

## Attachment E

### SUGGESTED SITE AMENITIES FOR ADR PROJECTS

MSHDA's Community Development Division (CDD) funds the acquisition, development and resale (ADR) of residential structures and/or vacant land in neighborhoods where existing market demand makes such projects feasible within reasonable subsidy limits. Subsidies are typically used by CDD grantees either: (a) to increase the number of units available in the local market where affordable units are scarce, or (b) to create quality units to stimulate demand in markets where housing values are too low to sustain reinvestment. The goals of these two types of projects are different, and require that quality and cost reasonableness be balanced in the local market context. To assist our local partners in planning projects, we are providing some important considerations that are generally applicable to ADR projects. These considerations fall into three groups:

- CDD desired outcomes for the ADR model
- Balancing amenities with reasonable project costs
- Appropriate site amenities for ADR projects

#### CDD DESIRED OUTCOMES FOR THE ADR MODEL

1. ADR projects result in housing units and buyers/new residents that are an asset to the neighborhood. CDD units should not have to be excused as being "low-income housing" or "affordable housing". These efforts are further supported when grantees take steps to assure that new residents are fully integrated into the existing community welcoming by neighborhood association, homeowner education, etc.
2. Projects have sufficient amenities to be marketable and to support neighborhood revitalization objectives. Where projects are undertaken in neighborhoods with dubious marketability, the neighborhood may need to rely on MSHDA projects to set a new standard by being a "billboard" for the neighborhood, encouraging breakthrough investments by other property owners and buyers. This outcome is promoted with the addition of a sufficient number of housing units with marketability equal or superior to other neighborhood houses in comparable condition. Projects should, by their design and character, motivate other property owners and prospective owners to invest in the neighborhood.

#### BALANCING AMENITIES WITH REASONABLE PROJECT COSTS

CDD recognizes that there are often trade-offs between creating amenities for homebuyers and controlling project costs. Keep in mind the following guidelines:

Completed projects should be feasible within CDD subsidy limits. Market-rate housing i.e., housing developed without CDD or other subsidy support requires a high degree of correlation among:

- Total project cost (acquisition, construction, development cost)
- Market value; and
- Affordable sale price.

CDD provides two major types of subsidies to obtain feasibility in dysfunctional local markets. Generally, projects that can be completed within these limits are considered feasible.

- Development subsidies with reasonable costs up to a total subsidy of \$75,000/unit to pay construction costs which exceed market value; and
- Homebuyer subsidies with reasonable assistance up to \$30,000 of the total subsidy to help households buy properties with market values, which are not affordable to them.

Improving amenities often requires increasing the subsidy amounts on a given project. Amenities result in higher project costs, and higher costs result in higher subsidies. The intent is for HRF grantees to achieve a reasonable balance between the level of amenities and the project cost. Grantees should not assume that projects should be done for the lowest possible subsidy amount.

## **APPROPRIATE SITE AMENITIES FOR ADR PROJECTS**

So, what does this "reasonable balance" between amenities and cost look like on a typical project? Consider the following guidelines to be applied to the extent possible within subsidy limits:

1. ADR projects provide reasonable storage for a vehicle and other personal property not kept in the dwelling unit. If other units in the neighborhood have garages, new construction ADR units should have garages. If a garage is not possible or appropriate because of specific site limitations, cars should be stored in a manner consistent with other residences in the neighborhood. Attractive and permanent enclosed storage should be provided for bicycles, lawn mowers and other lawn tools.
2. ADR projects include reasonable landscaping. Appropriate landscaping contributes to the property and the neighborhood. Landscaping should be hardy and low- maintenance. The grantee should assure owner involvement in the installation of landscaping, provide adequate follow-up, homeowner training, and if necessary tools to assure the establishment of the lawn and any planting.
3. Basements should often be included in ADR projects whenever feasible. Depending on the site and local market expectations, a basement is usually a good investment. A basement provides cost-effective storage space and creates additional living space by providing both a space for utilities and possible future finished living space. Inclusion of an egress window at the time of construction is a cost-effective way to permit the creation of flexible living space in the lower level.
4. Substantial savings are gained by building on small lots. Savings in new construction can be gained by building on the smallest lots compatible with neighboring properties, consistent with local zoning, and allowing reasonable flexibility for site planning. A small lot reduces infrastructure costs developing the property and reduces maintenance time and cost for the eventual owner. However, depending on the design of the home, the lot size may need to be large enough to accommodate a future room addition.
5. Smaller homes with high-quality construction are preferable to large homes with lower quality construction. Smaller homes fit well on smaller lots and if well-built, are very economical to heat and cool. New construction should at least meet the Michigan Building Code and the Michigan Uniform Energy Code; grantees may consider cost-effective measures that exceed minimum standards. Generally, new construction 2 BR homes should be no smaller than 1,000 sq. ft.; 3 BR units should be 1200-1350 sq. ft.; 4 BR homes should be 1400-1550 sq. ft. Grantees should consider smart home designs that can be economically expanded. Where lots are too small to permit future construction of an addition, provision for growing families should be made through flexible basement space or an unfinished upstairs.
6. ADR projects build a sense of place by promoting interaction among neighbors. Rehabilitation and new construction should always be undertaken in a built neighborhood environment. In new construction, this means incorporating design elements (examples include open front porches, detached garages and visit-able entry's), infrastructure improvements (such as sidewalks), and landscaping (such as street trees), to create pleasant outdoor space where pedestrians feel comfortable interacting. New construction units should be connected to existing housing by inviting sidewalks. The home buyers should be oriented to the neighborhood (block club, neighborhood

association, Neighborhood Watch, etc.) to encourage their participation in the overall management of the neighborhood.

7. ADR projects shall be supported by adequate public services. Local governments benefit substantially from ADR projects through increased homeownership and local tax revenue. Local governments should be willing to support CDD-ADR projects through (1) the availability of public sewer and water, (2) controlling blight in neighboring properties through zoning and code enforcement (3) assuring that neighborhood traffic is of reasonable volume and speed, and separated from pedestrians by curbs, trees and/or parked cars and (4) assuring adequate public services such as police, schools, etc. If these kinds of amenities are inconsistent with surrounding neighborhoods, then the grantee should consider carefully whether there are other neighborhoods where the investment of public subsidies is more cost-effective and/or may achieve a greater impact.
  
8. HRF recipients should consider expanding residential density wherever feasible within the context of the built environment. Various housing typologies give residents a choice of housing not otherwise available, and concurrently expand neighborhood marketing. Residential density typologies include Single Family Attached or Detached, Semi-Detached with In-Law Unit, Front Loaded Row Townhouses, Rear Loaded Row Townhouses, Stacked Row, Stacked Flats, Midrise Stacked Flats and Mix-Use Condos. Some of these higher density designs could be considered "Missing Middle" housing types and range between 10 dwelling units per acre to 45 dwelling units per acre. The more units per acre decreases development costs per unit. In higher unit developments, HRF grantees are encouraged to create partnership with various neighborhood stakeholders including for-profit developers to assist in creating mix-income and stainable local housing stock.