

MISSING MIDDLE INCOME, RENT AND SALE INFORMATION

Our Webpage: [Missing Middle Housing Program \(michigan.gov\)](https://michigan.gov/missing-middle)

INCOME LIMITS

MSHDA determined 60% - 120% Area Median Income (AMI) to be an appropriate range to satisfy the requirements of the Missing Middle Housing Program. Eligible households must fall within this income range for their respective county (refer to the MSHDA, Missing Middle Compliance policy for more details).

- MSHDA publishes income limits here: [Income Rent and Utility Limits \(michigan.gov\)](https://michigan.gov/income-rent-utility-limits)
 - Scroll down the page and find the **Missing Middle** section. Once you open the *Missing Middle Income Limits* document, find the county where your project is located and identify the 60-120% income ranges (see example on page 3).
 - Below the county income information, you will find the maximum Missing Middle allowable housing expense by unit size. This is not the maximum rent; it is the maximum housing expense. See example on page 2 for more details.
- Incomes vary by county and these charts are generally updated annually.
- The number of persons means the total number in the household, not just income earners.
 - For example, a household with 1 adult and 3 children = 4-person household

Calculating Income: Developer/Agent must fill out **one** of the following for each household:

Renters: Tenant Income Certification (TIC)

For-Sale/Home Buyers: Owner Income Certification (OIC)

- There should be one TIC/OIC per household that lists all household members.
- The **income** portion of TIC/OIC must represent the grand total of all earners 18 years or older that live in the unit/home. Household file must contain the TIC/OIC form along with:
 - All backup for how income was calculated
 - The lease agreement (rentals) or home purchase info (for-sale).
 - The above documents will be required during tenant file audits
- **Refer to MSHDA Compliance Policy for full details on the following allowable income methods**
 - Ideally, income is calculated using most recently filed IRS 1040(s).
 - If a household's circumstances have changed since the last 1040 submission, you may complete an updated IRS 1040 using their current circumstances, to project annual income.
 - MSHDA will also accept income calculated in the manner of Section 8 which requires the Income and Asset Checklist along with third-party verification of all income and assets.
- It is important to capture the actual **total household income** at time of move-in.

Is Household **Income** acceptable? Visit: [Compliance for Rental Housing \(michigan.gov\)](https://michigan.gov/compliance-for-rental-housing) then:

- Select **Income, Rent and Utility Limits**
- Scroll toward bottom of the page to **Missing Middle Program Limits** section
- Select **Missing Middle-Income Limits** (as shown boxed in red below)
- This is where you will find the most current data (it typically changes annually)

Missing Middle Program Limits

Income Limits: These are for the Rental Program, which use a range from 60% to 120% AMI. Please pick the limit that the household does not exceed at Move-in based on number of occupants in the household:

04/01/2024: [Missing Middle Income Limits](#)

Rent Limits: Rental limits cannot exceed the 120% AMI Limit.

Once you open this document, find the **county** your project is in.

- a. Locate **60%-120%** range in the **Income** column as **highlighted** in the example found on page 3 of this document.
- b. Next, find the column that represents the number of persons living in the household.
- c. This is how you find the allowable income range for a household (based on size) to qualify as a Missing Middle household.

RENT and UTILITIES: Rental unit *housing expense* means rent + average utility cost

- Developer will fill out a Tenant Income Certification (TIC) to verify income and calculate acceptable housing expense (rent + utilities).
- Utility costs are based on expenses the residents are required to pay. Developer should calculate this using the **Utility Schedules Regions A-D chart**, found here: [LIHTC Utility Allowances \(michigan.gov\)](#).

MORTGAGE PAYMENT: For sale units, the *housing expense* refers to the *total* mortgage payment

- Developer will fill out an Owner Income Certification (OIC) to reflect income and mortgage payment.
- Total mortgage payment must include principal, interest, taxes, insurance, Private Mortgage Insurance (PMI), association fees or lease payments, or fees related to participation in a community land trust.
- Utility expenses are not a factor in the calculation.

For-Sale Home Pricing:

MSHDA recognizes that home purchase prices can vary greatly by area and change regularly. In addition, the buyer's mortgage payment may not be based on the full sale price (ex: financial gifts from family). Therefore, MSHDA will be look to see that a sale price makes sense for the area and the income qualifying household will not be housing burdened by their final mortgage payment.

Developer's may find it helpful to refer to the 60%-120% income range for their project county to help identify the target buyer(s) income ranges and calculate what would be a reasonable monthly housing expense. Generally, if a traditional mortgage was obtained, the mortgage provider has evaluated the household income in a similar manner and concluded the household can afford the payment.

EXAMPLES

Rental Example to Determine Income and Maximum Housing Expense:

- ASSUMPTIONS:**
- 1) The project is in **Alcona** County.
 - 2) This is a **two-person household** that wants to rent a **2-bedroom unit**.
 - 3) Their total annual (combined) household income is **\$65,000** (based on TIC).
 - 4) Assume the unit's **utility expense is calculated to be \$119**

INCOME: Using the most current **Missing Middle Income and Rent Limits chart**, locate **Alcona** County. (refer to link to the county charts on page one.

- Find the 60%-120% range (i.e. Missing Middle range) as **highlighted in yellow** below.
- Identify the correct number in the household column (2 in this example) as boxed in **red**.
- Does this **household** fall into the range for this county, based on household size? **YES**
 - As shown, for a 2-person household, the acceptable Missing Middle income range in Alcona County is **\$38,220 (60%) to \$76,440 (120%)**. Our example household has an annual income of *\$65,000*, which is within this range.
 - If this 2-person household had an income *less* than \$38,220 or *greater* than \$76,440, they would NOT be eligible to live in a Missing Middle unit.

MISSING MIDDLE								
04/01/2024 INCOME AND RENT LIMITS								
County: 01 Alcona	Effective Date: 4/1/2024							
Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
For Info Only: 50%	27,900	31,850	35,850	39,800	43,000	46,200	49,400	52,550
60%	33,480	38,220	43,020	47,760	51,600	55,440	59,280	63,060
80%	44,640	50,960	57,360	63,680	68,800	73,920	79,040	84,080
100%	55,800	63,700	71,700	79,600	86,000	92,400	98,800	105,100
120%	66,960	76,440	86,040	95,520	103,200	110,880	118,560	126,120
Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom		
120%	1,674	1,792	2,151	2,484	2,772	3,058		

RENT: Determining the **Maximum Housing Expense** (and rent):

- Looking at the same **Missing Middle Income and Rent Limits** chart for Alcona County, you will see **“Rent by Bedroom”** as highlighted in **blue** above. Our example family wants a **2-bedroom** unit.
- For Alcona County, the maximum allowable housing expense (*rent + utilities*) is:
 - **2 Bedroom = \$2,151**
 - Even though there are options for up to 5-bedrooms; we will focus on the 2-bedroom for our example household.
- Next, calculate the correct utility expense using the PHA utility schedule. If you need guidance on this, refer to the last page of this document for detailed instructions.
 - Our example scenario has a **\$119** monthly utility expense.
- By subtracting the utility expense from the maximum housing expense, we determine the maximum allowable **rent** for this county, and unit size is **\$2,032** for a 2 Bedroom.

$$\begin{array}{r}
 \$2,151 \text{ Maximum housing expense} \\
 \text{minus } (\$119) \text{ Utilities} \\
 = \quad \quad \quad \mathbf{\$2,032 \text{ Max allowable rent for a 2-bedroom in Alcona County}}
 \end{array}$$

Key things to remember:

- Always use the MSHDA Compliance webpage link to ensure you have the most current income limits since the published county income limits change annually around April/May
- The county information represents a range. Actual household income should be based on income verification documents when filling out the TIC or OIC.
- A Missing Middle unit cannot have a *total housing expense* that exceeds 30% of the **120% income level** based on unit size. Total housing expense = rent + utilities
- Developers need to be mindful of the household’s ability to pay rent based on their actual income and not charge more simply because it is technically in compliance.
- Our example family had an income of \$65,000 and would *ideally* pay rent around \$1,506 per month which is about 30% of their income ($\$65,000 \times 30\% = \$19,500/12 = \$1,625/\text{mo} - \119 utility) instead of the maximum *allowable* of \$2,032 (2bd).

HOW TO CALCULATE UTILITIES USING PHA DATA

1. Visit [LIHTC Utility Allowances \(michigan.gov\)](https://michigan.gov/lihtc). If this link doesn’t work, do the following:
 - Go to Michigan.gov/MSHDA/rental/property-managers/compliance
 - Select “Manuals, Policies and Codes”
 - Select “LIHTC Utility Allowances” (mid page, under Policies and Procedure Guides)
 - Select “Utility Schedules Regions A-D” (under Current MSHDA PHA Utility Allowances)
2. **Locate the chart** containing your project county. Charts are by region, not alphabetically.
 - For our example we will use **Alcona** County which is part of Region B, the chart looks like this:

Michigan State Housing Development Authority																				Effective: January 1, 2024	
Utility Schedule - Region B																					
Counties in Region B:		Alcona, Alpena, Antrim, Arenac, Benzie, Charlevoix, Cheboygan, Clare, Crawford, Emmet, Gladwin, Grand Traverse, Iosco, Kalkaska, Lake, Leelanau, Manistee, Mason, Missaukee, Montmorency, Ogemaw, Osceola, Oscoda, Otsego, Presque Isle, Roscommon, Wexford																			
Structure Type	includes:	Standard Utility Allowance															Calculation				
		Apartment					Attached					Detached					Heating	\$			
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR			4 BR	5 BR	
Heating	Natural Gas	\$25	\$29	\$34	\$40	\$45	\$50	\$45	\$53	\$57	\$61	\$65	\$69	\$35	\$42	\$49	\$56	\$64	\$71	Heating	\$
	Bottle Gas	\$84	\$99	\$117	\$134	\$152	\$170	\$152	\$179	\$193	\$207	\$221	\$235	\$121	\$142	\$167	\$192	\$217	\$242		
	Fuel Oil	\$111	\$131	\$154	\$177	\$200	\$223	\$201	\$236	\$254	\$273	\$291	\$310	\$159	\$187	\$220	\$253	\$286	\$319		
Cooking	Natural Gas	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	Cooking	\$
	Bottle Gas	\$8	\$9	\$13	\$18	\$22	\$26	\$8	\$9	\$13	\$18	\$22	\$26	\$8	\$9	\$13	\$18	\$22	\$26		
	Electric	\$8	\$9	\$13	\$17	\$21	\$25	\$8	\$9	\$13	\$17	\$21	\$25	\$8	\$9	\$13	\$17	\$21	\$25		
	Natural Gas	\$6	\$7	\$10	\$13	\$16	\$19	\$7	\$9	\$13	\$16	\$20	\$24	\$7	\$9	\$13	\$16	\$20	\$24		

3. Identify the column that pertains to your unit type(s), identify any of the utilities that the **RESIDENT** will be responsible for paying when living in the unit.

EXAMPLE, using the following assumptions:

- This is a 2-bedroom apartment in Alcona County so we find the sheet for Alcona County and locate the Apartment section, 2 BR column (see red box).
- Focusing only on the utilities that the resident must pay (i.e. not included in rent), work down the column. The amounts will need to be carried to the far right.
 - This resident pays for **natural gas** for heat, cooking, and hot water.
 - The line for “Natural Gas Service Charge” is for extra related fees on a bill.
 - This resident is responsible for paying their **electric**.
 - **Other electric** is the base electric and you will see additional electric options you might need to choose if needed for heating, cooking and/or hot water.
 - There is also a line for “**Electric Service Charge**”.
- Example resident does **NOT** pay for water nor for sewer.
- Example resident does **NOT** pay for trash (ex: site has a dumpster)

The example calculation would look like this:

Michigan State Housing Development Authority
Utility Schedule - Region B *Effective: January 1, 2024*

Counties in Region B: Alcona, Alpena, Antrim, Arenac, Benzie, Charlevoix, Cheboygan, Clare, Crawford, Emmet, Gladwin, Grand Traverse, Iosco, Kalkaska, Lake, Leelanau, Manistee, Mason, Missaukee, Montmorency, Ogemaw, Osceola, Oscoda, Otsego, Presque Isle, Roscommon, Wexford

Structure Type	Standard Utility Allowance															Calculation					
	Apartment					Attached					Detached					Fill in the appropriate amount on the chart for each utility/appliance that you are responsible to pay. Add the total from each category for your total utility allowance.					
includes:	High-rise, Low-rise					Townhouse, Duplex, Triplex, Fourplex					Single Family Detached, Manufactured Home										
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR			
Heating	Natural Gas	\$25	\$29	\$34	\$40	\$45	\$50	\$45	\$53	\$57	\$61	\$65	\$69	\$35	\$42	\$49	\$56	\$64	\$71	Heating	\$ 34
	Bottle Gas	\$84	\$99	\$117	\$134	\$152	\$170	\$152	\$179	\$193	\$207	\$221	\$235	\$121	\$142	\$167	\$192	\$217	\$242		
	Electric	\$39	\$46	\$63	\$80	\$97	\$114	\$56	\$66	\$87	\$108	\$129	\$150	\$94	\$110	\$130	\$149	\$168	\$187		
	Fuel Oil	\$111	\$131	\$154	\$177	\$200	\$223	\$201	\$236	\$254	\$273	\$291	\$310	\$159	\$187	\$220	\$253	\$286	\$319		
Cooking	Natural Gas	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	Cooking	\$ 4
	Bottle Gas	\$8	\$9	\$13	\$18	\$22	\$26	\$8	\$9	\$13	\$18	\$22	\$26	\$8	\$9	\$13	\$18	\$22	\$26		
	Electric	\$8	\$9	\$13	\$17	\$21	\$25	\$8	\$9	\$13	\$17	\$21	\$25	\$8	\$9	\$13	\$17	\$21	\$25		
Hot Water	Natural Gas	\$6	\$7	\$10	\$13	\$16	\$19	\$7	\$9	\$13	\$16	\$20	\$24	\$7	\$9	\$13	\$16	\$20	\$24	Hot Water	\$ 10
	Bottle Gas	\$20	\$24	\$34	\$45	\$55	\$66	\$25	\$30	\$43	\$56	\$69	\$83	\$25	\$30	\$43	\$56	\$69	\$83		
	Electric	\$21	\$24	\$31	\$38	\$45	\$51	\$26	\$30	\$39	\$47	\$56	\$64	\$26	\$30	\$39	\$47	\$56	\$64		
	Fuel Oil	\$27	\$31	\$45	\$59	\$73	\$87	\$33	\$39	\$57	\$74	\$91	\$109	\$33	\$39	\$57	\$74	\$91	\$109		
Other Electric	\$28	\$34	\$47	\$60	\$73	\$86	\$35	\$41	\$57	\$73	\$89	\$105	\$42	\$49	\$69	\$88	\$107	\$126	Electric	\$ 47	
Water	\$24	\$27	\$45	\$73	\$100	\$127	\$24	\$27	\$45	\$73	\$100	\$127	\$24	\$27	\$45	\$73	\$100	\$127	Water	\$	
Sewer	\$31	\$35	\$58	\$93	\$128	\$163	\$31	\$35	\$58	\$93	\$128	\$163	\$31	\$35	\$58	\$93	\$128	\$163	Sewer	\$	
Trash	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	Trash	\$
Natural Gas Service Charge*	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	Nat.Gas SC*	\$ 14
Electric Service Charge	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	Elec. SC	\$ 10
Range**	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	Range**	\$
Refrigerator**	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	Refrigerator**	\$
Air Conditioning***	\$3	\$3	\$5	\$6	\$7	\$9	\$3	\$4	\$5	\$7	\$8	\$10	\$2	\$3	\$6	\$9	\$12	\$16	A/C***	\$	
																			Total	\$ 119	

* Natural Gas Service Charge: Natural Gas service charge only allowed for Natural Gas utilities.
 ** Tenant Furnished Appliance Allowance: Only allowed if the tenant is responsible for supplying the range and/or refrigerator.
 *** Air Conditioning Allowance: Only allowed if windows are not operable.

RESULTS: This Alcona County 2-bedroom apartment has an *estimated* monthly utility cost of **\$119**.
 This utility cost + rent = their total housing expense.