



Throughout the Manistee HSCB network, housing issues are consistently one of the top need requests from clients. Agencies report housing issues as one of the most challenging needs to meet. Well-documented shortages of housing in all communities in the ten-county region of Northwest Lower Michigan are impacting the ability of residents and potential workers to live, work, or do business in the region. While the region is one of the fastest-growing and most economically competitive regions in the state, its economy and quality of life are threatened by the lack of housing for its workforce and other residents.

Demand for housing exists across the income spectrum, but is especially pronounced for lower-income households – many of whom work in, and are critical to, our region’s tourism- and service-based economy. High development costs mean that subsidy is necessary in order for new housing to meet the needs of these residents while remaining financially viable. Yet, it’s proven difficult in Northwest Lower Michigan to access the low-income housing tax credit program (LIHTC), the nation’s largest funding source for affordable housing. Input from stakeholders has consistently pointed towards structural issues in the Qualified Allocation Plan (QAP) that render communities in our region, and other rural areas, largely uncompetitive for funding through the 9% LIHTC program.

As MSHDA considers changes and updates to the QAP, we respectfully request consideration of changes that will address development needs in this geographically and economically significant region of Michigan – and beyond.

We feel that recommendations developed by Housing North with input from community stakeholders and developers (attached), if implemented, would help meet communities and developers meet the challenges of providing housing in rural Michigan. As a housing partner engaged in Manistee County in Northwest Michigan, we urge you to strongly consider implementation of recommendations provided in the December 2020 correspondence from Housing North.

A handwritten signature in black ink that reads "Rose Fosdick".

Rose Fosdick, Coordinator  
Manistee County Human Services Collaborative Body



## 2020 LEGISLATIVE INITIATIVES

Housing North works to deliver a collective voice of influence from rural northwest Michigan to identify, influence, and advocate for state policies that support diverse housing options. Since 2019, Housing North has been working with Borealis Strategic to advocate for policies identified as priorities in its Advocacy Strategy, which was developed with input from a broad range of housing stakeholders in Northwest Lower Michigan. An overview of priority initiatives follows. For additional information, please contact Sarah Lucas at 231-342-1242 or via email at [sarah@housingnorth.org](mailto:sarah@housingnorth.org).

### **Expanded Payment-In-Lieu-Of-Taxes Authorization**

The payment-in-lieu-of taxes (PILOT) mechanism is a vitally important financial incentive for housing projects that are affordable to low-income households, allowing municipalities the ability to grant a tax abatement to developers and instead collect a service fee and a certain percentage of gross rents. However, current rules only allow communities to grant a PILOT if the project includes state or federal subsidy – meaning that developers who are financing affordable or workforce housing with alternative or private financing are not eligible for tax relief. A bill drafted in 2019 would grant local governments in rural areas the authority to authorize a PILOT determine the amount, length of term, and eligibility for the payment in lieu of tax. Agreements must be for developments that are not aided by low income housing tax credits authorized by the Michigan State Housing Development Authority. Senator Wayne Schmidt has verbally agreed to sponsor the bill. Co-sponsors are needed.

### **Employer Housing Assistance Tax Credit**

Many employers have been important partners in housing solutions, working to provide housing to their employees by buying homes and using them as rentals, acting as developers, or. However, there are limited options to provide incentives for their involvement. An employer-assisted housing tax credit would provide a one-time tax credit to employers who offset employee housing costs through rental vouchers, new development, rehabilitation, down payment programs, or other employee housing assistance. Eligible employees are employees whose income is equal to 120 percent or less of the area median income. A bill was drafted in 2019 (Draft 0440'19), and Representative Tristan Cole has verbally committed to sponsor. Co-sponsors are needed.

### **Homestead Exemption for Long-Term Rentals**

Property owners who provide long-term rentals face the challenge of losing the homestead property tax exemption, resulting in high non-homestead tax bills that often