



# Gateway Communities Rural Workforce Housing Study Summary

Summer 2024

A collaboration between the  
Sleeping Bear Dunes Gateway Council and  
the Harvard Graduate School of Design  
Laboratory for Values in the Built Environment



# Gateway Communities Rural Workforce Housing Study Summary

## Study Goals

1. Identify and re-state known workforce housing needs in the Gateway Communities
2. Define the challenge in more detail, with particular attention to rural development constraints
3. Prototype a development model to fill existing gaps in the local workforce housing ecosystem



## Known Workforce Housing Needs

The “Missing middle” and LMI (low-to-moderate income) homeownership gap;  
The persistent need for both permanent and seasonal workforce rental units

- Building upon the work of others, we find there is great need for permanent workforce residents such as teachers and essential workers. This population is struggling to find job-proximate housing in an extreme real estate market dominated by wealthy second-home owners and land holders interested in proximity to the significant value of the national park.
- For residents under 80% AMI there are limited opportunities for subsidized rental units. Such opportunities are significantly less viable in Leelanau County, and there is no opportunity for wealth creation through homeownership.
- In local economies that rely upon seasonal tourism, there is a need to house a seasonal workforce to support the local business community. While permanent workforce housing is the primary goal, we examine the potentially beneficial overlap between permanent workforce homeownership and seasonal workforce rentals as a mechanism for a secondary stream of household income.

The Gateway Council communities have a housing gap of almost 4,000 units.\*

Between 2010 and 2022, the Gateway Council communities lost almost 600 rental units.\*

The median household income in Leelanau County is \$71,232. In Benzie County, it is \$62,022.\*

\* 2023 Housing Needs Assessment:  
<https://www.housingnorth.org/housing-data>



## The Workforce Housing Gap

Working with a wide range of local housing advocates, developers, end-users, and other stakeholders, we find a great need for innovation in financing, planning, design, and development that fills the current workforce housing gap. A functional solution must:

- Provide permanent affordability (accessible approaches to home equity) to grow and maintain a permanent workforce community
- Address both the rental and homeownership gap
- Provide and integrate units across a mix of incomes
- Serve diverse household types
- Enable development on rural land not served by municipal infrastructure
- Provide socially supportive design to build strong and lasting local culture
- Uphold values of environmental sustainability and responsible land stewardship in design, construction, and maintenance
- Build upon (and mutually support) local and regional assets, models, and relationships already in place (Peninsula Housing, Housing North, etc.)
- Act as a repeatable model for workforce housing development



## Defining the Challenge: Development Financing

Local constraints such as skewed incomes in Leelanau County and limited state financing for rural development make typical workforce housing sources challenging to obtain in a reliable way, and in a volume that meets the need

- Developing permanent workforce housing is not viable without some form of assistance from either the public sector and/or philanthropic investment.
- Low Income Housing Tax Credit (LIHTC): Not available in higher-income areas such as rural Leelanau County. Does not support homeownership.
- Community Housing Development Organization (CHDO): A specific kind of nonprofit that gets some funding from HUD. There are only two CHDOs in the region and funding is limited.
- Lack of reliable federal, state, and local financing sources for affordable homeownership: One-time state funding programs have been available but are not guaranteed to continue, with no clear path to replace them.



## Defining the Challenge: Infrastructure

Rural development constraints in areas without municipal systems

- Developing efficient housing units in socially supportive communities with diverse housing needs and incomes is especially challenging in areas that do not have access to municipal water and sewer services
- Shared water and waste systems are cost-efficient and allow for a diverse but focused range of housing types to meet the real needs of the local workforce community (in comparison to the dominant model of large single-family homes, each with its own well and septic system)
- State-level regulation of groundwater use (wells) and waste (septic) constrains the scale of rural housing development to approximately 30 housing units



# A Prototype for Rural Workforce Housing Development

Our research concludes that a repeatable model for local development can be created to meet the following specifications:

Land Acquisition	Household Types	Design and Planning	Ownership and Governance	Potential Partners	
<p>Land acquired and held by a Community Land Trust (CLT)</p> <p>Land parcelized, as needed, to enable viable pockets of ~30-unit development (per state regulation) atop land owned by CLT</p> <p>Separate development LLC required per housing cluster</p> <p>Acquisition strategy considers the environmental value of land as a natural and recreational asset + a housing solution</p>	<p>Serves diverse household types:</p> <ul style="list-style-type: none"> <li>Families with children</li> <li>Families without children, including multi-generational households</li> <li>Aging adults</li> <li>Singles, including seasonal workforce</li> </ul> <p>A mix of incomes:</p> <ul style="list-style-type: none"> <li>Year-round workforce homeownership (50-120% AMI)</li> <li>Year-round workforce rental (50-80% AMI)</li> <li>Seasonal workforce rental (40-60% AMI)</li> <li>Topographically challenging areas may be selectively developed at market rate by owner</li> </ul>	<p>Socially supportive design to build strong and lasting local culture</p> <p>Upholds values of environmental sustainability and responsible land stewardship in design, construction, and maintenance</p> <p>ADUs* provide income stream for residents through seasonal workforce rentals</p> <p>Shared infrastructure and operational burdens reduce household burden, cost, and risk during maintenance</p>	<p>A Community Land Trust (CLT) acquires and owns land, maintains shared infrastructure across multiple clusters of development</p> <p>Partnership with a local land conservancy enables maintenance of any non-developable land area and management of public access to such recreational landscapes</p>	<p>A Homeowners Association (HOA) is created within each development cluster to support building maintenance and semi-public spaces such as hardscapes and gardens</p> <p>Limited-equity Cooperatives are established to allow households with lower incomes to own a share of buildings with shared amenities</p>	<p>Housing North (ongoing advocacy and the development of a lending pool to finance workforce housing)</p> <p>Peninsula Housing (a growing CLT in Leelanau County)</p> <p>The Leelanau Land Conservancy (ensure access to, and stewardship of, natural assets)</p> <p>Local banks (create CDs for construction financing, mortgages for residents)</p> <p>Local philanthropy</p>

\*Accessory Dwelling Units (ADUs) are income units attached to a primary permanent workforce dwelling to provide mutually beneficial secondary income for workforce residents and permanently affordable seasonal workforce rentals during the summer season



# Development Financing and Homeowner Accessibility

Each cluster of ~ 30 units is estimated to cost ~ \$8 million.

Solutions for construction financing and homeowner lending can build upon what is working both locally and elsewhere.

- Local institutions and advocacy groups are already leading the way
  - Frankfurt Area CLT: Founded in 2021, serves Benzie County by sourcing funding from private donors and the state
  - Housing North: Plan for lending pool to support workforce housing development is in progress
  - Peninsula Housing: An emerging CLT in Leelanau County is beginning to develop
  - And others, including thoughtful developers and engaged community stakeholders like HomeStretch, NMCAA, and Habitat for Humanity
- State-level advocacy for subsidy, lending, and land acquisition shows promise, including relationship-building with targeted public efforts such as MSHDA and the Office of Rural Prosperity
- Lending products (including mortgages) designed specifically for LMI households are being pioneered elsewhere with significant support from local banks and philanthropic wings of larger lending institutions to enable greater access to ownership





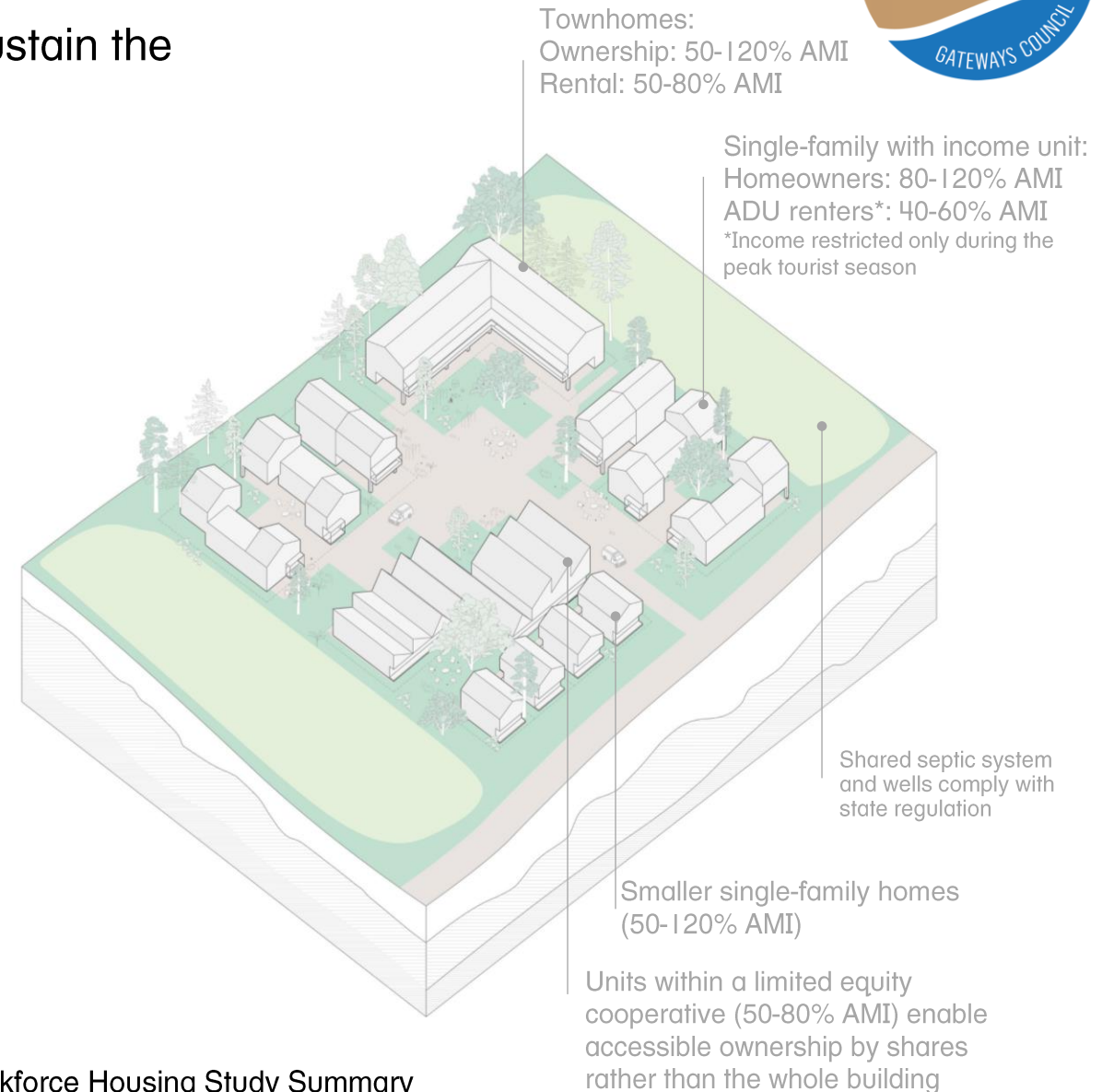


# Community Planning and Design

Design and planning prioritize meaningful places that sustain the community – financially, socially, and environmentally.



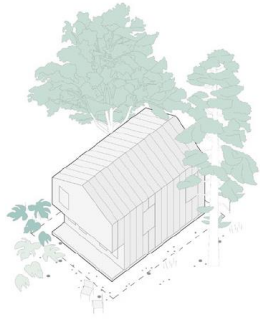
Compact development enables access to shared community amenities such as gardens, bonfire pits, and playscapes



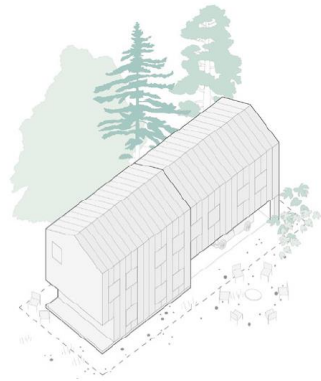


# Community Planning and Design

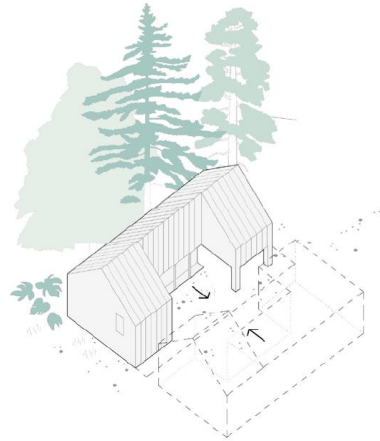
Housing types reflect the diverse needs of the local workforce population, both economically and in terms of design and planning.



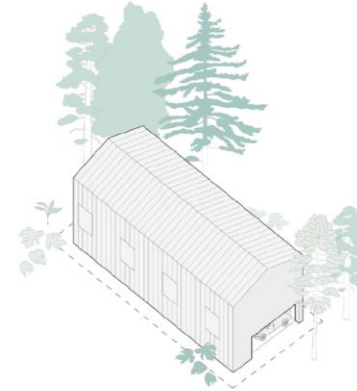
SINGLE FAMILY  
850 GSF / UNIT  
2 BR / UNIT  
2 ON-SITE PARKING  
PARCEL FOOTPRINT: 1,080 SF



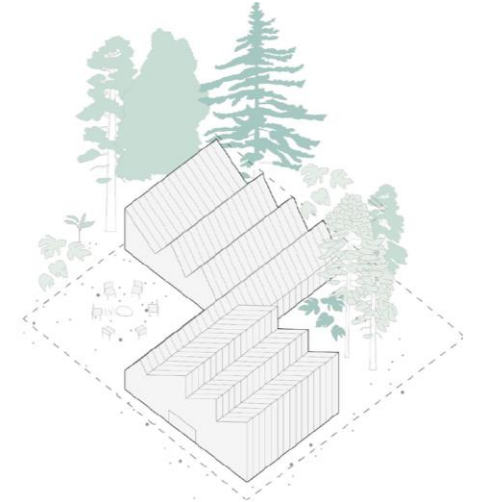
SINGLE FAMILY + INCOME UNIT  
1,500 GSF / 850 GSF  
3 BR / 2 BR  
2 ON-SITE / 1 OFF-SITE PARKING  
PARCEL FOOTPRINT: 1,980 SF



SINGLE FAMILY + INCOME UNIT  
1,500 GSF / 850 GSF  
3 BR / 2 BR  
2 ON-SITE / 1 OFF-SITE PARKING  
PARCEL FOOTPRINT: 2,880 SF



TOWNHOMES  
480 GSF / UNIT  
2 BR / UNIT  
1 OFF-SITE PARKING / UNIT  
PARCEL FOOTPRINT: 6,200 SF



CO-OP  
675-950 SF / UNIT  
6 UNITS, 1-2 BR / UNIT  
1 OFF-SITE PARKING / UNIT  
PARCEL FOOTPRINT: 13,000 SF

# Community Planning and Design

The housing clusters and homes within them are designed to optimize social overlap and sharing of otherwise inaccessible amenities while accommodating household privacy and individual needs.

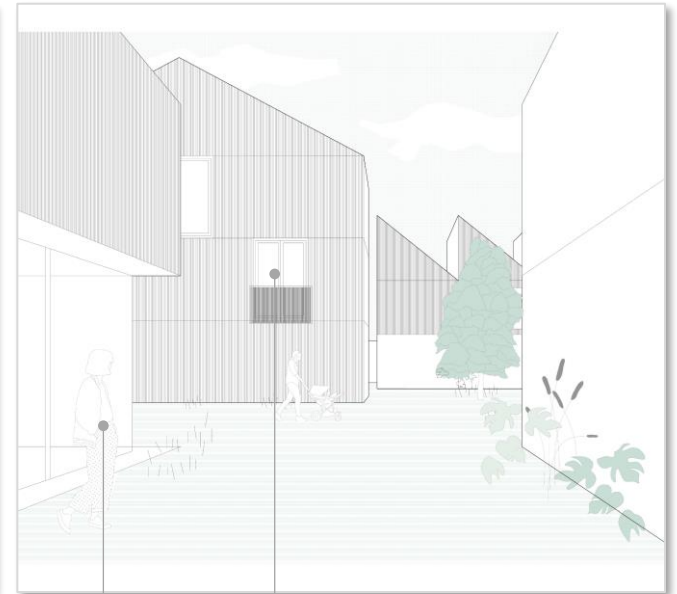


Pedestrian priority designs for shared hardscape and softscape are calibrated to support safety and community health. This is a local cul-de-sac designed for 21<sup>st</sup> century living and culture.



Housing design builds upon local vernacular structures

Connections between workforce housing clusters and the natural landscape beyond are integral as a defining aspect of design.



Porches and balcony conditions are prioritized for all housing types to provide an opportunity for “accidental” social encounters and to provide a buffer between community and individual household spaces.



## Community Planning and Design

The housing clusters and homes within them are designed to optimize social overlap and sharing of otherwise inaccessible amenities while accommodating household privacy and individual needs.



Low-energy housing design provides responsible environmental performance and reduced maintenance cost

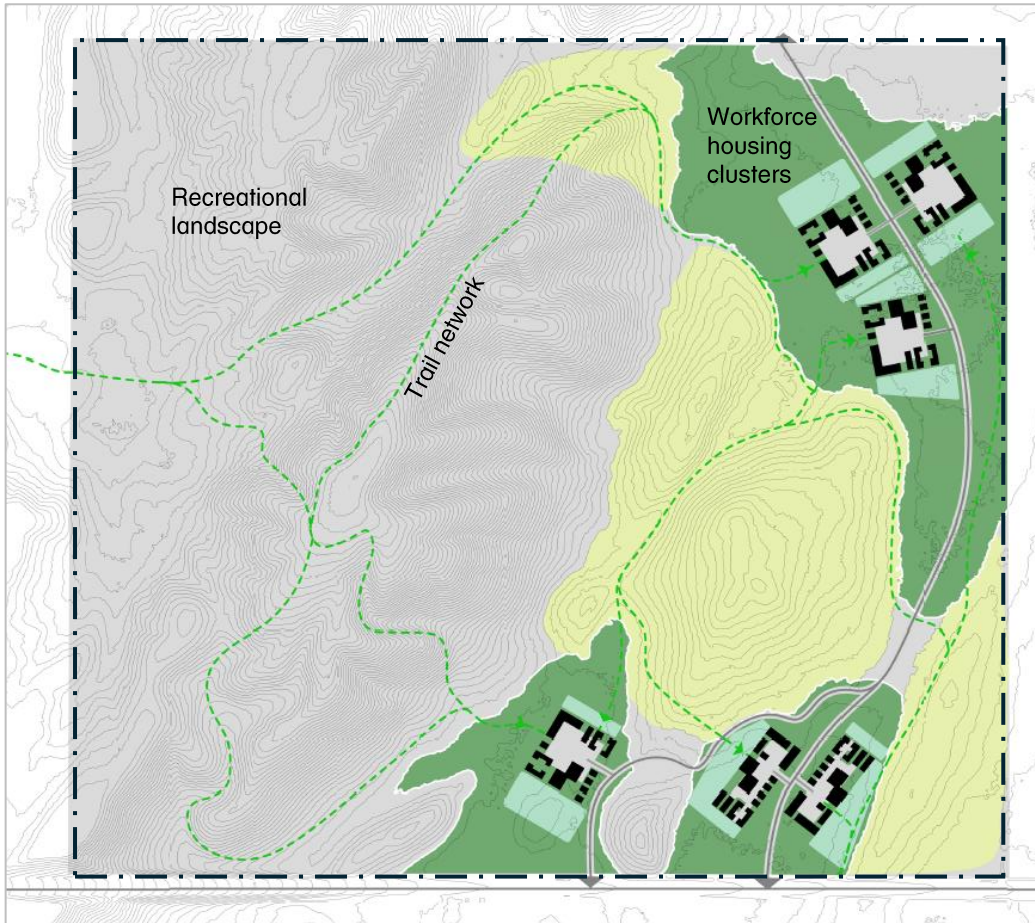


Building design leverages a hybrid approach to construction, joining offsite-manufactured panels with local labor



# Community Planning and Design

Clusters of development – like small and independent but linked villages – may take advantage of contiguous CLT holdings to enable greater sharing across infrastructure, shared amenities, and recreational landscapes.



A 180-acre parcel is tested for development viability and quality, yielding 6 clusters of housing development within a shared and public recreational landscape.

The relative density and proximity of development clusters to one another must be a subject of continued conversation to ensure both regulatory fit and local community alignment.

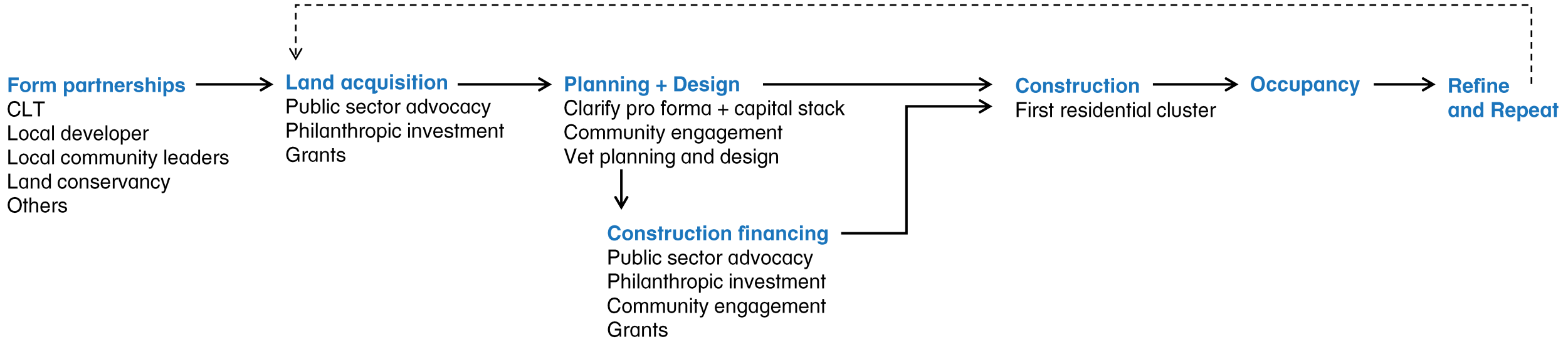


Iterative tests aim to balance the constraints of septic and well placement with high-quality and engaged community culture.



# What happens next?

Prototyping a repeatable approach to socially, economically, and environmentally sustainable workforce housing





## **The need is urgent.**

Support in the form of philanthropic investment and advocacy is needed to rapidly develop and test a repeatable model for high-quality workforce housing that is economically, socially, and environmentally sustainable.