THE CITY OF THE VILLAGE OF DOUGLAS
JOINT COUNCIL BROWNFIELD AUTHORITY
MEETING
WEDNESDAY, APRIL 26, 2023 AT 6:00 PM
86 W CENTER ST., DOUGLAS MI

AGENDA

To attend and participate in this remote meeting of the City of the Village of Douglas City Council, please consider joining online or by phone.

Join online by visiting:

https://us02web.zoom.us/j/86872373632

Join by phone by dialing: +1 (312) 626-6799 **| Then enter "Meeting ID":** 8687 237 3632

1. **CALL TO ORDER**
2. **COUNCIL COMMENTS**
3. **ROLL CALL**
4. **Ryan Kilpatrick Support for Local Housing Presentation**
   - **A.** Ryan Kilpatrick - Local Workforce Housing Presentation
5. **ADJOURNMENT**

Please Note – The City of the Village of Douglas (the "City") is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of this meeting or the facilities, are requested to contact Pamela Aalderink, City Clerk, at (269) 857-1438, or clerk@douglasmi.gov to allow the City to make reasonable accommodations for those persons. CITY OF THE VILLAGE OF DOUGLAS, ALLEGAN COUNTY, MICHIGAN

MEMORANDUM

SPECIAL MEETING OF CITY COUNCIL AND BROWNFIELD REDEVELOPMENT AUTHORITY

April 26, 2023, at 6:00 PM

TO: City Council and Brownfield Redevelopment Authority

FROM: Rich LaBombard, City Manager

SUBJECT: Support for Local Workforce Housing Presentation

At a joint meeting of the Douglas City Council and the Douglas Brownfield Redevelopment Authority, Ryan Kilpatrick of Housing Next will present information in support of local workforce housing by taking advantage of new state programs to incentivize developers. Acts 362, 364, 422 and 432 are new tools available to communities to increase workforce housing. In addition, Mr. Kilpatrick will discuss the application and the recommendation / approval process for the Brownfield Redevelopment Authority and City Council.

Information Only

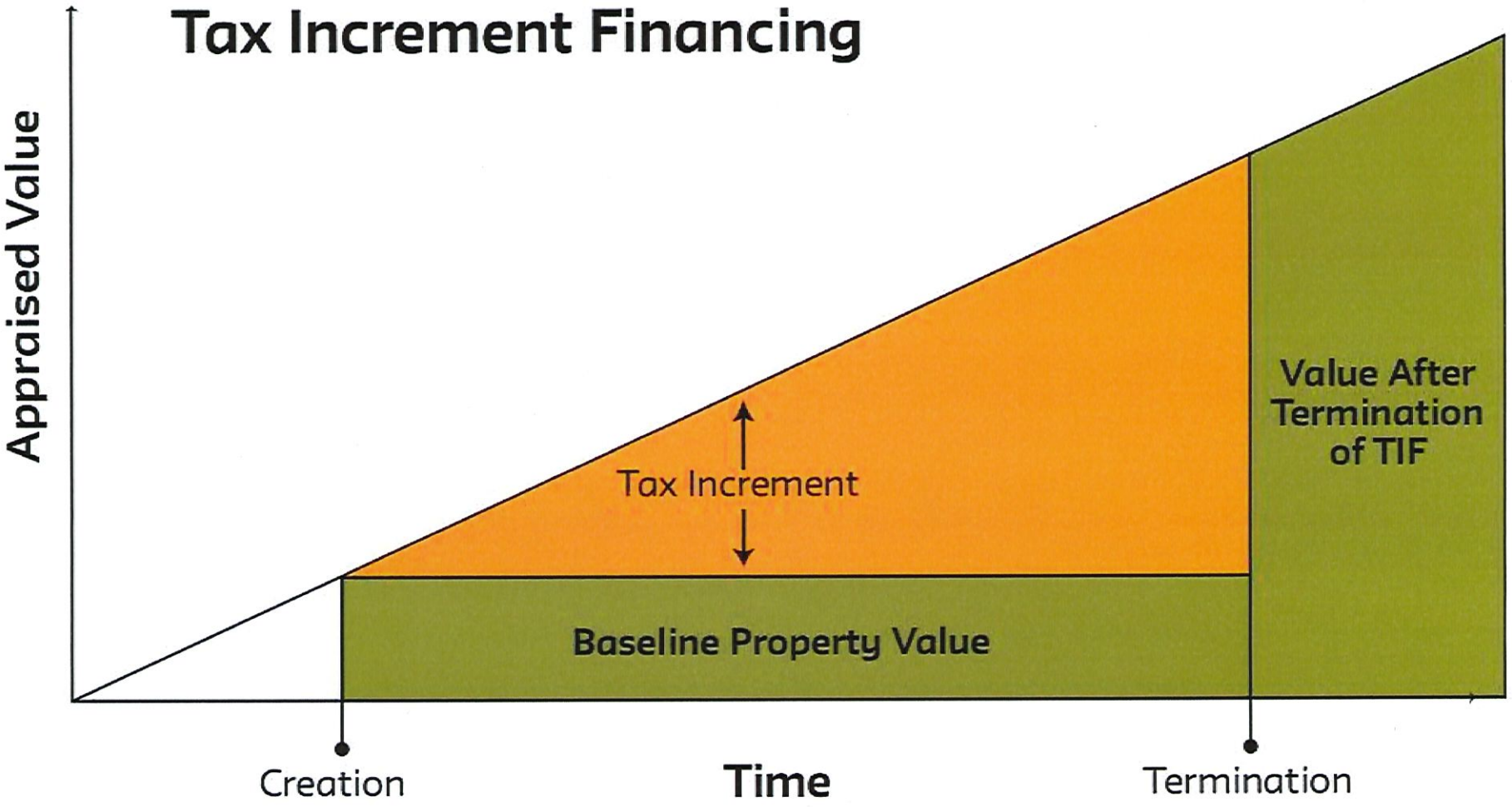
Support for our Local Workforce

In high-cost real estate markets, it is increasingly difficult for essential workers to afford housing nearby.

Teachers, first responders, and members of the service industry are priced out.

Historically, housing programs have been reserved for only low-income households, but new programs are available to support housing for full-time workers who are priced out of the market.

Flywheel
MOMENTUM TO BUILD COMMUNITY.



Source: Planning Tank. *Tax Increment Financing (TIF) | Public Financing | Types of TIF.* https://planningtank.com/finance/tax-increment-financing-tif-types-tif (accessed 2018).

Flywheel
MOMENTUM TO BUILD COMMUNITY.

Eligible Expenses for Reimbursement

Brownfield TIF

- Infrastructure on-site or necessary to serve the site
- Site Preparation
- Stormwater Management
- Structured parking
- Demolition
- Environmental Remediation

Residential TIF

- Infrastructure to serve housing development
- Non-response site preparation
- Housing Development Activities
- Rehabilitation of functionally obsolete housing

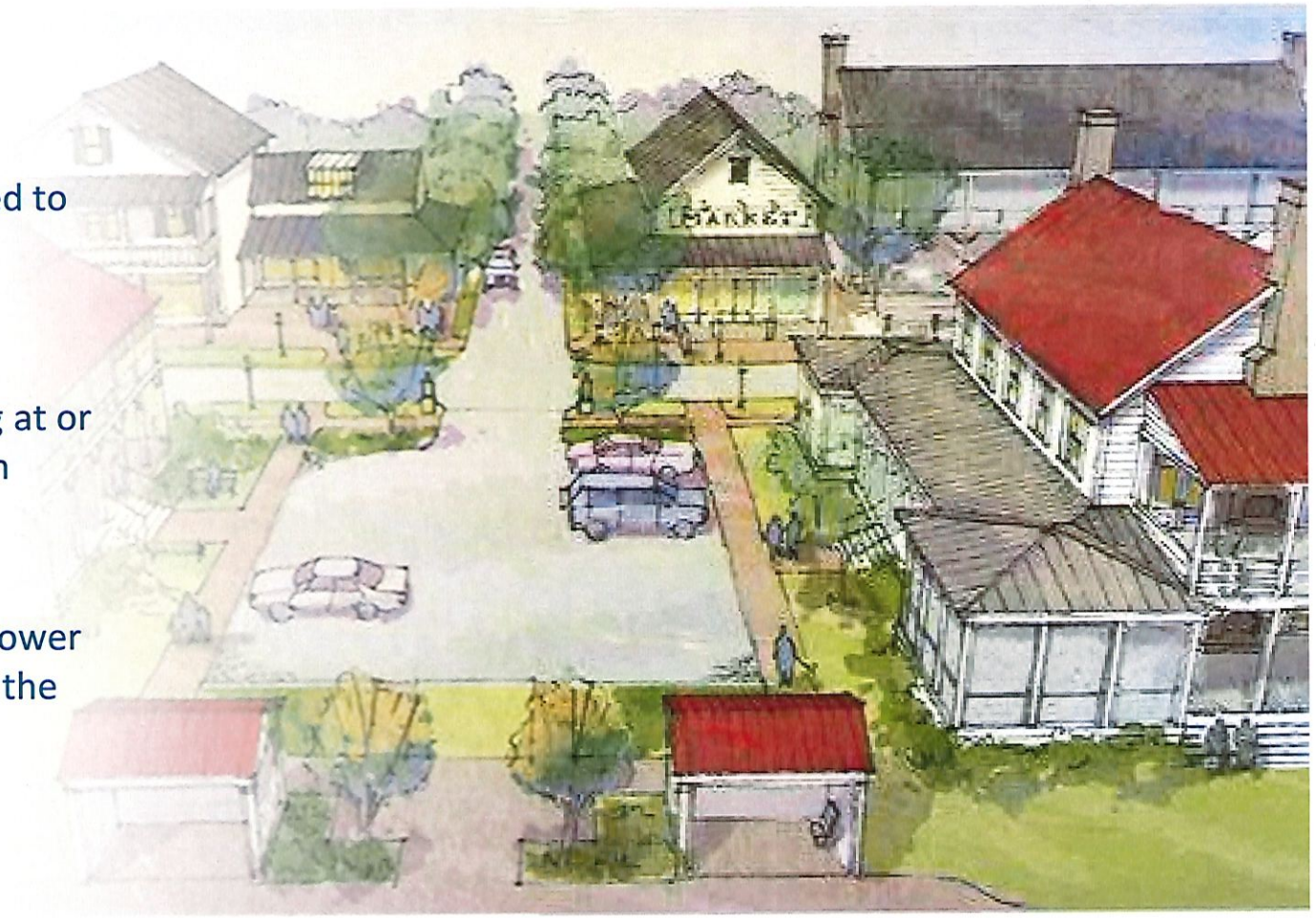
Flywheel
MOMENTUM TO BUILD COMMUNITY.

Requirements

Reimbursement must be utilized to support income qualified households.

This means households earning at or below 120% of the area median income.

Local municipalities may set a lower threshold on a portion or all of the units.



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MOMENTUM TO BUILD COMMUNITY.

Allegan County Income Examples

04/18/2022 INCOME AND RENT LIMITS

County: 03 Allegan **Effective Date:**

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
20%	11,600	13,260	14,920	16,560	17,900	19,220
25%	14,500	16,575	18,650	20,700	22,375	24,025
30%	17,400	19,890	22,380	24,840	26,850	28,830
35%	20,300	23,205	26,110	28,980	31,325	33,635
40%	23,200	26,520	29,840	33,120	35,800	38,440
45%	26,100	29,835	33,570	37,260	40,275	43,245
50%	29,000	33,150	37,300	41,400	44,750	48,050
55%	31,900	36,465	41,030	45,540	49,225	52,855
60%	34,800	39,780	44,760	49,680	53,700	57,660
70%	40,600	46,410	52,220	57,960	62,650	67,270
80%	46,400	53,040	59,680	66,240	71,600	76,880
100%	58,000	66,300	74,600	82,800	89,500	96,100
120%	69,600	79,560	89,520	99,360	107,400	115,320
125%	72,500	82,875	93,250	103,500	111,875	120,125
140%	81,200	92,820	104,440	115,920	125,300	134.540
150%	87,000	99,450	111,900	124,200	134,250	

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Process

- **Applicant or City Prepares Brownfield Plan**
- **Include total project costs, estimated new taxable value, estimated eligible expenses for reimbursement, and timeline for reimbursement**
- **Applicant presents plan to the brownfield authority for review and recommendation of support.**
- **City Council reviews brownfield plan for final approval and recommendation to State.**
- **MSHDA reviews brownfield plan to consider state tax capture to support housing activities.**

Flywheel
MOMENTUM TO BUILD COMMUNITY.

New Bills Headed For Approval Could Help Address Local Housing Crisis

By Beth Milligan | Nov. 18, 2022

A package of four bills is headed for enactment in Michigan that leaders say could provide a major boost to communities trying to build more workforce and attainable housing – particularly in areas like northern Michigan. *The Ticker* spoke with Yarrow Brown, executive director of the nonprofit Housing North – a key supporter of the legislation – about what's in each bill and how the changes could benefit the region.

Senate Bills 362, 364, 422, and 432 were "crafted to address various obstacles to workforce and attainable housing development in areas including land use, financing, and taxation," according to Housing North. The bills were drafted after Housing North and the Housing Michigan Coalition – a group of 60-plus organizations advocating for housing led by Housing North, Home Builders Association of Michigan, Michigan Municipal League, and Grand Rapids Chamber – collected input on ways to develop "missing middle" housing opportunities.

Specifically, the bills aim to spur housing development for individuals making 60-120 percent of the area median income (AMI), or the household income for the median/'middle' household in a particular area. The bills were approved by the Michigan House of Representatives last week after previously passing the state Senate; they now go back to the Senate for a concurrence vote before being forward to the governor's office for formal approval. It took almost two years to get the legislation approved – "I think I underestimated how long it would take," Brown acknowledges with a chuckle – but represents a "huge" opportunity to address the housing crisis, she says.

Senate Bill 364 – sponsored by Senator Jeremy Moss – would extend the opportunity to use Neighborhood Enterprise Zones (NEZs) to all Michigan cities, villages, and townships. Previously, only "eligible distressed communities" could use NEZs – and only within a downtown revitalization district. An NEZ is a defined zone where property tax exemptions are available in exchange for developers constructing or rehabilitating residential housing. The district must include at least 10 platted parcels of land – with the land being compact and contiguous – and be approved by the local unit of government. Participating properties within the NEZ would receive a 50 percent reduction in taxes for a period of years – 6-15 for new and rehabilitated facilities, 11-17 for projects in qualifying historic buildings – in exchange for constructing or improving residential and/or mixed-use buildings.

"NEZs in the past were limited to a handful of communities," says Brown. "Now it's open to any

community who wants to support housing. It's for the redevelopment and rehabilitation of housing and providing infill in communities." In northern Michigan, Brown says Traverse City and Manistee were among the only locations eligible to create NEZs; now, all communities in the region can use them. "It's important," says Brown. "For example, if you have a building that's been sitting vacant awhile, it's an opportunity for a developer to be part of an NEZ and have their taxes reduced, which could make it a more viable project."

Along with the NEZ legislation, Brown says Senate Bill 432 – sponsored by Senator Wayne Schmidt – could have the most immediate impact in northern Michigan. The legislation allows communities to enter into payment-in-lieu-of-taxes (PILOT) agreements with developers to offer tax breaks in exchange for developing affordable housing. A PILOT agreement allows developers to pay a percentage of rental income to the city – for example, six percent over 30 years – in place of traditional taxes to offset costs associated with developing affordable housing and charging below-market rent.

The City of Traverse City, Garfield Township, and East Bay Township have all used PILOTs to support multiple workforce and low-income housing developments. However, previously communities weren't allowed to award PILOTs unless developers applied for – and received – highly competitive tax credits from the Michigan State Housing Development Authority (MSHDA). The new legislation ends that requirement. Local communities can negotiate PILOT agreements – including their length, amount, and income ranges for tenants – regardless of whether or not the project receives other state or federal tax credits. Freeing up communities to approve more PILOTs on their own provides "a needed tool for governments and developers/builders to partner together to address local workforce housing needs," according to Housing Michigan.

"This is a huge one," says Brown. "As one example, in Petoskey they recently had the loss of Lumber Square as a low-income housing project because they couldn't get MSHDA funding. They got approved for the PILOT, but they couldn't move forward. This now is a tool that can be opened up for any housing project (with tenants who have) up to 120 percent AMI. It's a huge win for our communities. A lot of our work at Housing North now will be getting communities ready to use these tools."

The other two bills will require more groundwork for implementation, Brown says, but will still be impactful for the region. Senate Bill 362 – sponsored by Senator Winnie Brinks – allows local governments to create "attainable housing districts" where property owners can apply for partial tax exemptions if they meet certain criteria. The local government can reduce real property taxes (not land or personal property taxes) by 50 percent for up to 12 years if developers meet affordability requirements set by the community – no more than 120 percent of the county-wide AMI. Developers would sign an agreement to conduct yearly income certifications for residents in the attainable

housing units, which must make up at least 30 percent of the total residential units on the property.

Senate Bill 422 – sponsored by Senator Ken Horn (Rep. John Roth backed it in the House) – would allow communities to create Residential Facilities Exemption districts, similar to Industrial Facilities Exemption districts that exist today. "The abatement would enable renovation and expansion of aging residential units and assist in or encourage the building of new residential units in these districts," according to Housing Michigan. Qualifying new housing developments with single-family or multi-family homes could earn up to 12 years of relief on property taxes if geared toward tenants earning below 120 percent AMI, "with assurances that the units are occupied as a principal residence (year-round) to eligible households," according to Housing Michigan.

For Housing North – an organization that's only four years old – helping get the four bills passed is a major milestone in fulfilling its mission to help communities find solutions to the housing crisis, according to Brown. "We are beyond excited," she says. "It was bipartisan and bicameral, which shows the support and need for this in our region. It's not going to solve everything, but it's a huge step forward." In addition to helping northern Michigan communities understand the new bills and get prepared to use them, Brown says Housing North is still working with Housing Michigan and other partners to pass more legislation – including TIF, community land trust, and principal residence exemption bills (the latter of which could make it less tempting for homeowners to convert their second homes to short-term rentals). As the new legislature takes office in 2023, Brown is hopeful even more pro-housing reforms could be on the horizon.

"There's still a lot more work to do," she says.

Comment

Act No. 236
Public Acts of 2022
Approved by the Governor
December 13, 2022
Filed with the Secretary of State
December 13, 2022
EFFECTIVE DATE: December 13, 2022

STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2022

Introduced by Senators Brinks, Irwin, Hollier, Santana, Horn, Victory, Moss, Wojno, Bayer, Geiss, Polehanki, Alexander, Bullock, Schmidt and McCann

ENROLLED SENATE BILL No. 362

AN ACT to provide for the establishment of attainable housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state and local governmental officials; and to provide penalties.

The People of the State of Michigan enact:

Sec. 1. This act may be cited as the "attainable housing facilities act".

Sec. 2. As used in this act:

(a) "Adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

(b) "Attainable housing district" or "district" means an area in a qualified local governmental unit established as provided in section 3 in which attainable housing property is or will be located.

(c) "Attainable housing exemption certificate" or "certificate" means the certificate issued under section 6.

(d) "Attainable housing facilities tax" or "specific tax" means the specific tax levied under this act.

(e) "Attainable housing property" means that portion of real property not occupied by an owner of that real property of not more than 4 units that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, used for residential purposes, that is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property also includes a building or group of contiguous buildings previously used for industrial or commercial purposes that will be converted to a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes consisting of not more than 4 units, that will be rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property does not include any of the following:

(*i*) Land.

(*ii*) Property of a public utility.

(f) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(g) "Department" means the department of treasury.

(h) "Income-qualified household" means an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website.

(i) "Modified household income" means the gross annual income from all sources and before taxes or withholding of all individuals of a household living in a residential dwelling unit or housing unit after deducting all of the following:

(*i*) Unusual or temporary income of any member of the household.

(*ii*) Six hundred and fifty dollars for each member of the household.

(*iii*) Earnings of a member of a household who is under 18 years of age.

(*iv*) Fifty percent of the income of a second adult wage earner jointly occupying the residential dwelling unit or housing unit whose individual income is less than that of the wage earner with the highest income.

(*v*) The lesser of $1,000.00 or 10% of the gross annual income.

(j) "New facility" means attainable housing property newly constructed on or after the effective date of this act.

(k) "Qualified facility" means a new facility or a rehabilitated facility, located in an attainable housing district.

(*l*) "Qualified local governmental unit" means a city, village, or township.

(m) "Rehabilitated facility" means existing attainable housing property that has been renovated, with a renovation investment of not less than $5,000.00 as determined by the qualified local governmental unit, on or after the effective date of this act, to bring the property into conformance with minimum local building code standards for occupancy, as determined by the qualified local governmental unit.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

Sec. 3. (1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more attainable housing districts within the qualified local governmental unit.

(2) The legislative body of a qualified local governmental unit may establish an attainable housing district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed district and shall afford an opportunity for a hearing on the establishment of the district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a district, shall set forth a finding and determination that there is a need for attainable housing within the district and shall provide a copy of the resolution by certified mail to the county in which the district is located.

Sec. 4. (1) If a district is established under section 3, the owner of a qualified facility may file an application for an attainable housing exemption certificate with the clerk of the qualified local governmental unit that established the district. The application must be filed in the manner and form prescribed by the commission. The application must contain or be accompanied by a general description of the qualified facility, a general description of the proposed use of the qualified facility, the general nature and extent of the new construction or rehabilitation to be undertaken, a time schedule for undertaking and completing the qualified facility, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the qualified facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice of the time, date, and place of the hearing in the same manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application must be held separately from the hearing on the establishment of the district.

Sec. 5. The legislative body of the qualified local governmental unit, not more than 60 business days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a certificate in accordance with the provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons must be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. If the legislative body fails to timely approve the application, the application is considered denied. A resolution is not effective unless approved by the commission as provided in section 6.

Sec. 6. (1) Not more than 120 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a certificate in the form the commission determines, which must contain all of the following:

(a) The address of the real property on which the qualified facility is located.

(b) A statement that unless revoked as provided in this act the certificate must remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified facility for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation or construction must be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 12 years, the certificate must contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) The effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the certificate to the applicant and the assessor of the local tax collecting unit in which the qualified facility is located.

Sec. 7. (1) A qualified facility for which a certificate is in effect, but not the land on which the qualified facility is located, for the period on and after the effective date of the certificate and continuing so long as the certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) Unless earlier revoked as provided in section 12, a certificate must remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 7, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions must not exceed 15 years after the completion of the qualified facility. The certificate must commence with its effective date and end on the December 30 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, must be the date of completion of the qualified facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 7 years, the review of the certificate for the purpose of determining an extension must be based upon factors, criteria, and objectives that must be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified facility is located, and the commission.

Sec. 8. (1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a certificate unless the applicant complies with all of the following requirements:

(a) That the applicant provides a site plan and building floor plan approved by the local planning commission or local zoning administrator, whichever is applicable under the local zoning ordinance, that includes the total number of residential dwelling units to be available for lease or rent on the property.

(b) That the applicant provides a statement describing the number of residential dwelling units that will be reserved for income-qualified households at any given time throughout each calendar year in which the specific tax is in effect.

(c) That the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit designated as attainable housing property each year that the income-qualified household resides in that attainable housing property.

(3) A qualified local governmental unit may develop and implement an audit program that includes, but is not limited to, the audit of the information submitted under subsection (2) or may contract with an independent third-party auditor to audit the information submitted under subsection (2). The qualified local governmental unit may require the applicant to cover the cost of the independent third-party auditor. The total number of units to be reserved for income-qualified households may be negotiated by the qualified local governmental unit but must not be less than 30% of the total number of residential dwelling units on the property or 1 residential dwelling unit, whichever is greater.

(4) If an income-qualified household currently residing within a residential dwelling unit reserved for an income-qualified household has an increase in adjusted household income between the time an income certification is conducted and the next income certification in the following year and that household is no longer an income-qualified household, then that formerly qualified household may continue to reside as occupants within that residential dwelling unit only for the remainder of their lease agreement. However, the next available residential dwelling unit located on the property shall be reserved for an income-qualified household. Under no circumstances shall all residential dwelling units on the property be occupied by households whose adjusted household income is more than 120% of the countywide area median income for greater than 12 consecutive months.

Sec. 9. The assessor of each qualified local governmental unit in which there is a qualified facility with respect to which 1 or more certificates have been issued and are in force shall determine annually as of December 31 the taxable value of each qualified facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the taxable value of the property to which the application pertains.

Sec. 10. (1) The attainable housing facilities tax is levied upon every owner of a qualified facility to which a certificate is issued under this act.

(2) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a new facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the new facility after deducting the taxable value of the land.

(3) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a rehabilitated facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the rehabilitated facility after deducting the taxable value of the land.

(4) Within 60 days after the granting of an attainable housing exemption certificate under section 6 for a new facility, if the state treasurer does not determine that reducing the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the millage rate used to calculate the specific tax under subsection (2) shall be increased by 3 mills. If the state treasurer determines that further reducing the millage rate used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the state treasurer may exclude an additional 3 mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the millage rate used to calculate the specific tax under subsection (2).

(5) Notwithstanding subsections (2) and (3), the specific tax paid each year for that part of a qualified facility that is exempt from ad valorem property taxes under section 7 and not used as attainable housing property in the immediately preceding year must be equal to the amount of the ad valorem property taxes that would be paid on that portion of the qualified facility if the qualified facility were not exempt from ad valorem property taxes under section 7. The owner of the qualified facility must allocate the benefits of any tax exemption granted under this act exclusively to attainable housing property.

(6) The specific tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the specific tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(7) For intermediate school districts receiving state aid under sections 56 and 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662, of the amount of the specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, must be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The amount of specific tax described in this section that would otherwise be disbursed to a local school district for school operating purposes must be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(9) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(10) A qualified facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the specific tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the specific tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The specific tax calculated under this subsection must be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

Sec. 11. The amount of the specific tax, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the specific tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified facility by certified mail, with the register of deeds of the county in which the qualified facility is situated.

Sec. 12. (1) The legislative body of the qualified local governmental unit may, by resolution, revoke the certificate of a qualified facility if it finds that the completion of the qualified facility has not occurred within the time authorized by the legislative body in the certificate or a duly authorized extension of that time, or that the holder of the certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified facility is located, and if the qualified facility continues to qualify under this act, the commission may reinstate a revoked certificate for the holder or a subsequent owner that has applied for the transfer.

Sec. 13. A certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified facility if the qualified local governmental unit approves the transfer after application by the new owner.

Act No. 238
Public Acts of 2022
Approved by the Governor
December 13, 2022
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STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2022

Introduced by Senators Moss, Hollier, Brinks, Horn, Chang, Polehanki, Geiss, Victory, Daley, Bayer, Alexander, Bullock, Schmidt and McCann

ENROLLED SENATE BILL No. 364

AN ACT to amend 1992 PA 147, entitled "An act to provide for the development and rehabilitation of residential housing; to provide for the creation of neighborhood enterprise zones; to provide for obtaining neighborhood enterprise zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units," by amending sections 2, 3, 6, and 10 (MCL 207.772, 207.773, 207.776, and 207.780), sections 2 and 10 as amended by 2020 PA 3, section 3 as amended by 2008 PA 204, and section 6 as amended by 2008 PA 284.

The People of the State of Michigan enact:

Sec. 2. As used in this act:

(a) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(b) "Condominium unit" means that portion of a structure intended for separate ownership, intended for residential use, and established under the condominium act, 1978 PA 59, MCL 559.101 to 559.276. Condominium units within a qualified historic building may be held under common ownership.

(c) "Developer" means a person who is the owner of a new facility at the time of construction or of a rehabilitated facility at the time of rehabilitation for which a neighborhood enterprise zone certificate is applied for or issued.

(d) "Facility" means a homestead facility, a new facility, or a rehabilitated facility.

(e) "Homestead facility" means 1 of the following:

(*i*) An existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence and that is located within a subdivision platted pursuant to state law before January 1, 1968 other than an existing structure for which a certificate will or has been issued after December 31, 2006 in a city with a population of 750,000 or more, is located within a subdivision platted pursuant to state law before January 1, 1968.

(*ii*) An existing structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence that is located in a subdivision platted after January 1, 1999 and is located in a county with a population of more than 400,000 and less than 500,000 according to the most recent decennial census and is located in a city with a population of more than 100,000 and less than 125,000 according to the most recent decennial census.

(f) "Local governmental unit" means a city, village, or township.

(g) "New facility" means 1 or both of the following:

(*i*) A new structure or a portion of a new structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is or will be occupied by an owner as his or her principal residence. New facility includes a model home or a model condominium unit. New facility includes a new individual condominium unit, in a structure with 1 or more condominium units, that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. Except as provided in subparagraph (*ii*), new facility does not include apartments.

(*ii*) A new structure or a portion of a new structure that meets all of the following:

(A) Is rented or leased or is available for rent or lease.

(B) Is a mixed use building or located in a mixed use building that contains retail business space on the street level floor.

(C) Is located in a qualified downtown revitalization district.

(h) "Neighborhood enterprise zone certificate" or "certificate" means a certificate issued pursuant to sections 4, 5, and 6.

(i) "Owner" means the record title holder of, or the vendee of the original land contract pertaining to, a new facility, a homestead facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is applied for or issued.

(j) "Qualified assessing authority" means 1 of the following:

(*i*) For a facility other than a homestead facility, the commission.

(*ii*) For a homestead facility, the assessor of the local governmental unit in which the homestead facility is located.

(k) "Qualified downtown revitalization district" means an area located within 1 or more of the following:

(*i*) The boundaries of a downtown district as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

(*ii*) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(*iii*) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(*l*) "Qualified historic building" means a property within a neighborhood enterprise zone that has been designated a historic resource as defined under section 266 of the income tax act of 1967, 1967 PA 281, MCL 206.266.

(m) "Rehabilitated facility" means, except as otherwise provided in section 2a, an existing structure or a portion of an existing structure with a current true cash value of $120,000.00 or less per unit that has or will have as its primary purpose residential housing, consisting of 1 to 8 units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of $10,000.00 per owner-occupied unit or 50% of the true cash value, whichever is less, or $15,000.00 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of $3,000.00 per owner-occupied unit or $4,500.00 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. Rehabilitated facility also includes an individual condominium unit, in a structure with 1 or more condominium units that has as its primary purpose residential housing, the owner of which proposes the above described improvements. Rehabilitated facility also includes existing or proposed condominium units in a qualified historic building with 1 or more existing or proposed condominium units. Rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss. A qualified historic building may contain multiple rehabilitated facilities.

Sec. 3. (1) The governing body of a local governmental unit by resolution may designate 1 or more neighborhood enterprise zones within that local governmental unit. Except as otherwise provided in this subsection, a neighborhood enterprise zone shall contain not less than 10 platted parcels of land. A neighborhood enterprise zone located in a qualified downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. All the land within a neighborhood enterprise zone shall also be compact and contiguous. Contiguity is not broken by a road, right-of-way, or property purchased or taken under condemnation if the purchased or condemned property was a single parcel prior to the sale or condemnation.

(2) The total acreage of the neighborhood enterprise zones containing only new facilities or rehabilitated facilities or any combination of new facilities or rehabilitated facilities designated under this act shall not

exceed 15% of the total acreage contained within the boundaries of the local governmental unit. The total acreage of the neighborhood enterprise zones containing only homestead facilities designated under this act shall not exceed 10% of the total acreage contained within the boundaries of the local governmental unit or, with the approval of the board of commissioners of the county in which the neighborhood enterprise zone is located if the county does not have an elected or appointed county executive or with the approval of the board of commissioners and the county executive of the county in which the neighborhood enterprise zone is located if the county has an elected or appointed county executive, 15% of the total acreage contained within the boundaries of the local governmental unit.

(3) Not less than 60 days before the passage of a resolution designating a neighborhood enterprise zone or the repeal or amendment of a resolution under subsection (5), the clerk of the local governmental unit shall give written notice to the assessor and to the governing body of each taxing unit that levies ad valorem property taxes in the proposed neighborhood enterprise zone. Before acting upon the resolution, the governing body of the local governmental unit shall make a finding that a proposed neighborhood enterprise zone is consistent with the master plan of the local governmental unit and the neighborhood preservation and economic development goals of the local governmental unit. The governing body before acting upon the resolution shall also adopt a statement of the local governmental unit's goals, objectives, and policies relative to the maintenance, preservation, improvement, and development of housing for all persons regardless of income level living within the proposed neighborhood enterprise zone. Additionally, before acting upon the resolution, the governing body of a local governmental unit with a population greater than 20,000 shall pass a housing inspection ordinance. A local governmental unit with a population of 20,000 or less may pass a housing inspection ordinance. Before the sale of a unit in a new or rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, an inspection shall be made of the unit to determine compliance with any local construction or safety codes and that a sale may not be finalized until there is compliance with those local construction or safety codes. The governing body shall hold a public hearing not later than 45 days after the date the notice is sent but before acting upon the resolution.

(4) Upon receipt of a notice under subsection (3), the assessor shall determine and furnish to the governing body of the local governmental unit the amount of the true cash value of the property located within the proposed neighborhood enterprise zone and any other information considered necessary by the governing body.

(5) A resolution designating a neighborhood enterprise zone, other than a zone designated under subsection (2), may be repealed or amended not sooner than 3 years after the date of adoption or of the most recent amendment of the resolution by the governing body of the local governmental unit. The repeal or amendment of the resolution shall take effect 6 months after adoption. However, an action taken under this subsection does not invalidate a certificate that is issued or in effect and a facility for which a certificate is issued or in effect shall continue to be included in the total acreage limitations under this section until the certificate is expired or revoked.

(6) A resolution designating a neighborhood enterprise zone in an obsolete property rehabilitation district that was created by a local unit of government on June 6, 2003, and for which the state tax commission issued obsolete property rehabilitation certificates on August 26, 2003, and September 24, 2003 will cause any previous certificate to expire on the December 30 immediately preceding the December 31 on which the first neighborhood enterprise zone certificate is effective. The taxable value of the parcel shall be calculated using the value of the parcel before the building permit was issued. This subdivision authorizes an amended obsolete property rehabilitation certificate approved by the state tax commission for the portion of the parcel contained in the original certificate for which an application for a neighborhood enterprise zone certificate was not submitted.

(7) Beginning June 1, 2023, in addition to all other requirements under this act, both of the following apply in a city, township, or village that became a local governmental unit pursuant to the amendatory act that added this subsection:

(a) A local governmental unit may designate a neighborhood enterprise zone only if the local governmental unit determines that both of the following are met:

(*i*) The designation encourages compact development and the neighborhood enterprise zone contains 5 or more existing residential units per acre at the time of designation.

(*ii*) The neighborhood enterprise zone is adjacent to existing development, can utilize existing infrastructure, and has access to municipal water and sewer services on at least 1 frontage.

(b) Notwithstanding section 9, for that part of a facility that in the prior year was occupied by an individual, couple, family, or group of unrelated individuals with a combined adjusted household income in excess of 120% of the countywide area median income as posted by the Michigan state housing development authority on its website, the specific tax paid in lieu of taxes for the year must be equal to the full amount of the taxes that would be paid on that portion of the facility if the facility were not tax exempt.

(8) As used in this section, "adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

Sec. 6. Not later than 60 days after receipt of an approved application for a homestead facility or a rehabilitated facility, and not later than 30 days, or if an approved application is received after June 15, not later than 45 days after receipt of an approved application for a new facility, the qualified assessing authority shall determine whether the homestead facility, new facility, or rehabilitated facility complies with the requirements of this act. If the qualified assessing authority finds compliance, the qualified assessing authority shall issue a neighborhood enterprise zone certificate to the applicant and send a certified copy of the certificate to each affected taxing unit. The assessor shall keep the certificate filed on record in his or her office. The qualified assessing authority shall maintain a record of all certificates filed. Notice of the qualified assessing authority's refusal to issue a certificate shall be sent by certified mail to the same persons.

Sec. 10. (1) Except as provided in subsections (2) and (3), the effective date of the neighborhood enterprise zone certificate is December 31 in the year in which the new facility or rehabilitated facility is substantially completed and, for a new facility, occupied by an owner as a principal residence, as evidenced by the owner filing with the assessor of the local assessing unit all of the following:

(a) For a new facility, a certificate of occupancy.

(b) For a rehabilitated facility, a certificate that the improvements meet minimum local building code standards issued by the local building inspector or other authorized officer or a certificate of occupancy if required by local building permits or building codes.

(c) For a rehabilitated facility, documentation proving the cost requirements of section 2(m) are met.

(d) For a homestead facility or a new facility, except for a new facility described in section 2(g)(*ii*), an affidavit executed by an owner affirming that the homestead facility or new facility is occupied by an owner as a principal residence.

(2) If a new facility is substantially completed in a year but is not occupied by an owner as a principal residence until the following year, upon the request of the owner, the effective date of the neighborhood enterprise zone certificate shall be December 31 in the year immediately preceding the date of occupancy by the owner as a principal residence.

(3) Upon the request of the owner, the effective date of the neighborhood enterprise zone certificate for a rehabilitated facility shall be December 31 in the year immediately preceding the date on which the rehabilitated facility is substantially completed.

Secretary of the Senate

Clerk of the House of Representatives

Approved_____

Governor

Act No. 237
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STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2022

Introduced by Senators Horn and Victory

ENROLLED SENATE BILL No. 422

AN ACT to provide for the establishment of residential housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified residential facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state and local governmental officials; and to provide penalties.

The People of the State of Michigan enact:

Sec. 1. This act may be cited as the "residential housing facilities act".

Sec. 2. As used in this act:

(a) "Adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

(b) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(c) "Department" means the department of treasury.

(d) "Income-qualified household" means an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website.

(e) "Modified household income" means the gross annual income from all sources and before taxes or withholding of all individuals of a household living in a residential dwelling unit or housing unit after deducting all of the following:

(*i*) Unusual or temporary income of any member of the household.

(*ii*) Six hundred and fifty dollars for each member of the household.

(*iii*) Earnings of a member of a household who is under 18 years of age.

(*iv*) Fifty percent of the income of a second adult wage earner jointly occupying the residential dwelling unit or housing unit whose individual income is less than that of the wage earner with the highest income.

(*v*) The lesser of $1,000.00 or 10% of the gross annual income.

(f) "New residential facility" means residential housing property newly constructed on or after the effective date of this act.

(g) "Qualified local governmental unit" means a city, village, or township.

(h) "Qualified residential facility" means a new residential facility or a rehabilitated residential facility, located in a residential housing district.

(i) "Rehabilitated residential facility" means existing residential housing property that has been renovated, with a renovation investment of not less than $50,000.00 as determined by the qualified local governmental unit, on or after the effective date of this act, to bring the property into conformance with minimum local building code standards for occupancy, as determined by the qualified local governmental unit.

(j) "Residential housing district" or "district" means an area not less than 1 acre in size of a qualified local governmental unit established as provided in section 3.

(k) "Residential housing exemption certificate" or "certificate" means the certificate issued under section 6.

(*l*) "Residential housing facility tax" or "specific tax" means the specific tax levied under this act.

(m) "Residential housing property" means that portion of real property not occupied by an owner of that real property, that is used for residential purposes, is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit, and is either a multiple-unit dwelling of more than 4 units or a dwelling unit in a multiple-purpose structure of more than 4 dwelling units. Residential housing property does not include any of the following:

(*i*) Land.

(*ii*) Property of a public utility.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

Sec. 3. (1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more residential housing districts.

(2) The legislative body of a qualified local governmental unit may establish a residential housing district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed district and shall afford an opportunity for a hearing on the establishment of the district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a district, shall set forth a finding and determination that there is a need for residential housing within the district and shall provide a copy of the resolution by certified mail to the county in which the district is located.

Sec. 4. (1) If a district is established under section 3, the owner of a qualified residential facility may file an application for a residential housing exemption certificate with the clerk of the qualified local governmental unit that established the district. The application shall be filed in the manner and form prescribed by the commission. The application must contain or be accompanied by a general description of the qualified residential facility, a general description of the proposed use of the qualified residential facility, the general nature and extent of the new construction or rehabilitation to be undertaken, a time schedule for undertaking and completing the qualified residential facility, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a residential housing exemption certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified residential facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified residential local governmental unit in which the qualified residential facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice of the time, date, and place of the hearing in the same manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application must be held separately from the hearing on the establishment of the district.

Sec. 5. The legislative body of the qualified local governmental unit, not more than 60 business days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a certificate in accordance with the provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If

disapproved, the reasons shall be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. If the legislative body fails to timely approve the application, the application is considered denied. A resolution is not effective unless approved by the commission as provided in section 6.

Sec. 6. (1) Not more than 120 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a certificate in the form the commission determines, which must contain all of the following:

(a) The address of the real property on which the qualified residential facility is located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified residential facility for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation or construction shall be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 12 years, the exemption certificate shall contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) Except as otherwise provided in section 7(2), the effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the certificate to the applicant and the assessor of the local tax collecting unit in which the qualified residential facility is located.

Sec. 7. (1) A qualified residential facility for which a certificate is in effect, but not the land on which the qualified residential facility is located, for the period on and after the effective date of the certificate and continuing so long as the certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) Unless earlier revoked as provided in section 12, a certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The beginning date for the period that the certificate is in force and effect may be delayed for a period of up to 5 years from the date of approval of the application as determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 12 years after the completion of the qualified residential facility. The certificate shall commence with its effective date and end on the December 30 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, shall be the date of completion of the qualified residential facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 12 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria, and objectives that shall be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified residential facility is located, and the commission.

Sec. 8. (1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a certificate unless the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit of the qualified residential facility each year that the income-qualified household resides in that residential dwelling unit.

(3) A qualified local governmental unit may develop and implement an audit program that includes, but is not limited to, the audit of the information submitted under subsection (2) or may contract with an independent third-party auditor to audit the information submitted under subsection (2). The qualified local governmental unit may require the applicant to cover the cost of the independent third-party auditor. The total number of residential dwelling units to be reserved for income-qualified households may be negotiated by the qualified local governmental unit but must not be less than 30% of the total number of residential dwelling units on the property or 1 residential dwelling unit, whichever is greater.

(4) If an income-qualified household currently residing within a residential dwelling unit reserved for an income-qualified household has an increase in adjusted household income between the time an income certification is conducted and the next income certification in the following year and that household is no longer an income-qualified household, then that formerly qualified household may continue to reside as occupants within that residential dwelling unit only for the remainder of their lease agreement. However, the next available residential dwelling unit on the property shall be reserved for an income-qualified household. Under no circumstances shall all residential dwelling units on the property be occupied by households whose adjusted household income is more than 120% of the countywide area median income for greater than 12 consecutive months.

Sec. 9. The assessor of each qualified local governmental unit in which there is a qualified residential facility with respect to which 1 or more certificates have been issued and are in force shall determine annually as of December 31 the taxable value of each qualified residential facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the taxable value of the property to which the application pertains.

Sec. 10. (1) The residential housing facility tax is levied upon every owner of a qualified residential facility to which a certificate is issued under this act.

(2) Except as otherwise provided in this section, the amount of the residential housing facility tax on a new residential facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the new residential facility after deducting the taxable value of the land.

(3) Except as otherwise provided in this section, the amount of the residential housing facility tax on a rehabilitated residential facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the rehabilitated residential facility after deducting the taxable value of the land.

(4) Within 60 days after the granting of a residential housing exemption certificate under section 6 for a new residential facility, if the state treasurer does not determine that reducing the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of residential housing for income-qualified households in this state, the millage rate used to calculate the specific tax under subsection (2) shall be increased by 3 mills. If the state treasurer determines that further reducing the millage rate used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of residential housing for income-qualified households in this state, the state treasurer may exclude an additional 3 mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the millage rate used to calculate the specific tax under subsection (2).

(5) Notwithstanding subsections (2) and (3), the specific tax paid each year for that part of a qualified residential facility that is exempt from ad valorem property taxes under section 7 and not used as residential housing property in the immediately preceding year must be equal to the amount of the ad valorem property taxes that would be paid on that portion of the qualified residential facility if the qualified residential facility were not exempt from ad valorem property taxes under section 7. The owner of the qualified residential facility must allocate the benefits of any tax exemption granted under this act exclusively to residential housing property.

(6) The specific tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the specific tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(7) For intermediate school districts receiving state aid under sections 56 and 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662, of the amount of specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The amount of specific tax described in this section that would otherwise be disbursed to a local school district for school operating purposes must be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(9) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(10) A qualified residential facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the specific tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the specific tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The specific tax calculated under this subsection must be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

Sec. 11. The amount of the specific tax, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the specific tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified residential facility by certified mail, with the register of deeds of the county in which the qualified residential facility is situated.

Sec. 12. (1) The legislative body of the qualified local governmental unit may, by resolution, revoke the certificate of a qualified residential facility if it finds that the completion of the qualified residential facility has not occurred within the time authorized by the legislative body in the certificate or a duly authorized extension of that time, or that the holder of the certificate has not proceeded in good faith with the operation of the qualified residential facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified residential facility is located, and if the qualified residential facility continues to qualify under this act, the commission may reinstate a revoked certificate for the holder or a subsequent owner that has applied for the transfer.

Sec. 13. A certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified residential facility if the qualified local governmental unit approves the transfer after application by the new owner.

Sec. 14. Not later than June 15 each year, each qualified local governmental unit granting a certificate shall report to the commission on the status of each exemption. The report must include the current taxable value of the property to which the exemption pertains.

Sec. 15. (1) The department shall annually prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of residential housing districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

Sec. 16. A new exemption must not be granted under this act after December 31, 2027, but an exemption then in effect must continue until the expiration of the certificate.

This act is ordered to take immediate effect.

Secretary of the Senate

Clerk of the House of Representatives

Approved_____

Governor

Act No. 239
Public Acts of 2022
Approved by the Governor
December 13, 2022
Filed with the Secretary of State
December 13, 2022
EFFECTIVE DATE: December 13, 2022

STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2022

Introduced by Senators Schmidt, Horn, Moss, Victory, Brinks, Bayer, LaSata and VanderWall

ENROLLED SENATE BILL No. 432

AN ACT to amend 1966 PA 346, entitled "An act to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to create certain other funds and provide for the expenditure of certain funds; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments instead of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act," by amending section 15a (MCL 125.1415a), as amended by 1994 PA 363.

The People of the State of Michigan enact:

Sec. 15a. (1) Except as otherwise provided in this section, the following are exempt from all ad valorem property taxes imposed by this state or by any political subdivision, public body, or taxing district in which the project is located:

(a) A housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association that is financed with a federally-aided or authority-aided mortgage or advance or grant from the authority.

(b) A housing project that is being developed or rehabilitated for workforce housing that is located in a municipality and is subject to a municipal ordinance that is adopted by the governing body of that municipality to approve a housing project for tax exemption under this subdivision. The approval or denial of a tax exemption under this subdivision must be in accordance with an ordinance or resolution concerning the selection of workforce housing projects that is adopted by the governing body.

(2) The owner of a housing project eligible for an exemption under subsection (1) must file with the local assessing officer a notification of the exemption. The notification must be in an affidavit form as provided by the authority. The owner must first submit the completed affidavit form to the authority for certification by the authority that the project is eligible for the exemption. The owner must then file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin. If the housing project is eligible for an exemption under subsection (1)(b), not later than 5 business days after receipt of the certified notification of the exemption, the local assessing officer shall provide a copy of the certified notification of the exemption to the treasurer of the county in which the housing project is located.

(3) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. All of the following apply to the amount that an owner must pay as a service charge under this subsection:

(a) The owner must pay an annual service charge in accordance with the following:

(*i*) Subject to subdivisions (b), (c), (d), and (e), for a new construction project, an amount that is the greater of the tax on the property on which the project is located for the tax year preceding the date on which construction is commenced or 10% of the annual shelter rents obtained from the project.

(*ii*) Subject to subdivisions (b), (c), (d), and (e), for a rehabilitation project, an amount that is the lesser of the tax on the property on which the project is located for the tax year preceding the date on which rehabilitation is commenced or 10% of the annual shelter rents obtained from the project.

(b) Subject to subdivisions (c), (d), and (e), a municipality, by ordinance, may establish or change, by any amount it chooses, the service charge paid under subdivision (a) in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge must not exceed the amount in taxes that an owner would have otherwise paid if the housing project were not tax exempt.

(c) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(a) and occupied by individuals or families other than low-income individuals or families must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to low-income individuals or families or to the maintenance and preservation of the housing project as a safe, decent, and sanitary affordable housing.

(d) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(b) and not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(e) The annual service charge under subdivision (a) for a housing project that is tax exempt under subsection (1)(b) must be increased by the additional amount if both of the following requirements are met:

(*i*) Not later than 45 days after the treasurer of the county's receipt of the certified notification of the exemption under subsection (2), the county board of commissioners for that county passes a resolution, by majority vote, that provides that the additional amount must be paid under this subdivision.

(*ii*) The approval of the resolution described in subparagraph (*i*) is in accordance with an ordinance or resolution adopted by the county board of commissioners concerning the factors to be considered in applying this subdivision.

(4) The exemption from taxation granted by subsection (1)(a), or approved by a governing body under subsection (1)(b), must remain in effect in accordance with the following:

(a) For a housing project described under subsection (1)(a), for as long as the federally-aided or authority-aided mortgage or advance or grant from the authority is outstanding, but not more than 50 years. The municipality may establish by ordinance a different period of time for the exemption to remain in effect.

(b) For a housing project described in subsection (1)(b), if the housing project remains subject to a covenant running with the land that restricts the use of the housing project to workforce housing, not to exceed 15 years.

(5) Except as otherwise provided in this subsection and subsection (6), any payments for public services received by a municipality in lieu of taxes under this section must be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units must be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those purposes in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the distribution is calculated. For tax years after 1993, the amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection must not be distributed to the local school district but instead must be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) An additional amount received under subsection (3)(e) must be distributed to the county in which the housing project is located.

(7) Notwithstanding subsection (1)(a), a municipality may provide by ordinance that the tax exemption established in subsection (1) does not apply to all or any class of housing projects within its boundaries to which

subsection (1)(a) applies. If the municipality makes that provision, the tax exemption established in subsection (1)(a) does not apply to the class of housing projects designated in the ordinance. If the ordinance so provides, the ordinance is effective with respect to housing projects for which an exemption has already been granted on December 31 of the year in which the ordinance is adopted, but not before. A municipality that has adopted an ordinance described in this subsection may repeal that ordinance, and the repeal is effective on the date designated in the repealing ordinance.

(8) For purposes of this section only, "low-income individuals or families" means, with respect to any housing project that is tax exempt, individuals and families eligible to move into that project, as defined by the authority under its rules or a municipality by ordinance. For purposes of this subsection, the authority may promulgate rules to redefine low-income individuals or families or a municipality may by ordinance redefine low-income individuals or families for each municipality on the basis of conditions existing in that municipality.

(9) This state shall not reimburse any unit of government for a tax exemption granted to any housing project under this section.

(10) As used in this section:

(a) "Additional amount" means an amount equal to the difference between the following:

(*i*) The millage rate levied for operating purposes by the county in which the housing project is located multiplied by the current taxable value of that housing project.

(*ii*) The amount of the annual service charge paid by the housing project under subsection (3)(a) that is distributed to the county in which the housing project is located under subsection (5).

(b) "Area median income" means that term as defined in section 59.

(c) "Taxable value" means taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(d) "Workforce housing" means rental units or other housing options that are reasonably affordable to, and occupied by, a household whose total household income is not greater than 120% of the area median income and published by the United States Department of Housing and Urban Development.

This act is ordered to take immediate effect.

Secretary of the Senate

Clerk of the House of Representatives

Approved_____

Governor

Housing IS Economic Development

Community Housing Solutions

January 2023

This Guidebook was funded by a grant from the Michigan Land Bank Authority and was developed by a workgroup made up of individuals from Acosta Real Estate & Development, Envirologic, Fishbeck, Habitat for Humanity Northeast Michigan, Habitat for Humanity of Michigan, Housing Next, Housing North, InnovaLab Development, Lake Superior Community Partnership, Michigan Community Capital, Michigan Economic Developers Association, Michigan Land Bank Authority, Michigan State Housing Development Authority, Michigan State University (MSU) Extension of Washtenaw County, National Development Council, Northern Homes Community Development Corporation, Renovare Development and Shiawassee Economic Development Partnership.

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Forward

Why Should Local Government Endorse TIF for Housing?

In almost all local housing markets, a financial gap exists between households at or below area median income who want to purchase/rent, and the actual cost for market developers to deliver product at a point achieving minimum investment return.

This is the affordable/attainable housing dilemma and its especially detrimental to small-scale developers producing small-scale projects in smaller, out-state communities. The need has now reached a point where economic development expansion activity is impeded by the lack of housing inventory. This last point is in-part why MEDA and its economic developer members are involved in this guidebook.

It's fair to say the housing cost gap represents an 'extraordinary' cost. When extraordinary costs are present, insufficient return will prevent development unless said costs are offset. By statute and policy, public financial incentives are a principal means of offset, and the Michigan Redevelopment Tax Increment Financing model (Act 381) can uniquely address this problem because its design is to cover extraordinary cost gaps at parcel/project scale.

Furthermore, Act 381 Redevelopment TIF does not have a negative impact on local government or school revenues. Properties that are not developed for housing because of the cost-price gap provide $-0- in new revenue to locals/schools at present, and without offset they will never be developed nor provide any new revenue. Indeed, as a small but growing number of communities are realizing the immediate yield of captured taxes is projected to increase their property tax revenues from these projects in the long term.

In summary, local government's interest in support TIF for affordable/attainable housing may be seen as both an investment in their community's households and in their fiscal sustainability. As you read this guidebook, consider how these two policy objectives relate and complement each other.

(Re)development of real estate is foundational to the built environment and societal prosperity, including revenue to government from taxes.

In our capital-based market economy, (re)development occurs when market players can achieve a return on investment of **time, capital, materials, and labor.**

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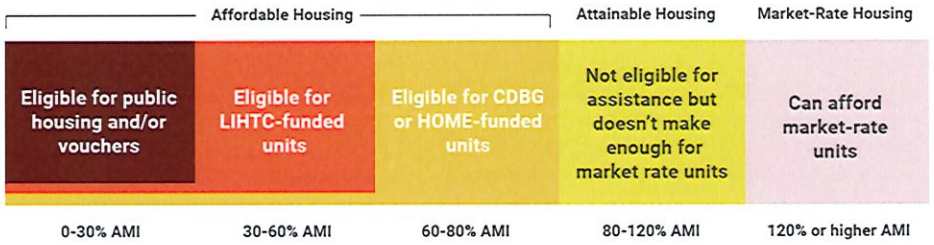
The problem.

In today's housing market, most communities do not have an inventory of homes for middle-income buyers or renters. The reason is pretty simple: housing costs have increased faster than peoples' incomes.

Homebuilders can't build new homes at a price that's doable for many working people to buy or rent. Government has programs to help low-income people rent or buy houses, but there are no programs to help middle-income people - those at 80-120% of the average median income for their area - with housing costs. The lack of affordable housing affects families' well-being and employers' ability to attract and keep employees.

Affordable Housing vs Attainable Housing vs Market-Rate Housing



AMI = Area Median Income which is reset by HUD each year according to inflation and cost of living increases.

While the above graphic is illustrative but speaks to, "What's attainable housing in your community?" Homes are priced for first-time buyers and people in the middle-income range. Housing in this price range is scarce because land and construction costs exceed affordability for many working people. The middle-income housing market doesn't work without government incentives.

Local governments rely on property tax revenue from housing to maintain public services and infrastructure. Moreover, a home is the primary investment people make. Quality housing is a key indicator of a community's financial health and ability to grow it.

Housing is economic development. As companies look to retain or attract their workforce, housing is one of the essential components private companies require. Communities that offer housing choices, a diversity of home types and accessibility levels. are able to better retain their citizens throughout their life stages and housing needs as well as attract new residents.

Redeveloping vacant or underutilized properties at the end of their useful life cycle offers an opportunity for housing that can represent the community's current and future needs. Encouraging infill redevelopment projects add value within a municipality can help create

A Solution.

Michigan law created a tool that can be used to help developers build homes and apartments for earners in the attainable range.

Public Act 381 of 1996, as amended (Act 381) was created to encourage reuse and redevelopment of a challenged property. It gives local governments the authority to offer financial incentives for blighted, functionally obsolete, and historic property, along with property near a transit hub or that's owned by a state or local land bank authority. While targets challenged property that qualifies as a Brownfield under Act 381, this tool is being used to incent development on any kind of property, provided the development is a public good.

Local Brownfield Authorities can encourage developers to create housing for different demographics, from young buyers who need to be near good schools and build wealth, to older people who might prioritize proximity to health care and low maintenance.

For developers, incentives can help close a funding gap - when the cost of building is more than the market value of the product - for housing or any other kind of development. For communities, incentives can help attract developers, offset local costs that support new development, like infrastructure improvements, and build economic prosperity. Housing is economic development - a public good - when it makes homes available for workers to fill jobs and retain talented people.

Housing is economic development

This guidebook will help developers and local government officials understand and address financial gaps that prevent and discourage builders and developers from entering the middle and lower-income housing market and solving housing shortages in many communities across Michigan.

We'll go into all these concepts in much more detail in the following pages. Meanwhile, here are some terms to know as you go through this document.

- **BRA: Brownfield Redevelopment Authority. These can be established by a village, township, city, or county.**
- **LBA: Land Bank Authority. There's a state land bank authority that serves every county. Individual counties and the City of Detroit can also set up their own.**
- **TIF: Tax Increment Financing. The plan or act of using tax revenues to reimburse a developer for eligible expenses.**
- **TIR: Tax Increment Revenues. The difference between the taxes paid on a property before development and after purchase/development/improvement. When a local government approves using TIR to help pay for development costs, it's commonly said the local government "captures" the TIR.**

The Development Process

Real estate development is an economic multiplier that can invigorate a municipality's landscape, employ a skilled workforce, and support small businesses while increasing the value to match current market trends, demand, and even break cycles of disinvestment or decline.

Communities benefit from new investments that contribute to current residents and support growth initiatives for long-term sustainability. Increased investment in any community increases the taxable values, keeps opportunities in line with demand, and can ensure resident pride increases so long as the products meet community needs.

Property development is the process of adding value to shape the built environment of your community. Like any business, development has to serve a need and solve a problem. What does the community need? Is there a need for housing that will help companies attract and retain employees? Is there a need for new quality homes built within city limits? What do residents want in their neighborhoods? Will adding housing improve safety and increase their home value?

Identifying opportunities in real estate development begins by understanding how to solve needs in the marketplace. A strong sense of purpose should be defined before pursuing potential development's physical, technical, finance, and risk assessments. Uncovering this purpose begins by speaking with residents, community leaders at the area's city, county, economic development, and businesses to quantify the need through these discussions.

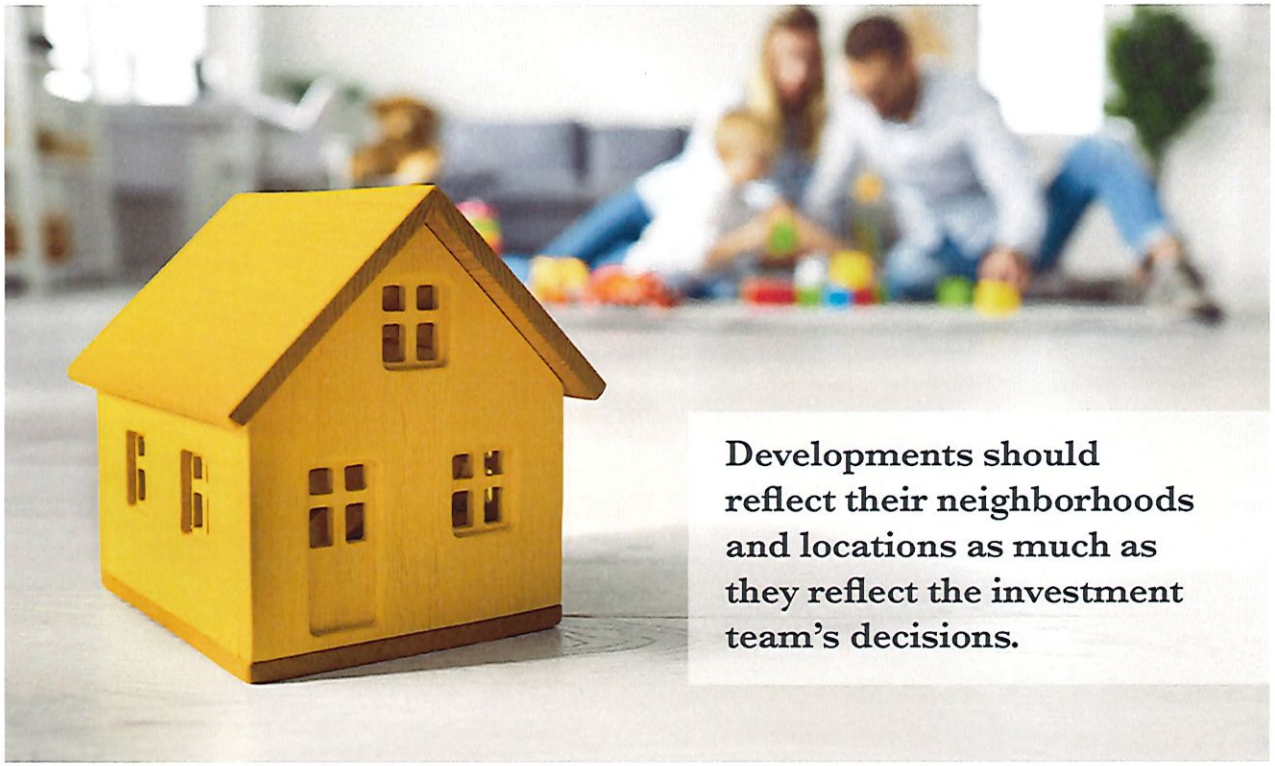
Whether residential, commercial, or industrial needs, knowing how many spaces the community needs and what they should offer is critical. Many communities require a diversity of housing choices. If single-family homes are predominant, people who want to live in condominiums that are walkable to amenities or neighborhood-scale rentals like duplexes or small apartment buildings choose to live elsewhere to find the home that suits their needs.

Clearly articulating a community's need can help to advance community development.

Community and Economic Developers can work with real estate developers to encourage investment in the type of product needed.. Clearly articulating a community's need can help to advance community development. Whether a community needs 50 homes at accessible price points or 200 homes for a variety of income levels, knowing what is needed and which priorities are highest helps developers and investors work with local leaders to solve problems.

An emerging best practice is to publicly offer information around properties for redevelopment. By compiling information around land that is available for redevelopment through municipal, county, or state governmental agencies. The community agency makes the following publicly available: what could be built there from a zoning perspective, site history, market information, community needs, and potential incentives. This practice allows strong local leaders to articulate opportunities as they collaborate with private and nonprofit organizations.

Once the product is defined, it's up to a developer to build a team to shape what that will look like. How long will the building be built for? Is the construction methodology to be durable and long-lasting, or are they building for a quick lifespan? Perhaps rehabilitating homes or buildings that need major upgrades is what is most needed.



Developments should reflect their neighborhoods and locations as much as they reflect the investment team's decisions.

How can it represent both you as an investor and developer plus the neighborhood and place it resides in? Walking through a neighborhood and noting the scale at which the existing buildings are built, the materials used (i.e., siding, brick), and architectural style is a valuable exercise that should be performed before glancing at the zoning code. It demonstrates the vernacular of the neighborhood. Additionally, it allows developers to understand how the neighborhood functions concerning the building program outlined. Ensuring the place can serve the market need and be additive to the fabric of the community.

First-time developers should start with a renovation or rehabilitation project whenever possible.

Adding value to an existing building makes a multifaceted process more streamlined and removes some variables which will reduce risk and increase the likelihood of success. To ensure safety standards and compliance, all developments need to abide by building codes and be overseen by local building inspectors and permits.

Zoning ordinances need to be followed for new construction and renovations. This could be for "as a right" proposals or projects requesting variances (meaning they require approval of any change of use or additional density being requested).

Development Team

Building a team of professionals who have the experience in their field as well as the type of housing you are proposing.

1. Market Analyst
    a. Helps to determine the type of housing needed
    b. Determines absorption rates
    c. Assists in marketing plan
2. Developer
3. Architect
4. Attorney
5. General Contractor
6. Property manager
7. Lender
8. Accountant
9. Elected Officials
10. Investor
11. Environmental Consultants
    a. Remediation
    b. Documentation
    c. "Green" or Sustainability Consultants

A knowledgeable realtor in the local market could be your ideal market analyst

Predevelopment

The front end envisioning. What will be built? Performing the research, and calculating preliminary financial analysis.

1. Strategic Planning & Goal Setting.
Asking the following begins to define what can and should be developed.

a. Who will you serve in the community?
    i. Have conversations with city and community leaders to ask what types of housing are needed.
    ii. Which neighborhoods have properties that could be redeveloped?
b. How do you want to serve the community?
c. What role do you want?
    i. Full ownership and control
    ii. Partnering
    iii. No ownership- being a conduit to complete the project

2. Market Determination takes the general information that was collected and begins to refine it into a tangible product. Understanding who you want to serve first and foremost before moving into the market niche is important.

a. What are the sales and rental rates?
    i. Number of units
    ii. Bedroom mix
    iii. Cost in rent or ownership
    iv. Amenities
    v. Who is your competition?
    vi. Absorption rate: How fast will units be rented?

b. Is there a need for renovations or opportunities for new construction?
c. What are the neighborhood trends? Lots of investment or disinvestment? Is it diverse in terms of age, income, race, ethnicity, and family makeup or is it more of a monoculture?
d. Has the community identified land bank properties for redevelopment, brownfields, or neighborhoods that need reinvestment?
e. Chart out the market expectations at each price point.

Single-Family Home Rentals	$1050/mo	» 2-3 bedrooms » 1.5 baths » 1200sf » Laminate flooring & Carpet » Older appliances, kitchen finishes, and mechanical systems. » Dedicated off-street parking.
Duplex rentals	$900/mo	» 2 bed » 1 bath » 800sf » Renovation of home divided » Hardwood floors, Older kitchen, Older mechanical. » Shared driveway.
Granny Flats/ Accessory Dwelling Unit	$850/mo	» 1 bed » 1 bath » 600sf » Engineered wood floors & tile, microkitchen, all new efficient mechanical » Street parking.

Operating expenses can make or break the success of a project. Developers need to know the annual costs, capital expenditures, and ways inflation over time will affect a property's ability to be resilient.

f. Uncover Operating Cost & Vacancy/Occupancy Rates.
    i. What will it cost to maintain the property (lawn, snow, capital reserves), pay property taxes, lease-up and turn over units?
    ii. How long does it take to lease up a rental within the neighborhood? Talk to other investors and landlords
    iii. What housing is absorbed most quickly? (e.g. 1 bedroom rentals have the lowest vacancy rates)
g. Construction and development costs
    i. What are home builders and contractors charging on average per square foot for the type of product you're looking to build?
    ii. What additional infrastructure, site preparation, and land costs will need to be accounted for?
    iii. What will design, engineering, environmental specialists, legal and other professional services cost?
    iv. Are there economies of scale that will reduce the costs when more units

3. Financing Availability

a. Mortgage
b. Equity
c. Construction Loan
d. Additional sources of financing
    i. Soft second mortgages/grants
    ii. Foundations
    iii. Energy-efficiency programs
    iv. Local initiatives

What financing sources are available to you?

4. Back of the Envelope analysis speaks to the strength and feasibility to move the conceptual development forward.

a. Compile the data into a spreadsheet.
b. Does the future value exceed the total cost of development?
c. How could it be tweaked or strengthened?
d. Is there a gap between the value of the product needed in the community and the market costs to develop it?

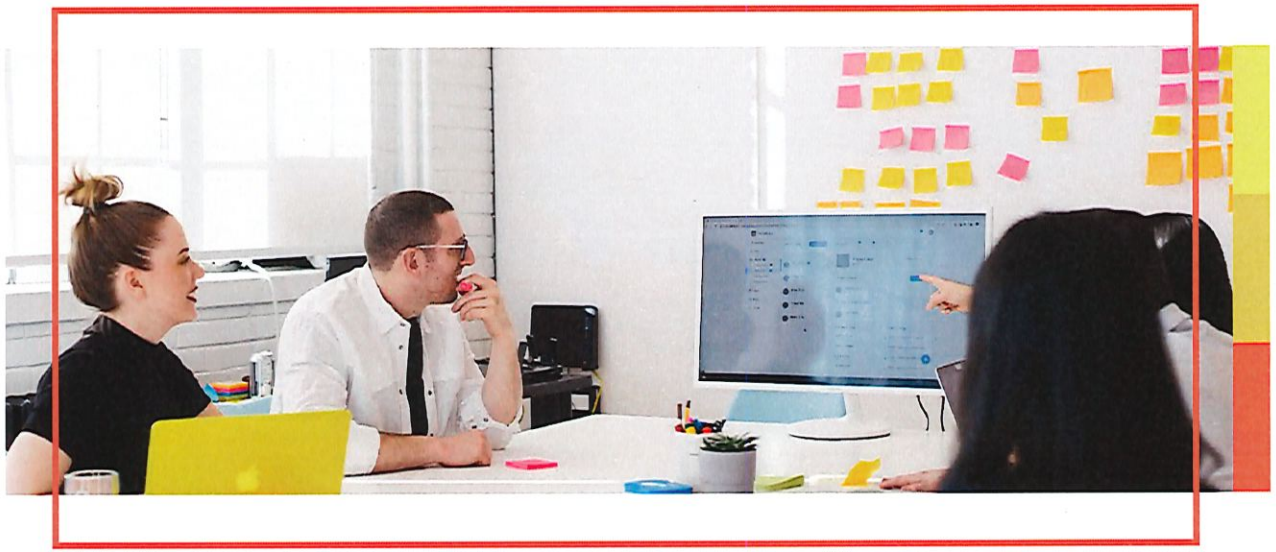
Back of the Envelope		
Address		
Monthly Rental Income		
Gross Potential Income		
Operating Expenses & Vacancy	55%	
Net Operating Income		
Total Porject Cost		
Equity	20%	
Monthly P&I		
DSCF		
Net Annual Income		
Cash on Cash		

Feasibility

The process where the concept begins to materialize.

1. Property selection - Where can I build what's needed?
    a. Identifying sites where housing can be built.
    b. Analyzing the neighborhoods of each site and their particular qualities in comparison to market analysis and property characteristics
    c. Note that the workload for developers that occurs prior to a property being identified.
2. Site control - getting a purchase or development agreement.
3. Due Diligence - The process of pursuing development criteria in relation to the land. Due diligence includes legal, title, entitlement, financial, physical, environmental, and market data.See due diligence checklist for environmental, entitlement, legal, and financial tasks.

4. Operating cost projections
5. Architecture & Design - What will it look like in the neighborhood and throughout? How will it fit on the property? How will the design fit the target market?
6. Preconstruction & building cost estimates -
7. Financial analysis / Proforma with multi-year cash flow analysis.
    a. Revenue projections
    b. Operating costs
    c. Project costs with all sources and uses of capital
    d. Mulit-year cashflow analysis
    e. Amortization schedule
8. Putting a deal package together
    a. Project summary
    b. Location description
    c. Zoning and regulations
    d. Market research
    e. Physical product / Building program
    f. Unit mix and layouts
    g. Operating expense analysis
    h. Construction estimates
    i. Financial analysis
    l. Bank terms desired
    j. Investor returns anticipated
    k. Ways to mitigate risk or have a Plan B
    l. Overview of team bios and experience.

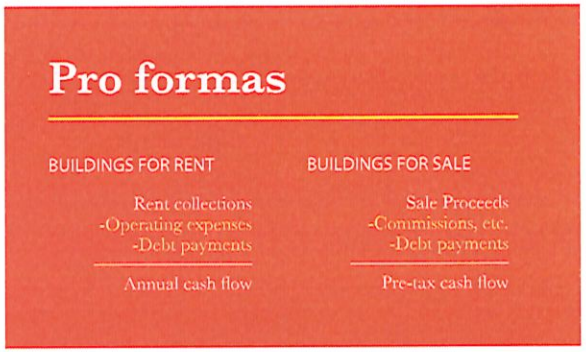


Development - Construction - Executing the concept

1. Financing. Take all cost estimates and work with your investors and a lender to get the necessary funds in order to deliver the project. Estimates should include both hard costs (construction - bricks & sticks) as well as soft costs (professional fees - legal & accounting). Projects should have contingency estimated for issues that may arise. Financials will need to be revised and refined as the project evolves.
2. Construction begins.
3. Project Management. Oversight of the construction process so it meets the design requirements that were laid out.
4. Finish details. Ensuring the end quality and finished product is as desired.
5. Pre-leasing / sales. As construction comes to a close, pre-leasing can begin prior to completion or sales contracts can be created.
6. Closeout of construction. Receipt of the certificate(s) of occupancy.
7. Lease up or sell.
    a. If leasing:
        i. Permanent debt in the case of leasing.
        ii. Operations & Property Management
        iii. Refinance, sell or hold.
    b. If selling:
        i. Hire a broker to sell units
        ii. Ensure all deed and title work is clear
        iii. Sell

Financing a development project
Whether the housing being developed is for sale to be owner-occupied or to become rental units impacts the financial structure.

Financing housing for-sale is more straightforward from a return on investment perspective. Construction financing is used to develop housing. It gets paid down when sales are closed. Pre-tax cash flow or proceeds are what's left after all costs have been paid.



Spartyville Example

Disaster in Spartyville! A flood damaged homes and businesses in Spartyville and it's up to homeowners, businesses and private developers to put things back together. A pocket of courtyard style condos were gutted and owners decided to sell each unit to a developer for $40,000 for a total of $400,000. The developer renovated each unit over a year and sold them at a higher value to reflect the higher quality and finish level. The acquisition cost, construction & carrying costs come out to $1,8432,097 and condos were sold for $2,462,000 with sales and closing costs of $172,720 the pre-tax cash flow from the redevelopment of condos in Spartyville is $457,183.

What if the condos were rented out instead of sold?

Both of these hypothetical deals work in Spartyville but what happens when the development team talks to city leadership about pricing the units more affordably so it helps solve the deficit of attainable housing they face? Does it still provide great quality? Is the project feasible for the developer to charge less on rent and still provide a return to investors in order to do the project? What's the environmental liability required within the renovation work? How could the developer make this good deal GREAT by also adding in a social return on investment back to the community through offering the homes at more accessible price points?

Back of the Envelope		
Address	**Spartyville**	
Monthly Rental Income		$20,000
Gross Potential Income		$240,000
Operating Expenses & Vacancy	45%	$108,000
Net Operating Income		$132,000
Total Porject Cost		$1,832,097
Equity	20%	$366,419.40
Monthly P&I		$9,272.60
DSCF		1.186290792
Net Annual Income		$20,729
Cash on Cash		5.66%

The back of the envelope financials show such a negative return and inability to pay the bank back on the loan. Keeping the rents at accessible price points does not allow for in a social return on investment back to the community through offering the homes at more accessible price points?

In the following market rate housing example, you can see the developer is able to build housing in Spartyville but needs to charge a monthly rental rate of $1800 per month. You'll see in the attainable example where 80% of area median income, or $1450 per month, the investment is not feasible. The 2% return on investment is not enough for the risk and resources required to build the attainable housing. These examples showcase why there is a lack of housing options at this price point.

Gross Potential Value								
Unit type	sf / unit	monthly rent / SF	no. of units		subtotal sf	subtotal monthly rent / unit		subtotal annual rent
2 bedroom / 2.5 bath	1,600	1.13	30		48,000	$1,800		$648,000
total # of units			30					
total square footage					48,000			48,000
gross potential income								$648,000
Net Operating Income								
gross potential income								$648,000
vacancy allowance		5%	of GPI					$(32,400)
operating expenses	30%	$(6,480)	per unit		# of units:	30		$(194,400)
net operating income								$421,200
Project Costs								
land basis								$1,200,000
direct construction costs		$86	per sf		$137,710	per door		$4,131,291
indirect construction cost		$0	per sf		$500	per door		$15,000
architectural / engineering					$	per door		$-
Project Management Fee					$5,000	per door		$150,000
total project costs								$5,496,291
equity				20%		% of total costs		$1,099,258
debt								$4,397,033
Debt Service								
loan term		60	months					
interest only rate		5.00%	%					
loan amount								$4,397,033
monthly interest payment								$18,321
interest only debt service								$1,099,258
construction equity								$10,993
total project equity required								$1,110,250.78
Project Performance								
net operating income								$421,200
annual debt service								$(283,251)
leveraged cash flow								$137,949
% to hold for reserves		10%			of net operating income			$(42,120)
annual cash flow available for distribution								$95,829
debt service coverage ratio								(1.49)
cash-on-cash return						Market rate of return →		8.72%
depreciation basis								$5,496,291
annual depreciation								$199,865

Gross Potential Value								
Unit type	sf / unit	monthly rent / SF	no. of units		subtotal sf	subtotal monthly rent / unit		subtotal annual rent
2 bedroom / 2.5 bath	1,600	0.91	30		48,000	$1,450		$521,856
total # of units			30					
total square footage					48,000			48,000
gross potential income								$521,856
Net Operating Income								
gross potential income								$521,856
vacancy allowance		5%	of GPI					$(26,093)
operating expenses	30%	$(5,219)	per unit		# of units:	30		$(156,557)
net operating income								$339,206
Project Costs								
land basis								$1,200,000
direct construction costs		$86	per sf		$137,710	per door		$4,131,291
indirect construction cost		$0	per sf		$500	per door		$15,000
architectural / engineering					$	per door		$-
Project Management Fee					$5,000	per door		$150,000
total project costs								$5,496,291
equity				20%		% of total costs		$1,099,258
debt								$4,397,033
Debt Service								
loan term		60	months					
interest only rate		5.00%	%					
loan amount								$4,397,033
monthly interest payment								$18,321
interest only debt service								$1,099,258
construction equity								$10,993
total project equity required								$1,110,250.78
Project Performance								
net operating income								$339,206
annual debt service								$(283,251)
leveraged cash flow								$55,956
% to hold for reserves		10%			of net operating income			$(33,921)
annual cash flow available for distribution								$22,035
debt service coverage ratio								(1.20)
cash-on-cash return								2.00%
depreciation basis								$5,496,291
annual depreciation								$199,865

Deal does not pencil at attainable housing rental rate without incentive

Deals that Don't Pencil

When a financial analysis on a project doesn't stack up to be profitable, it doesn't pencil. There's a **gap** between the cost of the project and the future value of the project. That gap is the difference in values. For example, a house costs $200,000 to build, but the appraised value is $175,000 leaving a $25,000 gap between the cost and value. That gap is an issue as it means the investor needs to add more equity and cash in, which would diminish the returns and potentially make the whole project a nonstarter. Some subsidies are available if the project meets all qualifications and approvals to help fill the valuation void.

The above example of one home being developed does not meet a lot of the qualification requirements for financial incentives needed to make the deal pencil. If a community needs 20 houses and the gap grows from 25,000 to $500,000, it becomes more appropriate for various incentives. For housing, in particular, one such subsidy program is tax increment financing.

The Process: how does a developer use the incentives?

Tax increment financing is an incentive that can be used on any eligible property which generates taxes. The developer can be a non-profit or for profit, the project can be single family homes, condos, or apartments. As long as someone will pay taxes, a TIF plan can be developed for local consideration on developments that serve a community need.

The key is collaboration: developers and local governments working together to build quality homes for middle and lower income buyers and renters. A developer who wants to access local incentives needs participation from a property owner if the site isn't already owned by the developer, a local brownfield redevelopment authority (BRA), and sometimes a local or state land bank authority (LBA).

A BRA is required for use of TIF incentives. No other body has authority to approve a brownfield plan, the document through which incentives are described and authorized. There are nearly 300 BRAs in Michigan, some more active than others. A community or county without a BRA may be losing development projects to places where BRAs are active.

The key is collaboration: developers and local governments working together

Where do you find a redevelopment site?
A community or its BRA or LBA can help drive prospective developers to the properties they want redeveloped by creating an inventory of eligible properties. The list could include tax reverted property owned by the state or county, contaminated property (the Michigan Department of Environment, Great Lakes, and Energy, or EGLE, maintains a list of known contaminated sites), or property or areas in the community that are a high priority for redevelopment.

About half of Michigan's counties and the State of Michigan have land bank authorities that maintain lists of properties that may be available for redevelopment. Counties also keep lists of foreclosed properties on their websites.

The Obsolete Property Rehabilitation Act (PA 146 of 2000, as amended) established 148 qualifying communities called "Core Communities," also called Qualified Local Governmental Units. Core communities are eligible for certain redevelopment incentives that are otherwise only available to property owned by an LBA. Many Core Communities are urban centers which are seeking to encourage redevelopment offering various incentives.

Another resource for sites is Redevelopment Ready Sites, which are located within Certified Redevelopment Ready Communities (RRC).

Some communities or LBAs will reach out to developers to offer property for redevelopment, or develop Requests for Qualifications (RFQs) to solicit development professionals. RFQs may be posted on local government websites. Developers can proactively research available parcels on local government websites and buy them through surplus property auctions, but some – especially LBA property – may be available without waiting for the auction. Developers can also call or email local economic development or planning staff or state agency staff to ask about available properties.

What are eligible costs?

A piece of property must be "eligible" under Act 381 to qualify for redevelopment incentives. Eligible properties can be:

- Blighted
- Functionally obsolete
- Contaminated
- Historic
- Transit-oriented property
- Owned by a state or local LBA

State policy lists some broad categories of "eligible activities" (we call them eligible costs here) that can potentially be reimbursed with TIR, provided the costs have been approved in a brownfield plan and if necessary, approved in an Brownfield work plan. Brownfield authorities and state agencies ultimately approve which specific costs within the broad categories are eligible for reimbursement. Eligible costs can be incurred by anyone -- the developer, the local government, BRA, LBA, a nonprofit.

Reimbursement for some eligible costs is available statewide, and some eligible costs can be reimbursed only for development projects in a Core Community or on property owned or controlled by a land bank authority.

For any project, anywhere in the state where there's a BRA, TIR can be used to reimburse costs for:

- Baseline Environmental Assessments, environmental due care, environmental response activities, underground storage tank removal and closure, environmental insurance, and other environmentally-related actions
- Demolition, including waste removal

- Lead, asbestos, and mold abatement
- Relocating public buildings or operations for economic development
- Brownfield plan and work plan development and implementation
- Interest on a loan taken out to finance eligible costs
- Associated soft costs

For project sites located in a Core Community or owned or controlled by the state or local land bank authority, TIR can be used to reimburse costs for all of the above eligible costs, plus:

- Infrastructure improvements
- Site preparation
- Costs incurred by the land bank authority or a BRA in a Core Community for clearing or quieting title, and selling or conveying property. These costs are especially important in making housing more affordable. These costs could include:
  - marketing the property
  - subsidizing buyers' closing costs
  - the gap between the cost of construction and product appraisal or qualified purchaser's mortgage
  - legal costs associated with title work, secondary agreements, lending agreements, or other legal agreements associated with home affordability and ownership
  - other eligible costs related to creating and maintaining middle market housing

It is possible to temporarily transfer ownership or control of a property into a state or a local land bank in order to make it eligible for the second group of incentives.

How are incentives accessed and who does what?

The common denominators in almost any brownfield incentive program are a developer and a BRA. Without a developer, there's no project to incent and no TIR to capture. Any county, city, village, or township can create a BRA, the only body with authority to approve local brownfield incentives. If you're a developer and your county or local government doesn't have a BRA to help you access incentives, talk to your local officials about forming one.

Other important partners typically work in collaboration with a BRA and developer to leverage incentives for redevelopment projects.

- A land bank authority (LBA) can be created by any county and by the City of Detroit. There's also a State Land Bank Authority (SLBA) that can serve the same function as a local LBA. Property owned by or under the control of a land bank qualifies for the same eligible costs as Core Communities, which makes land banks a great way to access incentives in places that are not Core Communities.

- Counties, cities, townships, and villages are important partners. City councils or county commissions (depending on which set up the BRA) must approve brownfield plans, and verify that the project is in the public good. Local governments can also apply for EGLE brownfield redevelopment grants and loans that help pay for environmental assessment and cleanup. Local assessors determine whether a property is functionally obsolete or blighted (which can qualify a property for incentives) and post-development property values. BRAs may also have Local Brownfield Revolving Funds that award grants or loans for eligible costs.

Counties, cities, townships, and villages are important partners.

Developers interested in accessing incentives should start with a phone call or email to the BRA or LBA chair, economic development office, or local planner to learn about their process for approving incentives. Every community's is different. BRAs or LBAs may have an application form; local governments may want the developer to make a short presentation about their project to their governing body. Building a relationship with the local officials who will approve incentives is essential for BRA incentives.

In order for government agencies to determine whether they can commit incentives to a project, at a minimum the developer will typically need:

- A summary of the project, including how it benefits the community: jobs, investment, housing, increase in the property's taxable value, blight elimination, environmental improvement, building demolition or rehabilitation, economic development benefits. The developer needs to make a convincing argument to local or state officials that their project needs incentives to be successful and is a public good. The summary should also describe why the site or project is eligible for incentives. How does it meet the criteria above?
- A project budget
- A draft site plan
- Environmental reports, if any
- Verification that the developer has project financing
- A timeline

How does Brownfield TIF work?

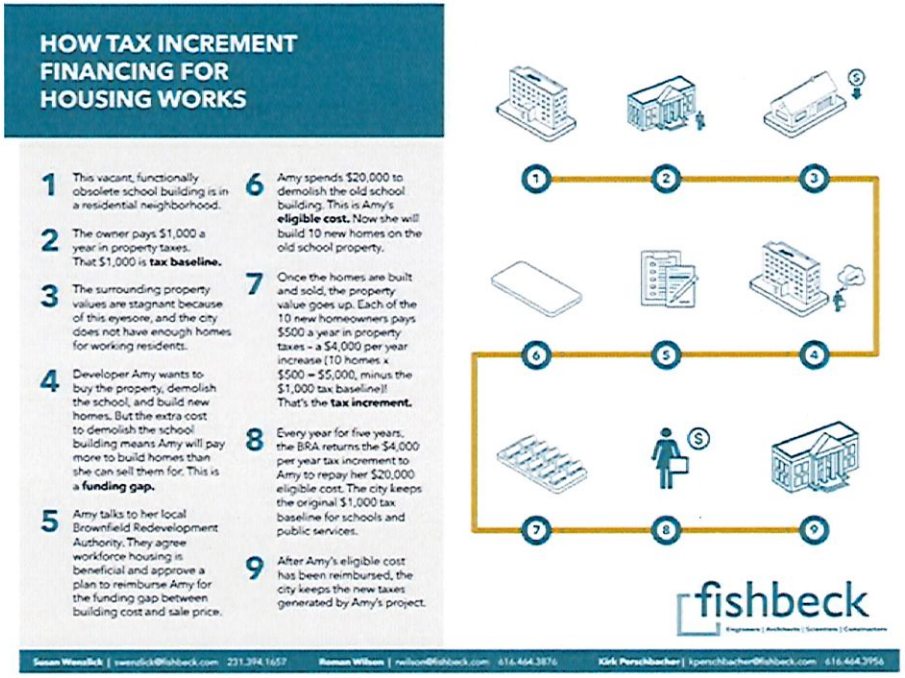
Brownfield TIF is a method of financing eligible costs by capturing TIR authorized by a brownfield plan. The captured TIR results from investments or improvements that raise a property's taxable value, creating a tax increment. This tax increment can be used to reimburse, over time, a developer or other investors for the eligible costs incurred to redevelop a site (refer to examples later in this guidebook).

All local taxes can be captured, except special millages repaying a local debt. Authorization to capture local TIR (except debt payments and certain special assessments) is approved through a **brownfield plan**. Local taxing jurisdictions are not allowed to opt out of a plan. Each local BRA has the authority to decide how much TIR they'll capture for a project, and for how long.

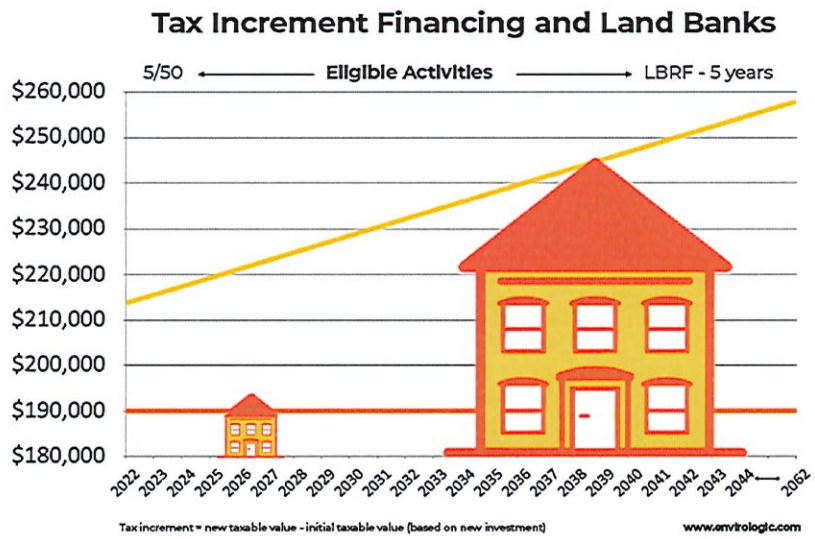
Can TIF be used with PILOT, LIHTC, historic tax credits, grants, loans, community land trusts, or other incentives? Depends on the project structure, other incentive, and layering may not be feasible or beneficial for small projects.

The BRA is not required to capture 100% of the eligible tax millage - they can capture a portion for the developer, and leave a portion for the taxing jurisdictions. The BRA can also decide how long they'll authorize capture. The law says TIR can be captured for up to 30 years, but some local governments won't approve that length of time, and most developers do not want to wait 30 years to be reimbursed for their eligible costs. City Council must approve brownfield plans after BRA approval for them to go into effect.

The following graphic shows a very simple TIF process using a functionally obsolete building. The process becomes more complex when a LBA must take control or ownership of property to access incentives, or when more complex incentives packages are needed to cover financial gaps.



The graphic below shows the TIR increasing over time as the property value increases. The property's initial or baseline assessed value is $0 to $5,000, which would represent a property in a land bank or a low cost vacant parcel. After it's improved with new housing, the assessed property value increases over 30 years from $5,000 to $260,000. The property tax increase from the initial assessed value of $5,000 to $260,000 through year 30 is the TIR – in other words, each year's tax minus the first year's tax is the tax increment. The TIR pays back a developer or other investor for the eligible costs that have been approved under a brownfield plan.



Some BRAs have created a Local Brownfield Revolving Fund (LBRF). TIR captured in the last five years of a brownfield plan may be collected by the BRA and used to pay eligible costs for other redevelopment projects. The LBRF doesn't affect the developer's reimbursement - it starts after the developer is fully reimbursed for their eligible costs.

What's in a brownfield plan?

Act 381 says that to use its incentives, someone - usually a developer - has to provide a brownfield plan to a BRA. The plan describes the project and what the incentives will be used for, and must be approved by the BRA and local governing body. If the project will use both local and state TIR, an Act 381 work plan - a more detailed plan - must be developed and submitted to EGLE and/or MSF for approval. This guidebook includes an Act 381 brownfield plan template.

A work plan is not the same as a brownfield plan. A brownfield plan is enough for a BRA to authorize local TIR capture. Whereas an Act 381 work plan plus a brownfield plan would be required for state approval of TIR capture. If pursuing a local only housing development, an ACT 381 plan is not necessary.

A brownfield plan includes information about the proposed redevelopment, the property (including why it's eligible for incentives), a description of the activities and costs for which TIR will be used, an estimate of capturable TIR, project financing, plan duration, impact on taxing jurisdictions, maps, and attachments for local resolutions, notifications, and other documentation that the project meets BRA requirements.

A brownfield plan can include multiple properties (or even a whole city or county). If TIR will be captured from a multi-property plan, consider the development's timing. If a single plan is approved for a project with multiple phases, the last phase developed will have less time to collect TIR than the first phase. If the BRA concurs, it may be beneficial to do a plan for each phase so TIF can be collected for up to 30 years for each phase.

When a brownfield plan is approved by a BRA, the BRA agrees to reimburse various parties for their eligible costs from the developer's or a subsequent owner's property taxes.

The BRA can capture only the tax increment - the difference between the property taxes generated from the initial or pre-development taxable value and property taxes generated from the new, post-development taxable value - to repay the eligible costs. Taxes on the baseline assessed value (the property value before redevelopment) are still distributed to taxing jurisdictions while the TIR are reimbursing eligible costs. Local governments don't get less money under a brownfield plan; the brownfield plan just defers the increase they'll see after eligible costs are reimbursed.

The TIF table, which describes the anticipated eligible costs and tax revenues, is the most difficult part of the brownfield plan. Each local tax millage must be listed. Most local government websites will have this information. Remember that local debt payments and certain special assessments cannot be captured. Assume a 1% increase in property taxes each year for the TIR estimate, but remember that the actual TIR may not be the same as the estimate. Reality does not always match the assumptions used for a brownfield plan.

The BRA may want the TIF table to include one or both of two fees they are allowed to collect. One is for local TIF plan administration, which helps cover extra administrative costs associated with tracking TIF plans and reimbursing developers. The other is a payment into an LBRF.

The local government can collect TIR for up to five years, either during developer reimbursement or after the developer's eligible expenses are paid, for this fund administered by the BRA for future brownfield projects.

If the property has been transferred into a land bank to make it eligible for TIR capture, or if the property is purchased from the LBA, the LBA may want fees added to the TIF table. Under the law, an LBA is allowed to capture 50% of TIR for five years (known as the 5/50 Rule) to cover their transaction costs. This amount may be negotiable. *See more information on the 5/50 Rule on page 36.*

Here's a list of variables in a TIF table:

- **State school taxes**
- **Increase in taxable value: 1% per year is a reasonable, conservative estimate**
- **Local debt and special assessments: Debt payments and certain special assessments cannot be included**
- **LBRF: Ask the BRA if it wants TIR for an LBRF included**
- **BRA administration: Ask the BRA whether it wants an administration fee included**
- **Land Bank 5/50: may be required if an LBA has been part of the project**

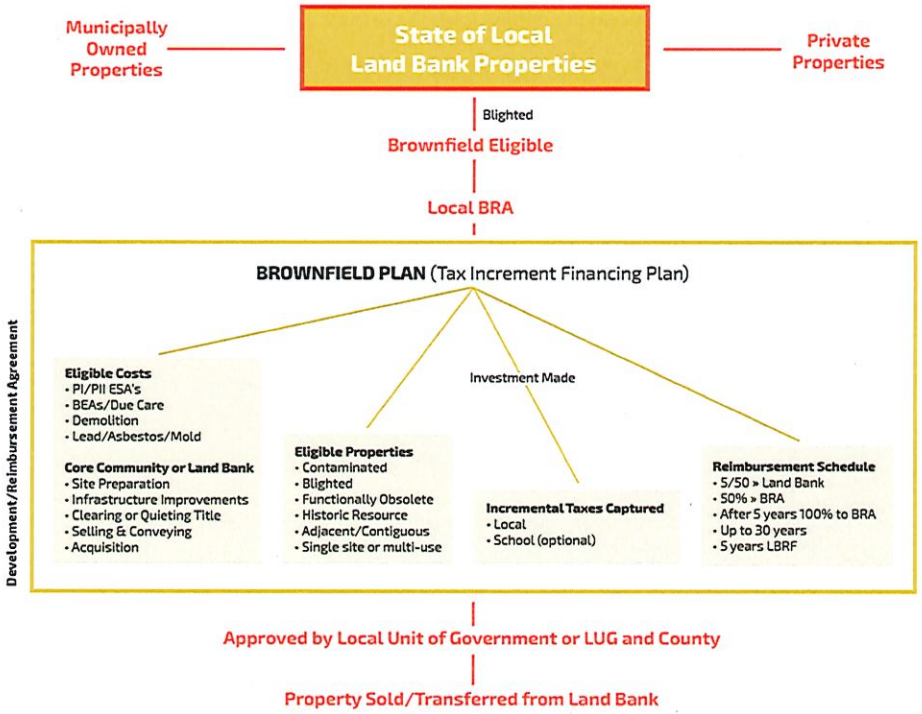
Getting a brownfield plan approved: it's not just about the form

Developers are encouraged to meet early in the project planning phase with local government officials and the BRA before completing a brownfield plan. Each BRA is different and may have an application process, fees, or want to negotiate incentives. Determine what the local government is willing to approve and understand their timing before drafting a plan. Keep in mind, the municipality's or county's meeting schedules will dictate the timetable for obtaining necessary approvals. Most eligible costs have to be approved before the work is done, so construction will need to wait until the local approval process is completed. A typical timeframe to get approval of a brownfield plan ranges from 60-90 days.

Not all BRAs are experienced with brownfield incentives. BRA members are local businesspeople, government officials, and residents, not necessarily development or incentives experts.

BRA members may need to be educated about brownfield plans and LBAs, especially if a developer is proposing to assign temporary ownership or control of a property to an LBA to make it eligible for incentives.

Brownfield plans are performance-based: if a development is successful, the developer or other investors are reimbursed over time for the eligible costs approved in the brownfield plan. If the development doesn't happen, or generates less tax revenue than expected, the developer may not be fully reimbursed for their eligible expenses. Eligible costs may be reimbursed over a period of up to 30 years, but may be much less depending on the TIR, the eligible costs, and the number of years a BRA or community will agree to commit TIR. A developer and local government or BRA should expect to execute a development / reimbursement agreement, a contract that outlines each party's responsibilities, expectations, and how the developer will be reimbursed with TIR. The development agreement may prohibit homes built with Act 381 incentives from becoming short term rentals for a specified time. Both parties should have their legal counsel review the agreement before signing.



Evaluating a project: when is the juice worth the squeeze?
Using tax increment financing through a brownfield plan to support attainable housing provides a viable, locally-controlled alternative to other more costly and competitive incentives. Clearly a brownfield plan will add time, work, and cost to a project, and requires communication and patience. One purpose of this guide is to help developers and project stakeholders decide when the outcome is worth the time and investment.

At the smallest recommended scale, infill housing on scattered standard lots can create for sale or for rent single-family housing. These small lots can also become home to duplexes, fourplexes and even incorporate accessory dwelling units (ADUs) or granny flats for multigenerational families or to generate rental income for owners. Communities that offer inclusionary zoning have the ability to offer a wider array of housing choices to retain and attract residents. These building types offer gentle neighborhood density and higher property valuations to amplify the economic impact and reimburse the developer's eligible costs more quickly.

The healthiest neighborhoods are the most diverse

Moving past lot level housing plans, larger parcels available for redevelopment offer the opportunity to build new housing that contributes to walkable neighborhoods and fills holes in existing street grids. With more land, developers have the potential to build multiple types of housing units at a variety of price points. The healthiest neighborhoods are the most diverse in terms of resident income, race, age, and family composition. A larger project with more TIR reimburses eligible costs faster.

To help decide when the juice (the outcome) is worth the squeeze (the input), evaluate the size of the project, its timing, the developer's willingness and ability to go through the incentives process or their capacity to hire someone to do the work. Some points to consider:

- How much tax revenue is the project likely to generate, and how long will the payback on eligible costs take? Is it worth the wait?
- Can the project wait six months for incentives to be approved? Most incentives must be approved by a BRA before the eligible costs are incurred, so construction can't happen until after the brownfield plan is approved.
- How much time can you commit to seeing the project through the process? Does the potential savings offset time that could be spent on other revenue-generating work?
- Are you able to attend meetings with local officials?

Many of the eligible costs included in a brownfield plan can be reimbursed, but TIR is limited, no matter how big or small a project is. Consider the return on investment of your time, and remember that many environmental consultants and attorneys will create brownfield plans and Act 381 work plans.

No matter the scale, the tax increment financing offers a path for attainable housing to fill gaps in the local market.

The 5/50 Tax and Tax Increment Revenue Capture In Tandem

When developing TIF plans for land bank-owned properties, it's important to understand the Eligible Tax Reverted Property Specific Tax (ETRPS Tax), commonly referred to as the 5/50 tax, and how it interplays with Tax Increment Financing.

Act 260 of 2003 provides for the levy of a specific tax upon property sold or otherwise conveyed by a land bank authority. Once an eligible property is transferred, the property is subject to the specific tax and not the regular ad valorem levy. The same millage rates apply as the ad valorem tax, however 50% of the tax generated is transferred each of the next five (5) tax years following disposition by the land bank. After the fifth year, the property reverts to the regular ad valorem tax levy.

A suggested thought-flow to follow when working with land bank properties and 5/50 might be as follows:

1. In years one to five after transfer, the 5/50 tax applies;
2. One-half of the tax levy goes to the land bank;
3. The other half is capturable for and can go into your TIF tables.
4. In year six and beyond, the 5/50 ends and the entire ad valorem amount levied and approved for local capture in TIF plans is available.

The Michigan Department of Treasury provides a calculation spreadsheet to determine the distribution of ETRPST to the brownfield authority, the land bank, taxing jurisdictions and the State. It is updated annually on their website.

A final note, the 5/50 tax may be waived by a land bank under Act 260 of 2003 (Tax Reverted Clean Title Act) Section 211.1025a Exemption, making the property subject to regular ad valorem taxes and TIF capture. Many times, a land bank will consider this arrangement, but keep in mind the 5/50 tax is the principal means of funding for land banks in Michigan, and their financial health is important to providing the parcel(s) that directly benefit from Housing TIF projects

City, BRA and LBRA Partnership for Attainable Housing

Marilyn Crowley
Vice President of Investment
Michigan Community Capital

About Michigan Community Capital (MCC)

- 501 (c) 3, private non-profit charity
- Originally Michigan Magnet Fund, founded in 2004 as a public private partnership between MSHDA, MEDC, and Great Lakes Cap Fund (now called Cinnaire) to attract New Market Tax Credits to the State of Michigan

Robinson LANDING

Housing Next- Housing Needs Assessment

HN HOUSINGNEXT

Ottawa County Housing Needs Estimates (2017 to 2022)			
	Housing Segment	Number of Units*	Priority
Rentals	Low-Income Rental Housing (<$625/Month Rent)	~1,515	High
	Affordable Workforce Rental Housing ($625-$1,249/Month Rent)	~1,065	High
	Market-rate Rental Housing ($1,250/Month Rent)	~818	Moderate
For-Sale	Entry-Level For-Sale Homes ($100K-$149K)	~771	Moderate
	Moderate-Income For-Sale Homes ($150K-$249K)	~1,659	High
	High-Income For-Sale Homes ($250K+)	~927	High
Senior Care	Senior Care Housing (Assisted Living)	~524 (Beds)	Moderate
	Senior Care Housing (Nursing Care)	~191 (Beds)	Low

*Number of units assumes product is marketable, affordable and in an appropriate location. Variations of product types will impact the actual number of units that can be supported. Additionally, incentives and/or government policy changes could encourage support for additional units that exceed the preceding projections.

Robinson Landing Project Summary

- MCC broke ground end of April 2021
- $8 million dollar development
- 30 for-sale, new construction homes on a quiet, tree-lined cul-de-sac.
- Subdivision through condominium
- Public- Private Partnership

https://www.robinsonlandingmi.com

Home Types and Price

16 of homes priced to be affordable to 80% AMI and in the Community Land Trust

(5) 2 Bed, 1 Bath- $139,000

(6) 3 Bed, 2 Bath- $159,000

(5) 3 Bed, 2.5 Bath- $179,000

14 homes priced to be affordable to 80-120% AMI

(5) 3 Bed, 2 Bath- $239,000

(9) 3 Bed, 2.5 Bath- $279,000

Affordable "By Design"

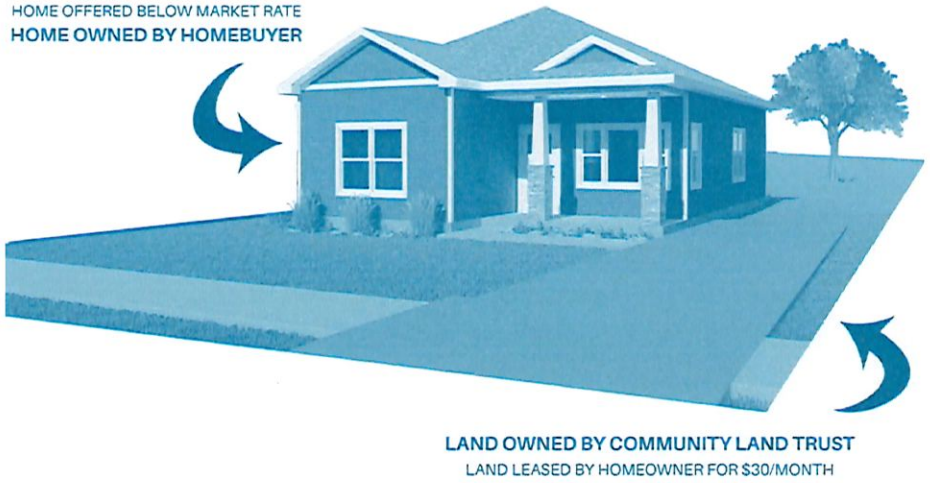
- Small lots (.15-.19 acres/lot)
- Modestly sized (940-1,450 sq ft)
- Panelized wood construction
- Slab-on-grade foundations (no basement)
- Garages are additional fee- not included in base price

Focus on "Long Term Livability"

- All Appliances are energy star and included in purchase price
- Pursuing Green Star Certification
- Roof has lifetime warranty
- Windows are high-quality Anderson 100 series (20-year warranty)
- Siding has 10-year 100% warranty and 20-year pro-rated warranty
- Grass Seeding and Landscaping Included

Grand Haven Area Community Land Trust

GRAND HAVEN CLT



- Started by City of Grand Haven
- Staffed by City of Grand Haven Staff
- Non-Profit with local stakeholders as board members
- Owns Land
- 99-year ground lease with home buyer
- $30/month
- Buyer must be 80% AMI or below
- Restrictions on resale price
- Home buyer education required

Creative Local Gap Filling Tools

- City Reduced Acquisition price to $32,000. Saved hundreds of thousands of dollars.
- City Reduced Tap fees from $10,000 per home to $1,000 per home. Saved $270,000
- Grand Haven Area Community Foundation approved a 2% interest- only Impact Investment for $1,500,000. Saved about $50,000 in interest and fees.

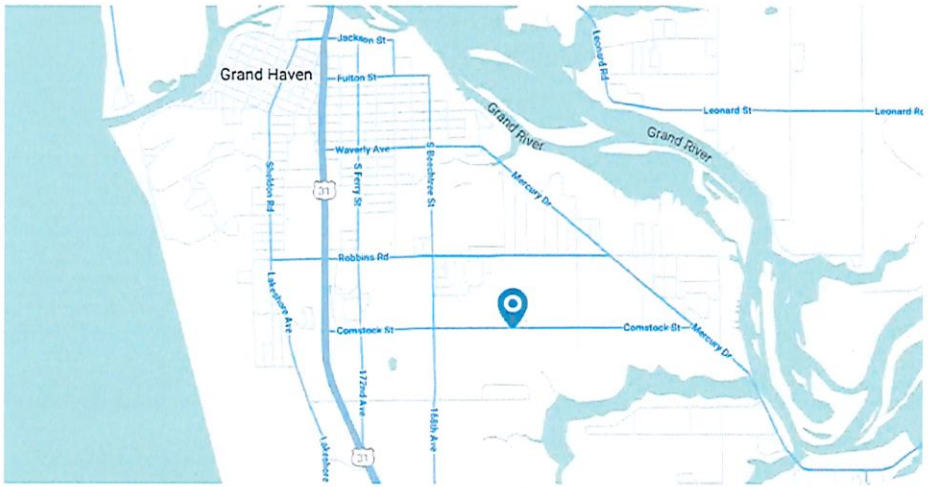
Brownfield Tax Increment Financing (TIF) Eligibility

- Facility (contaminated)
- Functionally Obsolete (as determined by level 3 or 4 assessor)
- Blighted (as outlined in the act)
- Being tax foreclosed or owned by landbank is a way to qualify a project as blighted
- Historic

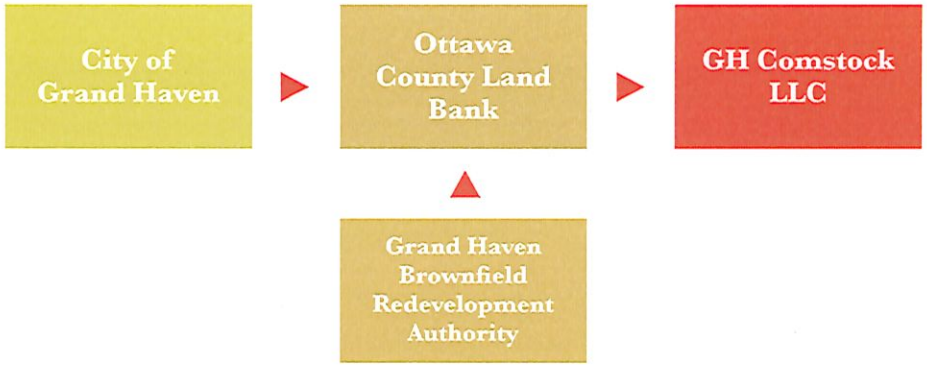
Eligible program uses under TIF include:

- Demolition
- Lead and asbestos abatement
- Site preparation
- Infrastructure improvements
- Assistance to land banks and local government units

Site- 7.5 Acres Owned by City of Grand Haven



Development Agreement

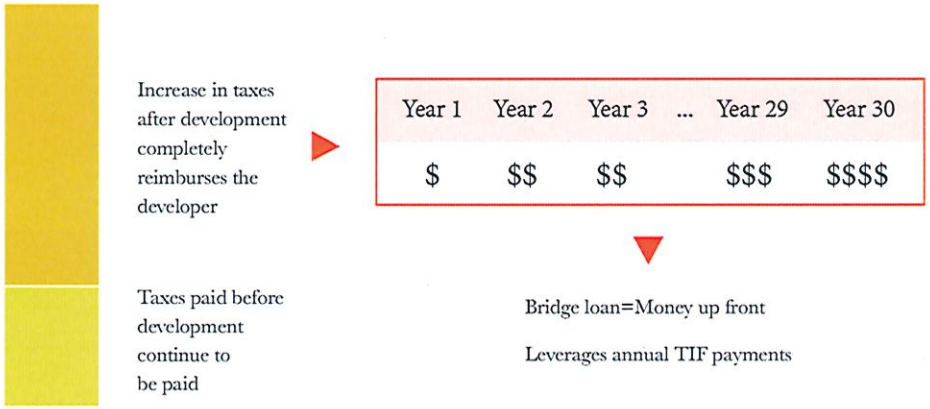


Robinson Landing TIF Plan

- Local- Only Plan
- 30 years
- Generates $175,133 for the Brownfield Redevelopment Authority
- Generates $362,106 for the Local Brownfield Revolving Fund
- Reimburses Developer for eligible activities

Summary of Local-only Eligible Activities	
Eligible Activities	**Cost**
Environmental Activities	
EGLE Pre-Approved Activities	$14,500
Sub-Total Environmental Activities	**$14,500**
Non-Environmental Activities	
Site Preparation	$374,087
Infrastructure Improvements	$1,374,995
Sub-Total Non-Environmental Activities	**$1,749,081**
Contingency (15%) *	$100,00
Brownfield Plan Preparation	$12,000
Brownfield Plan Implementation	$15,000
Interest (5%, simple) **	$1,074,840
Total Eligible Cost for Reimbursement	**$2,965,421**

Grand Haven Area Community Land Trust



Robinson Landing Sources and Uses

Project Budget	
Acquisition	$34,646
Legal	$23,500
Title	$8,750
Insurance	$22,621
Predevelopment A+E	$66,700
Environmental	$23,800
GMP with DK	$6,968,685
Contingency inside of GMP	$90,476
City Infrastructure	$217,673
Soft Cost Contingency	$15,000
Owner Contingency	$100,000
Commitment Fee	$10,664
Bank Interest Reserve	$321,367
Foundation Loan Interest Reserve	$30,000
Construction Tax Reserve	$35,000
Total Project Cost	**$7,968,882**

Project Sources	
Bank Loan	$4,300,000
MCC Equity (Repaid through home sales)	$293,750
Brownfield TIF Loan from MCC	$1,875,132
Grand Haven Area Community Foundation Loan	$1,500,000
Total Sources	**$7,968,882**

Robinson Landing Partners

- Michigan Community Capital: Developer-provided capital, guaranteed debt
- Housing Next: commissioned housing study, identified site, played "match-maker", encouraged pro-active zoning
- Grand Haven Area Community Foundation: $1.5M low-cost capital
- Ottawa County Landbank: transferred site to allow for brownfield eligibility
- City of Grand Haven: zoning updated to allow for smaller lots and smaller homes, reduced acquisition price, approval of brownfield tax increment financing, reduced tap fees by 90%, created a Community Land Trust
- Dart Bank- Construction Loan
- Blue West Properties: Local broker reduced commission to 1%

Summary

- **Workforce/ Attainable Housing needs will not be addressed by private market alone**
- **Most housing for working/middle class families will need subsidy**
- **Economic Development Professionals, Planners, City Officials and Businesses MUST be pro-active to encourage housing to meet their needs**
- **Identifying sites, completing market studies and raising capital all will help to attract investment**
- **Brownfield Redevelopment Authorities, Municipalities and Land Bank Authorities can work together to creatively incentivize the kind of housing their communities need**

Disclaimer:

The content of this guidebook is not a substitute for your own due diligence, analysis, calculations, and judgement. Where calculations and valuation tools are provided, they are intended for general illustration and education only. Any pre-defined values offered are generic and must be amended according to your own market research. We do not endorse any outputs calculated. As such, we will not be liable in respect of any damage, expense or any other loss you may suffer arising out of such information or any reliance you may place upon such information.

Carriage Town Neighborhood Project

The Flint Home Ownership Initiative was created through a partnership between Michigan Community Capital and Uptown Reinvestment Corporation to redevelop parcels owned by the Genessee County Land Bank Fast Track Authority or other vacant and blighted properties in the City of Flint. This infill project is the first phase where three separate parcels would offer a combined six units for sale.

By redeveloping this vacant non-tax-paying land with the creation of new market-rate homeownership opportunities, it will add vitality, improve public infrastructure, and be cohesive with the neighborhood's architectural fabric. The approved local Brownfield Plan includes seller concessions through selling or conveying property owned by the local land bank authority. Preliminary construction estimates value the hard costs at $170 per square foot, which creates a higher project cost than the appraised value for market-rate new construction homes.

Quick Facts

- Scattered Site Infill Development
- 3 blighted land bank owned parcels

412 W. Second Ave

- Construction of 2 duplexes offering 3-bedrooms 2-bathrooms each 1,250sf
- 4 total units

417 and 427 W. Second Avenue

- Construction of two 1,500sf single-family homes

Project Financials

- Investment estimated at $2,125,000
- Brownfield reimbursement of $651,677 plus the BRA Plan Administrative Fees
- 30 year plan duration

ELIGIBLE ACTIVITIES	NO. OF UNITS	UNIT TYPE	UNIT RATE	ESTIMATED TOTAL COST	REIMBURSEMENT ALLOCATION: EGLE ACTIVITIES	MSF ACTIVITIES	LOCAL-ONLY ACTIVITIES
ELIGIBLE ACTIVITIES							
Assistance to a Land Bank Fast Track Authority (LBFTA)							
Selling or otherwise conveying property owned by or under the control of a LBFTA							
Cost of Sale - 3 Bed, 2.5 Bath Units	2	EA	$ 102,817	$ 205,634			$ 205,634
Cost of Sale - 3 Bed, 2.0 Bath Units	4	EA	$ 87,217	$ 348,868			$ 348,868
Subtotal Assistance to a Land Bank Fast Track Authority				$ 554,502	$ -	$ -	$ 554,502
MSF AND EGLE ELIGIBLE ACTIVITIES SUB-TOTAL				$ 554,502	$ -	$ -	$ 554,502
Contingency (15%)			$ 83,175	$ 83,175	$ -	$ -	$ 83,175
Brownfield Plan Preparation	1	LS	$ 14,000	$ 14,000			$ 14,000
Interest (5%, simple)							$ -
TOTAL ELIGIBLE COST FOR REIMBURSEMENT:				$ 651,677	$ -	$ -	$ 651,677
State Brownfield Revolving Fund				$ -			
BRA Administrative Fees				$ 34,299			
Local Brownfield Revolving Fund (LBRF)				$ -			
GRAND TOTAL				$ 685,976			

NOTES:
These costs and revenue projections should be considered approximate estimates based on expected conditions and available information.
It cannot be guaranteed that the costs and revenue projections will not vary from these estimates.

Lakeshore Habitat for Humanity & Jubilee Ministries

This housing project in the City of Holland split a 3.25-acre lot into ten parcels to develop ten new single-family homes. In redeveloping this property owned by the land bank fast track authority, the total capital investment is estimated to be $2.6 million. This will raise the taxable value of the land while reactivating a property and providing new affordable housing. Home sales are intended for families earning between thirty (30%) percent and one hundred twenty (120%) percent of the area median income. The brownfield plan includes infrastructure improvements and land bank assistance related to the cost of sale expenses in selling the homes. As the cost of construction exceeds the projected sales price for homeowners, the costs associated with the sale and the difference between the sales price and purchase price are included as eligible activities.

Quick Facts

- Infill Development
- 10 affordable homes

Project Financials

- Investment estimated at $2,600,000
- Brownfield reimbursement of $746,800
- 11-year plan duration

Tax Increment Financing Reimbursement Table
Habitat/Jubilee Residential Project
Holland, Michigan
June 21, 2021

Developer Maximum Reimbursement	Proportionality	School & Local Taxes	Local-Only Taxes	Total
State	0.0%	$ -	$ -	$ -
Local	100.0%	$ -	$ 746,800	$ 746,800
TOTAL				$ 746,800
EGLE		$ -	$ -	$ -
MSF		$ -	$ 746,800	$ 746,800

Estimated Total Years of Plan: 11

Estimated Capture	$ 1,586,668
Administrative Fees	$ 79,333
State Revolving Fund	$ -
LSRRF	$ 746,800

	Beginning Balance	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Total State Incremental Revenue		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Brownfield Revolving Fund (50% of SET)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State TIR Available for Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Local Incremental Revenue		$ -	$ 49,115	$ 92,058	$ 132,439	$ 165,764	$ 168,930	$ 188,530	$ 192,050	$ 195,618	$ 199,229	$ 202,914	$ 1,586,668
BRA Administrative Fee (5%)		$ -	$ (2,456)	$ (4,603)	$ (6,622)	$ (8,288)	$ (8,447)	$ (9,427)	$ (9,603)	$ (9,781)	$ (9,962)	$ (10,146)	$ (79,333)
Local TIR Available for Reimbursement		$ -	$ 46,659	$ 87,455	$ 125,817	$ 157,475	$ 160,489	$ 179,109	$ 182,448	$ 185,837	$ 189,277	$ 192,769	$ 1,507,334
Total State & Local TIR Available		$ -	$ -	$ 87,455	$ 125,817	$ 157,475	$ 160,489	$ 179,109	$ 182,448	$ 185,837	$ 189,277	$ 192,769	$ 1,460,675
DEVELOPER													
DEVELOPER Reimbursement Balance	$ 746,800	$ 746,800	$ 700,141	$ 612,686	$ 486,869	$ 329,394	$ 168,904	$ -	$ -	$ -	$ -	$ -	$ -
MSF Non-Environmental Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
State Tax Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Tax Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total MSF Reimbursement Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
EGLE Environmental Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
State Tax Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Tax Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total EGLE Reimbursement Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Local Only Costs	$ 746,800	$ 746,800	$ 746,800	$ 700,141	$ 612,686	$ 486,869	$ 329,394	$ 168,904	$ -	$ -	$ -	$ -	
Local Tax Reimbursement		$ -	$ 46,659	$ 87,455	$ 125,817	$ 157,475	$ 160,489	$ 168,904	$ -	$ -	$ -	$ -	$ 746,800
Total Local Only Reimbursement Balance		$ 746,800	$ 700,141	$ 612,686	$ 486,869	$ 329,394	$ 168,904	$ -	$ -	$ -	$ -	$ -	
Total Annual Developer Reimbursement		$ -	$ 46,659	$ 87,455	$ 125,817	$ 157,475	$ 160,489	$ 168,904	$ -	$ -	$ -	$ -	$ 746,800
LOCAL BROWNFIELD REVOLVING FUND													
LBRF Deposits *		$ -	$ -	$ -	$ -	$ -	$ -	$ 10,204	$ 182,448	$ 185,837	$ 189,277	$ 179,034	$ 746,800
State Tax Capture	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Tax Capture	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,204	$ 182,448	$ 185,837	$ 189,277	$ 179,034	$ 746,800
Total LBRF Capture													

* Up to five years of capture for LBRF Deposits after eligible activities are reimbursed. May be taken from EGLE & Local TIR only.

Footnotes:
Land increment will be captured but TIF projections only show improvements capture for ease of reference
Assumes new taxable value based on proposed build out, plus 1.5% annual inflation increases thereafter
Assumes millage rate remains the same
*Assumes all Homestead with no school tax capture

River Hills Estates

The second phase of River Hills Estates residential development consists of 16 homes and the extension of River Hills Drive infrastructure. The average sale price of homes was anticipated at $200,000. The property was eligible for brownfield incentives because it had been conveyed to the Michigan Land Bank, thereby designating it. The taxable value prior to development was $21,399 and was estimated to be $1,632,000 upon completion.

The brownfield plan duration is 12 years and includes infrastructure improvements, site preparation, interest, contingency, and professional services. The local-only eligible activities total $617,545.

Quick Facts

- Construction of 16 new homes and necessary infrastructure

Project Financials

- $617,545 local-only eligible activities.
- 12-year plan duration

Table 1 - Summary of Eligibile Activities Costs
GDP Properties, LLC Redevelopment
212 South River Avenue, Holland, Ottawa County, Michigan 49423

Eligible Activities	Developer Incurred Costs	Total Reimbursable Tax Capture EGLE Act 381 Eligible Activities	Total TIF Capture
Non-Environmental Activities			
*Site Preparation**	*$72,000*	*$72,000*	$72,000
*Infrastructure Improvement***	*$216,000*	*$216,000*	$216,000
Interest (maximum 5% year)	*$139,196*	*$139,196*	$139,196
Brownfield Plan Preparation			
Brownfield Plan Preparation	$3,500	$3,500	$3,500
Eligible Activities Sub-Total	$430,696	$430,696	$430,696
Contingency (no more than 15 %)	$43,200	$43,200	$43,200
Newaygo County Plan Administration ($1,000 per year of capture)		$12,000	$12,000
Additional Capture for Local Brownfield Revolving Fund		$15,000	$15,000
State Land Bank Tax Capture (50% local taxes over 5 years)		$116,649	$116,649
Total	$473,896	$617,545	$617,545

City of Muskegon Infill Housing Project

The city-led redevelopment effort to transform108 parcels. Ten of the parcels contain homes to be rehabbed, and the remaining are vacant lots for new construction. Some of the 108 parcels will be split, resulting in a total of 249 properties. New residential units will be a majority of single-family homes, rowhomes, potentially some duplexes, and/or small multifamily.

The estimated total project cost is $49,500,000 with eligible activities of $5,877,000 over a maximum 30-year capture. The construction costs and final sales value of each home will vary. The brownfield plan includes a cost of sale eligible activity at an average of 10% of the anticipated sales value. The plan includes demolition, abatement, public infrastructure, administrative costs, and blight elimination.

Eligibility Activity Table

Eligibility Activity	Cost
Cost of Sale	$3,880,000
Demo & Abatement	$1,200,00
Public Infrastructure	$777,000
Brownfield Plan Preparation & Development	$20,000
Sub-total	$5,877,000
Contingency (15%)	$881,550
Total Eligible Activities to be paid under this Plan	$6,758,550

Quick Facts

Scattered site infill development and rehab across 108 land bank owned parcels

Brownfield Plan Breakdown

- 239 New homes
- 10 Rehabbed homes
- 195 New homes with cost of sale concessions
- 54 New homes without cost of sale concessions
- $3,880,000 Total cost of sale concessions
- $777,000 Public Infrastructure costs
- $1,200,000 Demo & abatement

Dusendang Project

110 Residential units

Rudy Briggs Project

32 Residential units

Community Encompass Project

5 Residential units

Land Bank Properties

12 Residential units

Former Farmers Market Properties

40 Residential units

Froebel School Property

40 Residential units

City Rehab Projects

10 Residential units