City of Jackson, Michigan
100 Homes Program

The City of Jackson, Michigan, provides a full range of municipal services—including police and fire protection; construction and maintenance of streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events to approximately 30,000 residents. Located in south-central Michigan, the community is oriented toward industry and commerce, with a strong historical connection to the auto industry. More than 20 brands of cars were once made in Jackson. Over the past few decades, however, as manufacturing jobs have been lost, the city has also lost approximately 45 percent of its population. The current economy is similar to that of many other Rust Belt cities in the Midwest. The average annual salary in Jackson is approximately $49,000, and about 20 percent of residents live below the poverty line.

The housing crisis across the United States is real. The City of Jackson's leaders decided that now is the time to tackle this issue through a comprehensive approach that features public-private partnerships, grants management, process improvement, creativity, innovation, and a focus on solving problems that have historically prevented residents from achieving home ownership. In 2019, the city found itself with access to funding from the American Rescue Plan Act (ARPA) and a few other federal and state sources. It decided to allocate $3.5 million of its ARPA funds to the Affordable Housing Board, with the goal of making housing more affordable.

The Community Development Department used this funding to begin work on what would become the 100 Homes Program, an ambitious effort to construct 100 new houses in the city in three years. The program ushers income-qualified home buyers through a process that includes homebuyer education, banking connection, lot selection, construction, down payment assistance, and closing assistance. Subsidies for the builder and buyer create affordable new construction homes to help reverse the city's population loss, strengthen neighborhoods, make housing affordable, and create incentives for other infill development and for investment in the city.

Economic challenges and the affordability crisis

Across the Midwest, rents are becoming increasingly unaffordable, and the dream of owning a home is out of reach for many—and the situation is only getting worse. Even though Jackson's population had declined, the city still didn't have enough quality housing to support its needs. A recent housing

BY THE NUMBERS | The City of Jackson, Michigan

31,031	$49,179K	45% rent 55% own	$34.4M
number of city residents	average annual salary		annual general fund budget

study estimated the city would need 1,500 new housing units over the next ten years. Unfortunately, growth had stagnated, and the city had actually demolished more than 800 blighted structures.

Attracting home builders was increasingly difficult—in fact, the city issued only five residential building permits in 10 years. As Cory Mays, the city's grant administrator, said, "those are incredibly sad numbers for a community our size, and even worse when you realize that two of the five permits were from my parents and my in-laws, who both moved to Jackson to be closer to their new grandsons."

The COVID-19 pandemic presented additional challenges, but it also provided unique opportunities. While the situation was tragic for so many families in Jackson and across the United States, it brought in grant funding that allowed the city to start clawing its way out of the recession and led to a once-in-a-generation chance to initiate transformational change.

Targeting the root cause of the problem

The city allocated $3.5 million of its ARPA funds to the Affordable Housing Board. Officials decided that using the funding for a down payment program would be the best way to address the city's housing crisis. Some people were skeptical of the program at first, but Shane LaPorte, the city's community development director, had a vision of building 100 homes in the city. Once the target was set, staff got to work creating the plan to make it happen.

The first step was to better define the problem. Why was home ownership so difficult? The city analyzed data, asked questions, and tried to identify the main issues. What they discovered was that the problem had many causes. Yes, housing costs were part of it, but so was distrust of lenders, difficulty navigating the complex application process for assistance, lack of education about and experience with the home-buying process, rising construction costs, and the inability of many families to save for a down payment. With this better understanding, the city began to identify the parameters that would shape the program.

Designing the program

Targeting lower-income individuals, the city established eligibility criteria and limited the program to those earning less than 120 percent of the median income for the region. Also, capping housing costs at 30 percent of a buyer's gross monthly income allowed staff to create an initial budget. It also exposed a pretty large affordability gap.

Staff started to bring stakeholders together to identify solutions. Staff hosted meetings with all mortgage lenders in Jackson to learn more about options and how the city could help in streamlining the application process. Ultimately, the city decided to collect all information that would be required for the mortgage application as part of a pre-application to help applicants be better prepared for the lending process. Staff also worked with state agencies to identify any additional incentive options that may be available. The City of Jackson decided to provide $25,000 in down-payment assistance per

home. Applicants are also encouraged to apply for an additional $10,000 of down payment assistance through the Michigan State Housing Development Authority (MSHDA).

To select builders, the city issued a request for proposals (RFP) and asked builders to submit home designs that met basic requirements for design and square footage. Unfortunately, the initial response still came in at about $65,000 more than the target budget. In an effort to reduce costs, the city listened to the builders to learn what was driving costs on the project and learned that the city's own policies and processes contributed to construction delays and additional costs. Working with builders, the city was able to identify important cost drivers such as slow permitting and inspection process, utility connection fees, uncertainty about the quality of lots, and the cost of land. "We really listened to builders and what they said was frustrating about working in Jackson," Mays said.

The community development department was able to reduce the amount of time, effort, and hassle involved in obtaining permits and scheduling inspections from weeks to just days. "Other cities have fully automated their permitting systems, but we decided to go in the other direction," Mays said. "For our builders, they viewed those systems as an additional layer that got in the way of connecting directly with our staff. We focused on customer service and gave builders direct access to inspectors. They can now ask questions, schedule appointments, and get things done quickly."

The 100 Homes Program included both 1-story and 2-story plans, all with concrete driveways, full basements, and central heat and air conditioning.

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—**CORY MAYS**, GRANT ADMINISTRATOR

The city also identified grant funds aimed at reducing lead service lines that qualified for use with utility connections, and it decided to use its inventory of vacant property to provide land and guarantee it was ready to build on, for a minimal cost of $300 per parcel. In the end, the city closed the gaps and could offer home buyers a stress-free process with a fixed price of $175,000. Buyers could select pre-designed houses from one of two builders and select a lot from any in the city's inventory.

Other communities have offered down-payment assistance programs, and some offer affordable housing options for income-qualified buyers based on income standards. Still other communities offer help securing a mortgage, introduce buyers to interested builders, and/or sell city-owned lots at a discount. The City of Jackson's program is innovative because it provides a comprehensive solution for buyers and creates incentives for builders.

Construction in progress

With planning complete, the city needed applicants for its target of 100 homes. Mays remembers that LaPorte chose that number "because it sounded better than 99." "We launched this giant program and had no clue it was going to work," Mays added. But after 20 months, the results are in, and the program works. Currently, 31 houses have been constructed and are occupied; 19 are under construction, and three are ready to start. At this rate, the city is optimistic it will use all ARPA funds by the December 2026 deadline. Based on the early success of the 100 Homes Program, the city decided to extend certain elements of the program to create incentives for additional infill construction for a wider audience and, ideally, get closer to the estimated need of 1,500 additional housing units.

Builders that want to build larger or more expensive homes, or multi-unit buildings, are not eligible for the 100 Homes Program, but they can now take advantage of reduced permit costs, city land guarantees, grant funding for utility

Clockwise from top left: Program managers Cory Mays (left) and Chris Herrmann (right); Currently, 31 houses have been constructed and are occupied, 19 are under construction, and three are ready to start.

connections, and other program perks. "We issued 45 residential permits last year and we're on track to issue more than 50 this year," Mays said. "We hoped that the 100 Homes Program would show builders why Jackson is a great place to be, and that they would decide to build here once the program was complete. Instead, we now have seven builders operating in the city, constructing single-family, multi-family, and multi-story/multi-unit buildings—with many more to come." Mays added, "The interest has been huge and unexpected, and we are excited to keep the momentum going for years to come."

Building more than homes

The largest benefit of the 100 Homes Program goes beyond home construction. "The program helped build trust with communities that historically saw the city as the problem," Mays said, adding: "As we go out in the community

to market the program, we get a ton of questions that aren't related to the 100 Homes Program, and we are able to build a positive relationship, answer questions, and get people the help they need." In addition, creating incentives for home construction has led to additional investment. The program has been transformative for entire neighborhoods.

"The Health District is an area immediately west of our hospital system, and a year ago the city owned 32 parcels there. About 70 percent of the neighborhood was vacant. Now, as soon as I finish writing up the last deal, we will own none," Mays said. Twelve houses have been built, and a developer has purchased the remaining lots with plans to finish all construction over the next year. "It's crazy to see the progress," Mays added. "Neighborhoods have come out of the rubble and new houses have sprout up. It's exciting to drive to work and see a concrete truck, a lumber truck,

and a moving van. It's exciting to see buzz in the city."

The city was also able to improve streetlights, sidewalks, and entrance ways. Mays pointed out the little details that make a big difference. "By tearing down and offering vacant properties, we can reverse the negative trend. Now we see people adding a new flowerpot on the porch. Others may paint their fence, add a new driveway, replace their front door, or repair broken windows. There's a new pride that wasn't there before."

To help accelerate this positive trend, the city started a curb appeal program that offers financial assistance for eligible home improvements to the front of the home. The city recognizes that attractive front facades contribute to stronger neighborhoods and can increase property values for participating homeowners and their neighbors. Approved projects can receive support for 80 percent of eligible costs, up to a maximum of $2,500.

53%	47%	43	80%	56% female head of household
households of color	are couples	children impacted	current residents	44% male head of household

As properties are developed and improved, the city and the nine other taxing jurisdictions that cover the city also can realize additional revenue to better fund government services. The county, school district, library district, transportation authority, and township all benefit.

The neighborhood programs have also led to a shift in how the city provides services. For example, the Code enforcement Division shifted from focusing on fines to working with residents to solve problems and provide assistance. "We have been able to rethink community development," Mays added. "Instead of levying fines and creating enemies, we try to initiate conversations and build relationships."

The city still enforces its policies, but it does so in a much friendlier way. Initially, residents may get a warning, a knock on the door, or a phone call. The city established the Administrative Hearings Bureau to discuss issues that have escalated and try to find out what caused the problem. In many cases, fines are reduced or eliminated. "The city receives a commitment to resolve the issue and the resident gets treated with respect," Mays added.

Secrets to success and lessons learned

Offering down payment assistance is not new, but this program is built around the city's ability to critically analyze a problem and identify solutions, after listening to residents and stakeholders. The program identified major frustrations and barriers within the home-buying process, and it deployed city resources and staff to solve the problem.

While the specific one-stop shop for the home buying and building process may be unique to Jackson, the process that staff used can be replicated to solve a wide variety of problems. The biggest success story is the city's ability to build relationships, improve processes, create community dialogue, and commit to changing the status quo in their communities. "We had to be the change agents and take ownership of the things that don't work." Mays added, "We started asking questions and listened to what our community told us."

When asked what advice Mays would have for other governments looking to spark change, he said: "Don't be afraid to make a mistake. When we originally went to the city council for funding, we were honest and told them that we weren't 100 percent confident that we had it all right. We told them we may come back and ask to revise the program based on our experience." The city recognized this was a huge program to build, and something the city hadn't done before. By acknowledging it may not be perfect, the city also provided the opportunity to continue to listen and learn.

Similarly, Mays cautioned other cities to avoid the trap of waiting around for a program that solves all problems for all residents. "It's impossible to be everything to everyone, and it's true that the perfect is the enemy of the good. The city initially received criticism that eligibility standards in the 100 Homes Program excluded some residents from participating. We made a promise to our community that if you support this program, and it helps our target audience, then we promise that you will see improvements to our community now and in the future. We will have other services that will help you."

Contact

- **Cory Mays**, grant administrator

Property taxes	= $4,600	per year
X		
100 new homes	= $460,000	increased annual revenue
X		
36% (City portion)	= $165,600	increased annual City revenue