Michigan Association of Planning

Zoning Reform Toolkit Stories and Studies: A Companion Guide

Background and Introduction

The Michigan Association of Planning conceived the Zoning Reform Toolkit for Housing Supply and Choice in 2021, and secured funding from the Michigan State Housing and Development Authority to create a product that would help municipalities expand housing supply. Each of the 15 tools includes an explanation of what it is, how it is used, and how it affects housing. Our goal was to get the Toolkit into the hands of planners and other professionals to assist with regulatory and process reforms that contribute to the collective efforts to address the housing crisis in Michigan.

To measure the efficacy of the Toolkit, MAP developed and disseminated a survey to MAP members and RRC Communities. The questionnaire is designed to ascertain awareness about the Zoning Reform Toolkit, about zoning reform generally, and specifically about use of the Toolkit to inform housing decisions. Our goal was to collect feedback on whether and how the tools in the Toolkit are, in fact, helping to expand housing choice and supply in Michigan communities. This summary of results is intended to expand the conversation and facilitate cross-community learning.

When the nexus between the Zoning Reform Toolkit solutions and the evolving Michigan Zoning Atlas project became apparent, MAP secured additional MSHDA funding for THIS project, Zoning Reform Toolkit Stories and Studies: A Companion Guide. As the Zoning Atlas pilot evolves, it will become a critical source of zoning map and code data that will deeply inform local and regional zoning reform approaches and solutions.

Housing Policy and Regulation Resources

A suite of complementary products to reinforce Toolkit solutions created and introduced in 2022 – 2023 includes:

- Two Michigan Planner magazine issues on Housing Solutions
- A day-long Housing Summit | Spring Institute in May 2022 that introduced the Zoning Reform Toolkit and highlighted national housing experts
- A 4-part housing workshop webinar series
- Targeted promotion of Toolkit through presentations on conference agendas of partner organizations like MML, MTA, BMCC, and the Housing North Housing Summit 2022
- Participation in select MSHDA Regional Housing Partnership meetings (Washtenaw, Grand Rapids, and Grand Traverse) to amplify zoning reform as one of many solutions to expand housing supply
- Launch of the Michigan Zoning Atlas Pilot project, a Next Steps action item in the Toolkit

Zoning Reform Toolkit Survey Summary of Results

The Toolkit survey questions were developed in spring 2023, and widely distributed May to August. Invitations to take the survey were distributed through MAP's regular communications channels, including the magazine and email blasts, and announced at MAP events such as the 2022 Housing Summit | Spring Institute. A direct request was made to MAP's corporate and consulting members to respond on behalf of their clients.

To learn more about the relationship between tool usage and community growth, MAP conducted a population change analysis concurrently with an analysis of survey results. The 2010-2020 population change, by number and by percent, was recorded for each city, village, and township in the state. These numbers were combined with information about which communities responded to the survey, and used in the following review.

Survey Questions

- What is your community type? (city, village, township, other)
- How frequently is your community talking about zoning reform for housing?
- Are you using the Zoning Reform Toolkit to guide changes?
- Which of the 15 tools have you used? Select all that apply.
- Other tools used?
- Additional comments?

Survey Participants

MAP heard from 111 unique, identifiable communities who participated fully in the survey. A substantial proportion of communities had more than one representative weigh in, and a few groups of communities were represented together by a single entity. We also received a few entries that identified the community type, but not the name. Overall, responses represented 50 cities, 7 villages, 58 townships, and 4 counties.

The average 2020 population among participating cities and townships was about 22,997, while the median was much smaller at 8,772. Over three-quarters of respondents (78%) were from communities that were growing between 2010 and 2020. The average number of new residents arriving in the growing communities that decade was 1,430 new residents, and the average growing community saw a 5.7% population increase. The median number of new residents in the growing communities was 599 residents; the median population increase was 4.6%. We heard from 11 of the top 23 communities in the state that grew by 4000 or more residents, but only 1 of the 33 communities that increased its population by 20% or more responded to

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the survey. This suggests that new growth is happening in new places, and indicates a real opportunity to expand the reach of the Toolkit.

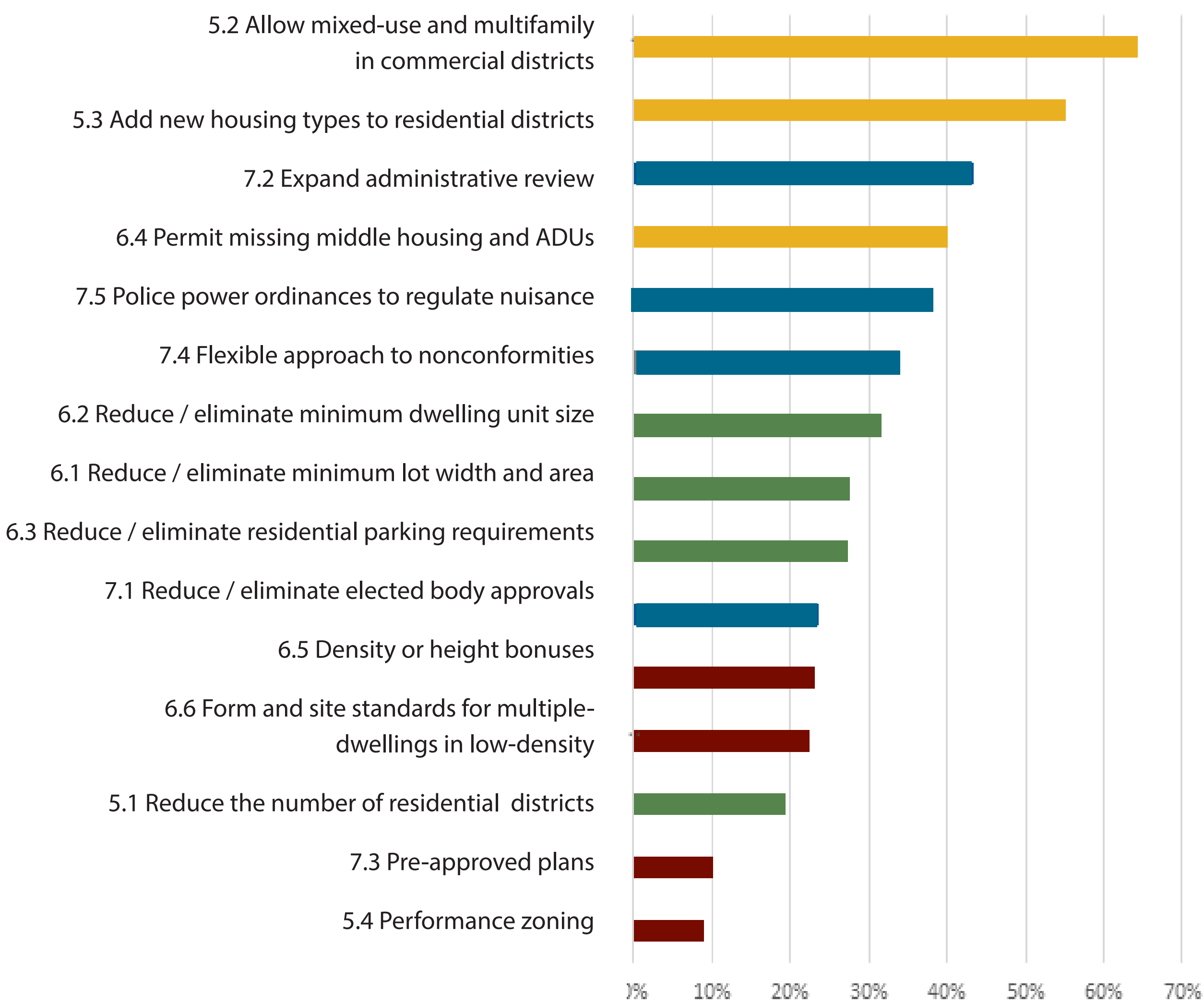
We also heard from communities which lost population between 2010 and 2020, averaging a loss of 1,011 residents and a much smaller median loss of 253 residents. Populations in these communities shrank by an average of 3.2% and a median value of 2.8%.

These figures exclude the City of Detroit, which occupies a unique place in Michigan as its largest city by an order of magnitude at 639,111 residents. Between 2010 and 2020, 74,666 people (10.5%) became former Detroiters.

Overall Tool Usage

The survey was built around one simple question: Which of the tools have you used to increase housing choice and supply in your community?

Overall, the average number of tools used by each community was 4.6. Some used as many as 11, while a couple reported having used none.



The chart clearly shows two favorite tools, the only ones to be used by the majority of respondents. Both are variations on a theme: *text amendments permitting new residential uses in existing districts.* This took place most often in commercial districts (64%), offering synergies between these two use types. But a majority also reported making changes in their residential districts (55%), chipping away at the detached-dwelling monoculture. Overall, the Zone District tools were the most used. A complementary form-centered tool was also in the top tier (40%): *permitting missing middle housing and accessory dwelling units.*

The next most popular tool was process-based: *expanding administrative review* (43%). Interestingly, the complementary tool to this one—*eliminating or reducing elected body approval*—received much less interest at just 24%. This is an area for consideration, since the purpose of the appointed Planning Commission is to offer insulation from immediate political pressures, so strategies can develop over the longer term. There is no statutorily required role for elected bodies in a development approval.

Police power ordinances to regulate nuisances that are sometimes addressed through zoning (e.g., parking and noise) were employed by 38% of respondents. This **process approach** takes pressure off of housing-specific regulations by using more direct methods to achieve the same result. A more *flexible approach to nonconformities* was used by 34%, another non-housing-specific process that creates overall regulatory relief.

The suite of form-based tools aimed at allowing smaller (more affordable), denser (supporting more commerce and amenities), and potentially car-optional residential choices **received surprisingly consistent support.** *Reducing or eliminating minimum dwelling unit size* with the result of deferring to the statewide building code was the most popular at 32%. *Reducing or eliminating residential parking requirements* was used by 27%. Twenty-eight percent said they had *reduced or eliminated minimum lot width and area*, which offered an interesting contrast to the much smaller number (18%) who said they had *reduced the number of residential districts*. Since the difference between one residential district and another is often simply the minimum required lot size and associated setbacks, there may be opportunities to use these two tools together.

The least-used tools were those with high capacity costs. *Density or height bonuses* (23%) require developer negotiation and are only useful in markets with enough demand to incentivize the bonus. *Form and site standards for multi-dwelling structures in low-density areas* (23%) are more sophisticated to develop than use-based regulations, and only apply if the structures are allowed in those areas anyway. *Pre-approved plans* (10%) require a significant local investment to ensure that they are appropriate to the existing development opportunities. *Performance zoning* (9%) can be difficult once a use is established. Interestingly, however, the following analysis of Tool Usage by Community Characteristics finds that each of these least-used strategies has a niche.

Tool Usage by Community Characteristics

As noted in the Zoning Reform Toolkit, not every tool is a perfect match for every community's situation. Responses were grouped by three dimensions for analysis:

- Change in population: "growing" communities with a positive population change (78% of all respondents), and "revitalizing" communities with a negative population change (22% of respondents)
- Community size: "larger" communities above the median population of 8,772, and "smaller" communities below that population
- Community type: "cities and villages" were combined, and compared to "townships" (counties were omitted due to small sample size)

One somewhat surprising finding was the very slight difference in the number of tools used among any of the groups analyzed. Townships used the fewest, averaging 4.04, and cities used the most, averaging 5.04, and values for all other groups fell between those two.

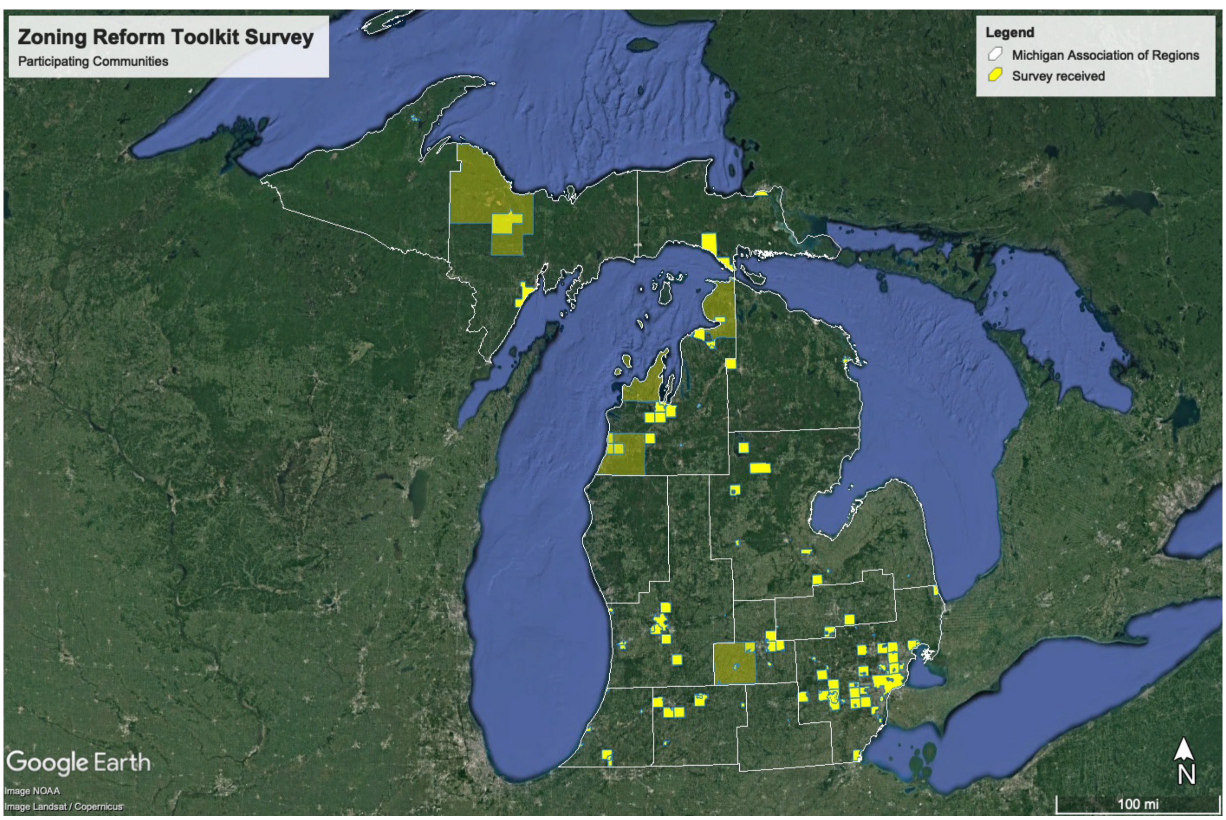
Table 1: Top tools used, by community characteristics

POPULATION CHANGE	**Growth**	FORM AND CONTEXT - Density or height bonuses
		ZONE DISTRICT - Add new housing types to residential districts
		FORM AND CONTEXT - Reduce/ eliminate residential parking requirements
	Revitalization	ZONE DISTRICT - Reduce number of residential districts
		PROCESS - Pre-approved plans
		FORM AND CONTEXT - Form, site standards for multiple-dwellings in low-density
COMMUNITY SIZE	**Larger**	FORM AND CONTEXT - Reduce/ eliminate residential parking requirements
		ZONE DISTRICT - Allow mixed use and multifamily in commercial districts
	Smaller	ZONE DISTRICT - Performance zoning
		PROCESS - Pre-approved plans
		PROCESS - Police power ordinances to regulate nuisance
COMMUNITY TYPE	**Cities and villages**	ZONE DISTRICT - Allow mixed use and multifamily in commercial districts
		FORM AND CONTEXT - Permit missing middle housing and ADUs
	Townships	PROCESS - Pre-approved plans
		PROCESS - Police power ordinances to regulate nuisance
		ZONE DISTRICT - Performance zoning

Using the Zoning Reform Toolkit Increases Zoning Reform

Communities were asked whether they are talking about zoning reform for housing frequently, occasionally, or not at all. They were also asked whether they used the Toolkit to guide or inspire change, with an option to report that they were not familiar with it. The largest group of respondents (64) were familiar with the toolkit but hadn't specifically used it to guide change in their communities, sometimes specifying that their changes predated it. The second largest group (47) did use the toolkit to guide or inspire change, and the smallest number (35) were not familiar with it.

As expected—and hoped for!—familiarity with the tools and use of the toolkit increased the number of reforms implemented, especially where reform is most needed. The communities which reported "occasionally" talking about zoning reform for housing used 4.1 tools on their own; 4.6 tools if they were familiar with the toolkit, and 4.7 tools if they used the toolkit. Among those for whom the need is most urgent, those talking "frequently" about zoning reform for housing, the value of the toolkit was even clearer: 3.7 tools were used on their own, compared to 5.3 tools among those familiar with the toolkit and 6.1 tools among those who used it.



Other Tools Used by Respondents

The survey provided an open comment box to answer the question, “What other tools has your community used to increase housing supply and choice?” Responses included new zoning tools, as well as other strategies

District

- Allow second primary residence on double lots
- Co-locating neighborhood commercial with residential

Form

- Change lot size requirement that is based on the number of units
- Form based code
- Increase maximum lot coverage for small lots
- Remove density limits
- Remove height limits
- Tiny homes ordinance
- Remove expense-adding requirements (e.g., brick on all four sides, irrigation, and sod)
- On the other hand, concern about relaxing standards in the interest of increased supply, potentially compromising design and quality for the sake of expedience and “addressing a 5-8 year problem by creating a long-term problem”

Process

- Community benefits agreement
- Negotiate with developers
- Planned Unit Development / Planned Developments
- Pattern Book Homes

Planning

- Rely on master plan policies for diversity and affordability of housing supply
- Housing Action Plan
- Use images to show future change

Land

- Acquisitions from Land Bank for housing development
- Residential development on publicly-owned property
- Sewer infrastructure

Funding

- Brownfield incentives
- Community Development Block Grant funding
- Neighborhood Enterprise Zone
- Payment in Lieu of Taxes (PILOT) agreements for affordable rentals

Enforcement

- Enhanced code enforcement: over time this will help increase housing supply by reducing our community’s antipathy and aversion to higher densities and the creation of new rental housing
- Minimizing / monitoring short term rentals
- Rental registry and inspection

Partnerships

- Work with local housing nonprofits
- Local public housing authority

Anything Else?

A final comment box offered participants a chance to add new dimensions to the conversation by asking, "Is there anything you'd like to share about these tools, other tools you use, or increasing housing supply and access?" General comments included appreciation for learning about acceptable practices in other communities, and a wish to be more creative with housing types and zoning overall. One respondent noted that data indicators are lagging, acknowledging that this may be an unavoidable feature yet still presents challenges. Two issues received broad attention: compatibility concerns, and resident resistance.

Location and compatibility

- Concern about the seeming conflict between a push for more housing, and long-term advocacy for farmland preservation and reduced impervious surfaces
- Making use of aging suburban corridors for housing, which have existing infrastructure, attainable land values, and relative lack of objection from neighbors
- Query about redevelopment incentives that are appropriate for townships.
- Emphasizing the regional economic context (growth, transition, revitalization)
- Two comments praised the tools in general but said they would be viewed as "too urban" or otherwise incompatible with their particular community.
- Housing restoration, regional cooperation, transit, and especially wealth and wages are equally integral to housing access
- Report from developers that concerns about profitability, materials, and labor outweigh zoning concerns.

"Neighbors, whether single family or multifamily, don't want change. We have tried to educate the Planning Commission and City Council members with numerous publications, including the master plan, with no success. Petitioners are advised to work out consent judgements in circuit court."

"No," and "no again"

- Buy-in is an obstacle to implementation
- Significant community pushback to increased density
- Two communities told the same story about "impossible" approvals for multidwelling developments as protesting neighbors are supported by elected officials, despite multiple educational efforts; in one report, applicants are simply directed to the courts. A third commenter pointed to statewide public hearing requirements, agreeing that their legislators generally align with the opposition
- Developer-led public forums held after the Planning Commission's conceptual review, but before submittal of the preliminary site plan, have reduced opposition, increased public participation, and offered an opportunity for the local unit of government to communicate about housing demand and controlling sprawl
- Two communities reported implementing, and then repealing, standards permitting greater density. One community cited overcrowding and parking problems. The other pointed to "community questions" about density and character.

What about all the housing we already have?

There were two comment threads that are part of the same discussion about the availability of housing units for regular occupancy: short-term rentals (STRs), and existing vacancies.

Two commenters mentioned STRs. One community reported prohibiting the use of accessory dwelling units as a STR, and another suggested that a deeper look is needed into impact of STRs on neighborhood character, local economy, and long-term demographic impacts. Three commenters also mentioned existing vacant houses. Two stated that there is now a large quantity of affordable housing in the state, and one referred to excess housing in numerous communities. Each expressed disagreement, even disappointment, with the characterization of Michigan's current housing situation as a "shortage." To investigate these concerns, MAP reviewed the vacancy status of housing units in Michigan from 2010 to 2022.

Table 2: Vacancy Status of Residential Structures in Michigan, 2010-2022

	2010		2022		2010-2022	
	Estimate	% of Vacant	Estimate	% of Vacant	Change	% Change
Total Structures	4,531,231	-	4,605,363	-	74,132	2%
Percent Occupied	84%	-	89%	-	-	-
Vacant Structures	724,610		515,569		(209,041)	-29%
For rent	111,891	15.4%	56,496	11.0%	(55,395)	-50%
Rented, not occupied	16,842	2.3%	11,811	2.3%	(5,031)	-30%
For sale only	71,061	9.8%	25,138	4.9%	(45,923)	-65%
Sold, not occupied	30,672	4.2%	24,016	4.7%	(6,656)	-22%
Seasonal, recreational, occasional use	278,351	38.4%	233,617	45.3%	(44,734)	-16%
For migrant workers	1,331	0.2%	1,117	0.2%	(214)	-16%
Other vacant	214,462	29.6%	163,374	31.7%	(51,088)	-24%

Source: American Community Survey 1-year estimates, tables S25001, B25004

The chart above shows that Michigan had a net gain of 74,132 housing units between 2010 and 2022 (2% increase). In addition to this rise in housing units, the *percentage of housing units which are occupied* also climbed from 84% of the total to 89% of the total. Between these two metrics, the number of **occupied** housing units rose by 283,173 during that time period—a 7% increase in all occupied housing units. Over the same time, the number of **vacant** housing units dropped from 724,610 in 2010 to 515,569 in 2022—a 29% decrease.

The two largest categories of vacancy in 2022 Michigan are "for seasonal, recreational, or occasional use" (233,617 units, 45% of all vacant units) and "other vacant" (163,374 units, 32% of all vacant units). Both of these numbers are decreases from 2010 (278,351 seasonal etc. and 214,462 other vacant), likely stemming from two trends: increasing occupancy of seasonal homes, and continued demolition and removal of foreclosed and abandoned homes. Overall, these two categories made up 77% of vacant units in 2022, and they had 95,822 fewer units in them in 2022 than in 2010.

For rent and for sale

The four "rent and sale" categories make up just 23% of vacant units in 2022, yet these categories lost the largest number of units in total since 2010: 113,005. The number of units "for rent" dropped 50% since 2010 (111,891 to 56,496), and the number of units "for sale" dropped even further at 65% (71,061 to 25,138). This illustrates the "low inventory" that is driving up prices.

Seasonal homes and short-term rentals (STRs)

Michigan has a history and tradition of seasonal second homes that long predates the rise of short-term rentals through apps such as AirBnB, which was founded in 2008. About 5% of all housing units in Michigan—about a quarter of a million structures—are for seasonal or recreational use. This is almost 45,000 fewer structures that were for seasonal or recreational use in 2010, when this category made up 6% of all housing units in the state. So this category has contracted along with all of the other vacancy categories, albeit more slowly.

The American Community Survey data thus shows little impact on seasonal homes during the period that STRs have become an established figure in Michigan communities. However, it's unclear whether all, or even most, STRs are counted in this category by the ACS. Because STRs are in a gray area between owner-occupancy and rental homes, a conversion from either of those statuses into a short-term rental is not required to be reported, and the property owner would likely consider the status to be the same: if a second home is rented out occasionally, it would still be a second home; and if a rental property is rented out for days rather than months, it would still be a rental.

Existing vacancies

It is perhaps a surprising finding that the "other vacancy" category is almost as large as the second-home category (3.5% of all housing units), and nearly half again as large as all units for sale or rent combined. "Other vacant" structures have firm barriers to market entry. Some are excluded from the market by legal constraints, including foreclosure. Some are a matter of owner preference, and owners who don't wish to rent or sell can't be compelled to do so. Other structures are abandoned or in need of repair, requiring funds and expertise that put them out of reach of the average buyer.

Table 3: Reasons for "Other Vacant" Status of Residential Structures in Michigan, 2022

Total:	163,374
Foreclosure	3,454
Personal/Family reasons	29,048
Legal proceedings	2,756
Preparing to rent/sell	9,853
Held for storage of furniture	4,488
Needs repairs	30,356
Currently being repaired	30,125
Specific use housing	796
Extended absence	12,644
Abandoned/Condemned	18,034
Other	21,820

It is often impossible to tell the difference between a home that is for sale or rent, and one that is "other vacant," and this may contribute to an impression that more homes are available than there actually are. Still, this category has also declined by a quarter since 2010, suggesting that it is not immune to market pressure.

Conclusions

- The average respondent was a community of 10,000-20,000 people
- The respondent communities which are growing added around 1,000 residents between 2010 and 2020
- About half of the top growing communities by number participated in the survey, but only one community that had the largest increase by percentage responded
- The average number of tools used per community was 4.6.
- Tool implementation increased among communities talking "frequently" or "occasionally" about zoning reform for housing, and among those who were familiar with and used the toolkit.
- Communities which are talking frequently about zoning reform for housing and which used the toolkit to guide or inspire change had the highest implementation at 6.1 tools per community.
- The two most-used tools were allowing mixed use and multifamily in commercial districts, and adding new housing types to residential districts
- Respondents reported using a wide variety of other tools to improve housing supply and choice, representing the established categories (districts, form/context, process) as well as planning, land management, funding, enforcement, and partnerships
- Several respondents reported pushback against zoning reform for housing from segments of residents, who were subsequently supported by elected officials in defeating, or even repealing, zoning changes
- The largest category of vacant housing is for "seasonal, recreational, or occasional use," representing about 5% of all housing units in Michigan, a housing stock that is traditional to Michigan and predates the rise of short-term rental apps. Vacancy data as currently reported does not address STRs, preventing a robust investigation into their effects on housing availability.
- The next largest category of vacancies is "other vacant," comprised of units that are not in the market due to circumstances of the structure, owner, or community.