

Housing

The Opportunity:

When a manufacturer announces 500 new jobs in a community, the immediate conversation is about wages, taxes, and site plans—another question isn't always captured: **where will those 500 workers live?**

Across the Detroit Region, housing markets are tight. Rental vacancy rates in many communities are below five percent. The homeownership pipeline for middle-income households has been strained for years. Adding hundreds or thousands of new workers without expanding the housing supply can drive up rent, displace existing residents, and create opposition that stalls future projects.

The opportunity is to **connect industrial development directly to housing strategy,** so that workforce growth and housing growth can move **together.**

What Communities and Developers Should Know

Tax increment finance can support more housing.

MSHDA's Housing Tax Increment Finance Program can reimburse home builders and developers for providing homes at prices affordable to working people. Municipalities should make sure their local or county brownfield redevelopment authority is prepared to accept applications that utilize this tool. Doing so will give opportunities to build housing alongside industrial development where necessary.

Zoning can support increased housing choice.

Modern manufacturing workers earning median wages need housing that does not currently exist in adequate supply across much of the region. They earn too much for subsidized housing and too little for new-construction single-family homes at current building costs. By allowing a greater variety of housing choices, like duplexes, townhomes, small apartment buildings, or backyard cottages, communities can create more paths for developers to build and sell at more affordable prices. *The Michigan Association of Planning's Zoning Reform Toolkit* provides tools for communities to allow greater housing choice.

Employer-assisted housing is an emerging tool.

Some manufacturers across the country have begun offering housing assistance—down payment support, rental guarantees, or partnerships with housing developers—as part of their workforce recruitment strategy. This model is fledgling in Michigan, starting with the Michigan State Housing Development Authority's (MSHDA) *Employer-Assisted Housing Fund*. Communities that approach incoming employers with a housing partnership framework can create a competitive advantage while solving a genuine need.

Knowing the local housing market and its people is critical.

Before pursuing any housing strategy, municipal leaders should have a clear picture of their local market: what's being built, what's selling, what's missing, and at what price points. It's equally important to know the developers and builders active in the area, not because they'll have all the answers, but because they're the ones who will need to deliver the housing. In many markets, local builders are accustomed to a narrow range of product types and reluctant to take on unfamiliar formats like townhomes or small multiplexes. Understanding those gaps early helps communities identify where they may need to recruit outside capacity, offer financial tools to reduce risk, or demonstrate demand before a builder will move.



What Communities and Developers Can Do

As part of master planning, conduct a housing market assessment. Understand current vacancy rates, housing pipeline, and price points relative to projected wages. MSHDA's *Statewide Housing Plan* offers a starting point.

Update zoning to allow missing middle housing near employment centers. Permitting duplexes, townhomes, and small-scale multifamily housing by right in most residential zoning districts is a step most communities can take, and does not require subsidies.

Negotiate housing provisions in development agreements. Ask incoming employers to contribute to a housing fund, partner with local housing developers, or commit to employee housing assistance programs.

Coordinate housing strategy regionally. Workers commute across municipal boundaries. A plant in one township creates housing demand in neighboring communities. Regional housing coordination through MSHDA's regional housing partnerships ensures that housing development keeps pace with employment growth across the 11-county area.

Leverage brownfield sites for housing development. Former industrial parcels near employment centers can be ideal locations for workforce housing, especially when environmental cleanup costs can be offset by tax increment financing or EGLE brownfield grants. But brownfield redevelopment for housing is complicated. Cleanup costs, liability concerns, and uncertain timelines can scare off many developers. Municipalities that want to see these sites become housing should expect to be active development participants, whether through land banking, contributing local dollars to close funding gaps, or conducting pre-development and engineering work. Waiting for the private market to solve these on its own rarely works.

Key Takeaway

Industrial development can spur more housing production, but only if policy and financial conditions are right. Municipalities can be prepared for more housing by updating their zoning codes and ensuring resources are available to support new housing development.



Resources and Tools

- MAP Zoning Reform Toolkit*
- MSHDA Housing Readiness*
- SEMCOG*
- Statewide Housing Plan*
- RRC*
- MSU Extension*
- CEDAM*
- MML*
- MTA*