



BATTLE CREEK
UNLIMITED



Battle Creek Housing Action Plan

March 2024

HR&A

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| 00

Executive Summary

EXECUTIVE SUMMARY | BATTLE CREEK HOUSING MARKET CONDITIONS

Battle Creek's housing market is stagnant, lacking investment required to meet current and future needs.

Like many communities in Michigan and nationally, Battle Creek has housing challenges, exacerbated by COVID-19. Battle Creek's housing market conditions have only worsened in recent years, while some other southwestern Michigan communities have seen a revival. **Future population and economic growth in Battle Creek depends on the availability of quality, affordable housing to sustain current and attract future residents.**

-1,100
decline in residents
since 1990

STAGNANT POPULATION

GROWTH. Battle Creek is not capturing regional growth. Since 1990, Kalamazoo and Calhoun Counties combined experienced 10% population growth, but Battle Creek's population declined by 2%.

75%
of homes built
before 1980

AGING HOUSING STOCK. While housing options across many typologies are affordable, many homes in Battle Creek are aging and may require significant and costly improvements.

77%
Median household income in
Battle Creek compared to region

LOWER HOUSEHOLD INCOMES.

Household incomes in Battle Creek have consistently trailed that of neighboring communities, challenging the financial feasibility of new housing development and investments. As a result, housing developers pursue opportunities elsewhere in the region.

See pages 17-39 of this report for more details on these figures.

EXECUTIVE SUMMARY | HOUSING GAPS IN BATTLE CREEK

Housing development barriers, capacity constraints, and program misalignments are the city's greatest housing challenges.

The City of Battle Creek and its partners have recently made progress to enhance housing development and investment, but gaps continue to hamper Battle Creek's housing market.

11.5%

Annual increase in construction material costs since 2021

DEVELOPMENT BARRIERS.
Emerging development trends such as rising construction costs and interest rates, combined with lower achievable rents and sales prices compared to the region, exacerbate feasibility challenges for housing development and investment in Battle Creek.

0

Active high-performing housing non-profits in Battle Creek

CAPACITY CONSTRAINTS. A lack of high-performing housing organizations in the market^[1] and constrained local resources have prevented the City and providers from sustaining or expanding existing housing programs and services.

0

LIHTC projects in Battle Creek since 2013

PROGRAM MISALIGNMENT.

Local, state, and federal housing programs do not fully address Battle Creek's housing needs. Developers and housing service providers have indicated ongoing challenges with accessing state and federal resources.

See pages 81-91 of this report for more details on these figures.

[1] Findings from Battle Creek Housing and Community Development Ecosystem Assessment (2019)

[2] LIHTC award allocations as of October 2023

EXECUTIVE SUMMARY | BLUEOVAL PLANT

In February 2023, Ford announced plans to develop BlueOval Battery Park Michigan. The \$2.5 billion plant is anticipated to bring 1,700 new jobs to the Battle Creek region.

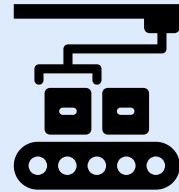


1,700

Direct Jobs created
at BlueOval Plant

2,040

Additional indirect and
induced Jobs created



2026

Factory will begin producing
LFP battery cells



\$2.5B

Ford Capital Investment



20

Gigawatt hours plant capacity



EXECUTIVE SUMMARY | BLUEOVAL NEW HOUSING DEMAND

Battle Creek can increase its population and economic base by attracting BlueOval employees and other new workers to the city.

POTENTIAL NET NEW JOBS
1,840 - 3,740
Net New Workers Leading to
New Households in Kalamazoo
and Calhoun Counties



NEW HOUSEHOLDS
900 - 2,760
New Battle Creek Households

*Assuming 50% - 75% capture of new
BlueOval-employed households in
Battle Creek*



NEW RENTERS
550 - 1,690
New Battle Creek Renter
Households

NEW OWNERS
350 - 1,070
New Battle Creek Owner
Households

See pages 44-46 of this report for more details on this estimate.

EXECUTIVE SUMMARY | HOUSING MARKET PRESSURES

This housing action plan aims to address Battle Creek's existing and future housing market pressures.

BlueOval and other future economic investments can be a vital asset for Battle Creek's population and economic growth. **However, the city's existing housing market could hinder this growth if future workers from are unable to access quality, affordable housing.** Additionally, the influx of BlueOval workers could create further strains on Battle Creek's housing market by intensifying displacement of long-term, lower income residents.

INCREASED HOUSING MARKET PRESSURES

For-Sale Housing Market

**~1,540
Households**

in the market to buy in Battle Creek at **\$238,000**, the price affordable to the average BlueOval household when including current and added BlueOval demand

**2,800
Rental Unit
Deficit**

Rental Housing Pressures

for households **making over \$60,000**. This deficit will occur because of added new BlueOval households and existing need for quality rental housing.

See pages 40-50 of this report for more details on these figures.

[1] Housing gap projections based on ACS data; actual housing gap subject likely to change following publication of Battle Creek Housing Action Plan.

ADDITIONAL HOUSING CHALLENGES

Neighborhood Change and Displacement



Unchecked population growth could cause rapid population growth in neighborhoods which are **already facing gentrification challenges**.

Neighborhoods such as Washington Heights, a historically Black neighborhood near downtown Battle Creek, **could face further neighborhood change which displaces long-term residents**.

EXECUTIVE SUMMARY | CALL TO ACTION

Battle Creek could experience continued population loss and economic decline if its housing challenges are not addressed.

As BlueOval and other new economic drivers come into the region, the City and its partners must ensure that Battle Creek can accommodate new household growth while addressing its existing housing needs. Inaction will further contribute to population decline and stunted economic activity as prospective employers seek alternate markets that can accommodate employee housing needs. This lack of growth would expound disinvestment and social harms that the city is already facing, such as increasing rates of poverty, homelessness, and an eroding tax base.



**POPULATION
DECLINE**



**ERODING
TAX BASE**



**JOB LOSS &
STUNTED ECONOMIC
ACTIVITY**



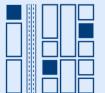
**INCREASING RATES
OF POVERTY &
HOMELESSNESS**

The City of Battle Creek and its partners are facing an inflection point in combating its housing challenges while accommodating economic growth. By addressing its ongoing and future housing needs, the City and its partners can position itself to meet the housing needs of existing Battle Creek residents and prospective BlueOval employees while establishing Battle Creek as an attractive destination for future residents.

EXECUTIVE SUMMARY | PRIORITY PROGRAMS

The City and its partners can leverage existing programs and efforts to scale up programs that address Battle Creek's most pressing housing concerns.

Land Use & Regulatory Tools



1. Update the City's existing zoning code to support infill housing typologies.
2. Adopt pre-approved development plans.

Development Feasibility Tools

Sources



1. Create a **housing trust fund**.
2. Establish a **revolving loan fund**.



Uses



1. Establish an **emerging developer fund**.
2. Expand existing single-family rehab & repair programs to include a **funding pool for larger-scale projects**.
3. Expand and refine existing **down payment assistance programs**.
4. Create a **community land trust**.

EXECUTIVE SUMMARY | ILLUSTRATIVE FUNDING SCENARIO FOR HOUSING TRUST FUND

A \$10 million funding commitment for affordable housing over the next five years could provide rental housing or homeownership opportunities for 70 households per year.

If \$10 million were allocated to address Battle Creek's housing needs in the near-term, approximately \$4 million (40%) could be allocated towards capitalizing the revolving loan fund. The remaining funding (\$6 million) could be allocated towards providing grants and forgivable loans to supporting other priority programs, including expanding down payment assistance programs, establishing a community land trust, and creating a single-family rehab program to supplement existing state and federal resources.

Potential Five-Year Impacts of Local Spending on Affordable Housing

\$10 million

Total local funding required to
**incorporate all priority
recommendations**

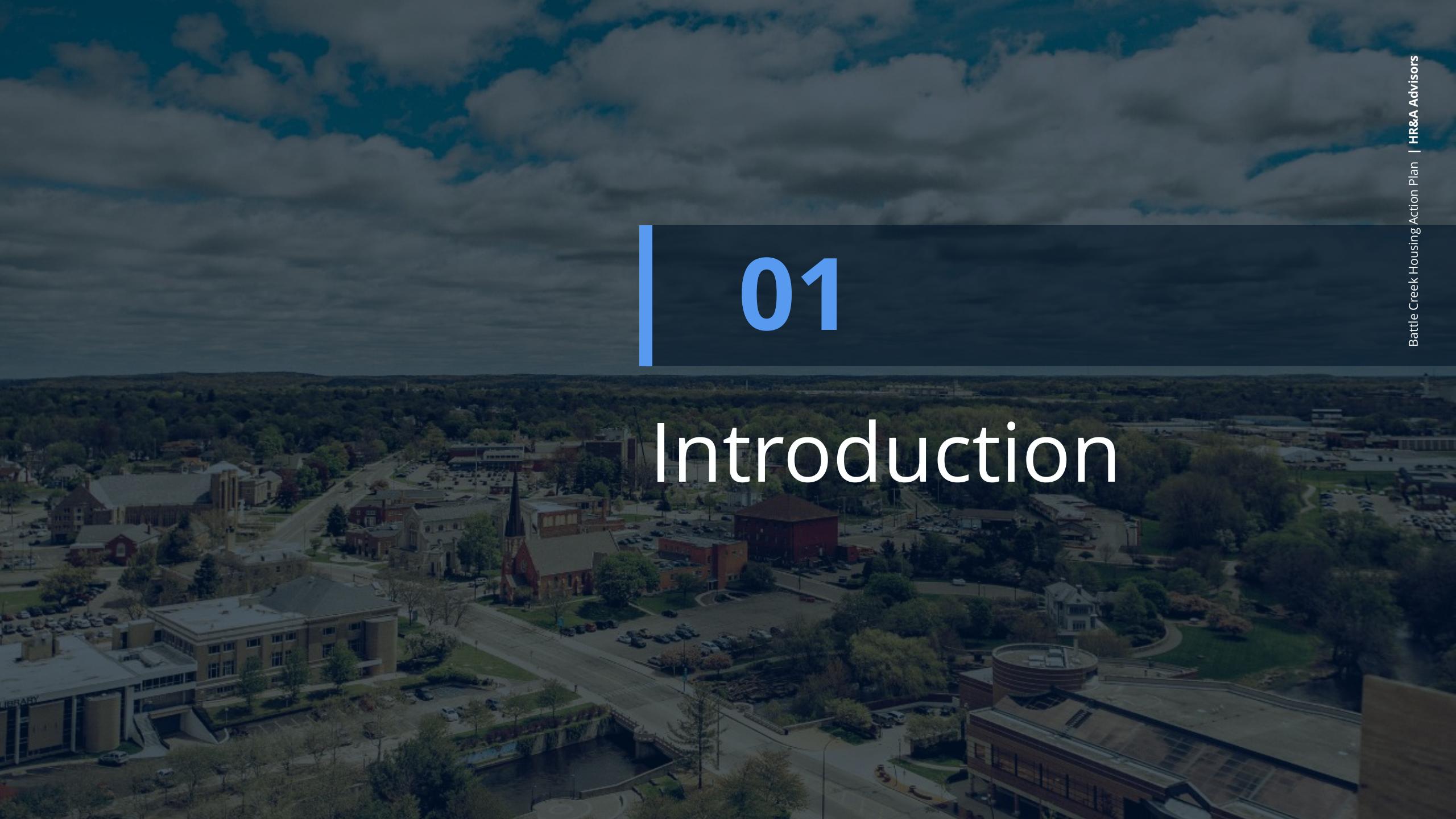
\$23
Per capita
allocated annually

	\$6 million Grants and Forgivable Loans	\$4 million Revolving Loan Fund
Sample Allocation:	<ul style="list-style-type: none">DPA Program (20%) <i>10 new homeowners/year</i>Community Land Trust (45%) <i>6 new homeowners/year</i>Single-Family Rehab Program (35%) <i>5 rehabbed homes/year</i>	Projected Impacts: <ul style="list-style-type: none">40 – 50 new homes per year or one apartment project (infill or larger-site) per year

See pages 115-117 of this report for more details on these estimates.

[1] Projected funding impacts assumes up to \$20,000 per home through revolving loan fund (tax credit and non-tax credit projects); up to \$20,000 per prospective homebuyer for down-payment assistance program, up to \$75,000 per home for community land trust; up to \$70,000 per home for single-family rehabilitation program.

[2] Funding projections assume 3% annual escalation in funding and 10% allocation towards staffing and administration costs.

A high-angle, aerial photograph of a city. In the foreground, a large, light-colored building with a flat roof and a prominent entrance is visible. To its right is a red brick church with a tall, dark steeple. Further right is a large, modern-looking building with a red roof and a circular structure. A river or canal runs through the center of the city, with a bridge crossing it. The city is surrounded by green trees and fields. The sky above is filled with dark, fluffy clouds.

01

Introduction

BATTLE CREEK HOUSING CHALLENGES

Existing market challenges and incoming economic investments require Battle Creek to implement an actionable plan to address its housing challenges.

EXISTING HOUSING CHALLENGES

Battle Creek's existing housing supply is aging and requires significant reinvestment, **limiting Battle Creek's ability to capture population and economic growth**. Furthermore, there are limited quality housing options for residents in Battle Creek, ranging from lower- and moderate-income households to higher-income earners.

In recent years, the City of Battle Creek and its partners have pursued housing development and rehabilitation opportunities to increase the quality of its housing stock. However, **limited capacity from local developers and service providers and disinvestment from state and federal entities** have hampered Battle Creek's ability to revamp its housing stock and grow its population and economic base.

FUTURE HOUSING NEEDS

In February 2023, Ford Motor Company announced plans to develop the BlueOval Battery Park Michigan in nearby Marshall. The Plant is currently projected to bring up to 1,700 new jobs to start with additional phases and suppliers adding additional employees to the region.

This new growth can help address Battle Creek's housing challenges but **without interventions from the City and its partners, future job growth in Battle Creek, including BlueOval, can exacerbate local and regional housing challenges**.

STATE AND NATIONAL HOUSING CHALLENGES

Battle Creek is experiencing housing challenges shared with many communities in Michigan and across the United States.

Since the beginning of COVID-19, the nation's housing landscape has shifted drastically. Households across the country are facing numerous challenges with finding quality, attainable housing, including an undersupply of housing, aging and disinvested housing stock, rising housing cost burdens, and an inability to access homeownership.

These challenges threaten the ability of communities to accommodate housing demand, which can impact local and regional economic growth. Furthermore, housing instability can also harm the physical, mental, and financial well-being of households and community members.

NATIONAL HOUSING TRENDS		MICHIGAN HOUSING TRENDS	
Over 4+ million	Estimated shortage in homes for U.S households	40 Years	Median age of U.S. homes
16%	U.S households who are "severely housing cost-burdened" ^[1]	\$117,000	Median income required to afford homeownership costs
16%	Decline in construction jobs since the early 2000s	47%	of homes built before 1970
26%	Michigan households who are "housing cost-burdened" ^[1]	\$173,300	Median home sales price in 2021, an increase of 84% since 2013

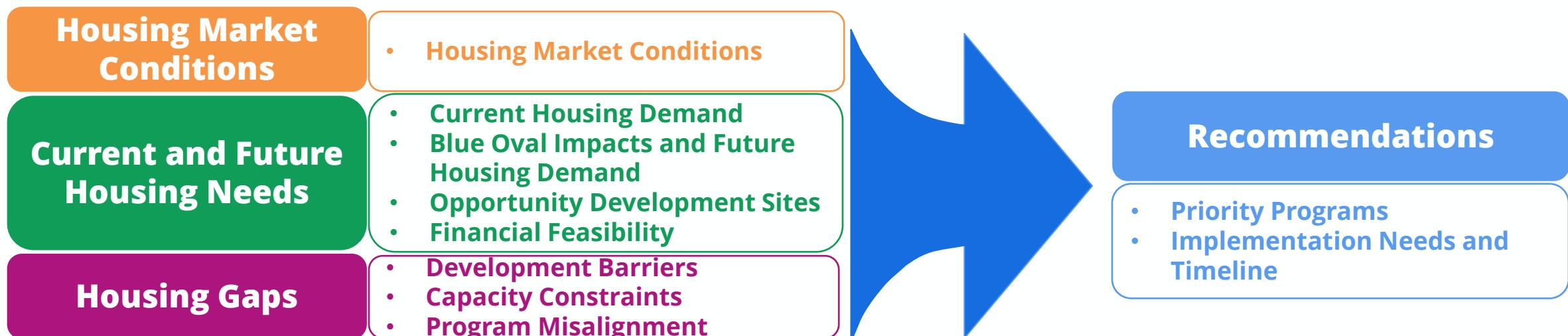
[1] Cost burdened households spend more than 30% of income on housing; severely housing cost-burdened households spend over 50% of income on housing
Source: Brookings Institute, Harvard University's Joint Center for Housing Studies, MSHDA

HOUSING ACTION PLAN PURPOSE

This plan identifies priority programs and implementation steps for the City and its partners to pursue to address Battle Creek's most pressing housing needs.

The Battle Creek Housing Action Plan first analyzes the housing market conditions of Battle Creek's housing stock and its residents. This analysis also projects the current housing needs of Battle Creek residents and future housing needs with the opening of BlueOval. The Plan then identifies the current gaps in Battle Creek's housing market.

After reviewing the local housing ecosystem and housing programs, the Plan then identifies housing programs that the City and its partners should prioritize, as well as outlines implementation needs and timelines to follow in preparation for the arrival of the BlueOval plant.



A dark, atmospheric aerial photograph of a city. In the foreground, a large, modern building with a flat roof and a prominent entrance is visible. A river or canal runs through the city, with a bridge crossing it. The city is surrounded by a mix of green trees and urban infrastructure. The sky is filled with heavy, dark clouds.

02

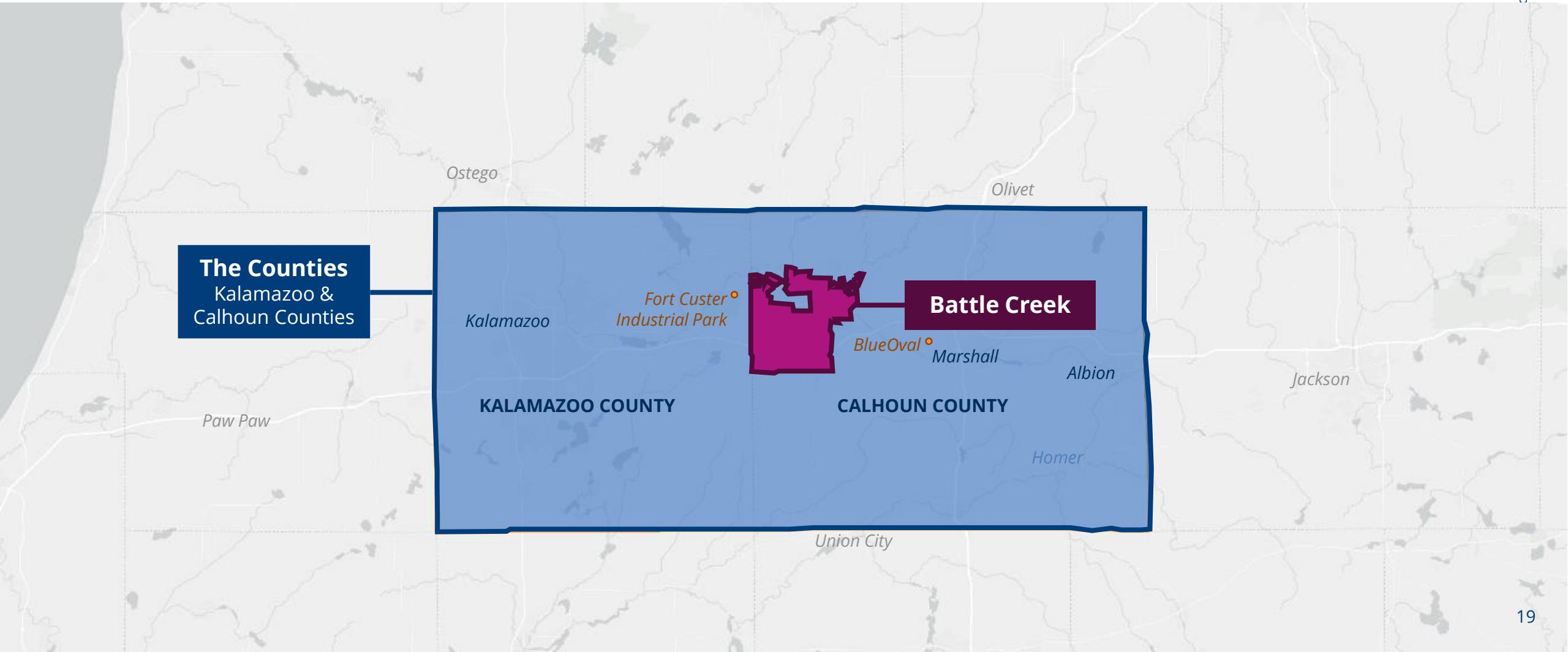
Housing Market Conditions

A high-angle aerial photograph of a town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a red brick church with a tall steeple. Further right is a large industrial building with a red roof and several parking lots. The town is surrounded by green trees and fields under a cloudy sky.

Demographics

THE COUNTIES

To assess current and future housing needs, two geographies were examined—the City of Battle Creek and Calhoun & Kalamazoo Counties (collectively, the Counties).

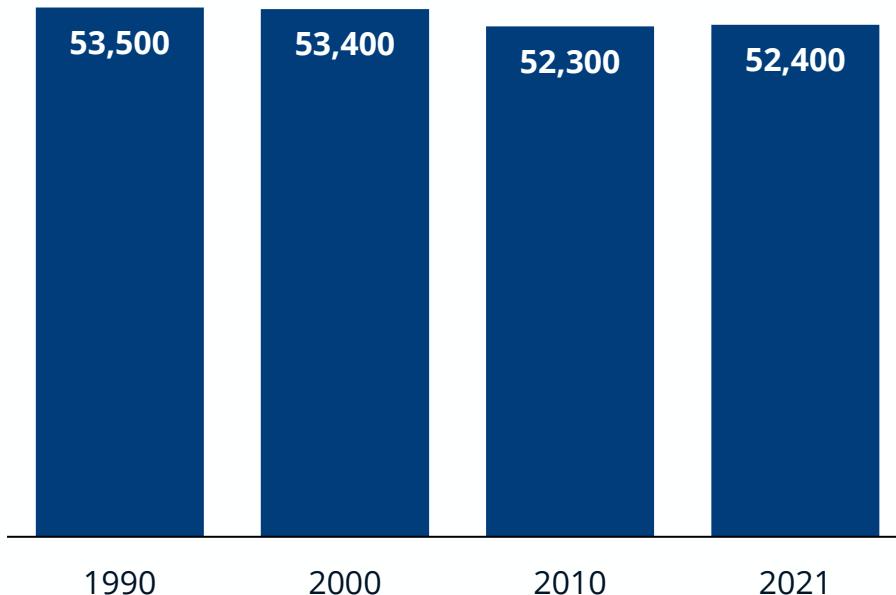


POPULATION

Battle Creek's population has remained stable, while the Counties and state have grown.

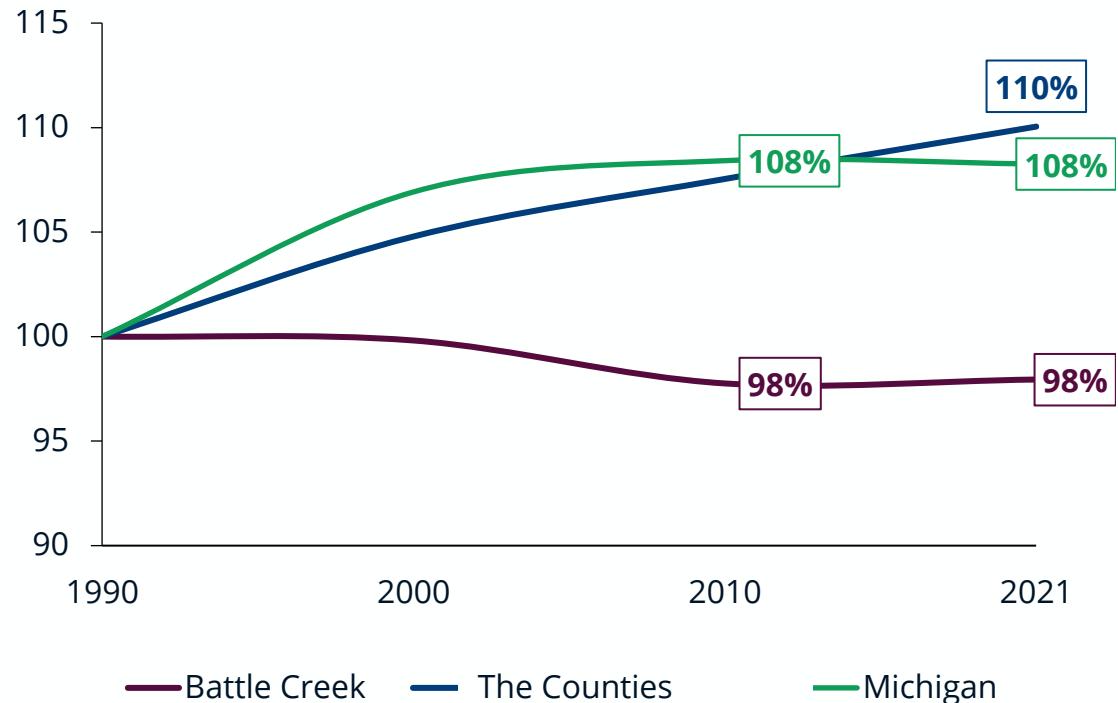
Kalamazoo and Calhoun Counties (collectively, the “Counties”) has experienced population growth exceeding statewide levels since 2010. On the other hand, Battle Creek’s population has remained stagnant over the past decade. Furthermore, the income gap between Battle Creek residents and residents throughout the Counties has nearly doubled during this time period.

Battle Creek Population



Source: Decennial Census, 1990-2021
Note: Index 100 as population as of 1990

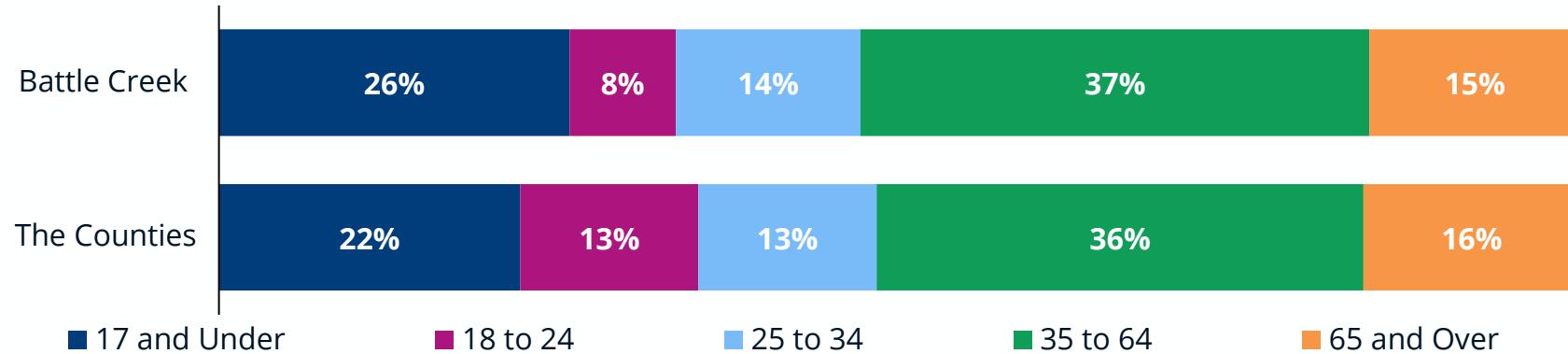
Comparative Population Growth (1990-2020)



DEMOGRAPHICS

Battle Creek and the Counties have similar demographic compositions, but Battle Creek is more racially diverse than the Counties.

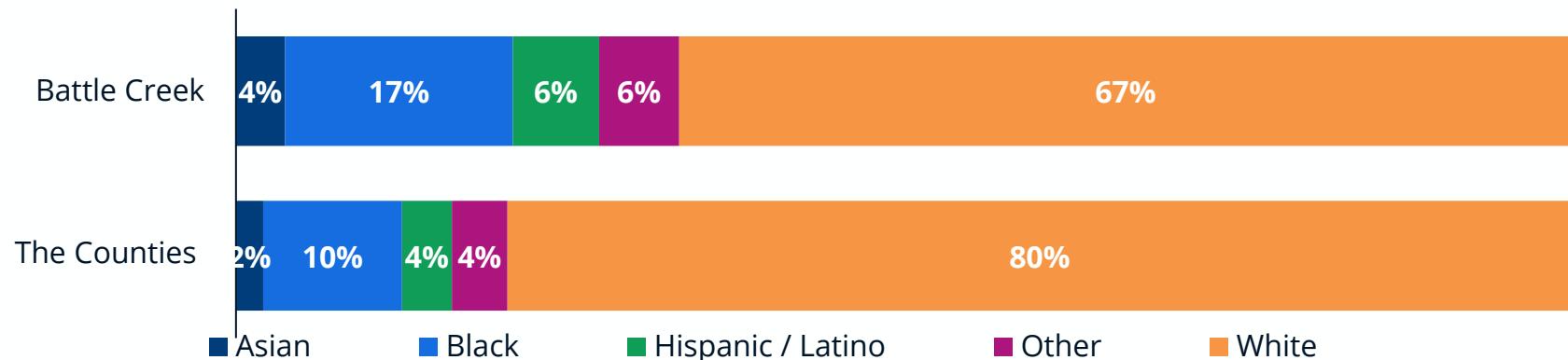
Age Distribution



BATTLE CREEK
52,400
Residents

THE COUNTIES
395,500
Residents

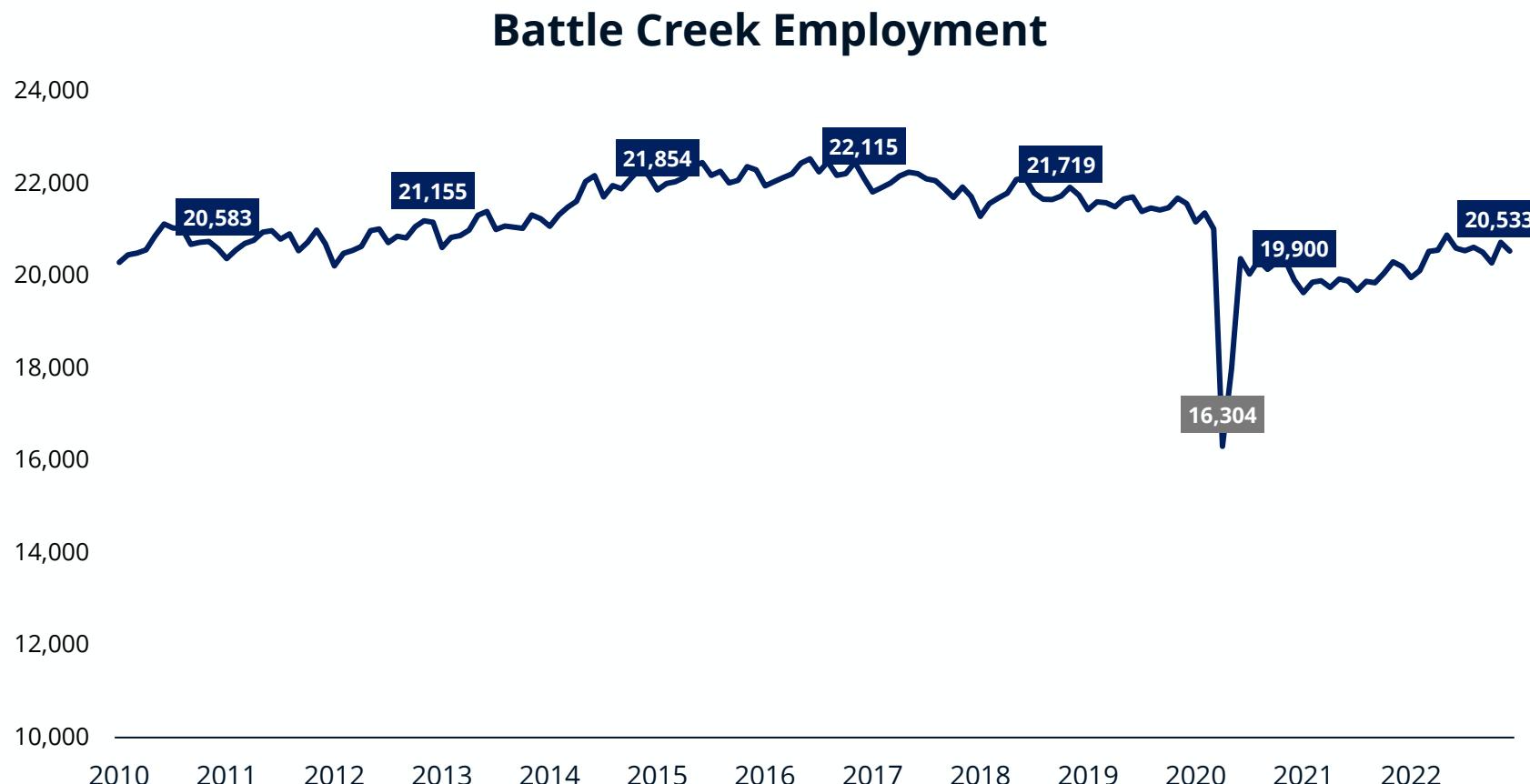
Racial Distribution



Battle Creek and the Counties both have significant populations over the age of 65, which could have implications for the type of housing residents will need in the future

JOBS AND INDUSTRY

Following slow job growth through 2017, the total number of jobs in Battle Creek has not recovered from the pandemic. The arrival of BlueOval will be the first major increase in regional jobs in the past decade and will likely cause population growth in Battle Creek.



Source: Bureau of Labor Statistics (BLS), MEDC

BlueOval Impact

Development of the BlueOval Battery Plant nearby presents a major opportunity, and regional housing challenge. In addition to bringing 1,700 direct new jobs, BlueOval can be expected to generate an additional 2,000 indirect and induced jobs from spinoff spending in the economy, resulting in a total of 3,700 new jobs in the region. These jobs will create new housing demand.

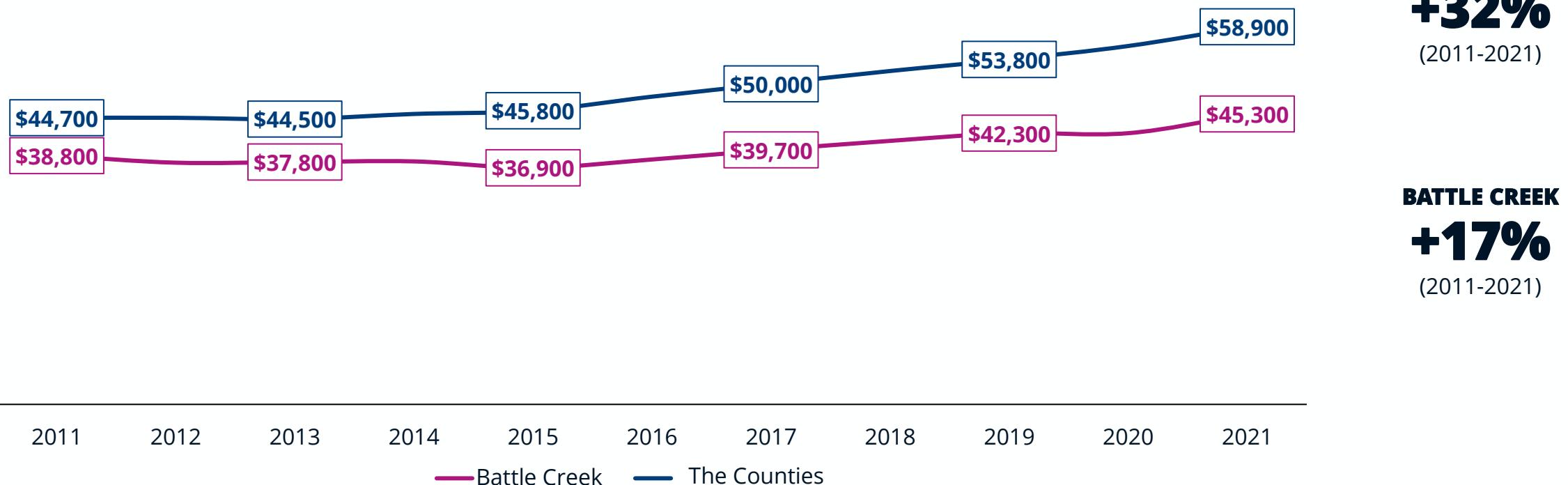
Other Employers

Fort Custer is the largest employment center in the region with 13,000 jobs and over 85 employers. Many employees live outside of Battle Creek.

MEDIAN INCOME

Income growth in Battle Creek has lagged the Counties, causing greater income disparities between Battle Creek and other places such as Kalamazoo.

Median Income (2011 - 2021)

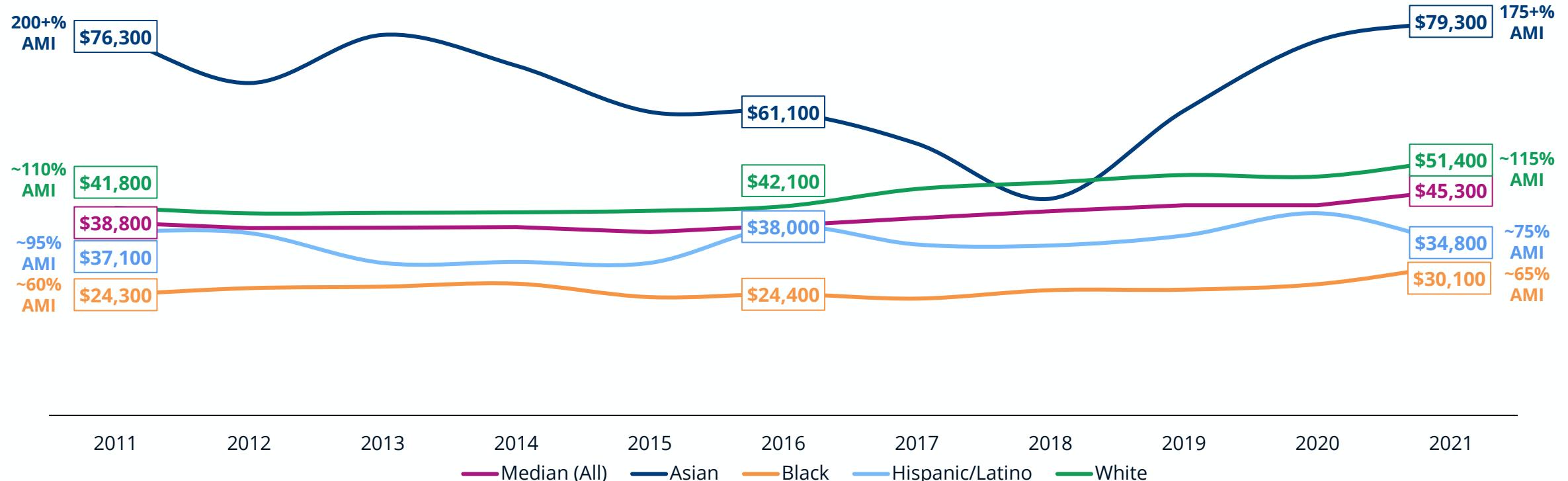


Source: American Communities Survey, 2011-2021 5-year.

MEDIAN INCOME BY RACE

The median income is \$45,300 in Battle Creek, but Black residents' median income lags by \$15,000 and Hispanic/Latino incomes decreased.

Battle Creek Median Income by Race (2011 - 2021)



Source: American Communities Survey, 2011-2021 5-year.

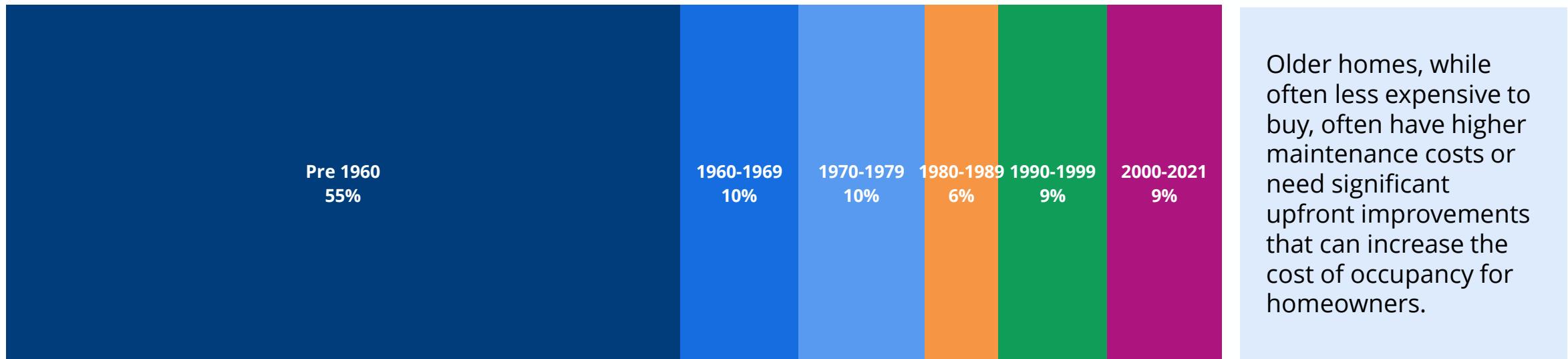
A high-angle aerial photograph of a town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a red brick church with a tall steeple. Further right is a large industrial building with a red roof and several parking lots. The town is surrounded by a mix of green trees and open fields. The sky above is filled with scattered, white clouds.

Housing Stock

UNITS BY BUILDING AGE (2021)

Battle Creek's housing stock is old. The majority of housing in Battle Creek was built prior to 1960, and only 9% of all occupied housing units were built after 2000.

Battle Creek Occupied Housing Units by Year Structure Built

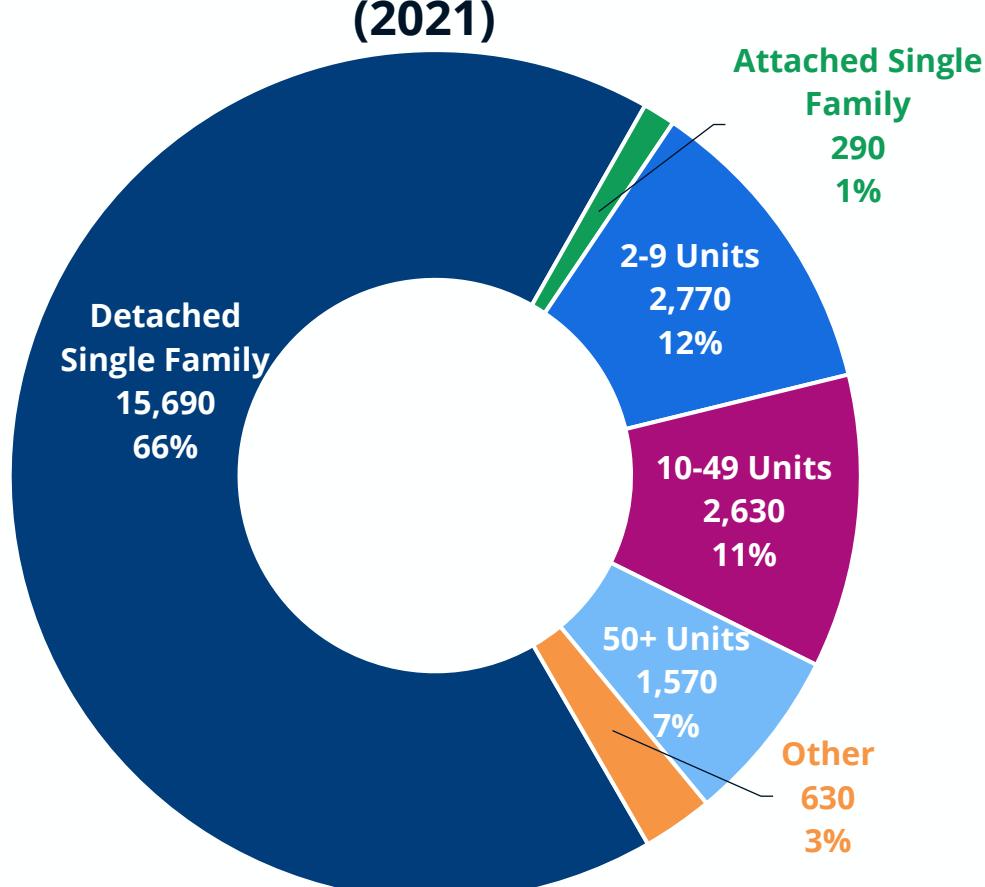


Source: American Communities Survey, 2011-2021 5-year.
Note: Other includes Mobile Homes.

UNITS BY BUILDING TYPOLOGY (2021)

Over 66% of Battle Creek's housing stock is single-family.

Battle Creek Units by Building Typology (2021)



Source: American Communities Survey, 2011-2021 5-year. Images are from Zillow.
Note: Other includes Mobile Homes.

Single-family & small attached units, older

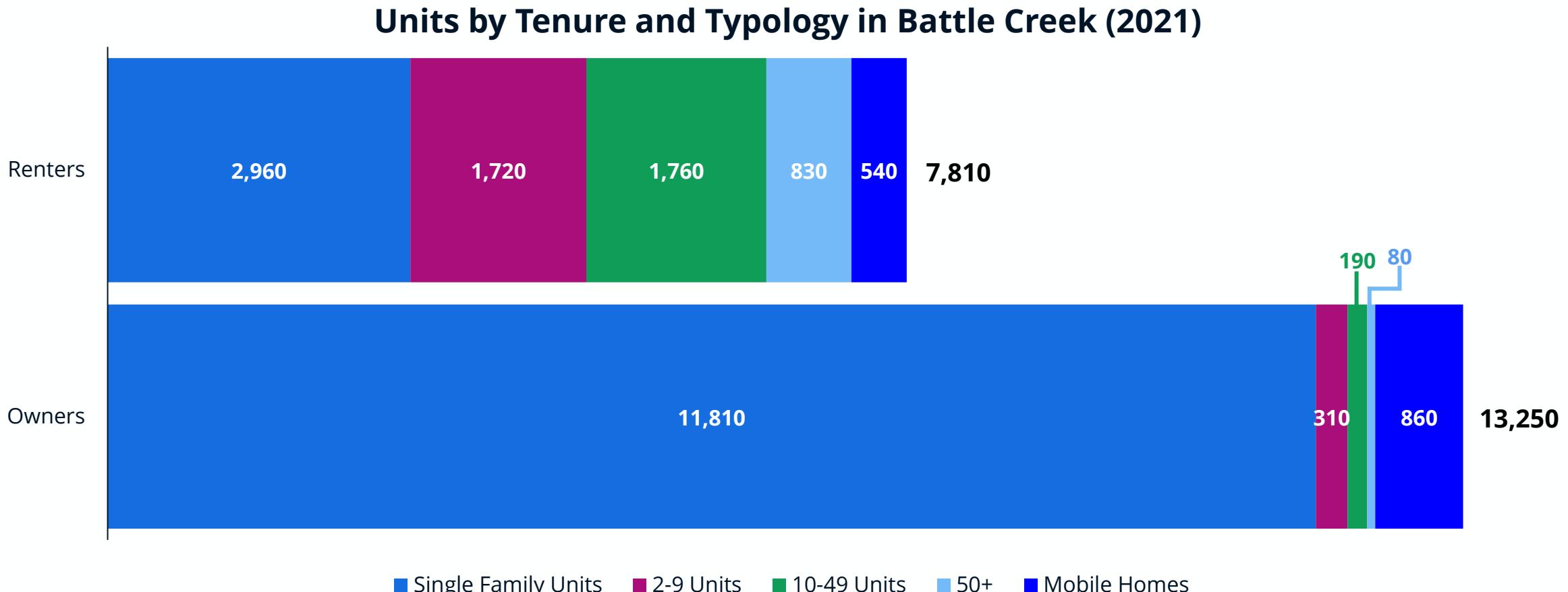


Larger buildings, Adaptive reuse



HOUSING TENURE

The majority of homeowners live in single family homes, and over 1/3rd of renters live in single family homes. Furthermore, the majority of renters live in smaller rental properties.



Source: Public Use Micro Data (PUMS) 2021, American Communities Survey, 2021 5-year. Micro Data utilized for proportions, adjusted using American Communities Survey figures for the main geography.

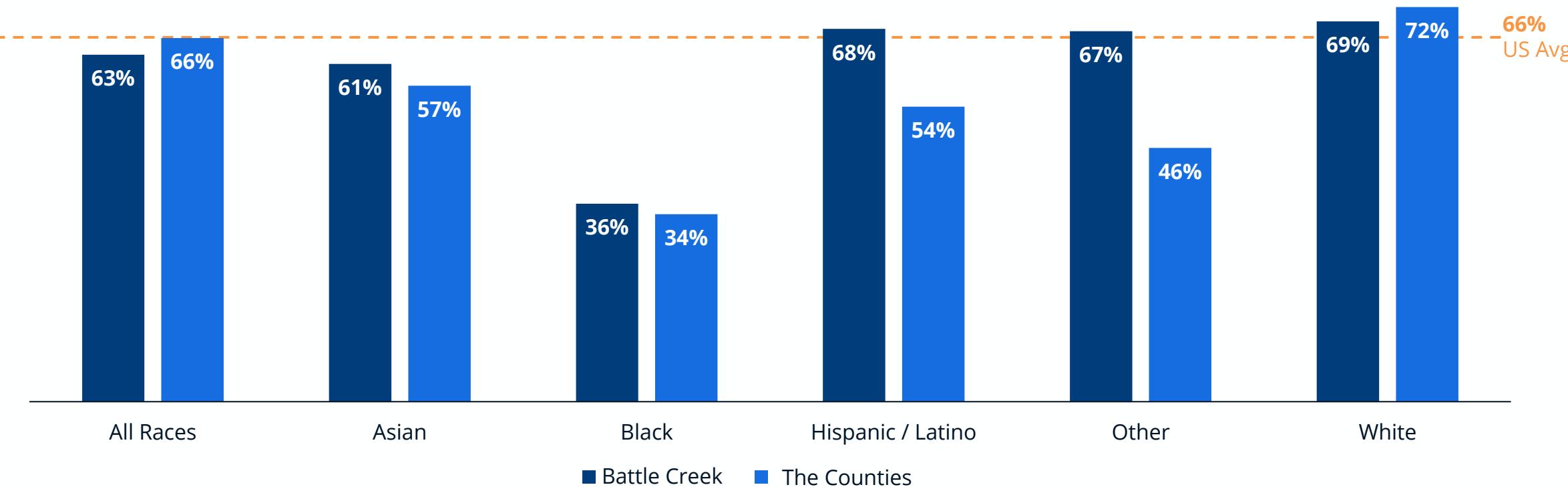
An aerial photograph of a small town or city. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a church with a tall, dark steeple. A river or canal runs through the town, with a bridge crossing it. The town is surrounded by green trees and fields. The sky is filled with white and grey clouds.

Market-Rate For-Sale Housing

HOMEOWNERSHIP RATE

Overall, homeownership rates are similar to the national average, while homeownership rates for Black Battle Creek residents are roughly half of the national average.

Comparative Homeownership Rate by Race

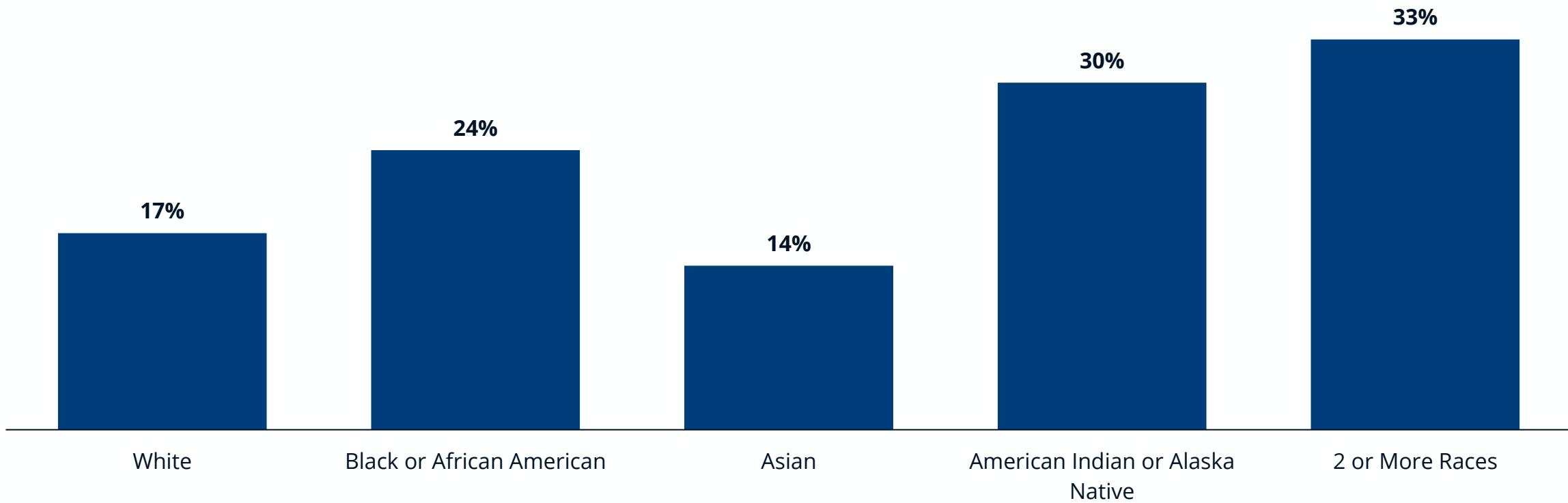


Source: American Communities Survey, 2011-2021 5-year.

MORTGAGE DENIAL RATES BY RACE

The low homeownership rate for Black residents is driven in part by ongoing differences in the rates of loan denials for BIPOC applicants.

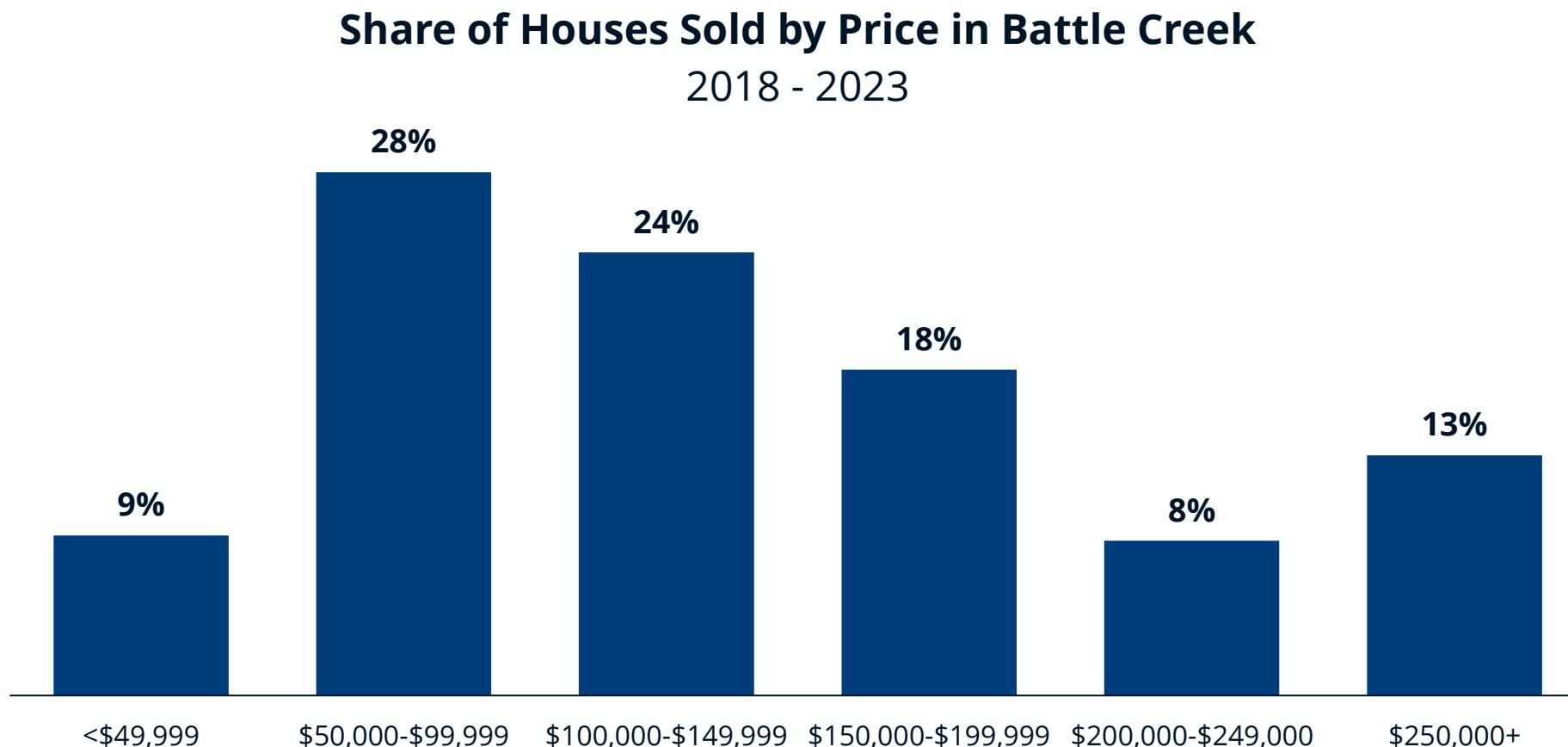
**Percentage of Denied Mortgage Loan Applications by Race, Battle Creek MSA
2022**



Source: HDMA, 2022.

SALES

The median price of a home in Battle Creek is around 1/3 of the US's median home price; and 37% of homes are being sold for less than \$100,000.



2023 BATTLE CREEK
\$135,000
Median Sale Price

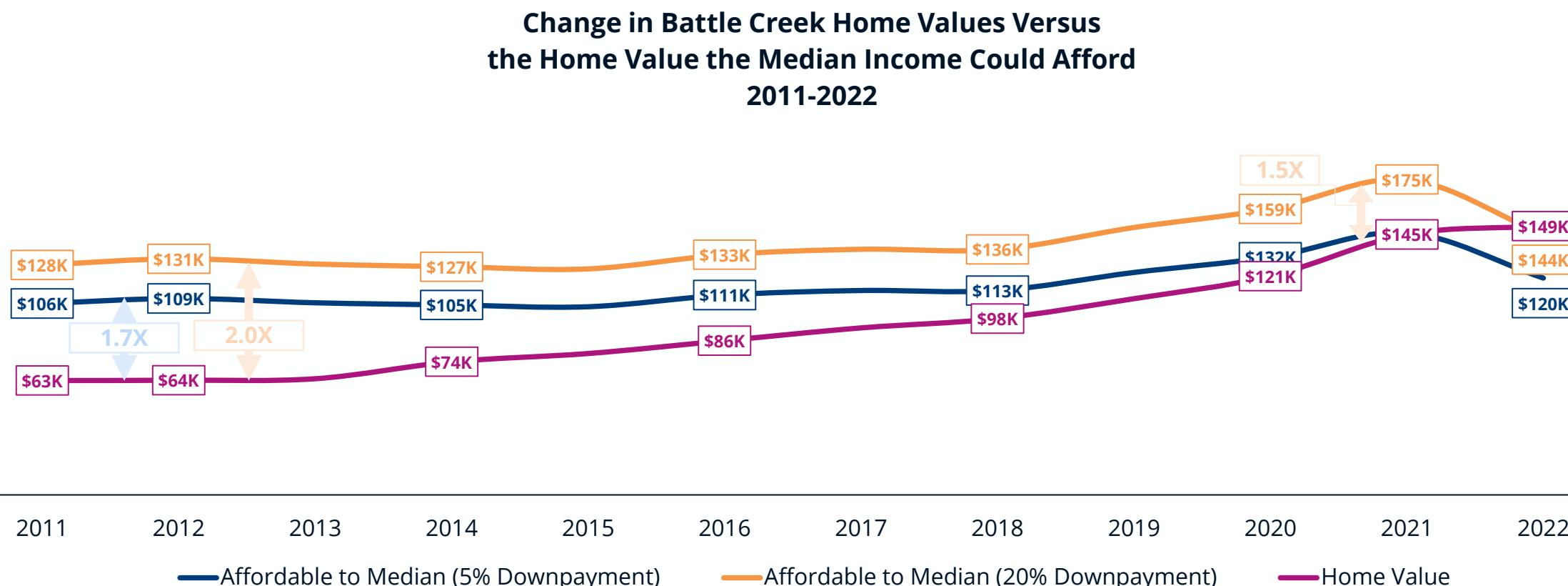
2023 US
\$413,000
Median Sale Price

2018-2023 BATTLE CREEK
\$130,000
Median Sale Price

Source: Redfin, 5-year. Redfin may not capture all sales, but a sample of sales that occurred in Battle Creek.

HOMEOWNERSHIP ATTAINABILITY IN BATTLE CREEK

A household earning the median income in Battle Creek (\$45,300) falls just short of being able to afford a median priced home, however high interest rates since 2021 and rising home values has made affordability more challenging.



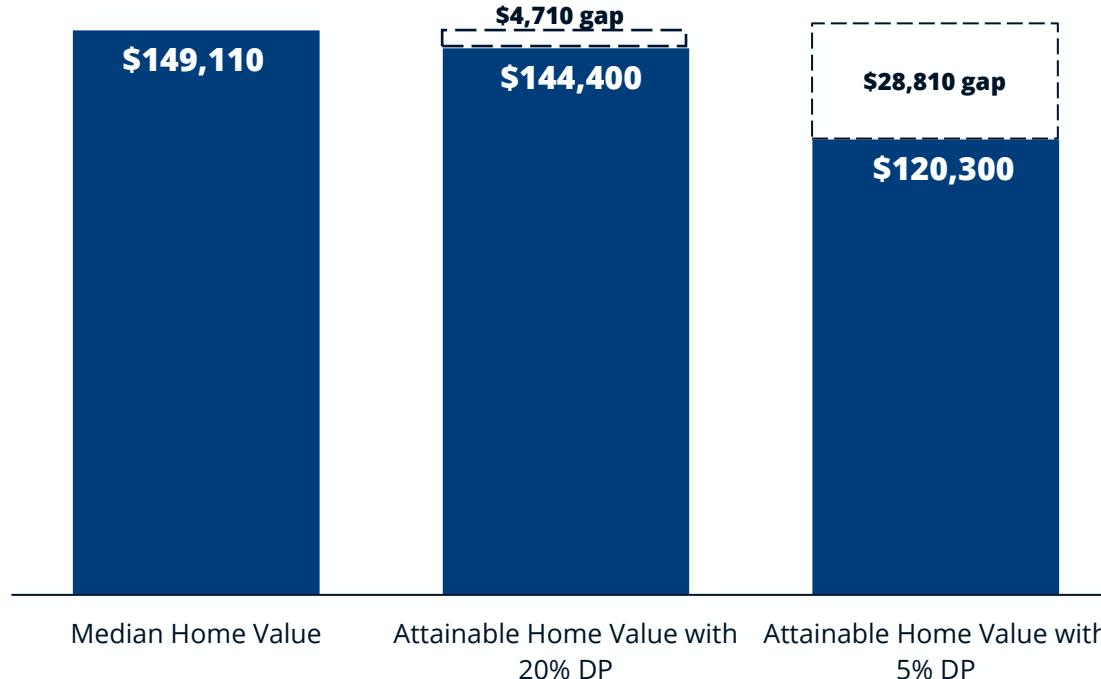
Note: This analysis assumed 30% of household income going towards mortgage payments and used the interest rates of each corresponding year to determine maximum affordable payment assuming a 20% down payment. Median income is not available for 2022 and has been held constant at 2021 levels

Source: Zillow Research, Zillow Observed Rent Index (Smoothed): All Homes Multifamily Time Series (2015 - 2021)

HOMEOWNERSHIP ATTAINABILITY IN BATTLE CREEK

The ability for a household to buy a home relies on more than just income as down payments are an important aspect of a household's buying power.

Attainable Home Value for Median Income Battle Creek Household by Down Payment Contribution (2022)



The ability to secure a mortgage for a home often relies on a prospective homebuyer's ability to contribute a down payment. While a 20% down payment has been a general rule-of-thumb for sizing mortgages, many first-time homebuyers and low- to moderate-income households do not have the financial resources (e.g., savings, personal loans/gifts, stocks or bonds) to provide this level of down payment.

Though prospective homebuyers could utilize loan offerings beyond conventional loans, such as FHA loans (3.5% down payment), VA loans, and other local-based incentives, many homebuyers are ineligible for these programs and must rely on conventional loans. For these conventional loans, many lenders may require homebuyers to purchase private mortgage insurance (PMI) as an assurance to the lender if homebuyers are unable to contribute 20% for the down payment.

Note: This analysis assumed 30% of household income going towards mortgage payments and used the interest rates of each corresponding year to determine maximum affordable payment assuming a 20% down payment. Median income is not available for 2022 and has been held constant at 2021 levels

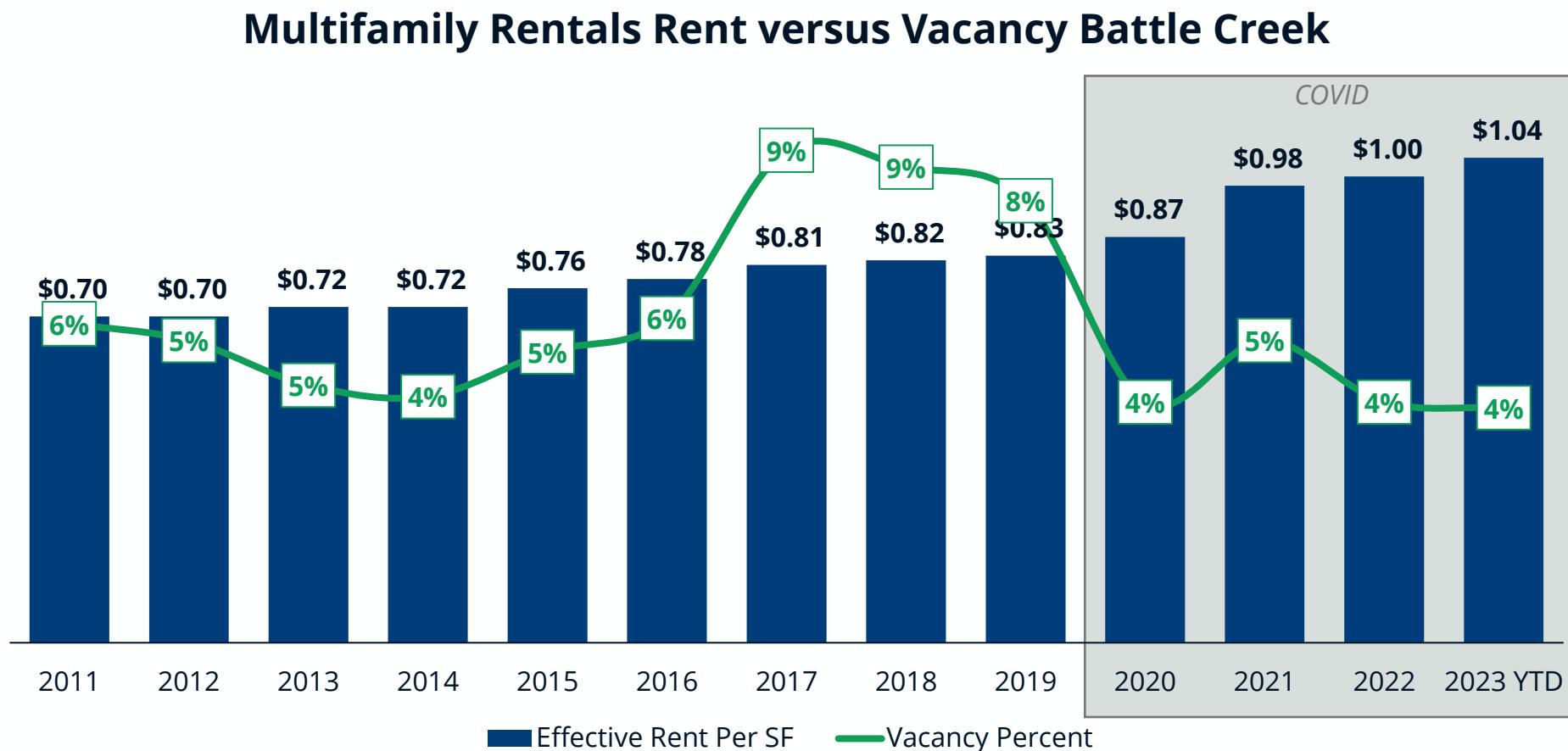
Source: Zillow Research, Zillow Observed Rent Index (Smoothed): All Homes Multifamily Time Series (2015 - 2021)

A high-angle aerial photograph of a town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right, a church with a tall, dark steeple stands next to a parking lot. A river or canal runs through the town, with a bridge crossing it. The town is surrounded by green trees and fields, with a mix of residential and commercial buildings. The sky above is filled with scattered, white clouds.

Market-Rate Rental Housing

BATTLE CREEK MULTIFAMILY RENTAL RATES AND VACANCY

Battle Creek multifamily rents have increased by 44% since 2013, even as the vacancy rates have remained relatively stable.

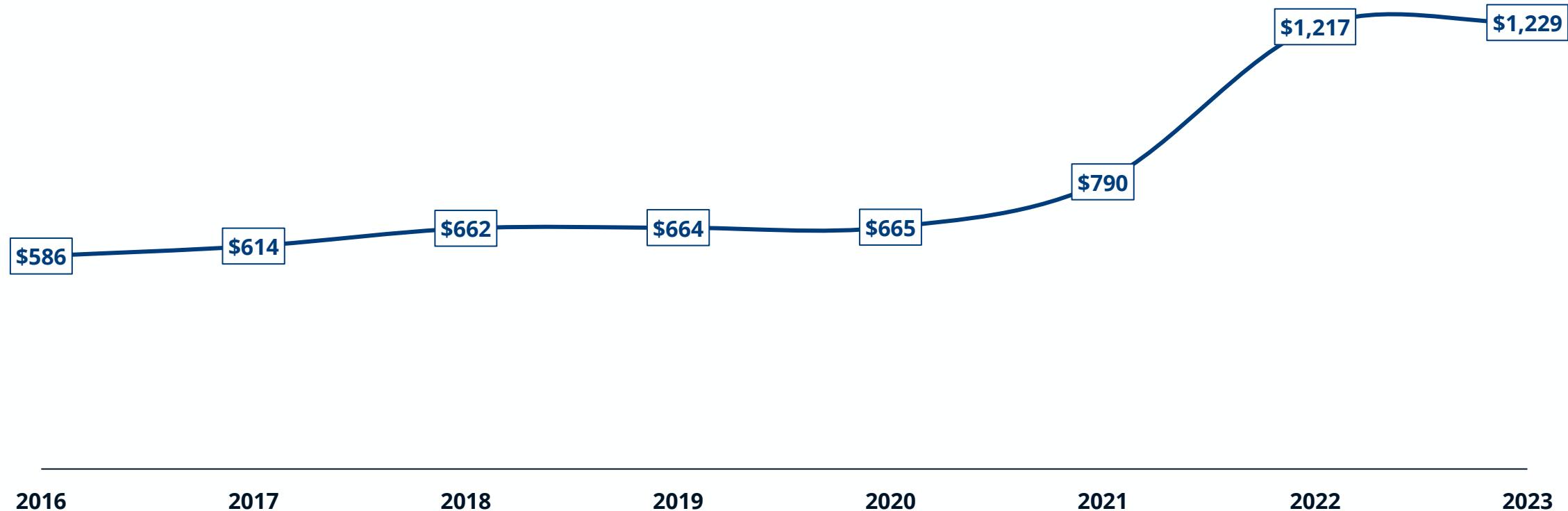


There were no new multifamily rental homes developed in 2017, but there was a small population decrease of 1,000 people between 2017 and 2019. The population of Battle Creek increased slightly in 2020 and 2021.

COUNTIES RENTAL RATES

Rents in the Counties for all rental units (including single family homes) nearly doubled since the start of COVID but have more recently stabilized. This rapid increase creates concerns around affordability for the lowest earners in the area.

Average Rents in Calhoun and Kalamazoo Counties

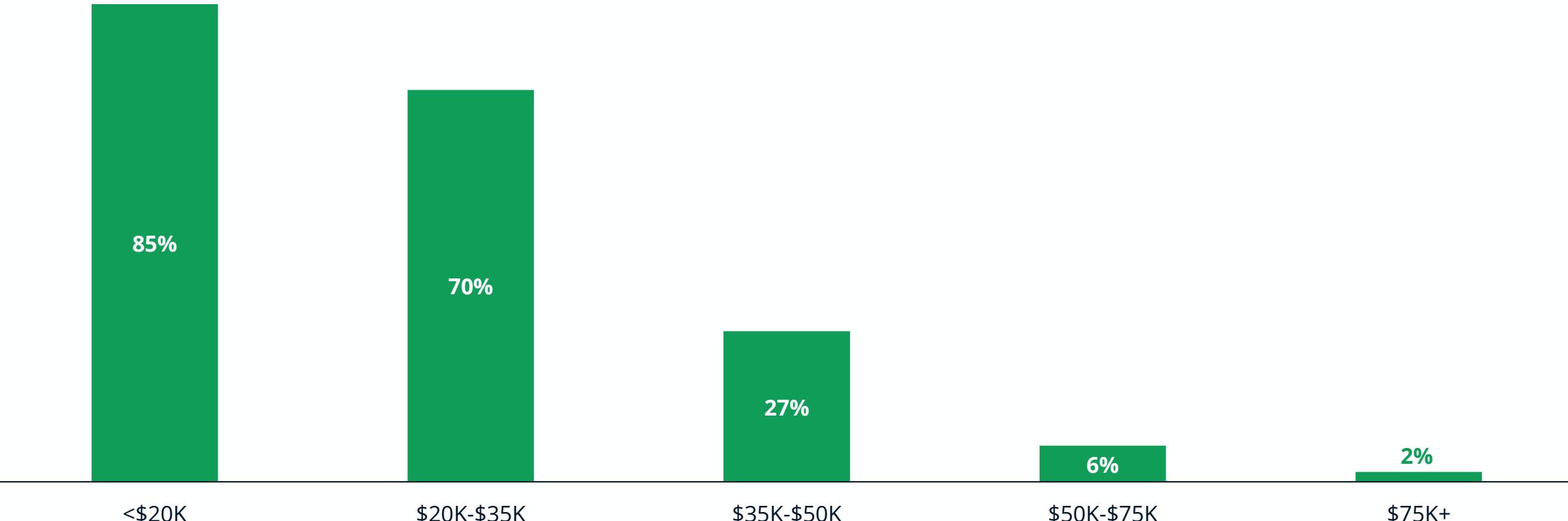


Source: Zillow Research, Zillow Observed Rent Index (Smoothed): All Homes Multifamily Time Series (2015 - 2021)

RENTAL COST BURDEN

Most households in Battle Creek earning less than \$35,000 annually are cost burdened. This will likely increase as the cost of housing outpaces income growth.

Percentage of Renters who are Cost Burdened, City of Battle Creek 2021

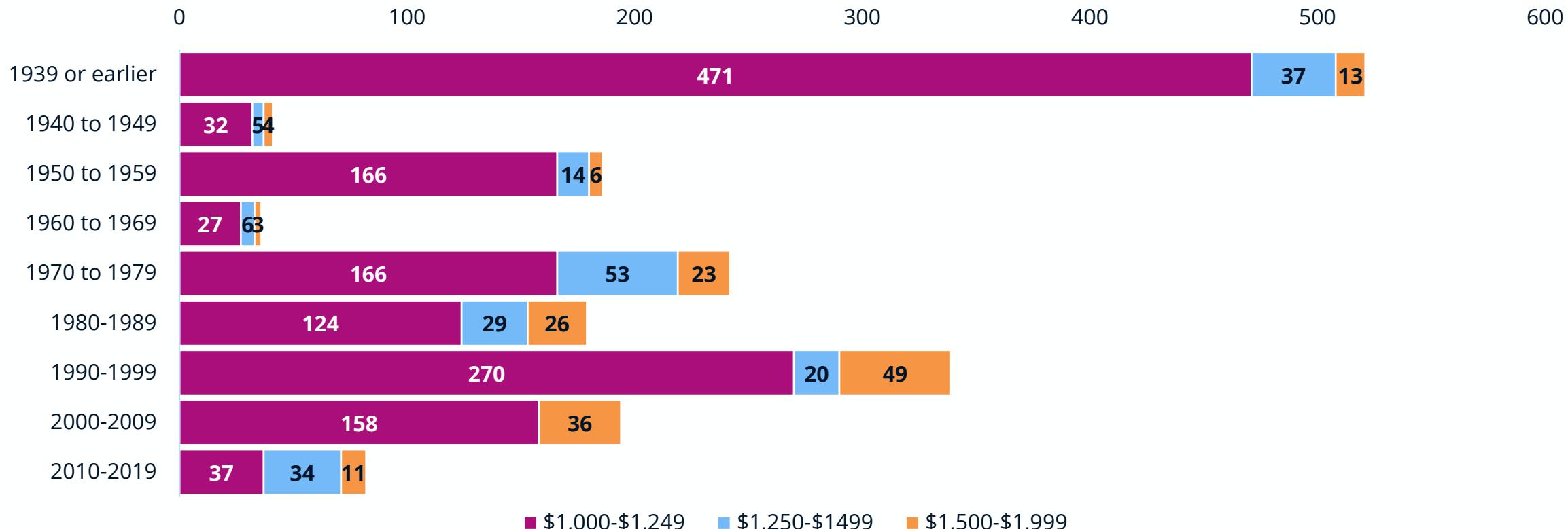


*Note: Cost burdened includes households that pay more than 30% of their income to rent.
Source: American Communities Survey, 2021 5-year.*

HOUSING STOCK AGE

56% of the housing serving middle-income residents was built prior to 1980, indicating that there is a potential need to upgrade the middle-income housing stock.

Units by Decade Built and Rent Affordable to Households Making Between 80% and 120% AMI (2021)



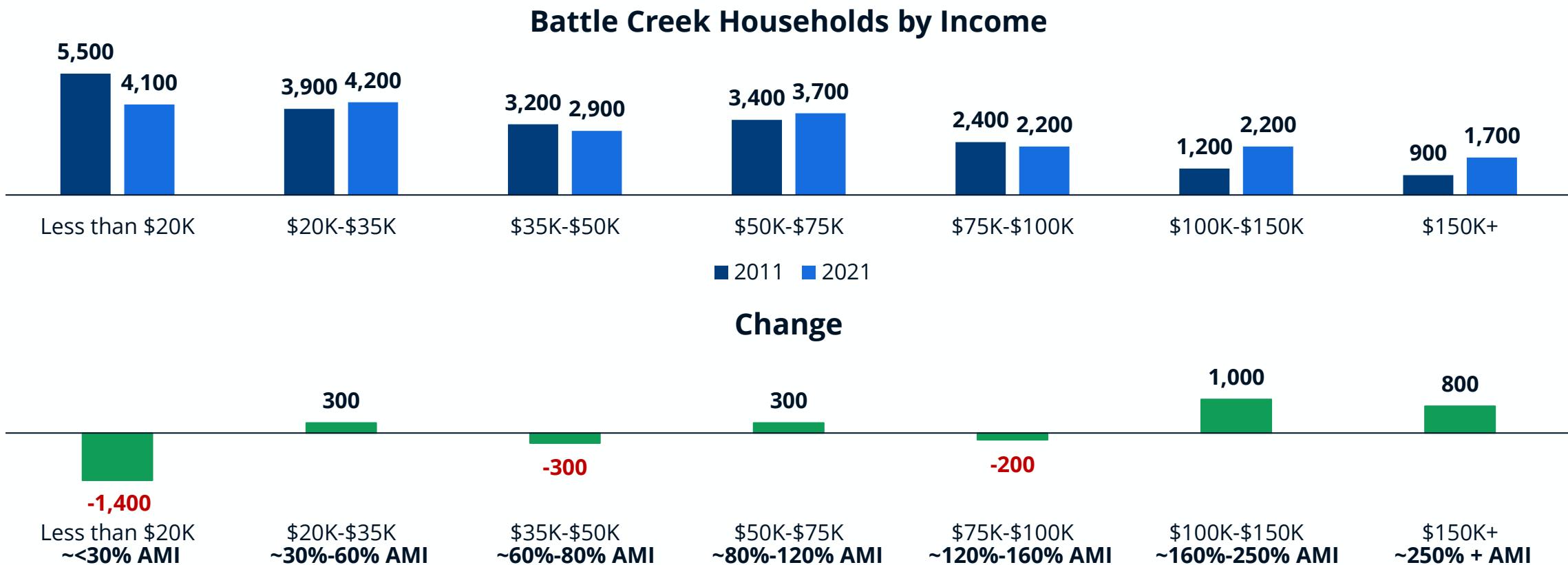
A dark, atmospheric aerial photograph of a small town or city. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right, a red brick church with a tall steeple stands near a river. The town is surrounded by green trees and rolling hills under a dramatic, cloudy sky.

03

Existing and Future Housing Needs

HOUSEHOLD INCOMES

Population growth remains relatively flat, and income distribution has not changed substantially since 2011, with the greatest growth among households earning 30-60% AMI (+8%), 80-120% AMI (9%), 160-250% AMI (+83%), and 250%+ AMI (+89%), and declines in households earning less than 30% AMI (-25%), 60-80% AMI (-1%) and 120-160% AMI (-1%).

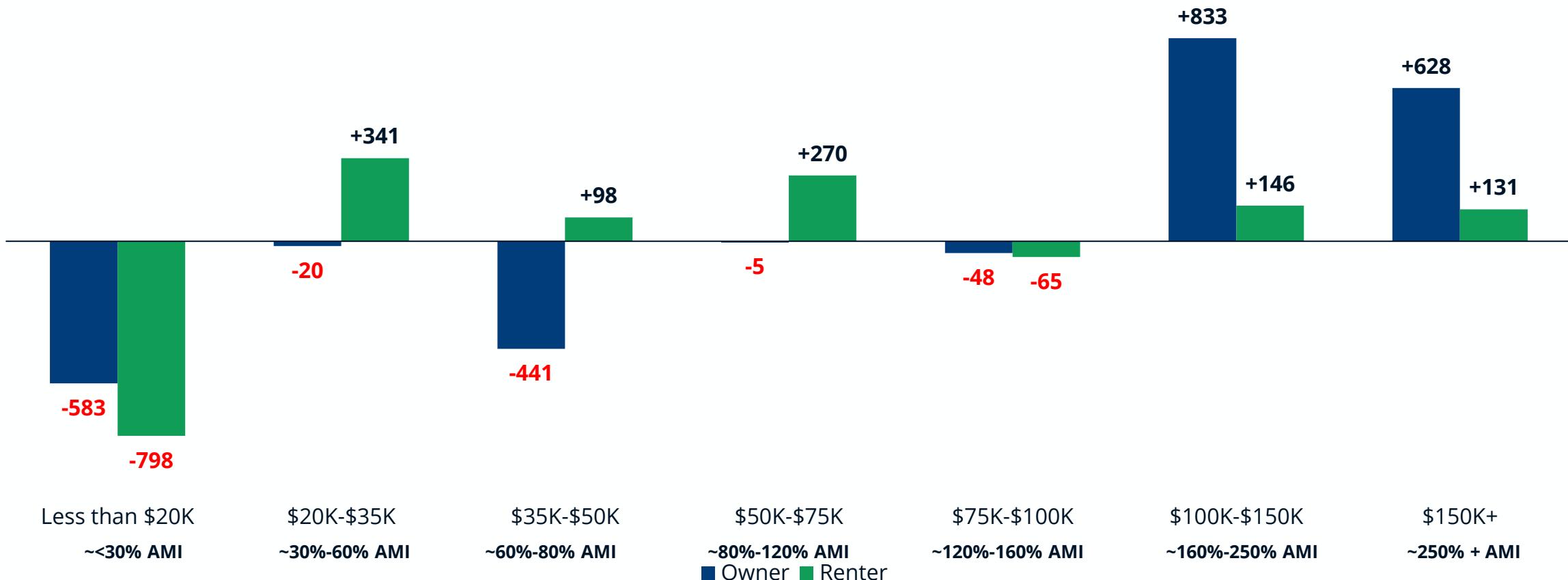


Source: American Communities Survey, 2011-2021 5-year. 2011 data was inflated to 2021 levels using CPI. MSHDA 2-person Calhoun AMI. Data includes all households.

INCOME AND TENURE

The number of low-income renter and homeowner households earning less than \$20,000 has decreased while the number of higher income homeowners has significantly increased.

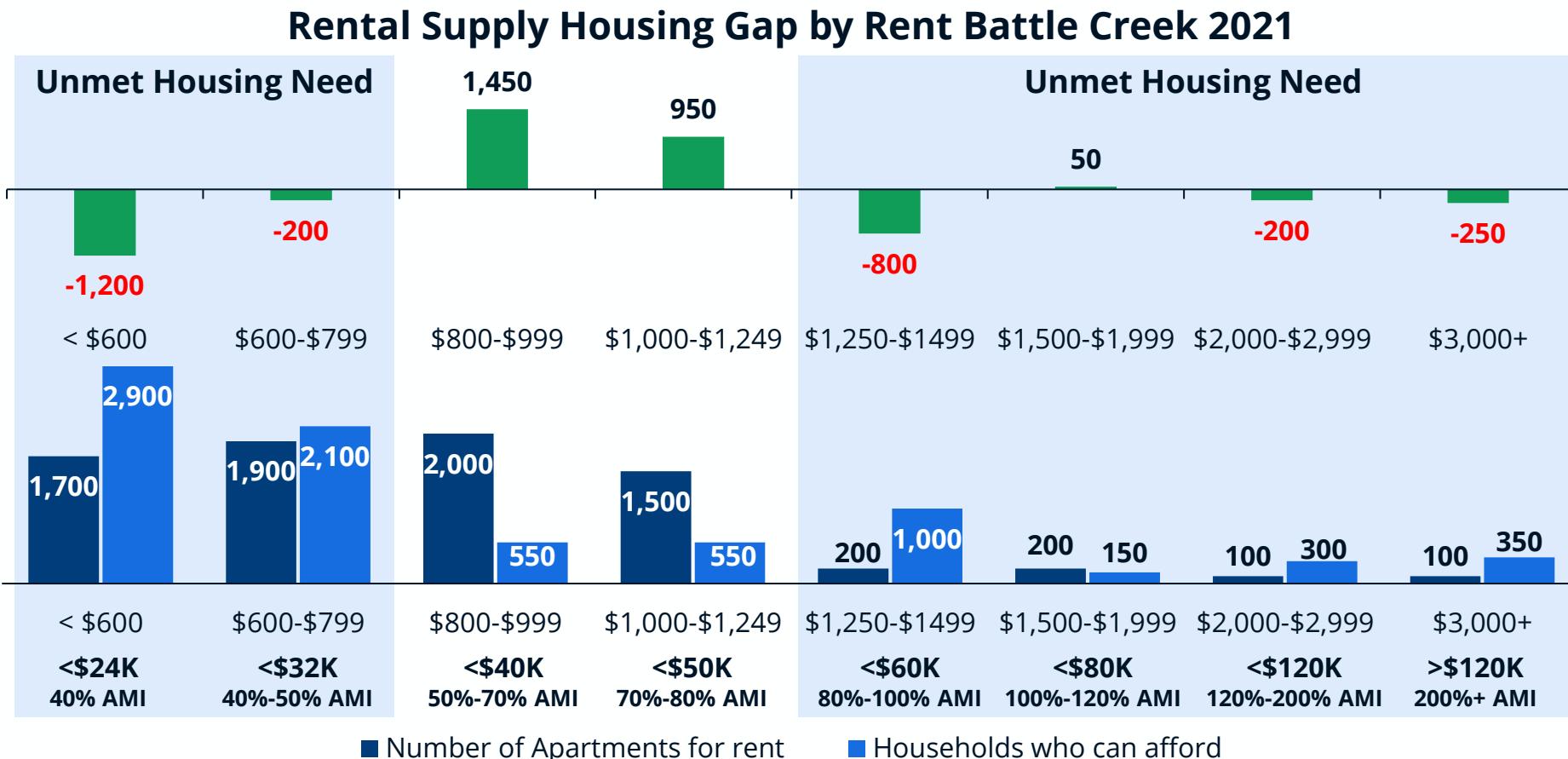
Battle Creek Change in Households by Income and Tenure (2011-2021)



Source: American Communities Survey, 2011-2021 5-year. MSHDA 2-person Calhoun AMI. Data includes all households.

RENTAL PRODUCT AND DEMAND

Battle Creek lacks sufficient rental housing for households earning less than \$32k/year. There is also a shortfall of units for households making over \$60K, suggesting a relatively affordable rental housing stock but also one that may be lacking in quality.



Source: American Communities Survey, 2021 5-year; Zillow Research

Note: **AMI was based on the 2-person household income limits for Calhoun County.** Income categories are rounded to best fit available data. Data includes all households. Housing gap projections determined as of 2021; actual housing gap subject likely to change following publication of Battle Creek Housing Action Plan.

\$28,100
Median Renter Income
Battle Creek

\$700
Rent Affordable to
Median Renter Income
Battle Creek

63% of households own homes in Battle Creek, so home ownership is also an important aspect of the housing needs in Battle Creek.

BLUEOVAL PLANT

BlueOval is anticipated to directly employ 1,700 people and induce the creation of over 2,000 additional spinoff jobs, many of which will be new to the area and need somewhere to live.

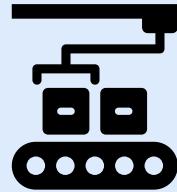


1,700

Direct Jobs created
at BlueOval Plant

2,040

Additional indirect and
induced Jobs created



2026

Is when the factory will begin producing
LFP battery cells



\$2.5B

In Ford Capital Investment



20

Gigawatt hours plant capacity



BLUEOVAL NEW HOUSING DEMAND

BlueOval is anticipated to bring between 1,840 and 3,740 net new workers to the region, as some of the total jobs may be filled by existing, underemployed residents.

JOBS CREATED

3,740

Direct + Multiplier
BlueOval Jobs

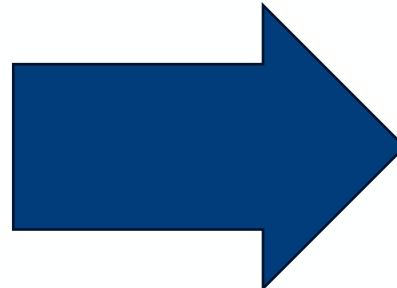
UNEMPLOYMENT

7%

Calhoun and
Kalamazoo Counties'
Manufacturing
Unemployment Rate

5%

Calhoun and
Kalamazoo Counties'
Overall Unemployment



POTENTIAL NET NEW JOBS

1,840-3,740

Net New Workers Leading to
New Households in the
Counties

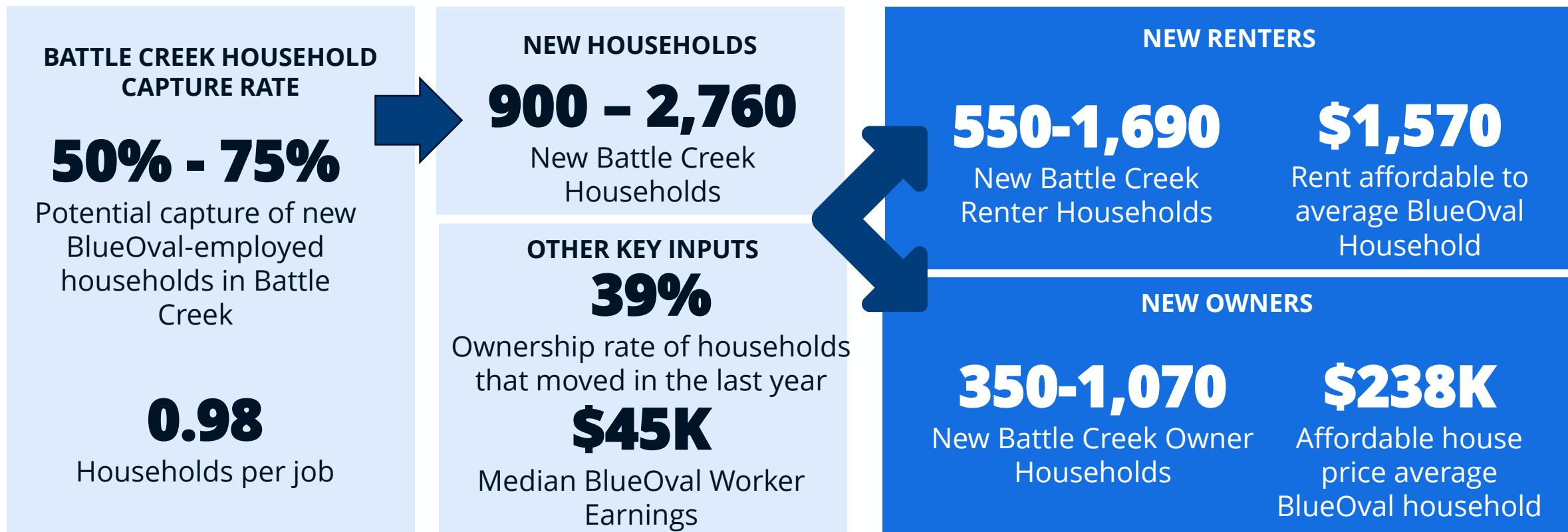
Other Consideration: The potential net new jobs accounts for existing unemployment rate in the Counties. The low net new job estimation assumes that the difference between the Counties unemployment rate and Michigan's unemployment rate (3.9%) would be filled by the multiplier jobs and the direct BlueOval jobs, the difference between the overall unemployment rate and the unemployment rate in manufacturing would fill some of the BlueOval jobs.

Source: Lightcast, 2023.

Note: The share of unemployment captured is subtracted from the number of job created by BlueOval and the multiplier impacts.

BLUEOVAL NEW HOUSING DEMAND

The BlueOval plant will create up to 1,690 new renter households and 1,070 new homeowner households if 50% to 75% of households move to Battle Creek, adding demand to Battle Creek's middle-income housing market.



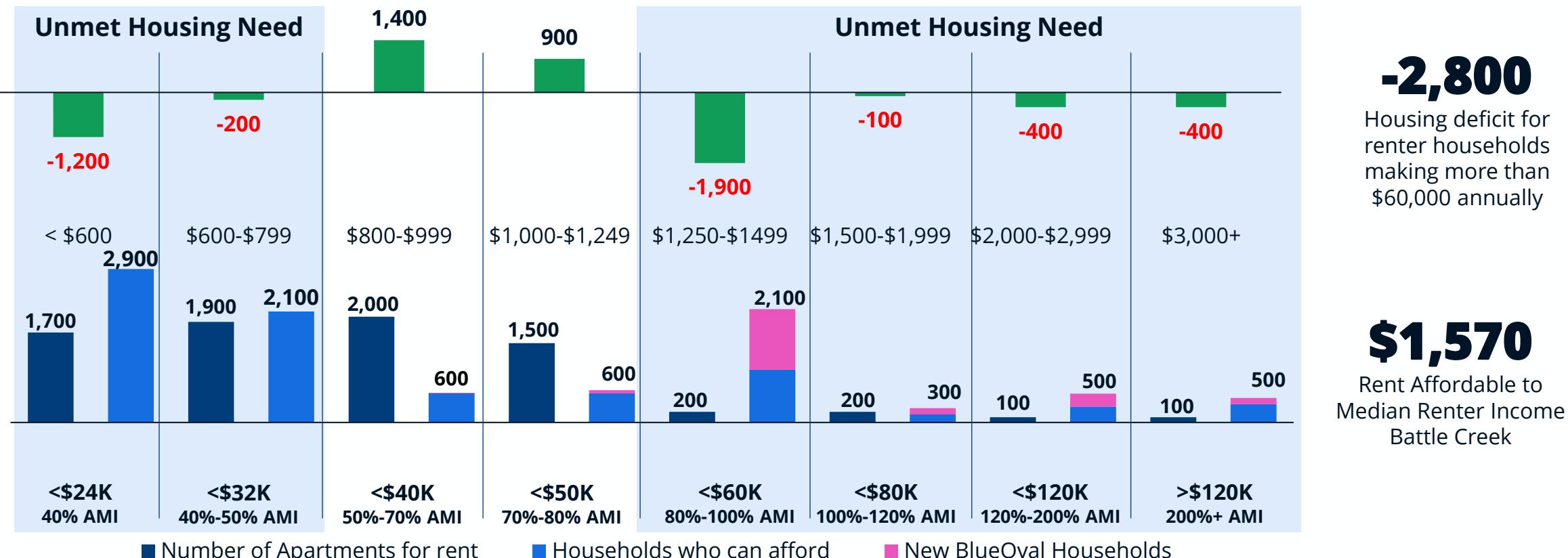
Source: Lightcast, 2023.

Note: In the Counties, 66% of households are homeowners. The current interest rate of 6.3% was used to calculate the house value and mortgage payments affordable to a household. The household income used was based on the BlueOval estimated median income (\$45,136) that was converted to household income using the 1.39X ratio between median householding income and median individual in the Counties. This yields a median household income of \$63,000. Vacancy was not used as a consideration because Battle Creek's housing vacancy is 11% and some share of these units are likely uninhabitable and not able to accommodate new residents without major upgrades.

RENTAL PRODUCT AND DEMAND

New BlueOval households will increase the housing deficit for households making \$60,000 or more to 2,800 renter households

Rental Supply Housing Gap by Rent Battle Creek with New BlueOval Households



Source: American Communities Survey, 2021 5-year; Zillow Research

Note: AMI was based on the 2-person household income limits for Calhoun County. Income categories are rounded to best fit available data. The household income used was based on the BlueOval estimated median income (\$45,136) that was converted to household income using the 1.39X ratio between median householding income and median individual in the Counties. Housing gap projections determined as of 2021; actual housing gap subject likely to change following publication of Battle Creek Housing Action Plan.

EXISTING BATTLE CREEK HOUSING DEMAND

In Battle Creek, there is a pressing demand for more well-maintained and up-to-date middle income for-sale housing and significant demand for housing that is affordable to low-income households.

FOR-SALE HOUSING DEMAND



470 Households

in the market annually to buy homes in Battle Creek at **\$238,000**, the price affordable to the average BlueOval household and the average household that already owns a home. Some of this demand will be met by the natural churn of the market, but some of this will result in the need for new and rehabbed units.

RENTAL DEMAND



1,400 Unit Deficit

For households **making under \$32,000**. These households are the most likely to be rent burdened.

Source: Lightcast, 2023. Costar, 2023.

Note: 7,900 Households make \$63,000 or above in Battle Creek, the estimated median household earnings from BlueOval and the median income for home owners in Battle Creek. There is a 64% ownership rate for households in Battle Creek. There is an 8% annual turnover rate for households owning their homes in Battle Creek. These facts were used to determine that there are 470 households in the market annually looking to move into a for-sale house.

BLUEOVAL NEW HOUSING DEMAND

The added BlueOval plant housing demand will create significant additional demand for for-sale and rental housing, adding further pressure on affordable and middle-income housing.



FOR-SALE HOUSING DEMAND & TYPOLOGY

~1,540 Households

in the market to buy in Battle Creek at **\$238,000**, the price affordable to the average BlueOval household when including added BlueOval Demand (up to 1,070 homes) and existing churn (470 homes annually).

Single-Family Dominant

Single-family homes comprise **89% of the owner- occupied units** in Battle Creek. There has been some recent new quad development in Kalamazoo and duplexes in Battle Creek, indicating that attached housing is viable in the market.

Source: Lightcast, 2023.



RENTAL DEMAND & TYPOLOGY

2,800 Unit Deficit

For households **making over \$60,000**. This deficit will occur because of added new BlueOval households and needs to be addressed with quality rental housing. If unmitigated, this could create competition for housing affordable to lower-income households and potentially displace renters earning less than 50% AMI.

Need for a range of housing typologies

Housing for high earning renter households and increase housing quality for all rental households. Offering a diversity of housing products including multifamily, duplexes, triplexes, and quads—all of which already exist in the market.

TYPOLOGIES

Given the areas of greatest housing need, the City and its partners should prioritize five housing typologies comprising of new construction and rehab developments.

Single-Family Attached/ Detached



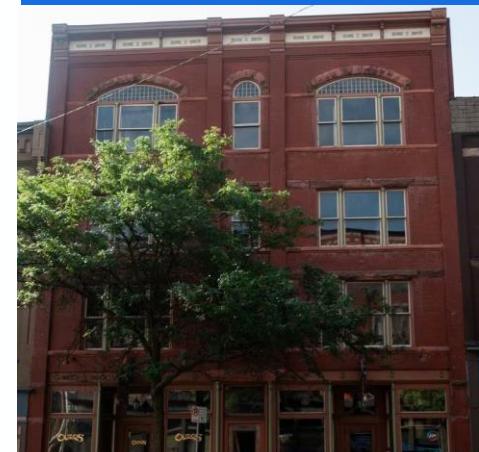
Fourplex



Larger-Site Apartment



Infill Apartment



Single-Family Detached



New Construction

Support infill development of townhomes, duplexes, triplexes, and mid-density multifamily.

Townhomes, duplexes, triplexes, and other forms of multifamily can create lower-cost alternatives to single-family development to increase both rental and for-sale housing supply. There has been some recent new fourplex development in Kalamazoo and single-family attached homes in Battle Creek, indicating that attached housing is viable in the market.

Rehab

Upgrade housing through rehabilitation of existing stock

75% of Battle Creek's housing stock was built before 1980. While the housing stock is generally affordable in Battle Creek, many of the houses are older and require major renovation or upkeep, making homeownership expensive.

A high-angle aerial photograph of a small to medium-sized town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right, a red brick church with a tall steeple stands next to a parking lot. A river or canal runs through the town, with a bridge crossing it. The town is surrounded by green trees and fields, with a mix of residential and commercial buildings in the background.

Development Site Opportunities

DEVELOPMENT SITE OPPORTUNITIES

Existing development sites in Battle Creek could be leveraged to support housing development.



Identify geographic locations and potential sites where development of priority housing typologies could be targeted.



Assess scale in which the housing need can be met through sites that are publicly controlled from a physical site perspective.



Analyze additional physical potential for development of priority typologies on privately controlled sites. Additional sites should be considered on a rolling basis after this plan.

DEVELOPMENT SITE OPPORTUNITIES

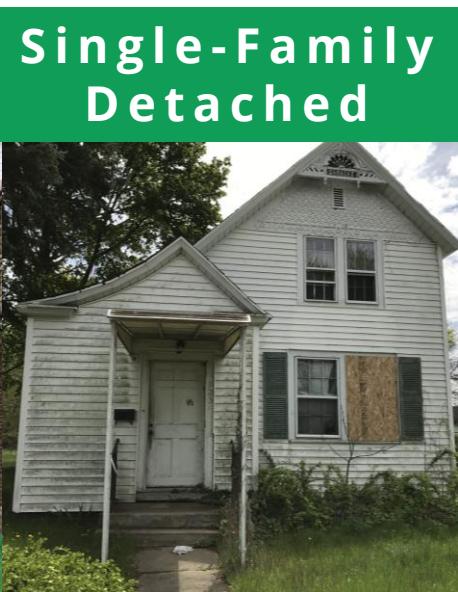
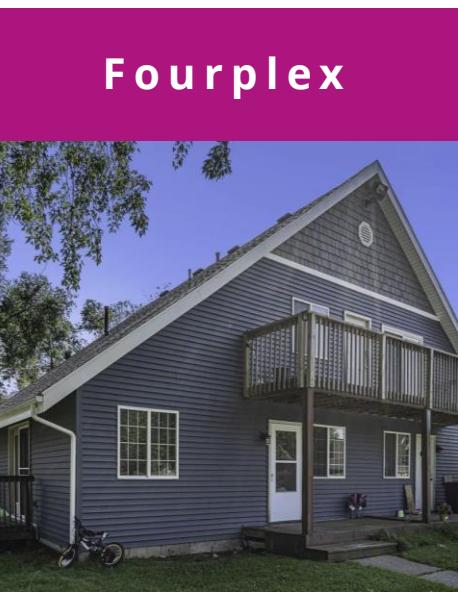
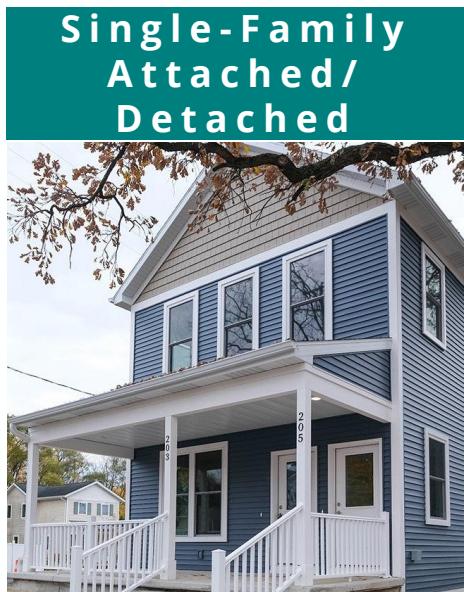
Existing zoning limits the amount of housing that can be built on existing vacant lots. This analysis examines how the housing needs could be met if Battle Creek updated their zoning code.

1. This analysis examines how the five priority typologies spatially fit in Battle Creek based on the 2023 parcel data from the Calhoun County assessor's office.
2. This analysis is aspirational, analyzing what could be built under a more progressive zoning code, not what could be built under the existing zoning code.
3. This is a high-level analysis; individual sites may have other barriers to redevelopment not captured by this analysis.

This analysis is not suggesting that all of these sites are suitable for redevelopment and should be redeveloped.

SITE SELECTION ANALYSIS

To meet current and future housing needs, Battle Creek should prioritize five product types. Given site availability and adjacencies, this study recommends geographic focus areas for each typology.



New Construction

Min Lot Size: 0.07 acres

The minimum lot size was determined using standards from Saint Paul, MN's updated zoning code which requires 1,500 SF of lot per unit and a minimum of 30ft frontage.

Min Lot Size: 0.14 acres

The minimum lot size was determined using standards from Saint Paul, MN's updated zoning code which requires 1,500 SF of lot per unit and a minimum of 30ft frontage.

Min Lot Size: 2.5 acres

The minimum lot size prioritized is 2.5 acre, based on recent developments in Battle Creek and Kalamazoo.

Rehab

Min Lot Size: 1 acre

The minimum lot size prioritized is 1 acre and this is based on the existing size of apartment buildings in Battle Creek. Additionally, this analysis prioritized buildings with effective ages over 30 years old.¹

Min Lot Size: N/A

This analysis prioritized buildings with effective ages over 30 years old.¹

Note: 1) Effective Age is used to state the age of a property based on its current condition, rather than its actual age. HR&A is not recommending that any specific private property be targeted, but is showing the private properties to illustrate the need programs that help homeowners improve their properties.

SITE SELECTION ANALYSIS | SAINT PAUL, MN'S ZONING

Saint Paul, MN's new zoning code that allows up to fourplexes in key single-family areas is a potential zoning code to achieve density in Battle Creek's Downtown area.

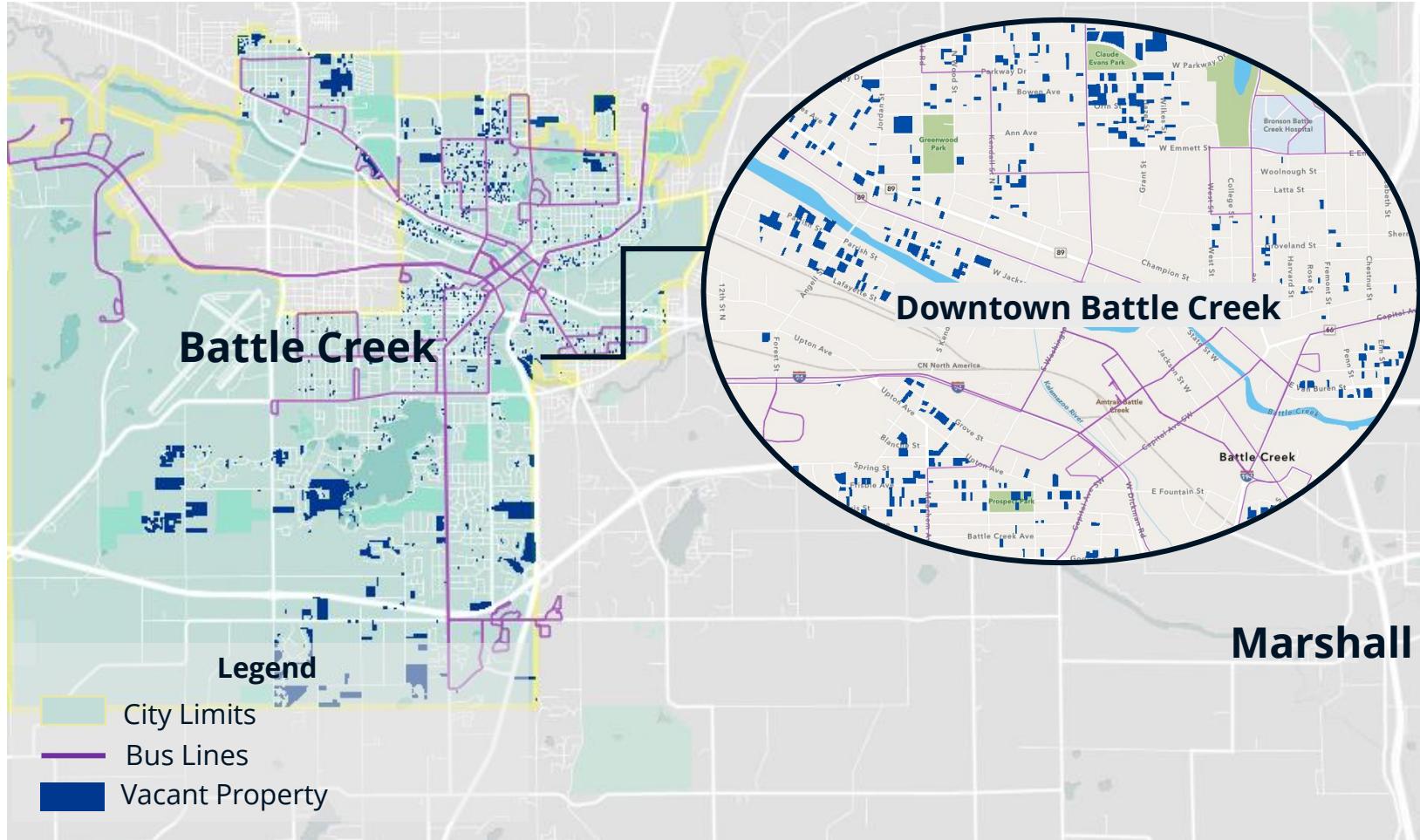


Saint Paul created new residential zoning districts H1 and H2, replaced the existing, single-family-only, other low-density districts, and some lower-density Planned Development (PD) districts **to promote missing-middle housing development**. Other communities in Michigan, such as Albion, have also incorporated similar updates to their zoning code.

Zoning District	Lot area minimum (per unit) (SF)	Lot width minimum (ft)	Maximum lot coverage	Notes
H1 Residential	1,500	30	45%	Up to four units on a lot
H2 Residential	1,000	25	50%	Up to five units on a lot. Applies to land near transit
Battle Creek Existing Zoning				
R-1B	5000	50	30%	Single-family detached residential properties of a suburban, medium-density character.
R-2	5000	60	25%	Mix of single- and two-family residential properties of an urban, medium-density character
R-3	2,900	60	25%	High-density multifamily family developments located in suburban and urban areas
MFR	2,170	60	N/A	High Density Multiple Family Residential District

SITE SELECTION ANALYSIS

There is an abundance of vacant lots, some of which could be considered for residential development.



2,620

Vacant parcels zoned residential in the city

1,430

Acres of vacant parcels zoned residential in the city (1,250 acres zoned R1 or R2)

Landowners with most vacant land:

- City of Battle Creek
- Calhoun County Land Bank
- Windamere Land Development Co.
- Diane Colquhoun
- Land One LLC
- Martin Trust

VACANT PARCELS NEAR AMENITIES

While there is an abundance of vacant land in the city, it is important to strategically invest in housing in locations that are adjacent to community amenities.

900

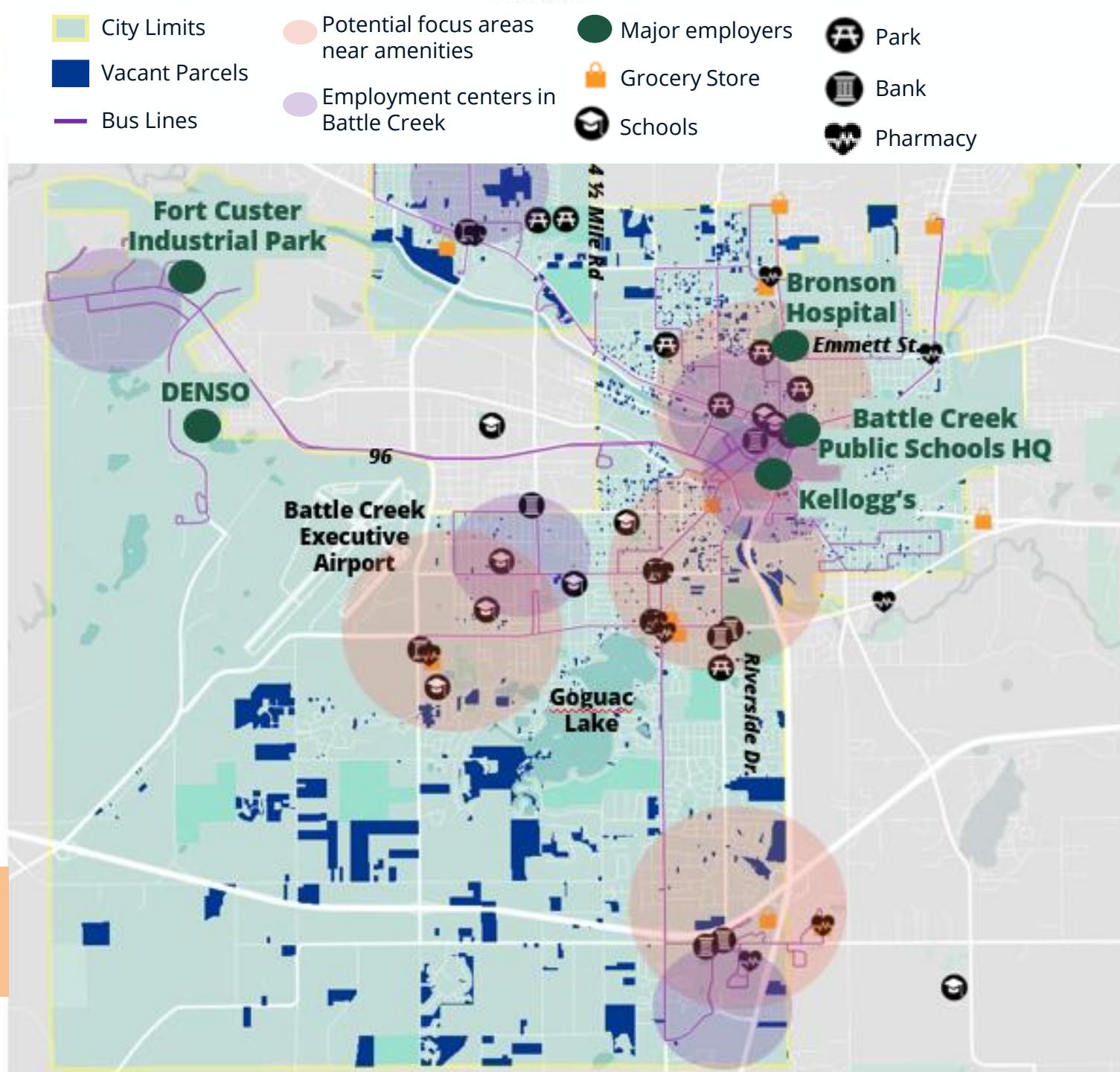
Vacant parcels zoned residential in the city owned by the City of Battle Creek or Calhoun County Land Bank

252

Acres of vacant parcels zoned residential in the city owned by the City of Battle Creek or Calhoun County Land Bank

Not all vacant sites are able to be developed either because of zoning limitations or physical site limitations.

Source: City of Battle Creek, Google Maps, ArcGIS Online



SINGLE-FAMILY ATTACHED/DETACHED/TRIPLEX NEW CONSTRUCTION (1-3 UNITS)

The City should prioritize use of its vacant lots for single-family attached/detached or triplex in-fill housing construction in the neighborhoods surrounding the Downtown.

**Vacant residential parcels that can accommodate
Single-family attached/detached or triplex housing
(1-3 units)**

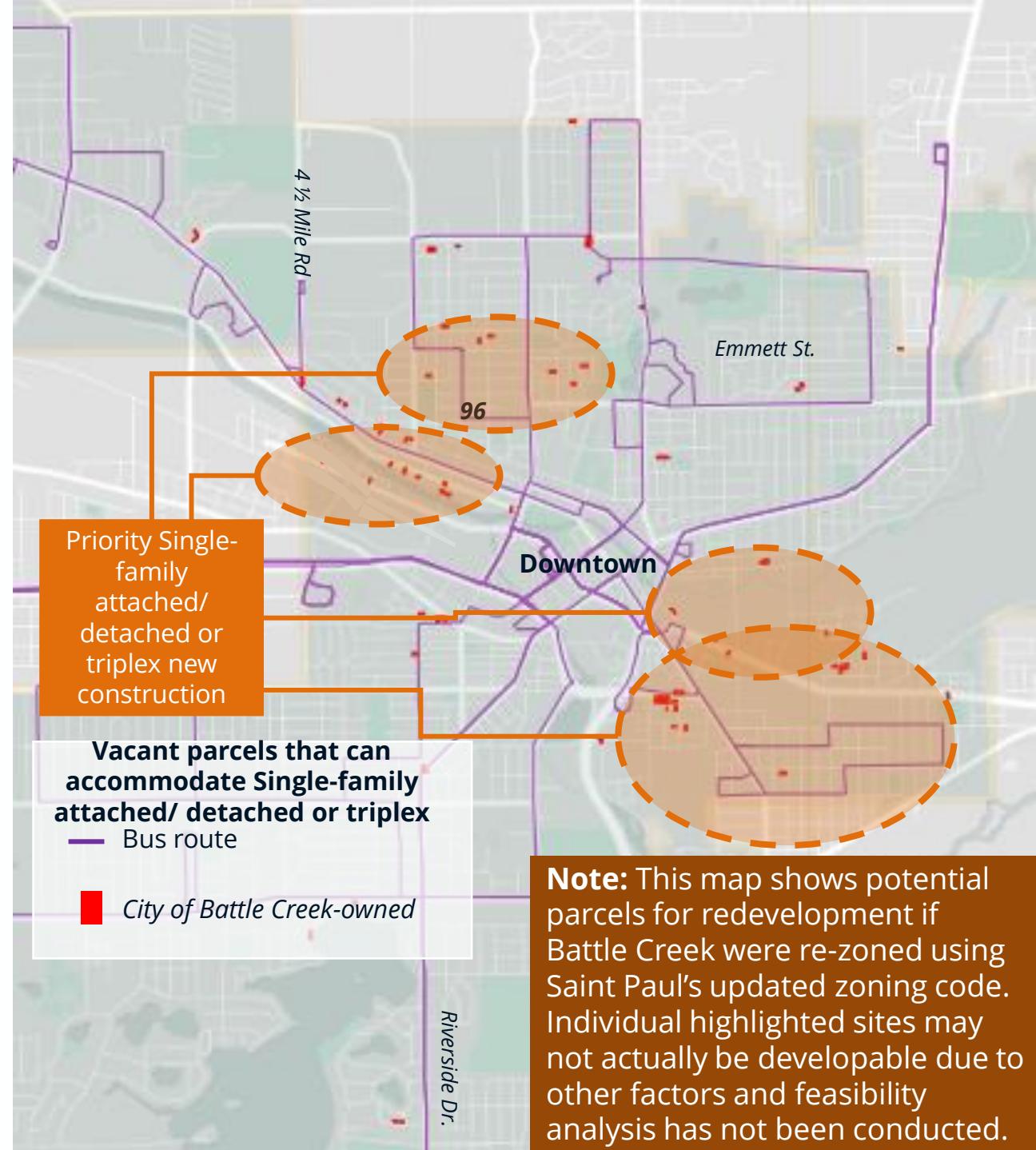
80

parcels owned by the
City of Battle Creek

190

Potential new units on
publicly-owned land

Note: These parcels include all vacant properties with the property code 402 (vacant residential) that have a minimum lot frontage of 30 ft and are between 3,000 SF and 6,000 SF. The size and width parameter would allow between two and three units to be developed based on the updated St. Paul, MN zoning. Currently R1 zoning does not allow for two family dwelling units, but this analysis does not exclude R1 sites.



SINGLE-FAMILY ATTACHED/DETACHED/TRIPLEX NEW CONSTRUCTION (1-3 UNITS)

Privately owned properties citywide should be leveraged for this kind of development. Developing at this density, on these sites, would require zoning changes.

Vacant residential parcels that can accommodate attached/detached housing (1-3 units)

390

parcels owned by
private land-owners

180

parcels owned by Calhoun
County Land Bank

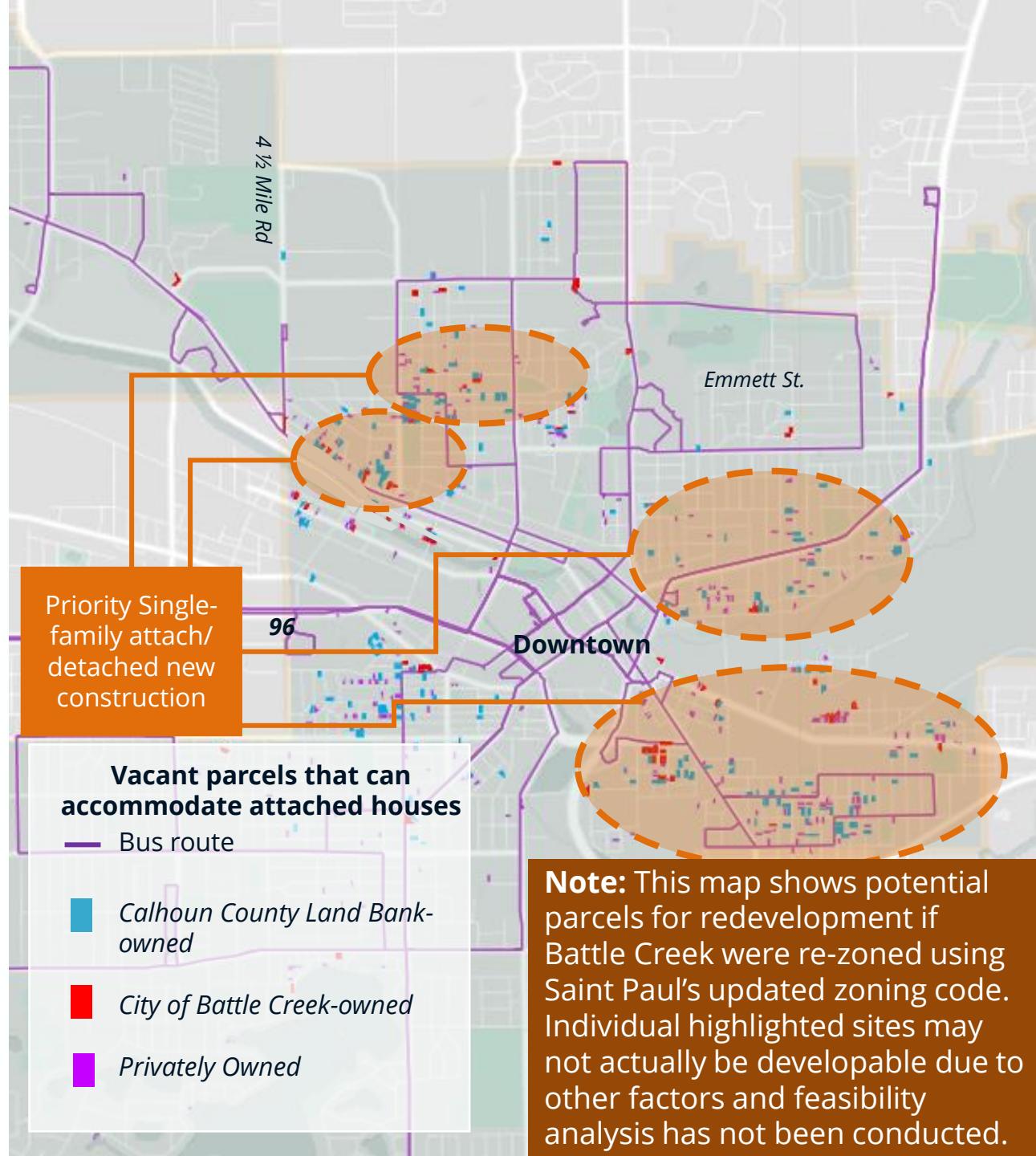
1,470

Potential new units on
privately-owned land

1,670

Potential new units

Note: These parcels include all vacant properties with the property code 402 (vacant residential) that have a minimum lot frontage of 30 ft and are between 3,000 SF and 6,000 SF. The size and width parameter would allow between two and three units to be developed based on the updated St. Paul, MN zoning. Currently R1 zoning does not allow for two family dwelling units, but this analysis does not exclude R1 sites.



FOURPLEX NEW CONSTRUCTION

Fourplex construction should be prioritized on large, single-family parcels with zoning changes and by-right on multifamily parcels, increasing downtown density.

Vacant residential parcels that can accommodate attached housing (fourplex or more)

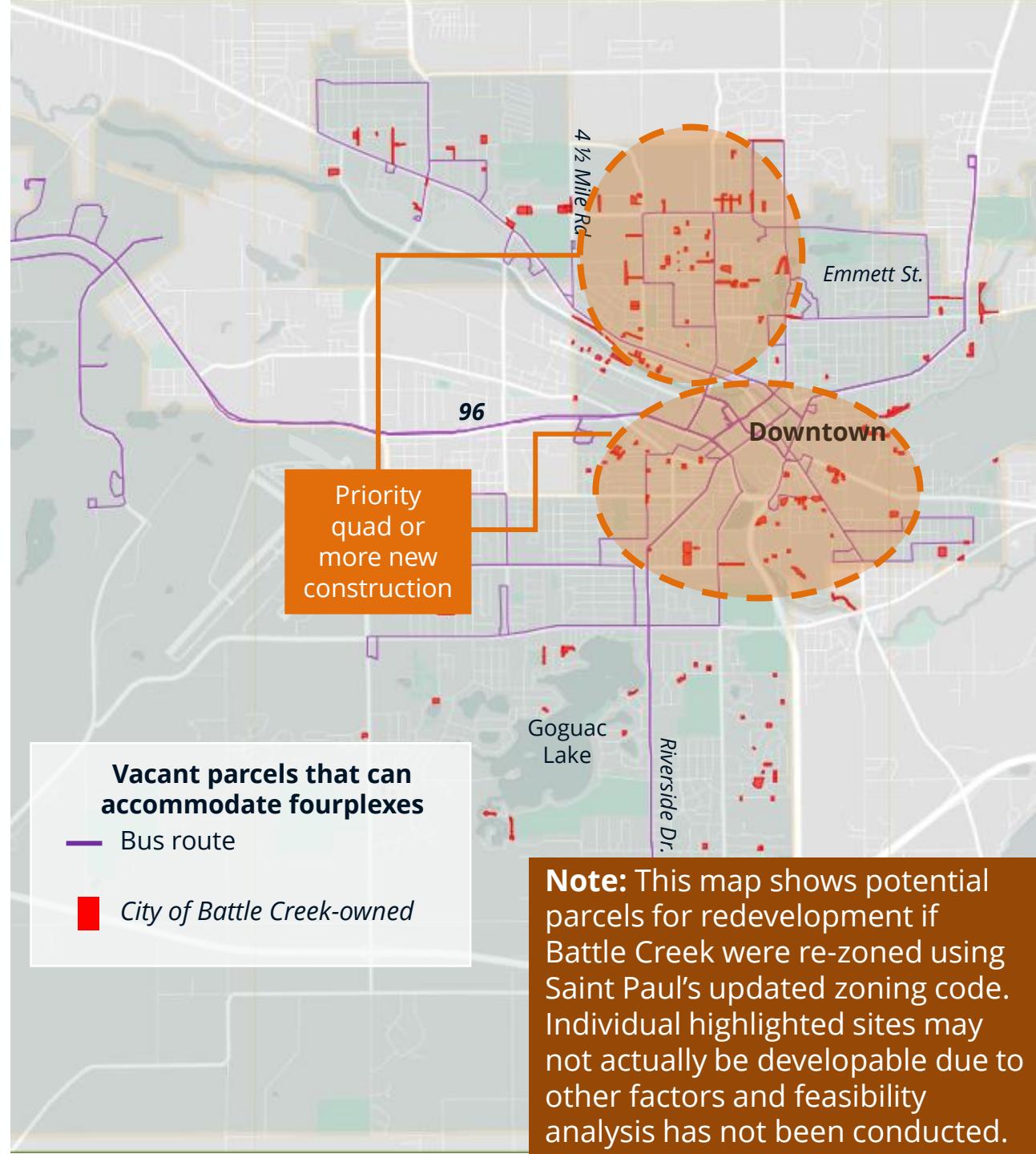
270

parcels owned by the
City of Battle Creek

1,080

Potential new units on
publicly-owned land

Note: These parcels include all vacant residential parcels between 0.14 acres (large enough to accommodate 4 units under St. Paul, MN's updated zoning code) and less than 2.5 acres (large enough for larger apartment buildings). Currently R1 zoning does not allow for two family dwelling units, but this analysis does not exclude R1 sites.



FOURPLEX NEW CONSTRUCTION

Privately-owned parcels near downtown can be developed as fourplexes, further supporting downtown density.

Vacant residential parcels that can accommodate attached housing (fourplexes or more)

1,110

parcels owned by private land-owners

240

parcels owned by Calhoun County Land Bank

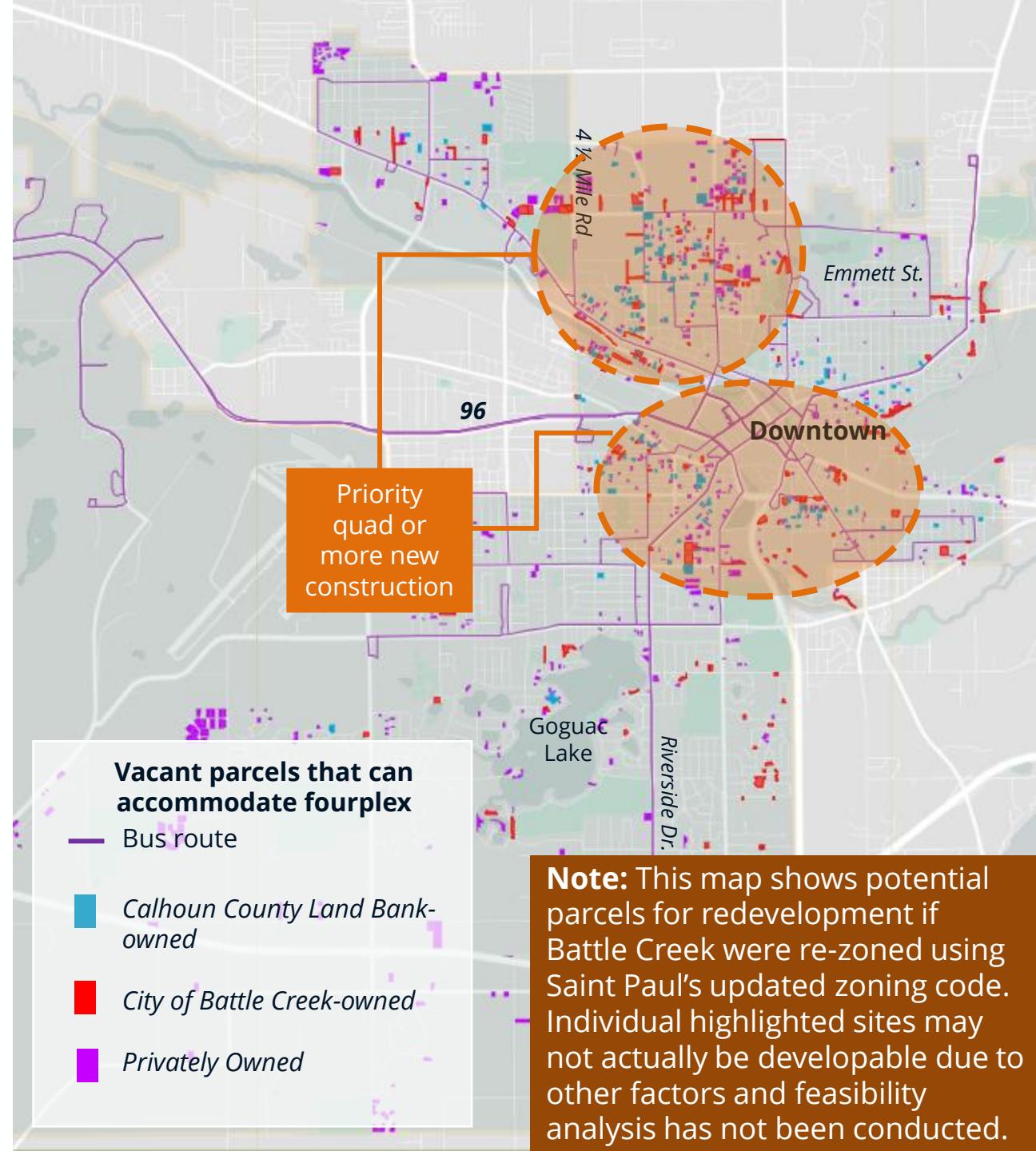
5,020

Potential new units on privately-owned land

6,100

Potential total new units

Note: These parcels include all vacant residential parcels between 0.14 acres (large enough to accommodate 4 units under St. Paul, MN's updated zoning code) and less than 2.5 acres (large enough for larger apartment buildings). Currently R1 zoning does not allow for two family dwelling units, but this analysis does not exclude R1 sites.



LARGE-SITE APARTMENT NEW CONSTRUCTION

The City should prioritize use of its larger vacant lots for multifamily new construction in the neighborhoods surrounding the Downtown and one site in the northwest.

Vacant multi-family parcels

30

parcels owned by the
City of Battle Creek

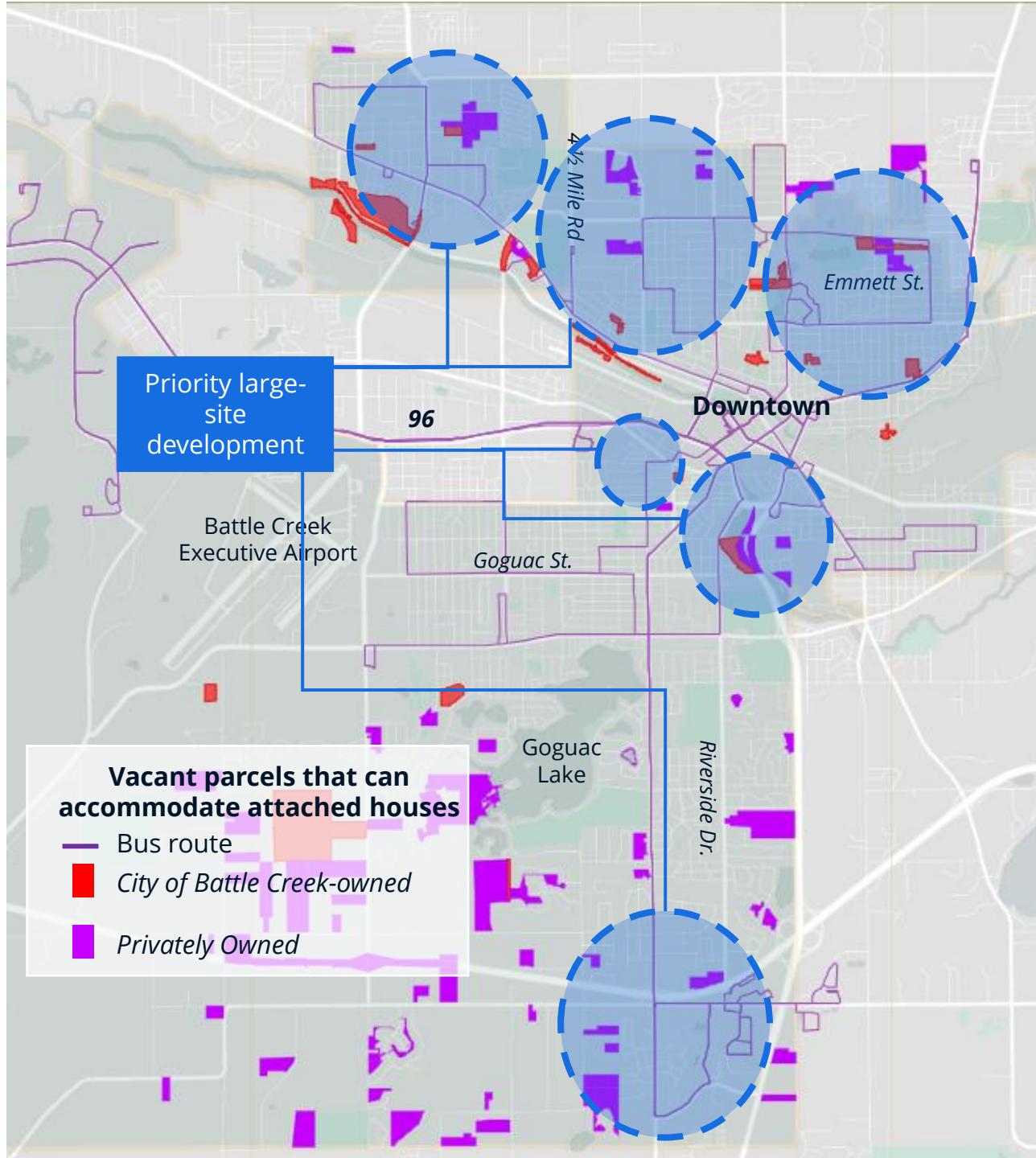
90

parcels owned by
private land-owners

~6,200

New residential units
possible

Note: These parcels include all vacant properties with the property code 402 (vacant residential) that have a minimum lot frontage of 60 ft (as dictated by Battle Creek's zoning requirements for MFR) and is over 2.5 acre. Currently R1-R2 zoning does not allow for multiple family dwelling units, but this analysis does not exclude R1-R2 sites.



SINGLE-FAMILY DETACHED REHAB

While the majority of potential rehab sites are privately owned, there are 14 sites that are in public ownership that may benefit from rehabilitation, clustered northwest of Downtown.

Single-family only zoned parcels with houses

3

parcels owned by the City of Battle Creek

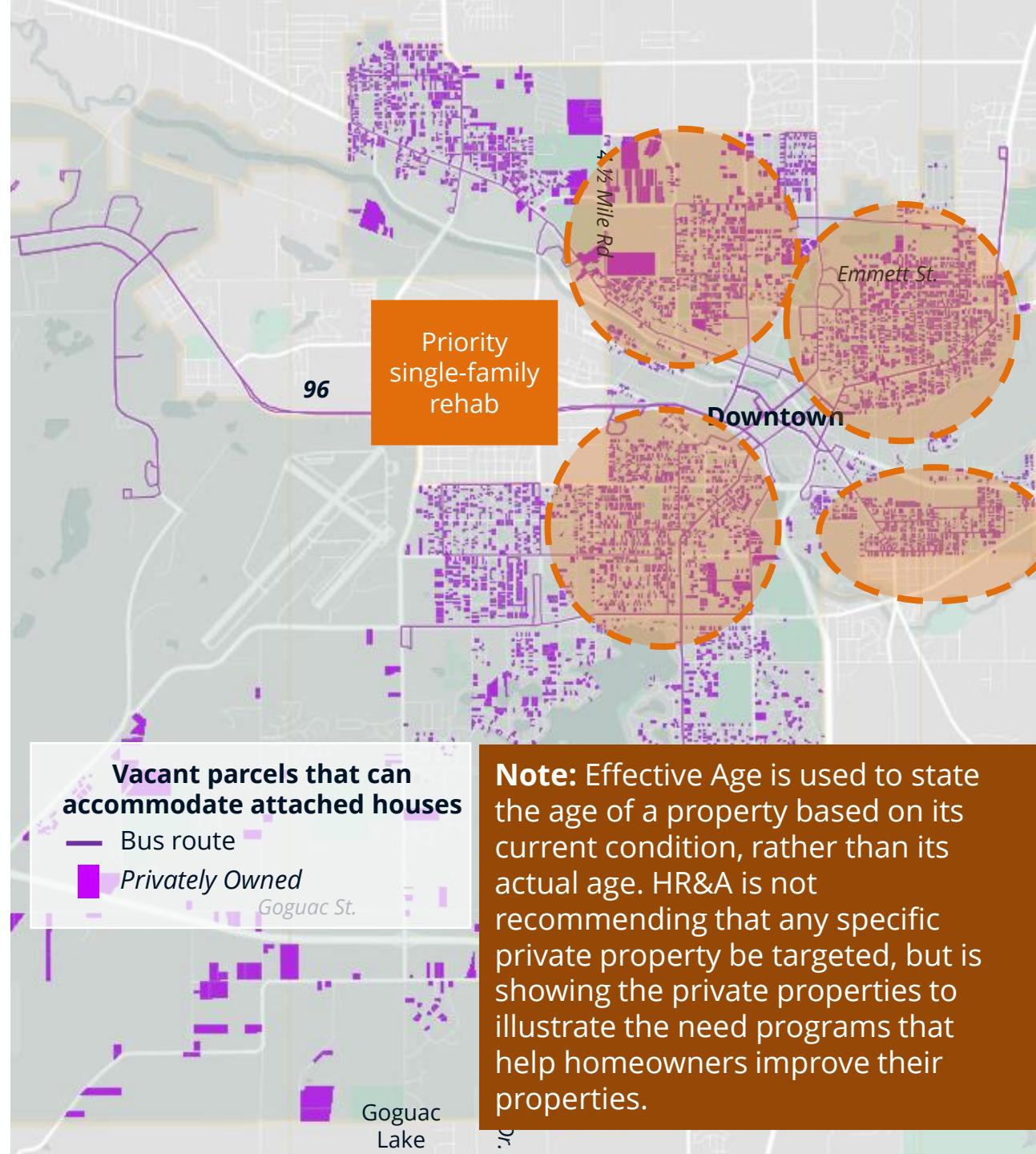
15.9K

Privately-owned single-family homes with an effective age over 30

29

Average effective age of single-family properties

Note: These parcels include R1-A, R1-R R2-R3. The mapped properties only include those with an effective age over 30 which is indicative of the quality of the house.



INFILL APARTMENT REHAB

The City and Land Bank control a few properties that may be eligible for a smaller-scale infill rehab.

Occupied multifamily-zoned parcels

5

parcels owned by the
City of Battle Creek

8

parcels owned by
Calhoun County Land
Bank

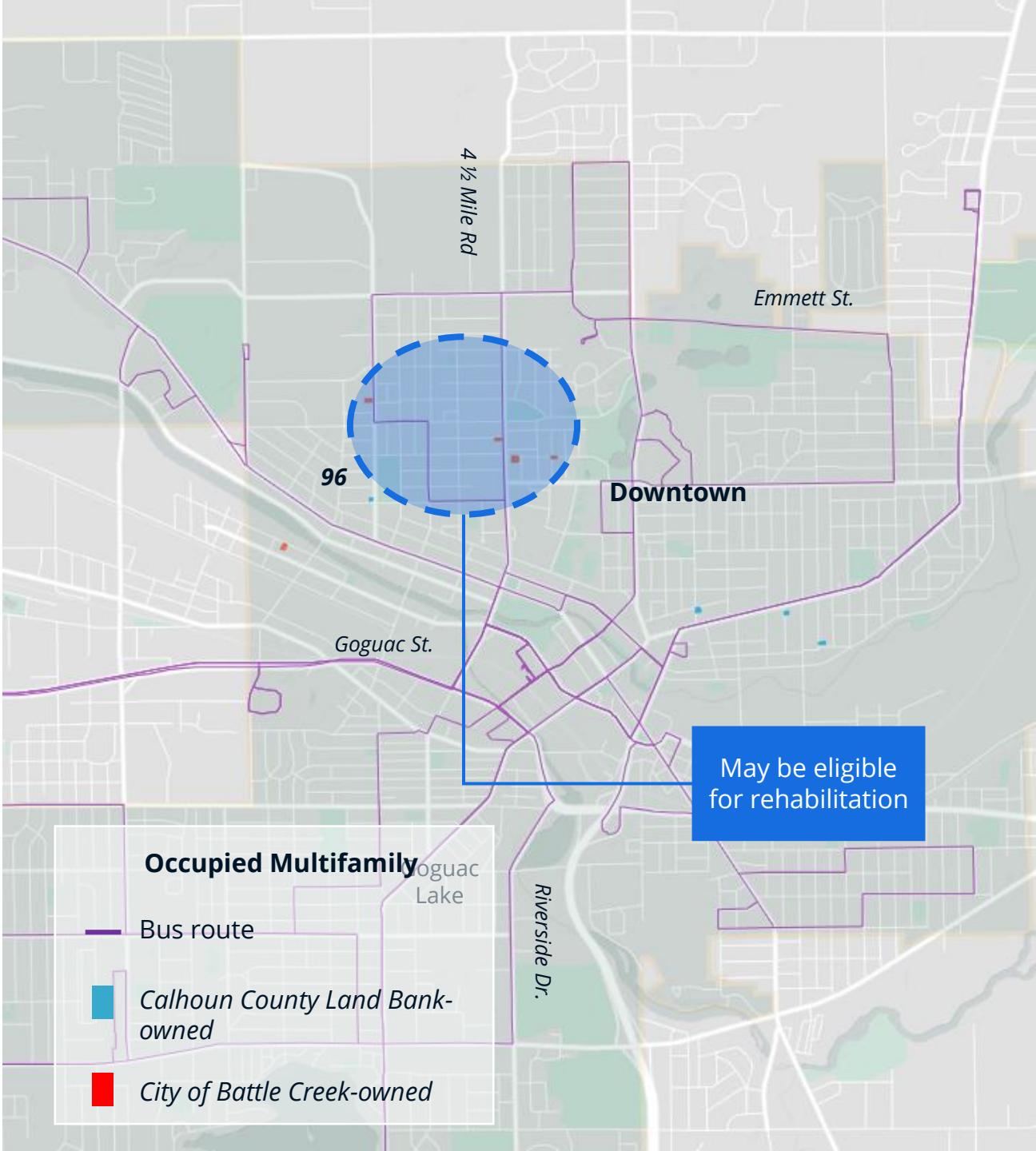
0.25 acres

Average occupied
multifamily parcel size

32

Average effective age
of multi-family
properties owned by
the City or Land Bank

Note: These parcels are owned by the City or the Calhoun County Land Bank and are occupied and zoned as MFR, R3, or T3-T5 and have an effective age over 30 years old.



INFILL APARTMENT REHAB

However, infill apartment rehabs will likely need to be led by the private sector as the City and Land Bank own very few properties of this typology.

Occupied multifamily-zoned parcels

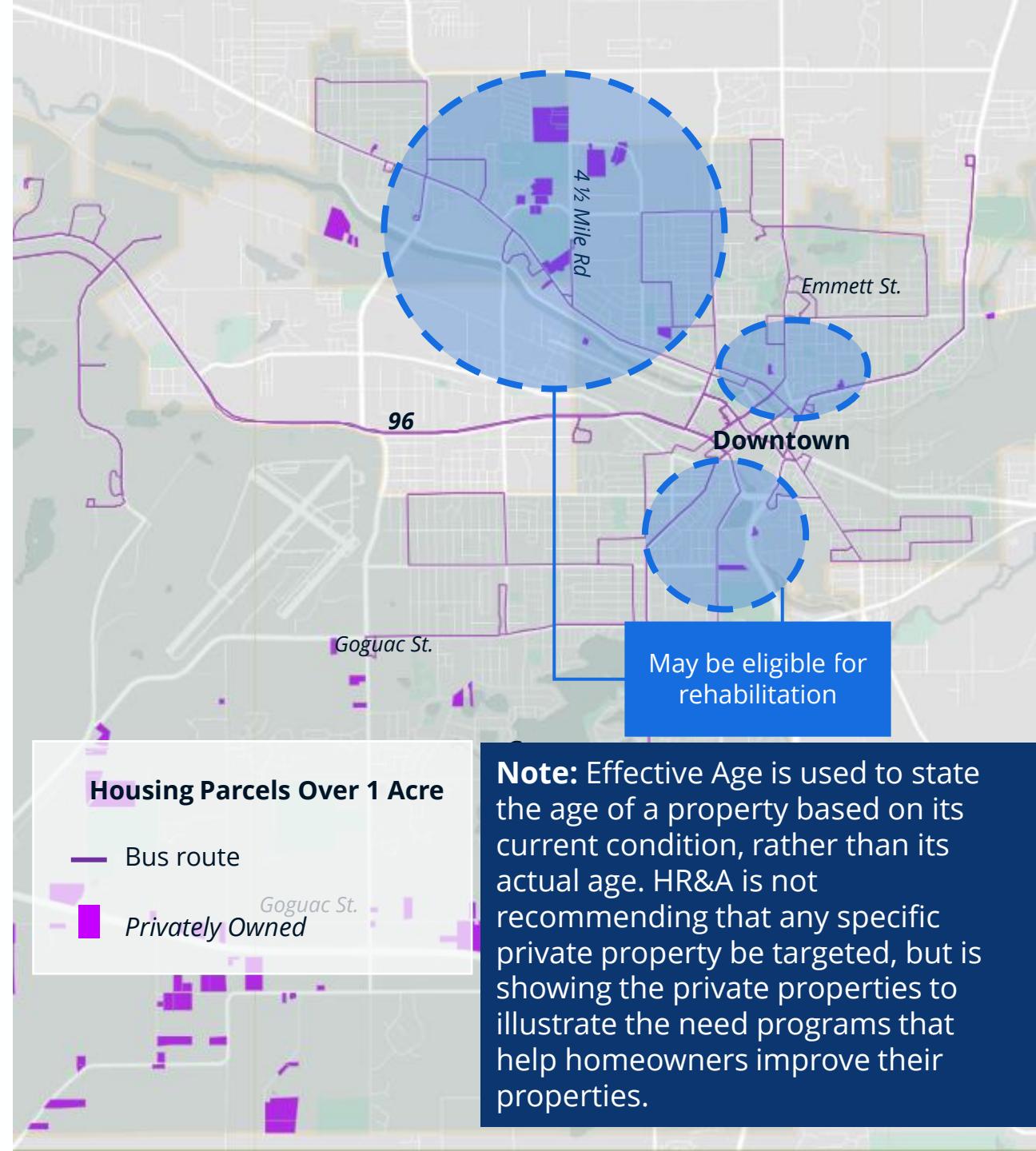
150

Privately owned parcels

29

Average effective age
of privately-owned
multi-family properties

Note: These parcels are privately owned and are occupied and over 1 acre and have an effective age over 30 years old.



SUMMARY OF SITES

Redevelopment of just the City-owned sites alone could almost satisfy the future housing demand need, but incentivizing privately-owned sites to be redeveloped will allow for increasing density in the Downtown and around amenities.

New Potential Unit Development

Owner	Single-family attached/ detached	Fourplex	Large-Site Apartment New Construction	Total
City of Battle Creek	190	1,080	1,500	2,770
Privately-owned	1,470	5,020	4,700	11,190
Total	1,660	6,100	6,200	13,960

Future Demand Gap

FOR-SALE HOUSING DEMAND

~1,540 Households

in the market to buy in Battle Creek at **\$238,000.**

RENTAL HOUSING DEMAND

2,800 Unit Deficit

For households **making over \$60,000.**

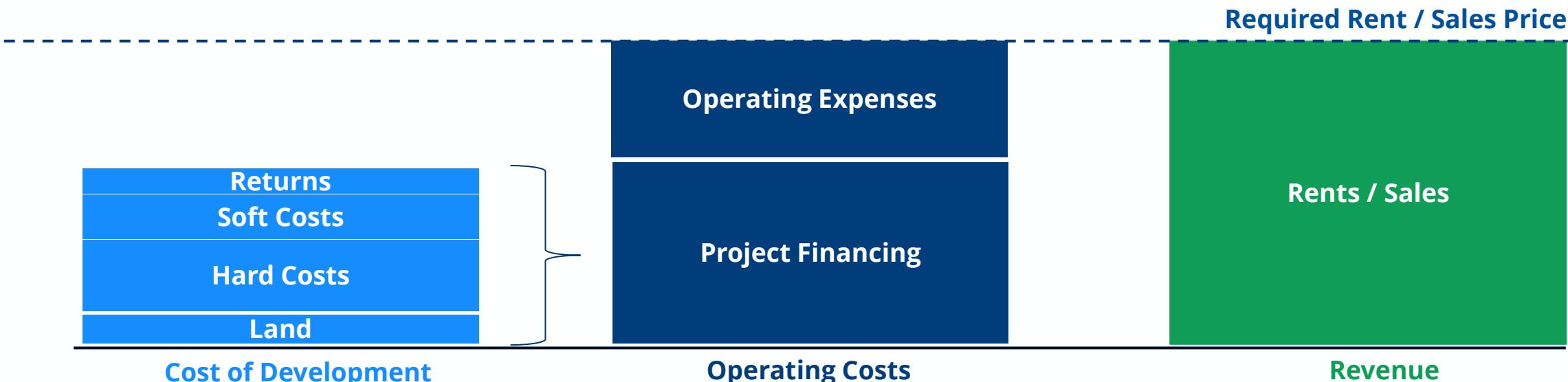
Upgrading the existing housing stock will also be an important component of meeting future demand and ensuring the existing housing stock does not become obsolete.

A high-angle aerial photograph of a small to medium-sized town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right, a red brick church with a tall steeple stands next to a parking lot. Further right, a large industrial complex with several buildings and parking lots is situated. The town is surrounded by a mix of green trees and open fields. The sky above is filled with scattered, white, puffy clouds.

Development Barriers and Opportunities

ECONOMICS OF HOUSING DEVELOPMENT

Housing developments are financially feasible when **revenues can support development and operating costs**; however, market conditions in Battle Creek have challenged housing development feasibility across many typologies.



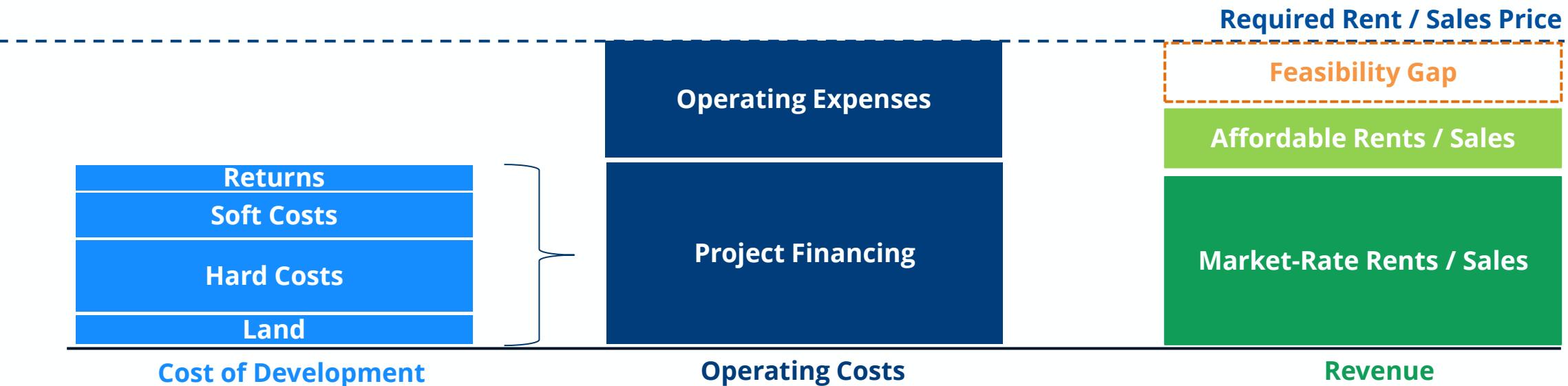
- **Construction costs** have reached historic highs, challenging development feasibility across all typologies.
- Infill development sites in Battle Creek may require environmental remediation, which could increase **site costs**.

- While **financing costs** have seen drastic increases, shifting risk tolerance may result in more required equity, leading to an overall higher cost of capital.
- **Operating expenses** for older, renovated buildings are likely to be higher than those of greenfield, new construction.

- **Market-rate rents and sales prices** in Battle Creek have historically been lower than those in surrounding communities, though both have seen an increase in recent years.

ECONOMICS OF HOUSING DEVELOPMENT

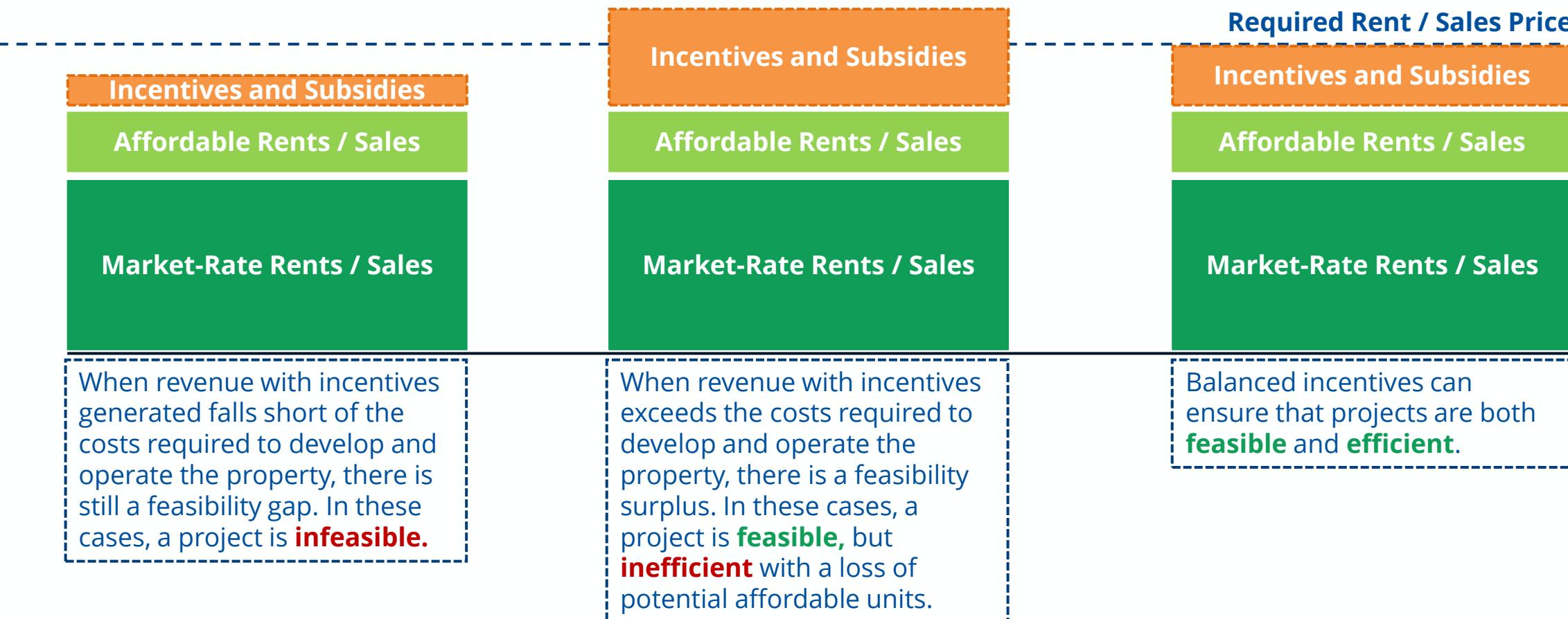
Incorporating affordable rents and sales prices decrease a project's revenue potential, resulting in a reduction in supportable development costs.



In the case of a feasibility gap, projects will not be able to obtain project financing.

FINANCIAL FEASIBILITY ANALYSIS

A financial feasibility analysis identifies potential financing gaps that may challenge housing development and evaluates the effectiveness of incentives that could be used to bridge these gaps for property owners and developers.



DEVELOPMENT TYPOLOGIES

Five development typologies that address the greatest areas of housing needs in Battle Creek were evaluated as part of the financial feasibility analysis.

**Single-Family
Attached/
Detached**



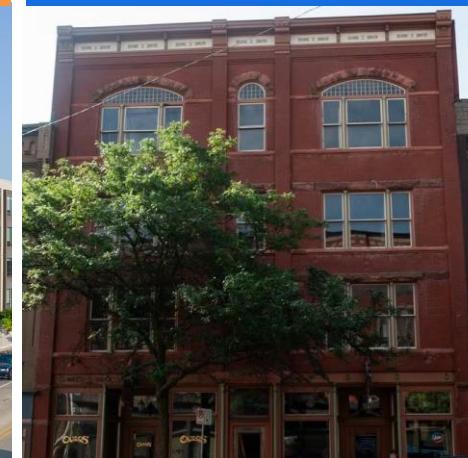
Fourplex



**Larger-Site
Apartment**



**Infill
Apartment**



**Single-Family
Detached**



New Construction

For-Sale

Rental

Rehab

For-Sale

DEVELOPMENT TYPOLOGIES

Development assumptions for each typology were sourced from local developers and national databases.

	Single-Family Attached/Detached For-Sale	Fourplex Rental	Large-Site Apartment Rental	Infill Apartment Rental	Single-Family Detached For-Sale
Units	2 units	4 units	75 units	25 units	1 unit
Lot Size (acres)	0.3 acres	0.3 acres	2.5 acres	1 acre	0.15 acres
Average Unit Size per Net SF	1,150 SF	1,100 SF	850 SF	900 SF	1,200 SF
Unit Mix	Studio: 0% 1 BD: 0% 2 BD: 25% 3 BD: 75%	Studio: 0% 1 BD: 0% 2 BD: 40% 3 BD: 60%	Studio: 30% 1 BD: 50% 2 BD: 20% 3 BD: 0%	Studio: 30% 1 BD: 50% 2 BD: 15% 3 BD: 5%	1 BD: 0% 2 BD: 25% 3 BD: 50% 4 BD: 25%
Total Construction Costs	\$250/Gross SF	\$325,000/Unit	\$200/Gross SF	\$285,000/Unit	\$310/Gross SF
Land/Property Acquisition Costs	\$1/SF		\$5/SF		\$10/SF
Parking Type	Surface		Surface		Surface
Parking Ratio	2.0x		1.0x		1.5x
Rent per SF_[1]	---		\$1.60/SF		\$2.15/SF
Sales Price per SF	\$150/SF		---		---
Cap Rate_[2]	---		7.0%		8.0%
Benchmark Yield on Cost_[2]	---		8.0%		9.0%
Benchmark Equity Multiple	2.0x		---		---

[1] The baseline model assumes market-rate development for all typologies.

[2] Cap rates and benchmark yield on cost derived from MEDC

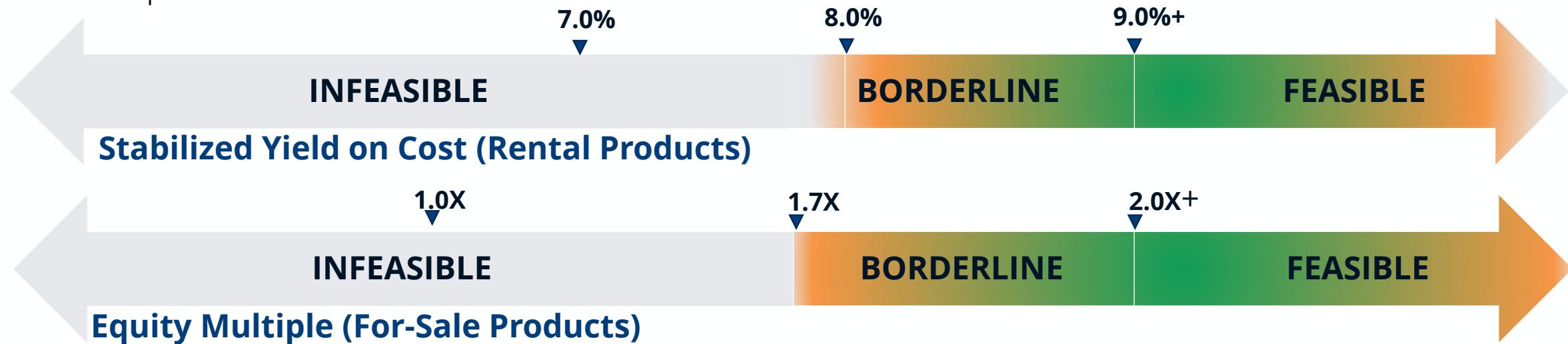
Sources: City of Battle Creek, CoStar, Developer Interviews, Michigan Department of Treasury, Michigan Economic Development Corporation, Redfin, Walker Parking Consultants, Zillow

EVALUATION CRITERIA

Financial feasibility analyses evaluate the financial performance of each development typology and affordability scenario.

Housing developers typically use two types of returns metrics to evaluate whether housing projects are feasible: yield on cost and equity multiple.

- **Yield on cost** is a measure of the income that a rental property will produce compared to the cost to build or rehabilitate the property. Developers in Battle Creek are typically looking for an 8 - 9% yield on cost for rental properties in recent years.
- **Equity multiple** is a measure of how much a developer could make, when they sell single-family detached or attached homes, compared to their cost to build or rehabilitate the homes. Developers in Battle Creek are typically looking for 2.0x equity multiple on for-sale.



[1] Benchmark yield on cost derived from MEDC evaluation criteria. Equity multiples derived from developer interviews.

GAP FINANCING ANALYSIS | BASELINE SCENARIO

The most prevalent housing development and rehabilitation typologies in Battle Creek require a combination of subsidies and/or incentives in order to be financially viable.



[1] Feasibility gap projections determined as of 2024; actual feasibility gap subject likely to change following publication of Battle Creek Housing Action Plan.

GAP FINANCING ANALYSIS | EXISTING LOCAL, STATE, AND FEDERAL SUBSIDIES AND INCENTIVES

To bridge housing development financing gaps, active developers have relied on local, state, and federal incentives and subsidies.

Level	Category	Programs
Local	Repairs & Rehabilitations	<ul style="list-style-type: none"> Minor Home Repair Program (City) Rental Rehab Program (City) Weatherization Assistance Program (City, CAASCM) Lead Safe Program (City, CAASCM) Lead Hazard Control Program (City, Neighborhoods Inc. of Battle Creek)
	Down Payment Assistance	<ul style="list-style-type: none"> BCPS Housing Incentive Program (City, Battle Creek Public Schools) Talent Retention, Attraction, and Inclusion Incentive (BCU)
	Homebuying Counseling and Support	<ul style="list-style-type: none"> Quiet Title Expedition Assistance (CCLBA)
	Developer Capacity Building	<ul style="list-style-type: none"> Calhoun Builders Connection Program (CCLBA, LISC, Home Builders Association of Western Michigan)
	Gap Financing	<ul style="list-style-type: none"> Tax Increment Financing (City)
State and Federal	Repairs & Rehabilitations	<ul style="list-style-type: none"> LIHTC (MSHDA and Federal Government) Community Revitalization Program (MEDC) Brownfield Redevelopment Program/TIF (MEDC) Revitalization and Placemaking Program (MEDC) MI-HOPE (MSHDA) Build Michigan Community Grants (MEDC)
	New Construction	<ul style="list-style-type: none"> LIHTC (MSHDA and Federal Government) Revitalization and Placemaking Program (MEDC) MSHDA Mod Program (MSHDA) Brownfield Redevelopment Program/TIF (MEDC)
	Tax Abatements	<ul style="list-style-type: none"> Neighborhood Enterprise Zone (MEDC) Obsolete Property Rehabilitation Exemption (MEDC)
	Pre-Development Support	<ul style="list-style-type: none"> Redevelopment Ready Sites (MEDC) Contractor Assistance Program (MSHDA)

[1] See Appendix A for a full list of local, state, and federal programs with program descriptions and target demographics.

GAP FINANCING ANALYSIS | SUBSIDIES AND INCENTIVES FOR EVALUATION

The study analyzed various local, state and federal incentive and subsidy programs that could bridge development feasibility gaps.

Eligible Incentives and Programs	Single-Family Att./ Det. New Construction	Fourplex New Construction	Large-Site Apartment New Construction	Infill Apartment Rehab	Single-Family Detached Rehab
Property Tax Abatement ^[1]			●	●	
Low Income Housing Tax Credit (LIHTC) ^[2]			●		
MSHDA MOD Program	●	●			
MI-HOPE					●
Community Revitalization Program			●	●	
Brownfield Redevelopment Program			●	●	
BUILD Michigan			●	●	

[1] TIF district; assumes 50% tax abatement for 15 years.

[2] Assumes 20% at 50% AMI.

GAP FINANCING ANALYSIS | LAYERING INCENTIVES

While all housing typologies in Battle Creek are still infeasible with available incentives, new construction 'missing-middle' typologies (single-family and fourplex) require smaller subsidies.

Single-Family Att./Det.	Fourplex	Larger-Site Apartment	Infill Apartment	Single-Family Detached
New Construction				Rehab
INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Market Rate \$225,000 - \$250,000 / unit gap	Market Rate \$200,000 - \$225,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap
INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Affordable 100% of units at 60% AMI \$25,000 - \$50,000 / unit gap	Affordable 100% of units at 60% AMI \$125,000 - \$150,000 / unit gap	Affordable 20% of units at 50% AMI \$175,000 - \$200,000 / unit gap	Affordable 20% of units at 60% AMI \$125,000 - \$150,000 / unit gap	Affordable 100% of units at 60% AMI \$250,000 - \$275,000 / unit gap

[1] Feasibility gap projections determined as of 2024; actual feasibility gap subject likely to change following publication of Battle Creek Housing Action Plan.

GAP FINANCING ANALYSIS | LAYERING INCENTIVES AND LOWER INTEREST RATES

Lower interest rates through a revolving loan fund or similar mechanism could decrease the development feasibility gap across typologies; however, all typologies would still be infeasible.

Single-Family Att./Det.	Fourplex	Larger-Site Apartment	Infill Apartment	Single-Family Detached
New Construction				Rehab
INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Market Rate \$225,000 - \$250,000 / unit gap	Market Rate \$200,000 - \$225,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap
INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Affordable 100% of units at 60% AMI \$25,000 - \$50,000 / unit gap	Affordable 100% of units at 60% AMI \$100,000 - \$125,000 / unit gap	Affordable 20% of units at 50% AMI \$175,000 - \$200,000 / unit gap	Affordable 20% of units at 60% AMI \$125,000 - \$150,000 / unit gap	Affordable 100% of units at 60% AMI \$225,000 - \$250,000 / unit gap

[1] Feasibility gap projections determined as of 2024; actual feasibility gap subject likely to change following publication of Battle Creek Housing Action Plan.

[2] Interest rates reduced to 4% for scenario analysis, compared to baseline assumption 6% for permanent loan and 7% for construction loan.

GAP FINANCING ANALYSIS | LAYERING INCENTIVES AND CONTRIBUTED LAND

Combining existing incentives and developing housing on publicly-owned land at no cost to the developer could make new construction single-family housing typologies financially feasible.

Single-Family Att./Det.	Fourplex	Larger-Site Apartment	Infill Apartment	Single-Family Detached
New Construction				Rehab
INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Market Rate \$225,000 - \$250,000 / unit gap	Market Rate \$200,000 - \$225,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap	Market Rate \$250,000 - \$275,000 / unit gap
NO INCENTIVES				
BORDERLINE	INFEASIBLE	INFEASIBLE	INFEASIBLE	INFEASIBLE
Affordable 100% of units at 60% AMI	Affordable 100% of units at 60% AMI \$100,000 - \$125,000 / unit gap	Affordable 20% of units at 50% AMI \$175,000 - \$200,000 / unit gap	Affordable 20% of units at 60% AMI \$100,000 - \$125,000 / unit gap	Affordable 100% of units at 60% AMI \$175,000 - \$200,000 / unit gap
WITH EXISTING INCENTIVES				

[1] Feasibility gap projections determined as of 2024; actual feasibility gap subject likely to change following publication of Battle Creek Housing Action Plan.

GAP FINANCING ANALYSIS | CONCLUSIONS

Battle Creek will need to provide local sources of gap financing and development incentives in order to develop priority housing typologies.

STATE AND FEDERAL FUNDING SOURCES

- While state and federal funding incentives and subsidies are available to support housing development, additional resources are needed in order to bridge the financing gap.
- In addition to property tax abatements, Battle Creek and its partners will need to contribute additional local incentives and/or subsidies.

LINGERING LOCAL CHALLENGES

- Rising development costs and interest rates have challenged housing development across all typologies in Battle Creek.
- Market-achievable rents and sales prices in Battle Creek cannot support new construction and rehabilitation housing projects without additional incentives.

BATTLE CREEK OPPORTUNITIES

- Publicly-owned sites in Battle Creek could be leveraged (donated or sold below market-rate prices) to increase single-family and “missing-middle” housing development.
- Battle Creek and its partners are already pursuing strategies to increase developer capacity and increase missing-middle housing through land use changes and can continue to capitalize on this momentum through additional programs.



04

Housing Gaps

HOUSING GAPS IN BATTLE CREEK

Housing stakeholders in Battle Creek indicated that housing development barriers, capacity constraints, and program misalignments are the city's greatest housing challenges.

Housing gaps in Battle Creek were identified through stakeholder interviews with housing developers, housing service providers, government officials, and community development financing institutions (CDFIs). Stakeholder insights to housing gaps in Battle Creek were also supplemented by the findings from the development site opportunities and financial gap analyses.

Development Barriers



Existing housing market trends, such as lower achievable market rents and home prices in Battle Creek, challenge the real estate economics for housing development in Battle Creek. Ongoing development trends, such as rising construction costs and interest rates, are exacerbating feasibility challenges for housing in Battle Creek.

Capacity Constraints



There are numerous players in the Battle Creek housing ecosystem who are advancing the community's housing needs. However, housing service providers and developers have noted that a lack of high-capacity organizations in the market and strained local resources have limited the ability of the City and providers to sustain or expand existing housing programs and services.

Program Misalignments



Though there are numerous local, state, and federal programs that could be utilized to increase housing development feasibility, these programs do not fully address the housing needs of Battle Creek. Furthermore, developers and housing service providers have indicated that they face ongoing challenges with accessing state and federal resources.

DEVELOPMENT BARRIERS

Stakeholders indicated that rising development costs, navigating development processes, and limited capacity from housing partners are the city's greatest housing barriers.

As with many communities across the county, rising development costs and interest rates have challenged housing development and homebuying opportunities, especially since the onset of COVID-19. These challenges, along with the lower market rates and sales prices in Battle Creek compared to other regional communities, have rendered many projects infeasible without substantial public assistance.

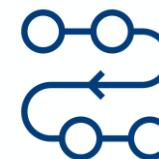
Stakeholders have praised City staff for being engaging partners in promoting housing development and services. However, stakeholders highlighted the need to align the City's zoning requirements in single-family residential districts with "missing-middle" housing typology standards. Furthermore, process improvements to streamline approvals and outreach to vulnerable populations were also noted as potential growth areas for the City to pursue.

HOUSING DEVELOPMENT BARRIERS



Development Costs

- Rising construction materials costs
- Growing interest rates
- Lack of skilled labor



Development Processes

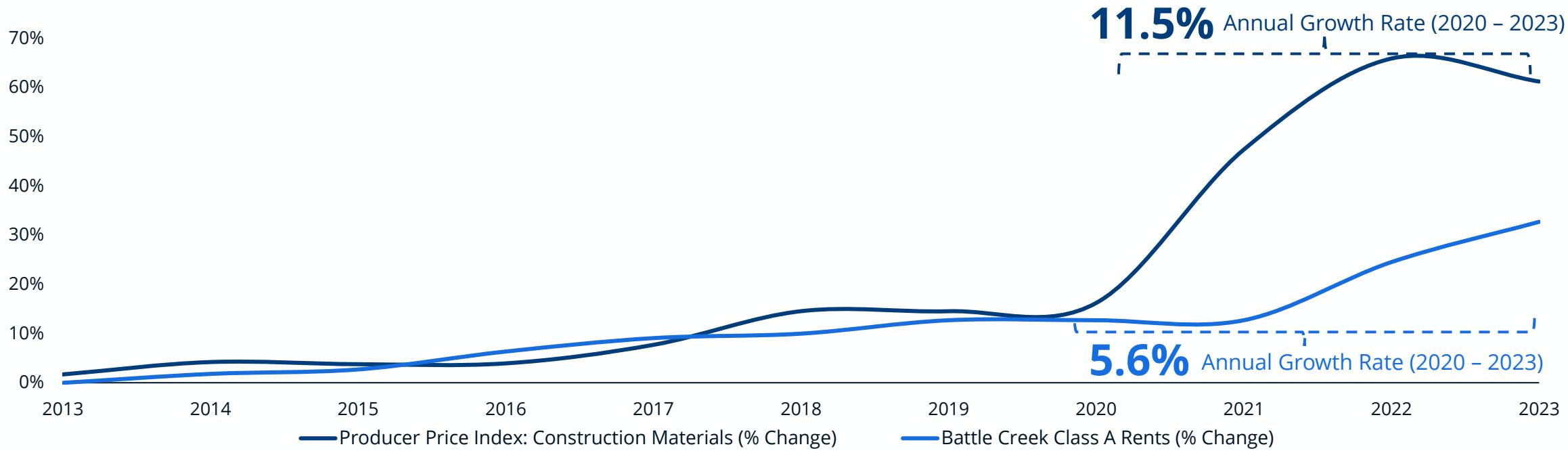
- Incompatible zoning regulations and preferred housing typologies
- Limited staffing capacity
- Desire from community to expand public engagement

DEVELOPMENT BARRIERS | CONSTRUCTION COSTS

Rent growth in Battle Creek has not kept pace with rising construction costs since 2020, further exacerbating development feasibility challenges.

While Class-A multifamily rents in Battle Creek have seen an uptick in the past two years, this growth has trailed that of construction materials prices. This lag in growth, combined with less than competitive market rents in the Battle Creek compared to neighboring markets, have further challenged development feasibility for multifamily housing typologies.

Annual Growth in Battle Creek Class A Multifamily Rents and Construction Materials 2013 - 2023



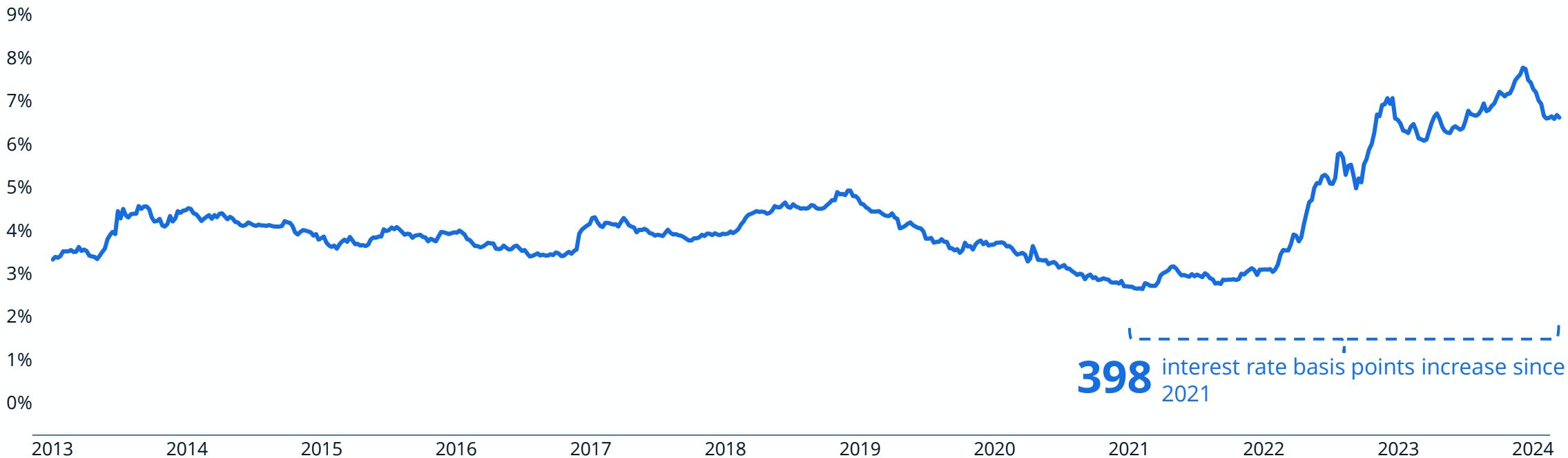
Source: Bureau of Labor Statistics, CoStar

DEVELOPMENT BARRIERS | INTEREST RATES

The recent surge in interest rates has also challenged the ability of developers and prospective homebuyers from acquiring the financing needed to build and obtain housing.

Since 2021, interest rates have increased by nearly 400 basis points. This sudden increase has resulted in higher monthly mortgage payments, pricing out many prospective homebuyers from obtaining housing. Additionally, rising interest rates on construction loans have also dissuaded housing developers from pursuing projects.

Annual 30-Year Fixed Mortgage Interest Rates 2013 - 2023



Source: Freddie Mac

DEVELOPMENT BARRIERS | DEVELOPMENT PROCESSES

While local developers and housing service providers noted that the City has been a proactive housing partner, they identified capacity and process challenges that continue to challenge housing development and programs.

Zoning and Permitting

Single-Family Zoning

- Developers and stakeholders identified misalignments with typical infill development typologies and zoning allowances for moderate-density single-family districts.

Streamlining Processes

- Developers noted that the City could draw from regional and statewide precedents of streamlining permitting processes for projects with affordable housing.

Staffing Capacity

Increase City Staffing

- Housing service providers have noted that limited City staffing and administrative support has prevented the City from expanding its existing programming.
- Additional staffing could also guide lower-capacity developers through permitting and entitlements processes, increasing small-scale, infill housing development.

Public Engagement

Outreach to ESL Residents

- Select stakeholders noted that additional outreach efforts, especially with translating application materials and information collateral, could increase connections between service providers and targeted communities.

CAPACITY CONSTRAINTS | BATTLE CREEK'S HOUSING ECOSYSTEM

A healthy housing ecosystem consists of multiple entities who play distinct roles in producing housing and providing services.



Government agencies, developers, landowners, community development finance initiatives (CDFIs), lenders, philanthropic organization, community-based organizations, and service providers currently make up Battle Creek and Calhoun County's housing ecosystem. Each entity plays a distinct roles in addressing housing needs within the region.

- **Government agencies** create the regulatory environment for households, landowners, and developers to make decisions, disseminate information, and dedicate funding for affordable housing.
- **Developers and owners** produce, maintain, and operate housing in response to market conditions. . These can include for-profit or nonprofit entities, or individual actors (homeowners).
- **Funders and investors** provide debt, equity, and credit enhancements to enable developers and owners to make investments, in exchange for financial return.
- **Advocates and service providers** provide services, advocacy, and other support to advance local housing priorities and keep residents in their homes.

CAPACITY CONSTRAINTS | GAPS IN HOUSING ECOSYSTEM

Limited partner capacity has hindered the City's ability to sustain and expand its housing programs, as well as attract private investment and access state and federal funding.

Local Partners

- Housing service providers and developer stakeholders cite capacity issues (e.g., lack of funding, limited staffing) as the greatest challenges they face in administering housing programs.
- Service providers, advocates, and other non-profits rely heavily on public funding to sustain their operations.
- There are few "high performing social" enterprises that rely less on grants for operating support.

Regional Collaborations

- Regional organizations such as the Calhoun County Land Bank and Neighborhoods, Inc. of Battle Creek have expanded their service offerings and geographies.
- However, these organizations, and others, have noted straining capacity as a barrier to the continue the programs.
- There could be opportunities to engage housing service providers beyond the region to collaborate on expanding services into Battle Creek.

Private and Philanthropic Funds

- Existing philanthropic organizations such as the Kellogg Foundation and the Battle Creek Community Foundation have funded pilot programs and other one-off initiatives for housing in Battle Creek.
- Nearby communities such as Kalamazoo and Grand Rapids have relied on consistent, philanthropic contributions to supplement local funding sources (i.e., housing millages) and provide long-term funding for affordable housing.

CAPACITY CONSTRAINTS | EMERGING DEVELOPERS

Emerging developers can increase the city's quality housing supply through infill development, but often lack resources and training needed to complete these projects.

Battle Creek has experienced an increase in non-traditional or “emerging” developers seeking to develop housing but who have limited training or resources to navigate entitlements processes and access funding. Emerging developers often have a unique perspective on specific housing needs in a target area or represent the community where development projects are occurring.

Local development partners across Battle Creek have noted that these emerging developers not only bolster the city's economy and support the city's growing housing needs, but also promote equitable development by providing opportunities to developers from marginalized communities. Programs such as the Calhoun Builders Connection Program and collaborative efforts such as Edison Community Partners have provided opportunities to increase emerging developer capacity, though many still face significant hurdles with completing development projects.

Access to Capital

- Emerging developers often lack the access to early capital and investments from ‘friends and family’ to cover pre-development and acquisition costs while driving down capital costs.

Technical Knowledge

- Accessing gap financing for housing projects often requires expertise on navigating onerous state and federal processes.
- Emerging developers may also lack the professional networks for contacts for control and due diligence for a site.

Experience

- A lack of experience not only increases development timelines for projects, but perceptions of inexperience can also challenge an emerging developer's ability to secure funding needed to complete projects.

PROGRAM MISALIGNMENT | ACCESS TO STATE AND FEDERAL FUNDING

Battle Creek and its partners have recently elevated challenges with accessing state and federal funding to state agencies

Both emerging and established developers have expressed challenges with accessing state and federal funding for housing development gap financing. Over the past year, Battle Creek and its partners have met with the Michigan State Housing Development Authority (MSHDA) and Michigan Economic Development Corporation (MEDC) to identify ways to increase Battle Creek's competitiveness for state and federal allocations, as well as identify programmatic opportunities from the State which Battle Creek and its partners could pursue for housing development gap financing.

BATTLE CREEK'S COMPETITIVE POSITION

- Battle Creek competes with other urban Michigan communities (e.g., Grand Rapids, Kalamazoo, Ann Arbor) for federal funding allocations, including LIHTC.
- The city's suburban character and limited transit capacity have disadvantaged it from certain scoring criteria for LIHTC and other federal funding programs.
- Median household incomes and rents in Calhoun County exceed that of Battle Creek. Since communities are scored based on countywide metrics, Battle Creek projects are often less competitive for state and federal funding.

STATE OF MICHIGAN PROGRAMS

- State programs funded by federal funding sources, including ARPA, have little to no remaining funding available.
- The state also prioritizes providing funding for communities who did not receive funding in the prior allocation period. While this may benefit Battle Creek projects in the near-term, future projects may be placed at a disadvantage from receiving state and federal funding.

PROGRAM MISALIGNMENT | GAPS IN EXISTING PROGRAMMING

Ongoing gaps in local, state, and federal programming include incompatible zoning regulations, limits to funding for downpayment assistance and rehabs, and additional gap financing needed to offset rising development costs.

Housing Typologies	Existing Housing Programs	Ongoing Housing Gaps
Single-Family Attached/ Detached New Construction	<ul style="list-style-type: none"> Down payment assistance programs (BCPS and BCU) to attract new Battle Creek residents Construction grants and loans from MMHP, MSHDA MOD programs 	<ul style="list-style-type: none"> Zoning regulations are incompatible with infill single-family housing requirements. Additional gap financing is needed for new construction “missing-middle” housing to be feasible. No down-payment assistance programs for existing Battle Creek residents seeking first-time homeownership. Neighborhoods surrounding the downtown area have begun to face development and displacement pressures.
Fourplex New Construction	<ul style="list-style-type: none"> Construction grants and loans from MMHP, MSHDA MOD programs 	<ul style="list-style-type: none"> Zoning regulations are incompatible with “missing-middle” housing requirements Additional gap financing is needed for “missing-middle” housing to be feasible.
Large-Site Apartment New Construction	<ul style="list-style-type: none"> Tax credit programs, such as LIHTC Tax abatement programs, such as NEZ, Brownfields programs Public-private partnerships to contribute public land towards affordable housing development 	<ul style="list-style-type: none"> Additional gap financing is needed for market rate and affordable housing to be feasible. Few developers in the Battle Creek market have the capacity to develop affordable housing.
Infill Apartment Rehab	<ul style="list-style-type: none"> Public-private partnerships to contribute public land towards affordable housing development Tax abatement programs, such as NEZ, Brownfields programs 	<ul style="list-style-type: none"> Additional gap financing is needed for market rate and affordable housing to be feasible. Few developers in the Battle Creek market have the capacity to develop affordable housing.
Single-Family Detached Rehab	<ul style="list-style-type: none"> Down payment assistance programs (BCPS and BCU) to attract new Battle Creek residents Local programs for small-scale homeowner repairs and upgrades Kellogg Foundation and BCCF funding to support infill housing development in Washington Heights neighborhood. 	<ul style="list-style-type: none"> Additional gap financing is needed for significant rehabilitations and renovations to be feasible. Funding for housing rehabilitation programs are only available to existing homeowners. No down-payment assistance programs for existing Battle Creek residents seeking first-time homeownership. Neighborhoods surrounding the downtown area have begun to face development and displacement pressures.

05

Recommendations

A high-angle aerial photograph of a town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a red brick church with a tall steeple. Further right is a large, modern-looking building with a red roof. The town is surrounded by green trees and fields. The sky above is filled with white and grey clouds.

Priority Programs

PRIORITY PROGRAMS

Affordable housing tools that Battle Creek should prioritize fall into two main categories: land use & regulatory tools and development feasibility tools.

Each type of tool has its limitations; a comprehensive approach to affordable housing must balance these limitations by addressing and including a combination of tools.

Land Use & Regulatory Tools

Land use and regulatory tools shape where housing is located, what housing looks like, and how much housing is built, but it will not meet the needs of the lowest-income households.

Land use tools can reduce displacement, increase housing supply, stabilize housing costs, and redress racial segregation.

Development Feasibility Tools

Development feasibility tools close the gap between what a household can afford and the cost to develop and operate housing.

These tools can be costly but is necessary to make the development and preservation of homes affordable to lower-income households feasible.

PRIORITY PROGRAM RECOMMENDATIONS

Regulatory tools are low-cost strategies that can increase housing supply and promote housing diversity while streamlining development timelines and reducing costs.

In 2020, the City of Battle Creek completed an overhaul of its existing zoning code to address inconsistencies within the ordinance, clarify approval processes, and accommodate modern development typologies and business uses. The City and its partners are continuing to update its zoning code and other development and entitlements processes, such as the City's vacant lot sales policy. Additionally, the Calhoun County Land Bank Authority and LISC are currently working with the City to develop pre-approved development plans for single-family and "missing-middle" housing typologies. These entities are currently reviewing draft development plans and the city's zoning code to ensure conformity.

The City and its partners should continue to build off the momentum of amending its land use and regulatory processes to address its housing needs through supporting the by-right development of infill housing typologies and adopting pre-approved development plans.



Land Use & Regulatory Tools

1. Update the City's existing zoning code to support infill housing typologies

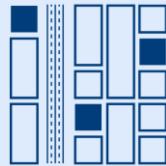
A low-cost strategy to increase the supply of quality housing options and housing diversity includes updating the City's zoning code to promote infill single-family housing typologies

2. Adopt pre-approved development plans

Pre-approved development plans can streamline permitting and entitlement processes and reduce development costs while preserving a neighborhood's existing character.

LAND USE & REGULATORY TOOLS | ZONING CODE UPDATES

Revising the City's existing zoning code for single-family residential districts to allow for infill "missing-middle" housing typologies could increase Battle Creek's supply of higher-quality homes.



Recommendation: Update the City's existing zoning code to support infill housing typologies

Challenge: The City's current zoning code for certain single-family districts limits the (re)development of denser infill single-family housing typologies.

Opportunities:

- Increase by-right development for missing-middle housing typologies, including townhomes, duplex, and fourplex housing options in key infill areas.
- Promote accessory dwelling units (ADUs) development in single-family zoning districts surrounding the City's downtown core.

Targets:

- Single-family detached, townhomes, multiplexes, and other "missing-middle" housing typologies.
- R-1B zoning districts surrounding the City's downtown core.

Housing Typologies Addressed:

- Single-Family Attached / Detached Housing (New Construction)
- Single-Family Detached Housing (Rehab)

LAND USE & REGULATORY TOOLS | PRE-APPROVED DEVELOPMENT PLANS

Battle Creek and its partners can build from regional and statewide efforts to utilize pre-approved development plans to reduce development costs and timelines for infill housing development.



Recommendation: Adopt pre-approved development plans

Challenge: Permitting and entitlement processes can increase housing development timelines and costs, posing barriers for smaller-scale developers.

Opportunities:

- Reduce development costs for infill housing developers.
- Expedite permitting and entitlements processes.
- Promote “missing-middle” housing options and diversify city’s housing stock.

Targets:

- Single-family detached, townhomes, multiplexes, and other “missing-middle” housing typologies.

Housing Typologies Addressed:

- Single-Family Attached / Detached Housing (New Construction)
- Fourplex (New Construction)

LAND USE & REGULATORY TOOLS | PRE-APPROVED DEVELOPMENT PLANS IN OTHER COMMUNITIES

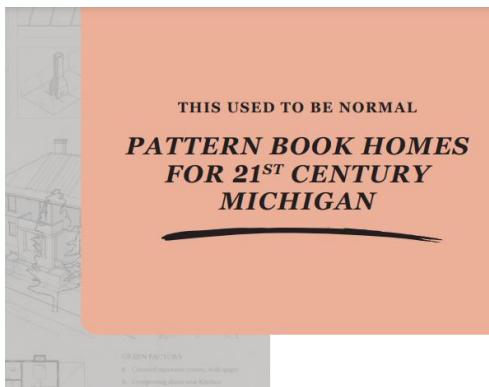
Communities across the country, including Kalamazoo, have recently implemented pre-approved development plans and catalogs for developers to use to develop infill single-family homes.

REGIONAL PRECEDENTS



Kalamazoo, MI (2022)

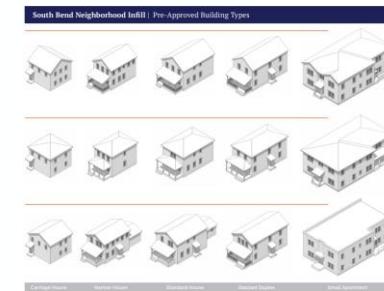
Partners: City of Kalamazoo, LISC, Kalamazoo Neighborhood Housing Services, Kalamazoo Foundation for Excellence, Homebuilders Association of Southwestern Michigan



State of Michigan (2022)

Partners: Michigan Municipal League, Michigan Economic Development Corporation, East Arbor Architecture, Piper & Gold

NATIONWIDE PRECEDENTS



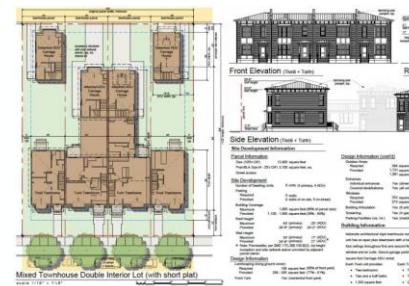
South Bend, IN (2022)

Partners: City of South Bend, University of Notre Dame Center for Civic Innovation, Fitzgerald Institute for Real Estate, Build South Bend



Groveland, FL (2023)

Partners: City of Groveland, Geoffrey Mouen Architects



Spokane, WA (In progress)

Partners: City of Spokane, Liberty Housing Plans

DEVELOPMENT FEASIBILITY TOOLS

Development feasibility tools provide gap financing grants, loans, or subsidies to reduce development costs and increase homeownership access.

The City and its partners should establish local sources and mechanisms of funding to supplement state and federal funding. Local funds should then be deployed to create or scale up programs that address its most pressing housing needs.



Development Feasibility Tools

Sources

• Establish a Housing Trust Fund

- A locally dedicated pool of funding, usually public, that is dedicated to addressing housing issues.
- Requires a combination of one-time start up funding and ongoing funding sources.

• Create a Revolving Loan Fund

- Dedicated pool of capital used to develop, acquire, or rehabilitate existing naturally-occurring and new subsidized affordable housing to preserve affordability
- Provides low-cost permanent financing in exchange for maintaining affordable rents.

Uses

1. Establish an emerging developer fund

- Seed funding for non-traditional developers to increase capacity.

2. Expand existing single-family rehabilitation & repair programs

- Small-scale repairs for existing homeowners
- Dedicate grants for rehabilitations for developers and speculative homeowners

3. Expand and refine down payment assistance programs

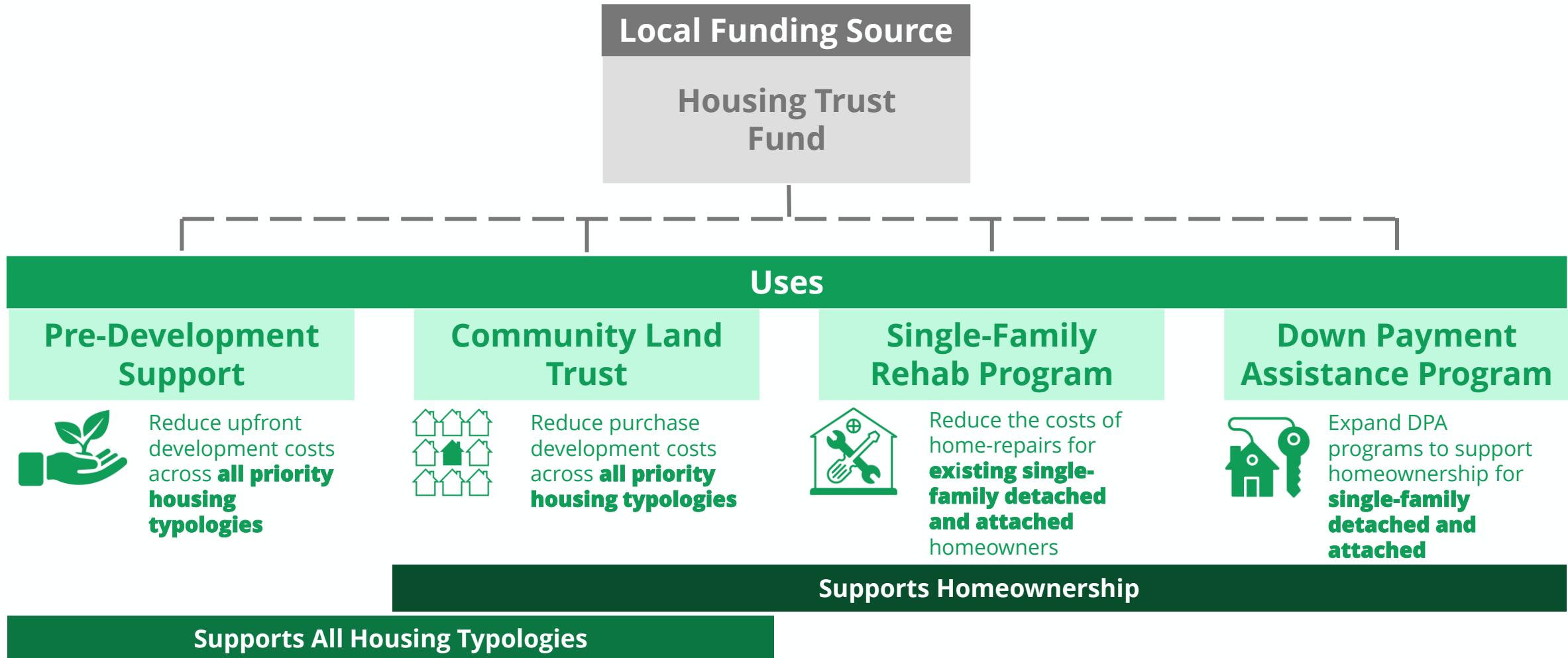
- Scale-up existing DPA programs to geographically expand homeownership access.

4. Create a community land trust

- Neighborhood-targeted community land trust to increase homeownership opportunities for lower-income households

DEVELOPMENT FEASIBILITY TOOLS

A reliable local funding source should be established to provide long-term support for development feasibility tools and supplement state and federal programs



DEVELOPMENT FEASIBILITY TOOLS | HOUSING TRUST FUNDS

Locally-funded and controlled housing trust funds (HTFs) are the primary way for local governments to financially support housing development in their communities.

As Federal funding for housing programs has declined nationally, and the need for affordable and stable housing has grown, HTFs have expanded to help address growing housing insecurity.

Locally-funded and controlled HTFs can help replace lost federal funding and can help flexibly meet a range of local housing needs.

Local funding sources for a housing trust fund can present challenges:

- **Sustaining the funding sources requires long-term commitment and dedicated funding.** The size of funding and availability of dedicated, ongoing funding sources as local political priorities shift are key to the long-term sustainability and impact of an HTF. There are numerous examples of HTFs being established without a dedicated funding source and disappearing after a few years – Dallas, Atlanta, and Tucson to name a few.
- **Raising funds requires either (i) reallocating existing public funding, (ii) raising taxes and fees or (iii) identifying alternative external funding sources.** Cities across the country, including Seattle, Charlotte, Portland, and Raleigh, use voter-approved bonds or “penny tax” increases to fund housing investments.

Municipality	Detroit	Grand Rapids	Oakland County	Kalamazoo County	Ann Arbor
Population (2022)	620,376	198,796	1,269,431	261,173	119,875
HTF Allocation	\$4.7 million	\$1.1 million	\$12 million	\$6.7 million	\$6.6 million
HTF Allocation per Capita	\$7.52	\$5.53	\$9.45	\$25.65	\$55.06
HTF Funding Source(s)	<ul style="list-style-type: none">• General fund• City land sale proceeds• In-lieu fees	<ul style="list-style-type: none">• \$850k in seed funding from Grand Rapids Community Foundation• City land sale proceeds• PILOTs	<ul style="list-style-type: none">• General fund• ARPA funding• HOME funding	<ul style="list-style-type: none">• Housing millage property tax	<ul style="list-style-type: none">• General fund• City land sale proceeds• PILOTs• Developer fees

DEVELOPMENT FEASIBILITY TOOLS | HOUSING TRUST FUNDS

A housing trust fund will require a combination of one-time start-up and ongoing funding sources.

Short Term (Seed Funding)

Use seed funding to demonstrate the importance of the HTF and build political support for permanent funding sources.

Establishing an HTF requires approval from elected government bodies (e.g., city, county, state levels) to allocate public revenues towards affordable housing.

Long Term (Permanent Funding)

As the impact of the HTF is demonstrated, the City and HTF Board can seek voter-approved funds or new partnerships.

Creating a Board or other governance structure that involves many types of stakeholders – community groups, housing program participants, philanthropy, etc. – is key to building the long-term support necessary to sustain and expand funding. Clear and compelling reporting on the impact of the HTF to the community and stakeholders will also help build support for increased revenue.

DEVELOPMENT FEASIBILITY TOOLS | HOUSING TRUST FUNDS

A housing trust fund can be financially supported through numerous seed or permanent funding revenue sources.

Sample Revenue Source	Function	Typical Revenue Potential	Funding Type
Local General Obligation Bond_[1]	Bonds approved to fund affordable housing	High, depending on local bonding capacity	Seed
Sale of Government Property	Land sale proceeds that could be used for housing	One-time revenue source	Seed
Private Contributions	Private philanthropic funding to support housing	Depends on local business and philanthropic contributions	Seed
Real Estate Transfer Tax_[1]	Tax based on assessed value at time of real estate transfer	Typically between \$0.10 to \$0.70 per \$100 of market value	Permanent
Document Recording Fee_[1]	Fee assessed when documents are recorded with official bodies	\$5 to \$100 per transaction, depending on number of transactions	Permanent
Property Tax Levy_[1]	Additional property tax dedicated to housing	High, dependent on assessed value and amount collected per \$100 of assessed value	Permanent
Hotel Occupancy Tax_[1]	Tax on percentage of hotel receipts	Ranges, up to 15% of hotel receipts	Permanent
Commercial/Residential Linkage Fee	Fee assessed on new development	Depends on local development activity	Permanent
General Fund Contribution	Contributions in annual budgeting process	Depends on other local priorities	Permanent
Interest on Government Accounts	Interest on real estate escrow, title insurance, etc. and tenant security deposits	Depends on interest rates and amount invested	Permanent
TIF	Dedicate a portion of existing or future TIF to housing.	Requires closeout funds or incremental tax revenues above and beyond infrastructure improvements	Permanent

[1] Any local tax increases or new taxes requires voter approval, as per Headlee Amendment

DEVELOPMENT FEASIBILITY TOOLS | REVOLVING LOAN FUND

Revolving loan funds can create a consistent source of 'quick strike' financing to acquire land or buildings and source of long-term, low-cost capital to finance the preservation of affordable homes.

Strike Fund

A short-term loan (2 to 4) years is made to a developer to purchase a piece of land or existing building.

The developer prepares the property for development or refinance

The property is developed or refinanced, and permanent funding is committed. In most cases, the City will need to provide permanent financing in the form of a grant or cash flow loan.



Preservation Loan Fund

A long-term (20+ year) loan is made to acquire and rehabilitate as appropriate.

The affordability of the rental homes is preserved and payments are made on the loan

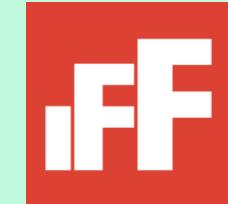
At the end of the loan term (20+ years) the loan is repaid or rolled over.

DEVELOPMENT FEASIBILITY TOOLS | EXAMPLES OF REVOLVING LOAN FUNDS

Communities within the region and nationally have recently adopted the use of revolving loan funds as replenishable financing mechanisms to support affordable housing initiatives.

Kent County Affordable Housing Loan Fund (2023)

- **Lender/Administrator:** IFF
- **Funding:** \$58.3 million
 - Kent County: \$17.5 million (from ARPA)
 - IFF: \$40.8 million (2.33 to 1 match)
- **Priorities:** Affordable homeownership units, development gap financing



Richmond Affordable Housing Loan Fund (2023)

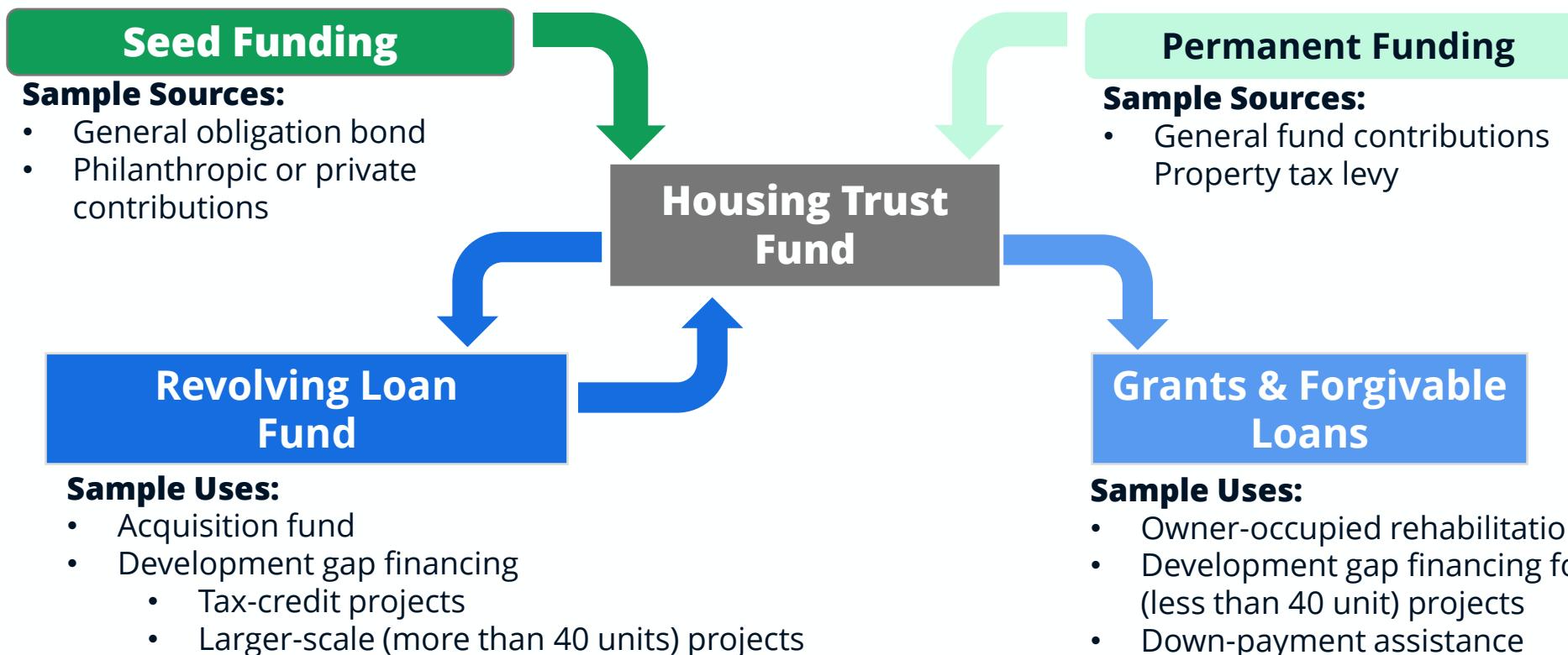
- **Lender:** LISC Virginia
- **Administrator:** Richmond Housing and Community Development
- **Funding:** \$100 million
 - City of Richmond: \$50 million (\$10 million in annual General Fund allocations over 5 years)
 - LISC: \$50 million (1 to 1 match)
- **Priorities:** Emerging developer training, homebuyer counseling, development gap financing



DEVELOPMENT FEASIBILITY TOOLS | INTERACTION OF HOUSING TRUST FUND AND REVOLVING LOAN FUND

Housing trust fund proceeds could be allocated towards capitalizing a 'strike fund' and supporting smaller-scale programs through grants and forgivable loans.

The revolving loan fund should be seen as a financing mechanism to deploy funds from the housing trust fund to either acquire properties and housing or provide development gap financing for larger-scale projects and/or tax credit projects. Remaining funds from the housing trust fund can then be dedicated towards providing grants and forgivable loans to smaller-scale projects or other housing programs and initiatives.



DEVELOPMENT FEASIBILITY TOOLS | ESTABLISH AN EMERGING DEVELOPER FUND

Seed funding for non-traditional developers, coupled with existing partnerships to bolster developer capacity, can increase infill development activity in Battle Creek.



Recommendation: Provide seed funding for emerging developers to increase capacity.

Challenge: Non-traditional and new (emerging) developers have limited capital and resources to effectively (re)develop housing in Battle Creek.

Opportunities:

- Offsets disparities in access to personal and “friends and family” funding for non-traditional developers.
- Provides access to capital early in the development stages to ensure non-traditional developers have “foot in the door” .
- Seed funding could cover entitlement costs, land acquisition/site control, environmental remediation costs, architect’s fee and other consultant costs.

Targets:

- Prioritization for developers who identify as BIPOC, women, veterans, or come from other marginalized communities.

Housing Typologies Addressed:

- Single-Family Attached / Detached Housing (New Construction)
- Fourplex (New Construction)
- Infill Apartment (Rehab)
- Single-Family Detached Housing (Rehab)

DEVELOPMENT FEASIBILITY TOOLS | EXPAND EXISTING SINGLE-FAMILY REHABILITATION & REPAIR PROGRAMS

The City and its partners have several programs for small-scale owner repairs but should also provide programming for larger-scale rehabilitations to increase the city's stock of quality homes.



Recommendation: Supplement existing local homeowner repair programs with funding dedicated to larger-scale rehabilitations.

Challenge: Much of the City's existing housing stock is aging and requires significant rehabilitation and renovations. As construction costs continue to rise, many of these properties may fall into obsolescence.

Opportunities:

- Supplement CDBG funding with local funding to rehabilitate both rental and for-sale properties.
- Rehabilitate homes that 'but-for' the resources provided would remain vacant or dilapidated.
- Partner emerging developers with high-quality contractors

Targets:

- Developers, primarily those who are emerging or have lower capacity
- Investors

Housing Typologies Addressed:

- Single-Family Detached Housing (Rehab)

DEVELOPMENT FEASIBILITY TOOLS | SCALE-UP DOWN PAYMENT ASSISTANCE PROGRAMMING

Expanding down payment assistance program and funding can increase homeownership for existing Battle Creek residents.

Recommendation: Scale-up down payment assistance programming.

Challenge: Existing down payment assistance programs in the city are currently limited to BCPS employees or select employers through BCU's TRAIN program.

Opportunities:

- Increase homeownership opportunities for existing Battle Creek residents while attracting new residents into Battle Creek (e.g., prospective City of Battle Creek and Calhoun County employees).
- Expand existing homebuyer counseling programs and services to support prospective HUD-qualified local homebuyers.
- Coordinate with community land trust and rehabilitation & repair programming to increase quality housing stock and homeownership for moderate-income households.

Targets:

- Prospective homeowner households earning between 80% and 120% AMI who already reside in Battle Creek.

Housing Typologies Addressed:

- Single-Family Attached / Detached Housing (New Construction)
- Single-Family Detached Housing (Rehab)

DEVELOPMENT FEASIBILITY TOOLS | ESTABLISH A COMMUNITY LAND TRUST

Community land trusts can preserve the long-term affordability of homes and provide access to wealth creation for low- and moderate-income residents.



Recommendation: Establish a community land trust to increase homeownership opportunities for lower-income households.

Challenge: As desirable neighborhoods attract investment opportunities, in the long-term lower-income Battle Creek residents could be priced out of homeownership opportunities.

Opportunities:

- Reduces homeownership costs and controls resale values by separating homeownership of the land from homeownership of the home.
- Geographically-targeted community land trust could combat rapid neighborhood change and displacement in emerging areas. Could also be used to support foreclosure prevention and stabilization of existing properties at risk of tax foreclosure.
- City-owned, single-family lots could be positioned for community land trust model.
- Pair with additional programs (e.g., single-family rehab, down payment assistance) to further enable homeownership.

Targets:

- Prospective homeowner households earning up to 80% AMI

Housing Typologies Addressed:

- Single-Family Attached / Detached Housing (New Construction)
- Single-Family Detached Housing (Rehab)

DEVELOPMENT FEASIBILITY TOOLS | COMMUNITY LAND TRUST CASE STUDY

Recently established community land trusts could serve as models for Battle Creek to explore in their application.

Grand Haven Area Community Land Trust

The Grand Haven Area Community Land Trust (GLA CLT) was created to increase affordable homeownership opportunities. It was established by the City of Grand Haven and is operated by the Neighborhood Housing Services team.

Robinson's Landing

Robinson's Landing is a 30-home single-family community in southeastern Grand Haven developed by Michigan Community Capital (MCC). Sixteen (16) of the homes were then sold to the GLA CLT, which were then transferred to homebuyers earning 60% to 80% AMI.

The community was supported by a \$1.5 million contribution by the Grand Haven Area Community Foundation to MCC.



CLT Homeownership Conditions

- 99-year ground leases at \$30 per month
- CLT homeowners responsible for property taxes and maintenance
- Fixed resale formulas for transfers of property
- Neighborhood Housing Services to provide PSH counseling services

A high-angle aerial photograph of a town. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a red brick church with a tall steeple. Further right is a large industrial building with a red roof and several parking lots. The town is surrounded by green trees and fields. The sky above is filled with white and grey clouds.

Implementation

PRIORITY PROGRAM IMPLEMENTATION

Battle Creek and its partners should factor in timeframes, partnerships, and resources as they implement priority programs.

The following provides a roadmap -- timeframe, partnerships, and resources -- for implementing priority programs. This implementation guide includes the following:

- **Timeframe.** Most of the priority recommendations detailed should be adopted within a 12- to 18-month (near-term) timeframe to engage partners, procure funding, and establish requirements and governance structures in time to accommodate additional housing demand pressures from the BlueOval plant opening. Additionally, there may be programs which are already in process and will likely be completed in the next six (6) months (**immediate**). Finally, programs that require significant funding, resources, or coordination may require at least two (2) years to roll-out. These programs (**long-term**) may also require additional analysis and deliberation to weigh program impacts with costs.
- **Leads and Partners.** The City of Battle Creek and its departments should serve as the lead implementers for most of the priority programs, given their ability to leverage state and federal funding and programming, guide land uses and zoning policies, and convene stakeholders. This may require the City to expand its capacity to account for its role as a lead implementer for some programs. However, certain programs may be implemented and administered more efficiently and effectively through local housing service providers, philanthropic organizations, and other stakeholders with the City playing a supportive role.

Resources Required. While determining exact funding needs for each program is challenging due to shifting market conditions and evolving housing needs, the City and its partners should refer to the cost estimates provided as a reference to right-size its total programming. Additional staffing resources will also need to be provided for all priority programs.

MONITORING AND EVALUATING PRIORITY PROGRAMS

Monitoring and evaluating the performance and compliance of priority programs will allow the City and its partners to evaluate the impact of its local spending on affordable housing initiatives.

As Battle Creek and its partners dedicate and allocate funds for its priority programs, it should **report and track local spending** to evaluate its progress on meeting its housing goals, measure the impacts of its local spending, and refine its processes as needed to ensure that local dollars are efficiently leveraged and maximize benefit for its residents and community members.

Considerations for monitoring the City's local funding allocation includes:

- **Benchmarks.** Battle Creek should establish benchmarks for the number of homes and households it aims to deliver, preserve, and serve using local and philanthropic funding. By establishing clear benchmarks to track its spending, the City and its partners can easily evaluate progress on priority programs and refine how they allocate funding.
- **Indicators.** Battle Creek should ensure that it is adequately monitoring its progress towards achieving its housing goals. Indicators include number of new homes developed, AMIs served, homes sales data, private and other public funding

leveraged, loans financed.

- **Frequency.** Battle Creek and its partners should provide quarterly reports on priority programs, spending, and housing production and preservation while including progress on local funding spent. Additionally, the City and its partners should publish annual and five-year reports to transparently communicate its progress to the community, additional partners, and funding recipients while enabling itself to identify additional housing needs, funding, resources, and refinements to its housing programming and local spending.

The Battle Creek Housing Action Plan includes potential benchmarks and indicators to evaluate priority programs beginning on p. 120.

HOUSING TRUST FUND | ILLUSTRATIVE FUNDING SCENARIO

A \$10 million funding commitment for affordable housing over the next five years could provide rental housing or homeownership opportunities for 70 households per year.

If \$10 million were allocated to address Battle Creek's housing needs in the near-term, approximately \$4 million (40%) could be allocated towards capitalizing the revolving loan fund. The remaining funding (\$6 million) could be allocated towards providing grants and forgivable loans to supporting other priority programs, including expanding down payment assistance programs, establishing a community land trust, and creating a single-family rehab program to supplement existing state and federal resources. In all, this could provide at least 300 households with rental housing options or homeownership opportunities over a five-year period.

Potential Five-Year Impacts of Local Spending on Affordable Housing

\$10 million	\$6 million	\$4 million
Total local funding required to incorporate all priority recommendations	Grants and Forgivable Loans	Revolving Loan Fund
\$23 Per capita allocated annually	Sample Allocation: <ul style="list-style-type: none">DPA Program (20%) <i>10 new homeowners/year</i>Community Land Trust (45%) <i>6 new homeowners/year</i>Single-Family Rehab Program (35%) <i>5 rehabbed homes/year</i>	Projected Impacts: <ul style="list-style-type: none">40 – 50 new homes per year or one apartment project (infill or larger-site) per year

[1] Projected funding impacts assumes up to \$20,000 per home through revolving loan fund (tax credit and non-tax credit projects); up to \$20,000 per prospective homebuyer for down-payment assistance program, up to \$75,000 per home for community land trust; up to \$70,000 per home for single-family rehabilitation program.

[2] Funding projections assume 3% annual escalation in funding and 10% allocation towards staffing and administration costs.

HOUSING TRUST FUND | ALTERNATIVE FUNDING SCENARIO

A \$30 million investment for housing over the next five years may be able to accommodate residential growth from BlueOval but would require substantial City and partner capacity to administer.

Allocating \$30 million towards housing over the next five years could help address near-term housing demand derived from BlueOval, providing approximately 930 households with access to new rental housing and homeownership options during this time. However, **scaling up programming and services to meet these goals requires significant City and partner staffing and expertise to effectively administer priority housing programs**. Additionally, development partners would need to have the financial capacity or development experience to leverage revolving loan fund awards with other state, federal, and private gap financing sources to maximize housing production.

Potential Five-Year Impacts of Local Spending on Affordable Housing

\$30 million	\$18 million	\$12 million
Total local funding required to meet residential growth from BlueOval (low-end)	Grants and Forgivable Loans	Revolving Loan Fund
\$68 Per capita allocated annually	Sample Allocation: <ul style="list-style-type: none">DPA Program (20%) <i>30 new homeowners/year</i>Community Land Trust (45%) <i>18 new homeowners/year</i>Single-Family Rehab Program (35%) <i>15 rehabbed homes/year</i>	Projected Impacts: <ul style="list-style-type: none">120+ new homes per year or 2 to 3 apartment projects (infill or larger-site) per year

[1] Projected funding impacts assumes up to \$20,000 per home through revolving loan fund (tax credit and non-tax credit projects); up to \$20,000 per prospective homebuyer for down-payment assistance program, up to \$75,000 per home for community land trust; up to \$70,000 per home for single-family rehabilitation program.

[2] Funding projections assume 3% annual escalation in funding and 10% allocation towards staffing and administration costs.

HOUSING TRUST FUND | ALTERNATIVE FUNDING SCENARIO

To fully accommodate new residential growth from BlueOval, the City and its partners would need to invest \$100 million.

Allocating \$100 million towards housing over the next five years would address housing demand derived from BlueOval, providing approximately 3,100 households with access to new rental housing and homeownership options during this time. In addition to challenges with **scaling up programming and services, the City and its partners would need to identify permanent sources of funding** to sustain this level of commitment. Due to the political challenges of obtaining this level of financing in the near term from tax revenues, private donations, or general fund reallocations, **the City and its partners should ensure that the HTF and revolving loan fund are sustained to make incremental impacts in the long-term** towards addressing existing and future housing challenges.

Potential Five-Year Impacts of Local Spending on Affordable Housing

\$100 million

Total local funding required to **meet residential growth from BlueOval (high-end)**

\$226

Per capita allocated annually

\$60 million

Grants and Forgivable Loans

\$40 million

Revolving Loan Fund

Sample Allocation:

- **DPA Program (20%)**
100 new homeowners/year
- **Community Land Trust (45%)**
60 new homeowners/year
- **Single-Family Rehab Program (35%)**
50 rehabbed homes/year

Projected Impacts:

- 400+ new homes per year or 5 to 6 apartment projects (infill or larger-site) per year

[1] Projected funding impacts assumes up to \$20,000 per home through revolving loan fund (tax credit and non-tax credit projects); up to \$20,000 per prospective homebuyer for down-payment assistance program, up to \$75,000 per home for community land trust; up to \$70,000 per home for single-family rehabilitation program.

[2] Funding projections assume 3% annual escalation in funding and 10% allocation towards staffing and administration costs.

HOUSING TRUST FUND | GOVERNANCE STRUCTURE

A housing trust fund should be governed independently of political considerations and reflect the voices and needs of community members who are directly impacted by funding decisions.

To reflect the needs and priorities of its community, **the HTF governance structure needs a diversity of perspectives, not just from housing professionals but inclusive of community voices and beneficiaries of housing programs.** Governance for the housing trust fund should be apolitical to maintain objectivity in evaluating requests for funding.

The HTF will be a resource to meet the evolving housing needs of the City of Battle Creek, independent of annual decisions made about existing housing funding sources in Battle Creek, including CDBG, HOME grants, and other City decisions on housing funding. **This separation is important for ensuring that the HTF has the flexibility to meet a range of housing needs and to adapt to those changing needs over time.** Further, this separation ensures that diverse perspectives can play a real role in setting priorities for local, flexible spending.

Best practices to ensure successful governance include:

- **Formalize the application and allocation process** to set priorities for the use of funds
- Include and empower **community voices**, including those who benefit from publicly-funded housing programs, **in decision-making processes**
- **Build trust in the governance process** by providing clear communication about priorities and reducing real and perceived conflicts of interest

PRIORITY PROGRAM IMPLEMENTATION

Implementing priority programs will require the City and its partners to identify leads, allocate resources and establish evaluation metrics.

Recommendation	Timeframe	Leads and Partners	Resources Required	Metrics
LAND USE AND REGULATORY TOOLS				
1. Update the City's existing zoning code to support infill housing typologies.	Immediate (0 to 6 months)	<ul style="list-style-type: none">Battle Creek Planning and Zoning DivisionBattle Creek City CouncilHousing developersAffordable housing providers	<ul style="list-style-type: none">City staffing capacity	<ul style="list-style-type: none">Number of new homes approved and developedNumber of stakeholders engagedEntitlement durationDevelopment and impact fees incurred (total, average per project, average per unit)
2. Adopt pre-approved development plans.	Immediate (0 to 6 months)	<ul style="list-style-type: none">Battle Creek Planning and Zoning DivisionBattle Creek City CouncilCalhoun County Land Bank AuthorityHousing developersAffordable housing providersUtility providers	<ul style="list-style-type: none">\$75,000 to \$100,000 to develop plansCity staffing capacityArchitectural consultant services	<ul style="list-style-type: none">Number of plans developed and approvedNumber of new homes approved and developedNumber of stakeholders engaged

PRIORITY PROGRAM IMPLEMENTATION

Implementing priority programs will require the City and its partners to identify leads, allocate resources, and establish evaluation metrics.

Recommendation	Timeframe	Leads and Partners	Resources Required	Metrics
DEVELOPMENT FEASIBILITY TOOLS (SOURCES)				
1. Create a housing trust fund.	Near-Term (12 to 18 months)	<ul style="list-style-type: none">Battle Creek Community Development DivisionPhilanthropic and mission-oriented organizationsBattle Creek City CouncilHousing developersAffordable housing providers	<ul style="list-style-type: none">\$1.5 to \$2 million annually^[1] in local fundingCity staffing capacity	<ul style="list-style-type: none">Number of projects fundedHomes approved and developed (rental/for-sale)Households served, disaggregated by race, income, etc.Number of stakeholders engaged
2. Establish a revolving loan fund.	Long-Term (2 to 5 years)	<ul style="list-style-type: none">Battle Creek Community Development DivisionPhilanthropic and mission-oriented organizationsBattle Creek City CouncilAffordable housing developers	<ul style="list-style-type: none">Up to \$3 million^[1] in private seed moneyMatching City contributionCity staffing capacityThird-party fund administrator	<ul style="list-style-type: none">Homes approved and developed (rental/for-sale)Funding allocated per homeNumber of loansAverage loan sizePrivate investment leveraged

[1] Funding required for illustrative scenario for \$10 million housing trust fund and capitalize accompanying revolving loan fund. City and funders may elect to contribute more to housing trust fund to increase impacts.

PRIORITY PROGRAM IMPLEMENTATION

Implementing priority programs will require the City and its partners to identify leads, allocate resources and establish evaluation metrics.

Recommendation	Timeframe	Leads and Partners	Resources Required	Metrics
DEVELOPMENT FEASIBILITY TOOLS (USES)				
1. Provide seed funding for non-traditional developers to increase capacity.	Long-Term (2 to 5 years)	<ul style="list-style-type: none">Community Development Finance Institution (CDFI)Philanthropic and mission-oriented organizationsCalhoun County Land Bank AuthorityCity staffHousing developersAffordable housing providers	<ul style="list-style-type: none">City staffing capacity	<ul style="list-style-type: none">Number of emerging developers engaged, disaggregated by race, experience, etc.Number of new homes approved and developedEntitlement durationDevelopment and impact fees incurred (total, average per project, average per unit)
2. Supplement existing local homeowner repair programs with funding dedicated to larger-scale rehabilitations.	Near-Term (12 to 18 months)	<ul style="list-style-type: none">Community Development DivisionCity CouncilBattle Creek homeownersAffordable housing developerscontractors	<ul style="list-style-type: none">Up to \$25,000 per household (local homeowner repairs)Up to \$75,000 per developer (investor repair)City staffing capacity	<ul style="list-style-type: none">Homeowners served, disaggregated by race, income, etc.Developers or investors served, disaggregated by race, income, etc.Funding allocated per homeowner

PRIORITY PROGRAM IMPLEMENTATION

Implementing priority programs will require the City and its partners to identify leads, allocate resources and establish evaluation metrics.

Recommendation	Timeframe	Leads and Partners	Resources Required	Metrics
DEVELOPMENT FEASIBILITY TOOLS (USES)				
3. Scale-up down payment assistance program.	Near-Term (12 to 18 months)	<ul style="list-style-type: none">• Community Development Division• Battle Creek Unlimited• Philanthropic and mission-oriented organizations• City Council• Affordable housing service providers	<ul style="list-style-type: none">• Up to \$20,000 per household• City staffing capacity	<ul style="list-style-type: none">• Homeowners served, disaggregated by race, income, neighborhood etc.• Funding allocated per homeowner
4. Establish a community land trust to increase homeownership opportunities for lower-income households.	Long-Term (2 to 5 years)	<ul style="list-style-type: none">• Community Development Division• Calhoun County Land Bank Authority• City Council• Affordable housing service providers• Community members	<ul style="list-style-type: none">• City staffing capacity	<ul style="list-style-type: none">• Homeowners served, disaggregated by race, income, neighborhood etc.• Number of new homes approved and developed• Number of community partnerships formed• Number of meetings held• Meeting attendance• Engagement with advocacy tools

PRIORITY PROGRAM IMPLEMENTATION TIMELINE

The City and its partners need to increase capacity through expanding staffing, dedicating local and philanthropic funding, and pursuing partnerships in order to implement the priority programs.

Recommendation	Immediate (0 to 6 Months)	Near-Term (12 to 18 Months)	Long-Term (2 to 5 Years)
LAND USE AND REGULATORY TOOLS			
1. Update the City's existing zoning code to support infill housing typologies.	<ul style="list-style-type: none">Continue feedback discussions with service providers and developers regarding zoning code updates to R-1B zoning.Adopt zoning code updates to R-1B zoning district to promote infill development of 'missing-middle' housing typologies.	<ul style="list-style-type: none">Engage affordable housing providers and housing developers to identify additional refinements to entitlement processes, permitting fees, and development fees.	<ul style="list-style-type: none">Pursue additional zoning & regulatory changes as they arise.Continue to monitor and evaluate entitlements processes and fees incurred.
2. Adopt pre-approved development plans.	<ul style="list-style-type: none">Review Michigan Municipal League and MEDC "Pattern Book Homes for 21st Century Michigan" catalogues to ensure alignment with Battle Creek zoning requirements.Finalize pre-approved development plan catalog.Adopt pre-approved development plan catalog.	<ul style="list-style-type: none">Identify high-capacity contractors who can execute on delivering pre-approved developer plans.	<ul style="list-style-type: none">Continue to evaluate and revise pre-approved development plan catalog as zoning updates are made.

PRIORITY PROGRAM IMPLEMENTATION TIMELINE

The City and its partners need to increase capacity through expanding staffing, dedicating local and philanthropic funding, and pursuing partnerships in order to implement the priority programs.

Recommendation	Immediate (0 to 6 Months)	Near-Term (12 to 18 Months)	Long-Term (2 to 5 Years)
DEVELOPMENT FEASIBILITY TOOLS (SOURCES)			
1. Create a housing trust fund.	<ul style="list-style-type: none">Pursue local and philanthropic 'seed' funding sources to establish housing trust fund.Identify local 'permanent' funding sources to sustain housing trust fund.Engage prospective board members to administer housing trust fund, including affordable housing service providers, for-profit and non-profit developers, brokers, homeowners, and non-market rate housing residents.	<ul style="list-style-type: none">Pursue approval of housing trust fund and allocation of funding.Finalize immediate project needs to be financed through housing trust fundCreate housing trust fund governance structure.Develop evaluation criteria for housing trust fund requests.	<ul style="list-style-type: none">Continue to train and empower board members to increase competency around funding request reviews and recommendationsProvide annual reporting on funding allocations.
2. Establish a revolving loan fund.	<ul style="list-style-type: none">Pursue "seed" funding source from philanthropic or mission-oriented organization	<ul style="list-style-type: none">Design parameters and identify funding priorities for loan fundDedicate matching local fundingSelect fund administratorRecruit additional private funding	<ul style="list-style-type: none">Monitor and report on annual funding allocations for revolving loan fund

[1] Funding required for illustrative scenario for \$10 million housing trust fund and capitalize accompanying revolving loan fund. City and funders may elect to contribute more to housing trust fund to increase impacts.

[2] Projections for revolving loan fund assume \$20,000/unit for capitalizing revolving loan fund. The City and its partners should evaluate and refine as program is developed.

PRIORITY PROGRAM IMPLEMENTATION TIMELINE

Implementing priority programs will require the City and its partners to identify leads, allocate resources and establish evaluation metrics.

Recommendation	Immediate (0 to 6 Months)	Near-Term (12 to 18 Months)	Long-Term (2 to 5 Years)
DEVELOPMENT FEASIBILITY TOOLS			
1. Provide seed funding for non-traditional developers to increase capacity.	<ul style="list-style-type: none">Engage local developers and contractors to identify seed funding offerings such as predevelopment grants, acquisition loans, and equity.Identify and engage potential investors to developer fund.Identify community development finance investor (CDFI) or similar partner to administer fund.	<ul style="list-style-type: none">Create development plan, detailing capital terms, governance structure, partnerships, legal structure, and impact metrics.Engage consultants or local non-profit partners to provide technical assistance for establishing and monitoring fund.	<ul style="list-style-type: none">Deploy funding for developer fund.Monitor and report on annual funding allocations and compliance.
2. Supplement existing local homeowner repair programs with funding dedicated to larger-scale rehabilitations.	<ul style="list-style-type: none">Establish eligibility requirements (income restrictions, neighborhood targeting, uses of funds) for larger-scale rehabilitations program in conjunction with CLT and down payment assistance program.	<ul style="list-style-type: none">Identify and engage qualified contractors and nonprofit housing providers to provide repairs and renovations for both owner-occupied and larger-scale rehabilitations.Deploy funding and program for owner-occupied and larger-scale rehabilitations.	<ul style="list-style-type: none">Monitor and report on annual funding allocations for owner-occupied and larger-scale rehabilitation programs.Continue to coordinate with down payment assistance and CLT program to streamline processes.

PRIORITY PROGRAM IMPLEMENTATION TIMELINE

Implementing priority programs will require the City and its partners to identify leads, allocate resources and establish evaluation metrics.

Recommendation	Immediate (0 to 6 Months)	Near-Term (12 to 18 Months)	Long-Term (2 to 5 Years)
DEVELOPMENT FEASIBILITY TOOLS			
3. Scale-up down payment assistance program.	<ul style="list-style-type: none">Engage BCPS and BCU to identify opportunities to streamline DPA programming.Establish eligibility requirements (income restrictions, funding assistance, neighborhood targeting) for down payment assistance in conjunction with CLT and rehabilitation programming.	<ul style="list-style-type: none">Partner with City and Land Bank to acquire publicly-owned properties.Build or rehabilitate CLT properties.Identify target homebuyers for CLT homes.Establish guidelines and procedures for affordability requirements, and terms.	<ul style="list-style-type: none">Monitor and report on annual funding allocations for recipients of down payment assistance.Continue to coordinate with rehabilitation and CLT program to streamline processes.
4. Establish a community land trust to increase homeownership opportunities for lower-income households.	<ul style="list-style-type: none">Identify and engage prospective administrator of community land trust (local housing non-profit, community development organization)Gather seed money to acquire properties and “buy” affordability of homes.Confirm target neighborhood(s) within Battle Creek to deploy community land trust.	<ul style="list-style-type: none">Partner with City and Land Bank to acquire publicly-owned properties.Build or rehabilitate CLT properties.Identify target homebuyers for CLT homes.Establish guidelines and procedures for affordability requirements, and terms.	<ul style="list-style-type: none">Sell homes to income-qualified householdsMonitor and report on annual funding allocations for CLT homebuyers.Continue to coordinate with down payment assistance and rehabilitation program to streamline processes.

06

Appendix

The background of the slide is a photograph of a small town or city from an aerial perspective. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right is a church with a tall, dark steeple. Further right is a large industrial building with a circular structure on top. The town is surrounded by green trees and fields, with a road running through the center. The sky above is filled with dark, textured clouds.

Appendix A: Existing Program Details

EXISTING LOCAL PROGRAMS

The City of Battle Creek and its partners sponsor housing programs which address some of the city's most pressing housing needs, such as down payment assistance, housing repairs, and rehabilitations.

Category	Programs	Description	Target
Repairs & Rehabilitations	Minor Home Repair Program (City)	Provides up to \$5k of assistance (or \$15k for new roof) for lower-income households	<ul style="list-style-type: none"> Homeowners earning less than 80% AMI
	Rental Rehab Program (City)	CDBG-funded program which provides no-interest forgivable loans for new construction (up to \$60k) or rehabs (up to \$25k) of rental housing. Not applicable for single-family homes.	<ul style="list-style-type: none"> Building owners Prospective buyers
	Weatherization Assistance Program (City, CAASCM)	Provides insulation, air leakage reduction, smoke detectors, and dryer venting services for homeowners.	<ul style="list-style-type: none"> Homeowners earning less than 80% AMI
	Lead Safe Program (City, CAASCM)	Provides lead testing for children under 6 years old. Funding provided through Michigan's Children's Health Insurance Program	<ul style="list-style-type: none"> Homeowners earning less than 80% AMI Building owners
	Lead Hazard Control Program (City, Neighborhoods Inc. of Battle Creek)	Provides grants for lead hazard remediation	<ul style="list-style-type: none"> Contractors Building owners
Down Payment Assistance	BCPS Housing Incentive Program (City, Battle Creek Public Schools)	Provides new residents within Battle Creek Public Schools with \$10,000 in down payment assistance or \$4,500 in rental assistance.	<ul style="list-style-type: none"> Homeowners Renters
	Talent Retention, Attraction, and Inclusion Incentive (BCU)	Provides new or existing residents within Battle Creek with up to \$12,000 in down payment or rental assistance.	<ul style="list-style-type: none"> Homeowners Renters
Homebuying Counseling and Support	Quiet Title Expedition Assistance (CCLBA)	Expedites legal process for title resolution, allows for properties to be insurable in as little as 45 days.	<ul style="list-style-type: none"> Homeowners
Developer Capacity Building	Calhoun Builders Connection Program (CCLBA, LISC, Home Builders Association of Western Michigan)	Provides networking services and small business support to BIPOC and women-led contractors.	<ul style="list-style-type: none"> Developers
Gap Financing	Tax Increment Financing (City)	Establishes TIF districts to provide incremental property tax revenues for development projects.	<ul style="list-style-type: none"> Developers

EXISTING STATE AND FEDERAL PROGRAMS

State and federal programs through agencies such as MSHDA and MEDC offer programs to support repairs & rehabilitations, new construction for developers

Category	Programs	Description	Target
Repairs & Rehabilitations	Low-Income Housing Tax Credits (MSHDA and Federal Government)	Non-competitive 4 percent or competitive 9 percent tax credits for producing new or rehabilitated rental housing affordable to low- and moderate-income persons.	<ul style="list-style-type: none">DevelopersRenter households earning at or below 60% AMI
	Community Revitalization Program (MEDC)	Encourages and promotes rehabilitation and redevelopment of brownfield and historic sites in downtowns and high impact corridors.	<ul style="list-style-type: none">Developers
	Brownfield Revitalization Program (MEDC and MSHDA)	Tax-increment financing program which allows for property tax revenues gained over base value to cover costs associated with brownfield redevelopment. In October 2023, the State approved of an amendment to the TIF policy to allow for predevelopment and housing construction costs to be covered through the Brownfield Housing TIF.	<ul style="list-style-type: none">Developers
	Revitalization and Placemaking (MEDC)	Provides access to gap financing for place-based infrastructure development, real estate rehabilitation and development, and public space improvements	<ul style="list-style-type: none">Developers
	MI-HOPE (MSHDA)	Federally funded grant program fund energy-efficiency focused residential repairs and upgrades for developments less than four (4) units.	<ul style="list-style-type: none">DevelopersRenter and households earning less than 300% of the Federal Poverty Level
	Build MI Community Grants (MEDC)	Grant funding for small-scale, incremental redevelopment projects. Focus on developers and property owners with limited real estate development experience to build their capacity	<ul style="list-style-type: none">Developers with less than 3 years of experience

EXISTING STATE AND FEDERAL PROGRAMS

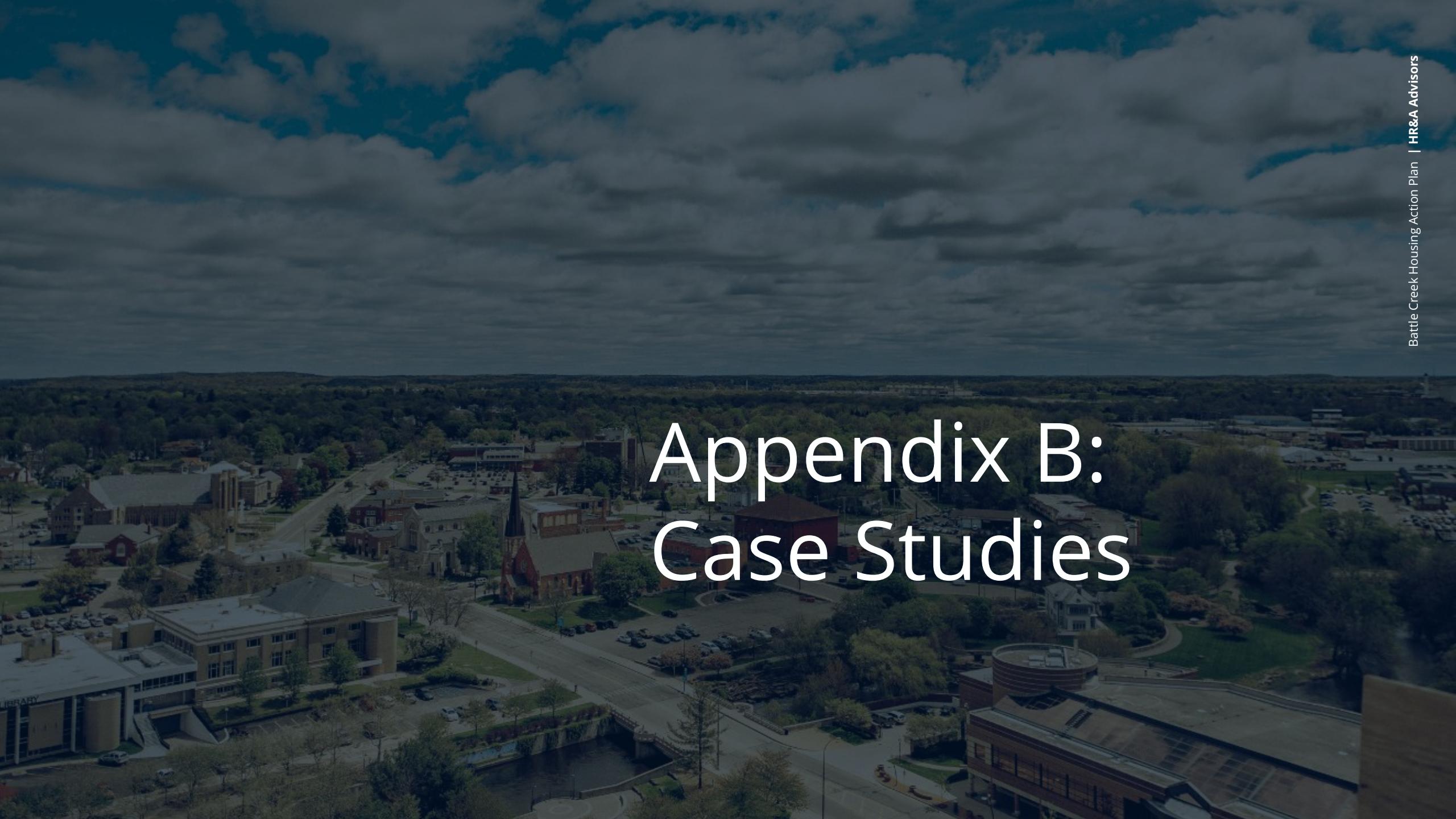
MSHDA and MEDC also offer programs to support tax abatements, and pre-development support for housing developers

Category	Programs	Description	Target
New Construction	Low-Income Housing Tax Credits (MSHDA and Federal Government)	Non-competitive 4 percent or competitive 9 percent tax credits for the production of new or rehabilitated rental housing affordable to low- and moderate-income persons at or below 60% AMI	<ul style="list-style-type: none">DevelopersRenter households earning at or below 60% AMI
	Community Revitalization Program (MEDC)	Encourages and promotes rehabilitation and redevelopment of brownfield and historic sites in downtowns and high impact corridors.	<ul style="list-style-type: none">Developers
	Brownfield Revitalization Program (MEDC and MSHDA)	Tax-increment financing program which allows for property tax revenues gained over base value to cover costs associated with brownfield redevelopment. In October 2023, the State approved of an amendment to the TIF policy to allow for predevelopment and housing construction costs to be covered through the Brownfield Housing TIF.	<ul style="list-style-type: none">Developers
	MSHDA Mod Program (MSHDA)	Up to \$200k in construction financing up to \$200k for model delivery, taxes, site preparation, on-site finishing, and related construction costs to build modular homes in critical need areas	<ul style="list-style-type: none">DevelopersRenter and owner households earning 60% - 120% AMI
	New Infill Construction Encouragement (MSHDA)	Provides up to \$800k in grants for for-sale, infill housing developments. Utilizes a combination of state and federal funding, including ARPA.	<ul style="list-style-type: none">DevelopersRenter and owner households earning below 120% AMI

EXISTING STATE AND FEDERAL PROGRAMS

MSHDA and MEDC also offer programs to support tax abatements, and pre-development support for housing developers

Category	Programs	Description	Target
Tax Abatements	Neighborhood Enterprise Zone (MEDC)	Property tax incentives for new home construction and home rehabilitation. For new home construction, instead of the full millage rate, the new home is taxed at half of the statewide average. For rehabilitation projects, the assessment is frozen at pre-improvement levels. Each of these abatements can be approved for 6 to 15 years.	<ul style="list-style-type: none">DevelopersProperty owners
	Obsolete Property Rehabilitation Exemption (MEDC)	Freezes local property taxes of contaminated, blighted and functionally obsolete properties at the predevelopment level for up to 12 years upon successful remediation and redevelopment.	<ul style="list-style-type: none">DevelopersProperty owners
Pre-Development Support	Redevelopment Ready Sites (MEDC)	Prepares communities to offer a transparent, predictable, and efficient development experience. Sites hand-picked as redevelopment ready are promoted statewide to developers and can have a variety of proposed land uses.	<ul style="list-style-type: none">DevelopersMunicipalities
	Contractor Assistance Program (MSHDA)	New MSHDA program aimed to provide training and technical assistance to prospective builders and contractors.	<ul style="list-style-type: none">DevelopersContractors

The background of the slide is a high-angle aerial photograph of a city. In the foreground, a large, light-colored library building with a prominent entrance is visible. To its right, a red brick church with a tall steeple stands next to a smaller building. A river or canal runs through the center of the city, with a bridge crossing it. The city is surrounded by green trees and fields, with a mix of residential and commercial buildings in the distance. The sky above is filled with scattered, white and grey clouds.

Appendix B: Case Studies

REVOLVING LOAN FUND | STRIKE FUND CASE STUDY

Revolving loan funds can create a consistent source of 'quick strike' financing to acquire land or buildings and source of long-term, low-cost capital to finance the preservation of affordable homes.

The DC Housing Preservation Fund was established in 2016 as a public-private preservation fund to help preserve multifamily affordable housing. It consists of **short-term loans for preservation, acquisition, predevelopment, and critical repairs**. The Preservation Fund evolved from the Site Acquisition Financing Initiative, which struggled to be competitive with the private market.

The goal is preserving the affordability of 100% of Washington DC's existing federally and city-assisted affordable rental homes. To do this, the **Preservation Fund offers eligible borrowers short-term financing for the pre-development and acquisition of occupied multi-family properties** in which more than five housing units and half of the households earn up to 80% AMI.

The fund sits with the DC Department of Housing and Community Development (DHCD). There are three managers for the fund: Capital Impact Partners, LISC-DC, and Low-Income Investment Fund (LIIF). Each fund manager operates using public fund awards from the DC government combined with private funding from either their own balance sheet or funds which they raise using their relationships.



LOW INCOME INVESTMENT FUND

REVOLVING LOAN FUND | STRIKE FUND CASE STUDY

Revolving loan funds can create a consistent source of 'quick strike' financing to acquire land or buildings and source of long-term, low-cost capital to finance the preservation of affordable homes.

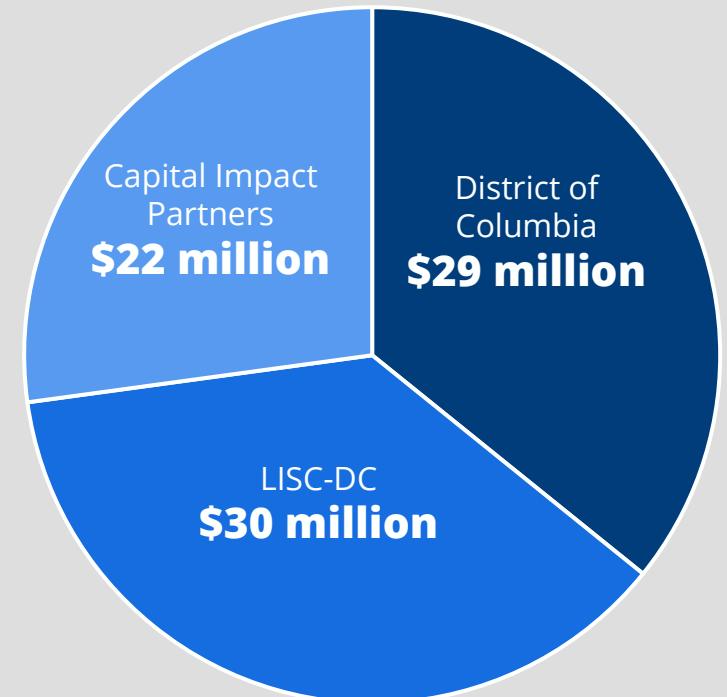
In 2017, Washington DC's Preservation Fund was initially capitalized with \$10 million from the District of Columbia and then LISC-DC and Capital Impact Partners provided additional funding. Since then, the District has provided additional funding for a total of \$29 million.

The three fund managers offer slightly different terms but in general **the funding is short term (less than 5 years) and has an interest rate of less than 5%**. After fund raising, the Fund's initial target was to preserve 1,000 homes of their broader preservation goal.

Between March 2018 and January 2020, LISC and CIP exceeded that goal through financing for 15 projects with \$63.5 million in funds, preserving 1,367 homes for an average of \$46,500 per home.

Since 2019, **approximately \$125 million in funds have been deployed to preserve over 2,000 affordable homes**. The Preservation Fund has worked in tandem with the Tenant Opportunity to Purchase Act, which gives multifamily residents the first right of refusal if their building is up for sale, by providing residents acquisition financing helping them take advantage of the program and prevent displacement.

DC Housing Preservation Fund – Funding Sources



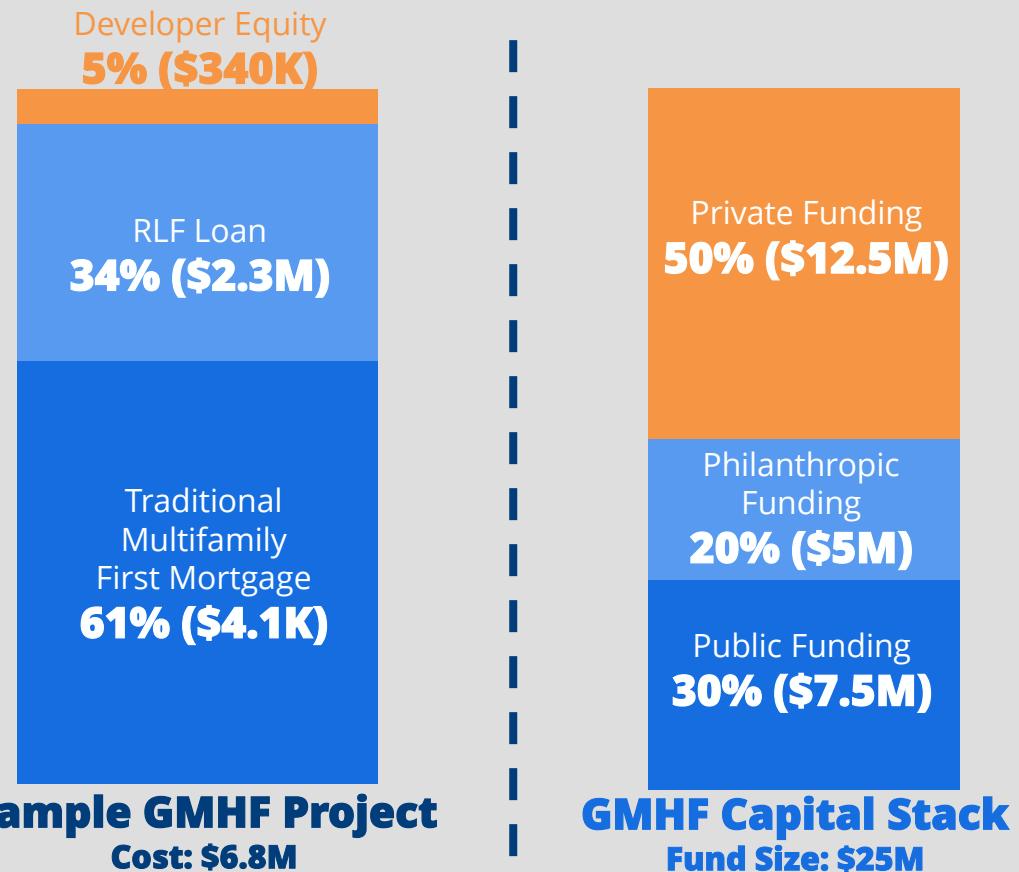
REVOLVING LOAN FUND | PRESERVATION FUND CASE STUDY

Revolving loan funds can create a consistent source of 'quick strike' financing to acquire land or buildings and source of long-term, low-cost capital to finance the preservation of affordable homes.

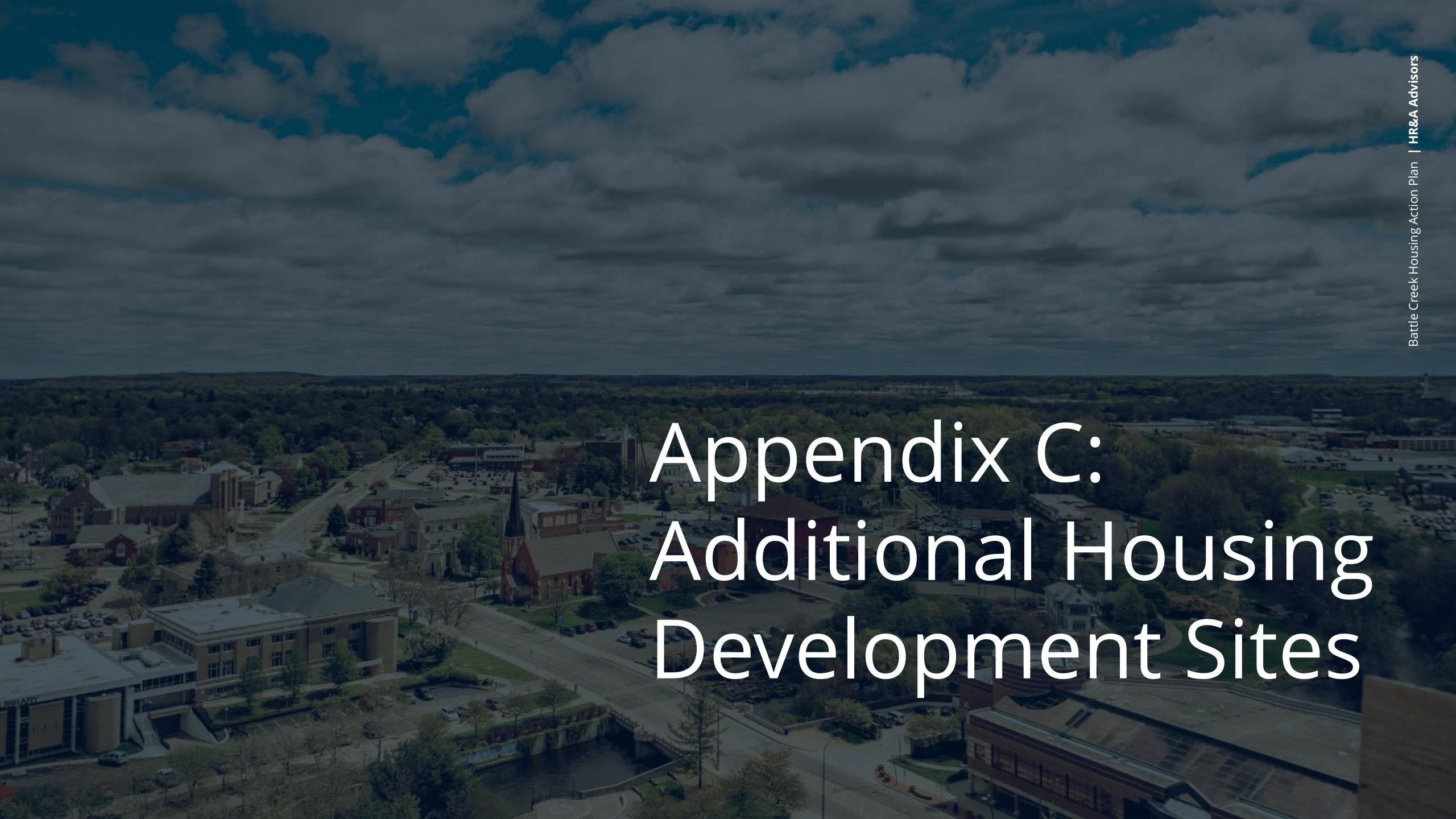
The Greater Minnesota Housing Fund (GMHF), Hennepin County, and other local partners established the \$25 million NOAH Impact Fund in response to the loss of naturally occurring affordable housing through demolition, redevelopment, and rent increases throughout the seven county Minneapolis, MN region

The Fund, launched in 2017 provides equity to nonprofit and mission oriented for profit developers in the region to support acquisition of unsubsidized, older rental apartments in exchange for offering affordable rents to low income households (below 80% AMI) for 15 years. The Fund's investors have established a goal to preserve 10-20 of for sale buildings annually.

The Greater Minnesota Housing Fund serves as the Fund manager while Hennepin County and the McKnight Foundation provided initial investments to the fund. Private financial institutions and local developers are involved as fund investors and fund users, respectively.



The capital stack diagrams above show (1) an example preservation project in Hennepin County, Minnesota and (2) the capital stack used for the Hennepin County Preservation Fund. The City would need to establish project-specific capital stack guidelines.

Aerial view of a city with a library, church, and other buildings under a cloudy sky.

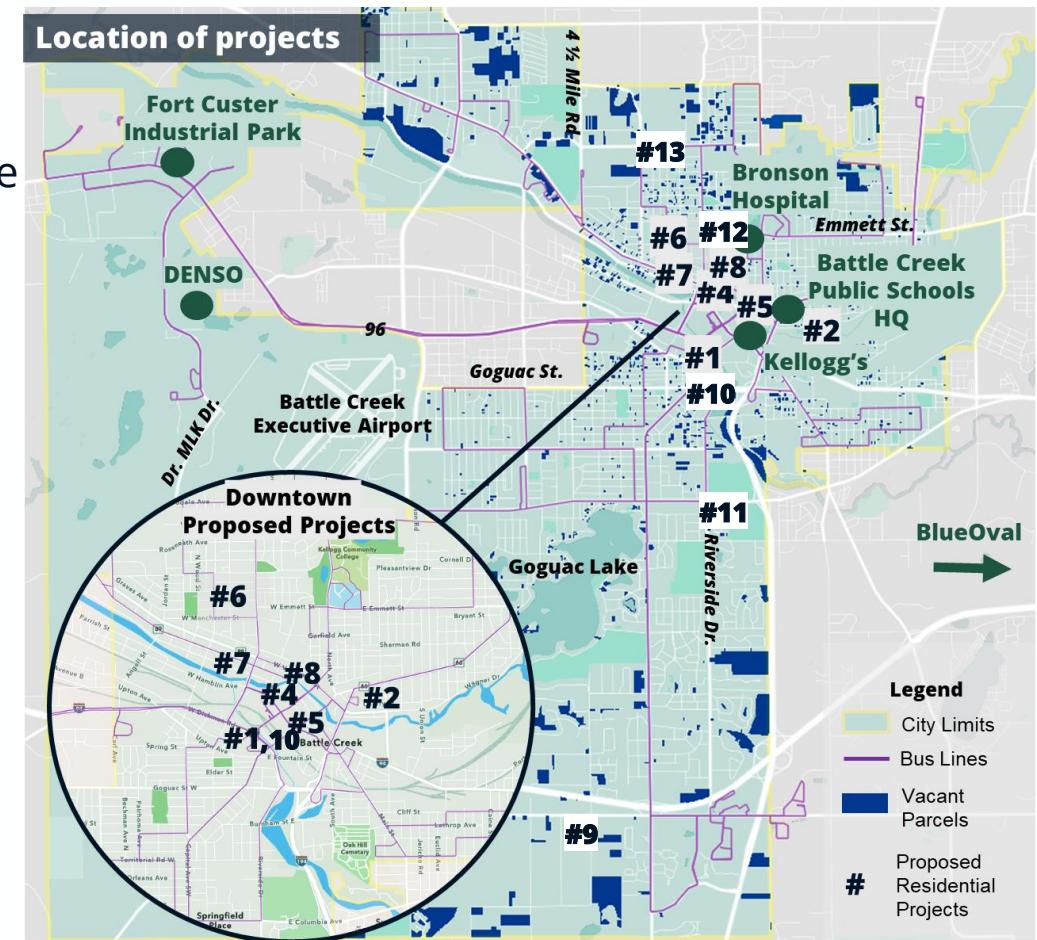
Appendix C: Additional Housing Development Sites

ADDITIONAL SITES

Privately-owned sites could also become available to development of priority housing typologies.

Proposed Project Sites

1. Up to 300 multifamily homes and daycare at former K-Mart site
2. 10-20 single-family rental homes/ Allen Down
3. 55-unit permanent supportive housing development
4. 136-unit downtown office-to-residential conversion
5. 31-unit downtown multifamily conversion
6. Church-adjacent infill housing for 15-20 single-family homes
7. Youth Village Campus – 175 multifamily units with supporting commercial uses
8. 140-unit multifamily development along riverfront
9. Horrocks and Calvary Chapel Battle Creek
10. Treehouse Foods Redevelopment
11. Riverside Golf Course
12. Fieldstone
13. Washington School





BATTLE CREEK
UNLIMITED



Battle Creek Housing Action Plan

March 2024

HR&A