

A SESSION FOR LOCAL LEADERS

A Beginner's Guide to Whiplash-Free Housing Development

Patient, data-based local development starts with the rules you control.



MIDLAND, MICHIGAN

YOUR GUIDE TODAY

Jenifer Acosta

Housing finance consultant, developer, and educator. Midland, Michigan.

jen@jeniferacosta.com

Principal, Acosta Development

Lead housing consultant, Midland Business Alliance

Senior Faculty and Board Member, Incremental Development Alliance

Regional Housing Partnership Lead, Region G

Real Estate Developer



MY WORK IN DOWNTOWN BAY CITY

Vacant buildings, back in use



BEFORE



AFTER

The Times Lofts

1910 newspaper building. 31 lofts. Completed 2017. \$7.9 million.



BEFORE



AFTER

The Legacy

1890 bank building. 26 apartments, a restaurant, two commercial suites. Completed 2019. \$12 million.

OUR HOUR TOGETHER

Five moves toward development-ready

PART	TOPIC	MINUTES
01	Local need, housing choice, and whiplash	17
02	Make it legal: zoning and stress tests	10
03	Make it easy: permitting and process	7
04	Make it buildable: infrastructure and finance	15
05	Make it welcome: community dialogue	6
06	Your 90-day plan and questions	5



TURN TO YOUR NEIGHBOR | 2 MINUTES

What housing got built in your community in the last five years?

Who built it? How long did it take? What almost stopped it?

WHAT WHIPLASH LOOKS LIKE

Years of nothing. One big project. Then a fight.

01

Quiet

Few permits. Lots
sit empty. Rents
and prices climb.

02

Big proposal

One outside firm.
Hundreds of units
at once.

03

Backlash

Packed hearings.
Delays. Redesigns.
Lawsuits.

04

Retreat

The project shrinks
or walks away.
Quiet returns.

Whiplash-free means steady growth that residents can see coming and take part in.

Most communities plan for only one of these

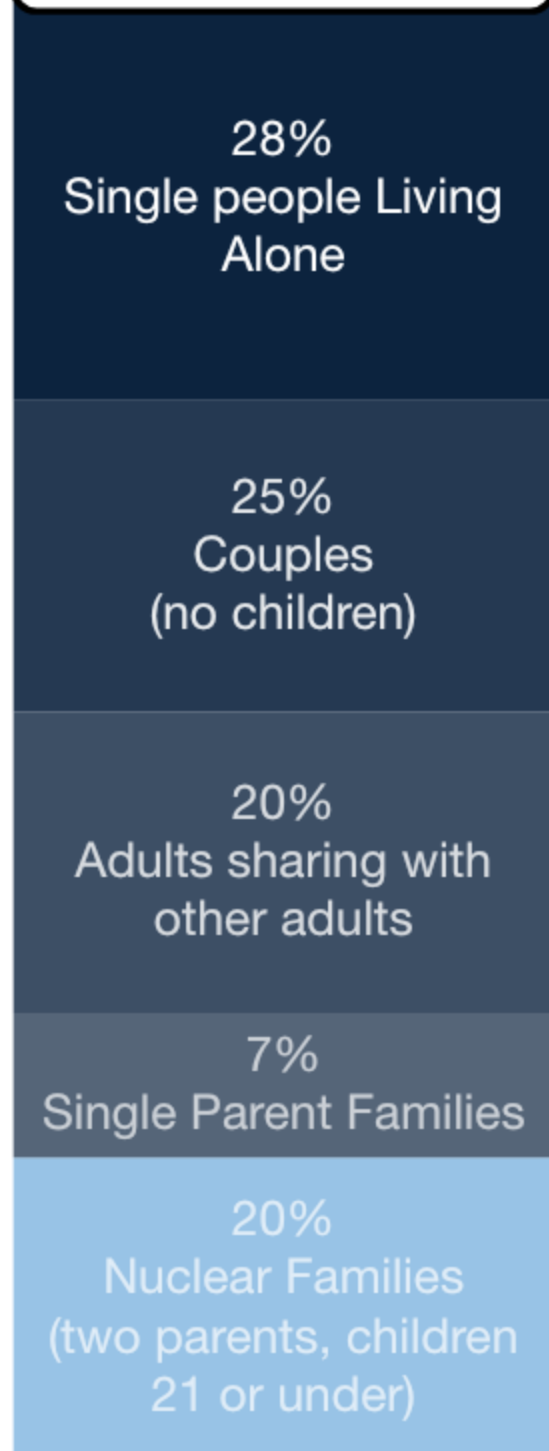
	LARGE-SCALE DEVELOPMENT	INCREMENTAL DEVELOPMENT
Project size	100 or more units at once	1 to 12 units at a time
Who builds	Regional and national firms	Residents, tradespeople, local investors
Infrastructure	Often new roads and pipes	Streets and pipes you already maintain
City risk	One project, one outcome	Many small projects, spread out
Where profit goes	Often leaves town	Stays in the neighborhood
Neighbor reaction	Often a public fight	Fits the block

You need both. This session focuses on the one your rules probably block.



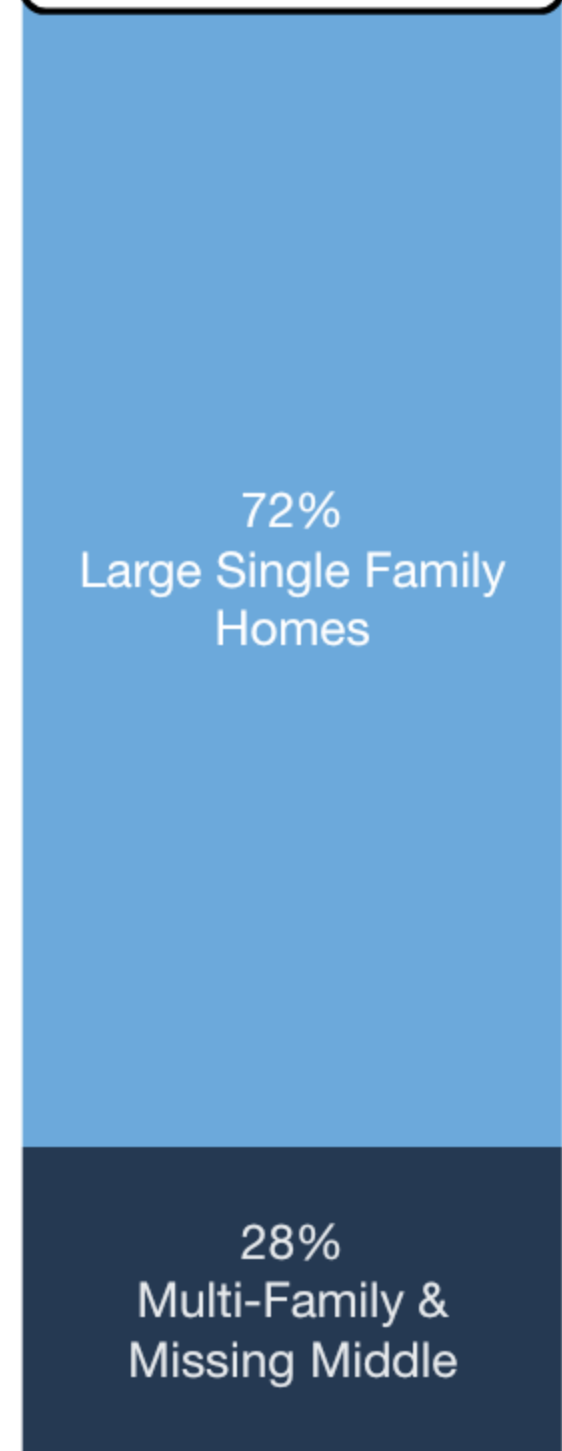
Changing Demographics

America's Households by the Numbers



80%
OF
AMERICAN
HOUSEHOLDS
ARE NOT
TRADITIONAL
NUCLEAR
FAMILIES

America's Housing Types by the Numbers

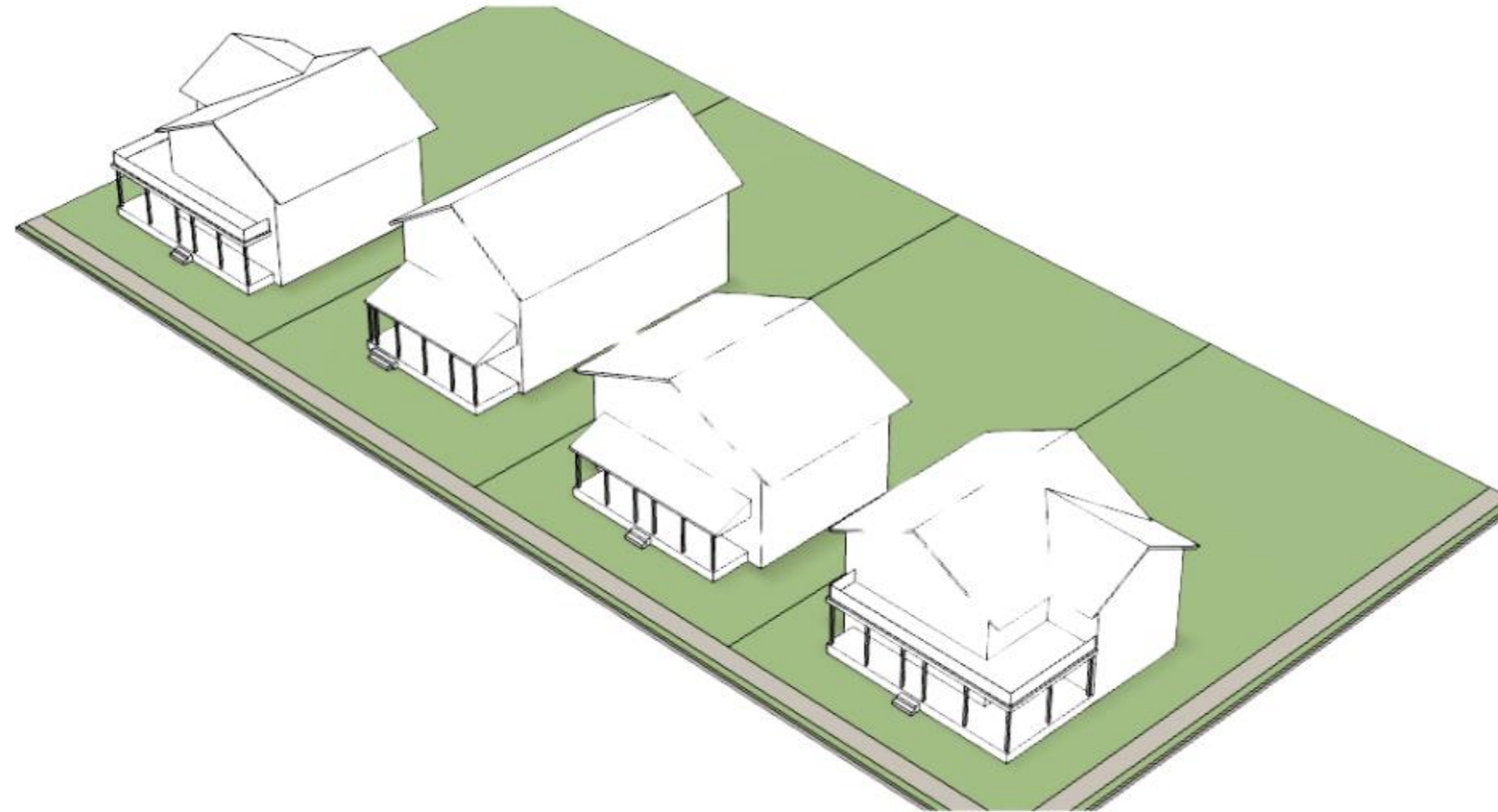


72%
OF
AMERICAN
HOUSING
UNITS CATER
TO
TRADITIONAL
NUCLEAR
FAMILIES

AARP Making Room: Housing for a Changing America.
2018.

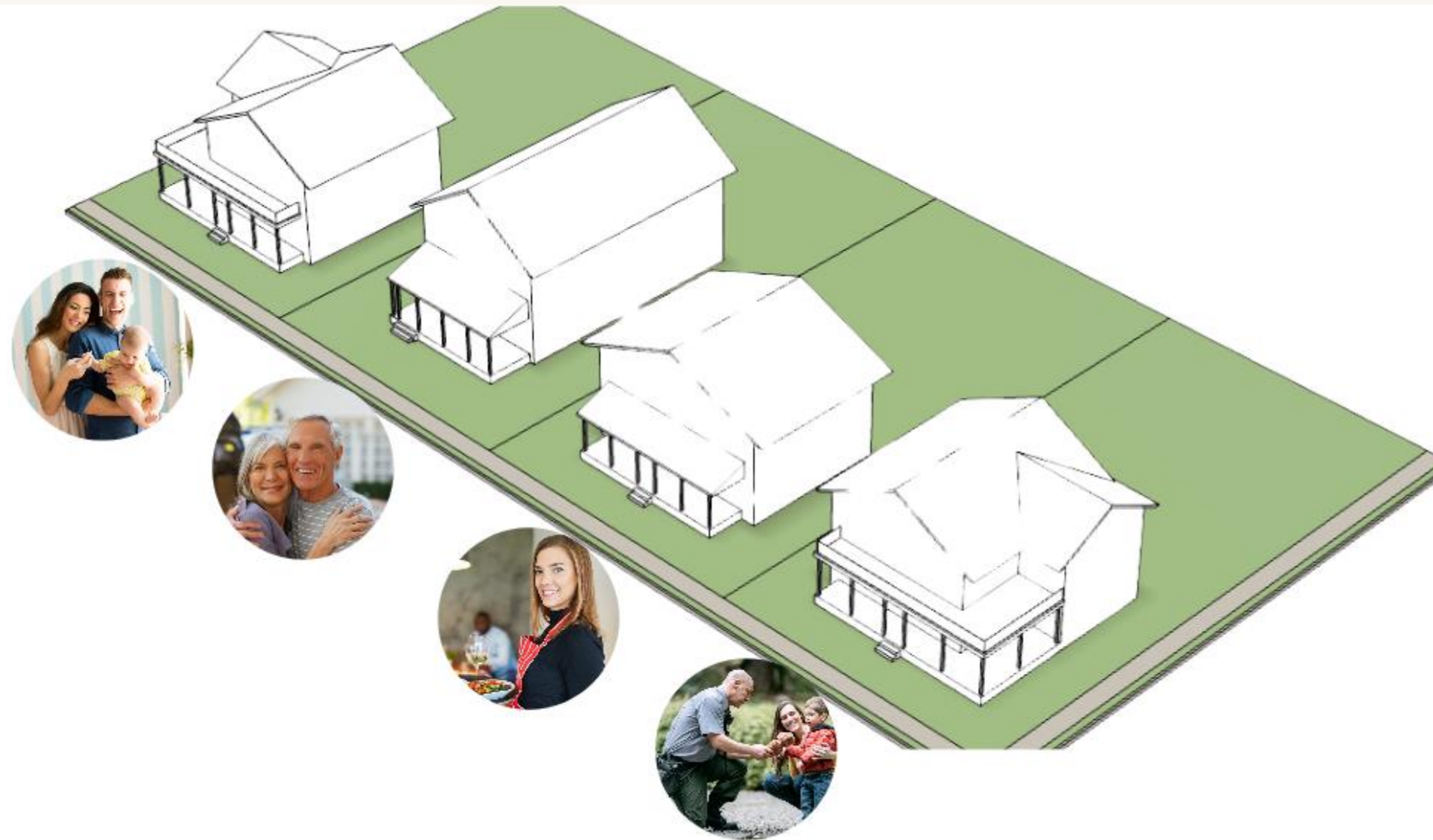
HOUSING CHOICE

Our traditional neighborhoods



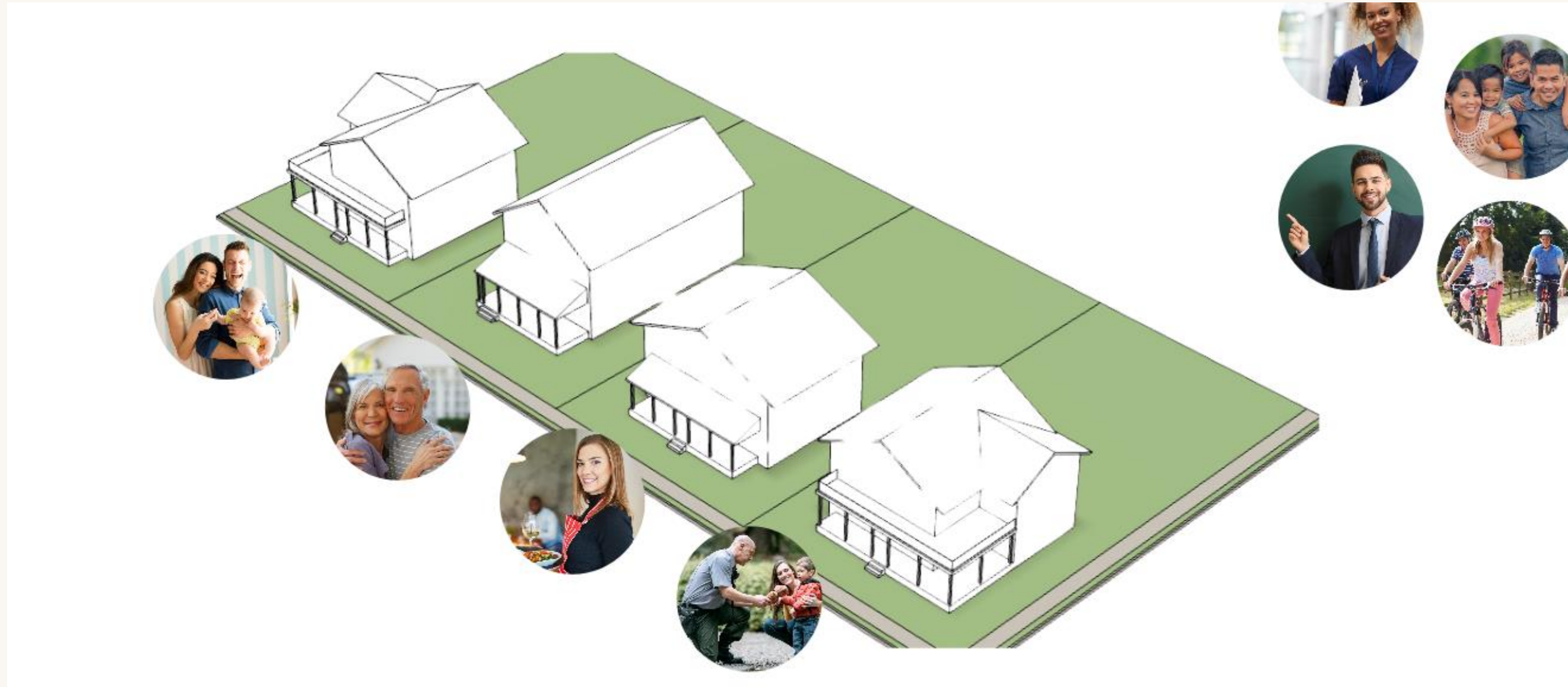
HOUSING CHOICE

Single-family zoning prevents variety



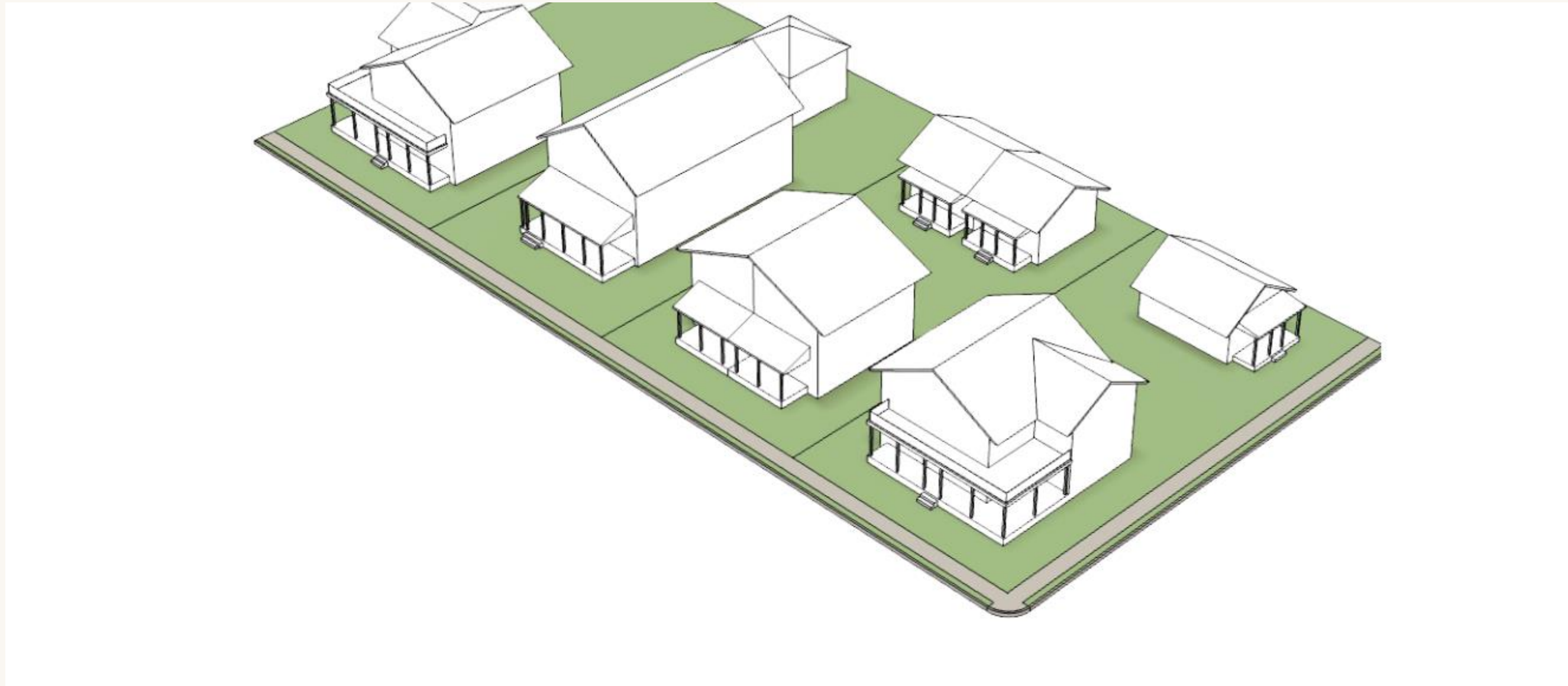
HOUSING CHOICE

Supply-demand mismatch



HOUSING CHOICE

The same block, with more home types



HOUSING CHOICE

Room for the people who already live here



Changing Demographics: Household Size



1950: 3.8 PEOPLE PER HOUSE



2017: 2.5 PEOPLE PER HOUSE

50%
MORE HOUSES
NEEDED FOR THE
SAME # OF PEOPLE



2030: 2.0 +/- PEOPLE PER HOUSE

100%
MORE HOUSES
NEEDED FOR THE
SAME # OF PEOPLE

Changing Demographics: Household Size



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2017: 2.5 PEOPLE PER HOUSE



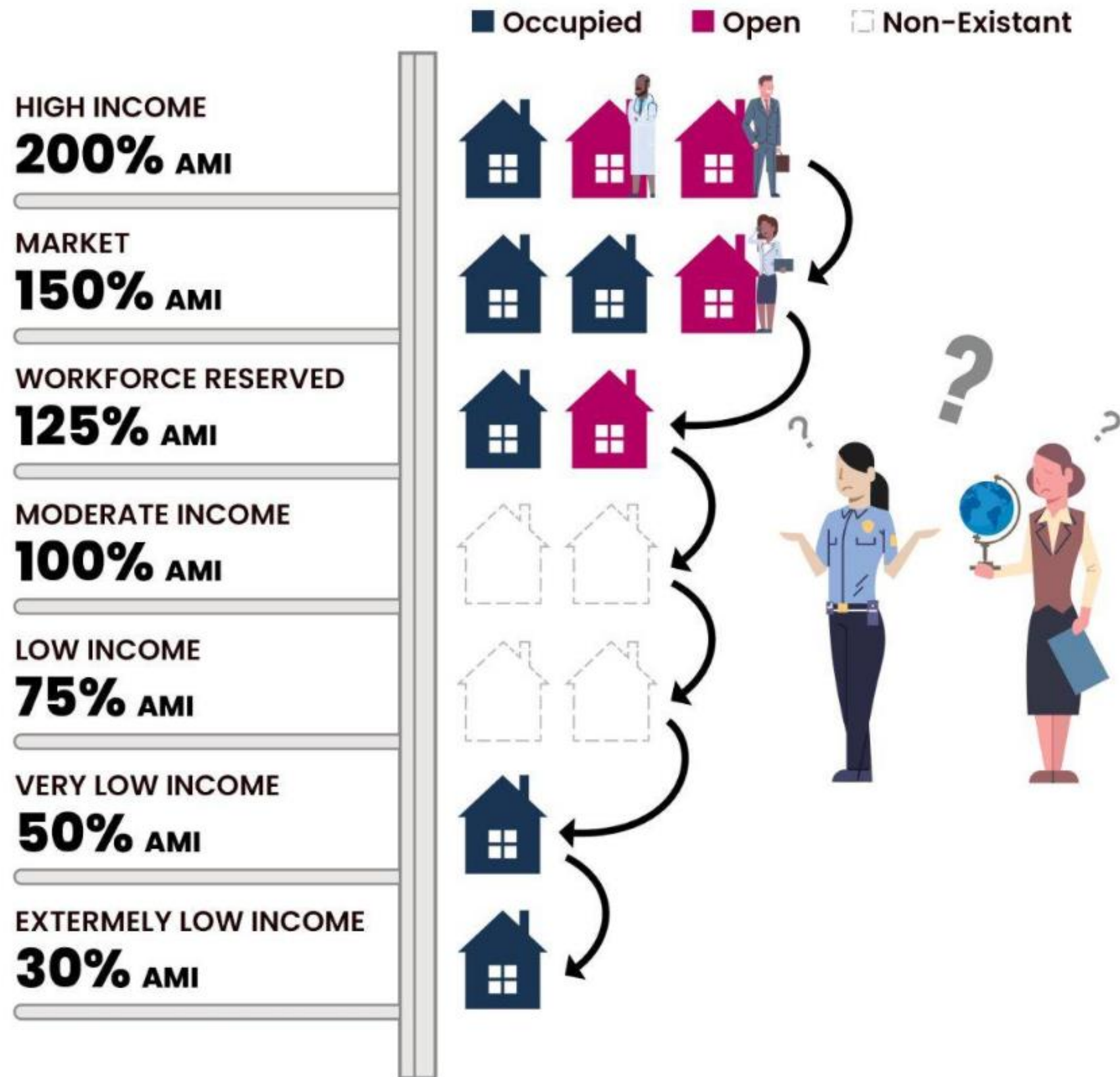
2030: 2.0 +/- PEOPLE PER HOUSE

50%
MORE HOUSES
NEEDED FOR THE
SAME # OF PEOPLE

100%
MORE HOUSES
NEEDED FOR THE
SAME # OF PEOPLE

Income Ladder

Housing Stock



When there aren't enough homes, everybody competes for what is available.

What Type of Homes Are We Missing?

The gap isn't just about quantity — it's about the right homes at the right price for the workers who are already here.

FOR-SALE HOMES NEEDED — Region G (23,577 total)

≤60% AMI (up to ~\$49K income) **389 (1.6%)**

61–80% AMI (~\$49K–\$65K income) **3,936 (16.7%)**

81–120% AMI (~\$65K–\$100K income) 12,554 (53.2%)

121%+ AMI (above ~\$100K income) 6,698 (28.4%)

RENTAL HOMES NEEDED — Region G (7,554 total)

≤60% AMI (~\$50K income, ~\$1,256/mo rent) **3,809 (50.4%)**

61–80% AMI (~\$50K–\$67K, ~\$1,257–\$1,674/mo) **1,790 (23.7%)**

81–120% AMI (~\$67K–\$100K, ~\$1,675–\$2,512/mo) **1,469 (19.4%)**

121%+ AMI (above ~\$100K income) 486 (6.4%)

WHY PATIENCE NEEDS HELP

Three numbers that rarely line up

WHAT IT COSTS

\$263,550

To build one modest 1,250 SF home in mid-Michigan

WHAT IT IS WORTH

\$194,000

Net sale price after a 3% commission

WHAT PEOPLE CAN PAY

\$188,000

Buying power for a household earning \$65,000

Every month of delay adds cost to a deal that already has a gap.

Source: Millwood training case, Housing Finance 101. Figures per unit.



The cost math and the land math

COST TO BUILD AT \$275 PER SF, BEFORE LAND

		
STARTER	PEAK	DOWNSIZING
1,200 SF	2,500 SF	1,600 SF
\$330,000	\$687,500	\$440,000

NEEDED BY THE END OF 2029

3,259

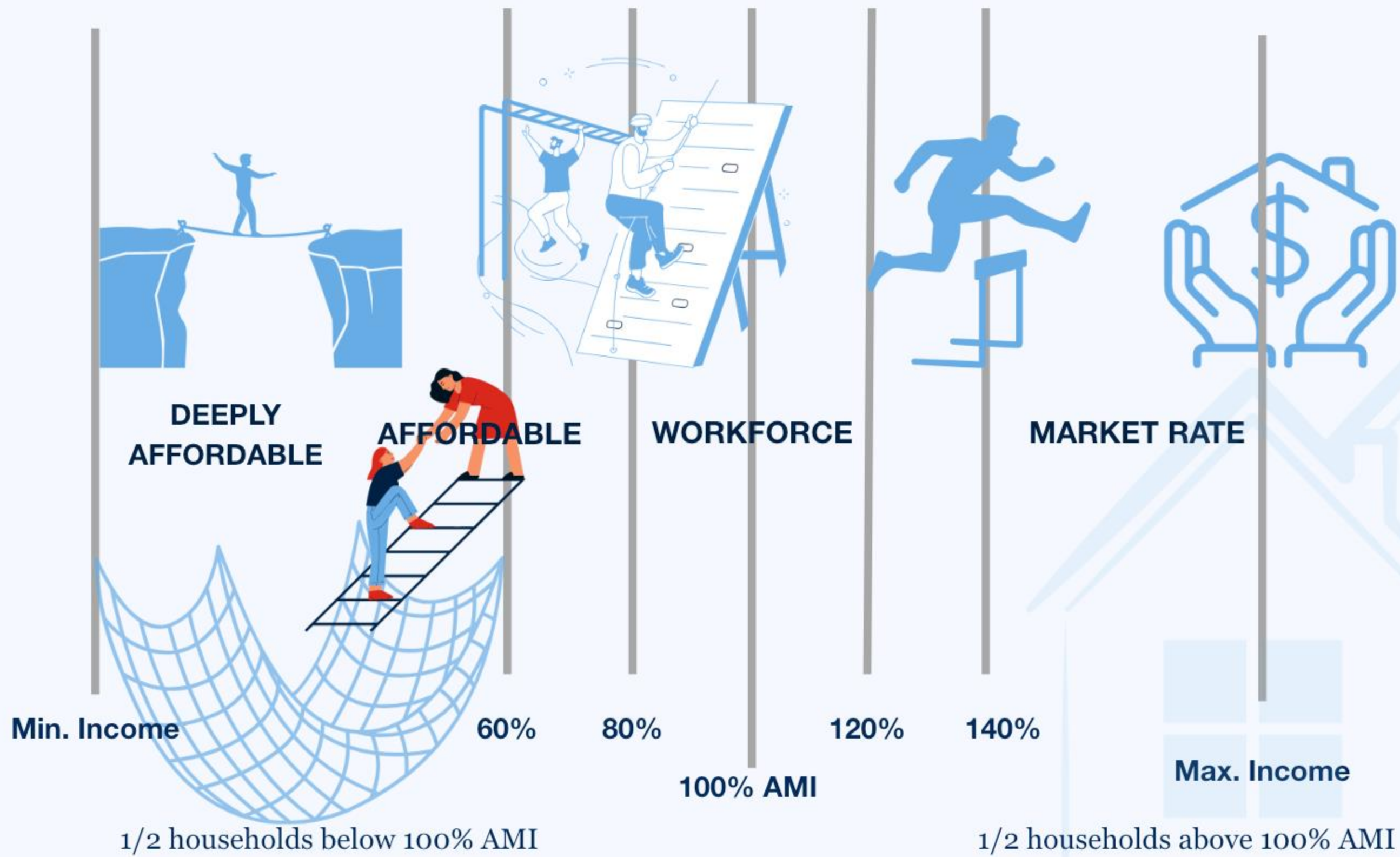
homes priced above \$275,000

814.75 acres

to build them all on quarter-acre lots

Source: Midland Business Alliance.





Half of households sit below 100% AMI. Half sit above.

Six changes you can make at the local level

01

Allow duplex and triplex conversions by right

02

Permit backyard cottages in all residential zones

03

Legalize starter homes of 400 to 800 square feet

04

Drop minimum lot sizes in existing neighborhoods

05

Repeal parking mandates for housing

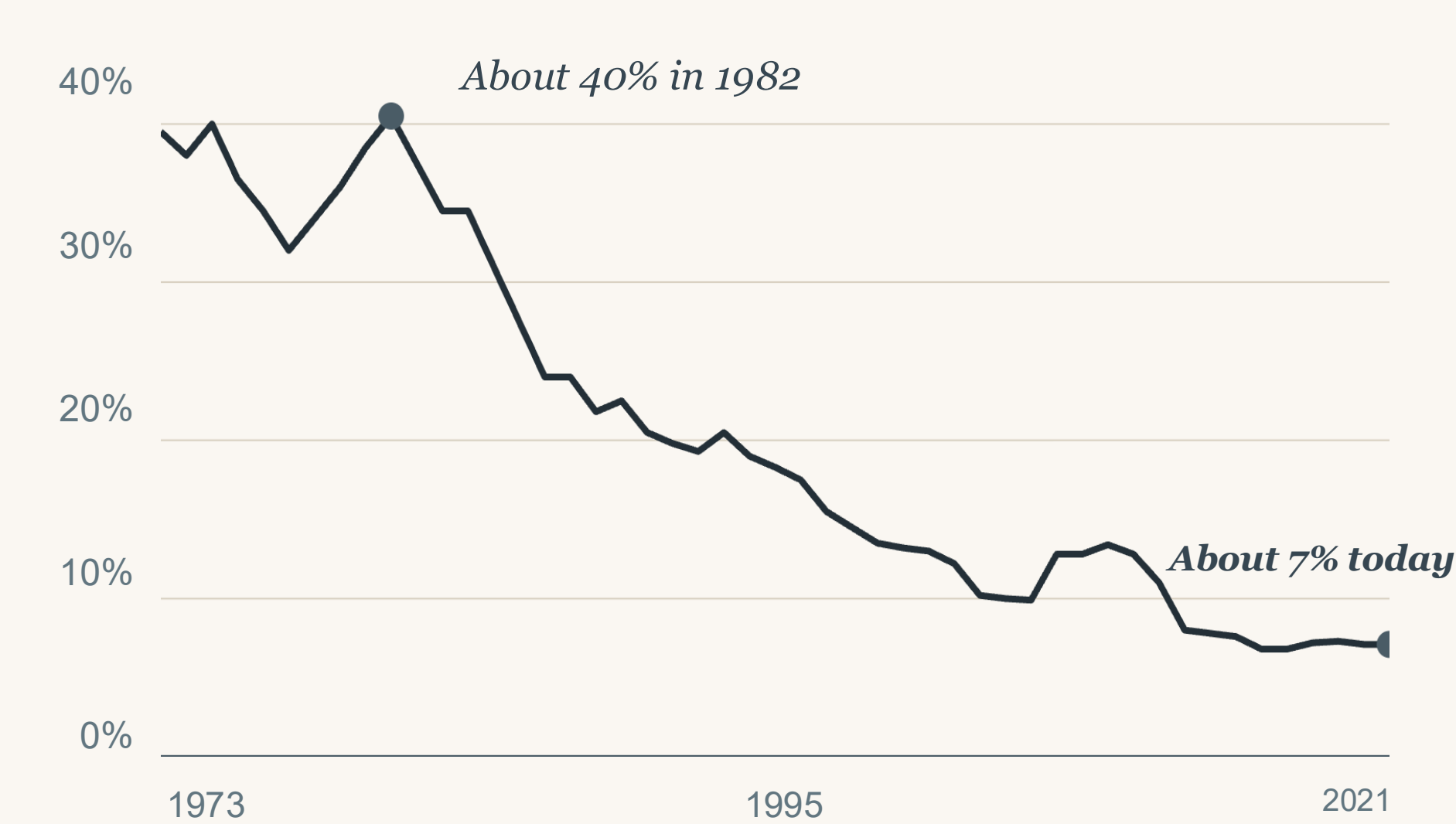
06

Make approvals fast and predictable

Households shrank. New homes grew.

	1950	2017
Average new home	983 SF	2,571 SF
People per household	3.8	2.5
Living space per person	292 SF	1,012 SF

SHARE OF NEW HOMES UNDER 1,400 SF, 1973 TO 2021



Sources: AARP, The ABCs of ADUs. U.S. Census, Characteristics of New Housing. Chart values approximate.



CASE: SOUTH STREET COTTAGES, FAYETTEVILLE, ARKANSAS

One lot size rule changed the whole project

OLD CODE ALLOWED

7

homes, with a 10,000 SF
minimum lot

AFTER REZONING

28

homes, with 18-foot lots and
no minimum lot size

- Homes sold quickly to young families, retirees, and single professionals
- Two met federal affordability standards with no subsidy
- Fee-simple lots meant buyers used standard 30-year mortgages

Source: Alli Thurmond Quinlan, Incremental Development Alliance, in Strong Towns, The Housing-Ready City.



THE POLICY STRESS TEST

Run one ordinary project through your code

Do it on paper, before a real builder has to.
Every place it fails is a barrier your community wrote.

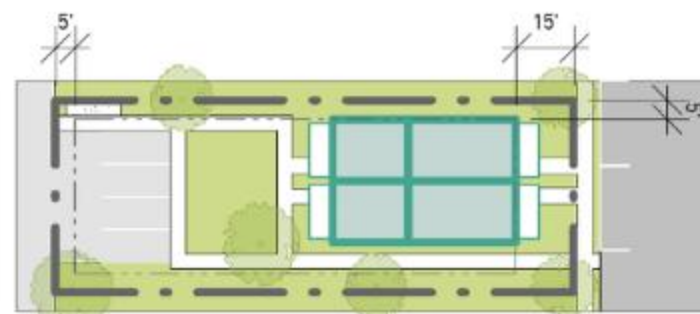
- 1 Pick a real lot in an older neighborhood
- 2 Pick a modest building: a duplex, a cottage, or a fourplex
- 3 Check it against every rule, fee, and review step
- 4 List each failure, then the fix and who owns it

IRC VS IBC



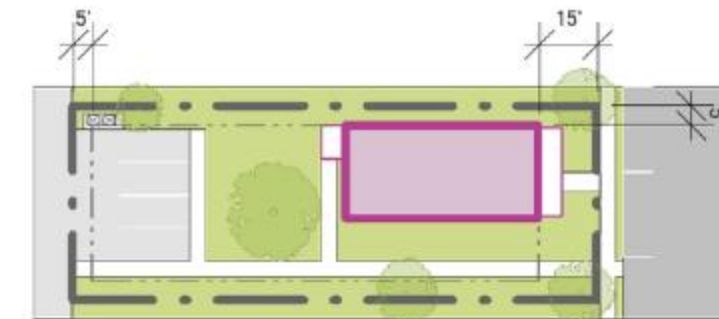
4PACK TOWNHOMES = IRC = NO SPRINKLERS

\$\$



4PLEX = MULTIFAMILY = IBC = SPRINKLERS
OR IRC + 2HR SEPARATIONS (NC/TN)

\$\$\$\$\$



One project visits more than one counter

RULE	YOUR CODE SAYS	PASS OR FAIL	FIX
Fourplex allowed in this zone?			
Minimum lot size and width			
Setbacks and lot coverage			
Parking spaces required			
Minimum unit size			
Height and stories			
Who approves: staff or a board?			
Review rounds and fees			
Utility taps and connections			
Days from application to permit			

Whiplash happens when one counter says yes and the next one makes the project impossible.



AFTER THE TEST

Your variances are data

If you grant the same variance again and again, the rule is out of step. Change it so the next project is legal by right.

TRACK THESE EACH YEAR

Variances granted for projects under five units

Median days to approve a small by-right project

Share of small projects decided by staff

First-time applicants who finish the process

Source: Strong Towns, Who Will Build the Housing-Ready City?



CLARITY

Show people how to start

A plain-language start-here guide

A step-by-step flowchart for each common project type

Pre-approved plans for cottages, duplexes, and small apartments

Real cost and timeline from past local projects

Staff trained to explain, not only enforce

*"Everyone was friendly.
But I never got the same
answer twice."*

SMALL DEVELOPER, LAFAYETTE, LOUISIANA

Source: Strong Towns, Who Will Build the Housing-Ready City?



Pre-approved House Plans



SOUTH BEND NEIGHBORHOOD INFILL

Pre-approved, ready-to build housing

Source: Incremental Development Alliance. City of South Bend.



Match the process to the size of the project

2022 AND 2023

YEAR AFTER REFORM

WHAT THE MARCH 2024 ORDINANCE
CHANGED

~12

42+

Two-story cottages allowed
Owners choose shared or separate utilities
Density counts no longer apply
Site plan review only at three or more
primary units

backyard cottage permits,
total

permits, over four times the
pace

Source: Strong Towns, Who Will Build the Housing-Ready City?



PERMITTING

Five process fixes to try this year

Cap the number of review rounds

Cap third-party review fees

Move small projects to administrative approval

Bundle permits for by-right projects

Put pre-application feedback in writing

TIME IS MONEY

4 to 10

months some housing projects take just to close, because of incentives and lender underwriting

Sources: MSHDA, Get Housing Ready Guide (2025). Strong Towns, Who Will Build the Housing-Ready City?



INFRASTRUCTURE

It is not just about what people can afford.
It is also about what cities can afford.

HOUSING & INFRASTRUCTURE NEEDS



0.69 ACRES
2 UNITS
2.9 UNITS/ACRE

INFRASTRUCTURE

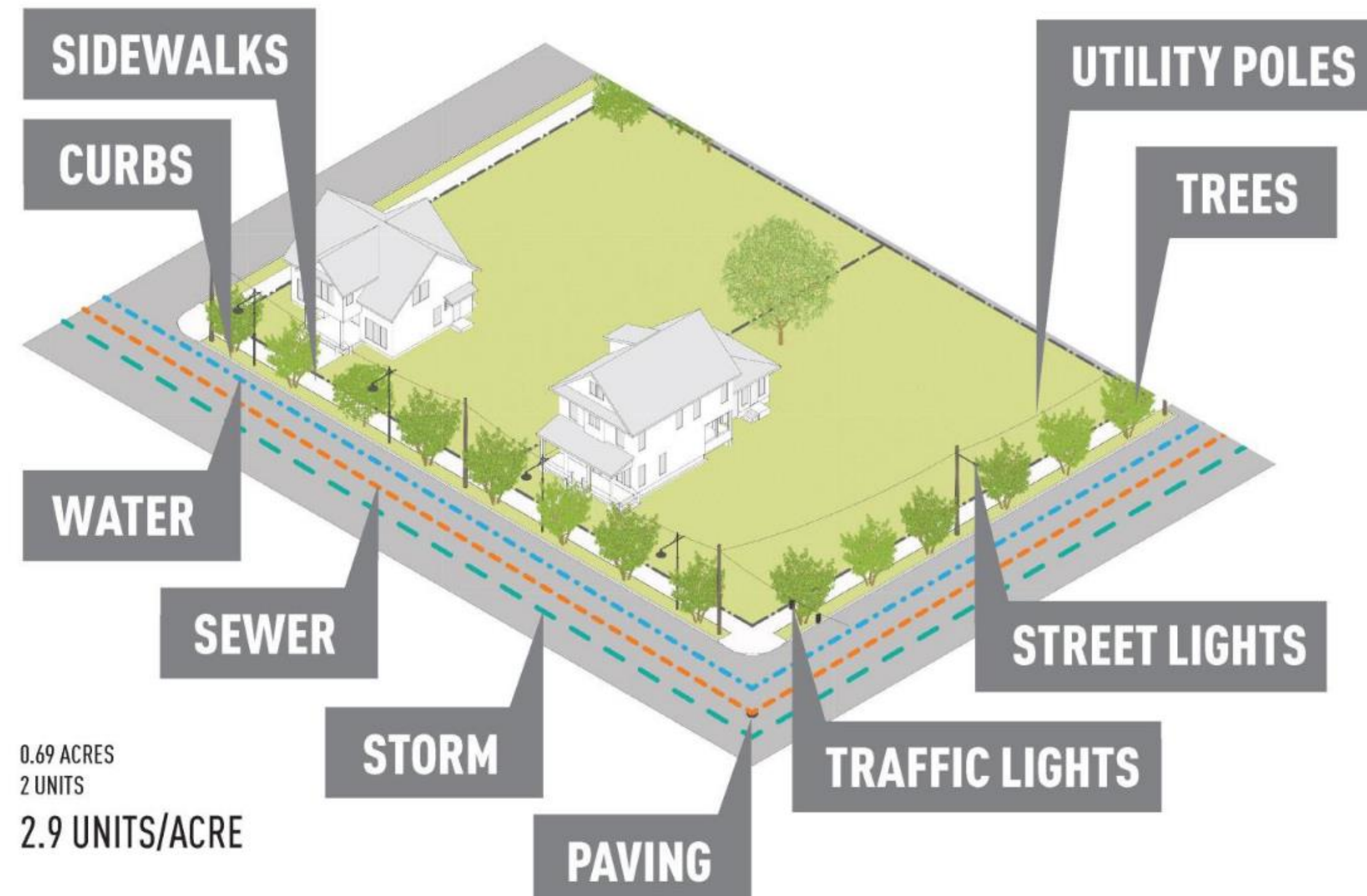
Two homes on a
typical block

Source: Kronberg Urban Architects



HOUSING & INFRASTRUCTURE NEEDS

KRONBERG
URBANISTS
ARCHITECTS



INFRASTRUCTURE

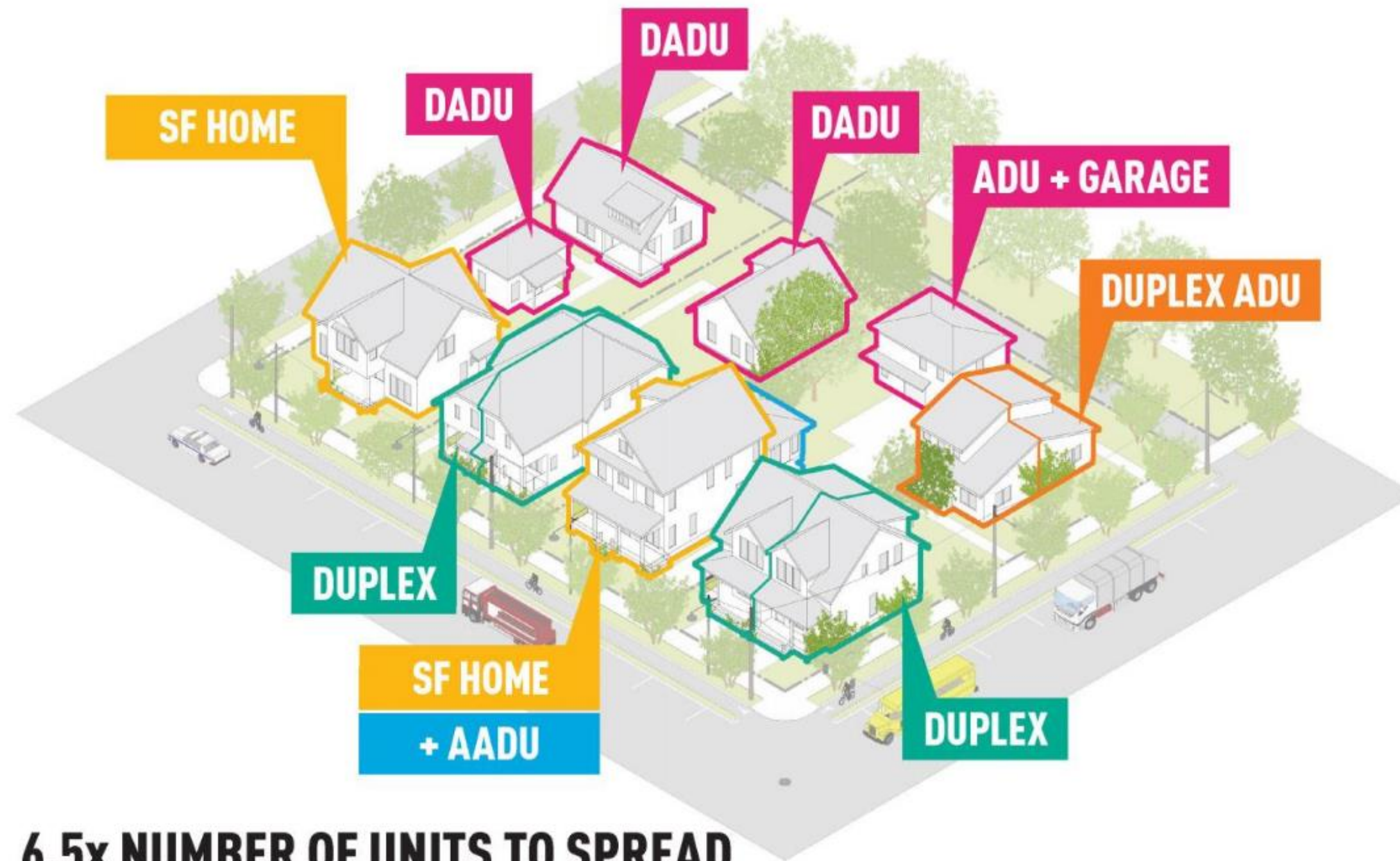
Everything the city already maintains for those two homes

Source: Kronberg Urban Architects



HOUSING CHOICE & INFRASTRUCTURE + SERVICE NEEDS

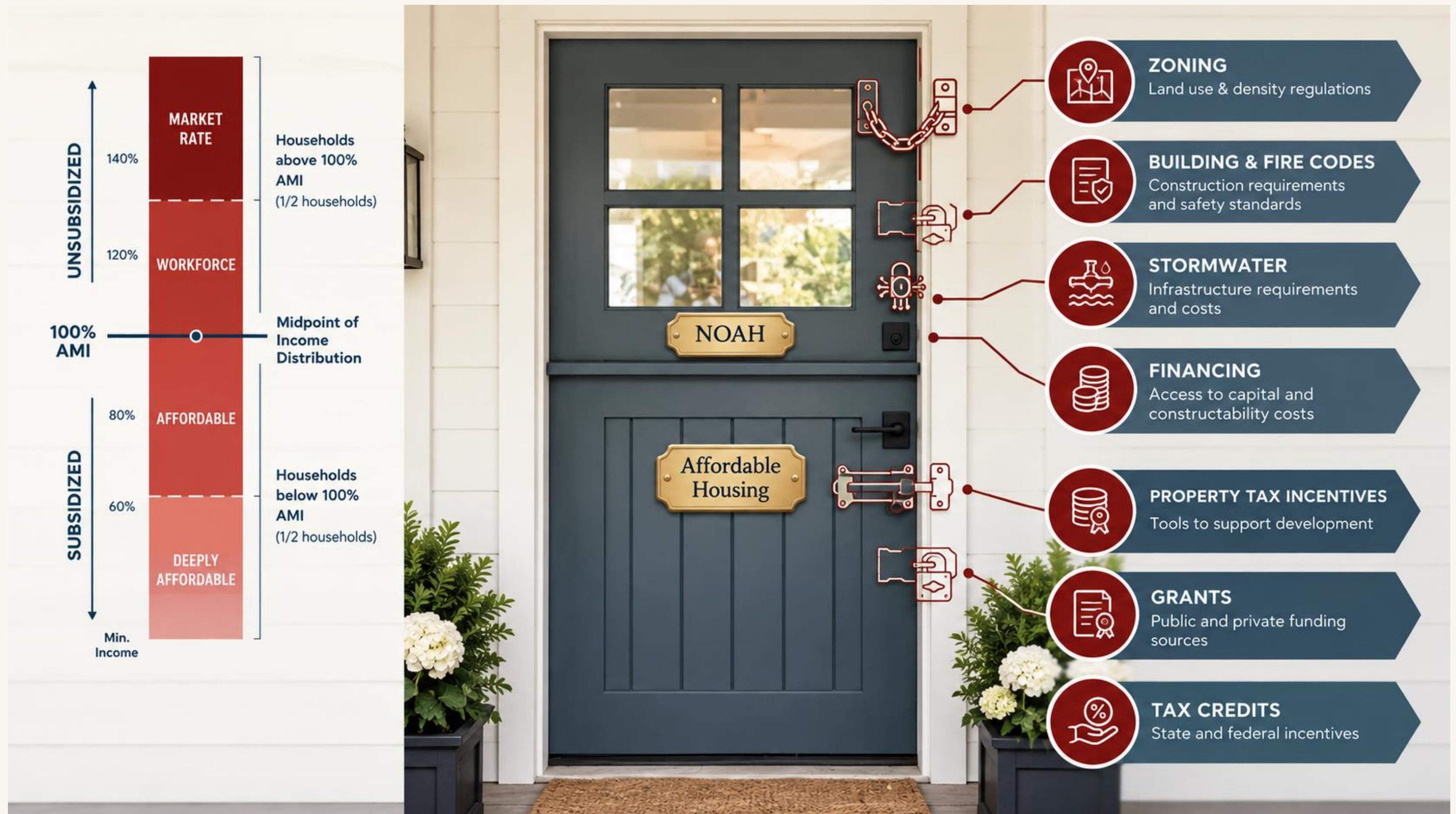
KRONBERG
URBANISTS
ARCHITECTS



**6.5x NUMBER OF UNITS TO SPREAD
INFRASTRUCTURE COSTS ACROSS.**

INFRASTRUCTURE

The same pipes,
serving six and a
half times the
homes



Every lock is a counter the project must clear.

GROUP PRO FORMA

Can this development work?

We will build the answer together in eight minutes.

1 Build the cost

2 Set the rents

3 Find the NOI

4 Size the loan

5 Name the gap

Call out the answer. I will do the arithmetic.

MAPLE FLATS

Start with the honest cost

A small infill rental project in Millwood.



\$1,025,000

TOTAL DEVELOPMENT COST

\$256,250

COST PER HOME



ROOM DECISION 1

What rent mix should Maple Flats carry?

Choose the mix before seeing the result.

ATTAINABLE

\$1,150

80% AMI maximum rent

MARKET

\$1,450

new two-bedroom rent

ROOM VOTE: 4 + 0 / 3 + 1 / 2 + 2

BUILD THE INCOME

Rent is not the same as cash available for debt

Vacancy and operations come out before the bank gets paid.

Gross annual rent	\$62,400
Less vacancy and collection loss (5%)	– \$3,120
Effective gross income	\$59,280
Less operating expenses	– \$20,000
NET OPERATING INCOME	\$39,280

NOI



How much will the bank lend?

The property must earn more than the annual loan payment.

\$39,280

NOI

÷

1.20

DEBT COVERAGE

÷

0.0810

LOAN CONSTANT

What is your estimate?

THE LENDER'S ANSWER

Supported first mortgage

The project's income, not its construction cost, sets the debt.

\$403,991

39% OF TOTAL DEVELOPMENT COST

A bank cannot lend against rent that the households cannot pay.

ASSEMBLE THE SOURCES

Private sources get us halfway

Now compare what the project costs with what it can support.

\$403,991

FIRST MORTGAGE

+

\$102,500

DEVELOPER EQUITY

\$506,491 available

What is missing?

THE REVEAL

The financing gap

A reasonable project can still fail without a public-purpose layer.

\$518,509

MISSING



The gap is not proof of a bad project. It tells you which public purpose must justify help.

You do not have to fund the whole building

Use the local lever that changes feasibility or unlocks the next source.

LAND

Lower basis

FEES

Reduce upfront cost

PILOT

Raise supported debt

PREDEVELOPMENT

Get to a bankable plan

LOCAL GRANT

Fill the last gap

SPEED

Reduce carrying cost

Ask first: which lever buys the most feasibility per local dollar?

You do not have to fund it all. You have to go first.

\$4 to \$6

in state, federal, and private money
unlocked by each local dollar

Land

Surplus parcels, tax-
foreclosed lots, land bank
sites

Tax policy

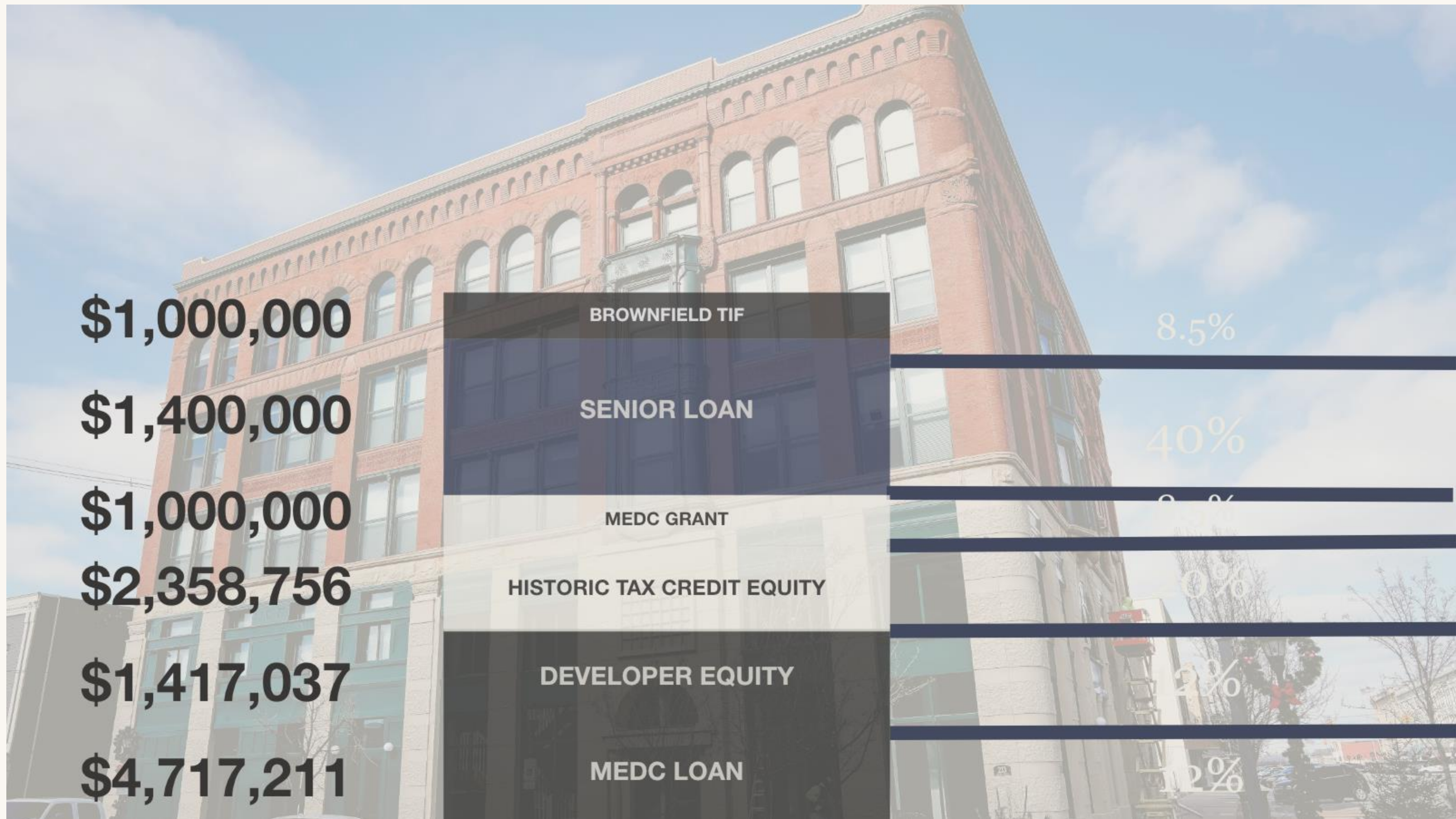
NEZ, OPRA, PA 210, PILOT,
Housing TIF

Local dollars

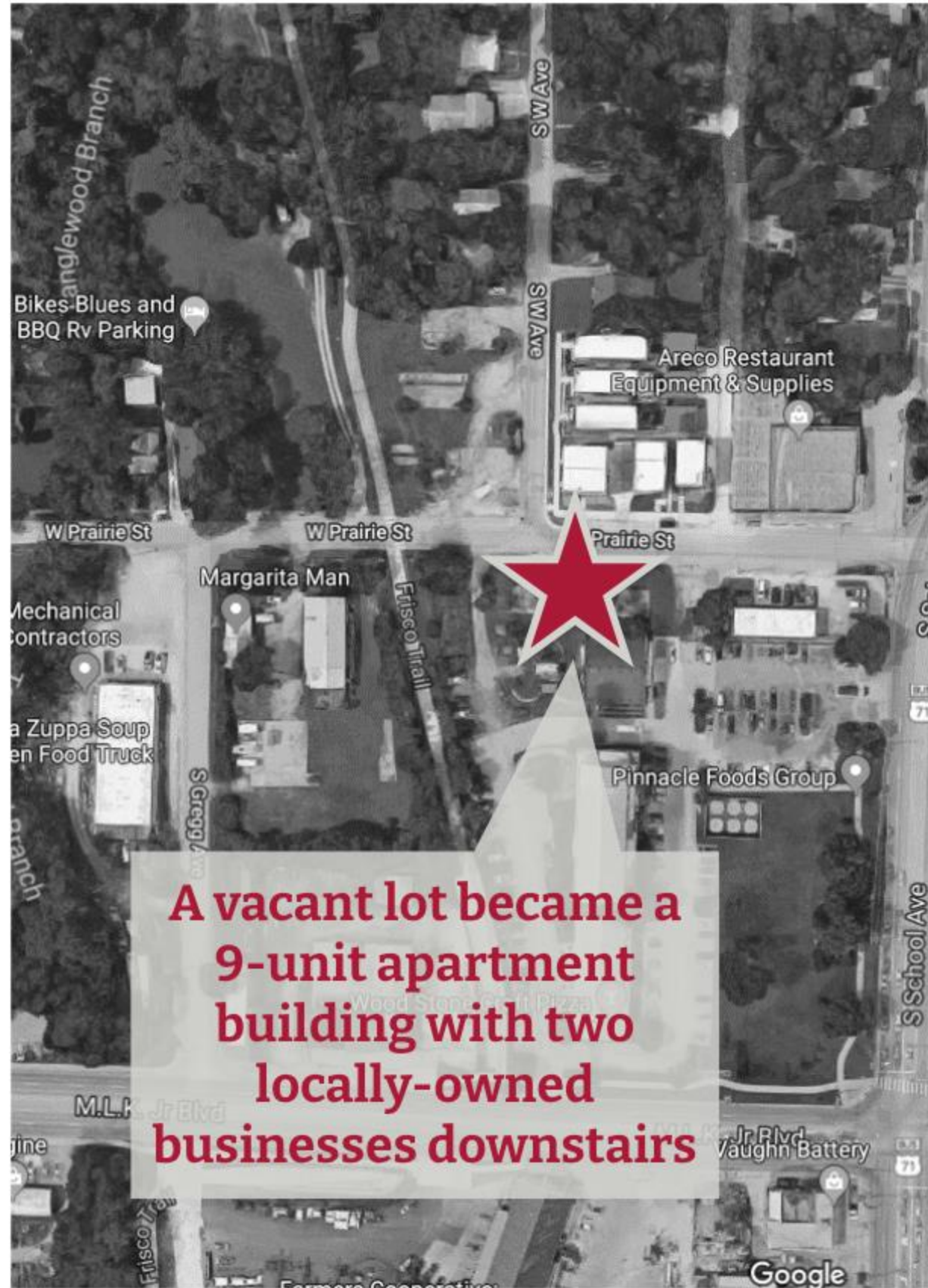
General fund, ARPA
remainder, a housing millage

Policy signal

Fast approvals, clear
timelines, public support



Six sources to close one downtown building.



**A vacant lot became a
9-unit apartment
building with two
locally-owned
businesses downstairs**



50 UNITS / ACRE



**495 W. Prairie
Street**

.22 acres, 9400 sf

**\$1.78m
assessment =
\$8.1M per acre**



Phase 1 + 2, South St Cottages

.39 acres, 8900 sf,
6 buildings

\$3.15m
assessment =
\$8.09M per acre

SOUTH BEND, INDIANA

30+

local incremental developers working on more than
\$40 million in projects

*It started with a room, a pot of coffee, and a
flyer.*

STRENGTHEN LOCAL CONNECTIONS

Grow your local builder network

Host small developer workshops and bootcamps

Run regular peer meetups and staff office hours

Introduce builders to CDFIs for predevelopment, bridge,
and gap loans

Celebrate first-time builders in public

*Start lender conversations 18 to 24 months before you need
the money.*

Sources: Strong Towns, Who Will Build the Housing-Ready City? Opportunity Resource Fund, CDFIs as Community Development Partners.



MESSAGING

Talk about people, not units

Say "not enough housing"

Name who needs the homes

Treat duplexes and cottages as normal

Show empathy about displacement

Skip supply and demand jargon

Use local examples and diverse messengers

80% AMI, JACKSON COUNTY, FAMILY OF 4

\$65,500

That is your fire captain. Your school social worker. Your registered nurse.

Sources: Midland Business Alliance messaging framework. HUD FY2025 income limits, via Housing Finance 101.



Typical Wage by Occupation Type

PRODUCTION OCCUPATIONS



RETAIL SUPERVISORS



ELEMENTARY TEACHERS



NURSING ASSISTANTS



RESTAURANT COOKS



MEDIAN SALARY \$48,720

MAX. RENT ~\$1,101

MAX. PURCHASE ~\$163,667

\$44,390

\$1,110

\$147,967

\$62,450

\$1,215

\$208,167

\$36,590

\$875

\$121,967

\$32,040

\$725

\$106,800



**FAIR MARKET
RENT \$1,137**



**MEDIAN HOME
PRICE \$235,000**

Fair market rent \$1,137. Median home price \$235,000.

WORDS THAT OPEN DOORS

Instead of this, try this

INSTEAD OF	TRY
Density	Homes that fit the block
Supply and demand	Not enough homes for the people who work here
Affordable housing project	Homes our teachers and nurses can afford
Developer	A local builder, maybe your neighbor
Upzoning	Letting a homeowner add a cottage for a parent



Engage before the hearing, not at it

Listen first

Hold listening sessions before you draft a code change. Ask what residents need, not what they oppose.

Show up in person

Office hours, living-room meetups, pop-ups.
Fayetteville used a pop-up petting zoo to talk with families.

Report back

Tell people what changed and why. Show the first home built under the new rule.

"Just start with the next smallest thing." Rebekah Kik, Professor, Notre Dame.

TAKE-HOME TOOLKIT

Diagnose before you prescribe

Three resources for housing choice, local need, and a community-ready starting point.



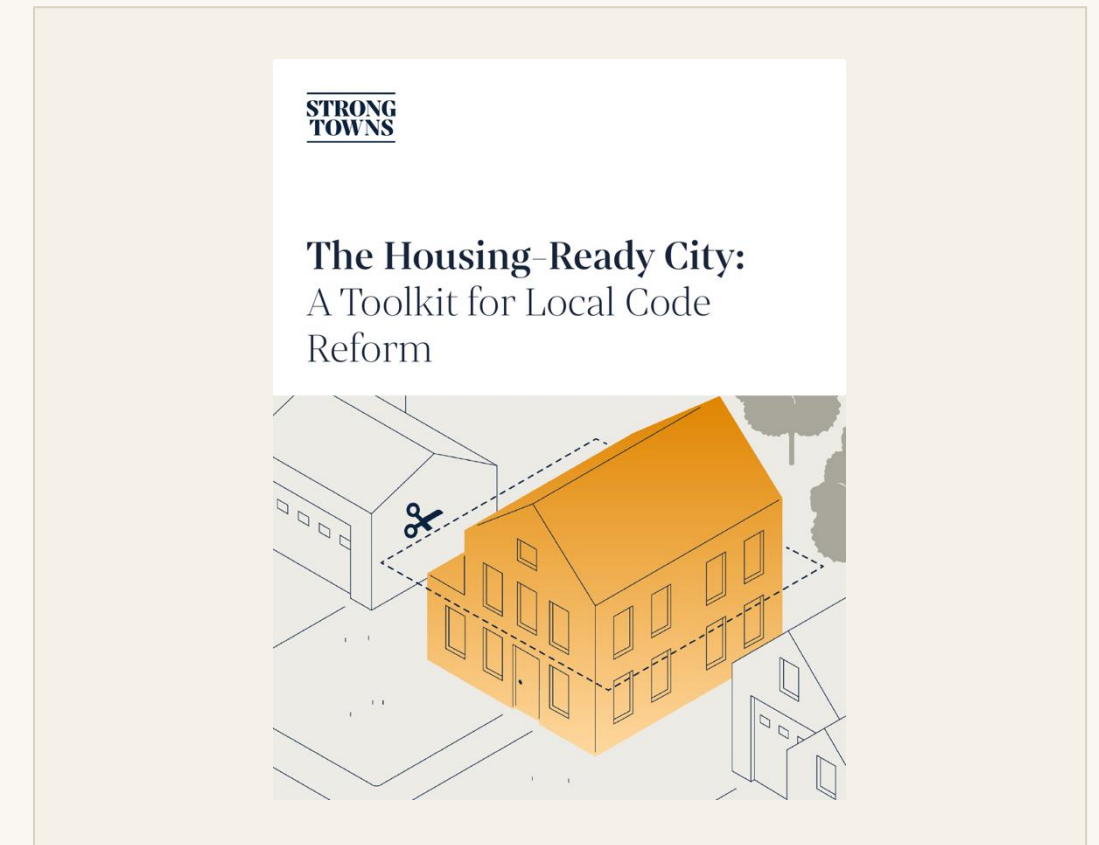
Housing Choice Catalog

Show the range of homes that can fit a neighborhood.



Get Housing Ready

Organize local data, partners, sites, and priorities.



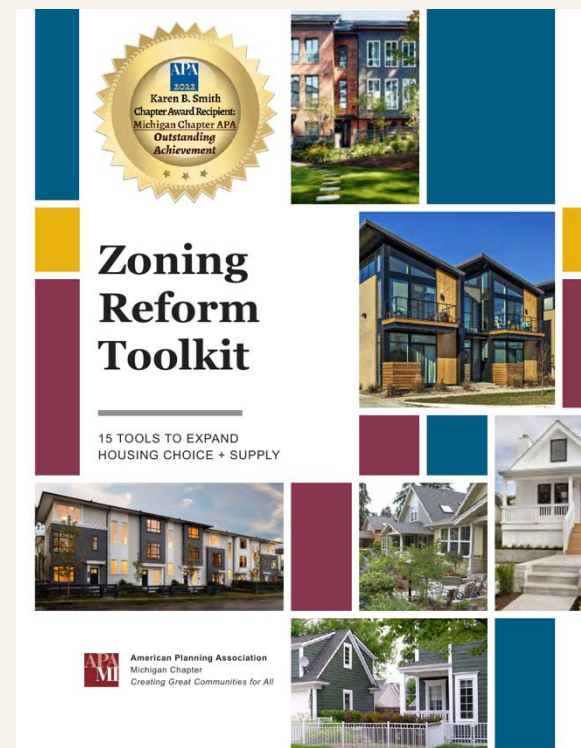
The Housing-Ready City

Connect policy, process, infrastructure, and builders.

TAKE-HOME TOOLKIT

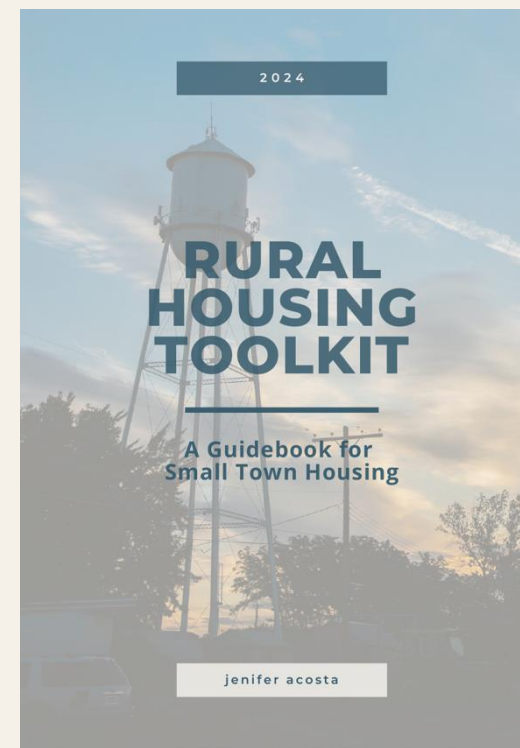
Move from policy to production

Three implementation guides for Michigan, rural communities, and supply acceleration.



Michigan zoning reform

Stress-test zoning changes in a Michigan context.



Rural housing toolkit

Match tools to smaller markets and thinner capacity.



Supply accelerator

Sequence reforms, incentives, and delivery systems.

Where to go next

TOOLKIT	USE IT FOR
MSHDA, Get Housing Ready Guide	A menu of local actions, from site lists to fee reform
Michigan Association of Planning, Zoning Reform Toolkit	15 zoning tools with Michigan examples
Strong Towns, The Housing-Ready City	Six code changes, with steps to adopt each
Strong Towns, Who Will Build the Housing-Ready City?	Supporting local small builders
MEDC, Redevelopment Ready Communities	Certifying sites and development process
2026 Housing Choice Catalog	Housing types to show residents and builders



DEVELOPMENT-READY IN 90 DAYS

Your first 90 days

DAYS 1 TO 30

Test

Run the stress test on one real lot

Pull last year's small-project variances

DAYS 31 TO 60

Clarify

Map every review step and its time

Draft a one-page start-here guide

DAYS 61 TO 90

Connect

Host one small-builder meetup

Bring one code fix to your planning commission

YOUR COMMITMENT | 1 MINUTE

Write down one thing you will do in the next 30 days.

Then tell the person next to you.



QUESTIONS

Start with the next smallest thing.



jen@jeniferacosta.com

Millwood Maple Flats

Rental pro forma exercise

Millwood Community Housing owns a 0.4-acre infill lot on Maple Street. They want to build a fourplex of 900 square foot two-bedroom units for workforce tenants. Your table sets the rents and operating expenses. Then you complete the pro forma to find out whether the project works. If it does not, you will see the gap.

1. DEVELOPMENT COSTS

Land acquisition	\$15,000
Site work and utility connections	\$40,000
Construction cost per square foot	\$210
Gross building area	4,000 SF
Construction total (per SF × building area)	\$ _____
Soft costs (A&E, permits, legal, insurance)	\$55,000
Construction interest	\$25,000
Developer fee	\$50,000
TOTAL DEVELOPMENT COST	\$ _____
Number of units	4
Cost per unit (TDC ÷ 4)	\$ _____

2. OPERATING INCOME (your table decides)

Choose your rents. 80% AMI 2-bedroom maximum is \$1,150 per month. Current Millwood market rate for a new 2-bedroom is \$1,400 to \$1,500 per month.

Units at 80% AMI (max 4)	_____
Monthly rent at 80% AMI	\$ _____
Market rate units	_____
Monthly rent at market	\$ _____
Gross annual rental income	\$ _____
Vacancy and collection loss (5% to 10% typical)	_____ %
Vacancy deduction (gross rent × vacancy %)	\$ _____
Effective gross income (gross rent minus vacancy)	\$ _____
Operating expenses per unit per year (\$4,500 to \$5,500 typical)	\$ _____
Total operating expenses (per unit × 4)	\$ _____
NET OPERATING INCOME (EGI minus total expenses)	\$ _____

3. SUPPORTED FIRST MORTGAGE

The bank requires debt service coverage of 1.20. The property must earn at least 20% more than the loan payment, every year, to qualify.

Net operating income (from section 2)	\$ _____
Required debt service coverage ratio	1.20
Maximum annual debt service (NOI ÷ 1.20)	\$ _____
Loan constant (25-year at 6.5%)	0.0810
SUPPORTED FIRST MORTGAGE (debt service ÷ 0.0810)	\$ _____

4. SOURCES AND GAP

First mortgage (from section 3)	\$ _____
Developer equity (10% of TDC)	\$ _____
Subtotal: bank and equity	\$ _____
Total development cost (from section 1)	\$ _____
FINANCING GAP (TDC minus subtotal)	\$ _____
Gap as % of TDC	_____ %
Gap per unit	\$ _____

DISCUSSION

1. What surprised you about the gap?
2. Which sources can you control or influence as an elected official?
3. What would it take to close this gap in your community?

Notes
