

MASON COUNTY BUILDINGS, PLANNING, DRAINS, & AIRPORT COMMITTEE

Meeting will be at the conference room at the Mason County Airport Terminal

June 25, 2024

3:00 PM

A. Roll Call

B. Approval of the Agenda

C. Approval of the Minutes

D. Reading of Correspondence

E. Limited Public Comments

F. Committee Work

1. Consideration of the 2023 Planning and Zoning Department Annual Report
2. Consideration of candidates to provide the Electrical Inspection Services
3. Consideration of a request to adopt a Property Maintenance Code or Ordinance
4. Consideration of quotes for the Johnson Road Cul-de-sac fencing project
5. Consideration of a request from Mason-Oceana DHHS to use the Main Terminal Lobby for Operation Good Cheer on the morning of December 7th
6. Update on the Airport Conference Room Audio options
7. Update on the Airport camera system proposals
8. Update on Runway 8/26 Rehabilitation Project
9. Consideration of a request to purchase a vacant strip of land next to 210 N. Staffon
10. Consideration of a Memorandum of Understanding/Predevelopment Services Agreement
11. Consideration of New Brownfield Redevelopment laws to support housing

G. Limited Public Comments

H. Any other business

I. Adjournment

Mason County Buildings, Planning, Drains, & Airport Committee Meeting
May 28, 2024

Commissioner Hull called the Buildings, Planning, Drains & Airport Committee Meeting to order at 3:00 p.m. in the conference room of the Mason County Airport, 5300 W. US Hwy. 10, Ludington, Michigan 49431. Members Present: Hull, Andersen, and Krieger. Absent: None. Others present: Administrator Knizacky, Deputy Administrator Szczyпка, Airport Manager O'Connor, and Clerk Kelly. Member of public: Britney Wright, District 10 Health Department.

Motion by Andersen and seconded by Krieger to approve the agenda with the addition of the request from the Western Michigan Fair Board. Motion carried.

Motion by Krieger and seconded by Andersen to approve the minutes of April 23, 2024. Motion carried.

Correspondence: None.

Limited Public Comments: None.

Consideration of a Crack Seal and Paint Marking Contract: Airport Manager O'Connor reviewed the contract for Crack Seal and Paint Marking. Motion by Andersen and seconded by Krieger to send the Consideration of a Crack Seal and Paint Marking Contract to the full Board. Motion carried.

Consideration of airport fence proposals: Waiting for additional proposals, no action taken.

Consideration of an update related to Runway 8/26 Rehabilitation project: Airport Manager O'Connor provided an update on the current project. Hoping to have the airport open by June 11, 2024. Pappi lights delayed delivery until August.

Consideration of a request to create a sensory clinical room in the Ludington office of District Health Department #10: Britney Wright of District 10 Health Department reviewed the request to establish a sensory clinical room at the DHD Building. A grant was awarded to complete the project. Request permission to take down existing wallpaper and to paint the room. Motion by Krieger and seconded by Andersen to approve the request to create a sensory clinical room and remove the wallpaper and repaint. Motion carried.

Consideration of a request to purchase a vacant strip of land next to 210 N. Staffon: Administrator Knizacky reviewed the request of an adjacent property owner to purchase a small strip of land that the County owns at 210 N. Staffon Street. Motion by Hull and seconded by Andersen to authorize Administrator Knizacky to obtain pricing information and bring it back to the Committee for review. Motion carried.

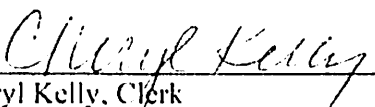
Consideration of a request to discuss the possibility of selling a vacant strip of land in Grant Township: The Committee reviewed the request from Grant Township to consider the sale of a parcel of land owned jointly by the County and Grant Township. Motion by Krieger and seconded by Andersen to authorize Administrator Knizacky to obtain a proposal for sale. Motion carried.

Consideration of a request to allow parking at the Western Michigan Fairground Association (WMFA): The Committee reviewed the request from the WMFA to rent parking space at the fairgrounds for approximately 700 cars, and bus the occupants of the vehicles to Stix Bar for an upcoming concert on Friday, June 14, 2024. Discussion ensued. Motion by Hull and seconded by Andersen to have Administrator Knizacky recommend that the Fairgrounds not be used due to the County 60-day notice policy, which was not given; and the County policy that states that County property cannot be used for economic purposes or for-profit purposes. Motion carried. Commissioner Krieger abstained from the vote.

Limited Public Comment: None.

Any other business: None.

The meeting was adjourned at 4:32 p.m.


Cheryl Kelly, Clerk



2023 ANNUAL REPORT

2023 PLANNING COMMISSION/ZBA:

- Active Meeting Schedule: Planning Commission (13 meetings), Zoning Board of Appeals (5), Access Mgt. Advisory Board (2), Municipal Junk Authority (5)
- Commercial Projects: Hobby Lobby, Filer Credit Union, Griswold Dentistry, Barothy Lodge (2 new lodges), Branch Township Fire Department, Amber Township Hall

Activity for 2023

- The Zoning Office did see a steady flow of permit applications throughout the year.
- The Zoning Board of Appeals met less frequently than in 2022.
- The Planning Commission continued the process for updating the Zoning Ordinance.

2014-2023 Zoning Permits/Revenues

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Permits	218	230	246	248	205	253	195	198	225	234
Revenue	\$19,900	\$20,250	\$23,250	\$23,135	\$16,150	\$14,550	\$14,675	\$14,200	\$18,740	\$17,725

Table 1: 2023 Data by Township

	Site Plans					ZBA		Other				Total
	Routine	Special Use	Permitted Use	Admin Site Plan	Site Amendment	Variance	Appeal or Interpret	Amend Text or Map	Temp. Camper	Temp Comm.	Access Mgt.	
Amber	35	2	3	4	1	2			1	1	2	51
Branch	26					1			4			31
Custer	10							1				11
Eden	9	2										11
Logan	13					3						16
Meade	6								2			8
Riverton	15											15
Sheridan	24								10			34
Sherman	6					1						7
Summit	18					1			1			20
Victory	22	1		1		1			4			29
At Large/Airport	1											1
Total	185	5	3	5	1	9	0	1	22	1	2	234

Table 2: 2023 Decision Outcomes

	Approve	Approved w/ Conditions	Deny	Cancel
Variance	6	0	1	2
Interpretation/Classify	0	0	0	0
Appeal	0	0	0	0
Special Use	4	1	0	0
Map Amendment	1	0	0	0
Text Amendment	0	0	0	0

TABLE 3: SPECIAL USE AND VARIANCE TRENDS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SPECIAL USE:										
% of permits requiring special use	5.0%	3.9%	5.3%	4.8%	5.4%	2.4%	0.0%	0.0%	3.6%	2.1%
VARIANCE:										
% of variance permits	5.5%	4.4%	5.7%	6.0%	3.9%	4.3%	0.1%	0.2%	2.7%	3.0%
Variance Outcomes:										
Denied Variances	8.3%	20.0%	14.0%	27.0%	12.5%	27.3%	0.0%	50.0%	42.8%	14.3%
Modified Variances	25.0%	10.0%	7.0%	13.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Approved Variances	66.7%	70.0%	79.0%	53.0%	75.0%	72.7%	100.0%	50.0%	57.2%	85.0%

TABLE 4: APPLICATION TRENDS (2014-2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Routine Zoning**	164	179	183	176	155	203	159	166	179	194
Special Land Use*	11	9	13	12	12	6	3	5	8	5
Site Plan Amendment	x	x	x	x	x	5	2	1	2	1
Variance	12	10	14	15	8	11	10	4	6	9
Appeal/Text or Map Amendments	1	2	0	2	0	0	0	0	4	1
Temporary Trailer	20	19	19	22	26	25	14	19	24	22
Temporary Commercial	2	2	2	2	3	1	2	2	2	1
Airport	0	1	1	4	1	2	5	1	0	1
Interpretations/Classify Use	1	0	1	2	0	0	0	0	0	0
Total Zoning Applications	211	222	233	235	205	253	195	198	225	234

*Special Land Use includes amendments. (2 in 2018)

**Routine Zoning includes site plan reviews, administrative site plan reviews, and access management.



Mason County

Building Department

102 E. FIFTH STREET, SCOTTVILLE, MICHIGAN 49454

(231) 757-9345

www.masoncounty.net

2023 BUILDING DEPARTMENT REPORT

Attached data compiled by Tammy Lowe

Board of Commissioners and Township Officials:

Attached are breakdowns for Building, Mechanical, Electrical, and Plumbing permits issued in 2023. All mechanical, electrical, and plumbing activity in Mason County is permitted through this office. Building permits cover all of Mason County except the City of Ludington and Pere Marquette Charter Township which have their own building inspection departments. (Pere Marquette and City of Ludington annual reports attached)

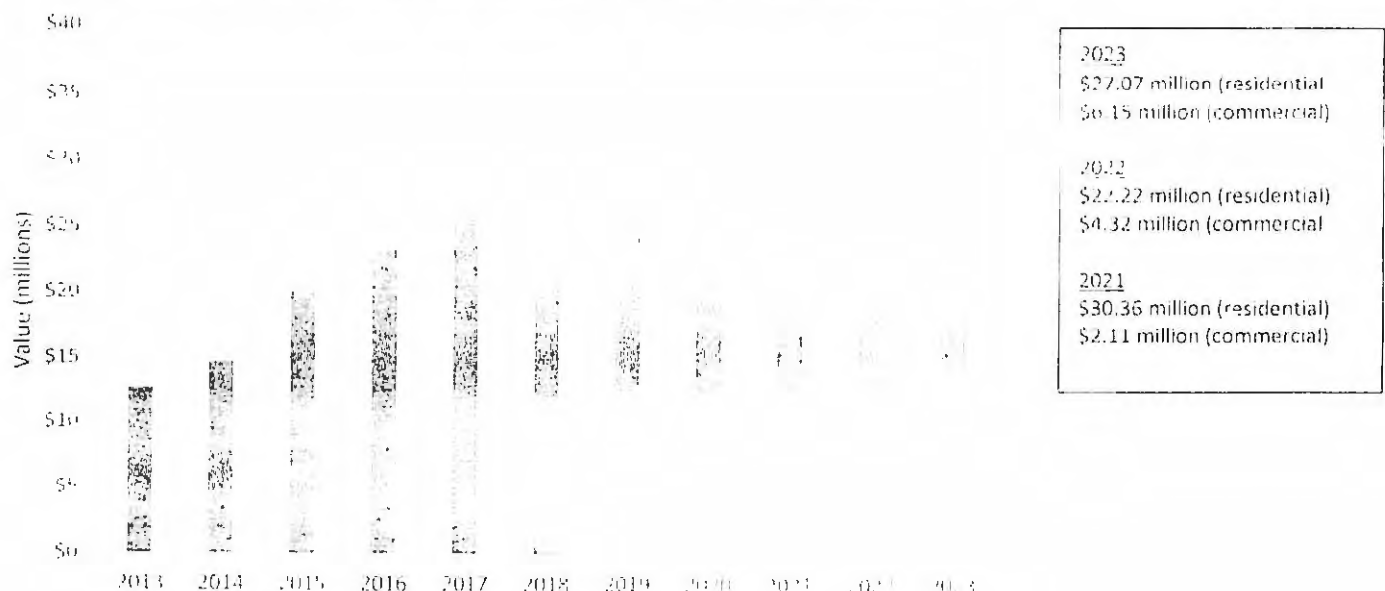
SUMMARY

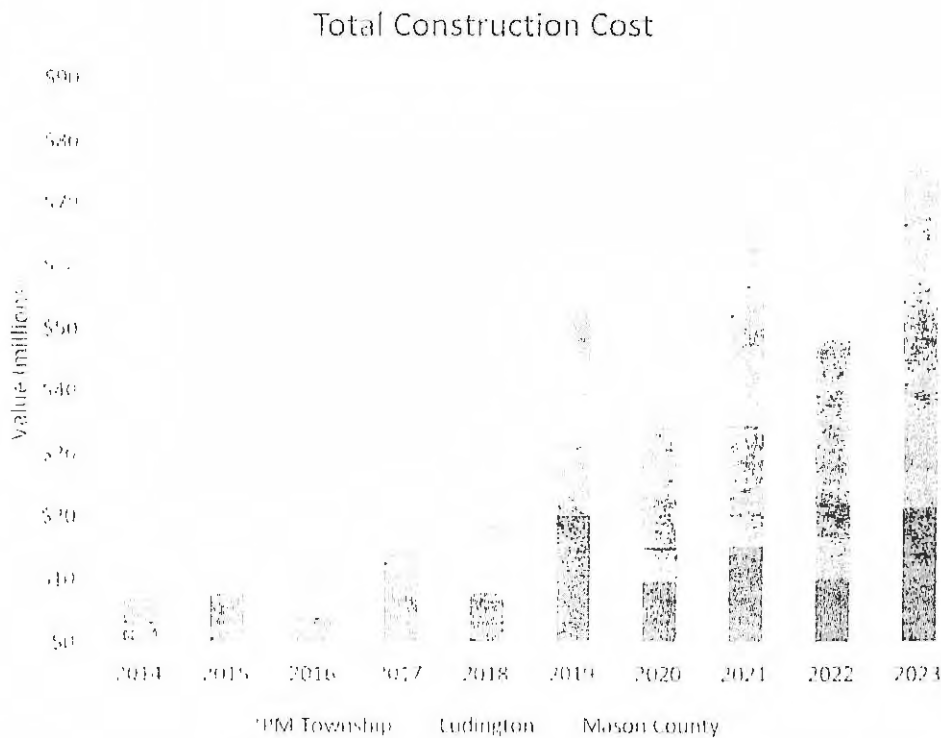
PERMITS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building	422 (65)	429 (88)	461 (112)	547 (99)	539 (102)	530 (81)	560 (102)	540 (99)	594 (195)	611 (200)
Electrical	650 (20)	634 (29)	628 (28)	715 (31)	693 (37)	775 (33)	793 (84)	1,345 (171)	1,327 (171)	960 (54)
Mechanical	528 (9)	573 (13)	630 (13)	646 (17)	628 (18)	615 (6)	775 (45)	1,181 (63)	1,340 (63)	1,058 (36)
Plumbing	203 (16)	212 (19)	197 (26)	252 (25)	258 (27)	201 (22)	274 (33)	428 (56)	514 (56)	394 (49)

*In 2013, a renewal permit was required after 1 year, then at 6-month intervals. Of the 611 building permits obtained in 2023, 200 were either renewal permits or additional fees.

PERMIT REVENUE	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building	116,321	116,275	145,042	132,779	154,884	230,994	167,488	181,272	192,913
Electrical	74,917	72,437	90,978	90,644	123,537	90,889	200,163	186,377	103,523
Mechanical	68,910	72,813	85,165	83,367	107,000	99,431	165,480	180,795.45	138,677.90
Plumbing	29,104	29,895	36,625	40,353	43,944	40,351	77,554	86,617	56,924
TOTAL	\$289,252	\$291,420	\$357,810	\$347,143	\$429,365	\$461,665	\$610,685	\$635,061.45	\$492,037.90

Mason County Building Department Construction Value





SUMMARY OF ACTIVITY:

- In 2023, the estimated construction value for Mason County, Pere Marquette Township, and the City of Ludington was approximately \$78.39 million.
- The Building Department saw trends remain pretty consistent with the previous couple of years regarding the number of permits issued and revenue received; however, there was a significant increase in the value of residential construction spread throughout more than Hamlin and Amber Townships.
- **Commercial:** There was an increase in commercial activity for 2023. There were very notable projects throughout the County, including the beginning of the construction of Hobby Lobby, Filer Credit Union, Hampton Inn & Suites, Branch Township Fire Department and Township Hall, and Hobby Crest's Restaurant.
- **Top Commercial Values:** City of Scottville \$2.36 million, Amber \$2.03 million, Hamlin \$846k
- **Residential:** Free Soil \$6.77M, Hamlin \$3.21M, Summit \$2.94M, Amber \$2.17M, Branch \$2.08M, Scottville \$1.91M, Victory \$1.72M, Grant \$1.45M, Sheridan \$1.39M, Riverton \$915K, Logan \$798K, Sherman \$730K, Custer \$504K, Eden \$313K, Meade \$157K

Trends in 2022:

- Aside from Permit Extensions, Pole Buildings and Garages made up a majority of the permits issued (105/611).
- A significant amount of permits were renewed from 2022 for additional 6 month increments (119).
- There were 33 building permits issued for commercial projects which is slightly more than the number issued in 2022 (25).

Municipal Junk Authority of Mason County

102 E. 5TH STREET
SCOTTVILLE, MI 49454
(231) 757-9272

Mason County Board,

Mason County Zoning's field person from 2022, Chris Kotecki, returned for his third season. Mr. Kotecki picked up where he left off in 2022 by visiting the problem properties from the year before first to see what he was looking at for the season. We did decide to continue with the 30 day warning prior to issuing a citation as this method did seem to rectify a majority of our junk issues in the past; however, we found people were learning they were only being held accountable to pay for one ticket by the court and the rest were closed, or if the ticket was not responded to within a certain amount of days, the ticket would be closed. Chris Kotecki has continued communication with the Magistrate's Office each season to try and rectify the issues we are having with the ticketing process. The process is changing in 2024 with the plan to hire new legal counsel and update the Junk Ordinance in hopes to be more aggressive with enforcement and ultimately reach compliance on more properties.

The Junk Authority Board did not conduct a tire recycling day. The Board is planning to hold an event in 2024 if volunteers can be obtained.

The Junk Authority Board voted in 2023 to assess dues for the 2024 year in order to fund new legal counsel and a Junk Authority Ordinance update beginning in 2024.

We are looking forward to continuing with Chris Kotecki through the 2024 season. Please continue to contact the office with your junk complaints as this really is a help to us. Thank you for your continued guidance and support!

2023 Junk Enforcement Activity		
	Open	Closed
Amber	1	3
Branch	6	3
Custer	0	1
Custer Village	0	2
Eden	0	1
Meade	2	1
Riverton	0	0
Victory	0	0
TOTAL	9	11

Best Regards,

Cayla Sanders
Planning and Zoning Director

2023 Board Members

Mike Shoup, Branch Twp.

Lois Krepps, Meade Twp.

Frank Martinechek, Custer Twp. & Village of Eden

Roger Nash, Eden Twp.

Dick Mowat, Victory Twp.

Gary Dittmer, Riverton Twp.

Jim Mazur, Victory Twp.

WILSON COUNTY CHARTER TOWNSHIP

BUILDING AND ZONING DEPARTMENTS

ANNUAL ACTIVITY

January 1 to December 31, 2023

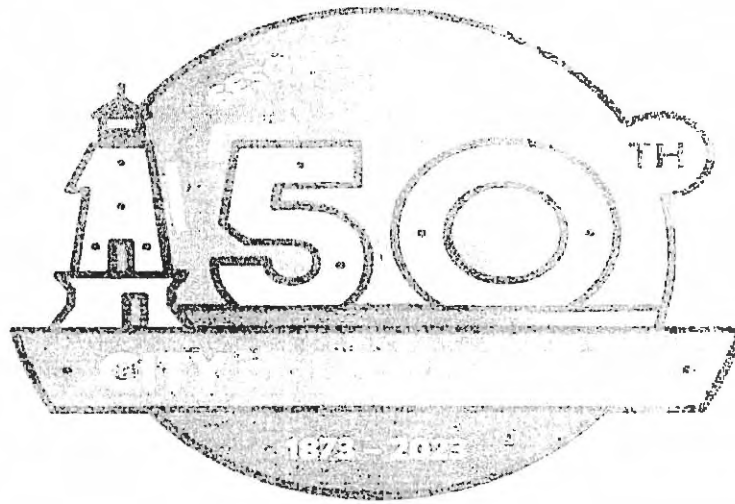
The Building and Zoning Department issued **92 building permits and 92 zoning permits** from January 1 to December 31, 2023. The estimated construction costs totaled \$ **21,673,146**. A total of \$ **53,048.44** was collected in permit fees. The following is a breakdown of the permits issued in 2023:

BUILDING PERMITS

Category	Permit Fees	Estimated Construction Costs	Number of Permits
Carried Over (OLD) Permits	\$ 225.00	\$ 8,500.00	1
Commercial, Add/Alter/Repair	\$ 13,302.72	\$ 2,812,206.00	5
Commercial, New Building	\$ 1,210.98	\$ 975,000.00	2
Commercial, Utility Building	\$ 75.00	\$ 8,000.00	1
Deck	\$ 675.65	\$ 53,700.00	5
Demolition	\$ 750.00	\$ -	10
Industrial, Add/Alter/Repair	\$ 537.50	\$ 1,510,000.00	2
Industrial, New Building	\$ -	\$ -	
Pole Barn	\$ 330.40	\$ 32,000.00	1
Pool	\$ 164.80	\$ 65,000.00	1
Relocate / Move Structure	\$ -	\$ -	
Permit Renewals	\$ 2,250.00	\$ -	*30 total permit renewals
Residential, Add/Alter/Repair	\$ 6,109.05	\$ 2,649,225.00	37
Residential, Modular	\$ 857.08	\$ 350,000.00	1
Residential, New Building	\$ 23,779.86	\$ 12,608,709.00	12
Residential, Utility Building	\$ 780.40	\$ 89,400.00	6
Signs	\$ 2,000.00	\$ 75,162.00	8
Building Totals...	\$ 53,048.44	\$ 21,236,902.00	92

ZONING PERMITS

Category	Permit Fees	Estimated Construction Costs	Number of Permits
Acc Bldg <200 sq ft	\$ 125.00	\$ 23,100.00	4
Conditional Use	\$ 1,500.00	\$ -	3
Fence (Under 7')	\$ 300.00	\$ 89,844.00	12
Land Divisions & Boundary Adj	\$ 400.00	\$ -	2
Mobile Food Vendor (Food Court)	\$ 465.00	\$ -	1
PUD / Map Change / Rezone	\$ -	\$ -	
Site Plan, Planning Commission	\$ 200.00	\$ -	2
Site Plan, Zoning Administrator	\$ -	\$ -	
Temporary Permit	\$ 400.00		8
Variance	\$ 1,950.00	\$ -	4
Zoning Compliance	\$ 2,025.00	\$ 323,300.00	56
Zoning Totals...	\$ 7,365.00	\$ 436,244.00	92
GRAND TOTALS...	\$ 60,413.44	\$ 21,673,146.00	184



2023 YEAR END REPORT

Code Enforcement

Heather Tybirk
Susan Reed
Cynthia Kline
Kathleen Kline
Marilyn Kline

Department Staff:

Community Development
Building Department
City of Everett
City of Everett
City of Everett

BUILDING DEPARTMENT

The building department had a 53% increase in construction value in 2023. There were 214 permits issued with a total of over 23 million dollars in construction cost. Fees in the amount of \$82,826 were collected.

2023 Construction Project Highlights:

• 1 Atkinson	Corewell Health	\$15,000,000
• 809 W Ludington	Water's Edge Suites	\$3,000,000
• 902 N Rowe	Flora Craft	\$2,000,000
• 301 W Ludington	Land Management (Wesco)	\$1,300,000
• 104 Water Street	Sunset Hills Condos	\$1,000,000
• 411 S Rath	Schrader Trust	\$700,000
• 906 N Lakeshore	Cartier Campground	\$700,000
• 129 W Ludington	Riemer Investments	\$600,000
• 1 Atkinson	Spectrum Hospital	\$508,000
• 1001 N Rowe	Schoenherr Real Estate	\$310,000
• 201 W Loomis	West Shore Bank	\$260,000

The following is a breakdown of the permits issued:

	COST	FEES
Commercial Add/Alter/Repair	\$19,119,494	\$54,112
Commercial/ New Building	\$700,000	\$11,956
Commercial/Utility	\$12,000	\$359
Demolition/Moving	\$55,200	\$723
Garages/ Attached/Detached	\$119,632	\$825
Industrial/Add/Alter/Repair	\$0	\$0
Industrial New Building	\$0	\$0
Residential Foundation	\$0	\$0
Residential/Add/Alter/Repair	\$1,941,582	\$10,275
Residential/Modular/Foundation	\$0	\$0
Residential/Multi-family	\$0	\$0
Residential/Two-family	\$0	\$0
Residential/Single-family	\$1,211,294	\$2,642
Signs/ New/Replace/Repair	\$41,388	\$800
Zoning Permits	<u>\$309,585</u>	<u>\$1,731</u>
TOTALS	\$23,510,175	\$83,423

CONSTRUCTION COST COMPARISON

CATEGORY	2020	2021	2022	2023	% CHANGE 2022 - 2023
COMMERCIAL	1,218,450	7,404,064	7,053,114	19,831,494	181.05 %
INDUSTRIAL	30,000	330,000	0	0	0 %
RESIDENTIAL	3,690,412	10,334,519	4,714,804	3,272,508	30.59 %
MISC	66,941	638,070	460,898	96,588	79.04 %
ZONING	112,714	233,044	171,775	309,585	80.23 %
TOTALS	\$5,118,517	\$18,939,697	\$11,819,509	\$23,510,175	98.91 %

BUILDING PERMITS AND FEES COMPARISON

FEES

CATEGORY	2020	2021	2022	2023
COMMERCIAL	6,328	24,575	23,670	66,427
INDUSTRIAL	292	828	0	0
RESIDENTIAL	18,972	50,220	18,262	13,742
MISC	990	2,309	2,905	1,523
ZONING PERMIT	605	810	1,377	1,731
TOTALS	\$27,187	\$78,742	\$46,214	\$83,423

NUMBER OF PERMITS

CATEGORY	2020	2021	2022	2023
COMMERCIAL	13	36	23	31
INDUSTRIAL	1	1	0	0
RESIDENTIAL	80	94	83	76
MISC	13	20	30	22
ZONING PERMIT	65	75	96	85
TOTALS	172	226	232	214

*Note: Miscellaneous Permits = Demolition, Moving and Signs

CODE ENFORCEMENT

2023 VIOLATIONS

LUDINGTON CITY CODE (GRASS)	182
JUNK	39
LUDINGTON ZONING ORDINANCE #23-00	230
BUILDING CODE	7
PROPERTY MAINTENANCE (STRUCTURE)	27
IN OPERABLE VEHICLES	21
CITY CODE	134
FIRE CODE	2
TOTAL	642

In 2023, the department processed 642 code enforcement issues. The City does not have a dedicated Code Enforcement officer. Code enforcements are handled primarily by the Building Inspector/Zoning Administrator and City staff along with resident complaints and inquiries.

RENTAL INSPECTION PROGRAM

RENTAL UNIT SUMMARY

UNITS REGISTERED AS OF 12/31/2023	1622
PERMITTED BY PERMIT INSPECTION	171
PERMITTED BY COMPLAINTS	79

SHORT TERM RENTAL PROGRAM

There are 50 registered and licensed Short-Term Rentals. The Short-Term Rental program only allows two short term rentals per block and only one short term rental per property owner and in 2023 it was determined that they must have 150 foot minimum distance between them. This does not include condominium units that were granted with Special Land Use approval according to their Master Deeds. There are six Short Term Rentals that were grandfathered in to the program. There is a \$500.00 application renewal fee, \$1,500.00 license renewal fee and \$100.00 per inspection with the minimum of one inspection. These fees are on a fixed three-year schedule, 2024 is our renewal year. There are currently eight on the waiting list. The waiting list was enacted due to the fact that a STR license does not go with the sale of a property. When a STR is sold the next person on the waiting list is offered the position for their property. To be added to the waiting list there is a non-refundable \$500.00 application fee.

SHORT TERM RENTAL PERMIT INSPECTIONS	49
SHORT TERM RENTAL PERMIT APPLICATIONS	26
SHORT TERM RENTAL PERMIT APPLICATIONS	75

PLANNING AND ZONING

2023 Planning Commission Members & Term Expirations:

Patrick O'Hare, Chairperson - 2023

Cory Rickett, Vice-Chair – Resigned 6/7/23

Jeff White, Vice-Chair & Secretary – 2024

Melissa Reed, Secretary - 2023

John Terzano, City Council Liaison – 2023

Jeff Beilfuss – Resigned 9/11/23

John Kreinbrink - 2025

Adam Johnson - 2025

Melissa Boggs - 2024

Chris Burns - 2024

Jordan Miller - 2024

According to the Michigan Enabling Act: "A planning commission shall make an annual written report to the legislative body concerning its operations and the status of planning activities, including recommendations regarding actions by the legislative body related to planning and development."

The Ludington Planning Commission met eight times in 2023. This meets the requirements of the MPEA. The sub-committees met as follows: Text Committee met five times, the Zoning Committee met 21 times (this included UDO Study Sessions), the Special Land Use Committee met five times and approved nine SLUs and the Site Plan Review met for three reviews in 2023.

Site Plan Reviews Approvals:

- 106 Laura Street – 97-Unit Apartment Complex (Four Buildings) – 9/22/2023
- 201 & 205 E Foster – Adaptive Reuse of an Existing Non-Conforming Structure for 13 Housing Units – 11/10/2023
- 705 S Madison – 42-Unit Apartment Complex (Two Buildings) – 11/10/2023

Special Land Use Approvals:

- 924 E Ludington Avenue – Chiropractic Office – 3/1/2023
- 504 Resseguie – Addition of Attached Garage – 4/5/2023
- 1201 Kenowa – In-Home Group Childcare – 4/5/2023
- 109 N William – Enhancing Refrigeration System – 4/5/2023
- 311 N William – Request for a lean-to on existing garage that exceeds zoning – 8/2/2023
- 601 Fifth – Conversion of a single-family home to a two-unit rental – 8/2/2023
- 707 S Washington – Addition on the back of a non-conforming storage building – 8/2/2023
- 201 E Foster – Adaptive Reuse of an Existing Non-Conforming Structure for 13 Housing Units – 11/1/2023
- 105 & 107 Water Street – Three-Unit Motel Resort with a Marina and Café – 12/13/2023

Approvals to changes to the Ludington Zoning Ordinance #23-00:

- 721 S Washington – Addition of Licensed Campground – Ord. No. 517-23 – 6/26/2023
- Sign Ordinance – Ord. No. 518-23 – 6/26/2023

Master Plan Review:

The Master Plan was reviewed at the November 1, 2023 Planning Commission meeting. With the Unified Development Ordinance well underway, this will mesh greatly in keeping with the Master Plan. The Sign Ordinance was adopted on June 6, 2026. Other items that align with the Master Plan include a 97-unit apartment complex on Laura Street offering quality housing and increasing density and it is a development on vacant land in the Downtown and Waterfront area. This provides walkability to many amenities. The City celebrated its sesquicentennial this year and numerous social events bringing

community enrichment to the City, such as Love Ludington Weekend, which featured a street party with the Budweiser Clydesdales making an appearance. Heritage-based events were celebrated throughout the year including cemetery walks, recreations of historic trials and a commemorative city council meeting. Upgrades continue at Ludington High School to ensure the future of our youth. We are also very close to earning our Redevelopment Ready Community (RRC) certification.

Trainings:

- Building Inspector and Zoning Administrator, Shaun Reed, attended monthly continuing education through Northern Michigan Code Officials. He completed the Master Citizen's Planner Certification courses.
- Planning & Assessing Clerk, Karen Haldeman, Completed Board of Review Training, attended the Michigan Assessor's Association Summer Conference and completed and earned 20 hours of continuing education credits in Assessing.
- City Assessor, Dan Kirwin attended the Michigan Assessor's Association Summer Conference and was an instructor at the Fall Education Session and received 16 hours of continuing education credits.

Other Items:

The Unified Defined Ordinance (UDO) process is expected to be complete around August of 2021.

2023 Zoning Board of Appeals Members & Term Expirations:

Mike Nekola, Chairperson - 2024
Sonja Siewert, Vice-Chair - 2025
Adam Johnson, PC Liaison - 2022

Linda Miller - 2024
Margaret Ashton - 2023
Nanette Kibbey-Scribner - 2023
Julie Giles Sherlock - 2025

Zoning Board of Appeals Hearings:

- 319 N Ferry - Request for a 2.5 ft variance to setback requirement - 4/9/2023 - Approved
- 501 First St D - To allow for an accessory building to be on a lot without a principal structure - 7/18/2023 - Denied
- 122 N Ferry - Requesting a parcel split that would create parcels that would not meet the minimum size requirements for the M-R District - 7/18/2023 - Approved

CONCLUSION

The Assessing, Planning & Zoning, Building, Code Enforcement and Rental departments continue to thrive as a unit under the supervision of the Community Development Director. Regular reviews of cross-training between departments continue to take place as they arise.

Thank you to the Planning Commissioners and the Zoning Board of Appeals members. These volunteer positions often have more than one meeting per month and meet after hours many times. Their hard work, talents, perspectives and dedication are appreciated. The City Staff puts in countless hours throughout the year planning for these meetings, writing ordinances, creating maps and they work seamlessly together.

To: Mason County

From: Kevin Greiner

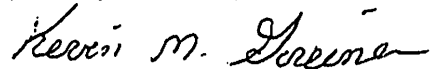
Date: May 31, 2024

RE: Termination of Services

To Whom It May Concern:

Please let this letter show as my 30 day notice of the termination of my contract with Mason County for Electrical Inspection services. The 30 days shall start from the date of this letter.

Respectfully Submitted,

A handwritten signature in black ink that reads "Kevin M. Greiner". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Kevin Greiner

Knizacky, Fabian

From: Sanders, Cayla
Sent: Wednesday, June 19, 2024 10:23 AM
To: Knizacky, Fabian
Cc: Szczypka, Kaitlyn
Subject: Property Maintenance Code Request Received

Good morning Fabian,

After the Planning Commission meeting last night, I was approached by Lou Squires regarding a house that had fallen into a state of disrepair. Mr. Squires wanted to know what Zoning could do about it. According to the Ordinance, "The owner of any building or structure which has been damaged or destroyed by fire, windstorm, or other casualty shall repair such damage within one (1) year after its occurrence to meet current Building Code Standards. In the event the building or structure is damaged beyond repair, any part left standing after such damage or destruction shall be razed pursuant to a Building demolition permit therefore to be granted pursuant to this Ordinance. **For the purposes of this Section, a casualty shall not include damage or disrepair caused by a lack of maintenance.**" (Section 3.32) This means a dilapidated building does not constitute as a Zoning violation.

In order for action to be taken on buildings that have fallen into a state of disrepair due to lack of maintenance, the County would have to adopt a Property Maintenance Code or Ordinance in order to start condemning buildings. The adoption of such a code or ordinance would require additional staff, and because of this, I am seeking the input of the BPDA Committee before taking the request to the Planning Commission to modify the Zoning Ordinance in any way.

Thank you for your attention to this matter.

Have a great day,
Cayla

Cayla Sanders

Mason County Zoning & Building Director
102 E. 5th St.
Scottville, MI 49454
(231) 757-9272 ext 310
(231) 757-9345 ext 3103.2

Knizacky, Fabian

From: O'Connor, John
Sent: Monday, June 17, 2024 12:12 PM
To: Knizacky, Fabian
Cc: Szczypka, Kaitlyn
Subject: BPDA Meeting
Attachments: Mason County Airport.docx; quote_3852.pdf; quote_3846.pdf

Good afternoon Fabian,

Here are the items I would like to take to the next BPDA Committee meeting on Tuesday, June 25th.

- Formal quotes for Johnson Road Cul-de-sac fencing project (attached)
 - Straight Fence is lowest per/ft cost
- Request from Mason-Oceana DHHS to use the Main Terminal Lobby for Operation Good Cheer the morning of December 7th.
- Update on Airport Conference Room Audio options
- Update on Airport camera system proposals
- Update on Runway 8/26 Rehabilitation Project

Let me know if there are any questions.

Thank you for the consideration.

John L. O'Connor, C.M.
Airport Manager
Mason County Airport (KLDN)
Ludington, MI
231-843-2049 (Office)
231-690-2029 (Mobile)
joconnor@masoncounty.net

This e-mail system is the property of the County of Mason. All data and other electronic messages within this system are the property of the County of Mason. E-mail messages in this system may be considered County Records and therefore may be subject to Freedom of Information Act requests and other legal disclosure.

Straight Fence

1434 Pine Creek Road
(231) 398-2073 / Cell 231-690-3429
Fax: (231) 398-0578
straightfence1@gmail.com

Estimate

06/15/2024

To: Mason County Airport
Attn: John L. O'Connor, C.M.
Ludington, MI 49431
231-843-2049
231-690-2029
jocconnor@masoncounty.net

Work to completed at Mason County Airport:

Approximately 250' - 5' woven wire fence

2 - ends posts and bracing

T-posts spaced every 10'

Z-style fence opening for pedestrian access.

All material and labor to complete project included in estimate.

Straight Fence supports and believes T-posts with woven wire is sufficient to detour dirt bike riders, etc.

Total Cost: \$3,400.00

Commented [OJ1]: \$13.60/ft

Thank you,
Aaron Haywood
Straight Fence



4181 West Polk Road | Hart, Michigan 49420
231-742-2036 | gtlakesfencing@gmail.com | www.greatlakesfencinginc.com

RECIPIENT:

Mason County Airport

5300 U.S. 10
Ludington, Michigan 49431
Phone: 231-690-2029

Quote #3852

Sent on

Apr 29, 2024

Total

\$4,436.40

SERVICE ADDRESS:

5300 U.S. 10
Ludington, Michigan 49431

		Qty	Unit Price	Total
5' No Climb Horse Fence with 2" x 4" Stay Openings - TE	We are pleased to introduce our 5'H Premium No Climb Horse Fence. This comprehensive package includes all necessary materials, hardware, concrete, tension wire and installation for your convenience. The 5' No Climb Horse Fence features 2" x 4" Stay Openings, ensuring both security and visibility. Our fence system is supported by 6" Round Wooden Corner posts & H Frames, along with 4" Lines, providing exceptional durability. The square knot design offers additional vertical strength, making it resilient against impact from large animals. The continuous vertical and horizontal wires, wrapped in a horse-safe knot with a third wire, ensure both safety and structural integrity. With the inclusion of High-Tensile 12.5 gauge wire, our fence system guarantees strength, rigidity, and the safety standards required for your peace of mind.	260	\$16.89	\$4,391.40*
Permit and Administrative Fee	This fee is only charged if a zoning permit is required in your area. If hired, we will research permit requirements and fees. This line item is subject to change in pricing.	1	\$45.00	\$45.00*

[illegible]

the other side of the coin, the fact that the project is not a "one-time" effort, but rather a continuous process, is also a key factor in its success. The project is not a "one-time" effort, but rather a continuous process, and this is a key factor in its success. The project is not a "one-time" effort, but rather a continuous process, and this is a key factor in its success. The project is not a "one-time" effort, but rather a continuous process, and this is a key factor in its success.

Total	\$4,436.40
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Please read this entire message before approving your article. By clicking on "I agree" and quote, you are agreeing to the terms and conditions of bioRxiv posting and the regulation info. If the path for the funding layout is not chosen, please refer to the regulation info. Once approved, you will be able to post your article. All articles are subject to peer review. If you'd like to hire us to edit the article for you, please contact us at info@bioRxiv.org. Please do not post any other information on the article page.

1995



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231-742-2036 | gtlakesfencing@gmail.com | www.greatlakesfencinginc.com

Notes Continued...

styles will require staggering. If this is not the look you would like to achieve, please have the fencing path leveled or contact us for a quote to have our team level it for you.

Quotes are valid for 5 Days or shorter depending on the Vendor Quote to Great Lakes Pet Fencing Inc. We understand fencing is an investment and we want you to shop around and take your time making the right decision for your family, business, pets and your budget. If it has been more than 5 days, we have no problem checking pricing and sending you an updated estimate if needed. Please view the attached regulations, specs and manufacturers warranty as well.

DEFAULT INFORMATION YOU MUST READ

Please note all balances are due upon the FINAL DATE of installation. If you need to make payment arrangements, we encourage you to apply for Wisetack financing or call us in the office prior to your installation date please.

Financing - If financing through Wisetack, please keep in mind that you'll have to re-apply at least 45 days before your scheduled appointment with us if your job is scheduled more than 60 days out. The financing option expires in 60 days. Wisetack only initiates a soft pull on your credit. This is good for people who need to apply more than once because they applied right away to determine their eligibility but aren't scheduled prior to 60 days. We require a 50% deposit to be added to our schedule.

We charge a 1.5% fee on all invoices paid after the invoice due date UNLESS you have made arrangements to mail a check. All balances are due upon the date of completion. Our crew DOES NOT take payment. Once they've completed the job, they take final measurements to avoid incorrect charges and notify the office. The office then adjusts your invoice for accuracy because we never want a customer to pay more for less or vice versa.

You may call the office to provide payment for the deposit if you're not comfortable paying through your portal, or to make other arrangements.

We require a 50% deposit to be added to our schedule. If paying by check, please remember to print, sign your quote and mail with check. We MUST receive a signed quote of approval. Also, if mailing a check, please contact the office so we can reserve a spot on the schedule for you while waiting for mailing. *** Contractor and Commercial - must pay a 50% deposit upon scheduling, 30% upon arrival with the remaining 20% due upon completion. *** Please contact the office to discuss if hired or to make arrangements.***

*** Cancellations - 50% of the deposit for Physical Fencing is non-refundable and is used for administrative and restocking fees. Customers will be refunded their balance within 30 days of cancellation. It is HIGHLY recommended you check with your zoning administrator on fencing regulations BEFORE submitting your deposit. For Underground Hidden Fencing the \$200 deposit is NON refundable. All deposits apply toward your final invoice.***

Once the quote has been signed & converted to a job, materials have been delegated to your project. This means only small changes can be made to the layout of the job as long as it stays within the permit limits and within code. Each situation is different, so please feel free to call us and ask.

*** Always sign your accepted quote, this is for your protection as well as ours. You've worked hard for your money and deserve to know it's safe with a reputable company. If you do not have the ability to print and sign, we can send you a printed copy to sign and mail back and we'll provide you with a signed copy. Providing payment over the phone will provide you with an immediate receipt as well.***

WE WILL PULL THE PERMIT FOR YOU. The cost of the permit and administrative time is configured into your quote and may change if the zoning fee is more.

We always arrive with EXTRA MATERIAL. This does not mean we can leave it with you free of charge or add onto your fence. Having extra material saves us time if there is a piece of damaged material we cannot use for your job or we have to bypass a heavy root system etc. If you'd like your layout extended, a new permit application has to be filed with the zoning administrator for approval before we can move forward. We will also have to schedule a new visit for additional fencing as there are customers waiting on the schedule for us to install their fencing in a timely manner. You're always welcome to call the office to see if the extra material is available for purchase as we are also a fencing supplier.

All quotes include all materials, concrete, Michigan Sales Tax, (unless you can prove exempt), & labor. Labor includes wages, small tool use, insurance etc. In some cases additional labor is required as a separate line item. Service calls cover travel, admin/schedule fees and fuel costs. Lodging covers the cost of lodging and meals if the team needs to stay in your area for a larger project or long distance stay from our normal service area. We take the total cost and divide it by the total measurement to achieve our unit of measure pricing which is linear foot.

If you have any questions or concerns regarding this quote, please don't hesitate to get in touch with us at {{DEFAULT_EMAIL}} or by calling the office. We appreciate the opportunity to provide you with a free quote.

Once a Customer, Forever Family!



4181 West Polk Road | Hart, Michigan 49420
231-742-2036 | gtlakesfencing@gmail.com | www.greatlakesfencinginc.com

Notes Continued...

Signature: _____ Date: _____



5300 U.S. 10
Ludington, Michigan 49431
Phone: 231-690-2029

Apr 23, 2024

\$3,911.20

Not included[illegible]

\$0.00*

[illegible]

1 of 3 pages



4181 West Polk Road | Hart, Michigan 49420
231-742-2036 | gtlakesfencing@gmail.com | www.greatlakesfencinginc.com

Total \$3,911.20

* Non-taxable

We require a 50% deposit upon scheduling. ***Contractor and Commercial - must pay a 50% deposit upon scheduling, 30% upon arrival with the remaining 20% due upon completion. Please contact the office to discuss if hired or to make arrangements.***

Please read this entire message before approving your quote. By approving your quote, you are agreeing to the terms and conditions of both warranty and regulation info. If the path for the fencing layout is not clear as stated in the regulations upon arrival, you will be charged a service call and your fence will be rescheduled. If you'd like to hire us to clear the path for you, please contact the office for a quote. Please also note that if your property is not level, some fencing styles will require staggering. If this is not the look you would like to achieve, please have the fencing path leveled or contact us for a quote to have our team level it for you.

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231-742-2036 | gtlakesfencing@gmail.com | www.greatlakesfencinginc.com

Notes Continued...

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Once a Customer, Forever Family!

Signature: _____ Date: _____

Knizacky, Fabian

From: Greg Vukovich <gregvhome@hotmail.com>
Sent: Wednesday, May 8, 2024 1:26 PM
To: Knizacky, Fabian
Subject: 210 N. Staffon vacant strip of land to purchase
Attachments: 210 N Staffon vacant strip 051-268-004-00.pdf

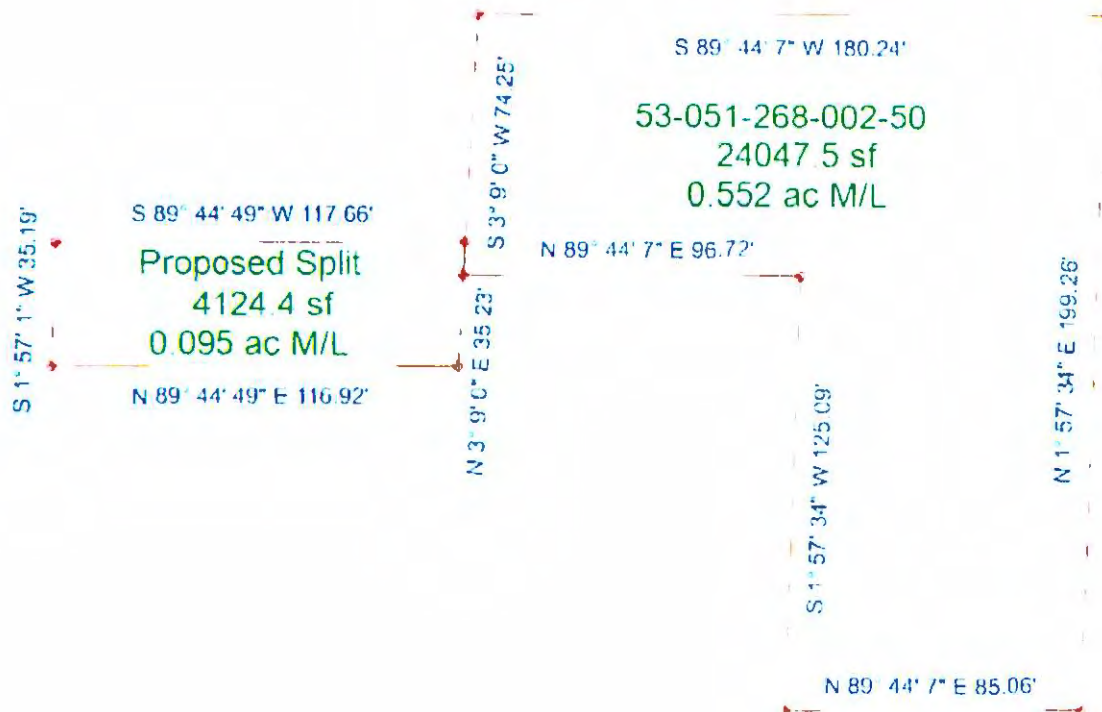
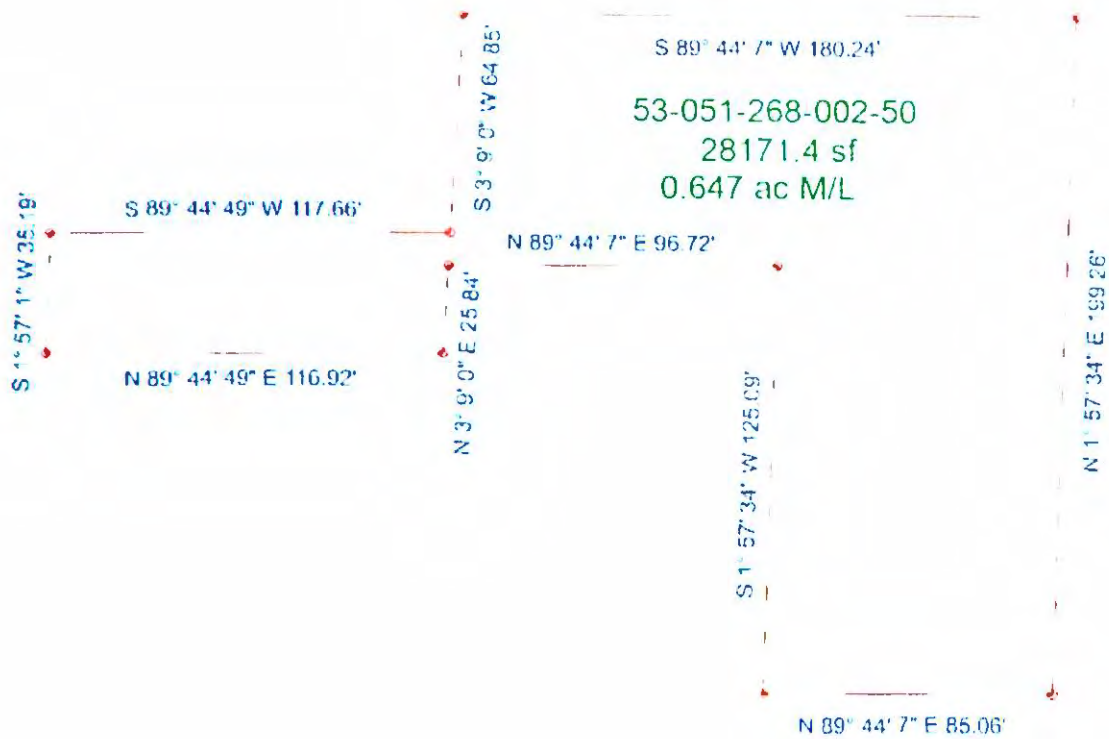
**CAUTION: This email originated outside of Mason County's networks.
Do not click links, reply or open attachments unless you have
verified its authenticity.**

Hi Fabian, the new owners of 210 N. Staffon would like to know if it would be possible to purchase this little strip of land (perfect for a garden) and we can do a boundary adjustment if they can purchase it. please let me know when you can or what the next step is. Thanks Greg

**Greg & Mary Vukovich
EXIT Real Estate of Ludington
401 W Ludington Ave, Suite 101
Ludington, MI 49431
231-233-7777**

LUDINGTON MAY 8 2024 MAP





Parcel #	Class	Sale Date	Assessed	Adj. Sale Price	Ratio	Lot Size	Acreage	Square		Price for	
			Value					Feet	Price/sf	4124.4 sf	
051-424-002-00	V402	6/11/2021	14,400	11,500	125.22	120 x 70	0.193	8400	1.369047619	\$	5,646.50
051-427-010-00	V402	9/23/2020	10,500	13,000	80.77	120 x 70	0.193	8400	1.547619048	\$	6,383.00
051-170-033-80	V402	1/24/2020	40,400	60,000	67.33	214 x 180	0.884	38520	1.557632399	\$	6,424.30
051-570-005-00	V402	11/18/2020	13,500	13,200	102.27	140 x 60	0.193	8400	1.571428571	\$	6,481.20
051-420-004-00	V402	1/12/2022	13,800	13,500	102.22	140 x 60	0.193	8400	1.607142857	\$	6,628.50
051-235-272-00	V402	10/26/2021	11,200	20,000	56	140 x 80	0.257	11200	1.785714286	\$	7,365.00
051-235-188-00	V402	12/15/2020	6,200	13,000	47.69	140 x 50	0.161	7000	1.857142857	\$	7,659.60
051-410-008-00	V402	3/24/2023	13,800	20,500	67.32	140 x 60	0.193	8400	2.44047619	\$	10,065.50
051-420-009-00	V402	6/30/2021	24,000	27,000	88.89	140 x 60	0.193	8400	3.214285714	\$	13,257.00
051-441-006-00	V402	8/17/2023	24,000	80,000	30	140 x 120	0.386	16800	4.761904762	\$	19,640.00
051-420-009-00	V402	4/1/2022	24,000	46,000	52.17	140 x 60	0.193	8400	5.476190476	\$	22,586.00
051-585-004-00	V402	3/13/2020	84,500	85,000	99.41	120 x 60	0.165	7200	11.80555556	\$	48,690.83
051-585-008-00	V402	3/13/2020	84,500	85,000	99.41	113 x 60	0.156	6780	12.53687316	\$	51,707.08
051-100-272-00	V402	9/11/2023	33,000	100,000	33	100 x 60	0.138	6000	16.66666667	\$	68,740.00
051-100-157-00	V402	11/15/2021	28,600	240,000	11.92	140 x 120	0.386	16800	14.28571429	\$	58,920.00

Memorandum of Understanding/ Predevelopment Services Agreement DRAFT

Mason County seeks to explore the possibility of a potential housing development located on a 41.47 county owned parcel located in Amber Township, north of Lowes on W US Highway 10 and West of the Mason County Airport.

The county seeks to collaborate with Michigan Community Capital (MCC) to utilize their industry expertise. The county and MCC will enter into an MOU to define project goals and partner's roles and responsibilities.

Project Goals

- Creation of for-sale housing units
 - Mix of attached and detached product
 - Mix of incomes including low income, moderate income, and market rate homes
- Investigate viability for rental units
- Integration of community recreation trails and shared greenspace throughout the development
- Protection of ecologically sensitive areas
- Showcase high standards of building construction including targeting Net Zero Ready Homes as well as Energy Star Certified Homes.

Roles and Responsibilities

Michigan Community Capital

- Oversee selection of Design Firm
- Lead coordination meetings to develop Initial Deliverables outlined in the Design RFP
- Provide input on market conditions, project feasibility, design best practices
- Creation of initial project budget
- Apply for available Grant Funding
- Lead Planned Unit Development Process
- Secure and Guarantee Construction Debt
- Select and oversee General Contractor

- Oversee sales process

Mason County

- Fund cost of Initial Deliverables outlined in Design RFP
- Participate regularly in coordination meetings to develop Initial Deliverables
- Lead site concept approval process with Mason County Board of Commissioners
- Seek support for a purchase agreement between Mason County and MCC
- Facilitate planning and zoning approvals as well as support for a 30-year TIF for housing plan

Compensation

MCC does not seek compensation for staff time associated with pre-development of the project. If the project comes to fruition, MCC will charge a developer fee equal to 5% of the project cost. This fee will be paid 20% upon construction commencement, 40% when half of the homes are sold and 40% when all of the homes are sold. This fee is not paid by Mason County, but rather through project funding from grants and sales proceeds.

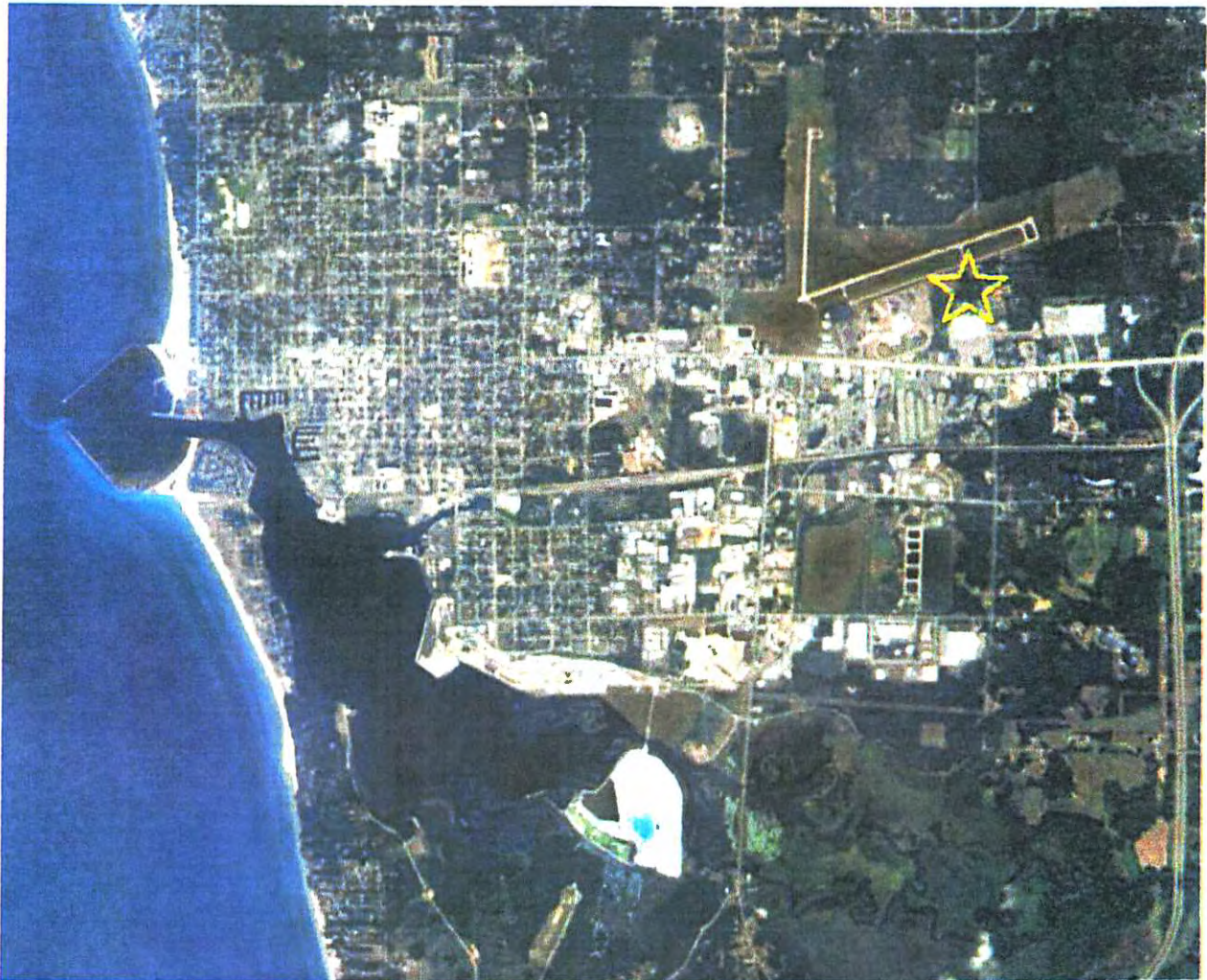


Michigan
Community
Capital



MASON COUNTY

Request for Proposals- Site Concept and Predevelopment Services



Background and Project Objectives

Mason County and Michigan Community Capital, a non-profit developer, seek to jointly explore the project viability of redeveloping 41.47 acres owned by Mason County into a new housing development.

The property is located in Amber Township, north of Lowes on W US Highway 10 and West of the Mason County Airport.

In late 2023, a [Housing Needs Assessment](#) was completed. The report identified the need for 2,430 new housing units by 2027.

No formal studies have yet been completed on the site. It is anticipated a future development would pursue site plan approval under a Planned Unit Development (PUD) to reach the following objectives:

- Creation of detached single-family for-sale homes to support families remaining and relocating to the county.
- Allowing the aging population of the county to be able to continue to live independently through homes that consider the changing needs of seniors (smaller footprint, barrier free, shared maintenance).
- Creation of “gentle density” housing types both for-sale and for-rent targeting middle income households.
- Integration of community recreation trails throughout the development.
- Protection of ecologically sensitive areas.
- Development of shared greenspace, including the option for community garden
- Showcase high standards of building construction including targeting Net Zero Ready Homes as well as Energy Star Certified Homes.

The development team does not have any specific unit target but homes to maximize housing while still meeting other project objectives.

Services Requested

The development team seeks proposals from design firms to complete the following work. Some deliverables may be subcontracted with the oversight of the lead design firm. It is anticipated there will be several rounds of revision to the site concept and housing type lookbook based on stakeholder feedback.

Initial Deliverables

- Topographic survey with wetland overlay
- Ecological survey to identify sensitive habitat areas
- Site concept
- Housing type lookbook

These deliverables will be the basis of a presentation to the Mason County Board of Commissioners and Michigan Community Capital Board of Directors. In addition, these materials will be used to fundraise for the project.

Once supported, the development team will engage the design firm with further deliverables including:

- Two public input charettes
- Civil engineering plans
- PUD approval
- Construction plans for various housing types

Project Timeline

RFP submissions due- June 28

Interviews conducted- Week of July 9

Design Firm selection- July 26

Kickoff meeting- First week of August

Initial Deliverables Complete- October 25

RFP Response

If interested in being selected as the design firm for this project, please submit the following information by 5:00 on June 28, 2024, via email to:

Fabian Knizacky & Kaitlyn Szczypka

Mason County

kszczypka@masoncounty.net

fknizacky@masoncounty.net

and

Marilyn Chrumka

Vice President of Development- Michigan Community Capital

Marilyn@miccap.org

- Letter of Interest and Architects Qualification Statement
- Resume of team members leading the project
- Any similar project experience
- Schedule of fees broken down by separate deliverables

NEW MICHIGAN LAW SIGNIFICANTLY EXPANDS ECONOMIC INCENTIVES AVAILABLE FOR HOUSING DEVELOPMENT AND INCREASES AVAILABILITY OF TRANSFORMATIONAL BROWNFIELD PROJECTS

by John A. Weiss and Jessica L. Wood

On July 18, 2023, Governor Whitmer signed into law Public Act 90 of 2023, an amendment to the Brownfield Redevelopment Financing Act (Act 381), taking immediate effect, that adds new economic incentives for housing-focused real estate development and significantly expands the state's transformational brownfield program.

Housing Development as "Eligible Activity"

In communities with a demonstrated housing need, it is now permissible for a brownfield redevelopment authority to use tax increment financing to reimburse developers with captured tax revenues for "housing development activities" and supporting infrastructure and site preparation. This is a broad expansion of eligible activities, which had previously been limited to more traditional brownfield activities such as baseline environmental assessments, due care and environmental response activities, demolition, lead/asbestos/mold abatement, and certain site preparation and infrastructure improvements.

"Eligible property" will now include "housing property," which is defined as "property on which at least one unit of residential housing is proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling" and includes mixed-use developments. "Housing development activities" means one or more of the following activities:

- Reimbursement provided to owners of rental housing for qualified rehabilitation.
- Costs for public infrastructure and necessary safety improvements.
- Costs of demolition and renovation of existing buildings and site preparation, to the extent necessary to accommodate an income-qualified purchaser or renter household.
- Temporary household relocation costs for an income-qualified household for a period not to exceed one year.
- Acquisition cost for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or

adaptive reuse of the blighted or obsolete rental unit to accommodate an income-qualified household.

- Reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income-qualified households and to assist with costs related to infrastructure improvements and site preparation that are not a response activity and that are necessary for new housing development.

"Qualified rehabilitation" means rehabilitation of existing structures designed to be used as a dwelling necessary to make a housing unit suitable for sale or rent to an income-qualified household. The definition also includes bringing the structure into conformance with minimum local building code standards or improving the livability of units. "Income-qualified household" means a person, a family, or unrelated persons living together, whose annual household income is not more than 120% of the area median income determined by the U.S. Department of Housing and Urban Development.

Increased Reimbursements for Developers and Funding for Authorities

Other notable changes include:

- Permitting local taxes to pay for the authority's costs of implementing, monitoring, and maintaining compliance with the income and price monitoring responsibilities associated with housing development activities.
- Raising the caps on the amount of tax increment revenues attributable to local taxes that authority may use for administrative and operating expenses in a fiscal year.
- Designating "previously developed property" owned by the state or a municipality as "blighted."
- Allowing the use of local taxes, not exceeding \$50,000 (increased from \$30,000), to pay for the developer's reasonable brownfield plan or work plan implementation costs.
- Authorizing the use of school operating taxes, not exceeding \$250,000, to fund asbestos, mold, lead, and building hazardous materials abatement and demolition before a work plan or combined brownfield plan is approved.
- Approving sharing agreements between a brownfield redevelopment authority and other tax increment

finance authorities to allow the brownfield redevelopment authority to capture and utilize taxes to pay for eligible activities.

- Including payments in lieu of taxes (i.e., service charges) paid under section 15a(3) of the State Housing Development Authority Act of 1966 for low-income housing projects as available tax increment revenues.

Role of Michigan State Housing Development Authority (MSHDA)

The use of incremental revenue from taxes levied for school operating purposes (including the state education tax) for reimbursing housing development activities for housing property that will be sold or rented at a below-market rate must be approved by MSHDA. Act 381 requires a development agreement or reimbursement agreement between the municipality or authority and the owner or developer of the eligible property that stipulates price and income monitoring. The statutory requirements for the application to MSHDA are similar to the existing application for Michigan Strategic Fund approval of a work plan, but also include a summary of proposed income and price monitoring responsibilities and related expenses. MSHDA may consider, in addition to existing criteria, (1) whether the proposed housing development activities align with the statewide housing plan, (2) the capacity of the entity or agency to monitor price and income, (3) whether the project will support housing at prices that align with the local workforce, (4) whether the property will be deed restricted to regulate short-term rentals or otherwise ensure long-term local housing needs, and (5) any other criteria it considers appropriate.

MSHDA approval is not required if the housing property for which housing development activities are identified under the plan will be sold or rented at a market rate and will not be subsidized.

Expansion of Transformational Brownfield Program

The amendment also expands Michigan's transformational brownfield program (TBP). TBPs are brownfield plans for mixed-use development projects that have a transformational impact on local economic development and community revitalization. TBPs allow certain additional tax increment revenues to finance a broader array of eligible activities than traditional brownfield plans. Under the amendment, post-construction sales and use tax will now be an available source of tax increment revenues. The Legislature has also increased the annual cap for post-construction captured tax increment revenues to \$80.0 million

(from \$40.0 million) and the lifetime program cap to \$1.6 billion (from \$800.0 million). Finally, the amendment includes provisions to ensure an equitable geographic and population-based distribution of approved plans.

Next Steps

These changes to Michigan's brownfield program present an unprecedented opportunity for communities across the state to use brownfield redevelopment authorities to expand opportunities for developing affordable housing and make viable development projects that will transform local communities.

Dickinson Wright PLLC can assist clients in navigating Michigan's economic development programs. For further information, please get in touch with John Weiss at jweiss@dickinson-wright.com.

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MSHDA Housing Tax Increment Financing Program Statement

September 29, 2023

I. Overview of the Brownfield Redevelopment Financing Act and Public Act 90 of 2023

The Brownfield Redevelopment Financing Act of 1996, MCL 125.2651 et. seq., as amended (the "Brownfield Act"), authorizes municipalities to create local brownfield redevelopment authorities (each a "BRA") to facilitate the implementation of brownfield plans to promote the revitalization, redevelopment, and reuse of brownfield properties, which include, but are not limited to, previously developed, tax reverted, blighted, or functionally obsolete properties. The Brownfield Act permits the use of tax increment financing ("TIF") as a funding tool to help cover the additional costs associated with redeveloping a brownfield property. The taxable value of brownfield property is often very low, and the property taxes generated therefrom may be correspondingly very low. When an improved brownfield redevelopment has increased property value and generates new tax revenue, the increased revenue can be captured by a local BRA and be used to either repay TIF bonds or reimburse the developer for the eligible costs associated with redeveloping the property.

On July 19, 2023, Public Act 90 of 2023 ("PA 90") became effective and amended the Brownfield Act to include certain housing development activities as eligible activities. Prior to PA 90, TIF was only available to property owners who coordinated with local BRAs and (a) the Department of Environment, Great Lakes, and Energy ("EGLE") for certain environmental cleanup activities, and (b) the Michigan Strategic Fund ("MSF") for certain business development and community development activities. Pursuant to PA 90, brownfield work plans and combined brownfield plans that involve the use of taxes levied for school operating purposes and that request reimbursement for housing development activities for affordable and/or subsidized housing must be reviewed by the Michigan State Housing Development Authority ("MSHDA").

This Housing Tax Increment Financing Program Statement ("Program Statement") is intended to provide the guidelines for submission to and review by MSHDA of work plans and combined brownfield plans relating to housing development activities. MSHDA will accept on an on-going basis work plans and combined brownfield plans submitted pursuant to this Program Statement and the Brownfield Act requirements and process. However, note that this Program Statement and its timing and requirements apply only to the implementation of PA 90 by MSHDA and that applications for MSHDA loans, grants, or other benefits that a developer may wish to use in connection with housing development activities undertaken pursuant to this Program Statement would need to be applied for separately under applicable MSHDA program specific guidelines.

See Addendum I for additional definitions used by MSHDA in this Program Statement. All statutory references used herein refer to the Brownfield Act, as amended by PA 90, unless otherwise specified.

II. Types of Brownfield Plans and Work Plans

- a. A brownfield plan is the comprehensive description of the brownfield property and the plan for redevelopment. At minimum, a brownfield plan must include maps showing the location and dimensions of each eligible property, statements of the characteristics that qualify each property as eligible property, and a statement of whether personal property is included as part of the eligible property. Pursuant to Section 13(2) of the Brownfield Act, a brownfield plan may apply to 1 or more parcels of eligible property whether or not those parcels of eligible property are contiguous. A brownfield plan may also be amended to apply to additional parcels of eligible property. Pursuant to the requirements of Section 14, a brownfield plan is either approved, rejected, or approved with modification by resolution of the municipality or BRA. MSHDA does not review or approve brownfield plans except "work plans" and "combined brownfield plans" as described below.
- b. Work plans are plans that describe each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity. One brownfield plan or transformational brownfield plan may include more than one work plan (e.g. one work plan for affordable housing and another for environmental cleanup activities). Pursuant to PA 90, MSHDA will review work plans for affordable and/or subsidized housing for projects that request reimbursement for eligible housing development activities. These work plans may be created under either a brownfield plan or a transformational brownfield plan.
- c. Combined brownfield plans are brownfield plans and work plans drafted as one item that is inclusive of all the information necessary to submit the plan to MSHDA pursuant to Section 15(20) of the Brownfield Act and as set forth below in this Program Statement.
- d. Transformational brownfield plans are for large scale projects that will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. To be designated a transformational brownfield plan, a transformational brownfield plan must be for mixed-use development unless waived by the MSF and must be expected to result in certain levels of capital investment. Transformational brownfield plans may include numerous work plans.

The MSF is the state agency responsible for overall review of transformational brownfield plans. However, for transformational brownfield plans that include affordable and/or subsidized housing work plans, MSHDA is responsible for reviewing the work plans that relate to housing development activities. Pursuant to Section 13b(4)(b) and Section 15(10)(a), a BRA must submit a transformational brownfield plan when submitting for MSHDA review a work plan created as part of an overall transformational brownfield plan.

III. Eligible Property for MSHDA Review

Under PA 90, Section 13b(4)(b), MSHDA is charged with the responsibility of reviewing work

plans or combined brownfield plans relating to eligible housing development activities for "for sale" or rental housing properties that are reserved to serve households earning not more than 120% of area median income and/or subsidized properties.

Pursuant to Section 2(p)(ii), "eligible property" includes housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan.

Pursuant to Section 2(y) "housing property" is further defined to mean 1 or more of the following:

- a. A property on which 1 or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling.
- b. One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project.

IV. Types of Permitted Housing Development Activities

Pursuant to Section 2(x) of the Brownfield Act, "housing development activities" means 1 or more of the following:

- a. Reimbursement provided to owners of rental housing units for qualified rehabilitation, which under Section 2(vv) is defined as "rehabilitation of existing structures that is necessary to make a housing unit suitable for sale to an income qualified purchaser household or rent to an income qualified renting household. Qualified rehabilitation also includes proposed rehabilitation that 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. In this subsection, "existing structures" includes any structure designed to be used as a dwelling."
- b. Costs for infrastructure available for public use and safety improvements necessary for a housing project.
- c. Costs of demolition and renovation of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household.
- d. Temporary household relocation costs for an income qualified household for a period not to exceed 1 year.
- e. Acquisition cost for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household.

- f. Reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income qualified households and to assist with costs related to infrastructure improvements and site preparation that are not a response activity and that are necessary for new housing development for income qualified households on eligible property.

V. Additional Eligible Activities

Pursuant to Section 2(o)(i) of the Brownfield Act, for all eligible properties, including housing properties, eligible activities may include any of the following:

- a. Reasonable costs of environmental insurance.
- b. Reasonable costs incurred to develop and prepare brownfield plans, combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate.
- c. Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities.
- d. Demolition of structures or site improvements that are not a response activity, including removal of manufactured debris composed of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.
- e. Lead, asbestos, or mold abatement.
- f. Pursuant to Section 2(o)(ii), for housing property located in a community that has identified a specific housing need included in the brownfield plan, eligible activities may include:
 - 1. Infrastructure improvements that are necessary for housing property and supports housing development activities.
 - 2. Site preparation that is not a response activity and that supports housing development activities.

VI. Local Brownfield Plan Approval Process

Prior to submitting a work plan or combined brownfield plan to MSHDA, the local governing body or BRA is required to (i) hold a public hearing on the brownfield plan and (ii) determine that the plan constitutes a public purpose.

The hearing criteria include the following:

- a. Notice of the time and place of the hearing, including:
 1. A description of the property to which the plan applies in relation to existing or proposed highways, streets, streams, or otherwise; and
 2. A statement that maps, plats, and a description of the brownfield plan are available for public inspection at a place designated in the notice and that all aspects of the brownfield plan are open for discussion at the public hearing; and
 3. Any other information that the governing body considers appropriate.
- b. Preservation of a record of the public hearing, including all data presented at the hearing.
- c. Not less than 10 days before the hearing on the brownfield plan, the governing body shall provide notice of the hearing to the taxing jurisdictions and to MSHDA, or its designee, if the brownfield plan involves the use of taxes levied for school operating purposes to pay for eligible housing development activities subject to 13b(4)(b).
- d. Not less than 10 days after notice of the proposed brownfield plan is provided to the taxing jurisdictions, the governing body shall determine whether the plan constitutes a public purpose. If the governing body determines that the plan does not constitute a public purpose, the governing body shall reject the plan. If the governing body determines that the plan constitutes a public purpose, the governing body may then approve or reject the plan, or approve it with modification, by resolution.

Per Section 15(20), instead of seeking approval of a work plan under section 13b(4)(b), a BRA may seek approval of a combined brownfield plan. If the combined brownfield plan involves the use of taxes levied for school operating purposes to pay for eligible housing development activities that require approval by MSHDA under section 13b(4)(b), not less than 30-days before the BRA holds a public hearing on the combined brownfield plan, the BRA must provide MSHDA written notice that the BRA will be seeking approval of a combined brownfield plan instead of a work plan.

VII. Combined Brownfield Plan or Work Plan Submittal Process

Submissions to MSHDA of work plans under Section 13b(4)(b) or combined brownfield plans under Section 15(20) are required to, at a minimum, include the following:

- a. A written letter from the submitting BRA requesting formal approval and indicating that (i) the notices and formal hearing have been completed per the Brownfield Act, (ii) the BRA has approved the brownfield plan and determined that the plan constitutes a public purpose, and (iii) only for transformational brownfield plans, the required financial review has been completed.

- b. For each required submission item under Section 15(10), the BRA must provide a separate tab labeled according to the enumeration below in subsection VIII(d)(1)-(8) of this Program Statement.

VIII. Threshold Submission Requirements for Work Plans and Combined Brownfield Plans

Prior to evaluation of a submitted work plan or combined brownfield plan, MSHDA staff must confirm the following threshold requirements have been met:

- a. Does the brownfield plan include the use of taxes levied for school operating purposes? If so, is the work plan or combined brownfield plan requesting reimbursement for housing development activities? Will the housing property for which housing development activities are identified under the work plan or combined brownfield plan be sold or rented at other than a market rate or be subsidized?
 - 1. If no to any of these questions, MSHDA has no statutory authority to review the work plan and it must be returned to the submitting BRA.
 - 2. If yes to all these questions, continue the review of threshold questions.
- b. Who submitted the plan?
 - 1. A work plan submitted under Section 15(10), or a combined brownfield plan submitted under Section 15(20)(b), must be submitted to MSHDA by the BRA.
 - 2. Any work plan or combined brownfield plan not submitted by the BRA, or another duly authorized municipal designee, will be automatically denied and returned to the submitting party.
- c. Per Section 15(11), the BRA must complete all required financial analyses prior to submitting to MSHDA a work plan completed as part of a transformational brownfield plan. Any work plan or combined brownfield plan completed as part of a transformational brownfield plan submitted without a BRA completed financial analysis will be denied.
- d. Per Section 15(10), the BRA must submit all the following for each eligible property:
 - 1. A copy of the brownfield plan or the transformational brownfield plan.
 - 2. Current ownership information for each eligible property and a summary of available information on proposed future ownership, including the amount of any delinquent taxes, interest, and penalties that may be due.
 - 3. A summary of available information on the historical and current use of each eligible

property.

4. Existing and proposed future zoning for each eligible property.
5. A summary of the proposed redevelopment and future use for each eligible property.
6. A separate work plan, or part of a work plan, for each eligible activity described in section 13b(4) to be undertaken.
7. A copy of the development agreement or reimbursement agreement between the municipality or BRA and an owner or developer of eligible property required under section 13b(4), which must per Section 13b(4)(b) stipulate price and monitoring for residential units, and in addition must include but is not limited to a detailed summary of any and all ownership interests, monetary considerations, fees, revenue and cost sharing, charges, or other financial arrangements or other consideration between the parties.
8. For work plans that include housing development activities, a summary of proposed income and price monitoring responsibilities and related expenses.

If the BRA fails to submit any of the foregoing items, MSHDA will deny the work plan or combined brownfield plan for incompleteness.

- e. The eligible activities to be conducted and described in Section 13b(4) must be consistent with the combined brownfield plan or work plan submitted by the BRA to MSHDA.

If the eligible activities to be conducted and described in the combined brownfield plan or work plan submitted by the BRA to MSHDA are not consistent with Section 13b(4)(b) eligible housing development activities, MSHDA will deny the work plan or combined work plan for inconsistency.

IX. Work Plan and Combined Brownfield Plan Review Criteria

If a work plan or combined brownfield plan satisfies the threshold requirements described above, MSHDA will review the plan using the statutory criteria listed below and the related programmatic parameters included in Addendum II, "Work Plan or Combined Brownfield Plan Review Criteria: Programmatic Parameters." If a plan seeks a waiver from a parameter included in Addendum II, MSHDA staff will present the waiver request to the MSHDA Board for consideration.

- a. Per Sections 15(12) and 15(20)(g), MSHDA must consider the following criteria to the extent reasonably applicable to the type of activities proposed in a work plan or combined brownfield plan when approving or denying the plan:
 1. Whether the individual activities included in the work plan are sufficient to complete

the eligible activity.

2. Whether each individual activity included in the work plan is required to complete the eligible activity.
3. Whether the cost for each individual activity is reasonable.
4. The overall benefit to the public.
5. The extent of reuse of vacant buildings and redevelopment of blighted property.
6. Creation of jobs.
7. Whether the eligible property is in an area of high unemployment.
8. The level and extent of contamination alleviated by or in connection with the eligible activities.
9. The level of private sector contribution.
10. If the developer or projected occupant of the new development is moving from another location in this state, whether the move will create a brownfield.
11. Whether the project of the developer, landowner, or corporate entity that is included in the work plan is financially and economically sound.
12. Other state and local incentives available to the developer, landowner, or corporate entity for the project of the developer, landowner, or corporate entity that is included in the work plan.
13. MSHDA will also consider all of the following for proposed housing development activities:
 - i. Alignment with the statewide housing plan developed.
 - ii. The capacity of the entity or agency that is monitoring price and income, and the duration of the monitoring.
 - iii. Whether the project will support housing at price points that align with the local workforce.
 - iv. If the property will be deed restricted to regulate short-term rentals or otherwise ensure long-term local housing needs.
 - v. As determined by MSHDA utilizing the formula found in Schedule A, Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations will be used to establish the reasonableness of certain housing activities for which tax capture is planned.

X. Written Response to Work Plan or Combined Brownfield Plan Submission

a. Work Plan Response:

1. Within 60 days following receipt of a BRA written request for approval of a work plan, per Section 15(11), MSHDA must provide one of the following written responses to the requesting BRA:
 - i. An unconditional approval that includes an enumeration of eligible activities and a maximum allowable capture amount.
 - ii. A conditional approval that delineates specific necessary modifications to the work plan, including, but not limited to, individual activities to be added to or deleted from the work plan and revision of costs.
 - iii. A denial and a letter stating with specificity the reason for the denial. If MSHDA denies a work plan under this subsection, the BRA may subsequently resubmit the work plan.
2. Per Section 15(13), if MSHDA fails to provide a written response within 60 days following receipt of a request for approval of a work plan under Section 13b(4)(b) or 90 days for a work plan under a transformation brownfield plan, then the eligible activities are considered approved, and the BRA may proceed with the eligible activities as outlined in the work plan as submitted.
3. Per Section 15(14), MSHDA's approval of a work plan is final and is not subject to reconsideration or appeal.

b. Combined Brownfield Plan Response:

1. Within 60 days following receipt of a BRA written request for approval of a combined brownfield plan, MSHDA must, per Section 15(20)(d), provide one of the following written responses to the requesting BRA:
 - i. An unconditional approval that includes an enumeration of eligible activities and a maximum allowable capture amount.
 - ii. A conditional approval that delineates specific necessary modifications to the combined brownfield plan, including, but not limited to, individual activities to be added to or deleted from the combined brownfield plan and revision of costs.
 - iii. A denial and a letter stating with specificity the reason for the denial. If

MSHDA denies a combined brownfield plan under this subsection, the BRA may subsequently resubmit the combined brownfield plan for review.

2. Per Section 15(20)(i), if MSHDA fails to provide a written response under Section 15(20)(d) within 60 days after receipt of a complete combined brownfield plan or 90 days for a combined plan submitted as part of a transformational plan, then the eligible activities are considered approved as submitted.
 3. Per Section 15(20)(j), MSHDA's approval of a combined brownfield plan is final and is not subject to reconsideration nor appeal.
- c. MSHDA staff will provide a comprehensive review of each submitted work plan and combined brownfield plan and make staff recommendations for approval, conditional approval, or denial. Pursuant to MSHDA Board authority under Section 125.1421(6) of the State Housing Development Authority Act of 1966, Act 346 (the "MSHDA Act"), the MSHDA Board may delegate to one or more executive-level staff the power to provide administrative approvals, conditional approvals, or denials of work plans and combined brownfield plans based on the statutory and programmatic criteria set forth herein and based on the Brownfield Act, as amended.
 - d. If MSHDA issues a written conditional approval of a combined brownfield plan to a requesting BRA, pursuant to Section 15(20)(h), the BRA may administratively approve any modifications required by the written response without following the notice and approval process required by Section 14(6) unless the modifications add one or more parcels of eligible property or increase the maximum amount of tax increment revenue in the case of a transformational brownfield plan, construction period tax capture revenues, withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues approved for the project.

XI. Reporting Requirements

a. Quarterly Reporting

1. MSHDA staff will report to the MSHDA Board on a quarterly basis all work plans and combined brownfield plans approved by MSHDA. That report will include, at a minimum, the following:
 - i. Total number of projects approved.
 - ii. Types of projects approved (rental or for sale).
 - iii. Total number of units approved and units by reserved AML.
 - iv. Number of projects with subsidies, such as project-based vouchers.
 - v. Number of projects designated to serve elderly or special needs populations.
 - vi. Number of units designated to serve the elderly or special needs populations.

2. Pursuant to Section 16(5)(c), MSHDA will on a quarterly basis post on its website the name, location, and amount of tax increment revenues, including taxes levied for school operating purposes, for each project approved by MSHDA under the Brownfield Act during the immediately preceding quarter.

b. Annual Reporting to MSHDA from Brownfield Authorities

1. Section 16 requires the local BRA to submit annually to MSHDA a financial report on the status of the activities of the BRA for each calendar year. The report must include all of the following:

- i. The total amount of local taxes that are approved for capture and the total amount of taxes levied for school operating purposes that are approved for capture for each parcel included in a brownfield plan.

- ii. The amount and purpose of expenditures of tax increment revenues.

The amount and source of tax increment revenues received for each active brownfield plan, including the amount of tax increment revenues captured in the most recent tax year and the cumulative amount of tax increment revenues captured for each brownfield plan.

- iii. The initial taxable value of all eligible property subject to each brownfield plan.

- iv. The captured taxable value realized by the BRA for each eligible property subject to the brownfield plan.

- v. The amount of actual capital investment made for each project.

- vi. The amount of tax increment revenues attributable to taxes levied for school operating purposes used for activities described in Section 13b(6)(c), Section 2(o)(i)(F) and (G), and Section 2(o)(iii)(B) and (C).

- vii. The number of residential units constructed or rehabilitated for each project.

- viii. The amount, by square foot, of new or rehabilitated residential, retail, commercial, or industrial space for each project.

- ix. The number of new jobs created at the project.

- x. The number of housing units produced.

- xi. The number of income qualified purchaser households served.

- xii. The number of income qualified renting households assisted.

- xiii. For the initial reporting period, the prices at which the housing units were sold or rented.
- xiv. Racial and socioeconomic data on the individuals purchasing or renting the housing units, or, if this data is not available, racial, and socioeconomic data on the census tract in which the housing units are located.

c. Annual Report to Legislature Members

Pursuant to Section 16(4), MSHDA will collect the reports described above, compile a combined report that includes the use of local taxes, taxes levied for school operating purposes, and the state brownfield redevelopment fund, based on the information contained in those reports and any additional information considered necessary, and submit annually a report based on that information to each member of the Legislature.

This program may, with MSHDA Board approval, be amended from time to time in order to more effectively and efficiently carryout activities within it or to maintain compliance with amendments to the Brownfield Act, or the MSHDA Act. For the most recent program updates, please visit MSHDA's Housing Tax Increment Financing (TIF) program webpage at:

<https://www.michigan.gov/mshda/developers/tax-increment-financing-tif>

Addendum I

MSHDA Housing Tax Increment Financing Program Definitions

1. "Blighted," per Section 2(c), means property that meets any of the following criteria as determined by the local municipality:

- i. Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- ii. Is an attractive nuisance to children because of physical condition, use, or occupancy. Is a fire hazard or is otherwise dangerous to the safety of persons or property.
- iii. Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- iv. Is previously developed or tax reverted property owned by a municipality or by this state. The sale, lease, or transfer of previously developed or tax reverted property by a municipality or this state after the property's inclusion in a brownfield plan does not result in the loss to the property of the status as blighted property for purposes of this act.
- v. Is property owned by or under the control of a land bank fast track authority, whether or not located within a qualified local governmental unit. Property included within a brownfield plan before the date it meets the requirements of this subdivision to be eligible property is considered to become eligible property as of the date the property is determined to have been or becomes qualified as, or is combined with, other eligible property. The sale, lease, or transfer of the property by a land bank fast track authority after the property's inclusion in a brownfield plan does not result in the loss to the property of the status as blighted property for purposes of this act.
- vi. Has substantial buried subsurface demolition debris present so that the property is unfit for its intended use.

2. "Brownfield plan," per Section 2(e), means a plan that meets the requirements of Sections 13 and 13b of the Brownfield Act and is adopted under Section 14.

3. "Combined brownfield plan," per Section 2(h), means a brownfield plan that includes the information necessary to submit the plan to EGLE, MSHDA, or the MSF under Section 15(20) of the Brownfield Act. "Department" and "Department activities," per Section 2(j) and (k), means EGLE and the environmental investigations and response activities carried out pursuant to its statutory authority.

4. "Eligible activities" or "eligible activity", per Section 2(o), means 1 or more of the following:

- i. For all eligible properties, eligible activities include all of the following:
 - i. Reasonable costs of environmental insurance.
 - ii. Reasonable costs incurred to develop and prepare brownfield plans,

combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate.

- iii. Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities.
 - iv. Demolition of structures or site improvements that is are not a response activity, including removal of manufactured debris composed of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.
 - v. Lead, asbestos, or mold abatement.
- ii. For housing property located in a community that has identified a specific housing need and has absorption data or job growth data included in the brownfield plan, eligible activities include all of the following:
- i. Infrastructure improvements that are necessary for housing property and support housing development activities.
 - ii. Site preparation that is not a response activity and that supports housing development activities.
5. "Eligible property," per Section 2(p)(ii) and for MSHDA's analysis, means housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan.
6. "Functionally obsolete," per Section 2(u), means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.
7. "Housing development activities," per Section 2(x), means 1 or more of the following:
- i. Reimbursement provided to owners of rental housing units for qualified rehabilitation.
 - ii. Costs for infrastructure available for public use and safety improvements necessary for a housing project.

- iii. Costs of demolition and renovation of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household.
- iv. Temporary household relocation costs for an income qualified household for a period not to exceed 1 year.
- v. Acquisition cost for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household.
- vi. Reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income qualified households and to assist with costs related to infrastructure improvements and site preparation that are not a response activity and that are necessary for new housing development for income qualified households on eligible property.

8. "Housing property," per Section 2(y), means 1 or more of the following:

- i. A property on which 1 or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling.
- ii. One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project.

9. "Income qualified household," per Section 2(z), means a person, a family, or unrelated persons living together, whose annual household income is not more than 120% of the area median income.

10. "Area median income" means the median income for the area as determined under Section 8 of the United States Housing Act of 1937, 42 USC 1437f, adjusted for family size.

11. "Household income" means all income received by all individuals who are not less than 24 years of age when the household income is determined and who reside in a household while members of the household.

12. "Income qualified purchaser household," per Section 2(aa), means a purchaser who is, or who is a member of, an income qualified household.

13. "Income qualified renting household," per Section 2(bb), means a renter who is, or who is a member of, an income qualified household.

14. "Qualified rehabilitation," per Section 2(vv), means rehabilitation of existing structures that is necessary to make a housing unit suitable for sale to an income qualified purchaser household or rent to an income qualified renting household. Qualified rehabilitation also

includes proposed rehabilitation that 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. As used in this subsection, "existing structures" includes any structure designed to be used as a dwelling.

15. "Subsidized," for purposes of MSHDA's analysis under PA 90 of 2023 means:

- i. Property that receives a federal, state, local, or tribal benefit that encourages low or moderate-income housing development, which will be defined as being affordable to persons at 120% AMI or lower; and,
- ii. That benefit accrues to the property owner; and,
- iii. By nature of the benefit the property is subject to a use restriction as to rents and occupant income.

16. "Tax increment revenues" per Section 2(eee), means the amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions on the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on that property, regardless of whether those taxes began to be levied after the brownfield plan was adopted. Tax increment revenues also include the amount of any payment in lieu of taxes under Section 15a(3) of the MSHDA Act, MCL 125.1415a, paid on an eligible property subject to a brownfield plan, less the amount of property taxes levied on the eligible property subject to the brownfield plan for the year the eligible property became subject to the brownfield plan. Tax increment revenues do not include any of the following:

- i. Ad valorem property taxes specifically levied for the payment of principal of and interest on either obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit, and specific taxes attributable to those ad valorem property taxes.
- ii. For tax increment revenues attributable to eligible property, the amount of ad valorem property taxes or specific taxes captured by a downtown development authority under Part 2 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4201 to 125.4230, tax increment finance authority under Part 3 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4301 to 125.4329, corridor improvement authority under Part 6 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4602 to 125.4629, or local development finance authority under Part 4 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4401 to 125.4420, if those taxes were captured by these other authorities on the date that eligible property became subject to a brownfield plan under the Brownfield Act, unless these other authorities agree to forgo or transfer their taxes in support of the brownfield plan.

iii. Ad valorem property taxes levied under 1 or more of the following or specific taxes attributable to those ad valorem property taxes

- i. The Zoological Authorities Act, 2008 PA 49, MCL 123.1161 to 123.1183.
- ii. The Art Institute Authorities Act, 2010 PA 296, MCL 123.1201 to 123.1229.

17. "Taxes levied for school operating purposes", per Section 2(ggg), means all of the following:

- i. The taxes levied by a local school district for operating purposes.
- ii. The taxes levied under the State Education Tax Act, 1993 PA 331, MCL 211.901 to 211.906.
- iii. That portion of specific taxes attributable to taxes described under subparagraphs (i) and (ii).

18. "Transformational brownfield plan", per Section 2(hhh), means a brownfield plan that meets the requirements of Section 13c and is adopted under Section 14a of the Brownfield Act and, as designated by resolution of the local municipality governing body and approved by the MSF, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. To be designated a transformational brownfield plan, a transformational brownfield plan must be for mixed-use development unless waived by the MSF as provided under Section 14a(26) of the Brownfield Act and is expected to result in specific levels of capital investment as defined by the Brownfield Act.

19. "Work plan", per Section 2(mmm), means a plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.

Addendum II
Work Plan or Combined Brownfield Plan Review Criteria:
Programmatic Parameters

BROWNFIELD WORK PLAN OR COMBINED BROWNFIELD PLAN REVIEW PROGRAMMATIC PARAMETERS

1. Threshold Submission Requirements:

- i. Does the brownfield plan include the use of taxes levied for school operating purposes? If so, is the work plan or combined brownfield plan requesting reimbursement for housing development activities? Is at least some portion of the housing to be developed subsidized or to be sold or rented to households at or below 120% AMI? ☐ YES ☐ NO
 - a. If no to any of these questions, STOP AND DENY:
MSHDA has no statutory authority to review the plan, and it must be returned to the submitting BRA.
- ii. Was the plan submitted by the local BRA or duly authorized municipal designee? ☐ YES ☐ NO
 - a. If no, STOP AND DENY:
A work plan submitted under Section 15(10), or a combined brownfield plan submitted under Section 15(20)(b), must be submitted to MSHDA by the local BRA.
 - b. Return to the submitting party.
- iii. Is the work plan part of a transformational brownfield plan?
☐ YES ☐ NO
 - a. If yes, pursuant to Section 15(11) the BRA must complete all required financial analyses prior to submitting a work plan to MSHDA.
Was the required financial analysis completed by the BRA? ☐ YES ☐ NO
 - b. If no, STOP AND DENY.
 - c. Return to the submitting BRA.
- iv. Did the BRA submit for each eligible property pursuant to Section 15(10) the following items?
 - a. A copy of the brownfield plan or the transformational brownfield plan.
☐ YES ☐ NO

- b. Current ownership information for each eligible property and a summary of available information on proposed future ownership, including the amount of any delinquent taxes, interest, and penalties that may be due. ___YES___NO
- c. A summary of available information on the historical and current use of each eligible property. ___YES___NO
- d. Existing and proposed future zoning for each eligible property. ___YES___NO
- e. A summary of the proposed redevelopment and future use for each eligible property. ___YES___NO
- f. A separate work plan, or part of a work plan, for each eligible activity described in Section 13b(4) to be undertaken. ___YES___NO
- g. A copy of the development agreement or reimbursement agreement between the municipality or authority and an owner or developer of eligible property required under Section 13b(4), which must stipulate price and monitoring for residential units, and include a detailed summary of any and all ownership interests, monetary considerations, fees, revenue and cost sharing, charges, or other financial arrangements or other consideration between the parties. ___YES___NO
- h. For work plans that include housing development activities, a summary of proposed income and price monitoring responsibilities and related expenses. ___YES___NO

- 1. If not all of the items listed in iv.(a)-(h) were included, which item(s) is/are missing?

- 2. If no, STOP AND DENY the work plan or combined brownfield plan for incompleteness. List missing items in the response letter to the submitting BRA.

- v. Are the eligible activities in the combined brownfield plan or work plan submitted by the BRA consistent with the eligible activities described in Section 13b(4)? ___YES___NO

- a. If no, which eligible activities are inconsistent
 - 1.
 - 2.
 - 3.

- b. If no, STOP AND DENY the work plan or combined brownfield plan for inconsistency.

2. Housing Work Plan and Combined Brownfield Plan Review Criteria:

- i. Does the development agreement or reimbursement agreement between the municipality or BRA and an owner or developer of eligible property stipulate price and income monitoring for residential units? __YES __NO
 - a. If no, DENY the work plan or combined brownfield plan for lack of development agreement or reimbursement agreement that stipulates price and income monitoring for residential units and continue review of additional criteria.
- ii. The following criteria will be considered to the extent reasonably applicable to the type of activities proposed as part of the submitted work plan or combined brownfield plan when approving or denying a work plan or combined brownfield plan:
 - a. Are the individual activities included in the work plan or combined brownfield plan sufficient to complete the proposed eligible housing development activity?
 - 1. Rehabilitation and new construction projects must submit a copy of a purchase agreement and Development Cost Budget.

Was a copy of a purchase agreement provided and are all Development Cost Budget items listed within the work plan or combined brownfield plan? __YES__NO
 - b. If no, explain what is missing and what needs to be done to achieve completion of the proposed eligible housing development activity:

 - c. If no, add the items that are missing or that need to be done to the terms of a conditional approval.
- iii. Is each individual activity included in the work plan or combined brownfield plan required to complete the eligible housing development activity?
__YES __NO

a. In order for individual activities to be deemed to be required to complete the eligible housing development activity, they must be limited to those items detailed in the Development Cost Budget. All other activities will be deemed not required to complete the eligible housing development activity.

b. If no, explain what is not required to be done to complete the eligible housing development activity:

c. If no, add to the terms of a conditional approval a listing of the items to be removed as not required to complete the eligible housing development activity.

iv. Is the cost for the eligible housing development activity reasonable?

a. Utilize the Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations worksheet to determine reasonableness of gap funds needed to develop affordable housing versus market rate housing. A copy of the completed worksheet must be attached to this document.

___YES ___NO

Total Tax Increment Capture

Calculated Housing Gap Cap

Calculated Remaining Tax Capture

v. Is there an overall benefit to the public? ___YES ___NO

a. To be of a public benefit, the proposed housing development must meet one of the following:

1. Satisfies a housing need determined by a current local housing needs assessment (no more than 3 years old), which is provided to MSHDA.
2. Satisfies a housing need for the area as determined by a current housing market study.
3. Satisfies a housing need identified in the Michigan Statewide Housing Plan found on MSHDA's website.

4. Satisfies a housing need identified in a regional housing study.

b. If no, explain why the proposed housing development provides no overall benefit to the public.

c. If there is no overall benefit to the public, the project is denied as lacking public benefit.

vi. Is there reuse of vacant buildings and redevelopment of blighted property?
___YES ___NO

This item is only applicable to work plans or combined brownfield plans specifically identifying the redevelopment of "blighted" property as defined in PA 90. For all other work plans or combined brownfield plans, this item is not applicable.

a. If yes:

1. Is the vacant building being torn down or repurposed?

2. If the property is blighted, under what definition found in Section 2(c) is the property considered blighted?

3. If blighted, is the acquisition cost to promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit included in eligible activities? ___Yes ___No
Amount of acquisition cost_____.

b. Explain as applicable in the recommendation summary:

1. The proposed reuse of or demolition of vacant buildings_____

2. Method used to determine that the property is blighted. A letter from the local municipality is acceptable.

3. Is acquisition cost of blighted or obsolete property included as an eligible activity? ___Yes ___No

If no, add as conditional requirement that the cost be added or that the developer provide written confirmation that it was not omitted in error.

4. Is the property properly zoned, or must it be rezoned?

If it must be rezoned before the housing development can commence, add the requirement that the property must be properly zoned to the conditional approval.

vii. Are new jobs being created?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

viii. Is the eligible housing development in an area of high unemployment?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

ix. What is the level and extent of contamination alleviated by or in connection with the eligible activities?

a. A proposed housing development work plan must include an environmental review that meets MSHDA's Environmental Review Requirements found on MSHDA's website.

1. If the environmental review discloses that the proposed housing development site has environmental contamination, did EGLE provide clearance for residential development? __YES __NO

2. If not cleared as evidenced by documentation from EGLE for residential development, the work plan or combined brownfield plan will be conditionally approved subject to EGLE clearance of the site for residential development.

x. What is the level of private sector contribution, including but not limited to private placement loans and developer contributions?

This item is provided for documentation only and is not used as a

factor to determine approval or denial of the work plan or combined brownfield plan.

- a. Add to the project summary the level of private sector contribution, including but not limited to private placement loans and developer contributions.
- xi. Is the projected occupant of the new development moving from another location in this state and will the move create a brownfield?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

- xii. Is the developer, landowner, or corporate entity that is included in the work plan or combined brownfield plan financially and economically unsound as determined by a review of the following requirements?

___YES ___NO

1. Is in default or in material non-compliance with the LIHTC or any other MSHDA program; or
2. Has outstanding flags in HUD's national 2530 National Participation system; or
3. Has been debarred or suspended from any MSHDA, HUD, or Rural Housing programs; or
4. Has outstanding tax liens; or
5. Does not have liquid assets at least equal to 3% of the proposed project housing development eligible activity costs.

- a. Deny if the developer, landowner, or corporate entity that is included in the work plan or combined brownfield plan is deemed financially and economically unsound based on the above criteria.
- xiii. Are there other state and local incentives or subsidies available to the developer, landowner, or corporate entity for the housing development project that are included in the work plan or combined brownfield plan? ___YES ___NO

- a. What are the sources, uses and amounts of the other state and local incentives or subsidies provided? _____
Provide in the project recommendation summary.

- b. Are the other state and local incentives or subsidies firm commitments or contingent on some event? _____
Explain in the project recommendation summary.

- c. Do the other state and local incentives or subsidies permit the housing development to serve lower income households, seniors, homeless, persons with disabilities or other at-risk populations as may be deemed locally necessary based on housing reports or market studies?

Explain in the project recommendation summary.

- d. If the other state and local incentives or subsidies are required for financial viability and are there are not firm commitments, the housing development work plan or combined brownfield plan will be conditionally approved until the firm commitments are provided. Otherwise note the various incentives and subsidies in the recommendation summary and mark for approval.
- xiv. Does the proposed housing development align with the statewide housing plan?
___YES ___NO
- a. If no, what are the stated reasons for deviation? Does the local municipality support the proposed housing development activity as may be evidenced by a PILOT resolution or providing other development incentives? How did the developer determine that this housing need existed (e.g. local market study, community development plans, local needs analysis)?
 - b. Deny if the work plan or combined brownfield plan is not aligned with the statewide housing plan and documented support for deviation from the statewide housing plan and/or community support for the proposed housing development is not provided.
 - c. Approve if the work plan or combined brownfield plan is aligned with the statewide housing plan or documented support for deviation from the statewide housing plan and/or community support for the proposed housing development is provided.
 - d. Explain how the project is aligned with the statewide housing plan or how the documentation provided supports a deviation from the statewide housing plan in the project recommendation summary.
- xv. Does the entity or agency monitoring price and income have the capacity to provide such monitoring, evidenced by experience providing such monitoring services based on the following criteria? ___YES ___NO

- a. How many years of experience does the monitoring entity or agency have in Michigan? _____
- b. An entity with limited experience and capacity monitoring price and income is defined as:
 1. An organization that has less than three years of price and income monitoring experience in programs such as Section 8, LIHTC, or HOME; or
- c. Explain in the project recommendation summary whether the entity or agency has limited, or sufficient monitoring experience based on the above criteria.
 1. If the entity or agency has limited experience, grant a conditional approval based on either: (a) changing the monitoring entity or agency to one with sufficient experience in monitoring price and income for affordable housing; or (b) partnering with a sufficiently experienced monitoring agency; or (c) receiving two hours or more of training with MSHDA staff on income monitoring processes and procedures.
 2. What is the duration of the price and income monitoring?

For-sale housing is to be monitored for price and household income through the first sale. Rental properties are to be monitored for a period not less than the expiration of projected tax increment capture but may be longer depending on other programmatic requirements.

3. If the proposed price and income monitoring duration does not meet the above, recommend a conditional approval to require changes to the duration of the price and income monitoring.
- xvi. Does the proposed housing development project support housing at price points that align with the local workforce based on localized area income and community data provided? Explain in the recommendation summary how the housing development price points either align or do not align with the local workforce income and community data.
 ___YES ___NO

- a. Deny if the housing development project does not support housing at price points that align with the local workforce based on information provided by the BRA to MSHDA.
 - b. Approve if the housing development project supports housing at price points that align with the local workforce based on information provided by the BRA to MSHDA.
- xvii. Is the proposed housing development to be income restricted for a period not less than the period of tax capture by providing deed restrictions to ensure the development meets long-term local housing needs? ☐YES ☐NO
 - a. If yes, do the terms of the draft deed restrictions match the proposed AMI levels to be served at the proposed housing development?
☐YES ☐NO
 - 1. If no to either, set as a conditional approval item that the developer agrees to deed restrict the property for affordable housing dedicated to serve AMI levels as detailed in the project proposal for a period not less than the proposed tax capture.
 - 2. If yes to both, approve and note in the approval letter the deed restricted AMI level(s) and duration of deed restriction.

SINGLE-FAMILY EXAMPLE

Potential Development Loss (PDL) Gap Cap & Total Housing Subsidy (THS) Calculations

A developer has received approval from the Lake County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 10-unit single-family "for sale" workforce housing project which contains 10 three-bedroom homes with two (2) 100% AMI target prices and eight (8) three-bedroom homes with 120% AMI target prices. The developer reports that the cost to build all ten houses is \$300 per square foot with each house being 1300 square feet in total. The BRA has approved a \$1,450,000 Housing TIF tax capture that is collected over 28 years.

Step 1: Establish the Affordable Mortgage for the project.

Establishment of the affordable mortgage in Lake County is based on the three-bedroom Area Median Income (AMI) at targeted incomes for a family of four and assumes a 15% downpayment. This includes the costs of principal + interest, insurance, taxes, PMI. The calculation uses a 7.53% interest rate (current market average). These mortgages provide a monthly payment that below 30% of household income.

3 Bedroom House @ 100 AMI = \$249,000.00

3 Bedroom House @ 120 AMI = \$293,500.00

Step 2: Establish the Potential Development Loss (PDL) for the project.

The Affordable Mortgage is subtracted from the actual Development Cost which is collected from information provided by the applicant/developer.

3 Bedroom House @ 100 AMI = \$390,000.00 - \$249,000.00 = \$141,000.00

3 Bedroom House @ 120 AMI = \$390,000.00 - \$293,500.00 = \$96,500.00

Step 3: Determine the PRL Gap Cap.

PDLs are multiplied by the number of units.

3 Bedroom House @ 100 AMI = \$141,000.00 x [2 = \$282,000.00

3 Bedroom House @ 120 AMI = \$96,500.00 x [8 = \$772,000.00

Step 4: Add all Potential Development Loss (PDL) Gap Cap calculations to establish the Total Housing Subsidy.

All target income PDL GAP CAP amounts are totaled to determine the Total Housing Subsidy (THS).

THS = (\$282,000.00 + \$772,000.00) = \$1,054,000.00

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

The Lake County BRA approved a Housing TIF Capture of \$1,450,000.00 and this amount will be reviewed for reasonable and appropriate expenditures including the THS under the guidance established under Public Act 90 of 2023.

$$(\$1,450,000.00 - \$1,054,000.00) = \underline{\$396,000.00}$$

In this example, the HTIF Capture exceeds the THS. The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

AN ILLUSTRATION IS ATTACHED.

Housing TIF Financing Gap Cap Calculation - For Sale Homeownership

Rural For-Sale Project: 10 Single-Family Homes (For-Sale Home Ownership Units with 2 @ 100% AMI & 8 @120% AMI)

FORMULA	Location	Type	Affordable Mortgage*	Development Cost** - Affordable Mortgage	= PDL	x No. of Units	x PDL GAP CAP
Income	Lake Co.	For Sale (100%)	\$ 249,000.00	\$ 390,000.00 - \$ 249,000.00	= \$ 141,000.00	2	\$ 282,000.00
Income	Lake Co.	For Sale (120%)	\$ 293,500.00	\$ 390,000.00 - \$ 293,500.00	= \$ 96,500.00	8	\$ 772,000.00

TOTAL Housing Subsidy	10	\$ 1,054,000.00
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PDL = Potential Development Loss

Affordable Mortgage =
 * Mortgage Limit assumes a 15% down payment plus all other normal monthly fees associated with home ownership for a family of four.

Development Cost =
 ** \$300 per sq. ft. building costs (for a 3 bedroom home) - information provided through application. This includes 10% developer fee/profit.

Other Housing Activities Allowed Under Public Act 90 of 2023:	\$ 396,000.00
Developer may utilize the remainder of the TIF capture for the following HOUSING RELATED items:	
1. Site Preparation/Demolition 2. Infrastructure Development 3. Relocations Expenses 4. Plus Other Housing TIF Related Expenses	

Approved BRA TIF Request	10	\$ 1,450,000.00
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Housing TIF Financing Gap Cap Calculation - Multifamily Rental

Oceana County WFH Project: 40 Total Units/Leases (20 1-Bedroom @ 60% AMI / 20 2-Bedroom @80% AMI)

FORMULA	Location	Type	FMR/MR Rent	Control Rent - Proj. Rent	= PRL	x No. of Units	x No. of Months	x No. of Years	= PRL GAP CAP	Per Unit
FMR	Oceana Co.	1 Bedroom	\$ 635.00	\$ 1,587.50 - \$ 852.00	= \$ 735.50	20	12	25	\$ 4,413,000.00	\$ 220,650.00
FMR	Oceana Co.	2 Bedroom	\$ 836.00	\$ 2,090.00 - \$ 1,364.00	= \$ 726.00	20	12	25	\$ 4,356,000.00	\$ 217,800.00
TOTAL Housing Subsidy						40			\$ 8,769,000.00	\$ 219,225.00
Approved BRA TIF Request						40			\$ 2,225,000.00	\$ 55,625.00
Other Housing Activities Allowed Under Public Act 90 of 2023: Developer may utilize the remainder (if any) of the TIF capture for the following HOUSING RELATED items: 1. Site Preparation/Demolition 2. Infrastructure Development 3. Relocations Expenses 4. Plus Other Housing TIF Related Expenses									\$ (6,544,000.00)	\$ (163,600.00)

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

The Oceana County BRA approved a Housing TIF Capture of \$2,225,000.00 and this amount will be reviewed for reasonable and appropriate expenditures including the THS under the guidance established under Public Act 90 of 2023.

$$(\$2,225,000.00 - \$8,769,000.00) = \underline{\underline{\$(6,544,000.00)}}$$

In this example, the HTIF Capture is significantly less than the THS. This large difference is a function of the AMI used for single family for sale housing example. Single family for sale housing is believed to typically not be sold to households much lower than 100% AMI. Lower skewing may require downpayment assistance or other stabilizing measures.

AN ILLUSTRATION IS ATTACHED.

MULTI-FAMILY EXAMPLE

Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations

A developer has received approval from the Oceana County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 40-unit multi-family workforce housing project which contains 20 one-bedroom apartments with 60% AMI target rents and 20 two-bedroom apartments with 80% AMI target rents. The BRA has approved a \$2,225,000 Housing TIF tax capture that is collected over 25 years.

Step 1: Establish the Control Rent (CR) for the project.

Monthly FMR for a one-bedroom apartment in Oceana County is \$635 and for a two-bedroom apartment it is \$836.

$$1 \text{ Bedroom Control Rent} = ((\$635/40) \times 100) = \underline{\$1,587.50}$$

$$2 \text{ Bedroom Control Rent} = ((\$836/40) \times 100) = \underline{\$2,090.00}$$

Step 2: Establish the Potential Rent Loss (PRL) for the project.

Project Rents are established for the development and are subtracted from the Control Rents

$$1 \text{ Bedroom PRL} = (\$1,587.50 - \$852.00) = \underline{\$735.50}$$

$$2 \text{ Bedroom PRL} = (\$2,090.00 - \$1,364.00) = \underline{\$726.00}$$

Step 3: Determine the PRL Gap Cap.

PRLs are multiplied by the number of units and the number of years of approved TIF Tax capture.

$$1 \text{ Bedroom PRL GAP CAP} = (\$735.50 \times 12 \times 20 \times 25) = \underline{\$4,413,000.00}$$

$$2 \text{ Bedroom PRL GAP CAP} = (\$726.00 \times 12 \times 20 \times 25) = \underline{\$4,356,000.00}$$

Step 4: Add all Potential Rent Loss (PRL) Gap Cap calculations to establish the Total Housing Subsidy.

All bedroom PRL GAP CAP amounts are totaled to determine the Total Housing Subsidy (THS).

$$\text{THS} = (\$4,413,000.00 + \$4,356,000.00) = \underline{\$8,769,000.00}$$

Step 4: Add all Potential Rent Loss (PRL) Gap Cap calculations to establish the Total Housing Subsidy (THS).

After calculating PRL Gap Cap for each bedroom type in the proposed development project, the following calculation will be made:

$$\begin{aligned} &\text{PRL Gap Cap 1-Bedroom} + \text{PRL Gap Cap 2-Bedroom} + \text{PRL Gap Cap 3-Bedroom} \\ &= \text{Total Housing Subsidy (THS)} \end{aligned}$$

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

- A. MSHDA will deduct the THS from the total Housing Tax Increment Financing (HTIF) request and will review for overall reasonableness.

Note: THS should not exceed the total HTIF request as this may indicate instability in the overall project pro forma. Conversely, an insignificant overall THS may indicate a project that is not targeting appropriate income levels. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

- B. The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023.

For Single-Family For-Sale projects, MSHDA will undertake similar steps to calculate the Potential Development Loss (PDL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PDL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned. Calculations assume an Area Median Income (AMI) at targeted for 1 person per bedroom for 1- and 2-bedrooms homes and 1.5 persons per bedroom for 3+ bedroom homes and assumes a 15% downpayment. Monthly housing payments including the costs of principal + interest, insurance, taxes, PMI at no more than 30% of the household gross annual income. The calculation uses the current market average interest rate and developer provided projected insurance, taxes, and PMI costs.

Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations

For Multi-Family Developments, MSHDA will undertake the following steps to calculate the Potential Rent Loss (PRL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PRL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned.

Step 1: Establish the Control Rent (CR) for the project.

Utilizing the appropriate Fair Market Rent (FMR) for each county and for the appropriate rate for each bedroom size as published by the U.S. Department of Housing & Urban Development (HUD), the following calculation will be made:

$$(FMR/40) \times 100 = \text{Control Rent (CR)}$$

Note: This formula corrects for HUD publishing FMR as 40% of area rents.

Step 2: Determine the difference between the Control Rent (CR) and the targeted Project Rent (PR).

Utilizing the Project Rent (PR) targeted by the development team for each project, the following calculation will be made:

$$\text{Control Rent (CR)} - \text{Project Rent (PR)} = \text{Potential Rent Loss (PRL)}$$

Note: There may be multiple PRLs calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Step 3: Determine the PRL Gap Cap.

Utilizing the number of total units in a project that will have the appropriate income targets and the number of years of TIF Capture requested, both of which will be submitted by the development team for each project, the following calculation will be made:

$$\text{Potential Rent Loss (PRL)} \times 12 \text{ months} \times \text{No. of Units} \times \text{No. of Years} = \text{PRL Gap Cap}$$

Note: There may be multiple PRL Gap Caps calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Schedule A
Potential Rent Loss (PRL) Gap Cap
&
Total Housing Subsidy (THS) Calculations

ADOPTED

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING HOUSING TAX INCREMENT FINANCING PROGRAM**

September 29, 2023

WHEREAS, pursuant to Section 13b(4)(b) of the Brownfield Redevelopment Authority Act, Act 381, Public Acts of Michigan, 1996, as amended (the "Act"), if a brownfield work plan or combined brownfield plan involves the use of taxes levied for school operating purposes and is requesting reimbursement for housing development activities, the work plan or combined brownfield plan must be approved by the Michigan State Housing Development Authority (the "Authority"), unless all the housing property identified within the plan will be sold or rented at market rate and will not be subsidized; and

WHEREAS the Act imposes duties and responsibilities on the Authority including the review of work plans and combined brownfield plans; and

WHEREAS, to enable the Authority to carry out the duties and responsibilities assigned to it under the Act, the Executive Director has recommended that the Authority (a) authorize the establishment and implementation of a housing tax increment financing program (the "Housing Tax Increment Financing Program") pursuant to the Act and (b) pursuant to State Housing Development Authority Act of 1966, Act 346 of 1966, Section 125.1421(6), delegate to selected Authorized Officers the authority to approve work plans or combined brownfield plans based on program parameters contained in the attached program statement (the "Program Statement"), and to perform any and all actions necessary to carry out the responsibilities and obligations of the Authority under the Act; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Housing Tax Increment Financing Program as described in the accompanying memorandum and Program Statement of even date is hereby authorized and approved.
2. The Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, or anyone acting in those capacities respectively (each an "Authorized Officer"), are each granted the authority to approve work plans or combined brownfield plans and perform any and all actions necessary to carry out the responsibilities and obligations of the Authority as described in the accompanying memorandum and Program Statement attached hereto and as set forth in the Act.
3. All work plans and/or combined brownfield plans that request a waiver from the Program Statement Addendum II Brownfield Work Plan or Combined Brownfield Plan Review Programmatic Parameters must be brought before the Authority for consideration.
4. All work plans and combined brownfield plans approved by an Authorized Officer shall be quarterly reported to the Authority.



HOUSING TAX INCREMENT FINANCING PROGRAM

FREQUENTLY ASKED QUESTIONS

December 6, 2023

The following **Frequently Asked Questions (FAQs) and Answers** are for informational purposes only. This document is not binding. Applicants should refer to the MSHDA Housing Tax Increment Financing (Housing TIF) Program Statement, the joint MSHDA-EGLE-MEDC brownfields guidance, and accompanying documents for most-recent guidance. All applicants are strongly encouraged to consult with MSHDA staff before formally submitting a Housing Tax Increment Financing application.

Please contact MSHDA via e-mail (MSHDA-TIF@michigan.gov) should you have any additional questions or have a need for additional clarification regarding the subjects reviewed below.

GENERAL APPLICATION

Q: Is there a “format” that applicants should use to submit Housing TIF Work Plans?

A: Yes. Applicants should follow the format under “Addendum II – Work Plan or Combined Brownfield Plan Review Criteria Programmatic Parameters” of the MSHDA Housing TIF Program Statement, as adapted on September 29, 2023, when submitting applications.

DEMONSTRATION OF HOUSING NEED

Q: Can a local BRA/community rely on a regional needs assessment for the need requirements? How formal of a housing study is needed? Is the mention of housing needs in a Master Plan sufficient, or would it be necessary to use that AND the statewide housing plan?

A: *A Regional Housing Plan is one of the allowable options for demonstrating alignment of the housing project with the “housing needs” of the area. It is recommended that a Local or Regional Housing Study that is being used to demonstrate alignment with housing needs is adapted by the local municipality and affirmed by the local municipality as an accurate representation of the local or regional needs prior to submission of the Brownfield Plan or Work Plan to MSHDA.*

MSHDA believes that, in most cases, a Master Plan that outlines the local housing needs in detail will be sufficient to demonstrate alignment of the housing project with local housing needs; however, a Master Plan that provides no detail or documentation for housing needs will not be sufficient.

ELIGIBLE ACTIVITIES

Q: **Must the developer maximize all other eligible activities before you utilize the eligible activities of “Housing Gap?”**

A: *No. An affordable or subsidized housing project seeking MSHDA approval where the Total Housing Subsidy calculation generates a larger value than the Approved BRA TIF Request may choose to classify all of the TIF capture as “Financing Gap”.*

On the other hand, a housing project where the Total Housing Subsidy calculation generates a lower value than the Approved BRA TIF Request will be required to classify a portion of the TIF Capture as other eligible activities outside of the “Financing Gap” to utilize the entire TIF Capture.

Q: **In a project that combines market-rate and affordable and that needs infrastructure and site preparation activities to support the development, can that infrastructure cost be captured in full, or would it be proportional to only the units that are affordable below 120% AMI?**

A: *The infrastructure costs will likely be eligible to be captured in full. MSHDA defines infrastructure as:*

“All fundamental physical development activities, that are not EGLE eligible activities, and that are necessary for the proposed affordable housing, or directly support the housing development activities, or are safety improvements necessary for the proposed affordable housing project and that may be available for public use. Examples include, but are not limited to, water/sewer connectivity, sidewalks, driveways, development drives, and parking areas/structures. Additionally, green-build features, like solar panels and electric vehicle charging stations, would be considered an eligible infrastructure activity if there is a direct benefit to the proposed eligible housing property.”

Since, in most cases, it would not be possible to create the affordable housing units without incurring all of the infrastructure costs, MSHDA believes that all infrastructure costs will be eligible for capture regardless of whether all the units are affordable or a mix of affordable and market-rate, unless the infrastructure is an EGLE eligible activity.

Q: Do infrastructure and site preparation activities that support Section 13b(4)(b) affordable and/or subsidized housing need to be public or in the right-of-way?

A: *No. Infrastructure and site preparation activities that meet the infrastructure definition listed above will be eligible regardless of whether they are public, in the right of way, or private and owned by the development.*

Q: If the municipality decides to issue municipal bonds for the public infrastructure, and seeks reimbursement through the BRA for the debt service, is it fair to assume that the municipality's costs for the infrastructure, including financing costs, can be included in the calculated Potential Development Loss (PDL)?

A: *Infrastructure is defined in the Housing TIF program as follows:*

"All fundamental physical development activities, that are not EGLE eligible activities, and that are necessary for the proposed affordable housing, or directly support the housing development activities, or are safety improvements necessary for the proposed affordable housing project and that may be available for public use. Examples include, but are not limited to, water/sewer connectivity, sidewalks, driveways, development drives, and parking areas/structures. Additionally, green-build features, like solar panels and electric vehicle charging stations, would be considered an eligible infrastructure activity if there is a direct benefit to the proposed eligible housing property."

Under the Housing TIF program, both Total Housing Subsidy (THS) and Infrastructure are eligible activities. The Potential Development Loss (PDL) is merely a factor used in calculating the THS. Infrastructure does not play a part in the THS calculation and, therefore, the PDL calculation does not take into account Infrastructure costs. However, a municipality may choose to issue bonds to cover some of the Housing TIF-eligible costs and use the Housing TIF as a way of paying the debt service on the bonds.

Q: Will the amount of TIF for housing development activities approved under a plan be limited to the total amount of TIF projected to be generated over the life of the plan, or can the approved amount of TIF exceed the amount of TIF projected?

A: *The TIF reimbursement amount will be limited to the amount approved by the BRA. That being said, the total amount of TIF Capture that a MSHDA-approved housing development will be eligible to utilize will not be greater than the amount of TIF generated over the life of the plan, based on the number of years and total amount approved by the BRA.*

Q: Why would a project need to submit to MEDC, EGLE, and MSHDA for TIF when the eligible activities seem to overlap? If the only eligible activity is "Financing Gap", does the plan need approval from MEDC and EGLE?

A: *MSHDA does not believe that there will be very many cases that will require both MSHDA and MEDC approval for the same project. This is due to the mechanics of the Housing TIF program and how the eligible activities are defined. However, MSHDA and MEDC have been working together to ensure that any projects that require the approval of both agencies will utilize a streamlined*

approach with cross-agency communication and minimal duplication of processes wherever possible. EGLE eligible activities must be submitted to EGLE in addition to the submission to MSHDA or MSHDA and MEDC, because MSHDA cannot review and/or approve activities that are EGLE eligible activities.

Q: Can a developer submit a Brownfield Plan where all or nearly all of the capture is related to housing development eligible activities?

A: Yes.

HOUSING SUBSIDY/GAP

Q: Is the THS (Total Housing Subsidy) meant to serve as a cap on the entirety of a TIF reimbursement request, or is it a cap strictly related to determining the potential financing gap that is eligible to be reimbursed?

A: *The Total Housing Subsidy (THS) is meant to be a way of evaluating the reasonableness of the Financing Gap amount that is being included in the sources and uses. It is not a cap on the entirety of the TIF reimbursement request.*

As an example, let's assume that the TIF reimbursement request is \$1,450,000. Let's also assume that the THS calculates out to \$1,054,000. The developer would be eligible to include a "Financing Gap" line item in their sources and uses of no more than \$1,054,000. However, let's also assume that there were eligible infrastructure and site preparation costs in the amount of \$500,000. If the BRA approves it, the developer could include the remaining \$396,000 (\$1,450,000 - \$1,054,000) as infrastructure and site preparation in their sources and uses, which would allow them to capture the entire \$1,450,000 in TIF reimbursement.

Q: Are there concerns for work plan approvals if the MSHDA TIF gap calculation outputs a much greater amount than the TIF is anticipated to support?

A: *The PRL/PDL and THS calculations are intended to be used for testing the reasonableness of a request to utilize TIF Reimbursement for Housing Activities. If the approved TIF reimbursement request is well below the calculated THS, it will not cause issues from a MSHDA review standpoint. However, wide variances between the PRL/PDL/THS calculation and the amount of approved TIF reimbursement should cause practitioners to take another look at the costs and financing structure of the development to ensure that the financing assumptions are sound.*

Q: What would the documentation for the rental financing gap look like for requesting reimbursement? Would this be a calculation provided yearly to the BRA with documentation of

yearly rent, and proof residents are within AMI? Would this be concurrent with the ongoing monitoring and reporting?

A: *The rental financing gap is a one-time calculation and review that is completed in conjunction with MSHDA's review and approval of the Brownfield Plan. It is not an annual calculation. There are other annual reporting requirements that the BRA will be required to provide to MSHDA.*

Q: **It is expected that projects would have both income-restricted units and units that are not income-restricted. The PRL (Potential Rent Loss) gap calculation is only related to the income-restricted units, but what if the overall project still has a gap that is larger than the cost of site prep, demolition, etc.? Does the "reasonableness" test apply to the overall housing project, or just the portion of the project that has income-restricted housing?**

A: *The Potential Rent Loss (PRL) and Potential Development Loss (PDL) calculations are an approximation of the subsidy that is necessary to offer units (rental or for-sale) at affordable rents or prices. Therefore, the PRL and PDL calculations only cover the units in the project that will be restricted to affordable rents or prices.*

However, please keep in mind that the PRL/PDL and Total Housing Subsidy (THS) calculation is only one way to include TIF Capture in the Sources and Uses for the project. Projects that have excess TIF Capture over and above the THS could use that excess TIF Capture towards other eligible activities such as infrastructure, demolition and renovation, site preparation, etc. that the project will be incurring.

AFFORDABILITY REQUIREMENTS

Q: **Does MSHDA have specific requirements regarding target AMI's for affordability of rental units, or affordability periods for rental units?**

A: *At this time, MSHDA is not establishing parameters that require a certain number of housing units in the development be at specific Area Median Income (AMI) levels. Likewise, MSHDA is not requiring a target affordability period for the affordable units. These types of decisions will be negotiated at the local level based on the local needs and the feasibility of offering units at various AMI targeted levels.*

The Housing TIF program requires that projects have units targeted at 120% of AMI or below. MSHDA is not specifying how many of the units in the development need to be targeted at 120% AMI or below. Again, this is a local decision that the Brownfield Redevelopment Authority and the developer should negotiate in order to determine that the local housing needs are being met. The minimum term of affordability for those 120% AMI units is the length of the TIF reimbursement, but a local municipality/BRA may choose to require a longer affordability period, at their discretion.

Q: Is the gap calculation term limited to 25 years as shown on the PRL example? Can the Affordability Period extend beyond length of TIF payoff?

A: *The Projected Rent Loss (PRL) example was purely for illustrative purposes to better show how the PRL is calculated and utilized. A local municipality/BRA could certainly choose to require an affordability period that extends beyond the length of the TIF reimbursement. Those decisions will be made at the local level.*

Q: Will there be an affordability agreement the developer has to enter in to? If so, what will the length be and how will that be enforced?

A: *MSHDA will not require a deed restriction or an affordability agreement be recorded against the property. However, MSHDA will record a notice on the public record that references the Section 13b(4)(b) required development agreement or reimbursement agreement between the municipality or local BRA and the owner or developer of the eligible property that stipulates price and income monitoring for residential units. That agreement will memorialize the price and income restrictions and their duration. The local municipality/BRA may have affordability requirements, and various means of enforcing those requirements.*

MSHDA REVIEW

Q: How does the timing of MSHDA review overlap with timing of MEDC/MSF approval for state capture?

A: *MSHDA does not believe that there will be very many cases that will require both MSHDA and MEDC approval for the same project. This is due to the mechanics of the Housing TIF program and how the eligible activities are defined. However, MSHDA and MEDC have been working together to ensure that any projects that require the approval of both agencies will utilize a streamlined approach with cross-agency communication and minimal duplication of processes wherever possible.*

Q: Are any other specific State and/or Federal housing regulations such as prevailing wages, fair housing, ADA, etc. required under the Housing TIF Program.

A: *The Housing TIF program does not have additional construction/labor requirements over and above the state and local requirements that are standard in any housing development, unless otherwise required by the local municipality/BRA. Prevailing wage is not triggered by the Housing TIF program. Developers and management companies should ensure that all other requirements that are standard in any housing development are being met.*

Q: Will MSHDA require compliant Phase I ESA, Phase II ESA, BEA, or any other sign-offs from EGLE if they are not required by other programs?

- A:** *A proposed housing development work plan must include an environmental review that meets MSHDA's Environmental Review Requirements found on MSHDA's website. If the environmental review discloses that the proposed housing development site has environmental contamination, then MSHDA staff will be reviewing to see if EGLE has provided the appropriate clearance for residential development. If documentation does not exist that evidences EGLE has provided the necessary clearance for residential development, then the work plan or combined brownfield plan may be conditionally approved (assuming it meets other requirements) subject to EGLE clearance of the site for the proposed residential development.*
- Q:** **For projects where state/school taxes are not requested (i.e., local only taxes utilized) will plans still need to be reviewed and approved by MSHDA?**
- A:** *If a Brownfield Plan is not including the use of taxes levied for school operating purposes, then the Brownfield Plan does not require the review and approval by MSHDA.*
- Q:** **How did you arrive at a 10% maximum developer fee and profit?**
- A:** *The 10% maximum developer fee/profit was an estimate based on previous discussions with housing and building trade organizations. The intention of capping the developer fee and profit is to ensure the local and state resources are being spent appropriately while also balancing the need to be in line with the market in order to allow the program to work for developers/builders and provide the correct incentives. After further evaluation of this metric, MSHDA will be increasing this maximum to 15%. Additionally, MSHDA is considering whether further allowances should be made for overhead and other costs over and above the 15% developer fee and profit.*

HOUSING TIF INTERACTION WITH PILOT/OTHER PROGRAMS

- Q:** **How does this program work if a project has a PILOT agreement in place?**
- A:** *The topic of the interaction between a Housing TIF and a PILOT is still under analysis. One example of a possible scenario for how they may interact together is a property that utilizes a PILOT agreement for years 1-15 and then has a Housing TIF that covers years 16-25. Whether this is a structure that is beneficial for projects to utilize is subject to the review and analysis of the development team and the municipality/BRA. Another example of a possible PILOT/TIF project is where the property was previously tax exempt and thus paid zero (\$0) taxes. In that instance, the PILOT may be captured as the TIF at 100% based on local approval. If a project involves both a TIF and a PILOT, the terms of each and the intended plan for interaction between the two should be addressed.*
- Q:** **Will a Housing TIF meet the requirements for a Tax Abatement under the LIHTC QAP? Will MSHDA be issuing further guidance in this area?**

A: Section C.14 Tax Abatement, of the Scoring Criteria under the 2024-2025 Qualified Allocation Plan (QAP) states,

“MSHDA will consider awarding these points for alternative tax incentive structures such as Tax Increment Financing (or other structures) that meet the intent of reducing the property tax burden and have a duration at least as long as is otherwise required under this section. Applicants with these alternative forms of tax incentives are encouraged to contact MSHDA staff prior to the funding round to determine whether the tax incentive structure will qualify for these points.”

A Housing TIF may qualify for Tax Abatement points under Section C.14 of the 2024-2025 QAP Scoring Criteria as long as the duration of the Housing TIF and positive impact to the financial viability of the housing property is comparable to the impact that would otherwise be generated by a Payment in Lieu of Taxes. As MSHDA begins to see more examples of LIHTC developments utilizing Housing TIF, further guidance will be issued as necessary.

BROWNFIELD REDEVELOPMENT AUTHORITY COVERAGE

Q: What if the municipality you're looking to develop in does not have a BRA? Will MSHDA provide technical support to BRA's that are trying to figure out how to implement this at the local level?

A: *MSHDA has been working with the Michigan Municipal Services Agency to develop a potential solution for communities throughout the state that would like to use the Housing TIF program to support attainable housing, but do not have a BRA. Further information on this topic will be available soon.*

MISCELLANEOUS

Q: What should be the approach if the market area of the development does not have good comparables to justify financing with a lender? Does the PDL calculation support development in an area where there are lower neighboring values?

A: *The Potential Development Loss (PDL) calculation uses Development Costs and an estimation of an Affordable Mortgage in order to calculate the Total Housing Subsidy (THS). Therefore, an area that cannot find good comparables should not be hindered by the PDL calculation. However, for single-family home projects, developers should be diligent to ensure that houses that are being built with the intention of being sold will have sufficient comparables in order to avoid challenges with homebuyers qualifying for sufficient end-financing in order to purchase the home. Communities and developers should also consider whether the lack of good comparables is a result of insufficient capacity to supply houses at the targeted price points or a result of insufficient need in the community. All applications will need to demonstrate a local need for the proposed housing as part of seeking MSHDA approval.*

Q: To use housing development costs as eligible expenses, must a Brownfield Plan include the capture of school operating taxes?

A: *If a Brownfield Plan is not utilizing taxes levied for school operating purposes, then the plan is not required to be reviewed by MSHDA. Municipalities/BRA's are not required to utilize taxes levied for school operating purposes as part of the Brownfield Plan.*

Q: In a single-family, home ownership TIF, the principal resident's exemption reduces the education tax to 6 mils. In a traditional Brownfield TIF the Michigan Strategic Fund takes 3 of the 6 mils. Assuming it's a housing only TIF will MSHDA capture the 3 mils.?

A: *Section 13b(14), provides that "[n]otwithstanding anything to the contrary in this act, for a brownfield plan that includes the capture of taxes levied for school operating purposes from each eligible property included in a brownfield plan after January 1, 2013, an authority shall pay to the department of treasury at least once annually an amount equal to 50% of the taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, including 50% of that portion of specific taxes attributable to, but not levied under, the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, that are captured under the brownfield plan until the expiration of the earlier of the following[.]"(Emphasis added.)*

Sec. 8a. (1) The state brownfield redevelopment fund is created as a revolving fund within the department of treasury to be administered as provided in this section. The state treasurer shall direct the investment of the state brownfield redevelopment fund. Money in the state brownfield redevelopment fund at the close of the fiscal year remains in the state brownfield redevelopment fund and does not lapse to the general fund.

Sec. 8a(3) The state brownfield redevelopment fund may be used only for the following purposes:

(e) To distribute revenue deposited in the state brownfield redevelopment fund from a brownfield plan that includes housing development activities and that was approved by the Michigan state housing development authority under section 13b(4)(b) to the housing development fund created in section 23 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1423



HOUSING TAX INCREMENT FINANCING PROGRAM

Virtual Information Session No. 3

October 9, 2023 – 1:00 PM

Target Audience for Session : Municipalities/BRAs

MICHIGAN.GOV/MSHDA

TODAY'S AGENDA

SPEAKERS:

Chad Benson, Director of Rental Development, MSHDA

Charlotte Johnson, Staff Attorney, MSHDA

Tony Lentych, Chief Housing Investment Officer, MSHDA

1. History & Background
2. Review of Housing TIF Program
3. Definitions & Calculations
 - Housing Subsidy
 - Sources & Uses Review
4. Discussion/Feedback
5. Next Steps
 - Anything else we need to review today?



Brief History & Background

- **Public Act 90 of 2023** was approved in the legislature on June 28, 2023 and signed by the Governor on July 19, 2023
- **Section 13b(4)(b)** establishes that brownfield work plans and combined brownfield plans that involve the use of taxes levied for school operating purposes and that request reimbursement for housing development activities for affordable (under 120% AMI) and/or subsidized housing *must be reviewed by MSHDA*
- Work Team was assembled to draft the “**Housing TIF Program**” for presentation to the MSHDA Board of Directors



Brief History & Background

- Work Team included MEDC and MSHDA Staff and worked through the summer to finalize internal policy and procedures
- Significant work on explanations and definitions throughout the summer with outreach to the public on the calculation of “housing subsidy” in early September
- Designation of MSHDA’s **Missing Middle Program Team** as the home for the **Housing TIF Program**
- The Work Team also spent considerable time investigating a pilot “financial instrument” companion – will launch separately



Brief History & Background

- MSHDA Board of Directors adopted the overall program at their **September 29, 2023** Regular Meeting
- Internal staff training is underway and will continue throughout the fall
- External trainings and final “guidance” documents will be finalized in early October
- Anticipate receiving first Work Plans for approval in October...

Please remember this... Outreach for additional input/feedback through sessions like this is on-going – **WE WANT TO HEAR FROM YOU!**

MSHDA Workplan Approval Flow Chart

STEP ONE

Was the Workplan Submitted by the Local BRA?

No

Return to Submitting Party with Direction to have Local BRA Submit

Yes

GO ON TO NEXT STEP

STEP TWO

Was the Required information Submitted with the Workplan?

No

Return to BRA with List of Missing Items

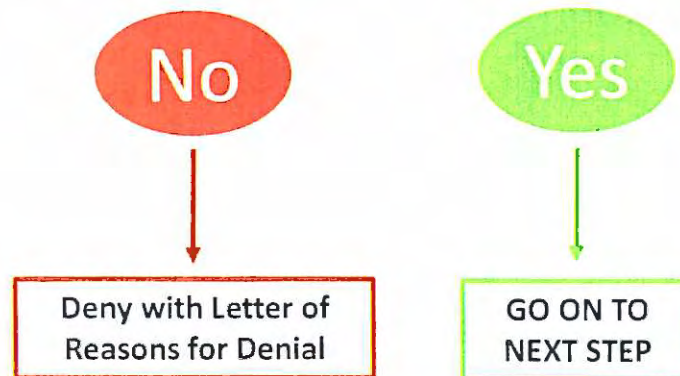
Yes

GO ON TO NEXT STEP

MSHDA Workplan Approval Flow Chart

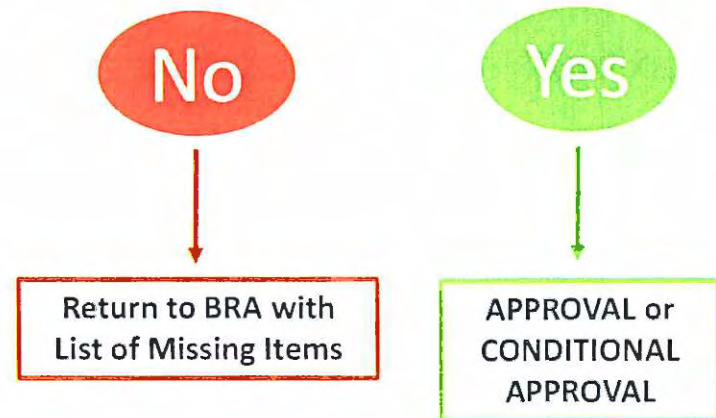
STEP THREE

Does the Plan Meet Threshold Requirements?



STEP FOUR

Does the Plan Meet the Review Criteria?





Timeframe for MSHDA Review

MSHDA must provide one of the following written responses to the requesting BRA within sixty (60) days or, in the case of a transformational brownfield plan, within ninety (90) days:

- **Unconditional Approval** – Includes an enumeration of eligible activities and a maximum allowable capture amount
- **Conditional Approval** – Delineates specific necessary modifications to the combined brownfield plan, including, but not limited to, individual activities to be added to or deleted from the combined brownfield plan and revision of costs
- **Denial** – Will state with specificity the reason for the denial (may be subsequently resubmitted for review)



Timeframe for MSHDA Review

...Continued:

If MSHDA fails to provide a **Written Response** within sixty (60) days or, in the case of a transformational brownfield plan, within ninety (90) days, the eligible activities are considered:

Approved as Submitted

NOTE: The **Approval** of a Combined Brownfield Plan by MSHDA is considered final



What's in a “Housing” Workplan?

All applicable components are still required – this includes:

- A description of the costs of the plan intended to be paid for with the tax increment revenues
- A brief summary of the **Eligible Activities** that are proposed
- An estimate of the captured taxable value and tax increment revenues for each year of the plan from the **Eligible Property**
- The proposed beginning date and duration of capture of tax increment revenues for each **Eligible Property**
- The method by which the costs of the plan will be financed
- An estimate of the future tax revenues of all taxing jurisdictions in which the **Eligible Property** is located to be generated during the term of the plan



What's in a “Housing” Workplan?

...Continued:

- A legal description of the **Eligible Property**, a map showing the location and dimensions of each **Eligible Property**, a statement of the characteristics that qualify the property as **Eligible Property**, and a statement of whether personal property is included as part of the **Eligible Property**
- Estimates of the number of persons residing on each **Eligible Property** to which the plan applies and the number of families and individuals to be displaced
- A plan for establishing priority and strategy for the relocation of persons displaced by implementation of the plan
- Provision for the costs of relocating persons displaced
- Other material that the BRA / Governing Body considers relevant to the brownfield plan



What's in a “Housing” Workplan?

Housing Property Definition:

Eligible Property:

Housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan

Housing Property:

- A property on which one (1) or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling; or
- One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project



What's in a “Housing” Workplan?

For all Eligible Properties, Eligible Activities include the following:

- Reasonable costs of Environmental Insurance
- Reasonable costs incurred to develop and prepare brownfield plans, combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate
- Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities, and the reasonable costs incurred to estimate and determine actual costs incurred
- Demolition or site improvements that are not a Response Activity
- Lead, asbestos, or mold abatement



What's in a “Housing” Workplan?

For all Eligible Properties, Eligible Activities include the following:

Except as otherwise provided the repayment of principal of and interest on any obligation issued by an authority to pay the costs of eligible activities attributable to an eligible property.

For housing property located in a community that has identified a specific housing need:

- The Activities described as Eligible for all Properties
- Infrastructure Improvements that are necessary for housing property and support Housing Development Activities
- Site Preparation that is not a Response Activity and that supports Housing Development Activities
- **Housing Development Activities**



What's in a “Housing” Workplan?

Housing Development Activities include:

- Reimbursement for the **Qualified Rehabilitation** of rental units
- **Infrastructure** available for public use and safety improvements necessary for a housing project and that are not part of a Response Activity
- Costs of **Demolition & Renovation** of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household
- **Temporary Household Relocation** costs for an income qualified household
- **Acquisition Costs** for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household
- Reimbursement to fill a **Financing Gap** associated with the development of housing units for income qualified households



What's in a “Housing” Workplan?

BRA Submittal Process:

Work plans under Section 13b(4) (work plans) or combined brownfield plans pursuant to Section 15(20) (combined brownfield plans) that are required to be submitted by the local BRA to MSHDA must include, at a minimum, the following:

- A written letter from the submitting BRA **requesting formal approval** and indicating that the required financial review, notices, and formal hearing have been completed per the Brownfield Act must accompany each submittal to MSHDA
- For each required submission item under MCL 125.2665(10) provide a separate tab labeled according to subsection VIII(d)(1)-(8) of the Program Statement



The MSHDA Review Process

The “Need” for Housing:

Does the “Housing Work Plan” align with **Local & Statewide Housing Needs** as demonstrated through the following —

- Local **Housing Needs Assessment** (current within three years)
- Detailed Third-Party **Market Study** for the Area
- Alignment with the **Michigan Statewide Housing Plan**
- Alignment with an adopted **Regional Housing Plan**



The MSHDA Review Process

Property Information:

- Current and future Ownership of the **Eligible Property**
- Historical and current use of each **Eligible Property**
- Summary of the proposed development or redevelopment and all future use



The MSHDA Review Process

Ownership & Development Team:

- Financial Capacity and Experience
 - *Are all members in Good Standing?*
 - *Does the Team have experience developing the type of proposed project?*
- Program Capacity to Monitor for Price & Income
 - *Can be contracted with a third party*



The MSHDA Review Process

Development/Reimbursement Agreement:

- On-going, if required, **Price and Income Certification/Monitoring** for residential units
- Details of all Ownership Interests
- All monetary considerations, fees, revenue, cost sharing, charges, and other financial arrangements



The MSHDA Review Process

Eligible Activities:

- Review of **Purchase Agreement** and **Development Cost Budget** (Sources/Uses) for inclusion of all Eligible Activities
- Review for Reasonableness based upon the **Project Rent Loss (PRL) Gap Cap** and **Total Housing Subsidy (THS)** for rental developments
- Review for Reasonableness based upon the **Potential Development Loss (PDL) Gap Cap** and **Total Housing Subsidy (THS)** for “for sale” developments



The MSHDA Review Process

PRL & PDL Calculations:

Worksheets that are submitted by the BRA will be reviewed for **Accuracy** and **Reasonableness**

- **FOR SALE** — Potential Development Loss (PDL) & Total Housing Subsidy (THS)
- **RENTAL** — Potential Rent Loss (PRL) & Total Housing Subsidy (THS)



The MSHDA Review Process

FOR-SALE DEVELOPMENT:

Any physical development activity that is “purchased” by an end user, such as:

- Single-Family House(s)
- Condominiums (in all forms, whether stand alone or in a common physical structure)
- Duplexes, Triplexes, etc.
- Row Houses

RENTAL DEVELOPMENT:

Any physical development activity that is “rented” by an end user, such as:

- Single Multi-Family Building
- Multi-Family Apartment Communities (Several Buildings)
- Scattered-Site Single-Family Homes

NOTE: The end use matters more than the physical structure itself

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

For Rental Developments, MSHDA will undertake the following steps to calculate the Potential Rent Loss (PRL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PRL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned.

Step 1: Establish the Control Rent (CR) for the project

Utilizing the appropriate Fair Market Rent (FMR) for each county and for the appropriate rate for each bedroom size as published by the U.S. Department of Housing & Urban Development (HUD), the following calculation will be made:

$$(FMR/40) \times 100 = \text{Control Rent (CR)}$$

Note: This formula corrects for HUD publishing FMR as 40% of area rents.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 2: Determine the difference between the Control Rent (CR) and targeted Project Rent (PR)

Utilizing the Project Rent (PR) targeted by the development team for each project, the following calculation will be made:

$$\text{Control Rent (CR)} - \text{Project Rent (PR)} = \text{Potential Rent Loss (PRL)}$$

Note: There may be multiple PRLs calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 3: Determine the PRL Gap Cap

Utilizing the number of total units in a project that will have the appropriate income targets and the number of years of TIF Capture requested, both of which will be submitted by the development team for each project, the following calculation will be made:

$$\text{Potential Rent Loss (PRL)} \times 12 \text{ months} \times \text{No. of Units} \times \text{No. of Years} = \text{PRL Gap Cap}$$

Note: There may be multiple PRL Gap Caps calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 4: Add all Potential Rent Loss Gap Cap calculations to establish Total Housing Subsidy

After calculating PRL Gap Cap for each bedroom type in the proposed development project, the following calculation will be made:

$$\begin{aligned} &\text{PRL Gap Cap 1-Bedroom} + \text{PRL Gap Cap 2-Bedroom} + \text{PRL Gap Cap 3-Bedroom...} \\ &= \text{Total Housing Subsidy (THS)} \end{aligned}$$

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023

- MSHDA will deduct the THS from the total Housing Tax Increment Financing (HTIF) request and will review for overall reasonableness

Note: THS should not exceed the total HTIF request as this may indicate instability in the overall project pro forma. Conversely, an insignificant overall THS may indicate a project that is not targeting appropriate income levels. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

- The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023

Rental Development Calculation

EXAMPLE:

A developer has received approval from the Oceana County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 40-unit multi-family workforce housing project which contains twenty (20) one-bedroom apartments with 60% AMI target rents and twenty (20) two-bedroom apartments with 80% AMI target rents.

The BRA has approved a \$2,225,000 Housing TIF tax capture that is collected over 25 years (this amount is just an estimate).

Housing TIF Financing Gap Cap Calculation - Multifamily Rental

Oceana County WFH Project: 40 Total Units/Leases (20 1-Bedroom @ 60% AMI / 20 2-Bedroom @ 80% AMI)

FORMULA	Location	Type	FMR/MR Rent	Control Rent - Proj. Rent	= PRL	x No. of Units	x No. of Months	x No. of Years	= PRL GAP CAP	Per Unit
FMR	Oceana Co.	1 Bedroom	\$ 635.00	\$ 1,587.50 - \$ 52.00	= \$ 735.50	20	12	25	\$ 4,413,000.00	\$ 220,650.00
FMR	Oceana Co.	2 Bedroom	\$ 836.00	\$ 2,090.00 - \$ 1,364.00	= \$ 726.00	20	12	25	\$ 4,356,000.00	\$ 217,800.00
TOTAL Housing Subsidy						40			\$ 8,769,000.00	\$ 219,225.00
Approved BRA TIF Request						40			\$ 2,225,000.00	\$ 55,625.00
Other Housing Activities Allowed Under Public Act 90 of 2023:									\$ (6,544,000.00)	\$ (163,600.00)
Developer may utilize the remainder (if any) of the TIF capture for the following HOUSING RELATED items:										
1. Site Preparation/Demolition										
2. Infrastructure Development										
3. Relocations Expenses										
4. Plus Other Housing TIF Related Expenses										

Rental Development

SOURCES & USES

Initial review of the simple Sources and Uses during the Work Plan review will be much different than during a more comprehensive “underwriting” review of the project

<u>SOURCES</u>	Loan	\$ 8,750,000.00
	Grant	\$ 2,250,000.00
	BRA/Housing TIF	\$ 2,225,000.00
	Owner/Equity	\$ 775,000.00
	TOTAL	\$ 14,000,000.00
<u>USES</u>	Land Acquisition	\$ 500,000.00
	Land Preparation	\$ 750,000.00
	<u>Hard Costs:</u>	
	1. General Construction Costs	\$ 9,725,000.00
	2. Other Eligible Housing Activities	\$ -
	3. Total Housing Subsidy/GAP	\$ 2,225,000.00
	Soft Costs	\$ 400,000.00
	Financing Costs	\$ 400,000.00
	TOTAL	\$ 14,000,000.00

For-Sale Development Calculation

Potential Development Loss (PDL) & Total Housing Subsidy (THS)

- For For-Sale projects, MSHDA will undertake similar steps to calculate the Potential Development Loss (PDL) Gap Cap and the Total Housing Subsidy (THS) for every application received
- The PDL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned
- Calculations assume an Area Median Income (AMI) targeted for 1 person per bedroom for 1- and 2-bedrooms homes and 1.5 persons per bedroom for 3+ bedroom homes and assumes a 15% downpayment
- Monthly housing payments including the costs of principal + interest, insurance, taxes, PMI at no more than 30% of the household gross annual income
- The calculation uses the current market average interest rate and developer provided projected insurance, taxes, and PMI costs

For-Sale Development Calculation

EXAMPLE:

A developer has received approval from the Lake County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 10-unit single-family “for sale” workforce housing project which contains 10 three-bedroom homes with two (2) 100% AMI target prices and eight (8) 120% AMI target prices. The developer reports that the cost to build all ten houses is \$300 per square foot with each house being 1300 square feet in total.

The BRA has approved a \$1,450,000 Housing TIF tax capture that is collected over 28 years (this amount is just an estimate).

Housing TIF Financing Gap Cap Calculation - For Sale Homeownership

Rural For-Sale Project: 10 Single-Family Homes (For-Sale Home Ownership Units with 2 @ 100% AMI & 8 @120% AMI)

FORMULA	Location	Type	Affordable Mortgage*	Development Cost** - Affordable Mortgage	= PDL	x No. of Units	x PDL GAP CAP
Income	Lake Co.	For Sale (100%)	\$ 249,000.00	\$ 390,000.00 - \$ 249,000.00	= \$ 141,000.00	2	\$ 282,000.00
Income	Lake Co.	For Sale (120%)	\$ 293,500.00	\$ 390,000.00 - \$ 293,500.00	= \$ 96,500.00	8	\$ 772,000.00
TOTAL Housing Subsidy						10	\$ 1,054,000.00
Other Housing Activities Allowed Under Public Act 90 of 2023:							\$ 396,000.00
Developer may utilize the remainder of the TIF capture for the following HOUSING RELATED items:							
1. Site Preparation/Demolition							
2. Infrastructure Development							
3. Relocations Expenses							
4. Plus Other Housing TIF Related Expenses							
Approved BRA TIF Request						10	\$ 1,450,000.00

PDL = Potential Development Loss

Affordable Mortgage =
* Mortgage Limit assumes a 15% down payment plus all other normal monthly fees associated with home ownership for a family of four.

Development Cost =
** \$300 per sq. ft. building costs (for a 2 bedroom home) - information provided through application. This includes 10% developer fee/profit.

PDL = Potential Development Loss

Affordable Mortgage =

* Mortgage Limit assumes a 15% down payment plus all other normal monthly fees associated with home ownership for a family of four.

Development Cost =

** \$300 per sq. ft. building costs (for a 3 bedroom home) - information provided through application. This includes 10% developer fee/profit.



Discussion Items

- ☐ **Total Housing Subsidy (THS)** Calculations
 - Expected to be utilized in **Sources & Uses** presentations
 - Other Ideas or thoughts on this item as a test for reasonableness?
- ☐ **Definitions**
 - What needs clarification?
 - Planning to finalize “Infrastructure” definition with Program Parameter Document
- ☐ **Program Parameter Document(s)**
 - **GOAL:** Finalized within the next 10 business days



Next Steps

- ☐ Continue collecting **Feedback** from the various constituencies
- ☐ Publication of “**Frequently Asked Questions**” document in mid-October
- ☐ Publication of **Workplan Guidance** in Mid-October
- ☐ Regular “**Updates**” to our program’s website
- ☐ Additional “**Technical Assistance**” Outreach
- ☐ Releasing PILOT “**TIF GAP Lending Program Guidance**” soon

QUESTIONS?

Please send your **Comments & Questions** to:

mshda-tif@michigan.gov

For more **Information & Updates**, please visit:

[MSHDA Housing Tax Increment Financing \(TIF\) Program \(michigan.gov\)](http://michigan.gov/mshda-tif)

THANK YOU FOR YOUR TIME TODAY!

