

**Fahey Schultz  
Burzych Rhodes**

EXPERT COUNSEL



REAL SOLUTIONS

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# ZONING STRATEGIES FOR AFFORDABLE HOUSING

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2026 MTA CONFERENCE

ATTORNEYS TRENT CUNNINGHAM AND WAYNE BEYEA

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# TRENT J. CUNNINGHAM

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ASSOCIATE ATTORNEY, FAHEY SCHULTZ  
BURZYCH RHODES





# WAYNE R. BEYEA, AICP

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SENIOR ATTORNEY, FAHEY SCHULTZ  
BURZYCH RHODES



# DISCLAIMER

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- This presentation, and the materials associated with it, are comprised of general information and not intended as legal advice related to a particular situation.
- Please contact an attorney if you need assistance related to a specific legal issue.



# PRESENTATION GOALS

1

Explore the facts and circumstances of the current housing crisis

2

Review practical zoning solutions to the housing crisis

3

Understand:

- (1) what ADUs are;
- (2) the pros and cons of ADUs; and
- (3) how ADUs promote affordable housing

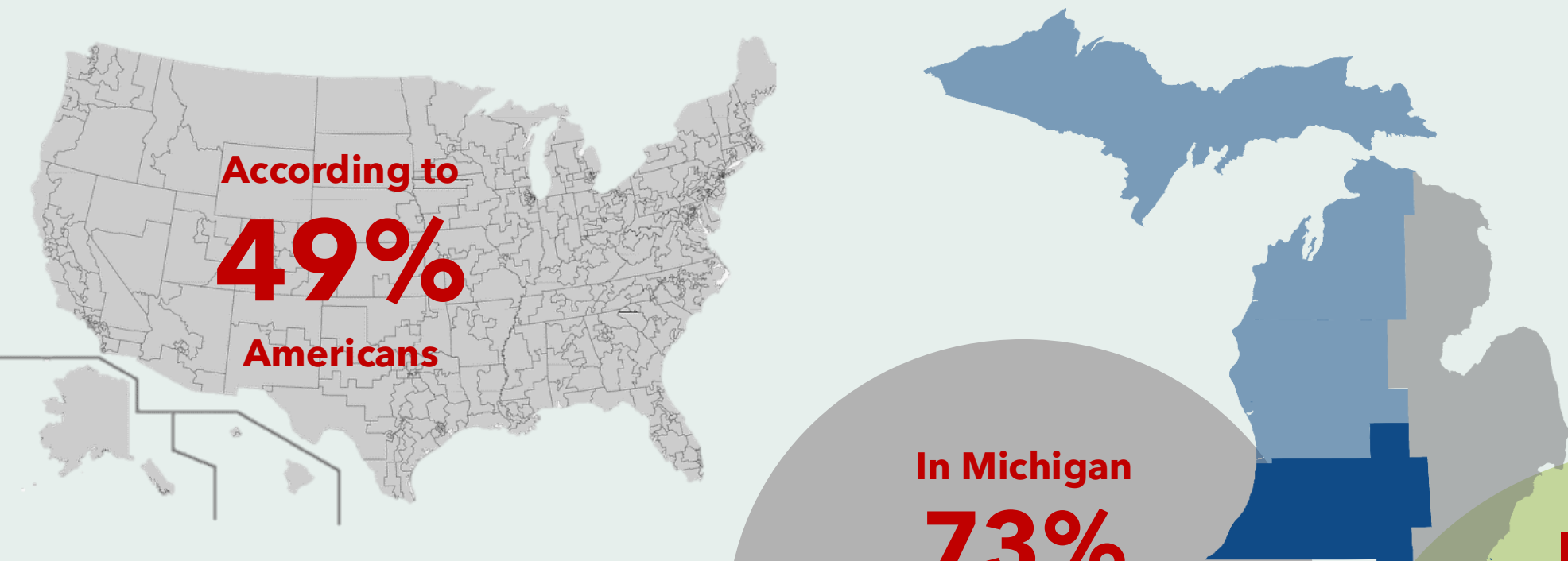


# HOUSING SHORTAGES GENERALLY

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- **“Housing shortage”** refers to any difference between the existing housing stock and the number of housing units that are needed. These estimates are based on housing trends, population growth, historical trends, and more.
- According to the Brookings Institution, As of 2023, the **U.S. housing markets were short an estimated 4.9 million units.**





According to  
**49%**  
Americans

Housing affordability is  
a major problem\*



In Michigan  
**73%**  
of extremely low-  
income  
families\*\* spend more  
than half of their  
income in housing



In Michigan  
**Only 35**  
**units for**  
**every 100**  
extremely low-income  
households

\*The survey of 9,676 U.S. adults was conducted from Oct. 18 to 24, 2021 by Pew Research

<https://www.pewresearch.org/fact-tank/>

\*\*\$25,750 for a family of four according to a National Low Income Housing Coalition analysis

<https://www.bridgemi.com/children-families/michigans-affordable-housing-crisis-may-get-worse- eviction-moratorium-ends>



# AFFORDABLE HOUSING STATISTICS

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- According to the Center of American Progress, **80% of rural and 72% of urban residents say housing affordability is worsening.** (2024)
- According to the National Low Income Housing Coalition, the **U.S. has a shortage of 7.1 million rental homes affordable and available to renters** with extremely low incomes.



# AFFORDABLE HOUSING

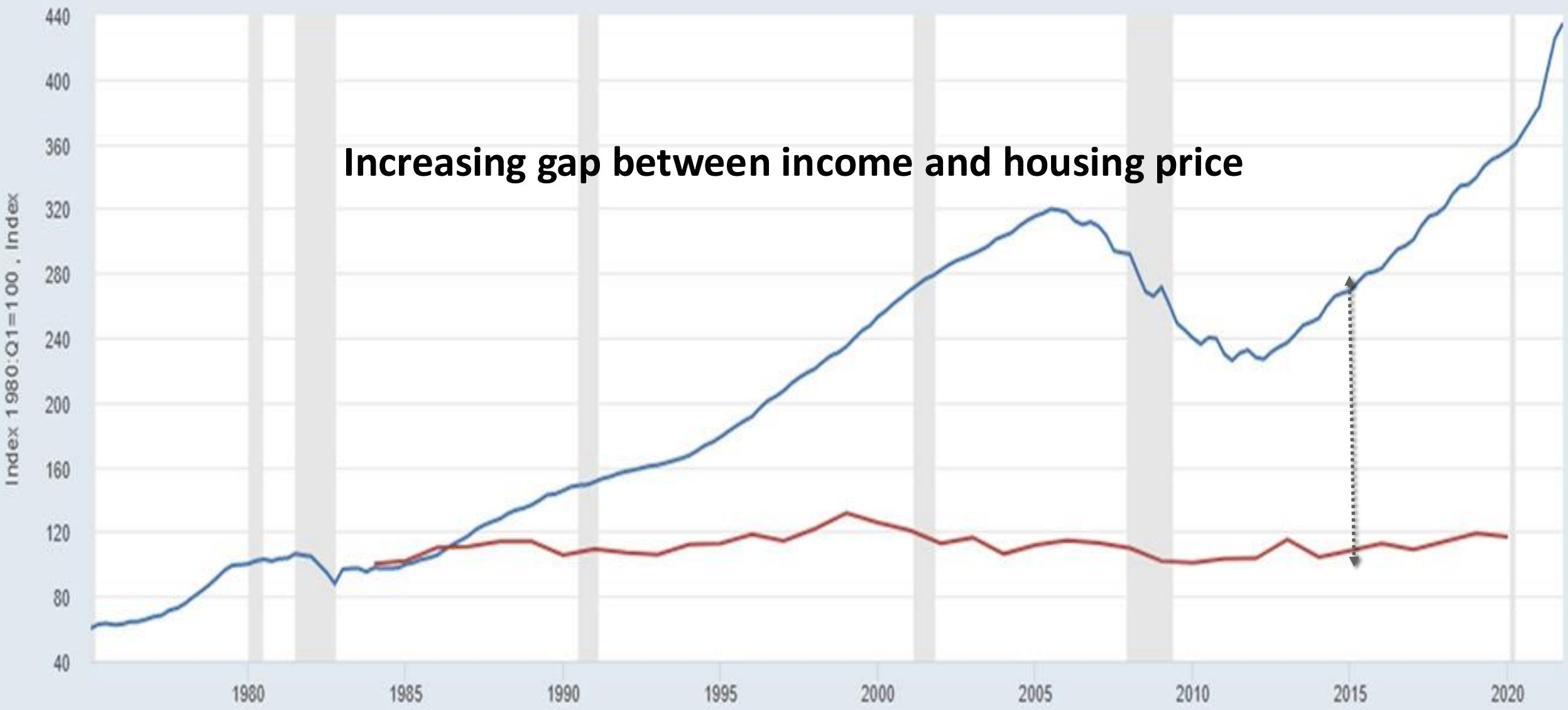
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## (Severely) Cost-Burdened

- Households that are paying >30% of income for housing are cost-burdened
- or >40% for Housing + Transportation
- Households paying >50% of income for housing are severely cost burdened

*Source: U.S. Department of Housing and Urban Development, Herbert et al., 2018*





**Increasing gap between income and housing price**

Shaded areas indicate U.S. recessions.

Source: U.S Census Bureau, U.S Federal Housing Finance Agency

# CURRENT CHALLENGES TO ADDRESSING HOUSING NEEDS

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- Housing is regulated by local zoning and is often faced with **NIMBYism**.
- **Lot size and minimum sq. ft. requirements** have increased dramatically over the past decade.
- Suburbs exclusively offering **single-family homes or apartments**, and no middle housing.
- **Discriminatory zoning** practices for income and race persist today.



# MICHIGAN PLANNING ENABLING ACT & HOUSING

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PA33 of 2008, amended in 2024, requires a Master Plan that addresses:

- **A range of housing types**, costs, **affordability**, attainability, ages and other characteristics, including single-and multiple-family dwellings, to serve the housing demands of a diverse population. *MCL 125.3807*; and
- An assessment of the community's **existing and forecasted housing demands**, with strategies and policies for addressing those demands. *MCL 125.3833*

Source: <https://www.planningmi.org/zoning-reform-for-housing>



# MICHIGAN ZONING ENABLING ACT, PUBLIC ACT 110 OF 2006

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- Authorizes zoning ordinances and provisions related to housing.
- **Requires zoning ordinance to be based upon a plan** designed to promote the public health, safety, and general welfare. *MCL 125.3203(1)*; and
- To meet the needs of the state's citizens for...**places of residence**, and other uses of land. *MCL 125.3201(1)*

## SPECIAL ZONING PROVISIONS

- Special Land Uses
- Planned Unit Development
- Performance guarantees
- Open space preservation (cluster development)



# OVERVIEW: ZONING TOOLS TO ADDRESS HOUSING SHORTAGE

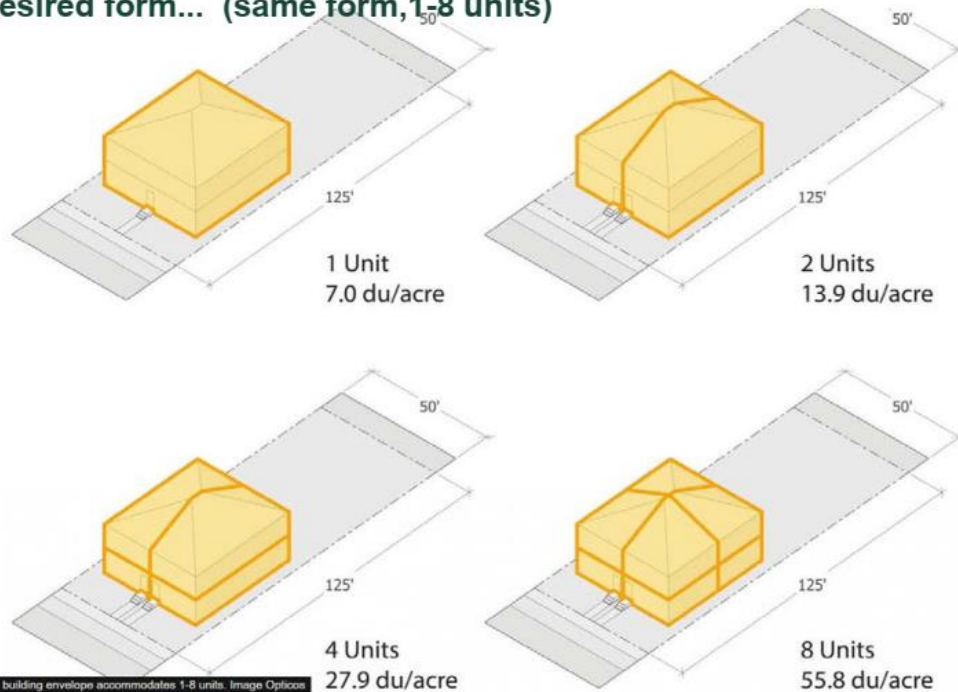
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1. Increase lot splits
2. Lower density requirements
3. Focus on the building envelope: width, depth, height
4. Adopt smaller minimum lot sizes, setbacks, dwelling sizes
5. Eliminate the exclusive single-family zone
6. Expand mixed-use zones that allow housing & focus on Form-Based Codes
7. Reconsider off-street parking requirements
8. Regulate short-term rentals
9. Innovate through existing tools: CLTs, Land Banks, BRAs
10. **Accessory Dwelling Units (ADUs)**



# DENSITY REQUIREMENTS

Start with the desired form... (same form, 1-8 units)



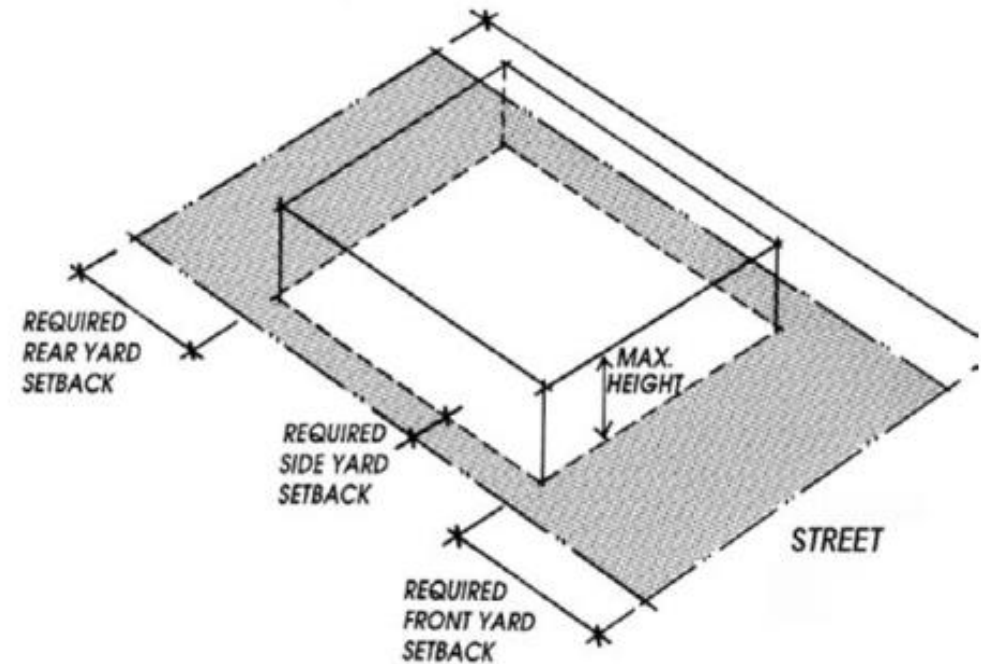
- Lower requirements for the number of residential units allowed in a desired building form to promote efficient use of interior.
- Focus more on building envelope rather than number of units

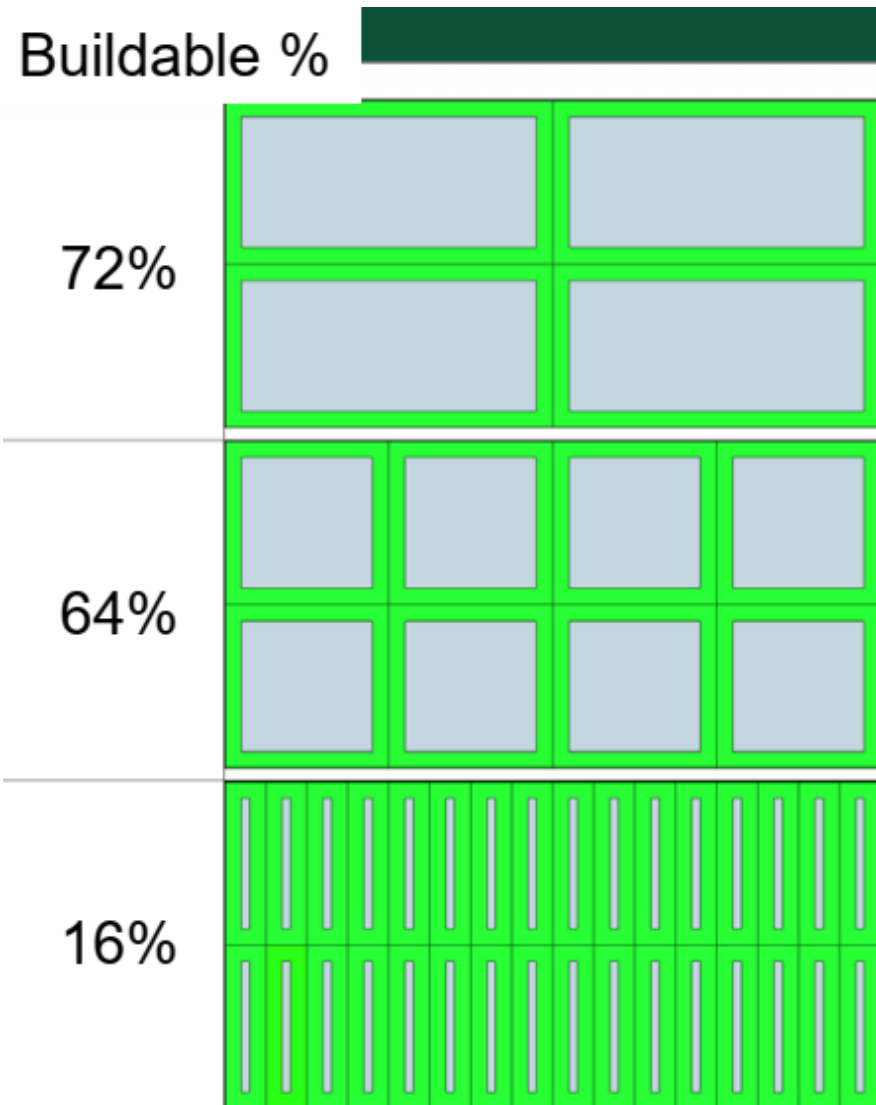


# BUILDING ENVELOPE

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- Regulate the maximum building envelope (form and scale).
- Define a maximum width, depth, and height (i.e. an allowed building envelope).
- Allow any number of units  $>1$  within that defined envelope.





## MINIMUM LOT SIZES, SETBACKS, & DWELLING SIZES

- Reduce minimum lot size and setbacks to allow for infill and denser redevelopment.
- Be critical of lot size requirements and their impact on buildable area
- Even a modest 10' setback drastically reduces the buildable envelope.

# LIMIT EXCLUSIVE SINGLE-FAMILY ZONES

- Neighborhoods may have existing small lots with smaller setbacks and duplexes/multiplexes that are nonconforming lots, structures, and uses.
- Amend zoning to **allow the missing middle where it already exists.**



# BROWNFIELD AUTHORITY & HOUSING OPTIONS

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- In 2023, an amendment was made to the Brownfield Redevelopment Financing Act to address the “missing middle” housing gap and added **“housing property for which eligible activities are identified under a brownfield plan.”** *MCL 125.2652(p)(ii)*
- The 2023 amendment added **housing development activities and infrastructure** improvements which are needed for housing development. *MCL 125.2652(o)*



# CLTS & LAND BANKS

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- **What is a Community Land Trust (CLT)?** A private nonprofit that supports the local community goal of lasting affordability in housing.
- **CLT Process:**
  1. Resident buys land from the CLT;
  2. CLT provides a 99-year lease to the buyer to ensure long-term affordability; and
  3. CLT retains permanent ownership of land.
- **What is a land bank?** A public entity that acquires vacant, abandoned, and deteriorated properties via state-enabling legislation.



# PUBLIC ACT 58 (SIGNED 12/23/25)

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- Makes two consequential changes to the Land Division Act
  - First, it raises the maximum number of parcels from the first 10 acres or fraction thereof in the parent parcel or parent tract from 4 to 10. MCL 560.108(2)(a)(i) (as amended). (effective 3/25/27)
  - Second, municipalities and counties may allow even more divisions by local ordinance. MCL 560.108(2)(a)(ii), (6) (as amended). (effective 3/4/26)



# LEGISLATIVE UPDATE (AKA HOUSING CRISIS BILLS)

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A package of zoning reforms for housing was introduced in the Michigan legislature:

- HB 5529, 5530
  - Prohibits local ordinances from requiring a minimum parcel or lot size greater than 1,500sq.ft. with public water/sewer
- HB 5531
  - Limits site plan review time and when additional information can be required
- HB 5581
  - Prohibits a minimum area requirement greater than 500 square feet for a dwelling



# LEGISLATIVE UPDATE (AKA HOUSING CRISIS BILLS)

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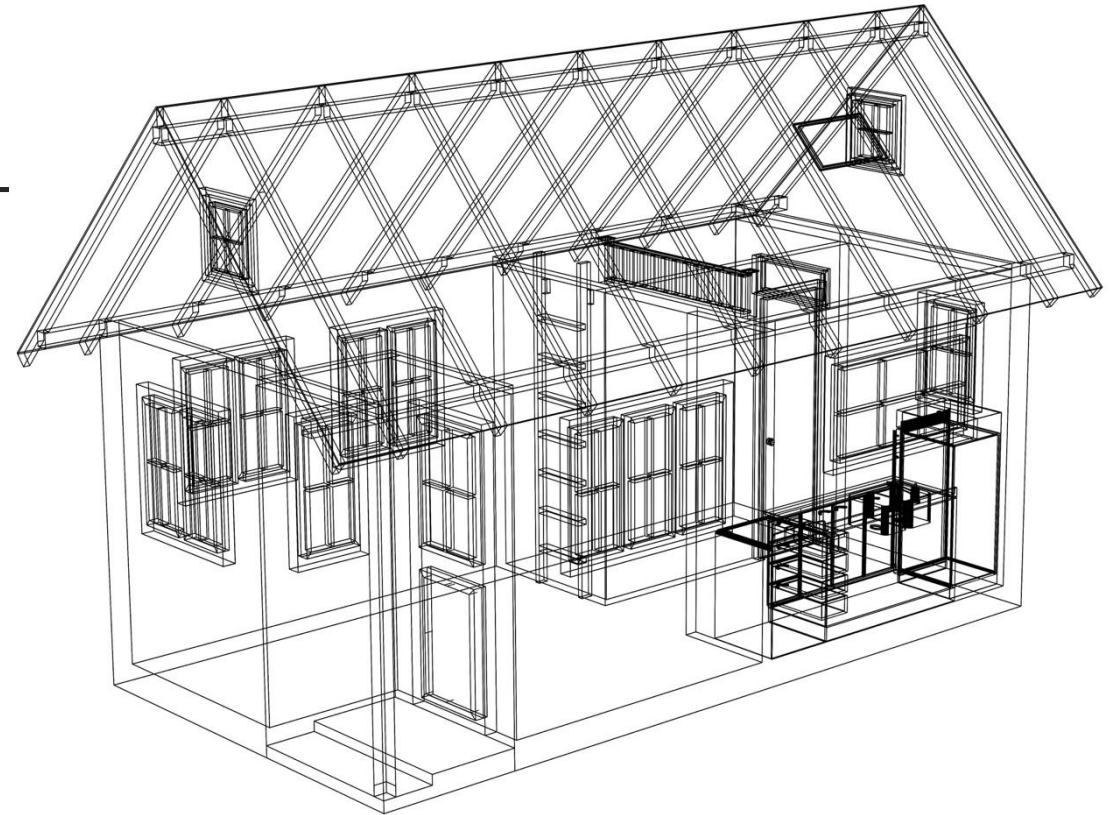
- HB 5582
  - Limits parking requirements for multi-family residential use of property
  - Allows mobile homes in any residential zone
- HB 5583
  - Limits setback requirements to 15 feet or less from the front property line and 5 feet from the sides/rear for dwellings or outbuildings if municipality is located in/adjacent to Metropolitan Statistical Area



# WHAT IS AN ACCESSORY DWELLING UNIT (ADU)?

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- Definition: “a smaller, independent residential dwelling unit located on the same lot as a stand-alone single-family home”
- Types of ADU’s
  - Attached
  - Detached



# WHAT IS AN ACCESSORY DWELLING UNIT (ADU)?

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- Common names for ADUs:
  - Carriage Houses
  - Granny Flats
  - Casita
  - Ohana Units
  - Mother-in-law Suites
  - Second Suites
  - Laneway Houses



*Example photograph of an ADU*



# ADUS VS. ACCESSORY USE STRUCTURES

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- Accessory use structures (accessory buildings for **non-residential uses**) are often subject to separate ordinances than ADUs.
- If there is no “dwelling” use of an accessory structure, it cannot be categorized as an ADU.



# WHY ARE WE TALKING ABOUT ADUS NOW?

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- Nationwide affordable housing shortage
- Pressure on communities to find creative solutions
- Legal landscape is shifting to make ADUs more viable option
- Can be implemented effectively with a well-crafted ordinance





## POTENTIAL BENEFITS OF ADUS

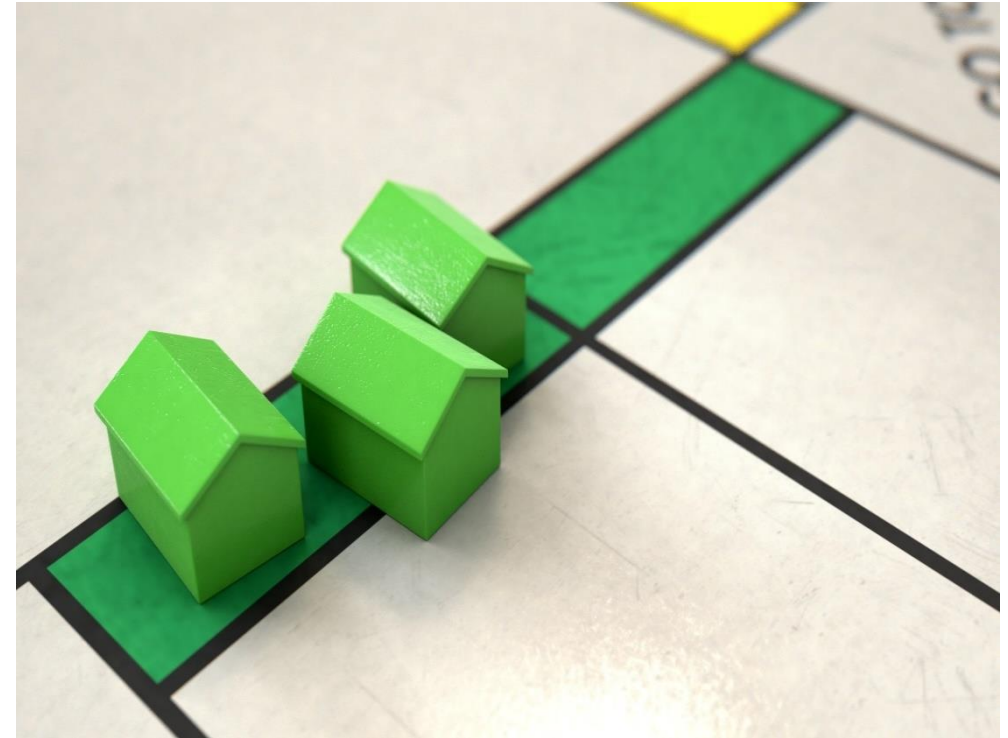
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- More affordable rentals
- Secondary income for homeowners
  - San Diego Study: Average cost \$45 - \$90k to build ADU, can rent for \$1,200 - \$2,500/mo.
- Increases property values
- Provides housing for aging relatives or young adults

# POTENTIAL CONCERNS WITH ADUS

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- Residential density concerns
- Traffic, noise, overcrowding and nuisance issues
- Strain on infrastructure (septic, water, etc.)
- Possible increase in home prices (less affordable to buy)
- Concerns about aesthetics and neighborhood character



# INFRASTRUCTURE CONSIDERATIONS

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## Utility Capacity

- Sewer and septic
- Water access

## Public Infrastructure

- Traffic
- Parking





## LEGISLATIVE UPDATE

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- ADUs and similar concepts continue to be the topic of potential legislative action.
- In 2026, HB 5585 would impose a statewide definition for ADUs and would preempt local zoning regulations and approvals on ADUs in many circumstances.
- In 2026, HB 5584 would impose a statewide definition of “duplex” and would preempt local regulations on duplexes in many circumstances.



## SHORT-TERM RENTAL OF ADUS

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- Many concerns with ADUs stem from the short-term rental of ADUs.
- Ask: Whether allowing ADUs generally would cause the land use concerns or whether the rental of ADUs is the real concern.
- Regulate accordingly.
- If adverse impacts are properly mitigated by appropriate regulation, the short-term rental of ADUs can provide a boost to tourism and the local economy.

# ZONING TOOLS TO ADDRESS CONCERNS

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- Parking and access requirements
- Owner-occupancy requirements
- Design and compatibility standards
- Minimum lot size
- Noise and nuisance considerations
- Zoning district limitations





# ZONING TOOLS TO ADDRESS CONCERNS

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## Zoning Districts

- Only allow ADUs in districts where they are appropriate.
- Allow ADUs by right in some districts and by special use permit in others.
- Limit short-term rental of ADUs to appropriate zoning districts.
- Specific regulations by district:
  - Size
  - Lot coverage
  - Parking

# PERMITTING OPTIONS

## OPTION 1: BY RIGHT

- Quicker, lower administrative burden
- Good for communities aiming to expand housing stock

## OPTION 2: SPECIAL LAND USE PERMIT

- Case-by-case review
- More control over impacts

# STEPS TO CONSIDER

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- Review master plan and zoning ordinance
- Hold stakeholder and public input meetings
- Decide where ADUs could be appropriate
- Draft Ordinance language
- Consult with legal counsel



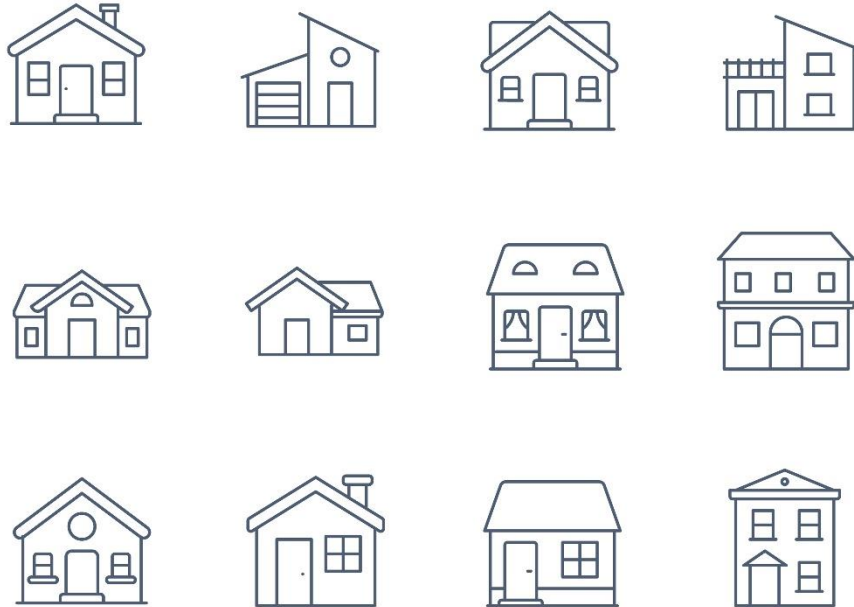
# TAKEAWAYS

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- ADUs are not a one-size-fits-all solution, but they are a useful tool.
- Consider both community needs and potential impacts.
- Thoughtful zoning and design standards can alleviate many concerns.



# QUESTIONS



Attorneys Trent Cunningham & Wayne  
Beyea

Fahey Schultz Burzych Rhodes PLC  
4151 Okemos Rd., Okemos, MI 48864

Tel: 517-381-0100

[www.fsbrlaw.com](http://www.fsbrlaw.com)

[tcunningham@fsbrlaw.com](mailto:tcunningham@fsbrlaw.com)

[wbeyea@fsbrlaw.com](mailto:wbeyea@fsbrlaw.com)

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