



# CITY OF MANISTEE

## HOUSING ACTION PLAN

OCTOBER 2019



*The Rising Tide project supports vibrant, thriving communities to attract business investment and talent by creating a sustainable path toward economic stability and growth. The Michigan Economic Development Corporation, Talent Investment Agency, and Michigan State Housing Development Authority—collectively, the Talent and Economic Development (TED) team—have committed their assets to engaging specific communities across the state in order to empower them to shape their future and maximize economic potential. This document was produced as part of that effort.*



**HOUSING  
NORTH**

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Talent and Economic  
Development Department  
of Michigan

# OVERVIEW

## INTRODUCTION

Housing is a foundation of any community discussion around economic development, transportation, health, and myriad other issues. It touches every aspect of our individual lives, and can determine the makeup—and future—of opportunities for both individuals and communities.

For many years, housing has been a key priority for the City of Manistee, surrounding communities, and community partners. Long-standing shortages of housing that's safe and affordable to a broad spectrum of the community—seniors, people with disabilities, young people, low- and moderate-income households, and more—along with aging and deteriorating housing stock, have impacted the community's economy and quality of life. Nonprofits, local governments, and community organizations have all identified housing as a priority issue, and have worked collaboratively through groups like the Human Services Collaborative Body to implement service-based solutions to housing needs. At the same time, efforts like House Manistee, led by the Alliance for Economic Success, convened stakeholders around potential courses of action. Yet, complex and expensive development processes, combined with a myriad of related barriers to housing, drive housing shortages that continue to impact Manistee's residents and economy.

In 2018-2019, as part of the Michigan Economic Development Corporation's Rising Tide program, Manistee stakeholders identified housing as a key

economic development issue and focus area, and worked with consultants Beckett & Raeder and regional housing nonprofit Housing North to identify actions and development opportunities.

## PROCESS

Housing North staff conducted face-to-face and phone interviews with city and county officials, employers, developers, realtors, and philanthropy to identify:

- Current housing issues, needs, and demand
- Community concerns around housing
- Local case studies and success stories
- Priority sites and opportunities
- Agency/partner roles
- Implementation needs for specific solutions
- Opportunities for collaboration

In addition to housing interviews and recommendations, Rising Tide and Housing North coordinated a community discussion on Wednesday, June 26, on housing needs and solutions. Information and discussion addressed:

- Housing needs, definitions, solutions, and opportunities
- Development opportunities and other solutions

The event attracted over 40 participants and was covered extensively in local media.



## ORGANIZATION

The Manistee Housing Action Plan is organized into three sections:

1. *Manistee Housing Needs* summarizes community input and existing data to identify housing needs, along with barriers to meeting those needs.
2. *Housing Action: Vision & Goals* includes a vision for Manistee's housing future and goals. Next steps, partners, and resources are identified for each goal.
3. *Implementation Resources & Documents* includes sample documents, resource guides, and related materials needed for partners to take action on goals identified in Section 2.



# MANISTEE HOUSING NEEDS



# HOUSING NEEDS IN MANISTEE

Interviews, data analysis, and stakeholder input obtained throughout the Housing Action Plan process pointed to two primary housing issues in Manistee: poor housing quality, and a lack of diverse housing options that are affordable and available to current and prospective residents. Addressing these issues requires consideration of barriers and community roles in housing development and redevelopment.

## HOUSING QUALITY

One of the foremost housing concerns in Manistee is related to the poor quality of significant numbers of housing. Community discussions and interviews focus on the limited availability of homes that are “move-in ready,” noting that relocating employees often find few housing choices that don’t require immediate, significant investments in repairs or improvements. Often, the short supply of available and affordable housing leaves families with few choices but to live in deteriorating or inadequate homes. This issue is often cited as being of particular concern for renters, with residents and housing organizations reporting that the limited availability of rental choices discourages renters from reporting or addressing substandard housing concerns, in fear that they may lose their rental home and that additional housing may not be available.

However, evaluating the condition of a community’s housing stock is difficult on a large scale. Most measures of housing condition rely on interior and exterior inspections, or on detailed housing surveys that evaluate various structural indicators on individual properties. The US Census and American Housing Survey use a number of indicators with correlations to housing inadequacy. These “proxy measures” include the lack of complete kitchen and plumbing facilities; overcrowding; and age. When



combined with other data and input from residents, this data can help identify the potential for housing condition concerns in communities.

- The American Housing Survey considers lack of complete plumbing or kitchen facilities as indicators of physical condition issues or substandard quality; and these indicators are important components used by HUD and other agencies in assessing the quality of housing stock and the presence of inadequate housing. “Complete plumbing facilities” are defined by the US Census and the American Housing Survey as those with hot and cold running water, a flush toilet, and a bathtub or shower. Housing units with two or less of these components are characterized as lacking complete plumbing facilities. “Complete kitchen facilities” include a sink with piped water, a range, and a refrigerator. Homes with two or less of these components are considered to lack complete kitchen facilities. The 2017 American Community Survey (ACS) estimates that in Manistee County, 35 occupied housing units lack complete plumbing facilities and 103 occupied housing units lack complete kitchen facilities. In the City, 10 occupied homes lack complete plumbing, and 66 lack complete

kitchen facilities.

- Overcrowding is defined by the American Housing Survey as more than one person per room. The American Community Survey estimates that, in 2017, 84 occupied housing units in Manistee County were overcrowded, with no overcrowded housing units in the City.
- 63% of the housing stock in Manistee County, and 78% of housing in the City, is over 40 years old, according to the 2017 ACS. 42% of homes in the City of Manistee were built before 1939, reflecting the historic character of the City.

## LIMITED HOUSING DIVERSITY

Stakeholders stressed the need for housing multiple types of housing, from homeless/transition housing up to higher-end.

Changes in household makeup are driving an increased demand for housing types that are scarce in Manistee County. As young people wait longer to start families, and Baby Boomers enter their retirement years, households continue to shrink, meaning that more homes are needed for even the same number of people. What's more, these smaller households are demanding types of housing that haven't been built in large numbers in the past, particularly in rural areas and small cities like Manistee. Small household sizes are driving demand for apartments, townhomes, smaller houses, duplexes, and other medium-density, multi-family housing types in walkable neighborhoods - often referred to as the "missing middle."

A 2014 study by LandUseUSA focused on these missing middle, multi-family housing types, and points to a demand for up to 93 additional rental units per year, with rents ranging from \$450—\$1100/month; and 63 ownership units per year, with values ranging from \$46,00—\$275,000 (the study is being updated as of summer 2019).

Outside of housing type, affordability is a significant concern for low- and moderate-income households. Many have few options outside of unsafe,

unhealthy, overcrowded, or deteriorating homes; or must drive long distances to work or school, resulting in higher transportation and energy costs while forcing reliance on often-unreliable vehicles—which can impact employment and, ultimately, Manistee businesses.

The lack of diverse housing options is reported to have significant ripple effects on the community's economy and population. Anecdotal reports indicate that:

- Regardless of income levels, professionals and others interested in moving to the area have difficulty finding homes to rent or buy. While it's difficult to quantify those that don't move because of housing, Manistee misses out on new residents in part because of limited housing choices.
- Seniors that would like to downsize but stay in Manistee can't find condos or smaller homes, so remain in their large single-family homes - rendering those units unavailable to the young families that may otherwise be able to move to Manistee. Condos were emphasized as being of particular interest - with limited availability for the few options in Manistee.

## COMMUNITY PERCEPTION & SUPPORT

Addressing Manistee's housing needs requires public support. Yet, community stakeholders stressed issues related to a limited understanding of housing issues and solutions that became central in community dialogues around recent housing proposals. In short, there is not a community consensus about housing needs among the public. Data showing housing needs may be dismissed, as are, in some cases, reports about the need from young professionals. Community opposition to new housing has been framed in issues including fears of slumlords; a perceived loss of tax base/ misunderstanding of tax incentives; and parking issues. Another persistent thread relates to a fear of

which “types” of people would occupy new housing units, and of Manistee being “branded” as a low-income or senior community. Anecdotes point to a perception that any large-scale housing development will brand Manistee as a certain type of community - for instance, as a retirement community or a low-income community. In fact, even senior housing or low-income housing will help to diversify the housing stock in the community, by freeing up housing units currently occupied by seniors for young people or families; or, in the case of low-income housing, by providing stable housing options for families with children - thereby creating a more sustainable community fabric that supports schools and business long-term. Yet, the high-profile nature of recent proposals centered discussions on single populations or types of development, perhaps creating a skewed perspective on each proposal’s role in the long-term fabric of the community.

According to interviewees, a fear of change - how a future Manistee might become different than the Manistee of today - underlies many of these concerns. Many stakeholders discussed the lack of a cohesive community vision for Manistee, encapsulated by the phrase, “What does Manistee want to be when it grows up?”

Many housing and “future Manistee” fears were initially raised as the City reviewed two downtown residential redevelopment proposals in 2017—neither of which moved forward. However, stakeholders stressed that proactive messaging, clear procedural discussions around approval criteria, and local advocacy efforts led to a different community dialogue, and a different outcome, in 2018-2019 with the recently-approved Hollander development.

It’s important to celebrate these successes, and those areas of consensus expressed by stakeholders throughout the Rising Tide housing action plan process. For instance, there appears to



be a solid consensus among stakeholders that participated in this process that there’s a desire for Manistee to be a community with a diverse population that supports its growing economy. A consensus on encouraging development that will foster that diverse population could guide future housing discussions—and past successes could provide a blueprint for communicating messages and building an advocacy and support base.

## DEVELOPMENT OPPORTUNITIES & BARRIERS

Residential development has long been complex, time-consuming, and expensive. As demand rises throughout Michigan and the nation, the development landscape has become increasingly competitive, while costs for new home construction continue to rise and regulations and financing create added barriers:

- The Home Builders Association of Michigan reports that Michigan lost 43% of its residential building workforce between 2000-2009—as many as 60,000 workers. At the same time, an aging workforce and shrinking pipeline of young people—specifically young trades people—have created a construction labor shortage that is impacting the costs of construction, and



creating a more competitive environment for developers that do have the capacity for projects.

- Over the last 40 years, zoning ordinances have focused on large-lot, single-family homes. Smaller homes, townhomes, apartments, accessory dwelling units, duplexes, fourplexes, and other examples of the “missing middle” - the housing types most in demand from smaller households that are missing from neighborhoods—have been prohibited from most zoning districts.
- Non-homestead tax rates raise rents and incentivize property owners to offer short-term vacation rentals instead of long-term rentals for the year-round population.
- Higher-density development types often require special approvals that are typically swayed by public fears of density and “different” housing types.
- Rising development, land, and material costs mean that it’s virtually impossible to build new homes at a cost that many parts of the community can afford. Subsidy or incentives are required to offset development costs to ensure affordability—yet, Manistee and other small cities or rural areas are not competitive for the major public funding sources that support affordable housing.
- Resources for home improvement, and programs that incentive home improvement, are limited and declining, with few options to incentivize individual investment in property.

These costs and complexities have hampered development in Manistee and communities throughout the country. This report provides recommendations for addressing development barriers, understanding that there is no “silver bullet” or single solution to this complex issue, and that successful housing initiatives will require deliberate, prolonged, and highly collaborative partnerships between units of government, business, nonprofits, and other community



stakeholders.

## DEVELOPMENT PARTNERS & CAPACITY

Manistee has a history of collaborative action on key community issues—most notably economic development. However, its recent development history has impacted perceptions about development opportunities in Manistee—both within and outside the community. A collaborative, consensus-based approach will be especially important in any development activities moving forward, and can help to address concerns about the “housing readiness” or development readiness of Manistee in general. The intent of this document is to guide activities for a range of potential partners, while creating a consensus for moving forward together.

# OCCUPATIONS, WAGES, & AFFORDABLE RENTS

A home is “affordable” if it costs less than 30% of a household’s income. If households spend more than that, they’re considered “cost overburdened.” Cost-overburdened households are at greater risk of eviction, foreclosure, or homelessness. Lower-income households are more likely to be cost overburdened. State and federal guidelines define “low income households” as those earning 80% or less of the area median income (AMI), with income guidelines established and published

for each county in Michigan annually by the Michigan State Housing Development Authority (MSHDA). In Manistee, low-income households make up a significant and critical portion of the workforce, including workers in tourism industries, construction, child care, education, and health care. Many of these workers struggle to find homes that are affordable.

Below 60% AMI \$29,340 and below for 2-person household		
OCCUPATION	MEAN ANNUAL WAGE	AFFORDABLE RENT
Dishwashers	\$22,030	\$551
Housekeepers	\$23,130	\$578
Bartenders	\$23,900	\$598
Childcare Workers	\$24,580	\$615
Home Health Aides	\$25,950	\$649
Bank Tellers	\$27,500	\$688
Waitstaff	\$28,400	\$710
Janitors	\$28,820	\$721
60-80% AMI \$29,340 - \$39,120 for 2-person household		
Nursing Assistants	\$29,980	\$750
Phlebotomists	\$31,260	\$782
Reporters	\$31,280	\$782
EMT	\$31,880	\$797
Construction Laborers	\$33,930	\$848
Admin. Assistants	\$34,430	\$861
Dental Assistants	\$37,100	\$928
Preschool Teachers	\$37,930	\$948
80-100% AMI \$39,120 - \$48,900 for 2-person household		
Firefighters	\$40,180	\$1,005
Mechanics	\$40,650	\$1,016
Welders	\$41,210	\$1,030
Truck drivers	\$44,420	\$1,111
Protective service workers	\$45,040	\$1,126
IT Specialist	\$45,880	\$1,147
Teachers	\$47,740	\$1,194
Electricians	\$47,740	\$1,194

# MANISTEE COUNTY TARGET MARKET ANALYSIS

A residential “target market analysis” was conducted by real estate consultants LandUse USA in 2014 for all counties in Northwest Michigan. The analysis analyzes demand from various demographic groups for multi-family housing types from potential “movers” both inside and outside the study area. The complete study and methodology is available online at [www.networksnorthwest.org](http://www.networksnorthwest.org).

	ANNUAL MARKET DEMAND - OWNERS	ANNUAL MARKET DEMAND - RENTERS	MEDIAN HOUSEHOLD INCOME	% THAT ARE SINGLE-PERSON HOUSEHOLDS	MEDIAN RENT	MEDIAN HOME VALUE
Young singles	9	11	\$37,000	64%	\$550	\$89,000
Young families	8	9	\$30,500	15%	\$450	\$46,000
Lower-income families/ households	0	12	\$29,000	17%	\$525	\$92,000
Low Income Gen X	0	17	\$19,000	80%	\$475	\$75,000
Low-income Boomer singles/ empty-nesters	9	11	\$22,500	71%	\$400	\$39,500
Lower-income Boomers	0	6	\$34,500	80%	\$525	\$92,000
Low/moderate-income blue collar boomers	30	10	\$33,000	42%	\$455	\$75,000
Moderate-income Boomers	5	3	\$48,500	51%	\$700	\$147,000
Moderate/Higher-income boomers	1	0	\$44,500	48%	\$600	\$99,000
Lower-income seniors	1	14	\$20,000	69%	\$500	\$95,000
Moderate-income seniors	0	0	\$38,500	48%	\$875	\$187,500
Higher-income seniors	0	0	\$92,000	30%	\$1,100	\$275,000
	63	93				

*\*Conservative scenario. An aggressive scenario, i.e. with active efforts to attract new residents, could triple the market potential.*

*Data from the 2015 Northwest Michigan Target Market Analysis, prepared by LandUseUSA. Underlying data provided by the Internal Revenue Services; US Decennial Census; American Community Survey; and Experian Decision Analytics*

# DEVELOPMENT PARTNERS

	ROLES	TOOLS/RESOURCES
City	Development review/approval Review/approval of certain incentives Advocacy champion	Zoning authority Tax incentives
DDA	Review/approval of certain incentives Advocacy champion	Tax increment financing
County	Review/approval of certain incentives Advocacy champion	Land bank authority Brownfield authority Planning expertise
Little River Band	Development partner Funding partner Advocacy champion	Development expertise
Townships	Development review/approval Review/approval of certain incentives Advocacy champion	Zoning authority Tax incentives
Chamber of Commerce	Advocacy champion	
Community Foundation	Advocacy champion Funding partner	Grants/fundraising assistance
Manistee Housing Commission	Advocacy champion Development partners	Grants/financing tools Development expertise
Housing nonprofits	Advocacy champion Development partners	Grant writing/administration
MEDC	Development partner Funding partner	RRC CAT Michigan Strategic Fund
Michigan Land Bank Authority	Technical assistance partner	Technical assistance
CDFIs (see contact list)	Funding partners Technical assistance partner	Low-interest loans Technical assistance

## FEE-FOR-SERVICE/CONTRACTUAL PARTNERS

Beckett & Raeder	Plan implementation/technical assistance Zoning	Planning & zoning expertise
Networks Northwest	Plan implementation Zoning	Planning & zoning expertise Data
Housing North	Housing Action Plan implementation Awareness/advocacy organization	Communications support Housing expertise

# HOUSING ACTION: VISION & GOALS





# MANISTEE HOUSING VISION & GOALS

Diverse housing options are available in Manistee for residents of all ages, incomes, and household types in order to support and grow a diverse local economy.



## **1. HOUSING REHABILITATION**

- 1.1 Establish Neighborhood Enterprise Zones
- 1.2 Encourage Renovation Mortgages
- 1.3 Apply for Neighborhood Improvement Grants

## **2. COMMUNICATIONS & AWARENESS**

- 2.1 Be proactive with messaging
- 2.2 Engage young professionals in messaging
- 2.3 Develop a shared vision for housing in Manistee

## **3. PROCESS & CAPACITY**

- 3.1 Establish standard PILOT approval criteria and procedures
- 3.2 Consider adoption of zoning changes to diversify housing development opportunities
- 3.3 Develop capacity for community development

## **4. FUNDING & RESOURCES**

- 4.1 Improve readiness for public funding sources
- 4.2 Provide gap funding
- 4.3 Build up and leverage land bank authority
- 4.4 Explore Housing Commission roles & opportunities

## **5. DEVELOPMENT OPPORTUNITIES**

- 5.1 Initiate development activity

# HOUSING REHABILITATION

## 1.1 ESTABLISH NEIGHBORHOOD ENTERPRISE ZONES

Neighborhood Enterprise Zones (NEZ) can be established in certain cities—including Manistee—by resolution of the City. They are designed to encourage renovation and new residential development by offering significant tax benefits: any value added to a property by renovation or new construction is only taxed at half the rate for

12 years. NEZs have proven to be effective in incentivizing residential development and home improvements, thereby increasing a neighborhood’s overall value and tax base. The City may establish NEZs for up to 15% of its geography.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Establish a pilot NEZ in Maxwelltown	Introduce NEZ process, goals, and proposed districts to City Council	2019	City/Rising Tide	Sample resolution Approval documentation

## 1.2 ENCOURAGE RENOVATION MORTGAGE OPTIONS

Manistee’s historic housing stock is an important asset for the City’s historic sense of place. At the same time, many homes need significant repairs, and anecdotal reports indicate that new homebuyers are reluctant to purchase older homes because of the need for renovation—which isn’t typically financed by homebuyer mortgages. Generally, homeowners need significant equity in

the home before they can finance home improvements through a line of credit. Renovation Mortgages offer an option for homebuyers to access lending that will finance both the purchase of a home and home improvement activities, with the expectation that the renovations will increase the home’s value.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Encourage lenders to consider offering home renovation mortgages	Convene/coordinate discussion with local lenders on Fannie Mae HomeStyle Renovation Mortgage products	2019	Rising Tide Lenders Realtors	<a href="#">Fannie Mae HomeStyle Renovation Mortgages</a>
Promote home renovation mortgages and related home improvement loan/grant products in established NEZ districts	Include Home Renovation Mortgage information in any information provided to property owners as part of NEZ announcement	2020	City Lenders Realtors	

## 1.3 APPLY FOR NEIGHBORHOOD IMPROVEMENT FUNDS

The Neighborhood Enhancement Program (NEP) program provides funding from the Michigan State Housing Development Authority (MSHDA) for activities directly tied to stabilization and enhancement of Michigan neighborhoods by nonprofit 501(c)3 agencies. The program supports high-impact, innovative, neighborhood-level, housing-oriented activities that benefit low and moderate income areas and residents. There are three eligible neighborhood components: 1) beautification; 2) neighborhood public amenity enhancements; and 3) housing enhancements to owner-occupied single-family homes. Projects must be implementation ready; highly visible; impactful to the neighborhood and residents' quality of life; holistically/community focused; and supported within the neighborhood and community. Examples of other projects funded by the program include the development or improvement of neighborhood amenities, like playgrounds, walking paths/connections, or community gardens; exterior renovations, including porch repairs, siding, doors, etc; and blight elimination. The program is intended to have a ripple effect in a neighborhood, encouraging additional investment and rehabilitation.



nonprofit partner. FIVECAP, Inc., the community action agency servicing Manistee County, could be an important partner. The Manistee County Housing Program, which currently conducts some MSHDA-based home improvement activities, might also be able to provide assistance in applying for or administering grant dollars.

Local governments are eligible to apply, but given capacity constraints and reporting/application requirements, it may be beneficial to work with a

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Apply for NEP funds to provide exterior home improvements in one of the following neighborhoods:	Identify point person or grant writer to lead development of an application/grant administration		City County	



# COMMUNICATIONS & AWARENESS

## 2.1 BE PROACTIVE WITH HOUSING MESSAGES

Social media is a powerful tool both for and against housing initiatives. Messages and information - and misinformation - spread quickly, and it can be difficult to correct inaccurate statements once they've been expressed publicly or on social media. Therefore, it's critical to be "in front of" conversations and housing proposals with accurate, up-to-date information about housing needs and solutions with ongoing, consistent messages. To be effective, all housing partners in the community must be engaged in the conversation, with appropriate data, stories, and information about how various partners can impact housing needs - through social media, print media, radio, TV, public meetings, and presentations to community groups.



Housing North is developing an awareness campaign to provide communications tools, raise awareness, and spur engagement on housing issues. The campaign is anticipated to begin in the fall of 2019, with opportunities to "localize" the messages and deployment of the campaign.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Participate in Housing North awareness campaign with website links, social media, "earned" media, and promotion/purchase of materials.	Identify local campaign champions and points of contact to participate in regional campaign planning/Housing North activities	Fall/ winter 2019- 2020	Housing North City County DDA LRB Others	Housing North Campaign Overview  Housing North Communications
Provide housing presentations to community groups (Rotary, etc) and public bodies	Identify volunteers to serve as a "speakers bureau" that can develop and deliver presentations	2020	Housing nonprofits Housing North Others	Housing North Communications Plan  Housing North

## 2.2 USE DATA & TESTIMONIALS IN MESSAGING

A point of consensus among participants in the Rising Tide Housing Action Plan process was the need for housing for young professionals and other newly-recruited employees. However, participants also frequently cited a concern that the public at large, and some leadership, may not recognize or understand the impact that housing has on young professionals and the ability of local employers to recruit new talent to the community.

Additionally, stakeholders noted that market studies have been dismissed by opponents of housing projects as inaccurate, despite multiple studies that have consistently reinforced recent housing data. It will be important to ensure that updated data on housing need and demand is available and shared with stakeholders and the media regularly—and is supported by testimonials. Testimonials from young people, developers, empty nesters, and realtors—particularly from those recognized and respected by the public—can help support the accuracy and validity of market studies, and should be sought as part of any data release.

Beyond communicating housing needs, it's important to ensure that discussions focus on solutions, successes, and areas of public consensus, both for the sake of local buy-in and outside interest from developers. Beginning from a point of agreement—about the future of the community, what projects have been successful, and what's needed to make them work—can help to move housing conversations and proposals forward. And developers are more likely to seek



projects in Manistee if it's known as a place where there's a consensus about housing among local officials and the public, and a demonstrated will to work together for solutions.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Conduct and promote an online survey of young professionals in Manistee regarding housing issues.	Solicit volunteers to lead development and promotion of questionnaire	2019	Manistee Chamber of Commerce/ Jaycees	FUSE Survey

## 2.3 DEVELOP A SHARED VISION FOR HOUSING & MANISTEE’S FUTURE

One point of consensus throughout housing discussions in Manistee is the desire for Manistee to be able to attract and retain a diverse population that supports its growing economy. The City, County, and other partners may wish to pursue a broader community vision; and/or they might start from this point of agreement and consider adopting a housing “mission statement” that could guide future housing discussions. For instance, a mission statement that the community “is working towards the creation of diverse housing options for residents of all ages, incomes, and household types in order to support and grow a diverse local economy” might provide an answer to some fears that new housing will homogenize the City’s population.

Additionally, regardless of whether the Manistee community pursues the development of a broader community vision, it will be critical for the City and the DDA to develop a shared vision or goals. Downtowns are considered favorable or priority development locations by many funders, because of factors like walkability, access to services and amenities, and the ability of mixed-use development or neighborhoods to fill downtown vacancies,



redevelop underused properties, and provide a stable customer base for business. What’s more, the DDA offers important development tools; and has considerable influence on public opinion. It’s critical for the DDA to be engaged as partners in housing discussions, with downtown activities and decisions driven by a vision shared with other partners for how housing can have the greatest impact on the downtown’s success.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Adopt a housing “mission statement” to guide future discussions on housing proposals and initiatives	Create an intergovernmental/ community-wide ad hoc committee/task force, with outside facilitation/support, to lead development of a	2019-2020	DDA City Rising Tide County Others	Housing North Communications Plan
Develop shared goals with DDA, possibly as part of a vision or downtown plan, in partnership with the City and possibly County.	Determine eligibility of downtown plan/vision activities for RRC funding  Create a City-DDA ad hoc committee to lead development of a shared vision or goals	2019-2020	DDA City Rising Tide RRC	

# PROCESS & CAPACITY

## 3.1 ESTABLISH STANDARD PILOT APPROVAL CRITERIA & PROCEDURES

Some cities adopt a PILOT ordinance and approval protocol that identifies clear standards and criteria that must be met by any developers requesting a PILOT. If all standards are met, the city approves the PILOT. A clear, objective process eliminates some pitfalls for developers and helps focus discussions on tangible issues, rather than broad fears about the development.

Further, an improved awareness among the community and leadership about PILOTs specifically, and the low-income housing tax credit program generally, may help to focus conversations. Regional partners can provide free or low-cost trainings on request to help build this awareness proactively, so that decision-makers and partners are prepared when proposals are brought forward.



RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Establish clear approval procedures and objectives for PILOT requests	Establish a PILOT task force made up of City Council members, development interests, and community stakeholders to propose approval procedures/ criteria to the City	Fall/ winter 2019- 2020	Housing North City County DDA LRB Others	Sample PILOT ordinances/ applications (Kalamazoo, etc)
Increase awareness/ understanding of PILOT mechanisms	Coordinate PILOT workshops or trainings, open to the public and other partners, after	2020	City CEDAM Housing North	

### 3.2 CONSIDER ADOPTION OF ZONING CHANGES TO DIVERSIFY HOUSING DEVELOPMENT OPPORTUNITIES

Beckett & Raeder has identified a number of zoning changes that, if adopted, may create opportunities for “incremental” housing units like accessory dwelling units, duplexes, fourplexes, and more. This approach “legalizes” the missing middle, a type of medium-density housing that fits in with existing neighborhoods and is typically right-sized and affordable to young people, retirees, empty nesters, and other small households. As the City and County explore these potential changes, it will be important to consider how they’re impacted, or how they may impact, related ordinances, including the rental inspection ordinance.

One issue that hasn’t been discussed in depth in Manistee, but which is likely to have an impact in the future, is short-term rentals like AirBnB or

VRBO. Other shoreline communities in Michigan are experiencing a surging demand for short-term rentals that is impacting the availability and cost of year-round housing. While they provide an important community benefit, particularly in cities like Manistee that may wish to grow their tourism “brand,” it’s important to be proactive in addressing this use, in order to avoid the pitfalls experienced in other communities - for instance, already-limited year-round rentals being converted to short-term rentals or new condos or starter homes being purchased by speculators for use as short-term rentals. Regional and state partners can provide free or low-cost training on regulatory options for short-term rentals.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Develop and consider adoption of zoning changes to diversify housing development opportunities	Work with County and consultant to draft zoning changes recommended by Beckett & Raeder	2019-2020	County Beckett & Raeder	Beckett & Raeder memo
Explore regulatory options for short-term rentals	Invite guest speakers to share information at a joint (City/County/ township) planning commission meeting or	2019- 2020	Networks Northwest Beckett & Raeder City	



### 3.3 DEVELOP CAPACITY FOR COMMUNITY DEVELOPMENT

Developers consistently note lack of “capacity,” or limited community development staff and knowledge or development processes, as a barrier in doing business in rural areas and small towns. Hands-on local staff that can help to coordinate the diverse partners and funding sources inherent in any development project would be a significant step forward in attracting new investment to Manistee. With such a liaison, the City and/or County could be proactive in working with the MEDC and developers to market sites and development opportunities. A community development liaison could also ensure that there is regular outreach and communications to and between developers, local officials, development partners, and the public.



Housing North is working with other counties in the region to develop a model for shared community development staff/capacity. A program overview is attached.

While local resources are limited, a shared approach to staff/capacity has been modeled and proven locally and regionally for both economic and community development functions, including in Manistee, which is beginning a shared approach to funding economic development through the Manistee Chamber of Commerce. Options for a shared community development staff person may include:

- City staff person
- Shared City/County/DDA/Tribal staff
- Shared “subregional” staff person funded by multiple counties/cities/tribe/philanthropy

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Provide capacity/staff that will convene partners (County, City, LRB, DDA, MEDC, and developers); coordinate specific incentives, funding programs, and partnership opportunities around specific properties; and act as a single point of contact for developers and investors.	Develop/introduce a proposal to elected bodies/partners to hire/share staff	2019-2020	City County LRB DDA Housing North	Housing Ready Program Overview/Job description

# FUNDING & RESOURCES

## 4.1 IMPROVE READINESS FOR PUBLIC FUNDING SOURCES

A variety of state and federal programs provide subsidies and incentives for housing projects. A resource guide is attached as an appendix to this report. Resources most likely to be applicable and relevant to development in the City of Manistee include:

- Low-income housing tax credits
- New Market Tax Credits
- Federal Home Loan Bank
- Community Development Finance Institutions
  - MSHDA HOME Program
  - USDA-RD
  - MEDC Community Revitalization Program, Community Development Block Grant Program, Michigan Strategic Fund
  - Brownfield Program

Broadly speaking, the greatest potential for accessing diverse funding sources is likely to be found in mixed-use, mixed-income projects in or near downtown; however, each project is unique in terms of opportunities, available resources, and barriers. It's important to note that each funding source establishes specific parameters for eligible projects, and applicability will be highly dependent

on the type and location of each project. Determining where and how specific funding sources apply will require project-specific support from partners like the MEDC and, ideally, a local/county community development specialist.

Community development finance institutions (CDFIs) offer another important financing mechanism that can support housing development. CDFIs are essentially nonprofit "banks" that lend to underserved markets or populations. Several in Michigan act as key partners in housing development, providing bridge loans, gap financing, or other services that can make or break a project. CDFIs active in housing development in Northwest Michigan include Cinnaire, Opportunity Resource Fund, Michigan Community Capital, Northern Trust, and IFF.

As with public funding sources, CDFI participation/funding is highly dependent on project specifics. Relationships can and should be developed with CDFI representatives - many of whom provide hands-on technical assistance to communities and development partners - to ensure regular communication and up-to-date information on emerging development opportunities.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
"Institutionalize" knowledge/awareness of funding and capacity-building resources at the City and County	Identify "point person," including possible shared community development staff, at City or County for additional training  Schedule introductions of Manistee development partners/point person with CDFI representatives	2019 -2020	City County LRB MEDC Housing North	Housing Resource List  CDFI Contact List
Provide resources and referrals to developers	Compile data, studies, etc. and make available online and at government offices	2019	Networks Northwest	Target Market Analysis  CDFI Contact List

## 4.2 PROVIDE GAP FUNDING TO LEVERAGE INVESTMENT

Another important consideration in applying for funding is the “gap.” A local source of funding, applied to predevelopment activities and/or financial gaps in a project, demonstrates local commitment and reduced project risk to funders, and can leverage significant investment from public or private sources. Local partners may consider establishing a fund that would provide “gap financing” or support predevelopment work, thus leveraging significant public or private investment. Sources for local funds might include:

- Land bank authority revenues
- Private donations, i.e. from employers
- Tax increment financing revenues from the DDA
- General fund dollars
- Special purpose funds with a nexus to housing

Local donations or investments are intriguing to a number of partners, but it’s important to consider that there must be a “home” for these investments and a clear purpose. That is, in order to attract investment, there must be the capacity and structure to provide accountability in re-investing those dollars. Options for local or regional funds and investments are currently being explored at the regional level with Housing North, community foundation partners, and other stakeholders. Discussions have identified opportunities for working with community development finance institutions; establishing a land conservancy model for housing; and creating funds administered by local community foundations.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Explore revenue/ investment options that can support a local fund	Participate in regional discussions/information sessions regarding opportunities for creating local funds	Ongoing	Manistee County Community Foundation	





## 4.3 BUILD UP & LEVERAGE THE LAND BANK AUTHORITY

A land bank can take ownership of a property through the taxforeclosure process, and can also buy land and buildings or receive donations of property. Once a property is held by a land bank, it can be sold, rented, cleaned up, redeveloped, or simply held and maintained taxfree until it's ready for sale or development . Land bank authorities can also qualify for brownfield status and funding; own homes, transfer or sell property, rent, prevent eviction, sell on land contract, and demolish structures; and partner or enter into contract with private, public, or nonprofit agencies for redevelopment.

Manistee County has taken its first steps toward establishing a land bank authority. However, there are limited resources for applying land bank incentives to development opportunities, limiting its ability to engage in development projects. One approach is to consider building land bank support into a shared community development staff



position (as discussed in Recommendation 2.3), with an interlocal agreement and contract for ongoing staff support and administration of the LBA.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Explore opportunities to leverage land bank authority incentives and tools	Coordinate/participate in a land bank authority presentation or workshop  Request assistance from Michigan Land Bank Authority	2019	County	

## 4.4 EXPLORE HOUSING COMMISSION ROLES & OPPORTUNITIES

Michigan Public Act 18 of 1933 authorizes local governments to create housing commissions that can purchase, acquire, construct, maintain, operate, improve, extend, and repair housing facilities. Housing commissions can issue notes and revenue bonds and generally engage in property and financial management related to their properties and statutory responsibilities. In many communities, housing commissions operate one or more properties that were built with funds from the US Department of Housing and Urban Development (HUD), with activities not ranging far beyond property management. However, because the public act identifies fairly broad powers, housing commissions have the potential to play an important role in the development of housing. Housing commissioners are appointed by the chief elected official, and can drive the activities and scope of the housing commission.

The Manistee Housing Commission manages a total of \_ units, including \_ units at Century Terrace, an apartment building located just outside of downtown Manistee. As conversations continue about the need for housing, particularly in and near the downtown, it will be critical for the Manistee



Housing Commission to be included and engaged in housing discussions as partners that can provide important tools and opportunities for new and existing housing units.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Engage the Manistee Housing Commission as partners	Engage with the housing commission on the need for community education on Housing Commission missions and needs, new development, and related activities	2019	Manistee Housing Commission	

# DEVELOPMENT OPPORTUNITIES

## 5.1 INITIATE DEVELOPMENT ACTIVITY

Due to intensity and scale, commercial neighborhoods or districts are appropriate for mixed-use commercial/residential and multi-family residential developments. In addition to compatibility with surrounding areas, commercial neighborhoods present a number of benefits to new residents, including walkability, while also providing the stable customer base and activity level needed to support existing business. A number of specific sites and neighborhoods were identified as priorities in discussions and as part of the RRC process (see attached list), with three priority sites:

- 440 River St
- 443 Water St
- 480 Water St

Additionally, the House of Flavors and neighboring properties present important near-term opportunities that can build, and leverage,

community partnerships. Due to the readiness of partners, the visibility of the properties, and the potential positive impact of redevelopment, these and surrounding properties might be considered an early focus area for Manistee development efforts and partners. A successful project here would demonstrate nontraditional partnerships and resources, while enhancing the downtown.

At the same time, other priority development sites must be actively marketed to developers, with personal contact and invitations to visit Manistee and specific sites. During meetings and developer visits, there should be a clear demonstration of coordination on the part of Manistee development partners.

RECOMMENDATIONS	NEXT STEPS	TIMELINE	PARTNERS	ATTACHMENTS
Conduct regular, sustained, outreach to developers relative to development opportunities	Contact developers (contact list attached) and invite them to Manistee for individual tours and introductions to development partners.  Review funding sources (see attached list) and partnership	Ongoing	City County MEDC LRB	RRC Priority Sites  Developer list

