

The South Haven Area CHAT Report

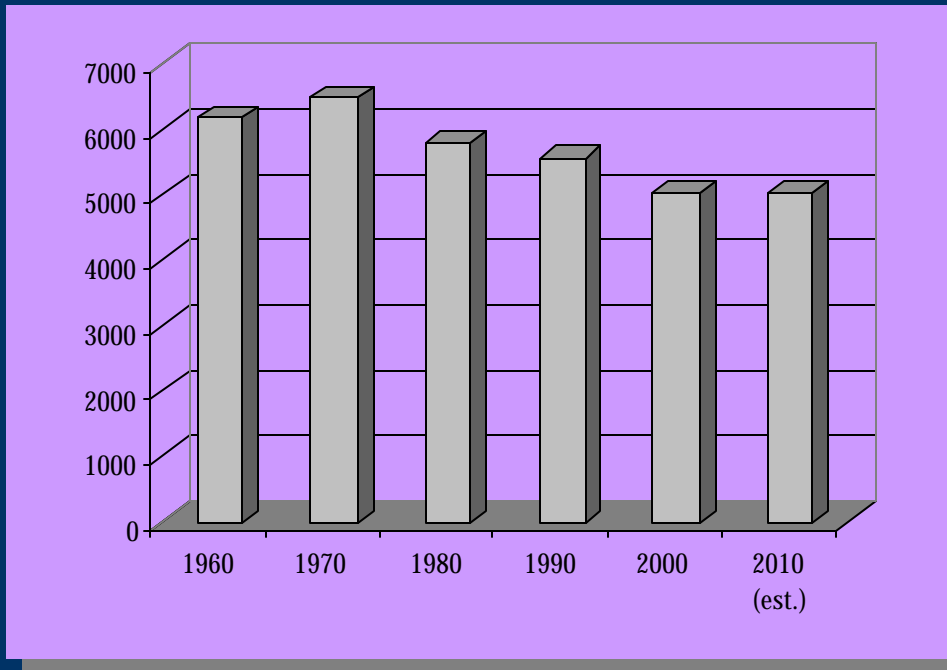
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Community Housing Assessment Team**

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Population Change

South Haven



Source: US Census, RDG Crose Gardner Shukert

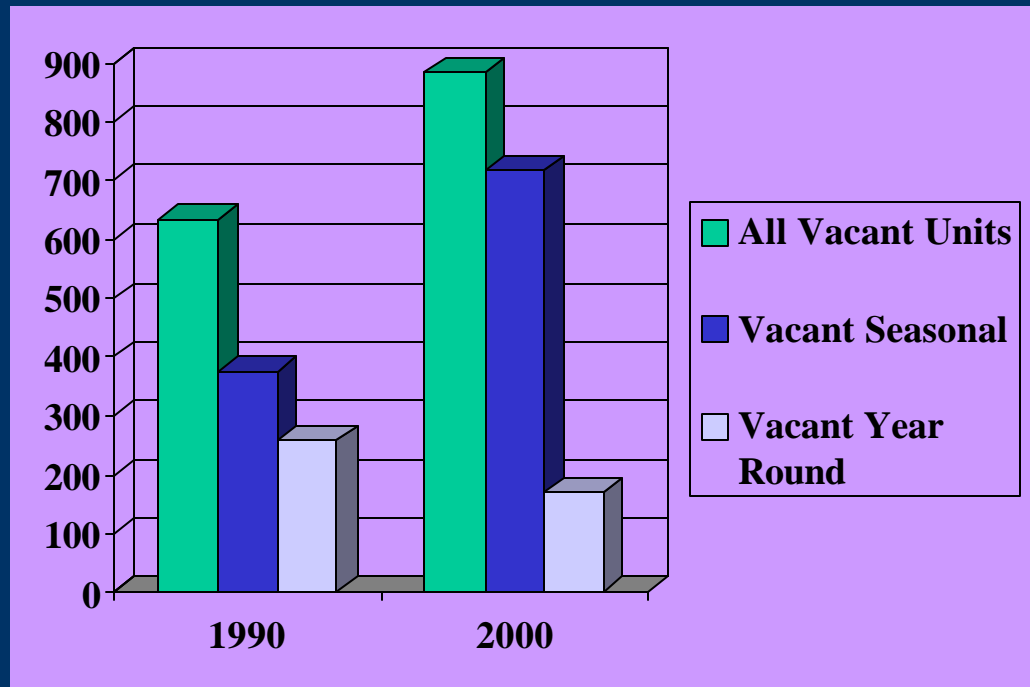
- South Haven's population peaked at 6,471 in 1970. Since then, its official population has fallen substantially, dropping to 5,021 in 2000.

- This population decline is partially the result of an aging population, with a consequent decline in the number of people per household.

- On the other hand, much of this decline is caused by a decreasing number of year-round residents and an increasing number of seasonal residents. Many of these seasonal households would not have been counted as residents of South Haven in the Census.

Housing Occupancy

South Haven



Source: US Census, RDG Crose Gardner Shukert

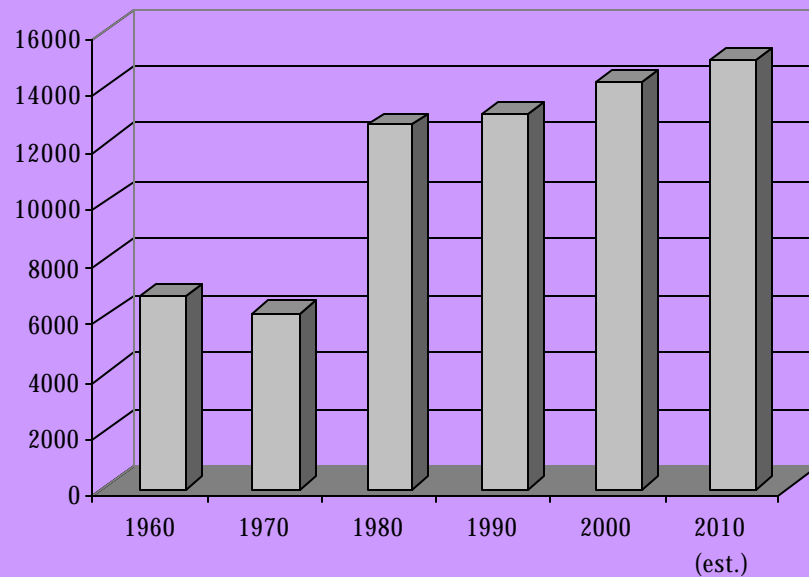
- Housing occupancy information reinforces this conclusion. The number of vacant units between the 1990 and 2000 censuses increased from 633 to 884.

- However, the number of units held vacant for seasonal use increased from 375 to 716.

- Consequently, the number of vacant units allocated to full-year occupancy dropped from 258 to 168.

- Based on these data, the vacancy rate of year-round units dropped from 14.25% in 1990 to 7.42% in 2000.

Population Change The Four Townships



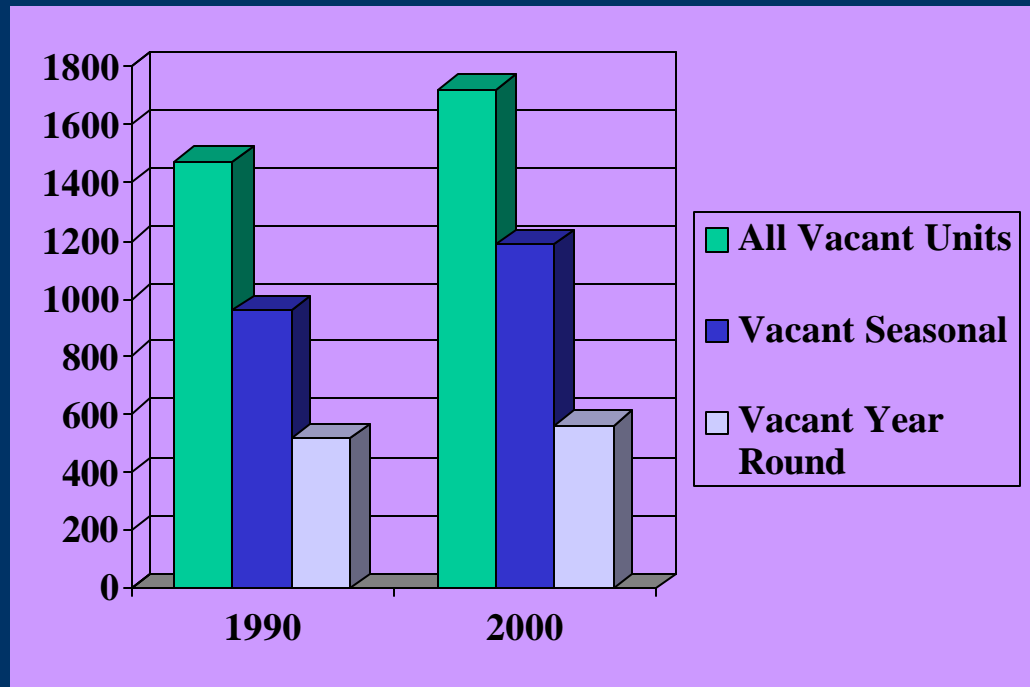
Source: US Census, RDG Crose Gardner Shukert

- In contrast, the population of the four townships taken together has increased significantly, with the largest growth occurring between 1970 and 1980.

- During the 1990s, growth in the township continued, although at a relatively low annual growth rate of about 0.83%

Housing Occupancy

The Four Townships



Source: US Census, RDG Crose Gardner Shukert

- Housing supply in the townships has grown by about 450 units . This is despite significant annexation by South Haven of units in South Haven Township. The greatest growth has occurred in Casco and Geneva Townships.

- The number of vacant units has also increased, from 1,471 to 1,718. Most of this growth is accounted for again by seasonal units.

- Consequently, the number of vacant units allocated to full-year occupancy remained about the same. The vacancy rate of year-round units remained at about 9.6% in the four townships.

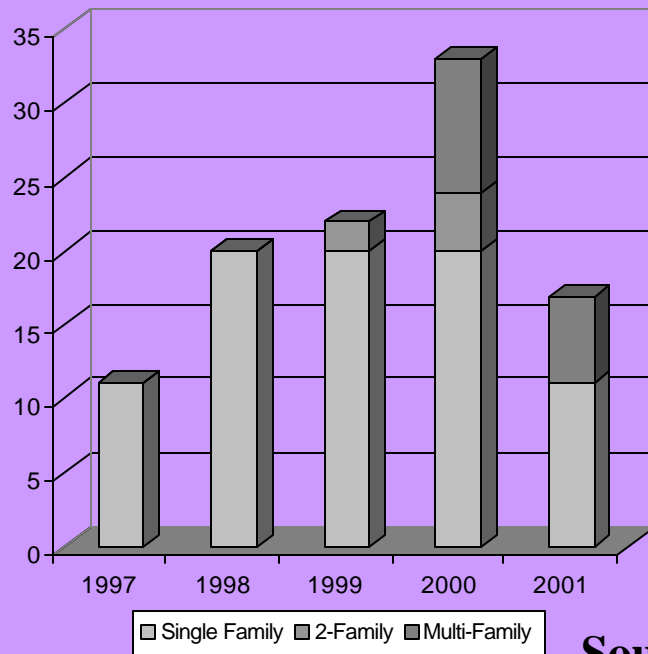
Housing Construction 1997-2001

- During the last five years, the area has developed 429 new housing unit.

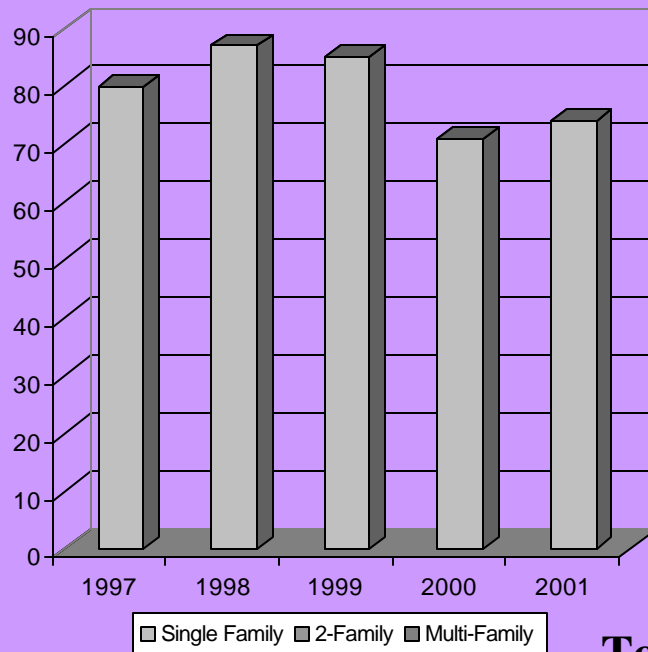
- 103 units were developed in South haven. 82 of these were single-family.

- 326 single-family units were developed in the townships through 2001. A new 48-unit tax credit development is currently underway in South Haven Township.

Source: City of South Haven and Townships



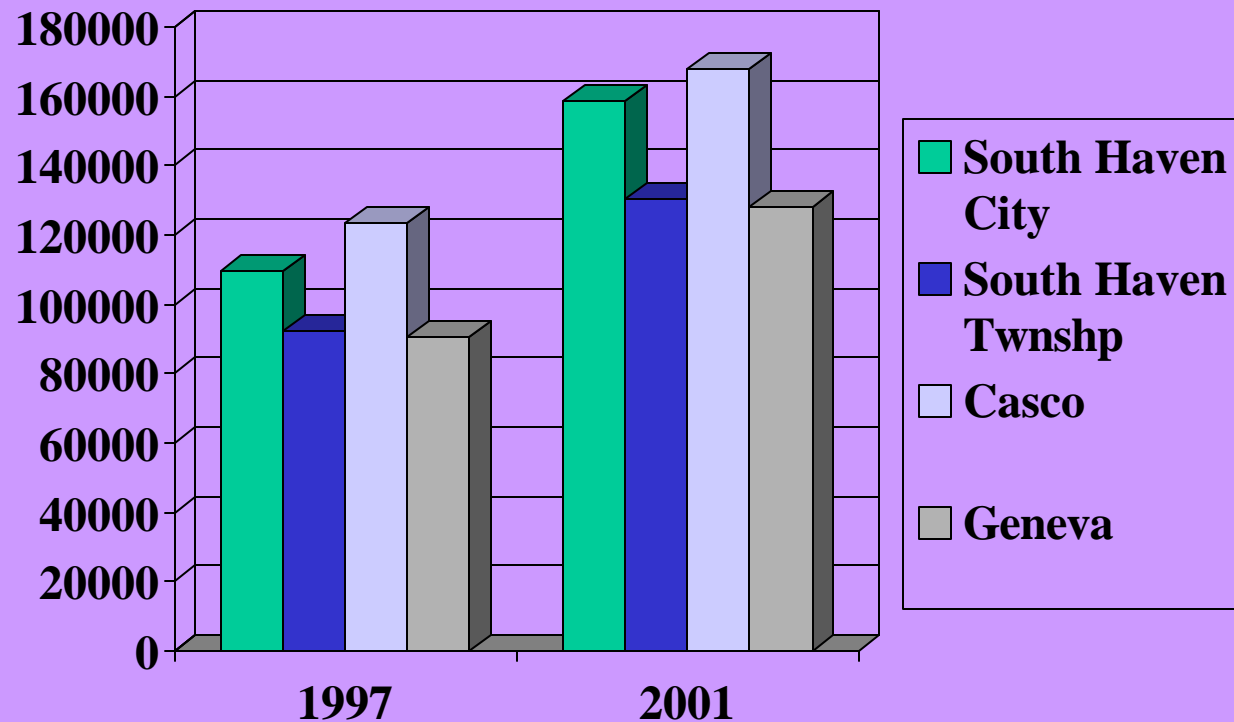
South Haven



Townships

Housing Values

1997-2001



Source: Multiple Listing Service

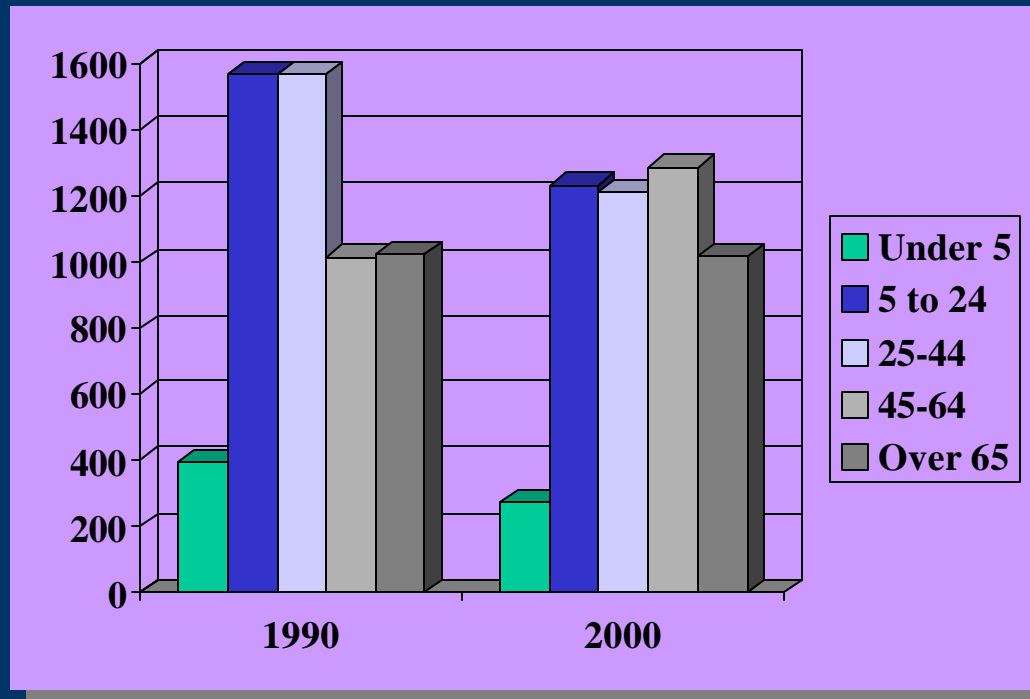
- Since 1997, sales values have increased significantly.

- The highest values, and the largest proportionate growth, have occurred in the City of South Haven and Casco Township.

- Prices are somewhat more moderate in South Haven and Geneva Townships. Data for Covert Township were not available.

Age Distribution

South Haven



Source: US Census, RDG Crose Gardner Shukert

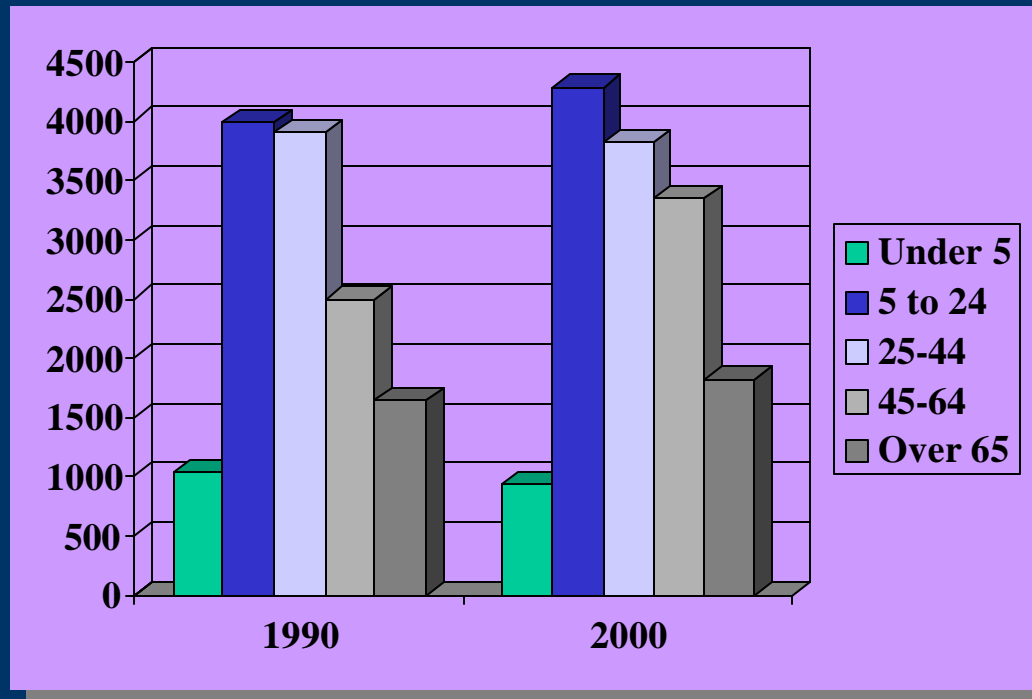
- South Haven's population has aged significantly since 1990.

- The city experienced significant decreases in small children, young people, and "family-formation" aged adults.

- On the other hand, its middle-aged population grew significantly and its older adult population remained stable.

Age Distribution

Townships



Source: US Census, RDG Crose Gardner Shukert

- The townships around South Haven display a much more normal pattern of change.
- The townships posted largest increases in the middle-aged groups, expected because of baby-boomer aging.
- The townships also display small increases in its younger population and relative stability in the family formation age groups.
- Older adult population remained relatively stable during the 1990s.

Population Forecast

Jurisdictions	2000	2005 Forecast	2010 Forecast
South Haven 0% annual growth	5,021	5,021	5,021
Four Townships 0.83% annual growth	14,181	14,791	15,402
Study Area Total	19,202	19,812	20,423

•In projecting ten-year population change, we assume a flat population for South Haven and continuation of the annual growth rate experienced by the townships during the last decade. This indicates total population growth in the study area of 1,221, or about 6.4%.

•Forecasts in the South Haven area are somewhat deceiving because of the eccentricities of a resort population.

The Process

- Use population projections and assumptions about people per household, vacancy rate, and replacement rate to generate ten-year overall housing demand.
- Consider the distribution of household income in South Haven and the four townships.
- Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.
- Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.

Ten-Year Development Projection, South Haven

	2002-2006	2007-2011	Total
Population at End of Period	5,021	5,021	
HH Population at End of Period	4,811	4,811	
Average PPH	2.20	2.10	
HH Demand at End of Period	2,190	2,295	
Projected Vacancy Rate	7.42	7.42	
Unit Needs at End of Period	2,366	2,479	
Replacement Need	5	5	10
Cumulative Need During Period	108	118	226
Average Annual Construction	22	24	23

- Housing demand calculation is based on a slowly declining number of people per household and a constant nominal year-round vacancy rate.

- This suggests a demand for about 23 units annually, slightly more development than experienced during the 1990s.

- However, special projects based on South Haven's special qualities may increase this demand.

Ten-Year Development Projection, Townships

	2002-2006	2007-2011	Total
Population at End of Period	14,791	15,402	
HH Population at End of Period	14,429	15,025	
Average PPH	2.54	2.44	
HH Demand at End of Period	5,691	6,169	
Projected Vacancy Rate	7.65	7.65	
Unit Needs at End of Period	6,162	6,680	
Replacement Need	10	10	20
Cumulative Need During Period	488	528	1,016
Average Annual Construction	98	106	102

•Housing demand calculation is again based on a slowly declining number of people per household and a constant nominal year-round vacancy rate.

•This suggests a demand for about 102 units annually, again, somewhat more development than experienced during the 1990s.

Ten-Year Combined Development Projection by Occupancy

	2002-2006	2007-2011	Total
South Haven	108	118	226
Owner-Occupied	76	83	159
Renter-Occupied	32	35	67
Townships	488	528	1,016
Owner-Occupied	390	422	812
Renter-Occupied	98	106	204
Total	596	646	1,242
Owner-Occupied	466	505	971
Renter-Occupied	130	141	271

- The combined study area displays an approximate demand for 1,242 units during the next decade.

- Occupancy splits projected are 70% owner-occupied, 30% renter-occupied in South Haven and 80% owner-occupied, 20% renter-occupied in the four townships.

Income Distributions and Housing Affordability Ranges

This information is used to define specific price points for housing in the region.

	% of Households		Affordability Range Based on 30% of Gross Income	
	South Haven	Townships	Ownership	Rental
Under \$15,000	22.5	21.7	Under \$30,000	Under \$400
\$15,000-24,999	15.7	20.3	\$30-60,000	\$400-625
\$25,000-34,999	9.2	15.1	\$60-90,000	\$625-875
\$35,000-49,999	18.6	19.2	\$90-125,000	\$875-1,250
\$50,000-74,999	17.6	15.8	\$125-190,000	\$1,250-1,875
\$75,000 and Over	16.5	7.9	\$190,000 and over	Over \$1,875
Median Household Income	\$36,885	\$30,420		

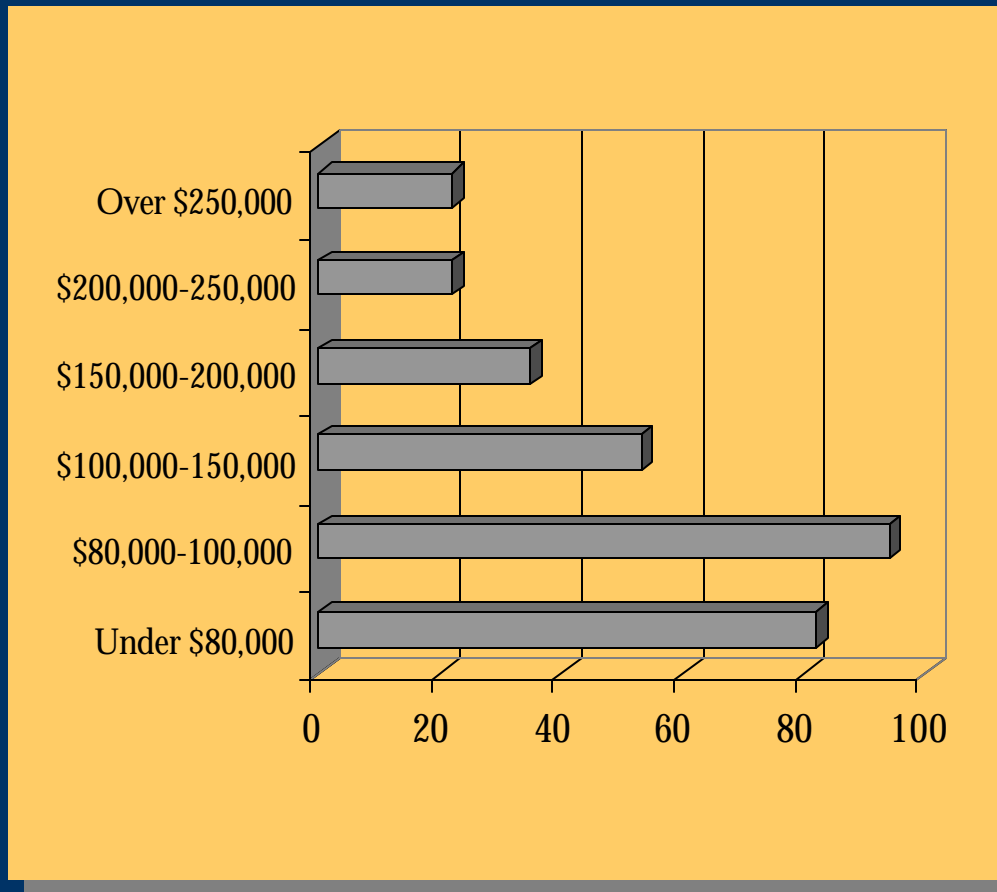
Source: Claritas, Inc., RDG Crose Gardner Shukert

Ten-Year Housing Development Program, South Haven

	South Haven	Townships	Total
Total Need	226	1,016	1,242
Total Owner Occupied	159	812	971
Affordable Low: 60-90,000	24	211	235
Affordable Moderate: 90-125,000	48	269	317
Moderate Market: 125-190,000	45	221	266
High Market: 190-250,000	18	56	74
High End: Over \$250,000	24	59	83
Total Renter Occupied	67	204	271
Assisted: Less than 400	32	78	110
Affordable: 400-625	22	73	95
Market: Over 600	13	54	67

Conclusion: The local market for housing in the South Haven area is oriented much more to moderate and middle-income groups than perhaps expected. Most of the local owner-occupied market is for housing below \$190,000, and a majority of this is ideally focused at or below \$125,000. Similarly, the majority of the rental market is for units with rents below \$625.

CHAT Participants Perception Survey

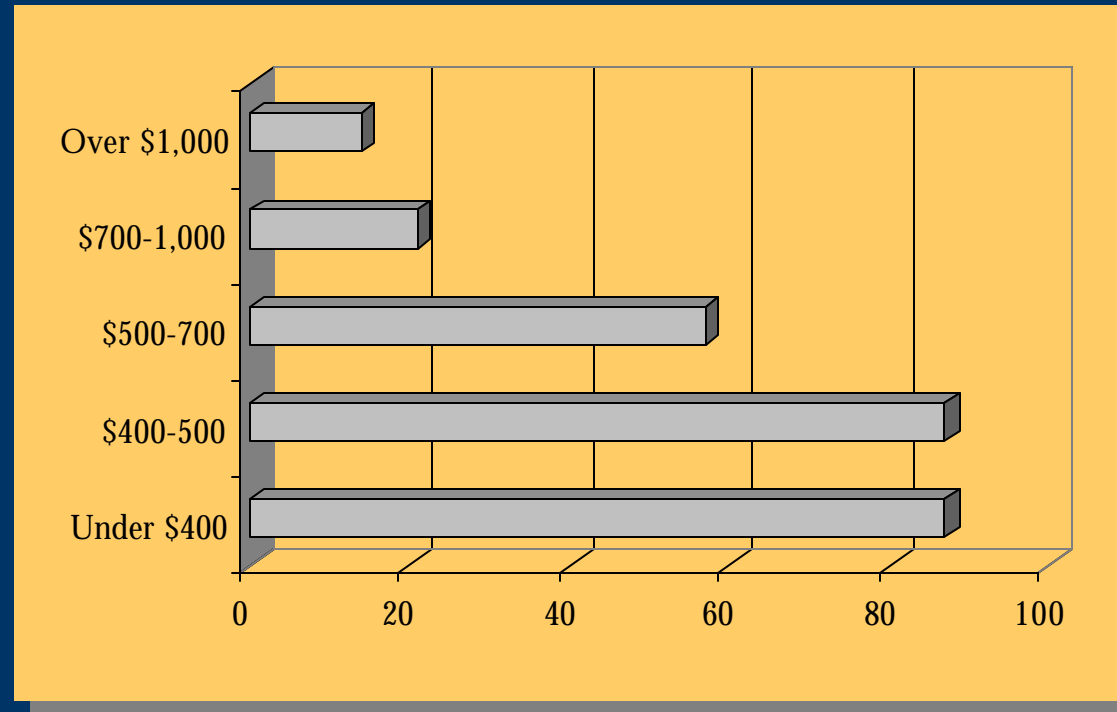


% Reporting Undersupply by Price Range

Undersupplies in Owner-Occupied Housing

- A large majority of respondents report undersupplies in housing priced below \$100,000.
- A majority reports undersupplies between \$100,000 and \$150,000.
- Most believe that demand and supply of housing priced above \$150,000 are in balance.

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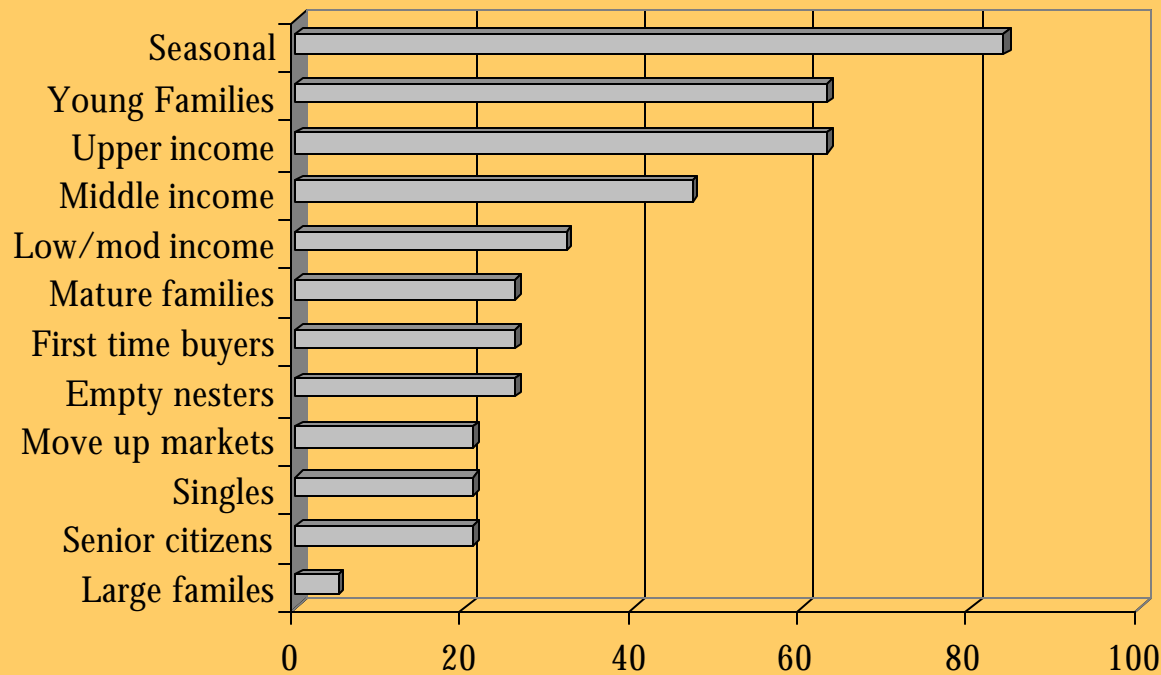


% Reporting Undersupply by Rent Range

Undersupplies in Rental Housing

- A large majority of respondents report undersupplies in housing with rents below \$500
- A majority reports undersupplies with units renting between \$500 and \$700.
- Most believe that demand and supply of rentals above \$700 are in balance.

CHAT Participants Perception Survey

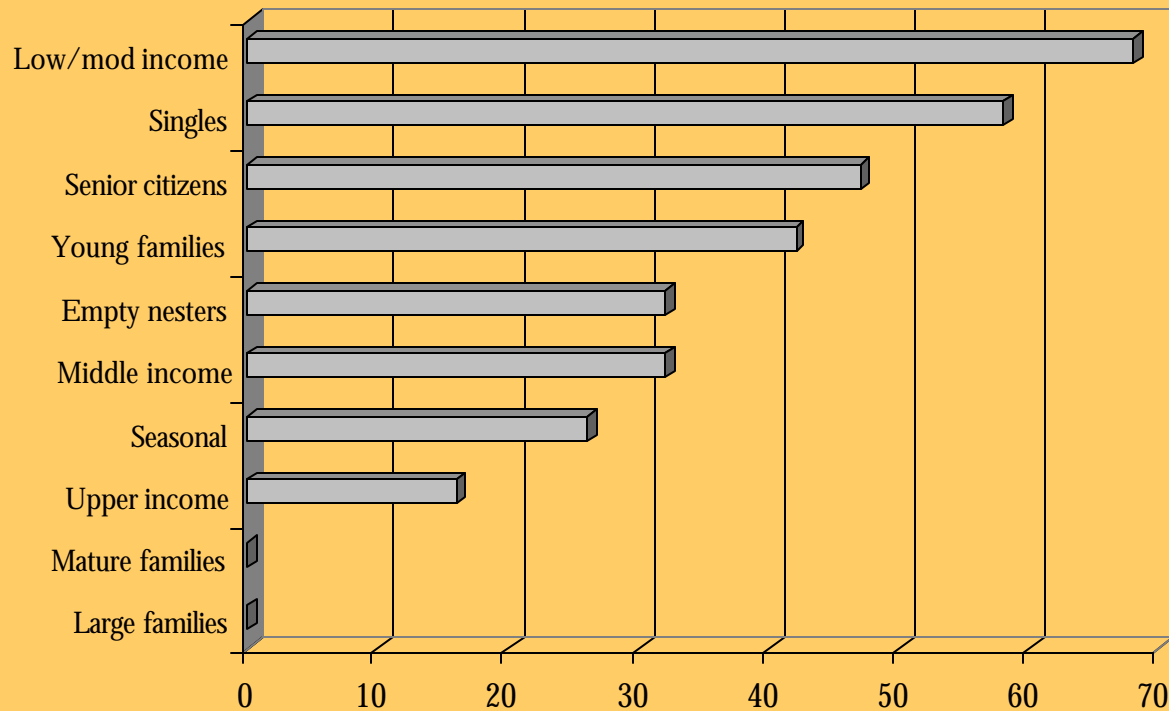


Target Groups for Owner Occupied Housing

- Seasonal residents are mentioned most often as a major target for ownership housing.
- Young families and upper-income households are mentioned as major targets by a substantial majority of respondents.

Owner-Occupancy Targets

CHAT Participants Perception Survey



Target Groups for Renter-Occupied Housing

- Law and moderate-residents are mentioned most often as a major target for rental housing.
- Singles are also mentioned as major targets by a substantial majority of respondents. Seniors and young families are also mentioned frequently.

Renter-Occupancy Targets

CHAT Participants Perception Survey

Relationships between Resort and Year-Round Demands

- 11% believe that resort housing does not affect the supply of year-round housing.
- 68% believe that resort housing is reducing the supply of year-round housing.
- 47% believe that resort housing creates a scarcity in the supply of year-round housing.
- 84% believe that resort housing drives prices up.
- 53% believe that a significant amount of housing development is directed to the resort or seasonal market.

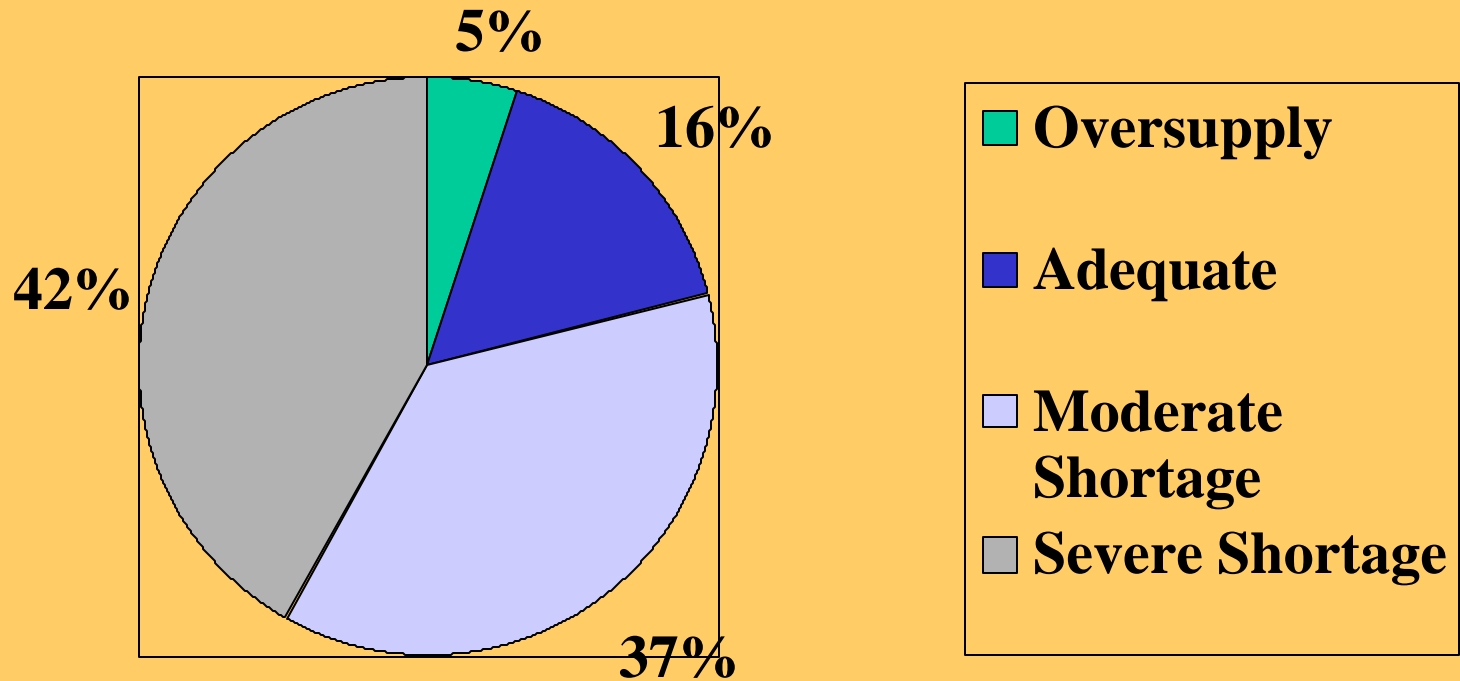
CHAT Participants Perception Survey

Most Desirable New Housing Products

Middle-sized, 3 BR houses	89%
Low and moderate-income apartments	58%
Affordable, small single-family houses	58%
Resort cottages	58%
Condominiums	53%
Townhouses and duplexes	32%
Rental apartments for seasonal residents	32%
Large houses	16%
Executive and luxury houses	16%
High-end apartments	11%

CHAT Participants Perception Survey

Lot Supply



CHAT Participants Perception Survey

Ratings of Various Actions

5 to 1 scale

Rehab Loans	3.87
Development of infrastructure	3.81
Grants/low-interest loans to developments	3.76
Construction financing	3.67
Mortgage assistance	3.44
Downpayment assistance	3.35
Land acquisition	2.77
Section 8 rental subsidies	2.57

Housing Resources and Assets

- The Lake and Sense of Place
- Access to Regional Jobs
- Attraction to Seasonal Residents
- Market Strength and Value Appreciation
- Available Land
- Infrastructure Development
- City Redevelopment
- Innovative Housing Commission
- Visible Neighborhood Reinvestment

The Lake and Sense of Place

South Haven's lakefront, architecture, history, natural environment, community symbols, summer activity, resort quality, and scale give the entire area a unique character that attracts people. This sense of place gives the South Haven area a unique marketing advantage.

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Access to Regional Jobs

The South Haven area is strategically located in the middle of a major employment region, within convenient commuting distance of Kalamazoo, Holland, and the Benton Harbor area. I-196 provides a high degree of regional access. In addition, South Haven still retains a significant employment base with such key industries as Trelleborg, Wyckoff, Pullman Industries, and others.

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Attraction to Seasonal Residents

South Haven's lakefront and community features have made the city and surrounding area extremely attractive to seasonal residents. This attraction has generated high property values and considerable demand for property. It has also fueled substantial reinvestment in formerly distressed areas and has created new business opportunities.

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Value Appreciation

Real estate values in South Haven and all four area townships have increased significantly during the last five years, with South Haven City and Casco Township exhibiting the largest appreciation. While this makes housing less “affordable,” it also means that housing investments in the area are relatively secure – an issue of concern to moderate income homebuyers.

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Available Land

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Although land is comparatively scarce within the city limits of South Haven, it is abundant in surrounding townships. Infrastructure development by the Water and Sewer Authority has provided urban services to large areas adjacent to the city, allowing development at urban densities.

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Infrastructure Development

T

he Water and Sewer Authority has not only developed needed urban services in potential growth areas, but it has devised a front-end financing mechanism that minimizes exposure to developers and costs to homebuyers. The approximately \$11,000 fee per Residential Equivalent Unit can be financed at relatively low interest over 20 years.

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City Redevelopment

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While South Haven has limited land resources, it has aggressively identified brownfield and other redevelopment sites for major projects. These sites include the Foundry site near Aylworth and Kalamazoo Street, the Dunkley Street site, and the Everett Buildings. The City appears willing to participate in the redevelopment of these sites.

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Innovative Housing Commission

The South Haven Housing Commission is an innovative organization that is promoting affordable homeownership by selling its existing scattered-site housing units to residents. The Commission has also completed a strategic plan to guide its policy directions and has created a Housing Development Corporation, recently certified as a Community Housing Development Corporation (CHDO).

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Visible Reinvestment

South Haven had significant residential and urban blight a decade ago. Through an aggressive brownfield clean-up program, targeted code enforcement efforts, and growing demand for residential property, these conditions have been substantially eliminated. This further reinforces property values in town and surrounding townships.

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Strategic Issues

- School Development
- Economic Change
- Lack of a Middle Class
- Production/Demand Gaps
- Lack of Developed Lots
- Construction Capacity
- Second Homes and Community
- Evolution of Townships
- Pressures toward Sprawl
- Growth Controversies

School Development

The South Haven area competes with other regional communities for professional and family households. The district's outdated elementary and high school facilities appear to be a strong disincentive, given excellent systems and facilities in surrounding areas. Two previous bond issues to improve school facilities were defeated by the voters. A crucial third effort is being readied.

•School Development

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Trelleborg is headquartered in South Haven and employs about 130 engineers, designers, and other professional staff. Despite the city's beauty and quality, virtually none of these households elected to live in the South Haven area. Concerns about the area's schools are considered a leading cause of these choices.

Economic Change

The South Haven region has changed from a largely industrial economy based on manufacturing to a largely service economy, based on tourism. This replacement of higher-paying, unionized jobs with lower-paying employment has probably reduced local real incomes. Despite this, South Haven and the region retain substantial industrial employment.

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Lack of a Middle Class

Increasingly, the South Haven area appears to be economically stratified, with relatively large groups of high-income and low-income households. The low-income households are more likely to be permanent residents of the area, while upper-income residents are more likely to be seasonal residents. The region has not successfully attracted a “middle” population, evidenced by a lack of housing development in medium cost ranges.

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About 38% of South Haven's households earn less than \$25,000, while about 34% earn more than \$50,000. About 41% of households in the townships earn less than \$25,000, while about 24% earn over \$50,000. In this way, the South Haven area reverses the traditional pattern of lower incomes in town and higher incomes in surrounding areas. I-196 is seen as a dividing line between higher and lower-income districts.

Production/Demand Gaps

Based on the existing distribution of income, over half the demand for owner-occupied housing in the South Haven area is for homes priced below \$125,000. Only about 15% of the demand is for housing over \$190,000. Yet, most new housing production is at the higher ranges, much of which is targeted to buyers from outside the region. As a result, the market is not providing opportunities for people living or working in the region.

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Lack of Developed Lots

Despite relatively abundant available land, little subdivision development has occurred. Two new subdivisions are developing, but both are relatively small. A lack of utilities has prevented urban scale subdivisions in the townships in the past. However, water and sewer lines now exist in these areas. Slow build-out could affect the ability to retire revenue bonds used to finance these utility extensions.

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The 37-lot Osage Orchard development is a site condominium that will have houses targeted toward a middle-income population, in the range of \$150,000. An additional development in South Haven Township will provide 26 lots on a 20-acre site, with minimum prices in the range of about \$200,000. Some observers consider high land cost to be an obstacle to middle-value subdivision development.

Construction Capacity

Many builders working in the South Haven area are relatively small businesspeople, doing remodeling projects and between 3 and 5 new houses annually. Most of this new construction involves building for specific customers. These remodeling and custom-building jobs involve few of the difficult risks of often speculative construction of moderately-priced units. As a result, there is little incentive to become involved in this market.

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Second Homes and Community

The second home market is an asset, but also a mixed blessing. Seasonal residents pay full taxes with homestead deductions and demand relatively few services. Yet, they do push the prices of existing housing higher – good for sellers, bad for people seeking housing; and some neighborhoods are partially empty during the off-season, affecting the “feel” of the city and its sense of community.

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The number of houses recorded as “vacant” for seasonal uses doubled during the 1990s, according to Census 2000. The strongest demand local markets, including seasonal residents and retirees, also reduce the availability of housing for local residents if alternatives are not developed. This has probably had an effect on school enrollment, which has dropped by about 16% during the last five years.

Evolution of Townships

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With the extension of urban services in South Haven and Casco Townships (and improvement of water services in Covert Township), much development action will move to these outlying areas. They will undergo a transition from rural residential development to a more urban development pattern, friendly to families with children. These new neighborhoods will require parks, open spaces, local street and pedestrian connections, and other features of a town.

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To date, most development has occurred on large lots along township or county roads, or self-contained small plats or site condos. A pattern of urban services will not develop from this small-scale, incremental development without advance planning. In South Haven Township, minimum lot size in areas with urban services remains a relatively large 15,000 square feet.

Pressures toward Sprawl

For low or moderate-income households seeking homeownership, the most inexpensive option for housing may be placing a mobile home or modular house on two acres of land in the country. Without other alternatives, this can lead to a pattern of decentralized sprawl in rural parts of the townships.

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Growth Controversies

Urban services have been extended along Blue Star Highway in Casco Township, providing infrastructure to lakefront residential areas and opening the area to additional development. However, the township is currently engaged in a debate about growth, which may prevent full utilization of this investment. It is important to develop a consensus over the future of this part of the county.

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A new Michigan state law requires zoning jurisdictions to provide an option for conservation development, allowing a development to cluster lots in exchange for maintaining the balance of the site in common open space. This may provide a way for Casco to permit development while maintaining rural character.

Affordability Scenarios

	1-Earner Entry Wage	2-Earners Average Wage 1.5 FTE	2-Earners Mature Wage 1.5 FTE	2-Earners Mature Wage 2.0 FTE
Gross Adjusted Income	16,640	31,200	37,440	49,920
Affordability Factor	.30	.30	.30	.30
Monthly Pmt	416	780	936	1,248
Utilities	80	120	130	140
Available for Principal, Interest, Taxes, Insurance	336	660	806	1,108
Taxes/Insurance	84	165	202	287
Available for PI	252	495	604	861
7%, 3% DP, 30-year	39,050	76,700	93,593	129,415
8.5%, 3% DP, 30-year		66,370	80,980	115,439

South Haven Area Housing Objectives

A housing program for the South Haven and the surrounding four townships should:

1. Allow the area compete successfully for permanent, moderate and middle-income residents, including families with children.
2. Encourage developing areas to grow as unified community environments.
3. Take best advantage of major investments made in urban infrastructure.
4. Use redevelopment opportunities in South Haven to fulfill strategic community development objectives.
5. Increase the capacity of the area's for-profit and nonprofit development community to produce affordable housing.

School Development Program

The South Haven area should move to resolve the school facility “gap” by executing a major capital program.

Demographics suggest that addressing elementary facilities should be the highest priority. The district’s Base Line Road site may also be used to address other issues, such as housing development.

- **The next large demographic opportunity will be young children, the children of the baby-boom “echo.” During the next ten years, South Haven has a critical window to attract this population group. If successful, this parent group will later provide the constituent support necessary to complete high school improvements.**

School Development Program

•The district owns 100 acres on its Base Line Road site. This site should be master planned for school and playing field development. The balance may make a superb site for middle-income family development. If the school program can be accommodated in 60 acres, 40 acres may be available for housing development. At a gross density of 3.5 units/acre, this can yield 140 houses. At a value of \$125,000 per house, this can produce an assessed value of \$17.5 million and meet a substantial part of the area's housing need. A unified community that combines a substantially new middle school and elementary school campus, playing fields, and a thoughtfully designed residential neighborhood in South Haven can be a powerful draw to young families in the region.

School Development Program

•The district should increase its visibility and communicate its programs and activities to the community. It should expand community involvement programs in a variety of projects, such as demonstration homebuilding and services to seniors. It should work to involve South Haven's older adult population in the life of the schools by using programs such as mentoring and volunteer assistance. This kind of two-way relationship can engage seniors in the school system and produce a constituency for school improvement among the city's older population, people who are traditionally disengaged from the system and tend to vote against bond issues.

Township Master Plans

The area's growing townships should develop and be guided by comprehensive master plans, establishing the framework of connecting streets, parks and open spaces, supporting services and civic uses, to create community environments in the parts of their area that enjoy full urban services.

- **Development in the townships is likely to develop in small subdivisions or site condominiums. These incremental projects will develop as small pods, and no overall structure will develop without a master development plan.**

- **These new areas will have families with children and must be designed appropriately. Growth in these areas with urban services should be organized into town-like entities, with a unifying framework of streets, sidewalks, parks, greenways, activity centers, and supporting services.**

Township Master Plans

- The Master Plans should include features that link new developing areas back to the City of South Haven, extending the quality of the city out to new areas. These features might include links to the Kal-Haven Trail or pedestrian/bicycle accommodations over I-196.**
- The townships (particularly South Haven Township) should consider reducing minimum lot sizes in areas with urban services, at least for certain kinds of projects. Higher densities can take better advantage of infrastructure and encourage affordable residential development.**
- The area's jurisdictions should consider unifying their comprehensive plans and increasing coordination of planning and zoning programs.**

Township Master Plans

Comparison of Land Development Costs for Different Size Lots

	15,000 SF Lots	7,500 SF Lots
Gross Density (du/acre)	2.0	4.0
Land Cost per Unit (Assume \$16,000/acre)	8,000	4,000
Infrastructure Cost per REU	11,000	7,500
Street Cost per Unit (Assume 24 foot street)	8,000	5,000
Reimbursible Capital Costs	5,000	3,000
Hard Site Cost per Unit	32,000	19,500

Township Master Plans

•The Master Plans should be extensively marketed to development interests and entities active in the western Michigan region. In addition to being planning tools, the documents should act as a marketing prospectus, announcing that the area is truly “open for business” and invites development.

South Haven Redevelopment Areas

South Haven should explicitly define its objectives for its major redevelopment sites and use its redevelopment powers, proposal evaluation, and redevelopment agreement process to ensure conformance with these objectives.

- South Haven's prime redevelopment sites include:**

- The Dunkley Street site**

- The Foundry site**

- The Elkenburg and St. Joseph Street Industrial Site**

- The City should develop its objectives for these key sites. The Dunkley Street site should be a mixed use project and should make some allowance for permanent, moderate cost housing as well as more expensive, market-driven development. The Foundry provides a good opportunity for mid-rise development.**

South Haven Redevelopment Areas

•The City will own all or part of these major sites and will have to convey this land for development. On the Dunkley Street site, it will use tax increment financing to develop infrastructure. This gives it the ability to advertise its goals and design criteria in an RFP, evaluate proposals accordingly, and enforce the plan through redevelopment agreements.

•These projects provide the opportunity to accommodate both the current “hot” markets for seasonal or retiree housing along with other housing types and, at Dunkley, commercial uses.

Implementing Housing Priorities

South Haven's new Housing Development Corporation should define a program of strategic housing development, establishing affordable, middle-cost housing as a key priority.

Three target project types include:

- Affordable owner-occupied housing
- Rent-to-Own concepts
- Affordable assisted living for seniors

•The new HDC, certified as a CHDO, is about to begin operation. The HDC, unlike the Housing Commission, has the ability to operate outside of South Haven's city limits.

Implementing Housing Priorities

- The initial project type for the HDC should be affordable single-family development. The HDC should use its access to HOME funds to develop a program of soft second mortgages. This can increase the number of potential buyers who are bankable for the homes.**
- In order to provide a critical mass of units, the city's lending institutions should consider a construction loan pool, providing front-end financing for HDC development. This pool might also be available to private developers of affordable development.**
- A major challenge of the HDC will be connecting with a subdivision to build within. At this point, we assume that, with infrastructure available, the private sector can undertake subdivision development, probably in South Haven Township.**

Implementing Housing Priorities

Soft Second Mortgage Scenario

Item	Cost
Land Cost	4,000
Infrastructure Fee per REU	7,500 Deferred
Other Capital Cost (with streets)	8,000
Construction (1,100 SF @ \$100)	99,000
Total Hard Cost	111,000
Margin (15%)	16,650
Sale Price	127,650
HOME Soft-Second Deferred Payment Loan	20,000
Sale Price for Downpayment and Financing	107,650

Assumptions:

- 4du/A
- Land Cost: 16K
- House Size: 1,100 SF
- Const Cost: \$90/SF

- 5% Downpayment
- 7%/30 years
- \$400 TI/Utilities

Income to “Afford”:
\$45,000

Implementing Housing Priorities

•Another appropriate housing type for the HDC is a rent-to-own development. Rent-to-own projects can be built with Section 42 tax credits. Funds are escrowed from rents and placed in a downpayment fund. With sufficient accrual of funds, the resident household then uses the fund as a downpayment for purchase of a house. A tax credit assisted unit must remain in low-income rental occupancy for 15 years to avoid recapture. Therefore, the HDC may pair a rent-to-own unit with another of its affordable owner-occupied units.

•Rent-to-own developments may also be developed privately. These resemble a 15-year “land contract,” providing the resident with the option to buy at a reduced or amortized price after 15 years.

Implementing Housing Priorities

- **A third potential focus is affordable assisted living. This is an interest of the Housing Commission and is an appropriate project type, given growth in the senior and middle-aged population in the South Haven area.**

Strategic Program

2002-2003

- **Township Master Plans**
- **Major Affordable Subdivision in South Haven Township**
- **School Site Master Plan and Bond Election**
- **First CHDO-Based Construction**
- **RFP and Redevelopment of Foundry Site**

Strategic Program

2004-2005

- **RFP and Redevelopment of Dunkley Street**
- **Construction on School Site**
- **Accelerated HDC Development**
- **Initial Rent-to-Own Project**
- **Initial Market Research on Affordable ALU**