



HOUSING TAX INCREMENT FINANCING PROGRAM

Webinar Session No. 4

November 14, 2024 – 10:00 AM

Review & Updates



HOUSING TAX INCREMENT FINANCING PROGRAM

WELCOME

**You may ask your questions at any time by
utilizing the “chat” feature**

AGENDA

PRESENTERS:

Chad Benson, Director of Rental Development, MSHDA

Josh Campbell, HTIF Analyst, MSHDA

Tony Lentych, Chief Housing Investment Officer, MSHDA

1. “Year One” Updates
2. Review of Housing TIF Program
3. Definitions & Calculations
 - Infrastructure & Housing Subsidy
 - Sources & Uses Review
 - Helpful Hints
4. Understanding our Application
5. Questions/Discussion



History & Background

- **Public Act 90 of 2023** was approved in the legislature on June 28, 2023
- Signed by the Governor on July 19, 2023 with immediate effect
- Designation of MSHDA's **Missing Middle Program Team** as the **home** for the **MSHDA Housing TIF Program**
- The number of developers that are interested in utilizing the **Housing TIF Program** is growing rapidly



Public Act 90

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***

Note: This section is the key part of the legislation and guides MSHDA's "involvement" in the review process

Updates

Since the MSHDA Board of Directors adopted the overall program at their **September 29, 2023** Regular Meeting, we can report the following:

- First plan submitted in **December of 2023** but was rejected for being incomplete
- So far, **seven (7) Work Plans** have been **“Conditionally Approved”**
 - ☐ We believe this will be the most common class of Approvals
- In the last year, a total of **29 Notices** have been received from BRAs

Updates

Preliminary Facts about the Approved Work Plans:

1. Average Years of **Tax Capture** Approved = **22.9 Years**
 - ❑ Three plans at **30 Years** of capture and three plans between **15-17 Years** of Capture
2. Total Approved Tax Capture = **\$45,889,273**
 - ❑ Average of **\$6.5 million** per deal
3. 615 rental units developed **with 314 dedicated to 120% AMI** and below
 - ❑ Appears to be delivering over half of the project units at 120% AMI and below
4. Average project size = **88 units**
5. Total Development Costs = **\$153,637,203** (average project = **\$22 million**)

Updates

“Frequently Asked Questions” have been published:

- FAQ No. 1 released in December 2023
- FAQ No. 2 released in August 2024

We are planning to combine the documents, along with questions from this session, into ONE stand alone document – December of 2024

Updates

- Published **Addendum II Program Document** as a guide for submission:

Two Sections –

1. Threshold Requirements
2. Work Plan Review Criteria

- Be sure to answer each and every question **completely**
- Submitted **ALL required** supporting documentation



ADDENDUM II WORK PLAN OR COMBINED BROWNFIELD PLAN REVIEW CRITERIA: PROGRAMMATIC PARAMETERS

1. Threshold Submission Requirements:

- 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.
- 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.
- 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



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



Timeframe for MSHDA Review

MSHDA's **Response Time** for full review of submissions
is averaging **3 to 4 weeks**

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?

No



Deny with Letter of
Reasons for Denial

Yes



GO ON TO
NEXT STEP

STEP FOUR

Does the Plan Meet the Review Criteria?

No



Return to BRA with
List of Missing Items

Yes



APPROVAL or
CONDITIONAL
APPROVAL



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?

All Applicable Components Are Still Required – Including:

- 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**
- A description of the costs of the plan intended to be paid for with the tax increment revenues
- 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?

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
- 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

What's in a "Housing" Workplan?

Housing Development Activities include:

- Reimbursement to fill a **Financing Gap** associated with the development of housing units for income qualified households
- **Infrastructure** available for public use and **Safety Improvements** necessary for a housing project and that are not part of a Response Activity

MSHDA's Definition of Infrastructure IS Different...



“Infrastructure” Definition

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.

BRA Submittal Process

NOTICE OF PUBLIC HEARING:

No less than ten (10) days prior to a scheduled Public Hearing where a Work Plan or a Combined Work Plan that involves 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, the governing body and/or the BRA, must provide “**Notice of Public Hearing**” to MSHDA under Section 14 of Public Act 90 of 2023.

This Notice should be e-mailed to MSHDA-TIF@michigan.gov



HELPFUL HINT No. 1

You DO NOT need to MAIL the notice to MSHDA – an e-mail is fine and actually preferred (it will arrive faster)

The Notice can be e-mailed to MSHDA-TIF@michigan.gov

BRA Submittal Process

FORMAL REQUEST FOR APPROVAL:

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:

- 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
- 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

HELPFUL HINT No. 2

When submitting a written letter requesting formal approval, please **DO NOT** indicate in your letter that the submission is **incomplete**.

- This will result in an **automatic rejection**
- We will not even review the submission
- BRA must submit everything at once – but it can arrive in separate, well marked e-mails



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?*

HELPFUL HINT No. 3

The BRA is **required** to provide the **evidence** that a review of the Development entity has occurred and that it meets a reasonable standard of satisfactory financial and economic soundness:

- Is there a SAM Registration?
- Demonstrate through Financial Statements (dated within the last 15 months) that current assets can cover 3% of total development costs?
- Is there a letter from lender accepting financial capacity?



The MSHDA Review Process

Ownership & Development Team:

- Capacity to **Monitor for Income Certification**
 - *Can be contracted with a third-party property manager or similar professional services contract*

HELPFUL HINT No. 4

The BRA is **required** to provide the **evidence** that **Income Certification** has been addressed by the applicant within the submission to MSHDA

- At a minimum, MSHDA needs to know **WHO** will do the work and **HOW** they will be paid
- New agent training is currently be created for approval TIF projects



The MSHDA Review Process

Development/Reimbursement Agreement:

- Details of all Ownership Interests
- All monetary considerations, fees, revenue, cost sharing, charges, and other financial arrangements

HELPFUL HINT No. 5

The final **Development/Reimbursement Agreement** **MUST** be included with the submission from the BRA!

- Not included will result in an **automatic rejection**
- We will not even review the submission

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.

HELPFUL HINT No. 6

BRAs **may** use their own “**local**” market analysis data as a substitute for the Control Rent Schedule

- Be sure to include your **local schedule of rents** with the submission
- There should be enough local data to support your data

Please note that the **Control Rents Schedule** is now published by MSHDA (by County) and will be updated **every December**.

2025 RENTS ARE ON THE SITE NOW!

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	No. of Units	No. of Months	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:								\$ (6,544,000.00)	\$ (163,600.00)
Developer may utilize the remainder (if any) of the TIF capture for the following HOUSING RELATED items: <ol style="list-style-type: none"> 1. Site Preparation/Demolition 2. Infrastructure Development 3. Relocations Expenses 4. Plus Other Housing TIF Related Expenses 									

Rental Development

WHERE DOES TIF GET STRUCTURED INTO THE DEAL?

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

Rental Development

WHERE DOES TIF GET STRUCTURED INTO THE DEAL?

ANNUAL BUDGET

Review of the Annual Cash Flow & Budget during the Work Plan review may only test the reasonableness of the amount expected to return to the development

Project Cash Flow Schedule

	Year 1	Year 5	Year 10
Income			
Annual Rental Income	\$ 3,705,900	\$ 4,171,023	\$ 4,835,359
Annual Non-Rental Income	\$ 132,054	\$ 148,628	\$ 172,301
Vacancy Loss	\$ (191,898)	\$ (215,983)	\$ (250,383)
Total Project Revenue	\$ 3,646,056	\$ 4,103,668	\$ 4,757,276
Expenses			
Management	\$ 112,500	\$ 126,620	\$ 146,787
Administrative	\$ 200,049	\$ 225,157	\$ 261,019
Utilities + Water & Sewer	\$ 20,400	\$ 22,960	\$ 26,617
Operating & Maintenance	\$ 293,071	\$ 329,854	\$ 382,391
Real Estate Taxes	\$ 800,000	\$ 900,407	\$ 1,043,819
TIF	\$ (433,680)	\$ (433,680)	\$ (433,680)
Insurance	\$ 77,130	\$ 86,810	\$ 100,637
Miscellaneous	\$ 97,296	\$ 109,508	\$ 126,949
Total Operating Expenses	\$ 1,022,662	\$ 1,205,446	\$ 1,466,516
Net Operating Income	\$ 2,674,394	\$ 2,955,624	\$ 3,357,304
Annual Debt Service	\$ 2,271,263	\$ 2,271,263	\$ 2,271,263

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 3 bedroom home) - information provided through application. This includes 10% developer fee/profit.

The MSHDA Review Process

Environmental Standards:

- A proposed housing development work plan **may** include an environmental review that meets MSHDA's Environmental Review Requirements – but is NOT REQUIRED
- Utilizing Housing TIF does not automatically trigger a need for a MSHDA Environmental Review
- It is recommended that projects expecting to utilize MSHDA funding sources should provide a MSHDA compliant Phase I ESA



The MSHDA Review Process

Environmental Standards:

- We expect this statement to be included in all “conditional approvals” from MSHDA:
 - “Certification that the appropriate standards for EGLE residential development were followed”
- This certification can be a simple affidavit from the developer stating that this standard has been met

HELPFUL HINT No. 7

Summary of Required Environmental Review and Compliance:

1. EGLE Housing Development requirements must be followed – NOT MSHDA's
2. Contaminated Properties will Require **one** of the following:
 - EGLE Clearance or
 - An Affidavit from Developer to BRA (and forwarded to MSHDA)



The MSHDA Review Process

SUMMARY:

MSHDA's Review is always based on two standards...

- Is it Accurate?
- Is it Reasonable?

These should be your standards too!

What's Next?

❑ CONTINUE TO RECEIVE FEEDBACK

- We meet with BRA staff often and are happy to do so
- Development teams and their consultants are always reaching out to us

❑ ANALYZING WHAT IT MEANS – “TIF IS IN THE DEAL”

- Conflicts with other programs or funding mechanisms
- “Readiness to Proceed” issues

❑ MSHDA TIF “LOAN” UTILIZING TIF ASSIGNMENT

- \$20 Million approved by MSHDA Board
- **One Deal Approved – moving to closing this month!**

What's Next?

☐ **NEW MANAGEMENT AGENT TRAINING**

- TIF Specific PowerPoint will be created to educate property management teams that are new to affordable housing
- Available First Quarter 2025

☐ **CLEAN-UP LANGUAGE IN ADDENDUM II**

- Clarification on what is needed as supporting documents
- Environmental language
- Requires MSHDA Board Approval

QUESTIONS?

Please send your **Questions or Comments** 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!

