

memorandum

DATE: April 19, 2024
TO: Sterling Heights Planning Commission
FROM: Jill Bahm, AICP, Andy Aamodt, and Cole Forfinski, Giffels Webster
SUBJECT: Module 1 – Housing

Introduction to Module

Our goal with these modules is to present, educate, and discuss thematic content at the Planning Commission level. Focusing-in on the particular content at hand can have a benefit in our formulation of the Master Plan. This module, and the following modules will generally be structured in the following manner:

- Presentation by Giffels Webster and City Staff (if applicable).
- Planning Commission discussion on previous planning efforts, previous and current policies, and changes to existing conditions that warrant this study.
- Public comments on the module (hold to three to five minutes per commenter). Offer comment cards as well.
- Summary on how the online surveys and simulator tools can be updated accordingly to this topic's discussion to maximize public engagement.

Why is Housing Important?

The State of Michigan adopted its first comprehensive housing plan – *Michigan's Statewide Housing Plan* – in 2022 because of the housing challenges throughout the state. These challenges, including general shortage of housing and rising costs of housing, are amplified in the Metro Detroit region.

The need for more housing throughout the entire state is clear; the Statewide Housing Plan states that there should be at least 75,000 new or rehabilitated housing units added in the next five years, with at least 39,000 of those affordable rental units and at least 21,500 of those market-rate units (homeowner and rental).

The lack of affordable and attainable housing can be detrimental to the growth of a community, even Sterling Heights. As the average household size shrinks in Sterling Heights and one-person households grow, it means more people may be looking for smaller housing units. This is very relevant for an aging community, where seniors may wish to downsize while remaining in the community. Even large families may be looking to transition to smaller units when children become adults and move to their own homes. Sterling Heights has a very large proportion of single-family homes, especially at larger structure size; considering these homes' potential for re-occupancy and re-use in light of community changes is crucial to maintaining a healthy, vibrant, and diverse community.

Previous and Current Planning Efforts

2017 Master Plan

The City's strategic plan, the Visioning 2030 Plan, developed a set of guiding principles which were a baseline guide to help develop the goals and objectives of the 2017 Master Plan. Housing was not a focal point of the Visioning 2030 Plan, but a few housing themes arose from the development of the Master Plan's goals and objectives. These include:

Figure 1: Residential and Neighborhood Development Goals and Objectives

Goal	Objective	Analysis
Goal 1. Improve Livability within the City's Residential Areas	Objective 1.1 Utilize the Community Livability Principles as a Basis for Regulatory Revisions: sense of place; mixed-use development; density; regional transportation; complete street design; physical health and community design; public safety, personal security; sustainable approach to neighborhood and regional development	<i>With this being a rather wide-ranging objective, we are hoping to engage in discussion with Planning Commission on these through all public engagement opportunities and re-evaluate these livability principles later.</i>
	Objective 1.4 Seek to Create New Housing through Density Changes	Zoning overlay districts, including the Traditional Mixed Use Development Node (TMUDN) and Van Dyke Mixed Use District (VDMUD), were adopted. These overlay districts encourage housing of higher densities in these strategic locations. This is especially encouraged in the case by permitting residential dwellings above the first floor by right.
Goal 2. Allow for a Broader Range of Housing Types and Products	Objective 2.1 Permit New Housing Types – the Missing Middle	“Missing middle” housing for the most part is not permitted. There are five residential zoning districts for single-family only. Duplexes are only allowed in R-2, RM-1, and RM-2, and townhomes are only allowed in RM-1 and RM-2. No particular carve-outs are present for types of units that might fit between the scale of duplexes and multi-unit (a.k.a. “multifamily”) housing, such as triplexes, fourplexes, live-work, etc.
	Objective 2.2 Enable Age-in Place Housing	Accessory dwelling units are a low-impact, neighborhood-compatible housing type that can serve aging-in-place residents; families may wish to situate one of these on their lot to serve aging-in-place parents. Currently, the city does not allow this housing type. SEMOG's Regional Forecasts estimates the city's 65-year-old-and-older population

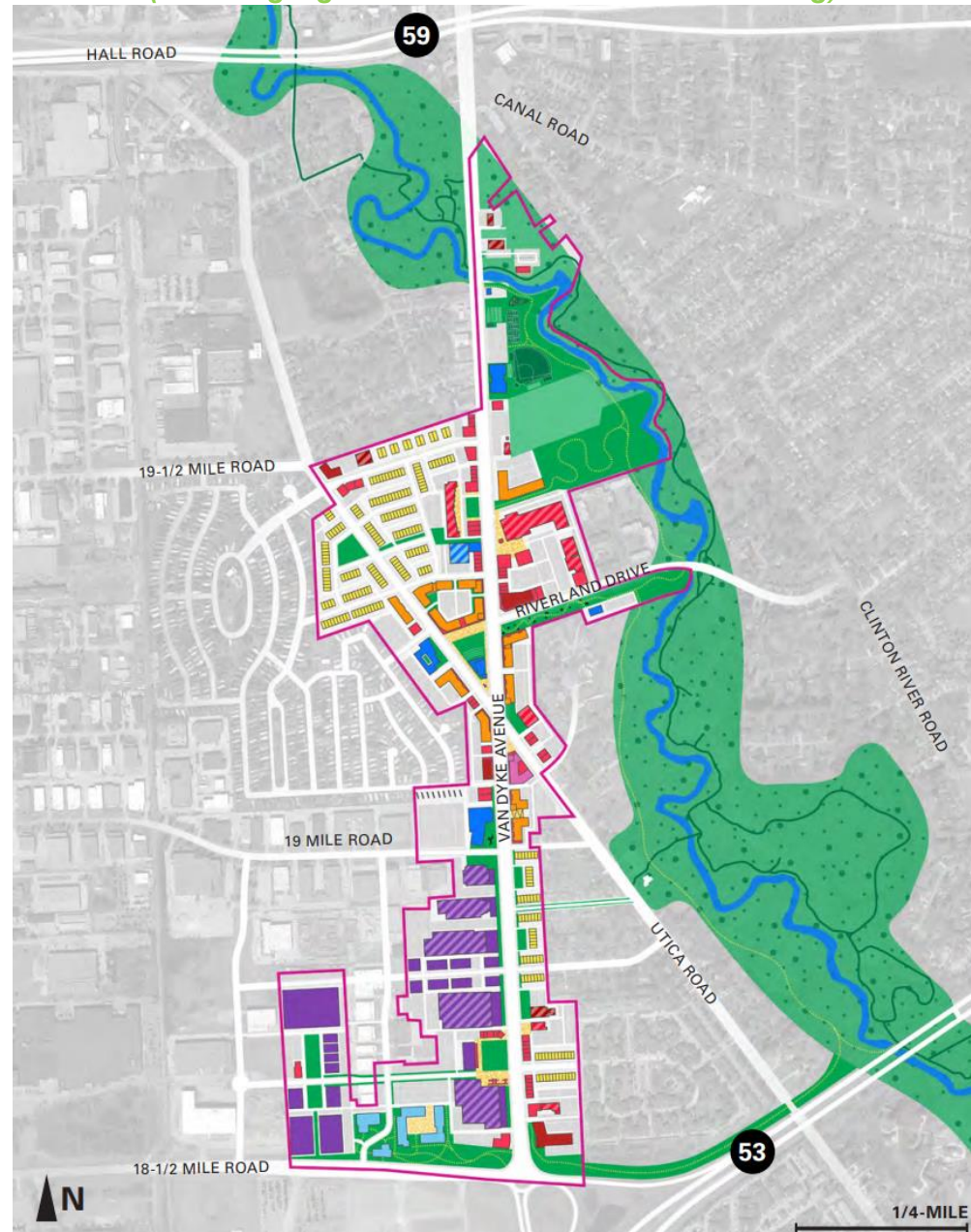
		share to grow from 20% to 26% by 2035. Further, SEMCOG estimates the city's households with seniors to grow by 38% from 2020 to 2035.
	Objective 2.3 Ensure a Mix of Affordable and Rental Units	<p>Tracking “legally” affordable units can be challenging – but a quick look at HUD’s Low Income Housing Tax Credit (LIHTC) database shows that only two housing developments administered by the LIHTC program exist. It appears at least two other housing developments have recently been before City Council for payment-in-lieu of property tax incentives, however it does not appear that these developments have been built yet.</p> <p>The City has seen trends of more market rate rental units via new housing developments being recently permitted and constructed.</p>

North Van Dyke Avenue Plan

[The North Van Dyke Avenue \(NVDA\) Master Plan](#), adopted in 2021, also articulates goals for the land uses and development within the NVDA corridor. The Plan’s objective is to “provide a vision and guidance for the transformation of North Van Dyke Avenue into a place that feels organic, reflects the cultural diversity of the City, provides a modern interpretation of a “Main Street,” and creates a roadway that is livable and experiential.” Consistent themes around housing in the NVDA Plan include:

- Envisioning of the “vision plan land uses” of “multifamily” and “townhouse/TND.” See Figure 2 from the Plan below with the vision plan map (page 94-95 of the Plan).
- Themes of multi-unit, mixed-use, and “missing middle” housing.
 - Residential development opportunity: “Multifamily market is strong and there is immediate opportunity for mid-rise/garden style apartments with supportive commercial uses. Mid and long-term opportunity to establish a new urban living concept with middle density housing and single-family attached housing within a mixed-use context.” (page 41)
 - “Housing in the form of mid-density products is envisioned for the District Core and adjacent to existing residential development, while retail, office, and industrial uses are proposed along the 1.5-mile Van Dyke Avenue.” (page 94)
 - Discussion around previous planning efforts and setting the stage for the NVDA Plan: “As the population makeup of Sterling Heights evolves, new residential products will reach higher levels of demand to accommodate new lifestyle preferences. As a largely suburban, single family community, Sterling Heights will benefit from encouraging development of the “missing middle” residential products, such as townhouses and apartments.” (page 44)
 - Development capacity and growth projections: “Most of the residential development in the master plan takes the form of multifamily and townhouse development, helping fill the “missing middle” range of housing products that are in high demand and low supply in the City presently.” (page 104)

**Figure 2: NVDA's Vision Plan Land Uses
(including legend of land uses relevant to housing)**

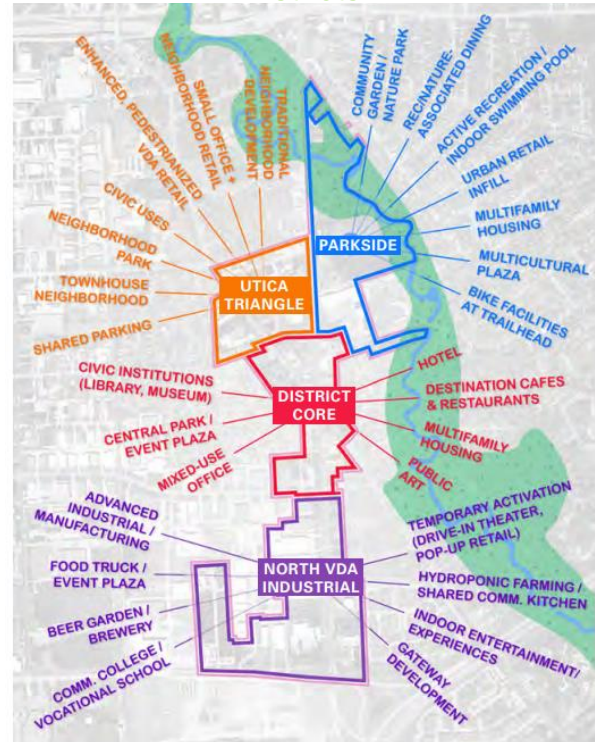


Proposed Use	*Approx. Proposed GSF (Full Build-out)	Assumed Densities	Proposed Height	Proposed Setback
Multifamily (or Hotel) <i>Apartment buildings, condominiums, artists' housing, affordable housing, mixed-use development (with ground floor retail), hotel</i>	770,000 SF (515 units) (All development calculated as MF; hotel can sub in at any site)	Medium-High Density Most multifamily (MF) development is proposed with ground floor retail. MF development is proposed at a densities of 24-30 DUs/acre.	4 - 5 stories	0 - 10 FT
Townhouse/TND <i>Attached townhouses, detached townhouses, duplexes, traditional neighborhood development</i>	735,000 SF (245 units)	Medium-Low Density Development of this type is high-density single family product such as townhomes or duplexes. Densities range from 8-10 DUs/acre.	3 stories	15 FT

- The vision plan land uses are to be implemented into new “District Core,” “Utica Triangle,” “Parkside,” and “North VDA Industrial” zoning districts (see Figure 3 to the right).

- **District Core:** mostly mixed-use and multi-unit housing.
- **Utica Triangle:** various residential uses of lower densities than mixed-use-multi-unit housing. Includes traditional neighborhoods on small lots with reduced dimensional requirements and townhouses.
- **Parkside:** envisions a mixed-use multi-unit extension of the District Core on the immediate frontage of Van Dyke and Riverland Drive, then scales back to a natural and outdoor feel.
- **North VDA Industrial:** mostly industrial, research and development, and non-residential land uses, however Plan states “(g)iven the proximity of this area to major jobs centers, affordable and workers’ housing development should be encouraged here, to the extent possible.”
- **Visual typologies** created for attached townhouses, duplexes/traditional neighborhood development, and mixed-use multifamily.
- **Action Plan:** Zoning amendments for the above districts would “encourage and permit by-right the dense, mixed use development (and associated parking requirements) outlined in this master plan. In addition to outlining requirements for form, massing, use, and density, new zoning regulations should incorporate requirements and guidance on the private provisioning of affordable housing, public/ green space. public art, and sustainable stormwater management solutions.” (page 238)

Figure 3: NVDA’s Recommended Zoning Districts



Overall, the NVDA Plan dives a bit deeper than the 2017 Master Plan in terms of detailed, physical housing recommendations. The City made a decision to embrace more housing diversity not only in terms of multi-unit, mixed-use, and “missing middle” but also affordable/ workforce housing development as well. We observe many positive housing themes around the NVDA Plan; Planning Commission may wish to consider expanding some of these housing themes outside of the NVDA and into relevant corridors or nodes.

Existing Conditions and Data Trends

The following is an overview of existing data and trends relevant to housing in Sterling Heights. This information, in conjunction with Planning Commission discussion and findings from community feedback, will help guide policy discussions for housing.

Population and Households

Key Statistics and Data Trends

Population (2022): 133,744

Population Projection (2050 SEMCOG): 143,767

Projected Population Growth (2023 to 2050): 8%

Average Household Size (2022): 2.61 persons

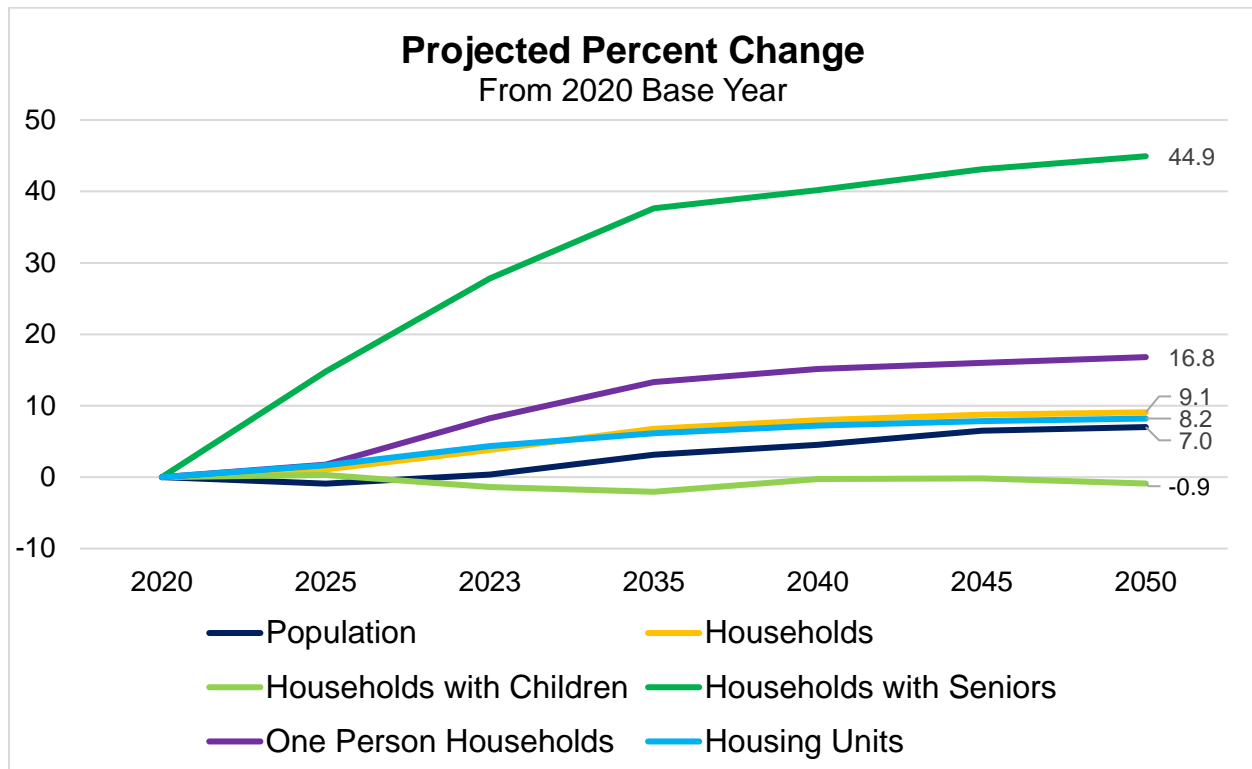
SEMCOG Data Trends. SEMCOG estimates the following:

- Households will grow faster than population. Households will grow by 6% from 2020 to 2035, and 9% from 2020 to 2050.
- Households with seniors will grow much faster than households with children; in fact households with children are expected to shrink. Households with seniors will grow by 38% from 2020 to 2035, and 45% from 2020 to 2050.
- Households with one person will grow by 13% from 2020 to 2035, and 17% from 2020 to 2050.
- Number of housing units will grow by 6% from 2020 to 2035, and 8% from 2020 to 2050.

Data from U.S. Census Bureau's American Community Survey (ACS) unless otherwise noted.

As Sterling Heights's population is projected to **grow at a moderate pace**, it is important for the community to determine the appropriate housing mix to address the growing demand.

Figure 4: Projected Change, 2020 to Applicable Year



Source: SEMCOG

Housing Units

Key Statistics

Housing Units (2022 ACS): 52,791

Occupied Housing Units (2022 ACS): 50,989

Projected Occupied Units (2050 SEMCOG): 56,191

Owner occupied (2022 ACS): 38,733 (76%)

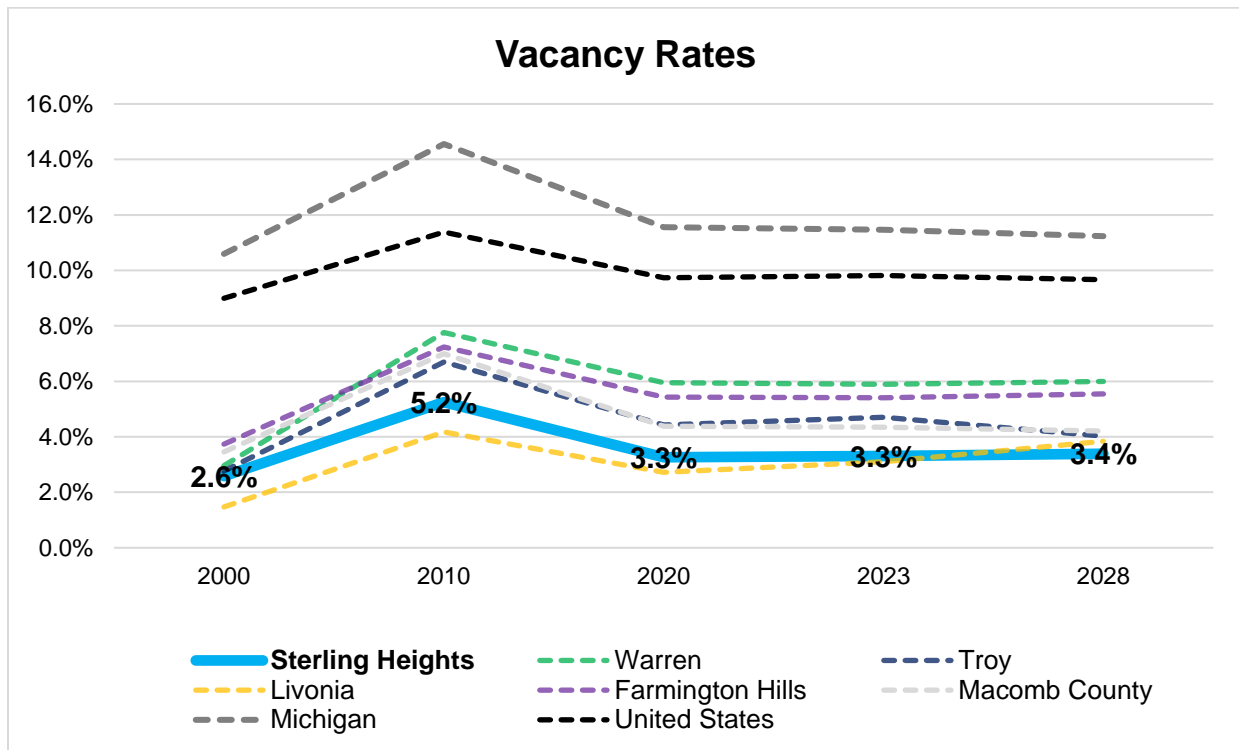
Renter occupied (2022 ACS): 12,256 (24%)

Vacancy: Residential vacancy rates have shrunk from 5.2% to 3.3% from 2010 to 2023, per ESRI data.

Data from U.S. Census Bureau's American Community Survey (ACS) unless otherwise noted.

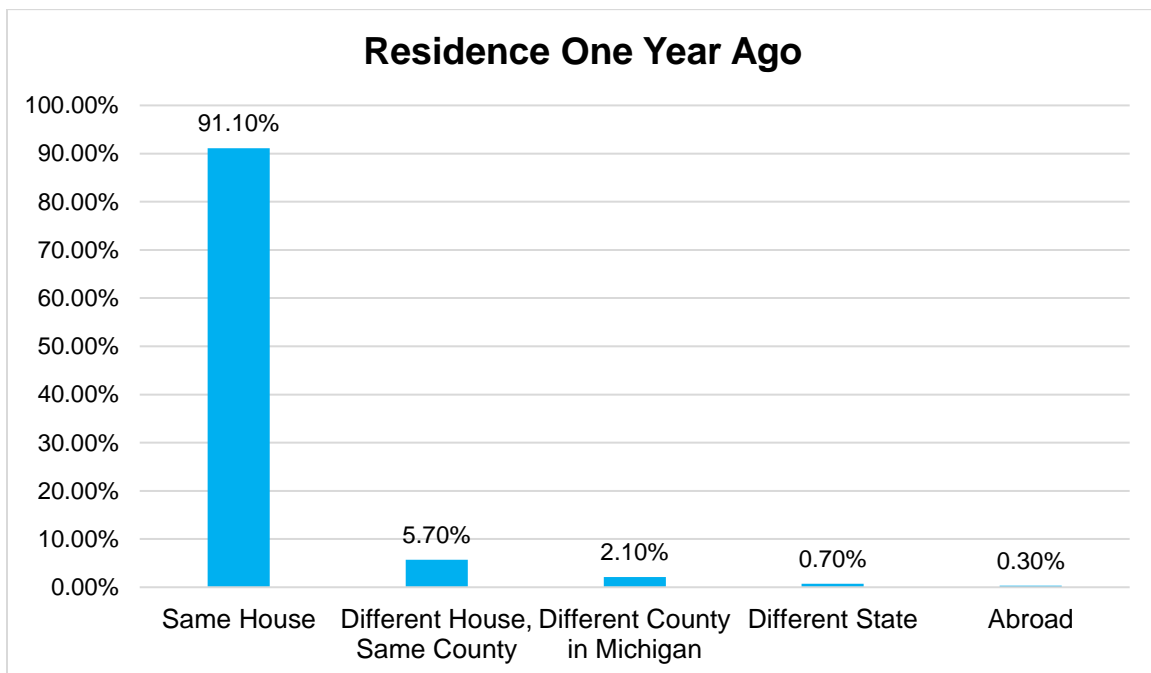
The **increase in housing values** is consistent with a market with growing demand and increasing supply constraints. Residential **vacancy in Sterling Heights has decreased** over time, as well as the percentage of overall units which are renter occupied. The majority of **building permits** issued since 2010 have been for **single family** units (51%).

Figure 5: Housing Vacancy Rates, Sterling Heights and Comparable Geographies



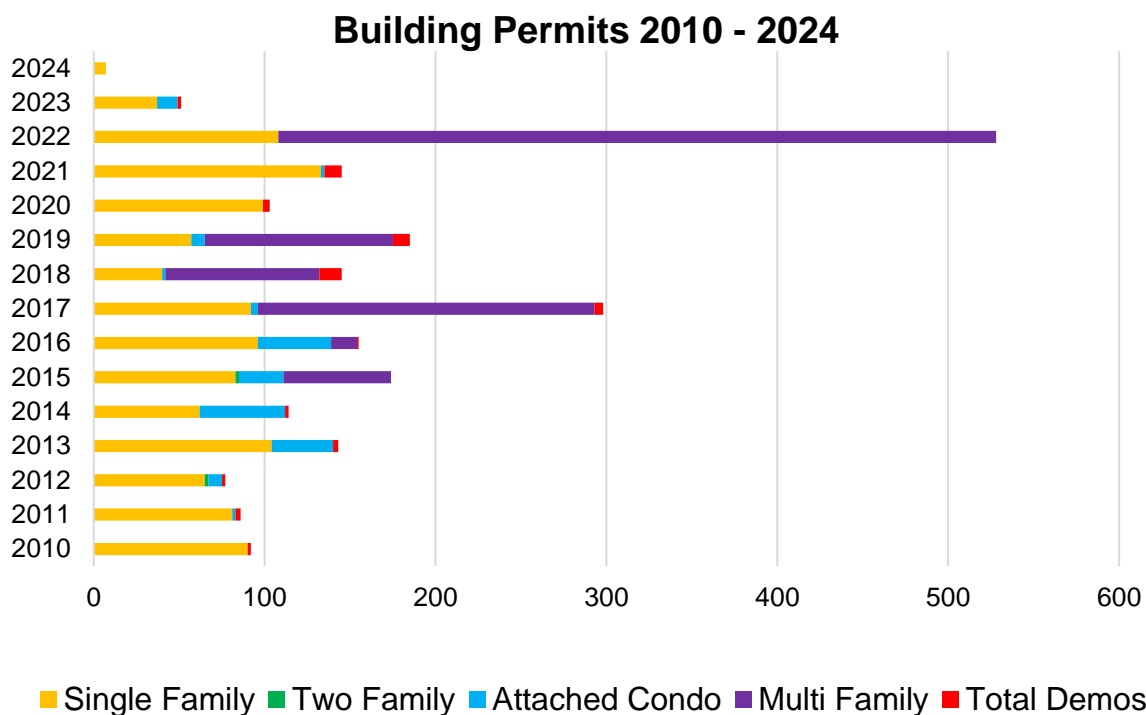
Source: U.S. Census Bureau (2000 – 2020) and ESRI (2023 and 2028)

Figure 6: Residence One Year Ago



Source: 2022 ACS 5-Year

Figure 7: Building Permits



Source: SEMCOG

Housing Affordability and Attainability

Key Statistics

Median Housing Value (2022 ACS): \$243,400

Change in Median Housing Value (2010 to 2022 in 2022 dollars): 0.7%

Change in Median Housing Value (2010 to 2022 in 2022 dollars)- Macomb County as a whole: -1%

Median Gross Rent (2022 ACS): \$1,215

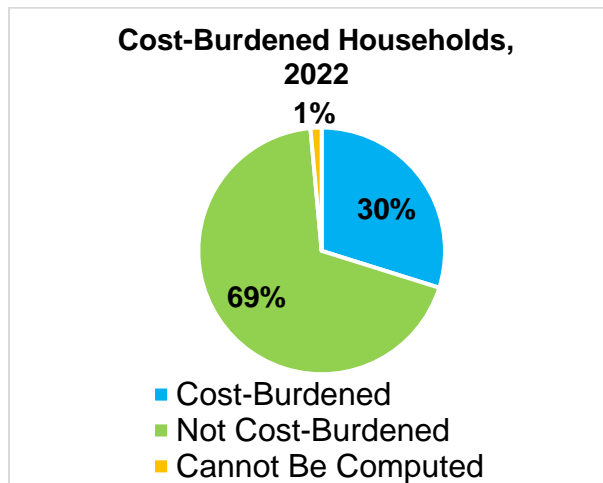
Change in Median Gross Rent (2010 to 2022 in 2022 dollars): 10%

Change in Median Gross Rent (2010 to 2022 in 2022 dollars)- Macomb County as a whole: 7.5%

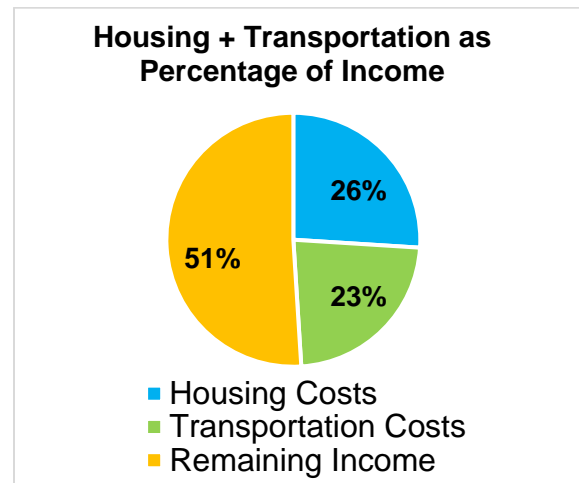
Data from U.S. Census Bureau's American Community Survey (ACS) unless otherwise noted

The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened households as households that pay over 30 percent of their income on housing. Paying more than 30 percent of income on housing means results in challenges affording other necessities. This measure of cost-burdened households is widely accepted by housing organizations, governmental agencies, and academia. The Center for Neighborhood Technology goes further, including transportation into the calculation of affordability. Because transportation costs are typically the second highest expense for a household behind housing, they suggest a combined maximum standard of 45% for housing and transportation together.

Figures 8 & 9 : Housing Affordability Measures

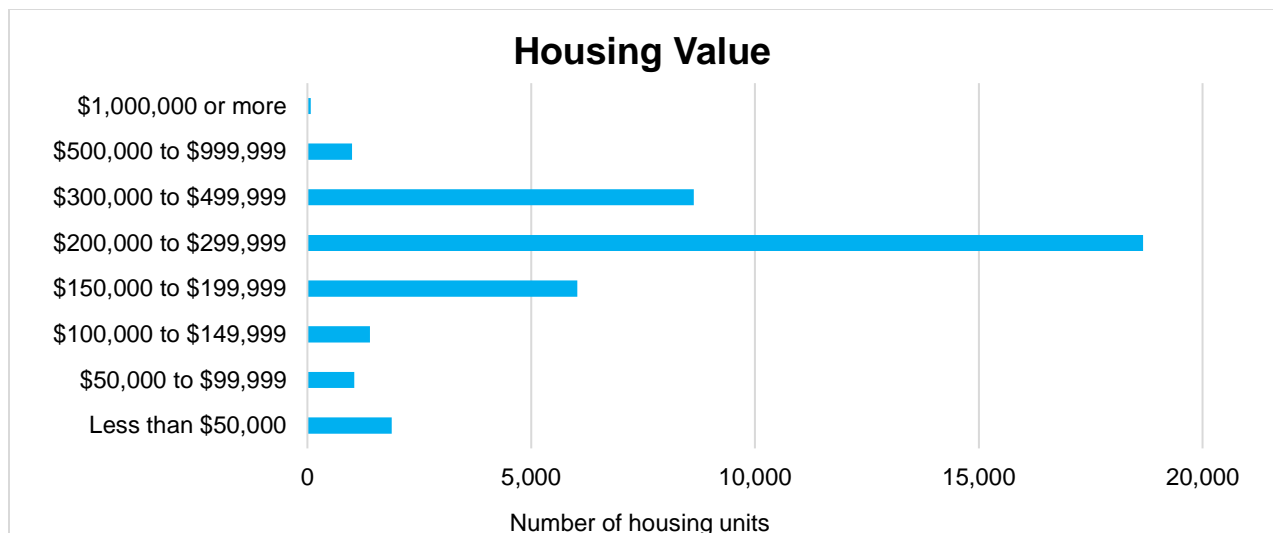


Source: 2022 ACS 5-Year



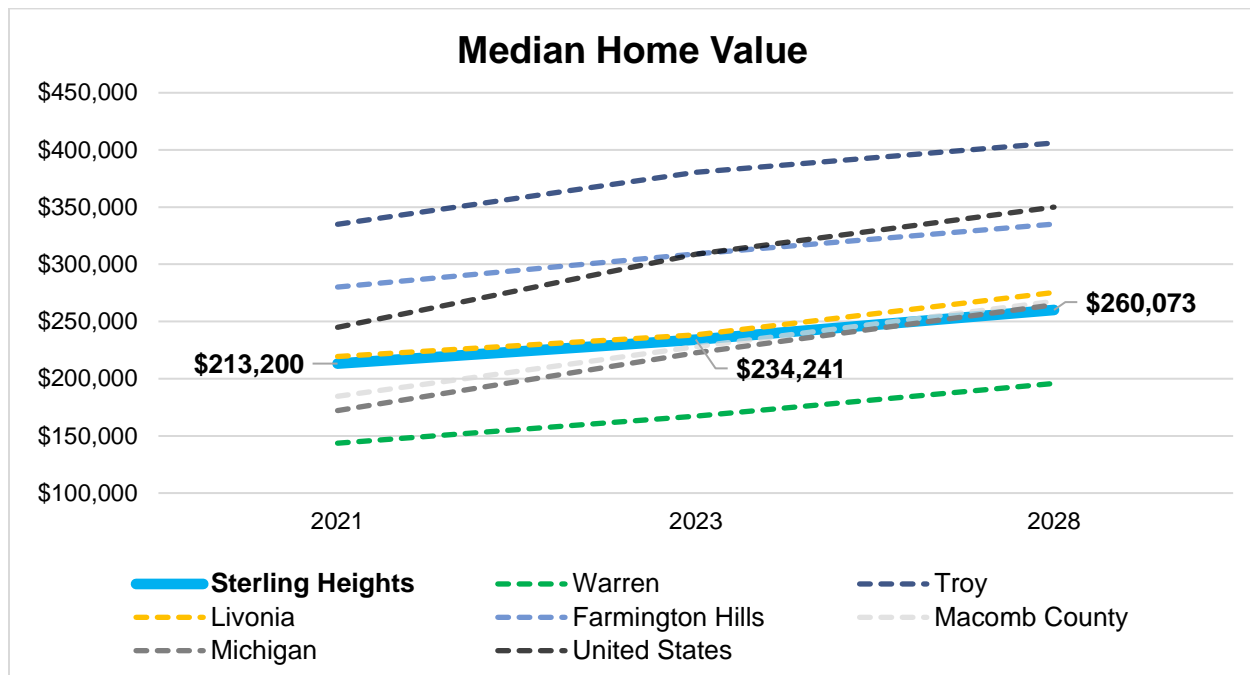
Source: H+T Affordability Index

Figure 10: Housing Value



Source: 2022 ACS 5-Year

Figure 11: Median Home Value – Sterling Heights and Relevant Geographies



Source: U.S. Census Bureau (2021) and ESRI (2023 and 2028)

Attainable Housing. Attainable housing has been defined as nonsubsidized, for-sale housing that is affordable to households with an **income between 80 and 120%** of the Area Median Income (AMI). Housing below 80% AMI is affordable or subsidized housing and housing above 120% AMI is market rate. For study purposes, we are applying the rule of thumb that three times income equals the housing value for buyers.

In a local context, the median household income of Sterling Heights is \$75,381 (ACS 2022). With the three times annual household income spent on housing, a home valued at about \$226,143 is attainable at this level.

80% of the city's median household income is \$60,305. With three times annual household income spent on housing, a home valued at about \$180,914 would be attainable at this level.

120% of the city's median household income is \$90,457. With three times annual household income spent on housing, a home valued at about \$272,372 would be attainable at this level.

See the below graphic which displays the homes (of any housing unit type) available on Zillow as of April 15, 2024.

Figure 12: Zillow Housing Availability

	Number of homes available	Percentage of homes available
Affordable housing at less than 80% median household income = less than \$180,914	13	17%
Attainable housing at between 80% to 120% median household income = \$180,914 to \$272,372	15	20%
Market rate housing (greater than 120% median household income) = greater than \$272,372	48	63%

Source: Zillow

Planning Best Practices

As part of the Housing Module, we will discuss terms and typologies as well as case studies of other similar communities. We will also discuss what relevant agencies and organizations are doing to address housing issues (see “Additional Resources” below for more).

Next Steps and Additional Resources

Development of Goals and Objectives

We encourage Planning Commission to think about this module and how you wish to move forward with a framework that can eventually set your goals and objectives. Keep in mind that the end result of this project is a Future Land Use Plan; goals and objectives should be broad enough to provide a vision, but should also be able to be acted-on/implemented as well.

At our upcoming meeting, we will review the information presented in this memo and discuss priorities for housing in the City. We will also discuss the benefits and challenges of different housing scenarios to think about the bigger picture of how housing impacts other community needs.

Additional Resources

In January 2023, while we worked with the City on a planning assistance basis we wrote a “Housing Options for Sterling Heights” paper for the Office of Planning and City Manager. We have attached that paper on the following page. Additionally, we offer the following resources as constructive documents on the current housing climate in Michigan as well as the country as a whole.

- State of Michigan: [Statewide Housing Plan](#)
- Michigan Association of Planning: [Zoning Reform Toolkit](#)
- Michigan Municipal League: [Pattern Book Homes for 21st Century Michigan](#)
- AARP: [Future of Housing](#)

Housing Options for Sterling Heights

By Giffels Webster Planning Staff – January 13, 2023

Executive Summary

The State of Michigan adopted its first comprehensive housing plan this past year because of the housing challenges throughout this state. These challenges, including general shortage of housing and rising costs of housing, are amplified in the Metro Detroit region. This paper is meant to explain the changing dynamics of population and housing, while providing best practices Sterling Heights may wish to explore. Specifically, the paper focuses on a few planning best practices the City may implement, such as accessory dwelling units (ADUs), “missing middle” housing, relaxing zoning standards that serve as barriers to housing, and considering a form-based zoning approach to certain districts.

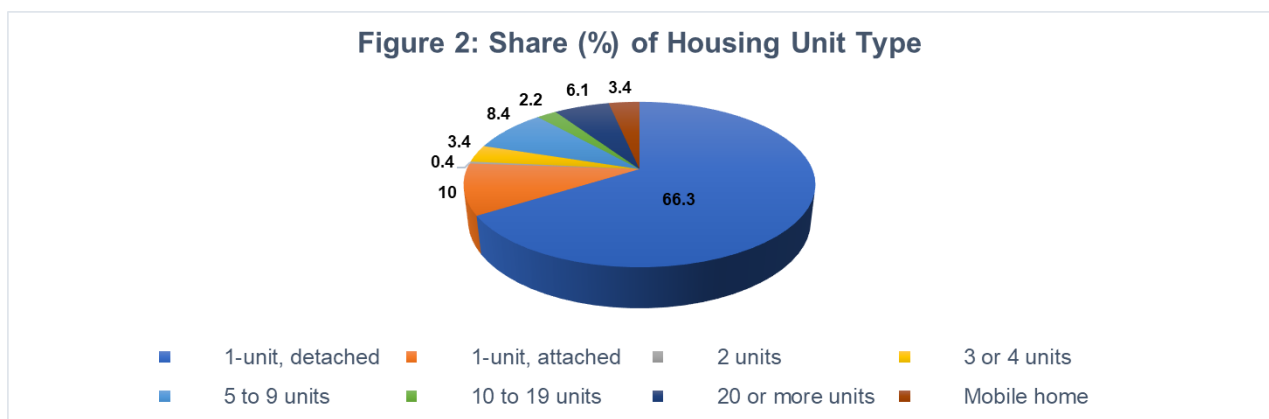
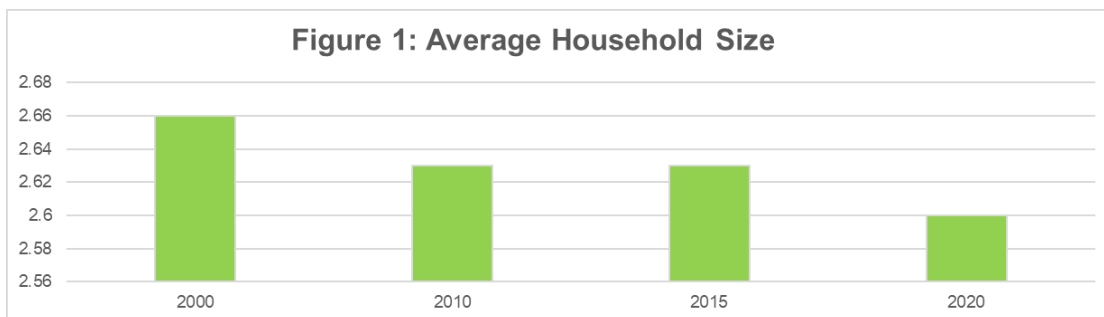
As the City’s Planning Commission has discussed the Master Plan’s five-year review at recent meetings, a decision by Planning Commission on whether or not to update the Master Plan is likely on the horizon. If the Planning Commission determines an update is needed, and if housing topics are indeed a chosen theme to emphasize in the update, the City may wish to hold public workshops, where the City explains potential housing strategies and gathers public feedback.

What are affordable and attainable housing?

Affordable and attainable housing are two relevant concepts that a community must keep in mind if the community wants to grow, adapt to change, and provide for a variety of housing options. Simply, affordable housing means housing that a household can rent or purchase that costs 30% or less of the household's income. Subsidized housing is housing that is intended for lower-income households and families that earn less than 50% of the Area Median Income (AMI). Another term to consider is attainable housing, which is generally considered to be non-subsidized housing for households or families making an income at or near the AMI. The term has been defined by the Urban Land Institute as "nonsubsidized, for-sale housing that is affordable to households with incomes between 80 and 120 percent of the area median income (AMI)."¹

How do current conditions affect Sterling Heights?

The lack of affordable and attainable housing can be detrimental to the growth of the City. As the average household size shrinks in Sterling Heights (Figure 1), it means more people may be looking for smaller housing units. Even those with large families may be looking to transition to smaller units when their children become adults and move to their own homes. Sterling Heights has a very large proportion of single-family homes (Figure 2), especially at larger structure size.



From a unit count, single-family-detached and single-family-attached housing take up 76.3% of the share of total housing units (Figure 2).² Then, buildings with five or more units take up 16.7% of the share of total housing units. At only 3.8% of the share being two-to-four unit

dwelling, it appears Sterling Heights has an opportunity to increase the variety of housing choices.

Looking at the age of housing, 52.1% of the City's housing units were built between 1960 and 1979.³ Some of these houses may be nearing time of critical repairs and may not suit the needs of aging homeowners or fit the lifestyle of younger homeowners. This dominant proportion of single-family housing type is even more significant when considering the common household in the City today- 27.8% of all households consist of a person living alone compared to 28.1% of households consisting of one or more people under 18 years.⁴

Economically, the lack of housing choices can hurt the City as well. Being able to provide housing that suits the workforce is key for communities to sustain small businesses. Service and essential workers, including teachers and public safety officers, continue to be priced out of many communities in our state. This means workers face long commutes or they find work elsewhere. Large companies looking for a regional headquarters often want to locate where their workforce can live and can travel to and from work easily and affordably. In addition, as the housing stock ages, the infrastructure created fifty or more years ago is also aging. This may be a burden on municipal finances. Overall, the more housing built within the City, especially with a variety of housing choices, the more of the population the City is able to serve. From aging residents who want to "age-in-place," to younger residents who want to live near their places of employment to the local and regional businesses, institutions and agencies that rely on the local workforce, a variety of housing options at a variety of price points is essential. Further, increasing the availability of housing for purchase can help create a more equitable community, as homeownership is one of the key contributors to upward mobility.

Why does planning for affordable and attainable housing matter in Sterling Heights?

As noted above, the United States Department of Housing and Urban Development (HUD) defines affordability as paying no more than 30 percent of gross income for housing costs, including utilities.⁵ HUD uses a measure called Area Median Income to define a metropolitan area's affordability limits. In 2022, HUD set the Detroit-Warren-Livonia metro area (in which Sterling Heights belongs) at \$89,800 AMI.⁶ A family of four making \$71,600 is considered low-income. Further, a family of four making less than \$44,750 or less than \$27,750 are considered very-low or extremely-low income, respectively. This is compared to the City's median household income (\$70,211) and median family income (\$83,436).⁷ The median mortgage cost in the City is \$1,503 a month, while the median gross rent is \$1,117, which is fairly reflective of the Detroit-Warren-Dearborn Metropolitan Statistical Area's values of \$1,519 and \$1,020, respectively.⁸

The median home value in Sterling Heights is \$213,200⁹, which is up 8% from 2020.¹⁰ According to Rocket Homes, the median sales price in the City is \$274,254, which is a 9.7% increase from October 2021 to October 2022.¹¹ These rising values and sales prices are indicative of the housing crisis that is affecting not only the metro region but the state as a whole. Michigan Association of Planning, in its *Zoning Reform Toolkit* describes that the state's housing crisis is worsened by the following factors: the underbuilding of enough housing, the growth in number of households outpacing the overall population growth, and the growth in housing demand outpacing income growth.¹²

The number of households in Sterling Heights has grown by 11.1% from 2000 to 2020 while population has only grown by 7.9%.¹³ The Urban Institute predicts the state's number of households will increase by another 5% from 2020 to 2040.¹⁴ SEMCOG predicts the number of households will increase in Sterling Heights by 7.8% from 2020 to 2045.¹⁵ This is in comparison to SEMCOG's population growth estimate for the City, which is estimated at 2.5% from 2020 to 2045.¹⁶

In terms of underbuilding, the four "L's" – labor, lumber, land, and laws play a role in affecting housing availability.¹⁷ A shortage of available labor and lumber (or many other construction materials, including infrastructure) hike the costs of each, and encourage developers to opt to build the most lucrative, large houses first. A sprawling development that needs extensive infrastructure connections will almost certainly encourage this practice, therefore it is important for the City to encourage infill development as much as possible. Many more options involving law are discussed later in this report.

The Center for Neighborhood Technology also includes transportation into the calculation of affordability. Because transportation costs are typically the second highest expense for a household behind housing, they suggest a combined maximum standard of 45% for housing and transportation together.¹⁸ Sterling Heights, at 49% (26% for housing plus 23% for transportation)¹⁹, is not far off from this suggested maximum standard. However, with its central location in the metro region, it seems this number could be lower. Within this calculation, the City has a 2.1 (rating out of 10) "AllTransit Performance Score"²⁰ which means the subpar public transportation options and car dependency play a role in burdening the City's residents, when compared to other cities and other regions. Making sure housing is affordable and attainable is even more important when considering these transportation challenges.

What do local and state plans say about housing?

The City's Master Land Use Plan's Executive Summary Report, adopted in 2017, states "(I)n line with the City's projected population and household growth through 2040, the total number of housing units in the City is also projected to increase. By 2040, the City is projected to contain 54,116 total households. Assuming a 5% housing unit vacancy rate in 2040, the City would contain 56,964 total housing units. This is an increase of 4,774 housing units from 2010."²¹ Looking at this more recently, the City now contains approximately 52,085 households, but also contains a 3.0% vacancy rate.²² With the increased rate of occupied housing, providing even more housing than the 56,964 by 2040 is important.

Furthermore, the Master Plan addresses a number of housing goals and objectives. It acknowledges that to foster smart growth, a range of housing opportunities and choices must be created.²³ Goal II of the *Residential and Neighborhood Development* section aims to allow for a broader range of housing types and products in the City in light of population growth and household size shrinkage. In order to do so, the City must: permit new housing types including the missing middle housing type, enable age-in-place housing, and ensure a mix of affordable and rental units. The Plan also prioritizes improving residential livability by seeking to create new housing through density changes²⁴, which helps create more sustainable communities. Through these references, it is clear the City of Sterling Heights is aware of the need for more housing, and affordable housing.

The State of Michigan recently adopted a statewide housing plan, with the purpose being to “set the stage for a coordinated, data-driven, outcome-oriented approach to housing to ensure that all Michiganders have a quality home that meets their needs and is located where they benefit from a range of amenities.”²⁵ The plan addresses many housing priorities, goals, and strategies. Among these goals are: preventing and ending homelessness, increasing the housing stock, providing for older adult housing, improving the quality of life for residents living in rental housing, and increasing homeownership among low- and moderate- income households as well as creating homeownership equity across races and ethnic groups.²⁶ The need for more housing throughout the entire state is clear; the plan states that there should be at least 75,000 new or rehabilitated housing units added in the next five years, with at least 39,000 of those affordable rental units and at least 21,500 of those market-rate units (homeowner and rental).²⁷

What can the City do about this issue?

There are a number of local actions the City may consider in helping to deliver more affordable and attainable housing. Amending zoning regulations are some of the simplest strategies for housing reform, but there are other actions the City may take as well.

One of the more widely-considered zoning strategies communities are focusing on is the implementation of “missing middle” housing. Missing middle housing is recognized as a range of multiunit or clustered housing types, compatible in scale with single-family homes, that help meet the growing demand for walkable urban living, respond to shifting household demographics, and meet the need for more housing choices at different price points.²⁸ See the *Housing Focus I* inset below which documents missing middle housing in more detail.

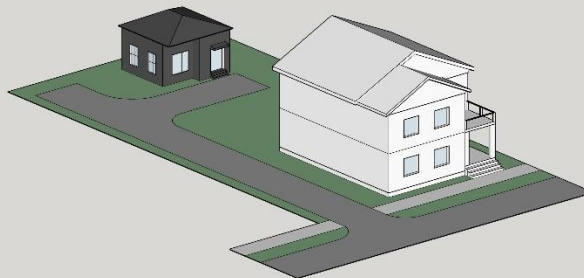
Housing Focus I : Missing Middle Housing

Planning for “missing middle” housing types is an important consideration for Sterling Heights in order to diversify the housing stock. As stated earlier in this paper, only 3.8% of the City’s total housing units are units in two- to four-unit structures. House-scale missing middle housing types, such as duplexes, fourplexes, small townhouse clusters, and cottage court detached units can increase housing choices while being built at a scale that is consistent with the range of sizes of detached single-family homes (see the graphics below). Missing middle can entail the retro-fitting of large existing single-family homes into more units; it does not only mean new construction.



Image Source: Opticos Design, Inc.

Housing Focus I continued



Graphics on this page by Giffels Webster

Housing Focus I continued

The recently published *Pattern Book Homes for the 21st Century Michigan*, by Michigan Municipal League, communicates how missing middle may occur in a Michigan city- that is, by designing neighborhood-friendly, low-impact density that does not infringe on the character and form of the existing neighborhood. The schematic designs in this publication are specifically intended as an infill strategy to fit as small as 40' by 100' lots.²⁹ Therefore, using these design schematics on Sterling Heights' 60' by 120'-and-greater lots should be even less of an infringement on neighborhood character and form. Another major benefit of this publication is for homeowners or developers - maybe a smaller individual or business with less experience - in helping them create an easy and affordable infill home or missing middle housing development.



Image Source: MML, MEDC, and East Arbor Architecture

Accessory dwelling units (ADUs) are a staple of the lower-impact missing middle housing strategies. This may be a simple first step for the City to take to encourage such housing stock diversity. Some ADUs serve as "in-law flats" for older relatives or serve young adults who want more privacy from their parents. ADUs can be built in many forms, often converted from a detached garage. Some municipalities have set occupancy provisions in their ADU ordinances that require owner occupancy of either the principal unit or the ADU.



Image Source: Ryan Stanton, MLive

- Some additional zoning strategies include:
 - Increase flexibility in zoning district uses to encourage the construction of new housing, as well as retro-fitting existing housing. This might include collapsing multiple districts into fewer districts or expanding the allowable uses in districts.
 - Relax dimensional requirements such as minimum lot area, minimum lot width, and minimum dwelling size requirements.
 - Relax parking requirements where sensible, such as near amenities like bus stops, commercial districts, high employment areas, etc. The zoning ordinance currently requires two parking spaces for each one-bedroom unit, and then one-half space for every additional bedroom. Approximately 44.2% of all renter-occupied housing units are a one person household,³⁰ and nearly 61% of all workers residing in the City live at a home with two-or-less vehicles,³¹ therefore parking requirements of more than two spaces per dwelling unit should be re-evaluated to reflect current parking demand patterns..
 - Amend zoning regulations for density bonuses near employment centers, institutions and where commercial goods/services are available.
 - Consider allowing moderate- to high-density housing in office districts for the retrofitting of existing buildings.
 - Make sure most housing types are permitted by right (not special land uses).
 - Identify locations where housing is desirable and expediate the review process by “pre-permitting” development that follows building types and development patterns pre-approved by the City.
 - Apply form-based zoning regulations and streamline review processes to make the development process more navigable and redevelopment friendly. See the *Housing Focus II* inset below.

Housing Focus II : Form-Based Zoning Codes

Form-based codes (FBCs) or overlays can be helpful in that they can eliminate red-tape and discretionary reviews for development/uses that the City is favorable towards. For example, if the City is favorable to multi-family townhomes and mixed-use upper floor housing in the North Van Dyke traditional mixed-use node, simply setting the base guidelines of how the structure should be built (setbacks, height, parking locations, façade/door/window requirements, enhanced landscaping treatments, etc.) and allowing such development to take place with only minimal administrative review may be a desirable practice, not only for the City but for developers too. This could reduce the number of PUD applications, or PUD modifications, by providing one or more form-based districts that allow a variety of uses and housing types in a walkable setting. Some form-based codes have been crafted to be very detailed in regulations, while others have taken the “FBC light” approach to simplify administration of the code.

- Some additional non-zoning strategies include:
 - Incentives for redevelopment
 - Payment-in-lieu-of-Taxes redevelopment: Often known as a “PILOT,” some municipalities allow a developer to pay a service charge in lieu of ad valorem taxes for a housing development, to be financed by Low Income Housing Tax Credits (LIHTC), for low income persons and families. Some municipalities require an extra review, or ordinance adoption, if the developer requests less than a certain percentage (such as 10%) of the property tax projection.
 - Tax incentives for density bonuses
 - Reduce development review fees and/or expedite approval processes.
 - Set mixed-income development rules, where units at various levels of median family income, such as 80%, 50%, and 30% are required.
 - The City might consider setting their own AMI rules – so that when tax incentives are requested from the City, the City’s own AMI shall be followed. This would not be used for HUD subsidies however.
 - Affordable housing millage: for example, in 2020 City of Ann Arbor voters approved a millage that would allow the City to levy a tax of up to one mill for the purpose of building, maintaining, and acquiring new affordable housing units.
 - Provide resources to help older residents age-in-place. These may include guides for home renovations, lists of qualified home remodeling companies, links to financial assistance or even a local revolving loan fund for home improvements.

Potential Action Steps for the City

The City may consider these housing strategies if the Planning Commission decides to update the Master Plan. The City should host workshops, or public engagement sessions, as part of the Master Plan update process. If the Planning Commission wishes to focus on these strategies for future policy and ordinance implementation, they may publish them in the Master Plan Update accordingly. This might entail updating the future land use map to identify potential areas of opportunity for higher density, form-based overlays, or relaxed dimensional requirements, for example.

The Master Plan Update may dictate how thorough potential zoning ordinance amendments may be. Simple tweaks, such as relaxing minimum lot size and minimum dwelling size requirements may be a first step. Further tweaks, such as eliminating or amending some of the zoning requirements that are often modified on housing-related Planned Unit Developments, are another potential first step. Additional zoning amendments, such as increasing density in low density residential zones, collapsing zoning districts, enabling density bonuses, and implementing form-based overlays may be a future, carefully planned step.

Endnotes

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- ² U.S. Census Bureau; American Community Survey, 2020 American Community Survey 5-Year Estimates, Table B25024; generated by Andy Aamodt; using data.census.gov; <<https://data.census.gov/all?q=STERLING+HEIGHTS+city,+Michigan>> (8 November 2022).
- ³ Ibid., Table DP04.
- ⁴ Ibid., Table S1101.
- ⁵ U.S. Department of Housing and Urban Development’s Office of Policy Development and Research, “Defining Housing Affordability,” PD&R Edge- An Online Magazine, August 14, 2017. <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081417.html>
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- ¹¹ “Sterling Heights Housing Market Report,” Rocket Homes Real Estate, October 2022. <https://www.rockethomes.com/real-estate-trends/mi/sterling-heights>
- ¹² American Planning Association – Michigan Chapter, “Zoning Reform Toolkit,” Michigan Association of Planning: 8-9, Accessed November 8, 2022. https://www.planningmi.org/assets/images/ZoningReformToolkit/MAP_ZoningReformToolkit_2022%2008%2002_Gradient.pdf
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- ¹⁴ “Forecasting State and National Trends in Household Formation and Homeownership, Michigan,” Urban Institute, Accessed November 8, 2022. <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/forecasting-state-and-national-trends-household-formation-and-homeownership/michigan>
- ¹⁵ Southeast Michigan Council of Governments (SEMCOG), “City of Sterling Heights,” SEMCOG Community Profiles, Accessed November 8, 2022. <https://semcog.org/community-profiles/communities=3115#People>
- ¹⁶ Ibid.
- ¹⁷ American Planning Association – Michigan Chapter, Zoning Reform Toolkit, 9-10.
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- ¹⁹ “H+T Fact Sheet, Municipality: Sterling Heights, MI,” Center for Neighborhood Technology, Accessed 8, 2022. <https://htaindex.cnt.org/fact-sheets/?lat=42.580312&lng=-83.030203&focus=place&gid=12155#fs>
- ²⁰ Ibid
- ²¹ Sterling Heights Master Land Use Plan 2017-2040, prepared by the City of Sterling Heights (Sterling Heights, MI, 2017), p. 8.
- ²² U.S. Census Bureau; 2020 ACS 5-Year, Table DP04.
- ²³ Sterling Heights Master Land Use Plan 2017-2040, 16.
- ²⁴ Ibid., 17.
- ²⁵ Michigan’s Statewide Housing Plan, prepared by the Michigan State Housing Development Authority (Michigan, 2022), p. 11.
- ²⁶ Ibid., 6-8.
- ²⁷ Ibid., 5.
- ²⁸ Daniel Parolek, *Missing Middle Housing: Thinking Big and Building Small to Respond to Today’s Housing Crisis* (Island Press, 2020), 7-8.
- ²⁹ “Michigan Municipal League and Michigan Economic Development Corporation, “This Used to Be Normal: Pattern Book Homes for 21st Century Michigan,” Michigan Municipal League: 44-47, Accessed January 12, 2023. <https://mml.org/wp-content/uploads/2022/09/MML-Pattern-Book-Homes-9-8-22-final.pdf>
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