



Mason County Economic Dev Toolkit

A collection of nine tools that remove barriers and unlock new resources that can create more affordable housing.

Nine Tools to Improve Mason County Housing Affordability

From our pristine sandy beaches and parks to our interconnected trail system, Mason County has a long history of industrial grit, community spirit, and a unwavering resilience. Over the last 10 years a new challenge has emerged; economic forces that are driving up housing costs and impacting the ability of our local community to sustain and thrive.

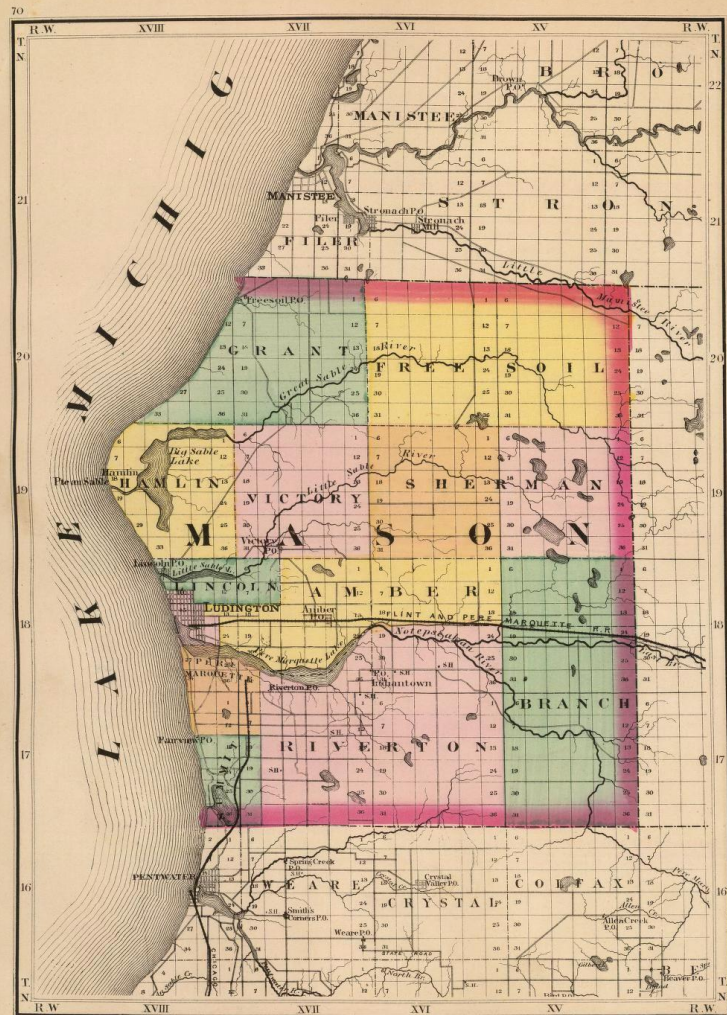
This document contains nine tools we can use to address the current housing shortage. It will require creativity and So long as we stay anchored to our values we can build a new housing landscape that people feel proud to call home while remaining true to our spirit.



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Pre-approved plans

Pre-Approved plans reduce administrative barriers.

Ordinances for Nuisance

Ordinances to limit the specific nuisances a community might be concerned about.

Zoning Reform

An impactful approach to reducing the cost of new housing.

Land Bank

A legal mechanism for strategically transforming distressed land into assets to spur economic development.

Brownfield TIF

A flexible funding source enabling prioritized type, location and price points of housing on Brownfield land.

A Payment in Lieu of Tax

PILOTS replace traditional property taxes with a negotiated payment based on a percentage of the rent from a housing development.

Community Land Trusts

New types of ownership that separate land costs from homebuyer mortgages.

LIHTC

The Low Income Housing Tax Credit is offered by the federal government to developers in exchange for dedicating a fraction of their housing units as lower income housing.

Neighborhood Enterprise Zone

Reduces the tax obligations by 50% for new housing in mixed-use buildings or those with owner-occupied units.

Revolving Loan Fund

A financing tool that fills financing gaps in new construction, acquisition, and preservation projects.

Impact Investments

Community partners investing below market interest rates in projects that address social issues.

Municipal Services Agreement

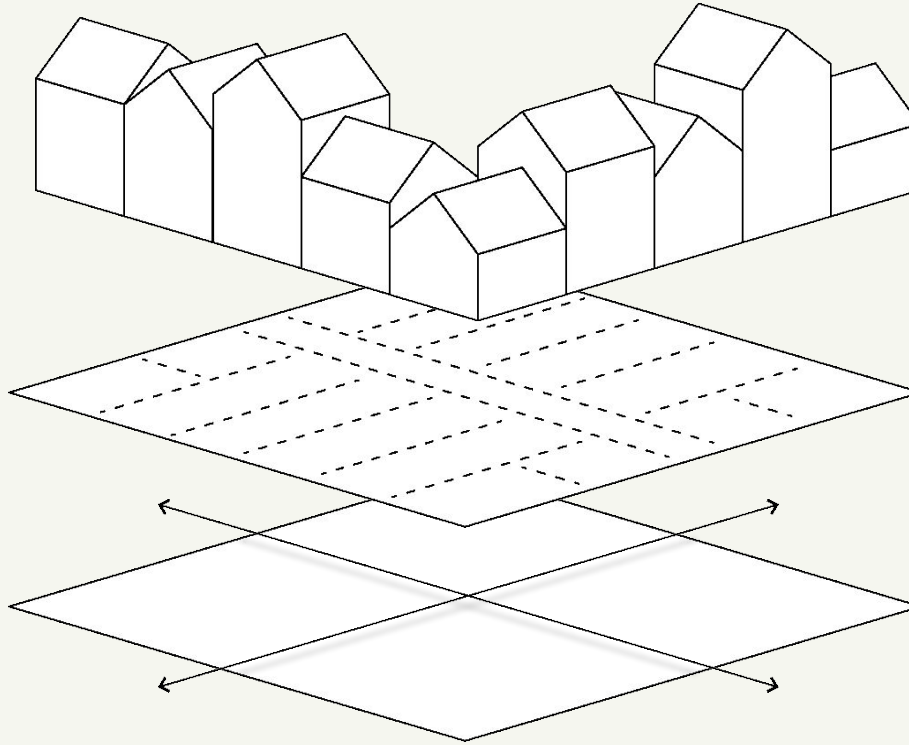
MSAs ensure that essential services are funded despite a significant reduction in taxes due to a brownfield or PILOT agreement.



Financing Mechanisms
Tools that activate new types of capital

Impact Investments

Revolving Loan Fund



Building Type

Tools that inform building size and intended use

Pre-Approved Plans

Zoning Reform

Parcel Activation

Tools to reduce operating costs + increase project viability

Brownfield TIF

Payment in Lieu of Taxes

Contextual Land Use

Tools that make home-ownership more affordable.

Community Land Trust

Neighborhood Enterprise Zone



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Example	Zoning Changes	Subsidy	Financing
<p>Robinson Landing Grand Haven, MI LINK TO PROJECT</p> <p>32 Single family homes built on city-owned property. 16 homes are tied to a community land trust and reserved for households earning 80% of the median income. The remaining 14 homes were sold at market rate prices. The City offered the property at well below appraised value, created a community land trust, and approved a brownfield TIF plan for 25 years. The result...</p> <ul style="list-style-type: none"> • 5 homes sold at \$149,900 • 7 homes sold at \$169,900 • 4 homes sold at \$189,900 • Market rate homes sold for \$279,900+ 	<p>Zoning Reform</p> <p>The City of Grand Haven offered publicly owned land for well below appraised value and rezoned to allow 50 foot wide lots.</p>	<p>Community Land Trust</p> <p>Brownfield TIF</p> <p>A community land trust was created to own the underlying land and ensure that homes could be affordable for the long-term.</p> <p>A 25 year brownfield plan was adopted to reimburse all costs associated with infrastructure and site preparation.</p>	<p>Impact Investments</p> <p>The Grand Haven Community Foundation provided a \$1.5 million investment into Michigan Community Capital to facilitate the construction loan at well below market interest rates.</p> <p>The City of Grand Haven also waived its utility connection fees to further support the project.</p> <p>No grant funds were required to complete this project.</p>



Example	Zoning Changes	Subsidy	Financing
<p>Black River Flats Holland, MI LINK TO PROJECT</p> <p>216 apartment homes constructed as part of a larger mixed-income neighborhood, including single family homes, townhomes, and apartment units as well as a large public park.</p> <p>The result is 108 market-rate apartments and 108 apartments that will be affordable to the local workforce for a minimum of 15 years to 80% AMI households and below.</p> <p>The development team and property manager are responsible for conducting income certifications for one out of every two new residents in the community and to provide a third-party certified report at the end of each calendar year. This report is submitted to the City each year before any tax increment is released back to the developer.</p>	<p>Zoning Reform</p> <p>In order to approve this development, the City also revised its zoning code to make multi-family a permitted use in a formerly single family only district.</p>	<p>Brownfield TIF</p> <p>The City of Holland negotiated a brownfield TIF agreement with the developer to reimburse all eligible costs associated with new infrastructure installation (water, sewer, roads) in exchange for the developer's commitment to ensuring that 50% of the apartment homes would be affordable to households earning at or below 80% of the median income in Ottawa County.</p>	<p>Low Interest Loan</p> <p>This project received a financing commitment from Mercantile Bank in 2019 at a rate of 3.2% for 80% of the project cost. This interest rate was critical to the success of the project.</p> <p>Achieving a similar interest rate in today's marketplace would require an impact investment partner to make low-cost capital available to support the project.</p>



Zoning Reform

Reforming zoning standards is an impactful approach to reducing the cost of new housing by reducing minimum lot widths, allowing taller buildings on commercial corridors, and permitting innovative residential structures.

Reduce Housing Cost

Current regulations can increase housing costs by 10-40% or more, demanding excessive land, square footage, and infrastructure. While zoning reform alone doesn't make housing affordable for the lowest-income households, it does establish the regulatory foundation for all housing.

Combining With Other Tools

Combining zoning reform with other tools like impact investors in a revolving loan fund, Brownfield TIF, and payment in lieu of tax programs can help to significantly enhance affordability for a broader range of residents.

Zoning Reform pairs well with...

Payment in Lieu of Taxes

Reducing the tax burden on a housing unit can save the renter \$200 - \$400 per month.

Brownfield TIF

Developers can be reimbursed for eligible costs associated with housing *if* they agree to minimum affordability standards.

Impact Investments

Finding capital partners who support housing initiatives and will provide low-interest investment.

Revolving Loan Fund

Financing tool that can provide flexible lending assistance to innovative projects and reduce the cost of financing.



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Pre-Approved Plans

Rather than asking builders/developers to guess which types of housing designs would fit best in a local community, counties can create pre-approved housing plans to very simply and clearly articulate the housing types they want.

Promote New Building Types

Pre-approved plans are especially useful when allowing housing types that aren't often approved in the local community — this might include two-family and four-family buildings or accessory dwelling units.

Next Steps

Start with housing types that are already in your local community and well-liked. Design plans for new structures that are similar to existing housing types.

Be specifically mindful of opportunities for smaller homes on smaller lots, or buildings with more than one dwelling unit.

Pre-Approved Plans
pair well with...

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF

Impact Investments

Finding capital partners who support housing initiatives.



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Ordinances for Nuisance Issues

Zoning is often used in an attempt to prevent nuisance behaviors. This can be a very blunt instrument for a very specific problem. Consider adopting a general law (or police power) ordinance to limit the specific nuisances a community might be concerned about.

Target Specific Behavior

Avoiding the problem of too many cars parked on the street can be mitigated by enforcement of no parking zones as opposed to requiring excessive parking minimums for every land use.

There are often dozens of these examples in every zoning ordinance that range from storage to noise to refuse removal.

Next Steps

Conduct a zoning audit for standards that are limiting development in an attempt to prevent nuisance behaviours. Then assess those zoning standards and consider whether those regulations might be better suited to a police power ordinance which can be enforced only as nuisances actually occur.

Ordinances for Nuisance Issues pair well with...

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.



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Brownfield TIF

Brownfield Tax Increment Finance (TIF) is a flexible funding source that allows local communities to prioritize the type, location and price point of housing in their own neighborhoods.

Capture Local + State Tax

Brownfield TIF for housing captures new tax increment from development to reimburse eligible costs. Existing tax revenue is not captured. It is possible to capture both local and state tax increment, but the local unit does not have to rely on the state for every development.

Next Step

Align TIF policy with a specific housing strategy. Be clear about the conditions for use and expectations, such as affordability and long-term or year-round housing restrictions.



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Brownfield TIF
pairs well with...

Payment in Lieu of Taxes

If you make a smaller lot size you can have pre-approved plans that fit the existing aesthetic.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

Impact Investments

Finding capital partners who support housing initiatives.

Revolving Loan Fund

Financing tool that fills financing gaps in new construction, acquisition, and preservation projects.

Payment In Lieu of Taxes

A Payment in Lieu of Taxes (PILOTs) allows a local community to replace traditional property taxes with a negotiated payment based on a percentage of the rent from a housing development.

It allows a municipality to collect revenue from a project but not as much as the tax rate would have otherwise required.

Replace tax with a small fee

A PILOT can reduce monthly rents by anywhere from \$200 - \$450 per month, depending on the way the incentive is used by the developer.

Next Step

Create a policy specifying when and how often a community is willing to use this tool, setting income ceilings based on local needs and clearly communicating expectations to potential developers.

PILOTs pair well with...

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

Impact Investments

Finding capital partners who support housing initiatives.

Revolving Loan Funds

Financing tool that fills financing gaps in new construction, acquisition, and preservation projects.



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Community Land Trust

A community land trust (usually a nonprofit) owns the land beneath homes or entire neighborhoods, separating land costs from homebuyer mortgages.

Steward land for long-term affordability

This reduces homeownership costs significantly, often by \$50,000 to \$75,000, easing financial burdens, especially during high-interest rate periods.

Next Step

Create or partner with a nonprofit to establish a community land trust.



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Community Land Trusts pair well with...

A Community Land Trust is often combined with other tools like Brownfield TIF, Neighborhood Enterprise Zones, and Impact Investments for a more comprehensive approach to reducing housing costs.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Neighborhood Enterprise Zone

Provides a significant tax reduction for owner-occupied and income-restricted housing.

Impact Investments

Finding capital partners who support housing initiatives.

Neighborhood Enterprise Zones

The Neighborhood Enterprise Zone (NEZ) has been expanded to all cities, villages, and townships. This tool allows local municipalities to reduce tax obligations by 50% of the pre-construction or rehab taxable value for new housing, specifically in mixed-use buildings or those with owner-occupied units.

Reduce Local + State Tax

The key advantage lies in incentivizing homeownership, with the incentive lasting up to 15 years. This tool is particularly beneficial for encouraging homeownership in areas where it's desired. For example, it can aid in making multi-family condos with owner-occupied units viable by offering tax incentives.

Next Step

Define your community's goals related to the Neighborhood Enterprise Zone, such as promoting homeownership or mixed-use buildings, and create a policy that establishes how an applicant can qualify for creating a district and an approved NEZ certificate.

Neighborhood Enterprise Zones pair well with...

NEZs are often combined with other tools like Brownfield TIF, Community Land Trust, or Revolving Loan Fund for a more comprehensive approach to reducing housing costs.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Community Land Trust

A non-profit partner that is able to remove / reduce the cost of land for homebuyers.

Revolving Loan Funds

Financing tool that fills financing gaps in new construction, acquisition, and preservation projects.



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Revolving Loan Fund

A financing tool designed to fill financing gaps in new construction, acquisition, and preservation projects. Funds like this make low-interest loans to priority housing developments and reduces their cost of financing.

Leverage impact capital

A revolving loan fund can allow for the investment of public funds, philanthropy, or impact investments from local employers.

Next Step

Identify local partners (community foundations, family offices, local-impact oriented companies) willing to invest at below-market interest rates into a *pooled fund* while earning a modest return (1 - 4%). Finding capital partners who support housing initiatives is crucial for the success of a revolving loan fund.

Revolving Loan Funds pair well with...

It is often combined with other tools like Brownfield TIF, Impact Investments, or Zoning Reform for a more comprehensive approach to reducing housing costs.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Impact Investments

Finding capital partners who support housing initiatives.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.



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Impact Investments

Impact investment involves community partners investing below market interest rates in projects that address social issues. While they seek a return, it's measured in social good rather than high financial gains. Impact capital can take the form of a loan or an equity contribution directly to the project.

Capture Local + State Tax

Impact investments are crucial for middle-market deals. For example, when corporations need housing for their employees a corporation can invest at a lower rate of return, enabling developers to offer more affordable rents.

Next Step

Identify local partners (family offices, local-impact oriented companies) willing to *invest directly* in local real estate projects at below-market rates.



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Impact Investments pair well with...

Combining impact investment with other tools like Brownfield TIF, Payment In Lieu Of Tax, or Zoning Reform further enhances affordability.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Payment in Lieu of Taxes

If you make a smaller lot size you can have pre-approved plans that fit the existing aesthetic.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

Land Bank

A land bank is a public organization that acquires, manages, and repurposes vacant, blighted, or abandoned properties to revitalize neighborhoods and spur economic development.

Transforming property

By acquiring distressed properties, maintaining them, and strategically repurposing or disposing of them, land banks help transform blighted areas into assets that benefit communities.

Land banks have the ability to clear and quiet title and also have the impact of resetting taxable value to zero.

Next Step

Build partnerships with local government agencies, community organizations, nonprofit groups, and other stakeholders who have an interest in addressing blight and revitalizing neighborhoods.



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Land Bank pairs well with...

Combining a Land Bank with other tools like Brownfield TIF, a Community Land Trust, and Zoning Reform further enhances affordability.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Community Land Trust

A non-profit partner that is able to remove / reduce the cost of land for homebuyers.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

Municipal Services Agreement

MSAs ensure that essential services are funded despite a significant reduction in taxes due to a brownfield or PILOT agreement.

Collaboration

When a local or county government agrees to a long-term tax incentive, a small fee can be negotiated to ensure essential government services are still funded at the local level.

Next Step

Craft a policy which outlines when an MSA is appropriate and which services are expected to be considered. Often times, a local unit will consider the revenue to be dedicated to public safety and local road maintenance to serve the new housing.



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Municipal Services Agreement pairs well with...

Combining MSAs with other tools like Brownfield TIF or Payment In Lieu Of Tax. and Zoning Reform further enhances affordability.

Brownfield TIF

If there are specific areas slated for redevelopment you can create a Brownfield TIF.

Payment in Lieu of Taxes

If you make a smaller lot size you can have pre-approved plans that fit the existing aesthetic.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.

LIHTC

The Low Income Housing Tax Credit encourages private investment in affordable rental housing for low-income households. Under this program, state housing agencies allocate tax credits to developers of qualified affordable housing projects. Developers then sell these tax credits to investors to raise capital.

Incentivizes

LIHTC helps address the critical need for affordable housing by providing a financial incentive for developers to build or renovate housing units for low-income individuals and families.

LIHTC housing is usually set aside for households earning 30% to 60% of area median income but can include lower and higher-income units as well.

Next Step

Securing LIHTC involves navigating a complex process that requires careful planning, collaboration, and compliance with regulatory requirements. Typically developers work with experienced professionals, such as attorneys, accountants, consultants, and affordable housing experts, to successfully obtain and utilize LIHTC allocations. Generally, about 1/10th of the affordable housing needs can be satisfied using LIHTC housing.

LIHTC pairs well with...

Combining LIHTC with other tools like MSAs, Payment In Lieu Of Tax, and Zoning Reform further enhances affordability.

Municipal Services Agreement

Pairing a MSA with LIHTC ensures the municipality can still collect revenue for services.

Payment in Lieu of Taxes

If you make a smaller lot size you can have pre-approved plans that fit the existing aesthetic.

Zoning Reform

Reduces the regulatory burden on housing while allowing for greater innovation and responsiveness to market demand.



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