

# A Case for Mixed-Income Housing

## THE VISION

A strategic partnership

Third Coast Homes is a new partnership formed between Good Samaritan Ministries and Lakeshore Habitat for Humanity. It joins the larger community strategy around affordable housing and begins the hands-on work needed to provide a variety of housing options for the greater Holland community. Both organizations have been on the front lines of addressing our community's housing challenges and each brings unique capabilities to the partnership.

Third Coast Homes offers a new framework of thinking around the development of affordable and mixed-income housing developments. It is not just about more roofs, it is about a more effective and financially responsible approach to breaking the cycle of poverty, to which unaffordable housing is a major contributor. The benefits of this approach are far reaching.



## THE CHALLENGE

Housing costs rising much faster than wages

Safe and affordable housing is the foundation that enables individuals and families to move along the continuum of assistance to financial security. Owning a home builds equity and creates financial security. Affordable leases allow renters to keep a larger portion of their paycheck for savings, daycare, healthcare, and reliable transportation. Today, however, houses sell quickly and prices are on the rise. For low to moderate wage earners, the economics of the housing market have virtually eliminated any hope of home ownership, and cause renters to spend an unsustainably high percentage (35% or more) of their paycheck on housing costs.

### Between 2009 and 2015

<b>City of Holland home sale price increase</b>	<b>54%</b>
<b>Ottawa Co. home sale price increase</b>	<b>44%</b>
<b>Allegan Co. home sale price increase</b>	<b>46%</b>
<b>Holland Area median rental rate increase</b>	<b>30%</b>
<b>Lakeshore's median wage increase</b>	<b>4.04%</b>

\*According to West Michigan Lakeshore Association of Realtors, BVW Property Management, and Lakeshore Advantage

Meet ALICE. ALICE (Asset Limited, Income-Constrained, Employed) is not an individual, but a conceptual representation of all those in our community whose wages are not sufficient to cover household expenses in a sustainable way. ALICE occupies the rung just above poverty on the economic ladder. ALICE is glad to have a job and is proud of her work, but she is stuck. She has no financial cushion, no fallback position, few assets, and little, if any, savings. ALICE is one setback away from poverty - a rent hike, a family illness, or the need for new car tires.

...and the percentage of ALICE households has increased in each municipality every year since 2012.

**Percentage of households that fall below the ALICE threshold (includes households below the federal poverty guidelines)**

<b>Allegan County</b>	<b>63%</b>
<b>Ottawa County</b>	<b>36%</b>
<b>City of Holland</b>	<b>49%</b>
<b>City of Zeeland</b>	<b>59%</b>

\*According to the United Way 2018 ALICE Report

## THE IMPACT

Exiting poverty starts with affordable housing

After nearly five years of study by the Ottawa Housing Next initiative, the Lakeshore Housing Alliance, and the Greater Ottawa County United Way, it is clear that without access to affordable housing, a household's ability to move on from the consequences of ALICE is virtually impossible. Everything else suffers when housing costs too much.

- Only substandard housing available
- Inaccessible housing requires longer commutes to work and other amenities
- Poor health outcomes due to out-of-pocket expenses
- Healthy foods are less affordable
- Children's education disrupted due to frequent moves
- Forgo essentials because of the high cost of child care

## THE OPPORTUNITY

A responsible, local approach to help a large segment of our population

- Improved, affordable stable housing conditions
- Walkable and accessible neighborhoods
- Greater access to preventative healthcare and health insurance
- More fresh and healthy food choices
- Children likely to perform better in school
- More engaged and skilled workforce
- Reduced demand for social services
- Families participate in and give back to their community

## THE PILOT PROJECT

A smart and creative first step to meeting housing needs

The first initiative of Third Coast Homes is an affordable, four-unit micro-community in Holland Charter Township, just outside the city of Zeeland. Lakeshore Habitat for Humanity and Good Samaritan Ministries are co-developers and owners, with Good Samaritan Ministries serving as the manager of property and provider of supportive services to ensure the success of the project.

This housing will be affordable, attractive, and energy efficient with easy access to transportation, schools, and shopping. It is in close proximity of local employers and could serve as workforce housing for those companies. It is a first step in demonstrating that affordable housing can be done well through multi-sector collaborations.



This project represents an affordable, mixed-income development designed from the ground up to ensure the residents are successful, the project is sustainable, and the neighborhood is enriched. Good Samaritan Ministries' Circles program, a program designed to bring people of diverse incomes together and to help low-income individuals and families achieve their financial goals, will be integrated into the project. Every aspect of this pilot project has been intended to apply current best practices to affordable housing developments.

The intention is to learn from the strengths created through the partnership between Good Samaritan Ministries and Lakeshore Habitat for Humanity, and build on Third Coast Homes' capacity to meet our community's growing need for safe, affordable, life-changing housing opportunities.

The unique partnership represented in Third Coast Homes was recognized in the awarding of a \$500,000 Federal Home Loan Bank grant, sponsored by PNC Bank, for the project. Other project partners and funders include:

- GDK Construction
- Capital for Compassion
- Herman Miller Cares Foundation
- Community Foundation of the Holland/Zeeland Area
- Gentex Corporation
- Disher
- Private donors

**To date, 75% of the \$967,500 total project cost has been secured.**  
**Third Coast Homes is now seeking support from area businesses and individuals to raise the remaining \$240,500 to cover the cost of construction and supportive services.**  
**A successful fundraising effort will allow for a May 2018 ground breaking.**

**PHASE 1**

**PHASE 2**



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## PILOT REVENUE AND EXPENSES

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### Expenses

Construction and development costs	\$842,500
Project administration and fundraising	\$29,000
Supportive services (placement and Circles)	\$30,000
Appliances	\$16,000
Land acquisition and landscaping	<u>\$50,000</u>
	\$967,500

### Revenue

Federal Home Loan Grant	\$500,000
Gifts from individuals	\$130,500
Gifts from foundations	\$70,000
Gifts from corporations	<u>\$27,000</u>
	\$727,000

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## BEYOND THE PILOT

Vibrant, stable, mixed-income communities

Third Coast Homes is currently seeking land to construct the next mixed-income, affordable housing development. The same partners that brought the pilot project forward are committed to joining in this next, larger project. The search is on for a three to four acre parcel that could provide enough space for a mix of high-quality, well-maintained affordable housing options. Several desirable and well-located tracts of land have been identified and due diligence continues on each to determine the best option for the project.

Stable, well-functioning mixed-income communities tend to include specific elements. Among them are a diverse mix of housing units of different sizes and affordability. Housing types may include small and large units, apartments, row houses, single family homes, and stand-alone rental and ownership units.

Successful and sustainable mixed-income communities include both market rate housing and housing units with long-term subsidies or rent restrictions to ensure housing remains affordable even when housing rates rise substantially. Access to amenities and services are also important to these communities. Easy access to transportation options, grocery stores, parks, schools, library, service providers, and cultural institutions begin to form “social seams,” publicly-accessible spaces where residents of different incomes cross paths or come together and offer opportunities to interact.

The vision has been cast, the realization is underway.