

Introduction

Over the last year, the Dexter Housing Task Force (DHTF) has investigated housing in the City of Dexter and reviewed the status of the city housing stock, in general. The effort focused on identifying the population and housing needs, housing stock available and associated costs, and needs and options for improving the overall state of housing in Dexter. Each of the task force members worked on different areas, as well as together to explore different aspects of all that goes into housing in our community. There are a variety of housing types in Dexter, but most of the housing tends toward single family residences, due to the following:

- Major neighborhoods developed over the last 20 years,
- Current zoning requirements, and
- The community being a highly desirable place to live resulting in strong demand for single family residences.

The task force also looked at 1) the factors driving the cost of housing, 2) investigated if there was a demand for other types of housing in the city, and 3) identified steps, which could be taken to increase housing affordability.

Results of Investigation

There is well documented need for **affordable housing** throughout Washtenaw County, which would include the **City of Dexter**. Over the past year, **housing affordability** has been the primary thread running through many discussions. A clear distinction must be made between the two terms.

- **Affordable Housing** is rental housing with rent and income restrictions (typically 60% of Area Median Income or below) or housing for homeownership with income restrictions (typically less than 80% of Area Median Income) as governed by local, state, and federal housing assistance programs.
- **Housing Affordability** is access to homeownership or rental options based on housing price relative to household income.

The mismatch between housing supply and demand is a key as a contributor to lack of housing affordability in the City of Dexter.

Dexter can be an expensive place to call home. At this time, the average price of a single family residence (SFR) in Dexter is approaching \$300,000 (\$200/sq. ft.), with minimum home prices exceeding \$200,000. While less expensive homes in the city can be affordable for a median wage household in Washtenaw County (approximately \$65,000 per year), households with incomes lower than the median county income will find it difficult to find housing at a cost they can afford in Dexter.

The people most affected by housing affordability include:

- Young professionals (entry level teachers, public safety, etc.)
- Seniors
- Service and retail workers
- Young families
- Other low-income individuals

Dexter has a large inflow of people to the city on daily basis, with estimates showing more people coming into the city than leaving the city for work. Since many of the people commuting to Dexter are

working jobs that pay a lower wage (e.g. service, retail, young professionals), some of those individuals likely are choosing to commute, as they cannot afford to live in the city. That also increases commuting and traffic issues within the community. There is some housing available at the lower end of the rental market in Dexter, but in a year of tracking rentals the DHTF only identified a handful of available dwellings. For example, during 2019 the DHTF only found about 1% of dwellings in Dexter became available for rent. The cost of rentals in the city is relatively high (in total and per square foot) and, outside of the lowest priced rentals, quickly requires a significant income for the rent to be considered above the rental housing affordability of median wages in Washtenaw County.

The questions we are left with include, *“Why is there a shortage of housing that is affordable?”* and, *“What should we do about the current situation?”* The “Why” comes down in large part to the economics of supply and demand. The city is bound geographically and much of the city is built-out. Zoning and ordinance requirements have also led to fewer dwellings than the City might otherwise have in the same area, thus limiting supply. People want to live in Dexter, as it is a desirable community with good schools, a walkable downtown, multiple parks, and low crime. With proximity to the amenities of a larger city such as major hospitals, arts and culture, high paying jobs, etc., the city offers an excellent quality of life for the residents. Construction has also become more expensive in the last 10 years, as the number of building contractors shrank during the Great Recession and building materials have increased in price. Builders generally can make more money with less effort by building larger and more expensive homes. Those factors and more combine to make housing affordability an issue for people with lower income in Dexter.

Next Steps

Answering the, *“What should be done?”* question is more complicated. There have been numerous investigations, studies, committees, and even task forces, set up to investigate housing. The Dexter Housing Task Force has seen similar data, as other investigations in similar communities, including that we have a variety of housing stock, but the variety is tilted toward the higher end of the market. We leaned heavily on the existing information from, as close as Washtenaw County, Chelsea, and Grand Haven, to as far away as Minnesota, Colorado, and Seattle. We did not want to reinvent the wheel or duplicate efforts. A collection of the studies is available now from the City, as a library to reference when moving forward, with many examples of how communities are proceeding and attempting to diversify their housing stock.

The first of two recommendations from the Housing Task Force is to **hold a public forum to get input from current residents of and people working in the city, to determine what it is the city wants and needs, as far as housing is concerned.** Based on the DHTF investigation into the tax rolls, a windshield survey of the city, and monitoring of rental advertisements over the course of the year, we believe we have a sufficient number (and possibly a surplus) of large single family residences, and we have a lower supply of small homes and rentals. That situation may be exactly what the residents of the city prefer. There will be residents saying, “I moved here for the community that is here, not to change it. I don’t want more apartments, density in housing, or other affordable housing.” If that is the consensus of the community and Council, then there is nothing further to do.

The DHTF recommends the following as guidelines for the public forum:

- An experienced and neutral facilitator is needed to lead the discussion. Housing can be a passionate subject, as we have seen in our discussions at DHTF meetings, not to mention at recent City Council and Planning Commission meetings. Our feelings and opinions about our homes, neighborhoods, and Dexter, can and do lead to strong feelings. We need a facilitator who can help to guide the discussion and keep on topic.
- Start with a summary of the data and findings of the DHTF. This would be an attempt to give everyone data, information, and background, to allow for a more informed conversation.
- Review impacts to people and the community. Housing is a topic that has many different perspectives. Not everyone sees or understands all the aspects of this topic, and we want to avoid quick decisions by participants in the discussion and increase understanding.
- After reviewing information and community needs, determine what (if any) areas the community should prioritize. (The DHTF discussed that “voting” with dot stickers, after topics are identified, has been effective in the past and might work in this instance.)
- Hold conversations with smaller groups about the prioritized areas of concern or needs identified. Allowing these discussions in smaller groups will prevent the overall discussions from going off on tangents and allow people to further explore and expand, in detail, on focused areas.
- Summarize the discussions on the individual areas as a report out to the forum and compile feedback to update and finalize this investigation.

Following the forum and summary of the information obtained, the Council should be positioned to decide on the next steps for the City.

DHTF Recommendations

The DHTF also has recommendations, as starting points for potential areas of action for the Council. Historically, zoning requirements have driven larger homes, lots, and more expensive housing overall. If more affordable housing is desired, key areas of focus include increasing the supply of housing and promoting policy that will encourage smaller (and generally more affordable) housing. **Potential areas of action to change zoning and requirements:**

- Change zoning to allow flexibility of use (some communities have eliminated SFR zoning).
- Allow duplexes, triplexes, quadplexes, garage apartments, and accessory dwelling units (already in place in much of the Original Village), especially utilizing alley access and basement usage.
- Allow lot splits and increased lot density, with lower minimum lot areas and dimensions, reduced setbacks, and lower minimum floor areas (small and potentially tiny houses).
- Modify zoning ordinances to allow developments, which have traditionally been done as PUDs to be “by right” instead of needing a more difficult PUD process. It must be noted; the recommendation does not envision or promote the elimination of City Council’s and/or Planning Commission’s role in the review and approval process.

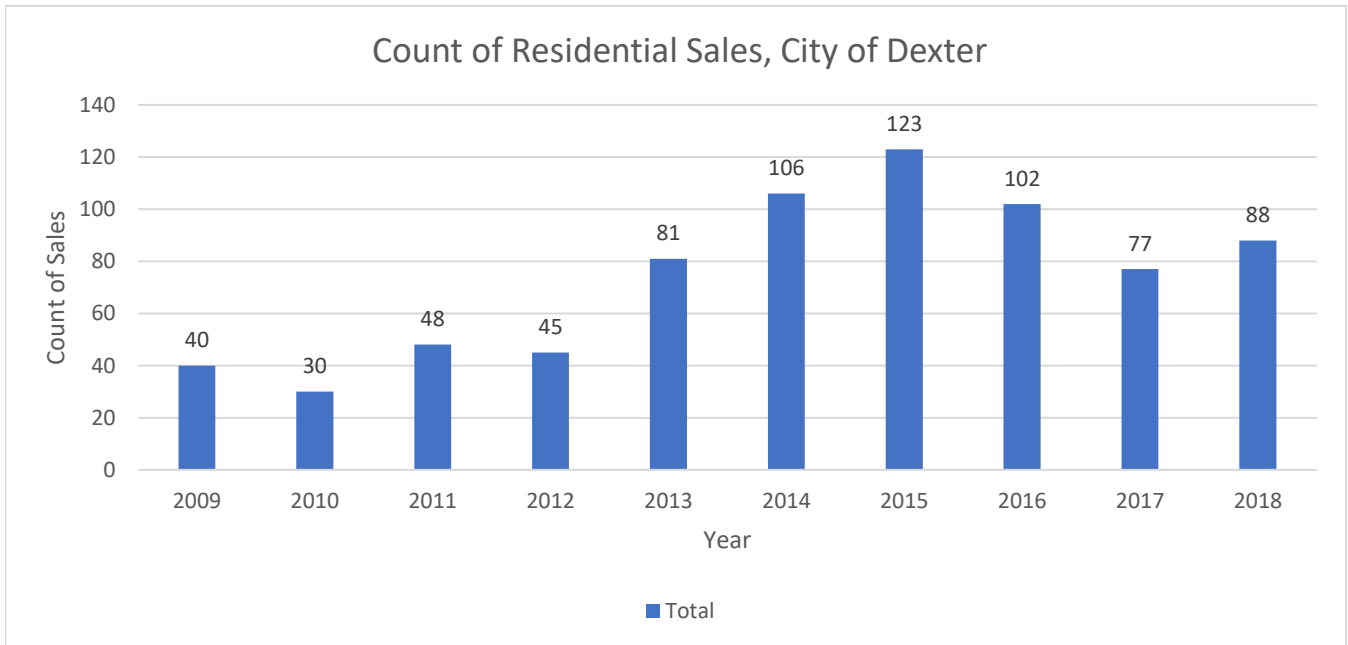
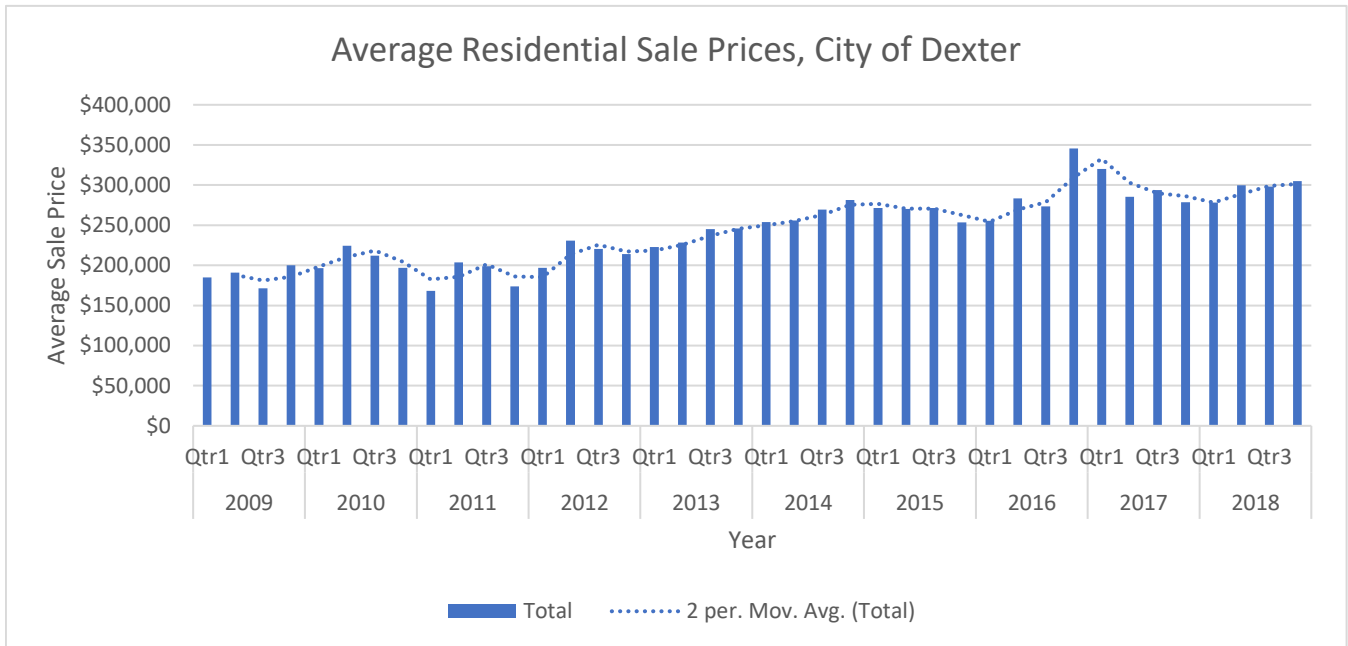
- Change ordinances and zoning requirements related to occupancy by unrelated people (communal housing) and encourage sites, such as Airbnb and Craigslist for medium term rentals.
- Encourage (or potentially require) developers of properties to consider accessibility to allow for aging in place (similar to other detail requirements for properties and ADA requirements) and recognize this as a material benefit of PUDs.
- Suggest a list of recognizable and material benefits for developers of PUDs, which would include affordable housing enhancements and features.
- Allow reduced parking requirements and revise building requirements for developments that will provide potentially less expensive homes (smaller area and lower cost = lower housing cost).
- Require rental registration and inspection, with a long inspection interval to minimize costs, prevent deterioration from negligent landlords, and enhance rental opportunities in the community.
- Consider methods to encourage landlords to accept of all income sources (e.g., USDA Housing Vouchers) to allow more potential residents to qualify for housing in the city.
- Investigate if association bylaws can be superseded by city ordinance, to allow additional housing options in association governed neighborhoods.
- Investigate cooperative housing, if an opportunity arises for additional housing development.

Conclusion

It must be remembered that there are no quick fixes. The concerns around housing affordability are not limited to the City of Dexter. Effort from each community, from cities and townships to counties and states, will need to put in place changes to address these concerns in the long run. If the City of Dexter were to suddenly have 100 homes less costly than those currently available, they likely would be purchased relatively quickly, and the price would be bid up by the forces of the market. We are not on an island and we are subject to the efforts (or lack thereof) of surrounding communities. However, this can be an advantage!

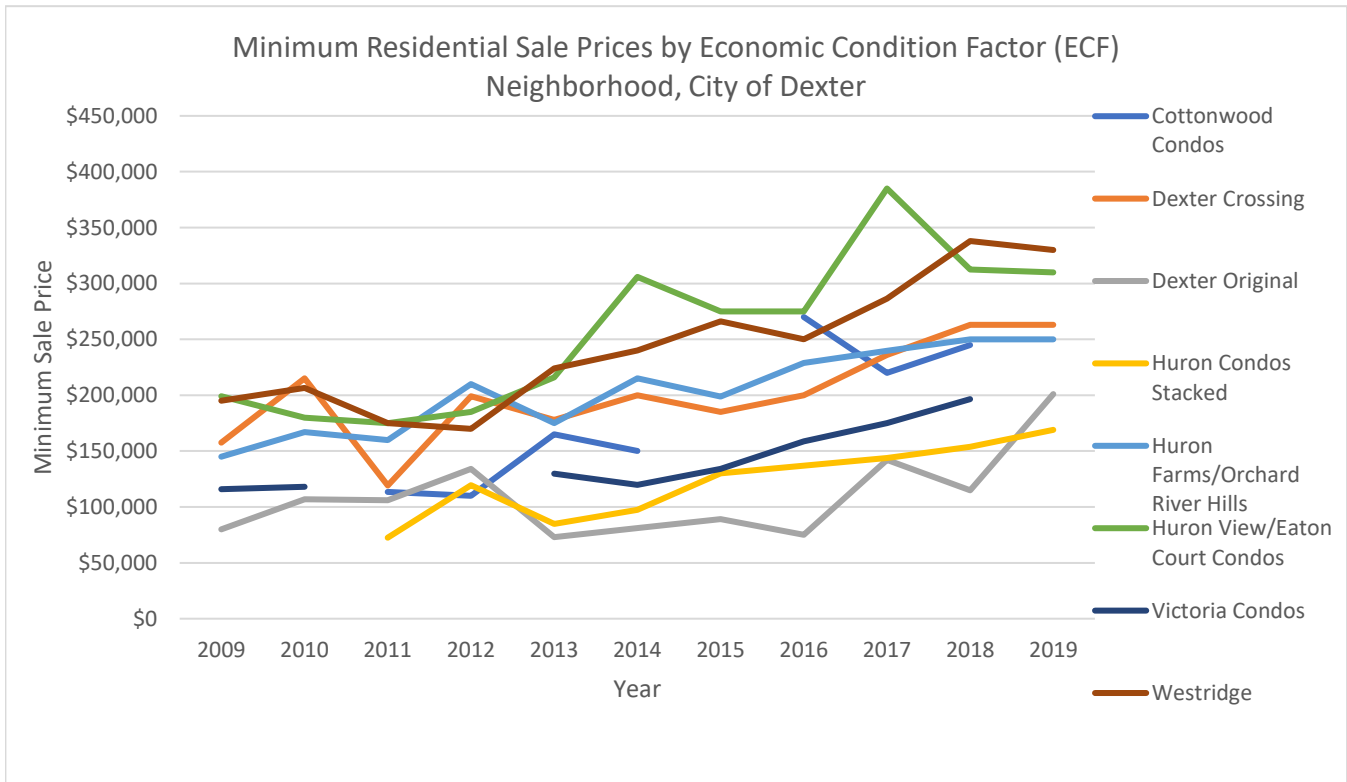
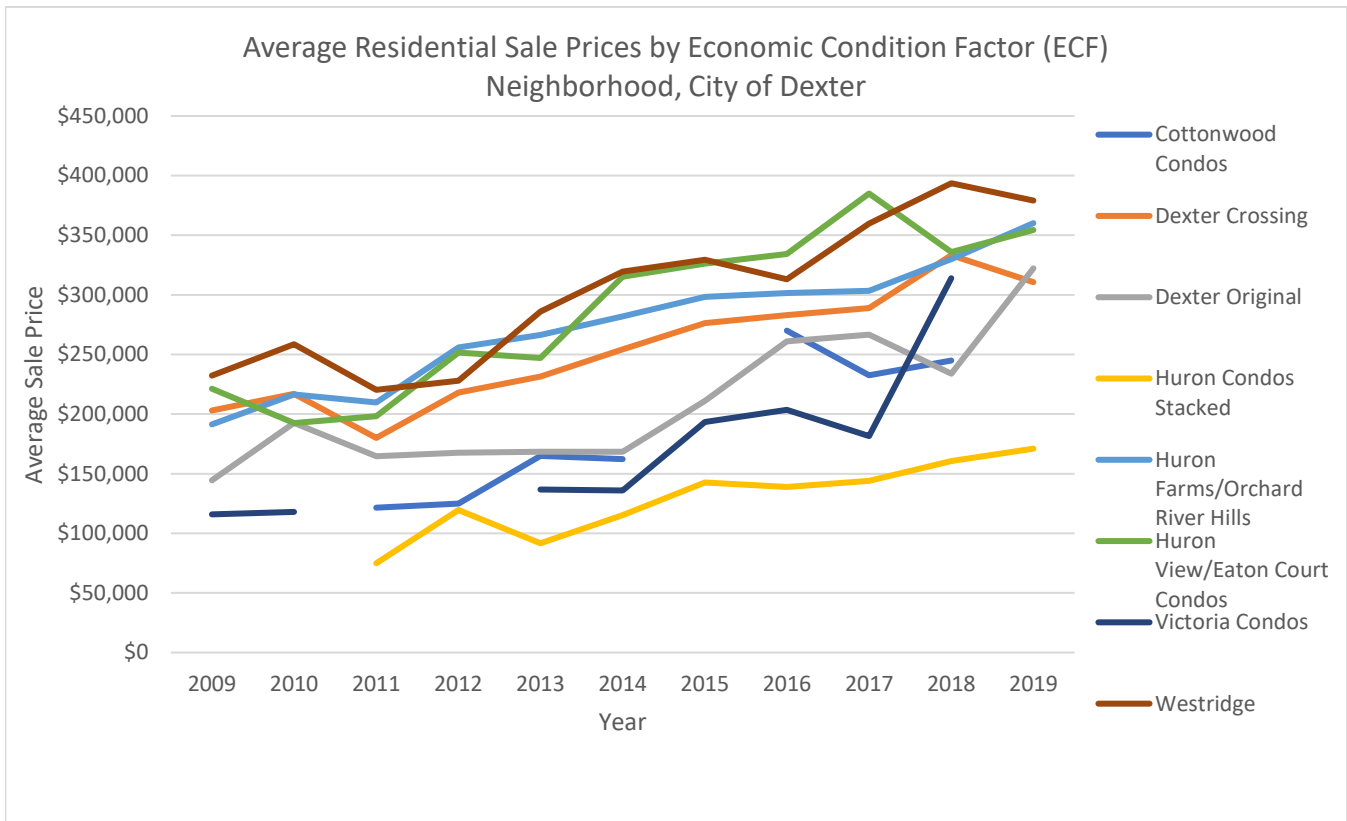
Owners and builders utilizing changes to requirements would quickly be able to have those properties occupied, as the demand to live in Dexter, is high. Encouraging existing uses to “come out of the shadows” will encourage the diversity of housing and promote more of what has resulted in the affordable housing we have today. When these changes, and others identified by the community are coupled with encouraging smaller and more inexpensive housing in potential future developments, Dexter may be able to reduce the deficit of needed housing in the community, in both the short term and long term, and provide for more residents to have housing they can afford, in Dexter.

Appendix A. Residential Sales, City of Dexter



Data: City of Dexter Tax Assessment Records. Charts only include arm's length, warranty deed, and land contract sales of properties classified as 401 - Residential Improved with a price of \$100,000 or greater. Quarters correspond to twelve-month calendar year.

Appendix B. Residential Sale Prices by Economic Condition Factor (ECF) Neighborhood, City of Dexter



Data: City of Dexter Tax Assessment Records. Charts only include arm's length, warranty deed, and land contract sales of properties classified as 401 - Residential Improved with a price of \$70,000 or greater.

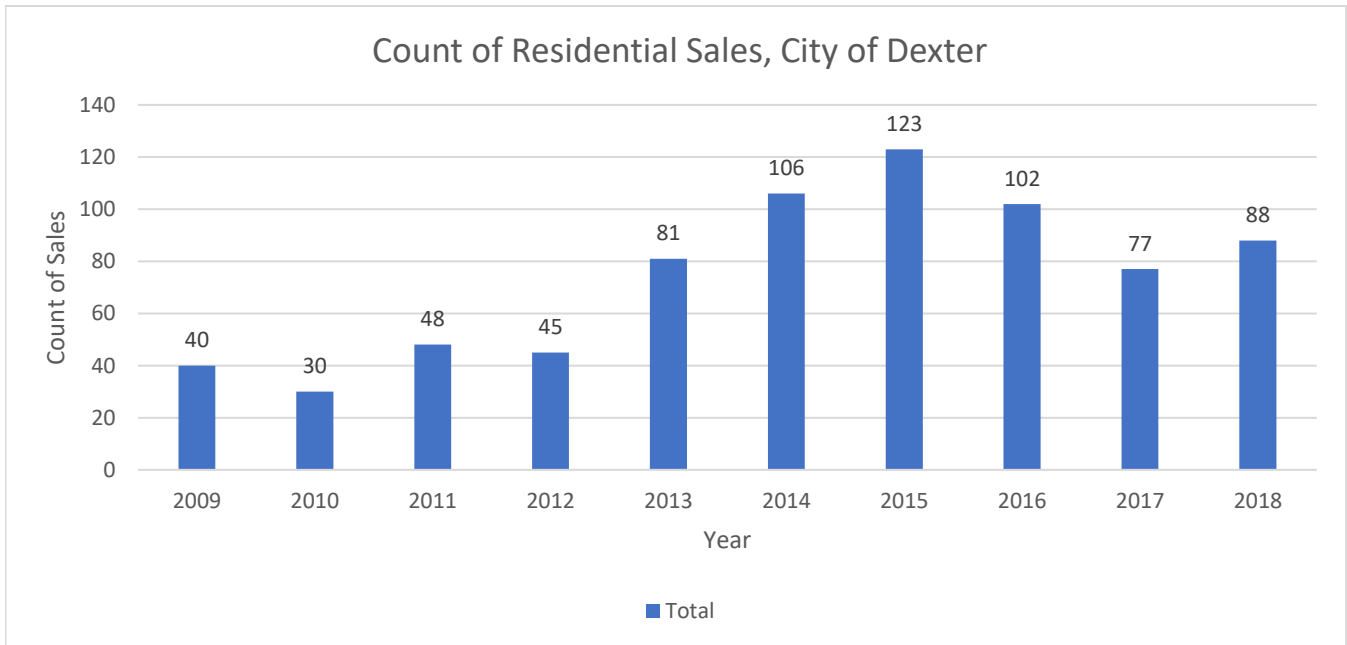
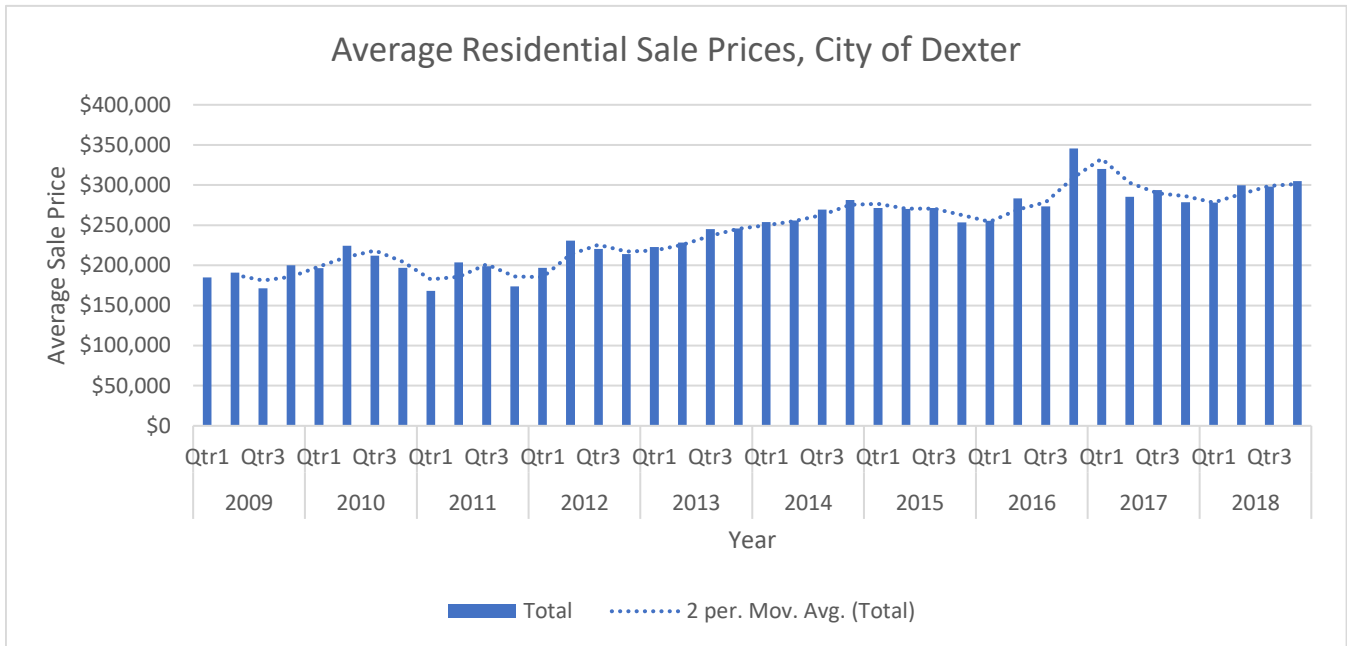
Appendix C. Rental Listings, City of Dexter

Rental Listings within the City of Dexter as Advertised on Craigslist and Zillow, 2019

| Location | Type | Rent | Annual Income Needed to Afford @ 30% | Hourly Wage Needed to Afford @ 30% | Square Feet | Bedrooms | Baths | \$/sq ft |
|---------------------------------|-----------|---------|--------------------------------------|------------------------------------|-------------|----------|-------|----------|
| 2nd St | Basement | \$750 | \$30,000 | \$14.42 | | basement | 1 | |
| Forest & Baker | Room | \$750 | \$30,000 | \$14.42 | | 1 | | |
| Rm for Rent | Room | \$750 | \$30,000 | \$14.42 | | 1 | | |
| Baker & Hudson | Apt | \$900 | \$36,000 | \$17.31 | 760 | 2 | 1 | \$1.18 |
| Wickfield (across from library) | Apt | \$930 | \$37,200 | \$17.88 | | 1 | 1 | |
| Dexter Flats | Condo | \$965 | \$38,600 | \$18.56 | 450 | 1 | 1 | \$2.14 |
| Dexter Flats | Condo | \$985 | \$39,400 | \$18.94 | 420 | 1 | 1 | \$2.35 |
| Downtown - office or apt | Apt | \$1,025 | \$41,000 | \$19.71 | 550 | 1 | 1 | \$1.86 |
| Wickfield (across from library) | Apt | \$1,030 | \$41,200 | \$19.81 | | 2 | 1 | |
| Walk About | Apt | \$1,299 | \$51,960 | \$24.98 | 652 | 1 | 1 | \$1.99 |
| Walk About | Apt | \$1,329 | \$53,160 | \$25.56 | 952 | 2 | 1.5 | \$1.40 |
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| Walk About | Townhouse | \$1,429 | \$57,160 | \$27.48 | 953 | 2 | 1.5 | \$1.50 |
| Central | House | \$1,575 | \$63,000 | \$30.29 | 1371 | 2 | 1 | \$1.15 |
| Huron St | House | \$1,650 | \$66,000 | \$31.73 | 902 | 2 | 1 | \$1.83 |
| 3rd Street | House | \$2,300 | \$92,000 | \$44.23 | 1530 | 3 | 1.5 | \$1.50 |
| Ulrich | House | \$2,700 | \$108,000 | \$51.92 | 2,529 | 4 | 2.5 | \$1.07 |
| Forest | House | \$3,050 | \$122,000 | \$58.65 | 1766 | 3 | 2 | \$1.73 |
| | | | | Avg | 1061 | | Avg | \$1.62 |

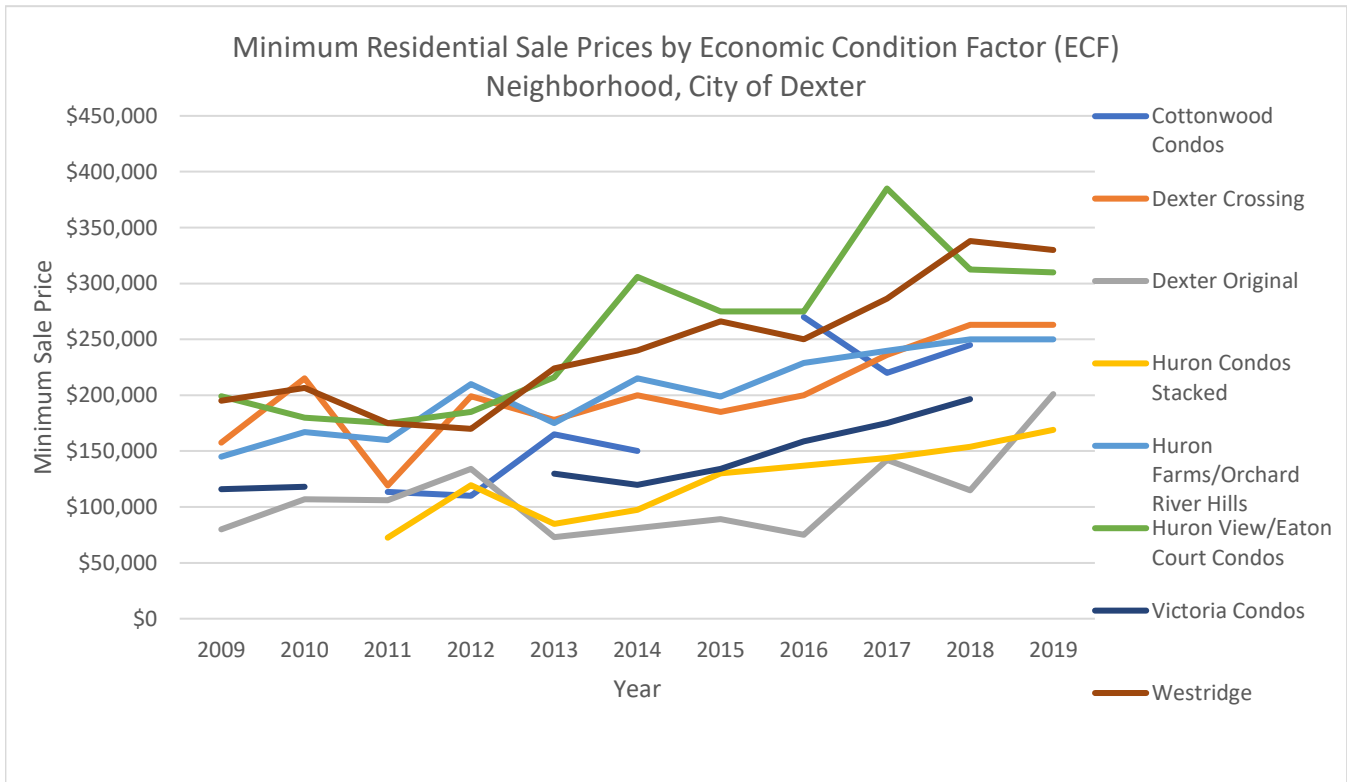
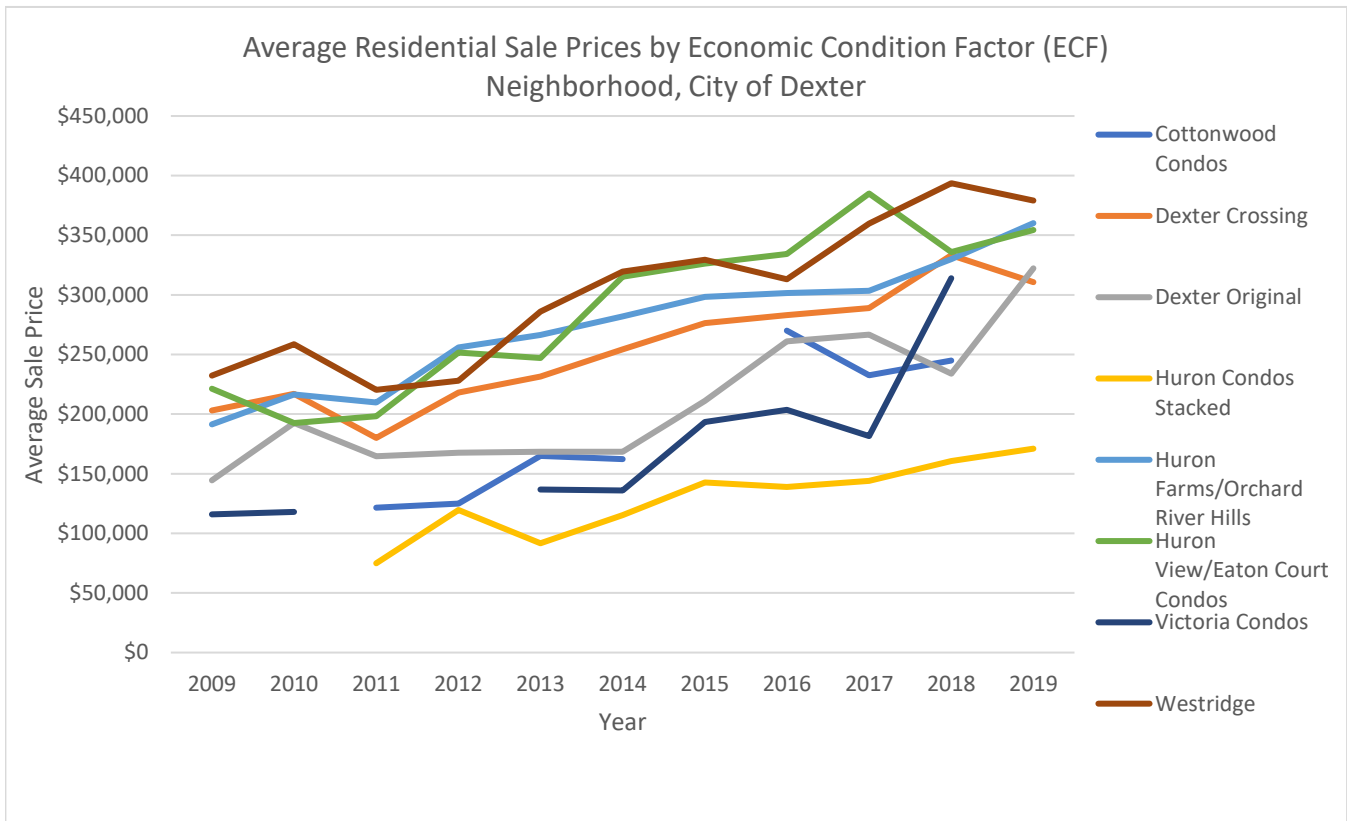
Data: Rental listings recorded by HTF members during 2019.

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