

ADDENDUM II
WORK PLAN OR COMBINED BROWNFIELD PLAN REVIEW CRITERIA:
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 or **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 or **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 or **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 or **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 or **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 or **NO**

c) A summary of available information on the historical and current use of each eligible property.

YES or **NO**

d) Existing and proposed future zoning for each eligible property.

YES or **NO**

e) A summary of the proposed redevelopment and future use for each eligible property.

YES or **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 or **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 or **NO**

h) For work plans that include housing development activities, a summary of proposed income and price monitoring responsibilities and related expenses.

YES or 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 or NO

a) If no, which eligible activities are inconsistent:

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 or 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 or **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 or **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 or **NO**

Total Tax Increment Capture _____

Calculated Housing Gap Cap _____

Calculated Remaining Tax Capture _____

v. Is there an overall benefit to the public?

YES or **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 or **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 or **NO**

Amount of acquisition cost _____

b) Explain as applicable in the recommendation summary:

1. The proposed reuse of or demolition of vacant buildings
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2. Method used to determine that the property is blighted. A letter from the local municipality is acceptable.
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3. Is acquisition cost of blighted or obsolete property included as an eligible activity?

YES or **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?
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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 or 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 or 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 or **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 or **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 or 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 or **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 or **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 or **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.