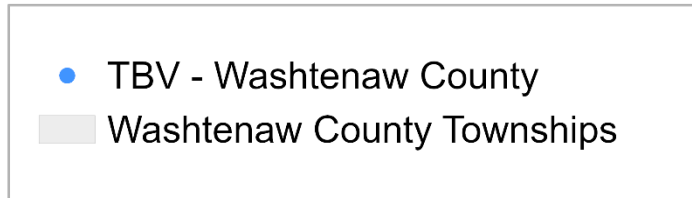
Note: This map is a point in time of areas where voucher program participants are located as of June 2022. Data points may represent multiple vouchers leased up at the same location (i.e. an apartment complex) rather than individual units.

Data Sources: Ann Arbor Housing Commission, City of Ann Arbor

Map Prepared: September 2022

Whitmore
Lake

Dexter

Chelsea

Ann Arbor

Superior
Township

Ypsilanti

Saline

Manchester

Milan

N

0 1 2   4   6   8
Miles
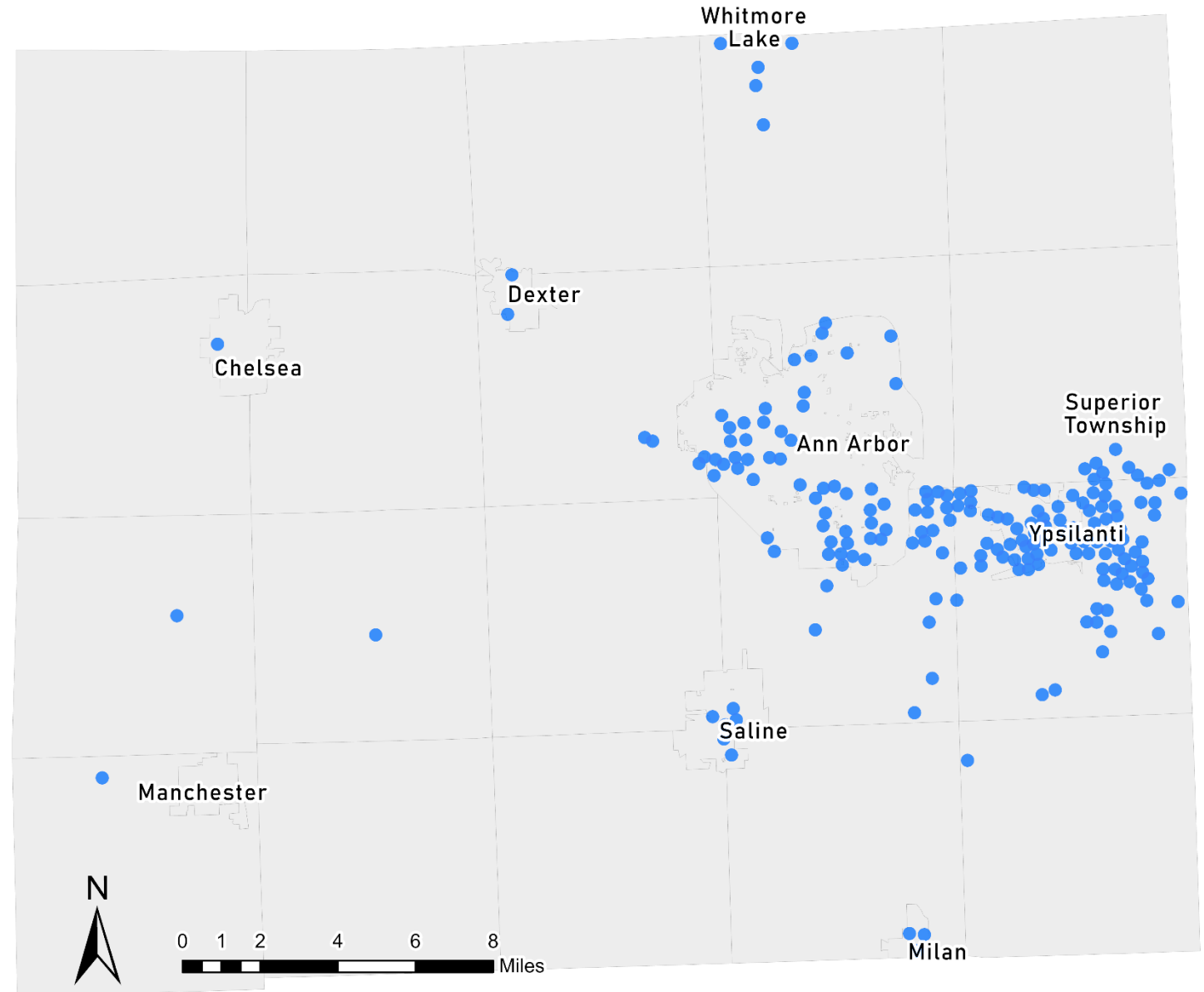
Award Details

- Due Oct 30, 2023

- $85 million

- 20 awards

- Minimum of $1 million and max of $10 million

- Primarily for planning activities and for other CDBG activities like infrastructure and preservation but also includes new construction

- 6 years to expend ending 9/30/2029

- No matching funds required but get points for leveraged funds

Eligible Activities

- **Planning and policy activities supporting affordable housing.**

- **Development activities**

- **Infrastructure activities**

- **Preservation activities**

- Competitive proposals will seek to remove the most significant barriers to unlocking affordable housing production and pursue area-wide benefits across a neighborhood, zoning district, station area, city, region, State, or similar geographic area, rather than smaller reforms or changes that may be limited in scope or geography.

- HUD encourages applications that will demonstrate scope of impact through incorporating a focus on barrier elimination related to land-use regulations, permitting, or related procedural issues.

Evaluate Proposed Activities

- High or Low Impact
  - Removing Barriers
  - Increasing Affordable Housing Production
  - Wide Geographical Area

- High or Low Resource Requirement
  - Staffing
  - Cost
  - Time

Plans, Zoning, Land Use #1

HUD Example

- Developing or updating housing plans, community development strategies, and zoning and land use policies such as overlays to encourage multifamily and mixed-use development or access to affordable housing, floating zones (such as redevelopment, workforce housing, or live/work zones in high opportunity areas), incentive zoning, transit-oriented development zones, or ordinances to encourage housing development or preservation.

Ann Arbor Proposal

- Housing studies
  - Update 2015 County-Wide Housing Affordability and Economic Equity Analysis
  - Conduct Housing Needs Assessment in City of Ann Arbor/Washtenaw County
- Further analysis and modification of the TC1 zoning district to enable more housing development

Housing Affordability and Economic Equity - Analysis
Washtenaw County, Michigan
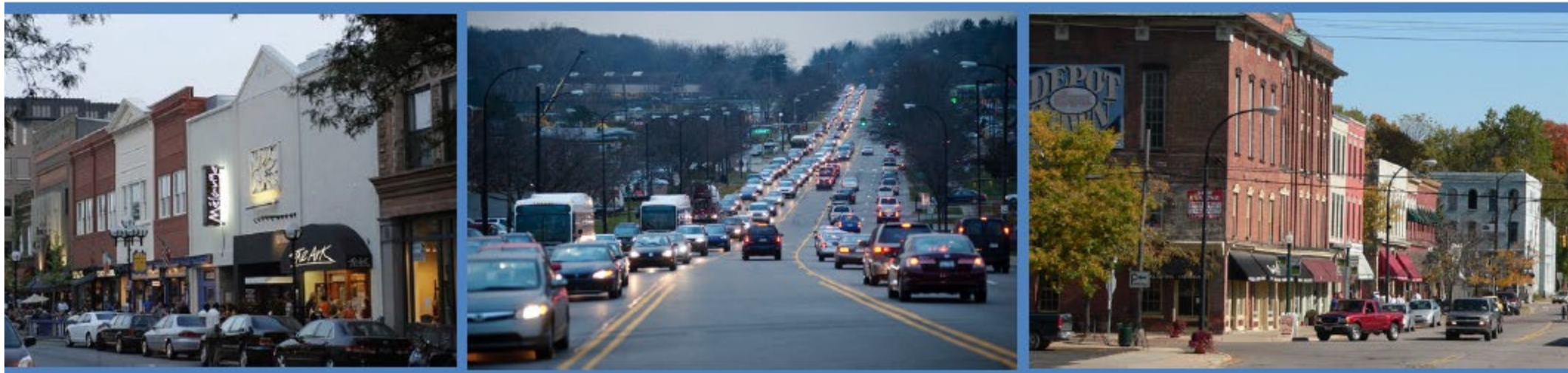
HOUSING NEEDS ASSESSMENT Downtown Ann Arbor

- There is a significant need for affordable housing as shown by the demand break-down:

  - Demand for 1,346-1,407 units at < 30% AMI

  - Demand for 782-856 units at 31% to 60% AMI

  - Demand for 371-491 units at 61% to 100% AMI

- Without the city getting involved and building affordable housing at or below 60% AMI, private developers will continue to build downtown residential at market rate. Therefore, **the market will drive growth in higher-income households.**

- While most downtown renter household growth is projected to occur among higher income households, low-income households comprise the largest share of renter households.

- One way to close the gap is for the **city to take an active role in building affordable housing downtown.**

- Based on this analysis, **all seven sites are marketable** for affordable residential development.

Housing Affordability Remains a Challenge for Many Area Renters

A total of 1,893 (55.5%) of all Downtown renters are considered "housing cost burdened," meaning they pay over 30% of their income toward housing.

HOUSING NEEDS ASSESSMENT

Downtown Ann Arbor, Michigan

BOWEN NATIONAL RESEARCH

2020

SMITHGROUP
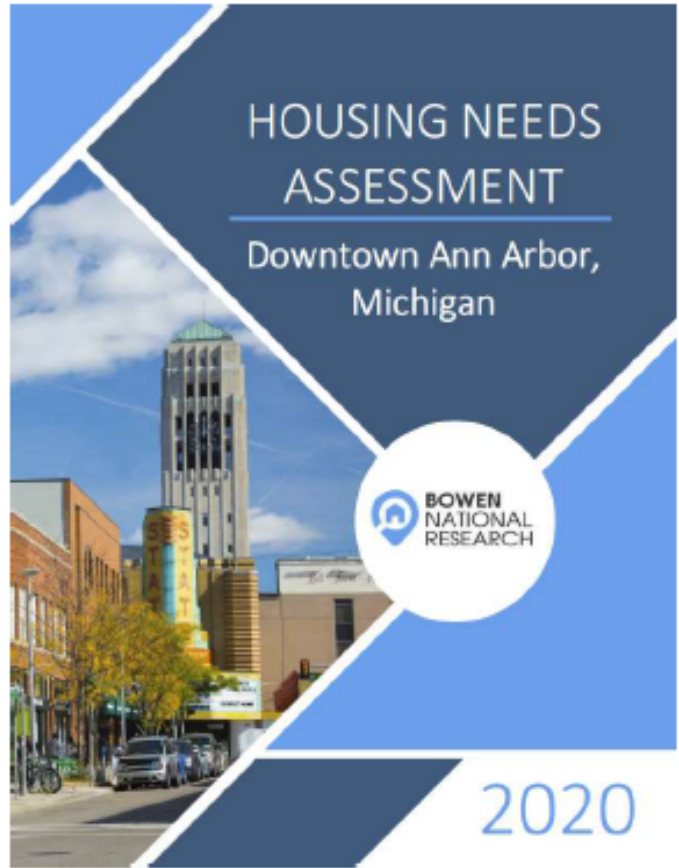
Plans, Zoning, Land Use #2 (cont.)

HUD Example

- Developing or updating housing plans, community development strategies, and zoning and land use policies such as overlays to encourage multifamily and mixed-use development or access to affordable housing, floating zones (such as redevelopment, workforce housing, or live/work zones in high opportunity areas), incentive zoning, transit-oriented development zones, or ordinances to encourage housing development or preservation.

City of Ann Arbor Proposal

- Support Comprehensive Plan work to:
  - Seek increased density across the City (challenge is how to limit benefit to low-income households when zoning is the tool)
  - Explore elimination/revision to minimum lot size requirements in residential districts
  - Explore updated zoning or incentives to facilitate affordable housing on land owned by faith-based organizations
  - Support Comprehensive Plan work & implementation of recommendations

Plans, Zoning, Land Use #3

HUD Example

- Developing or updating housing plans, community development strategies, and zoning and land use policies <u>to simplify, streamline, or change overlays that create a barrier</u> to affordable housing development or preservation, such as <u>architectural review</u> or historic preservation overlays

City of Ann Arbor Proposal

- Explore elimination of the Design Review Board process for downtown development projects.

Plans, Zoning, Land Use #4

HUD Example

- Developing proposals for new by-right permitting procedures to streamline affordable housing development and reduce discretionary approvals
- Developing proposals to streamline and modernize local permit processing, such as by enabling one-stop or parallel-process permitting
- Developing proposals to expedite approvals for affordable housing development that meets certain criteria
- Developing proposals to reduce or eliminate requirements related to parking, building height, lot coverage, setbacks, minimum unit size, minimum lot size, floor area ratio, and other common land use controls

City of Ann Arbor Proposal

- Explore modifications to the Uniform Development Code (UDC) to:
  - Provide streamlined affordable housing development
  - "Unzone" – i.e. analysis of UDC to determine requirements/provisions that no longer meet highest priority of City for affordable housing development; identify/develop amendments to remove requirements.
  - Differentiate between affordable housing and market-rate housing for distinct process improvements
    - Why not do this for all developments?

Plans, Zoning, Land Use #5

HUD Example

- Expanding existing affordable housing incentive programs to wider geographies, including high-opportunity neighborhoods

City of Ann Arbor Proposal

- In depth analysis of high opportunity neighborhoods to develop targeted strategies to diversify housing and provide access for low-income households

Plans, Zoning, Land Use #6

HUD Example

- Developing proposals to eliminate restrictions on lower-cost housing types such as prefabricated or manufactured homes

- Establishing incentive programs, designing pre-approved floorplans, or introducing more flexible zoning to enable and promote accessory dwelling units

City of Ann Arbor Proposal

- Create zoning to allow a campground - i.e. centralized bathrooms and kitchen areas with individual living areas, whether fixed or mobile hook-ups

- ADUs:
    - Explore barriers and ordinance modifications to support additional development; share with other communities
    - Develop pre-approved building permit-detailed plans for public use/submission
    - Commission detached ADU construction drawings that are pre-approved

Plans, Zoning, Land Use #7

HUD Example

- Developing proposals to streamline or eliminate requirements that unduly delay the permitting process or establish unreasonable thresholds for approvals, such as duplicative and burdensome hearings and documentation for variances, rezonings, or similar planning approvals

City of Ann Arbor Proposal

- Consider streamlined process review for all affordable housing developments
- Develop pre-approved templates for affordable housing developments
- Explore modifications to public hearing requirements/ citizen participation requirements, etc.

Plans, Zoning, Land Use #8

HUD Example

- Developing proposals to restructure fee schedules to eliminate burdensome costs for affordable housing development

City of Ann Arbor Proposal

- Explore and evaluate how City fees impact affordability;
- Explore which fees have flexibility which could be supported by other means

Plans, Zoning, Land Use #9

HUD Example

- Providing affordable housing developers a first look at tax sale properties and other government properties

City of Ann Arbor Proposal

- City currently working with AAHC to develop 8-10 city-owned properties
- Develop policy for tax sale properties

Plans, Zoning, Land Use #10

HUD Example

- Developing proposals to reform building codes, including through adopting or modifying model codes or consensus standards, to facilitate more affordable housing or otherwise reduce construction costs

City of Ann Arbor Proposal

- Review Building Code for potential modifications/barriers
  - City Codes that are in addition to State of Michigan adopted building codes
  - Barriers to the conversion of commercial or other properties to housing in Building Code & UDC & Zoning
- Advocate for changes at State level (ex. 60 feet triggers high-rise code in State of Michigan)

Development #1

HUD Example

- Financing the construction or rehabilitation of affordable housing

City of Ann Arbor Proposal

- Funding for construction, rehabilitation, and conversion of properties to affordable housing

Infrastructure #1

HUD Example

- Installing new utilities and/or infrastructure improvements necessary for the development or preservation of affordable housing

City of Ann Arbor Proposal

- Install geothermal systems at new build sites
- Master meters at Housing Commission properties to allow rooftop solar

Infrastructure #2

HUD Example

- Upgrading existing utilities or improvements to increase an area's overall capacity for new housing

City of Ann Arbor Proposal

- Update water, sewer, sanitary, etc. to support more density
- Area upgrades to incentivize future development
- Analyze public utility capacity throughout City

Infrastructure #3

HUD Example

- Increasing community resilience by investing in infrastructure improvements and nature-based solutions to mitigate the impacts of disasters, natural hazards, and extreme weather (such as flood walls, green stormwater management systems, landscaping to reduce heat islands, and elevating existing structures), for the preservation of affordable housing and to make areas suitable for new affordable housing investment.

City of Ann Arbor Proposal

- Vulnerability analysis of existing affordable housing in the City to identify those sites at risk
- Prioritize infrastructure & public capital improvements to minimize long term risk of those properties.

Infrastructure #4

HUD Example

- Investing in neighborhood amenities that benefit low-and-moderate income residents such as parks, community centers, bike lanes and improvements to the physical environment that increase public safety such as streetlights or sidewalks

City of Ann Arbor Proposal

- City planning in low-mod areas to bring infrastructure improvements to neighborhood
  - Whenever a neighborhood improves, the values go up and low-income folks are priced out. How can we do improvements without displacement?
  - Could we sign purchase agreements with single family owners, right of first refusal at appraised value. They avoid cost and stress of selling home. Keeps investors from acquiring

Preservation #1

HUD Example

- Acquisition or subsidization of at-risk housing for the purpose of preserving affordability

City of Ann Arbor Proposal

- Funding for renovations
- Funding to acquire properties that are affordable to low-mod households

Preservation #2

HUD Example

- Supporting shared housing through actions such as revising local occupancy regulations, rehabilitating units, establishing resident-matching programs, or similar activities

City of Ann Arbor Proposal

- ICC currently treated like a Fraternity or Sorority, would expand if able to

- Provide financial support to an organization to re-create the home sharing program that was administered by the Housing Bureau for Seniors for many years.

Preservation #3

HUD Example

- Providing homebuyer education, assistance, appraisal programs, and other educational programs for LMI residents

City of Ann Arbor & City of Ypsilanti Proposal

- County just opened Financial Empowerment Center
- AAHC has a homeownership program
- Down Payment Assistance for homebuyers in the City of Ypsilanti

Preservation #4

HUD Example

- Providing technical assistance to community land trusts or other entities which leads to the preservation of affordable housing
- Preserving affordable housing in segregated, high poverty neighborhoods as part of a larger revitalization plan which improves conditions and eliminates disparities in access to opportunity between residents

City of Ann Arbor Proposal

- Establish an Attainable Housing District under PA 236 of 2022 to provide a tax incentive to owners of rental housing property of not more than four units to enable renovation and expansion of aging facilities and assist in the building of new facilities. An Attainable Housing Exemption Certificate (AHEC) entitles the facility to exemption from ad valorem real property taxes for a term of 1-12 years as determined by the local governmental unit.

Any Other Ideas?