



The Evolution of Housing and Zoning Regulations and Housing and Neighborhood Improvement Programs 1971-1996

Introduction

The growth of Michigan State University through the 1950's and the 1960's had a substantial impact on the local housing market. The increased demand for housing led to a substantial expansion of the City to provide additional space for new subdivisions and neighborhoods. It also generated significant new apartment development, in areas close to the Campus as well as in newly annexed areas of the City. The growth also created increased competition for and pressures on the existing single family and two family neighborhoods in the older parts of the City. Both employees and students of the University found the quality of the housing units and the neighborhoods to be attractive and the price of the units and their proximity to the Campus to be desirable.

The situation also engendered a number of problems, however. Increasing competition led to higher prices, making it more difficult for younger families to afford such housing. Efforts to keep costs down among young adults who rented many of the houses caused concerns with overcrowding. The more intense use of these highly occupied rental properties caused maintenance problems for landlords and tenants.

In response to increasing concerns within the community, in 1970 the City Council appointed a Housing Committee to investigate the local housing conditions and make recommendations to improve them. The Housing Committee consisted of members from the City's Planning Commission and its Human Relations Commission and University representatives. Over the course of one year the Committee analyzed research prepared by staff and input from the public and produced a final report, *A Housing Prospectus*, in August, 1971. The report identified a series of problems within the local housing market and put forward a number of recommendations to address them, including the following principal points:

- the development and codification of expanded housing regulations to ensure health and safety within local housing;
- a rental housing licensing process to ensure such units met the health and safety standards;
- the creation of a housing commission to continue to monitor the housing market and advise the City Council on housing related issues;



- changes in the density standards within the Zoning Code to eliminate perceived discrimination while maintaining reasonable density levels within neighborhoods; and
- improved parking and open space regulations.

The recommendations presented in the *Housing Prospectus* have, in effect, served as a springboard for many discussions and actions over the ensuing years by the City Council, the Housing and Planning Commissions, and other groups like the Urban Neighborhood Revitalization Committee, the Task Force on Neighborhood Density and the Neighborhood Stabilization Task Force. In many ways, the issues raised in the report remain valid today, so as we prepare to move forward with new initiatives, it should be useful to review actions taken to date.

Part I: Housing Regulations

The Housing Code

In response to the 1971 report, a new Housing Code was drafted, debated and finally adopted in 1973. The initial Code was principally targeted at ensuring safe and healthy housing conditions for occupants. It addressed heating, electrical and plumbing systems; requirements for light, air and access; and basic cleanliness and maintenance standards. The new Code also established a licensing requirement for rental housing, including annual inspections, and created a new Housing Commission to monitor and study housing conditions and advise the City Council.

The Code was amended a number of times over the years to address particular problems and update specific standards. But by the late 1980's there was increasing concern that the Code should look beyond basic health and safety issues and address other issues important to preserving the quality of the residential structures, yard areas and the overall neighborhood. In 1989 the Housing Commission and staff undertook an effort to expand and revise the Code, culminating in the adoption of a new Housing Code in November, 1991 (effective January 1, 1992). The new Code expanded regulations dealing with both interior and exterior property maintenance, including yards and parking areas. It increased interior space requirements to include common areas and larger bedroom space. The new Code also updated and strengthened the basic health and safety regulations from the initial Code.

Housing Licensing Process

A major element of the Housing Code is the licensing and inspection process for rental units. Initially, the process was done administratively. Units were inspected by staff and, when found to be in compliance, the annual license was issued. The process was the same for both newly licensed properties and for annual renewals of existing rentals. Concerns about the lack of public awareness and access to the process led to the adoption in 1985 of a neighborhood notification process for new rental applications, and to a public hearing process before the Housing Commission, adopted as part of the new Housing Code in 1991. Most recently, in 1995 the public hearing requirement was extended to applications to transfer ownership of existing licensed rental properties.

Organization and Staffing

When the licensing process was first established in 1973, four housing inspectors were hired to work under the supervision of the Director of the Building Department. In an effort to better integrate the inspection and enforcement process with neighborhood preservation efforts, in 1977 the function was moved from the Building Department and incorporated as part of the Department of Planning, Housing and Community Development. The Housing

Division included an administrator and four housing inspectors, working under the supervision of the Group Manager of the Department. To better address increasing problems with litter, trash, parking and other external property conditions, a neighborhood conservation officer was added to the Division in 1988. In 1994, in conjunction with a significant reorganization of staff, the function was moved again and incorporated into the Department of Code Enforcement, including two housing inspectors who, along with building and trades inspectors, report to the Director of the Department. At the same time, the Parking and Code Enforcement Division was created within the Police Department to provide more focused and 24-hour enforcement of noise, parking and litter problems. The PACE Division includes four full-time and two part-time officers who report to the Division supervisor.

Other Housing Quality Issues

The Housing Code remains the City's primary means to address the quality and maintenance of housing units throughout the community, but other efforts have been made or discussed to further improve housing conditions. One such effort is the Historic Preservation Code, adopted in 1989 and implemented by the Historic District Commission and staff. The Historic Code helps preserve the appearance and condition of structures and the streetscape within our oldest neighborhoods.

Another issue which has been discussed at some length but not enacted is a means to extend the enforcement of the Housing Code standards to existing structures which are not licensed as rentals. The concept of requiring inspections of all residential properties at the time of sale has been developed and debated by the Task Force on Neighborhood Density (1992-93) and the Neighborhood Stabilization Task Force (1996), but it has not gone forward due to concerns with the costs and other impacts on homeowners. The City Council is currently considering introduction of an ordinance to address this issue, however.

Part II: Zoning Regulations

Although our housing regulations are crucial to maintaining the quality and appearance of structures in our residential neighborhoods, they do not address issues dealing with density, occupancy, parking and lot coverage. Those standards and regulations are contained in the City's Zoning Code.

Land Use Districts

The City has had zoning regulations since 1926. Most of the zoning patterns in our older neighborhoods were in place by 1947 and remained largely unchanged through the period of growth and transition in the 1950's and the 1960's. Substantial parts of our older neighborhoods were zoned to permit high density multiple family housing. But during the past 25 years, several efforts have been made to downzone parts of these neighborhoods to preserve their existing single family and two family character.

Sudden growth in apartment development spurred two downzoning efforts, one in the Oakhill-Delta area in 1973-74 and the other in the Red Cedar neighborhood in 1986. In the Oakhill-Delta area, a number of properties along Oakhill, Center, Beal and Elm were downzoned from a high density multiple family zone to a single family or two family zone. In the Red Cedar area, some properties on S. Harrison were downzoned from a multiple family zone to a two family zone.

More recently, in November 1995 the City enacted Ordinance 865 to downzone large parts of the Bailey, Avondale and Southeast Marble neighborhoods and additional parts of the Oakhill-Central area to preserve existing land use and density patterns. The extent of both multiple family and two family zoning was substantially reduced throughout the area and single family zoning was increased.

In another vein, in 1986 there was a proposal to create a high density housing ring around the downtown commercial core. The intent was to permit new development and higher occupancy in the designated area and alleviate some of the pressures on the adjacent neighborhoods. Public opposition to the imposition of a higher density core led to the defeat of the proposal, however.

Occupancy Standards

Occupancy limits for single family and two family dwelling units is determined through a combination of the family definition and permitted roomers under the Zoning Code. Prior to 1970, the Code defined a family in the traditional sense as a number of people related by blood or marriage, or one person. Then, within our single family and two family zones,

families were permitted to have a certain number of roomers living with them. Single family homes in the "R-1" Single Family District were permitted to have up to two roomers; single family homes in the "R-2" Single Family District and the "R-3" Single Family and Two Family District were permitted to have up to four roomers. Two family structures in the "R-3" District could have up to 2 roomers in each dwelling unit. Therefore, in terms of a group of unrelated persons living together, we permitted some single family dwellings to be occupied by up to three persons (a one person "family" and two roomers) and other single family dwellings to be occupied by up to five persons (a one person "family" and four roomers). We permitted each two family dwelling unit to be occupied by up to three unrelated persons.

The initial Housing Committee felt that these standards were discriminatory, in two respects. First, they felt that the family definition discriminated unfairly between married and unmarried couples. Second, they felt that the different occupancy standards for single family dwellings in different zones would unfairly target certain areas for rental housing to the exclusion of others. Additionally, the Housing Committee felt that the number of roomers permitted in single family houses in the "R-2" and "R-3" Districts was too high. In its report, the *Housing Prospectus*, the Committee recommended that the family definition be changed to include two unrelated persons as a family and to limit the number of roomers in all single family dwellings to up to two persons and in all two family dwelling to up to one person per unit. These changes to the Zoning Code were ultimately adopted in 1975. They had the effect of establishing the current four-person limit on occupancy of single family dwellings and the three-person per unit limit for two family dwelling units.

The Housing Committee felt that making the occupancy standards consistent for all single family units would help avoid excessive concentrations of rental housing and maintain a balance between owners and renters within individual neighborhoods. This expectation has not proved accurate, however. Location and price considerations have continued to largely concentrate the rental market in the older neighborhoods closest to the campus.

Some alternatives to our current occupancy standards were proposed in 1991 as part of an effort to update the Comprehensive Plan. One alternative was to set occupancy limits based on the size of the structure and the lot of each individual property. Smaller structures on small lots would be limited perhaps to no more than 2 persons; larger structures on large lots could have an occupancy much greater than the current four-person limit. This concept could better balance occupancy with the amount of open space and parking available. The other alternative called for eliminating or reducing the number of roomers permitted in most of our single family and two family zones and creating a new zoning district which permitted occupancy based on the size of the structure and lot, as in the first option. The intent of this concept was to accommodate the rental market in designated areas while preserving the more traditional single family character of other neighborhoods. Ultimately, both of these options were opposed during public debate and they were discarded. Residents were concerned that the first option would lead to higher and higher occupancies as landlords targeted the larger

structures within each neighborhood for rentals. The second option was opposed because it effectively surrendered certain neighborhoods to the rental market and segregated the community.

Parking and Lot Coverage Standards

The number of parking spaces required for single family and two family units have changed several times over the years. Initially, the requirement was one space for each dwelling unit plus one space for each two roomers. In 1979 the Zoning Code was amended to require two spaces for each dwelling unit, deleting the additional parking requirement for roomers. Language was also included to count parking spaces arranged in tandem on a driveway. By that time in the process, the number of cars present wasn't excessive, and there was a preference to preserve open yard areas and minimize paving for parking.

The number of cars present continued to grow, however, and became increasingly problematic, and unpaved yard areas were abused with overflow parking. As a result, the Code was amended in 1986 to add a parking requirement of one space per roomer. This created our current requirement of two spaces per dwelling unit plus one space per roomer, or a total of four spaces for a house licensed for four unrelated persons.

There remains a concern, however, that our current standard promotes the conversion of open yard areas into paved parking lots. Some have argued that the occupancy standards and parking areas should be uncoupled, permitting a reasonable occupancy for each house but strictly limiting the amount of paving permitted. Although most renters may have cars, some feel it is not our responsibility to accommodate them all within our residential neighborhoods. Given the proximity of many rental units to the Campus, the downtown and regional bus lines, residents should not be encouraged to have and use cars by requiring landlords to provide increasing amounts of parking.

The amount of lot coverage permitted in our single family and two family zones has also changed dramatically over the years. Prior to 1979, building coverage (the amount of each lot that could be covered by buildings) was restricted to 40 percent in all of our single family and two family districts. Ground coverage (the amount of each lot covered by buildings, paving and other solid surfaces) was not limited. In 1979 we adopted new standards limiting building coverage to 35 percent and total ground coverage to 55 percent of each lot. Ground coverage was further reduced to 45 percent in 1983, and in 1995 we reduced building and ground coverages to our current standards of 25 percent and 40 percent, respectively.

In addition to the overall lot coverage restrictions, we have also incorporated specific paving limits in front yards and rear yards into the Code. In 1982 we adopted standards limiting paving to 25 percent of the front yard area and 30 percent of the rear yard area. We also

included a provision requiring driveways and parking areas to be set back at least 3 feet from a side lot line and 8 feet from a rear lot line.

Screening requirements had been included in the Code for a number of years, but they only affected parking areas in excess of 1,600 sq. ft. in size, so they rarely came into play for single family and two family properties. However, in 1986 we amended the Code to require perimeter screening around parking areas in the side and rear yards which are in excess of 500 sq. ft. in size.

The paving permit requirements and solid-surface standards were added to the Code in 1979, but they usually did not affect existing single family and two family properties. In 1986, however, those requirements were strengthened to require that all existing paving be upgraded in order to expand or reconstruct existing surfaces.

Zoning Nonconformity

The concept of protecting legal nonconformities is a basic element of Zoning law. Once a land use has been legally established, it is generally permitted to continue indefinitely, despite any failure to comply with newly adopted regulations. This poses a particular problem as we attempt to craft new regulations in response to past problems. We may be able to stop new problems from arising, but we often cannot redress existing ones. We have made some headway, however.

An endemic nonconformity problem among older residential properties has been inadequately paved and designed parking areas and driveways. As noted above, we had amended the Code to include paving permit requirements and specifications, but those standards generally don't relate to existing properties. However, in 1986 we changed the Code in two important ways. First, we required that in order to reconstruct or expand existing paved areas, all paving must be brought up to Code standards. We also defined licensing a property for more than two occupants to be an expansion of the use of the property, requiring that all parking and access facilities be improved to meet current standards.

A second problem has been the continued conversion of smaller properties to higher occupancy use. To address this issue, in 1995 we amended the Code to restrict the occupancy of properties which do not meet all current lot standards — lot area, lot width, building setbacks and coverage standards — to a family or two unrelated persons. Only those properties which meet all current Zoning standards can be occupied by the maximum of four unrelated persons.

Part III: Housing and Neighborhood Improvement Programs

In addition to Housing and Zoning regulations to preserve and protect our residential neighborhoods, the City has undertaken a number of programs to improve our housing stock and enhance the quality of our neighborhoods. Most improvements in our older neighborhoods have been funded through the Community Development Block Grant Program since its inception in 1975. Over the past twenty-two years, the City has budgeted nearly \$5.2 million for public facility improvements, over \$2.7 million for housing rehabilitation and acquisition projects and over \$1.1 million for code enforcement activities through the CDBG Program. Over the past few years, licensing fees have been increased to cover the cost of most code enforcement activities, so the City has been able to allocate more funding from the CDBG program for physical improvements to our older neighborhoods.

Housing Rehabilitation and Acquisition Programs

The City initiated a housing rehabilitation program in 1978 to subsidize improvements to existing single family housing units owned by persons with low or moderate incomes. Subsidies are provided in the form of deferred loans for seven-year periods. If the owner remains in the home through the seven-year period, the loan is forgiven; if the home is sold earlier, a portion of the loan must be repaid. So far, the City has invested nearly \$1.2 million in this program and has helped improve approximately 150 houses.

The City has also undertaken other housing rehabilitation programs over the years. In the 1980's through the early 1990's, the City granted loans totaling about \$350,000 to improve 14 cooperative housing units and another \$71,000 to create handicapper accessible housing units. With assistance through Urban Options, the City has invested about \$460,000 in grants for energy conservation improvements for all types of low or moderate income housing in the City. Since 1980 the City has offered home maintenance and repair assistance for elderly residents in the City, at a total cost of about \$150,000 plus supervision costs.

In addition to CDBG funds, the City has taken advantage of programs offered through the Michigan State Housing Development Authority to rehabilitate housing units in the City. In 1992-93 we received \$150,000 in funding through the HOME Rental Rehabilitation Program to renovate units in the Hillcrest Village, Burcham Woods and Durand Street apartments. In 1993-94 we received \$126,000 in funding through the HOME Single Family Purchase Program to acquire two homes for resale.

The City initiated a home ownership assistance program in 1986, called the Targeted Acquisition and Rehabilitation Assistance program. This program provided deferred loans for low and moderate income persons to purchase and improve single family houses. In 1993 the City created a non-profit housing corporation to facilitate home ownership. The corporation may purchase and resell houses at a reduced cost to the home owner, or it may provide partial down payment and closing cost assistance to buyers in purchasing a home. Such homes may also involve the necessary rehabilitation to bring the units up to current housing standards. Through the two

home ownership programs, the City has subsidized the purchase of 24 houses. Like the rehabilitation program, the deferred loans are forgiven if the owners remain in the properties for at least seven years.

Public Facility Improvements

About forty percent of the City's total CDBG allotment has been budgeted for improvements to public facilities within or serving the targeted neighborhoods. During the first twenty years of the program, the City invested slightly more than \$200,000 per year in public facility improvements. In the last two years, however, the City has placed more emphasis on such improvements and has budgeted over \$560,000 per year on public facilities.

The bulk of the funds spent on public facility improvements, about \$3.6 million, has been used to repair and upgrade the basic public infrastructure serving those neighborhoods---streets, curbing, sidewalks, utilities and street lights. Major projects have been completed in the Bailey, Avondale, Bogue, Southeast Marble, East Glencairn and Delta areas of the City. Another \$1.3 million has been used to expand parks and replace and upgrade recreational facilities. The Stoddard Park and the Wolf Court Park were purchased and developed, and a natural area adjacent to the Emerson Park and the Red Cedar School was purchased. Facilities have been improved and expanded at the old Bailey and Marble School playgrounds, in Ehinger, Valley Court, Emerson and Patriarche Parks, and at married housing facilities on campus. Several public buildings have been expanded or renovated to accommodate community and neighborhood activities, including the Valley Court Recreation Center, the Bailey Community Center, the Orchard Street Pump House, the Spartan Village Community Center and facilities within other University Apartment complexes. In total, about \$750,000 has been spent on building improvements.

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