



# **Creating More Affordable Housing**

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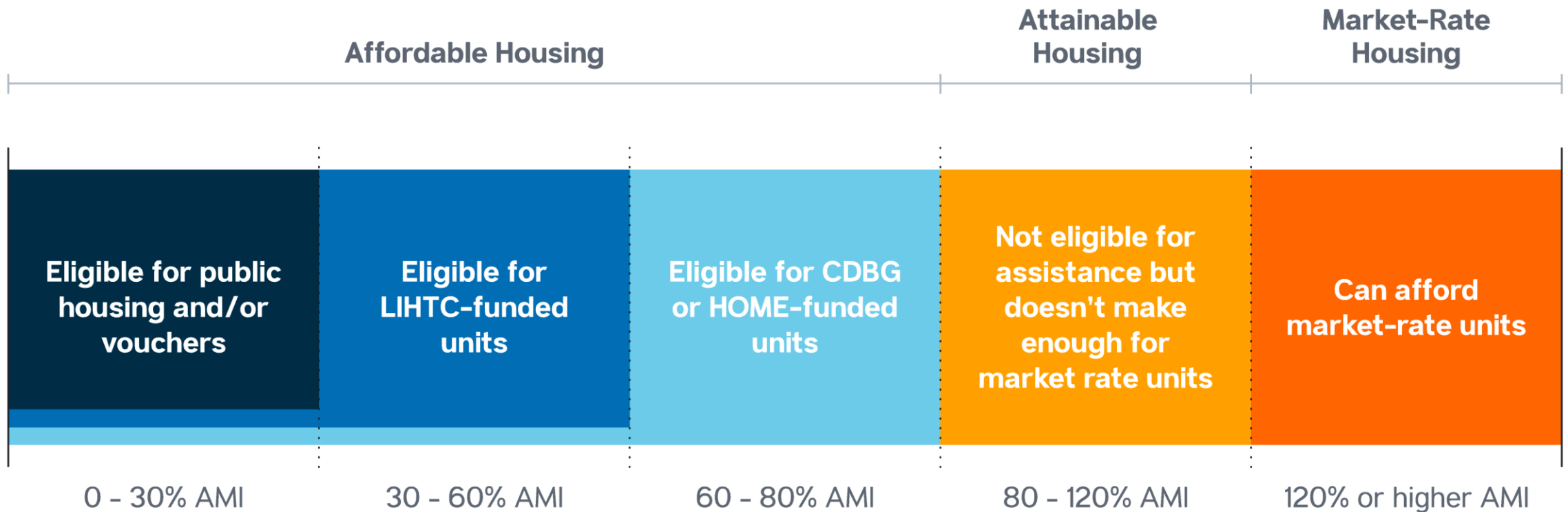
# Today's Agenda

- Specific **zoning and planning considerations** to allow for increased housing production (*SmithGroup*)
- Tools being used through **partnerships with land banks** to build more housing

## Goal

**Increase housing supply for your workforce to help drive your local economy.**

# AFFORDABLE HOUSING vs. ATTAINABLE HOUSING vs. MARKET-RATE HOUSING



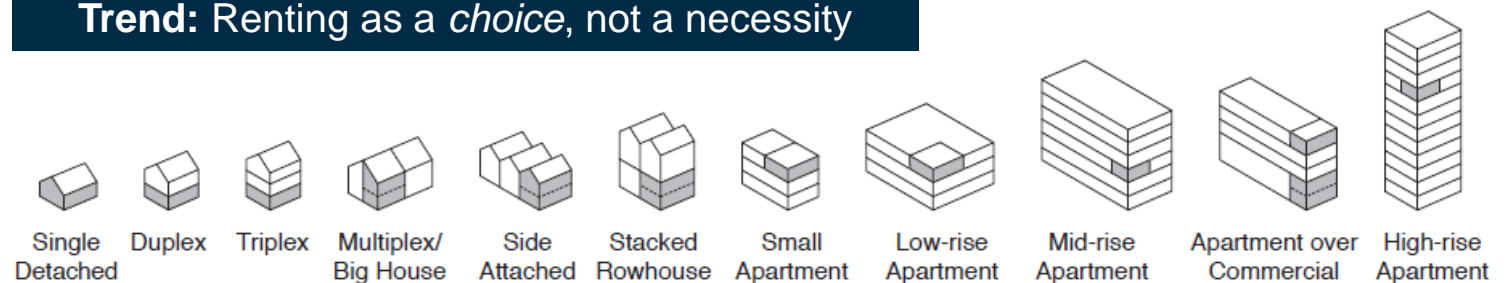
**AMI = Area Median Income** which is reset by HUD each year according to inflation and cost of living increases.

# Housing for Changing Demographics

## AGING-IN-PLACE, MILLENNIALS, SINGLES OF ALL AGES

- Plan for housing types to support a variety of age groups and family types
- As residents age, can their family home still meet their physical needs?
- Can young adults who grew up in your county afford to buy a house there today?
- Can the community provide lifelong living options?
- Can attached housing types be integrated into neighborhoods?

**Trend:** Renting as a *choice*, not a necessity



# What Can We Do to Fix It?

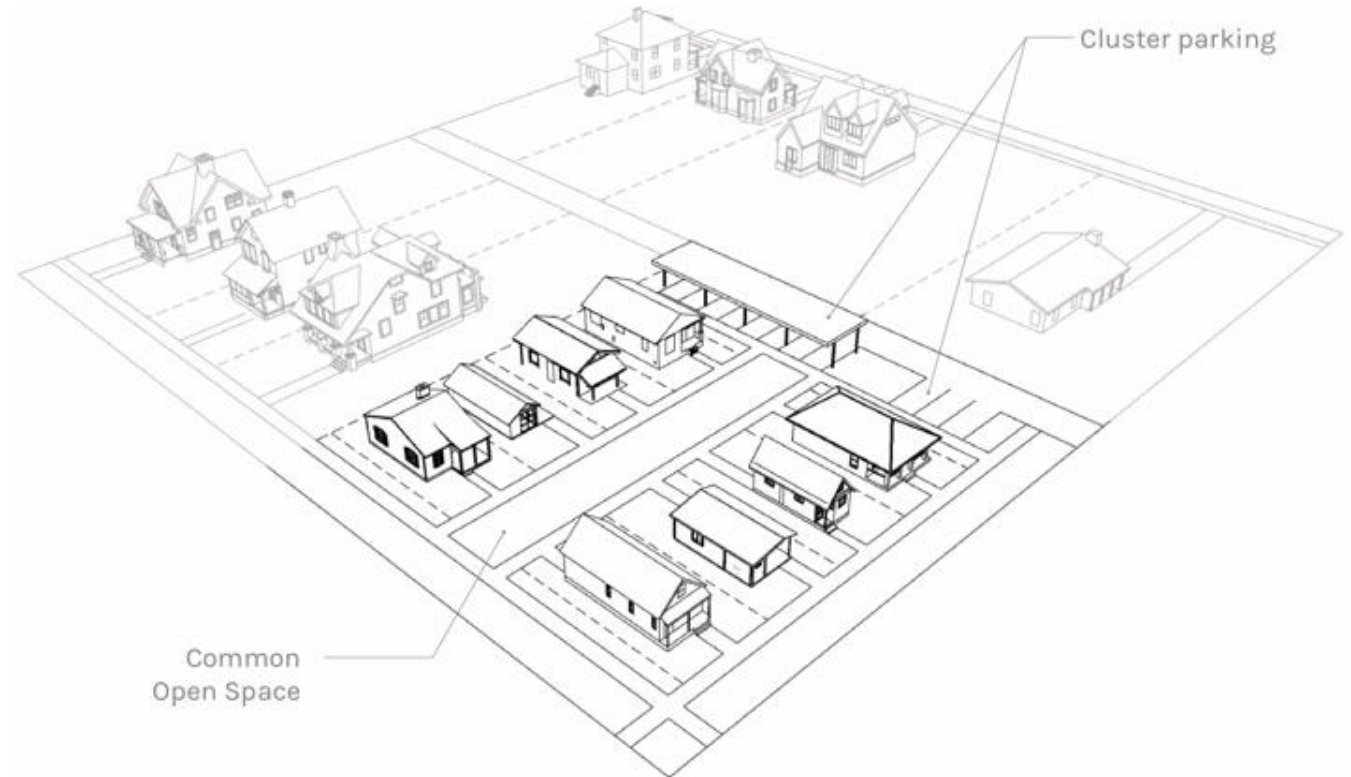
## Municipal side:

- Incentives to encourage production of additional units
- Simplify development approval process
- Allow greater density
- Zoning changes to permit more housing types by **eliminating:**
  - Min. lot sizes
  - Min. parking requirements
  - Min. dwelling unit sizes
  - Max. lot coverage
  - Max. height



# Small Lot Single-Family – “Cottage” Style Bungalows

- Appeals to empty nesters, young families, and singles
- More affordable; maintain detached house at ‘smaller’ scale



# Acts and Exemptions

## Land Bank Fast Track Act

- Act 258 of 2003

## Tax Reverted Clean Title Act

- Act 260 of 2003
- 5/50 Act
- Exemptions

## The General Property Tax Act

- Act 206 of 1893: 211.7gg
- Tax exemptions for land banks



# Statutes Collaborating for Redevelopment

## Land Bank Act (PA 258 – 2003)

- Authorizes counties to establish land banks
- Prescribes LB powers to operate, own, manage/maintain and improve

## Brownfield Act (PA 381 – 1996)

- Authorizes counties to establish brownfield authorities
- Prescribes BRA powers to operate, own and finance

Legislative history clearly demonstrates intent to link these statutory powers to broaden and promote economic development.

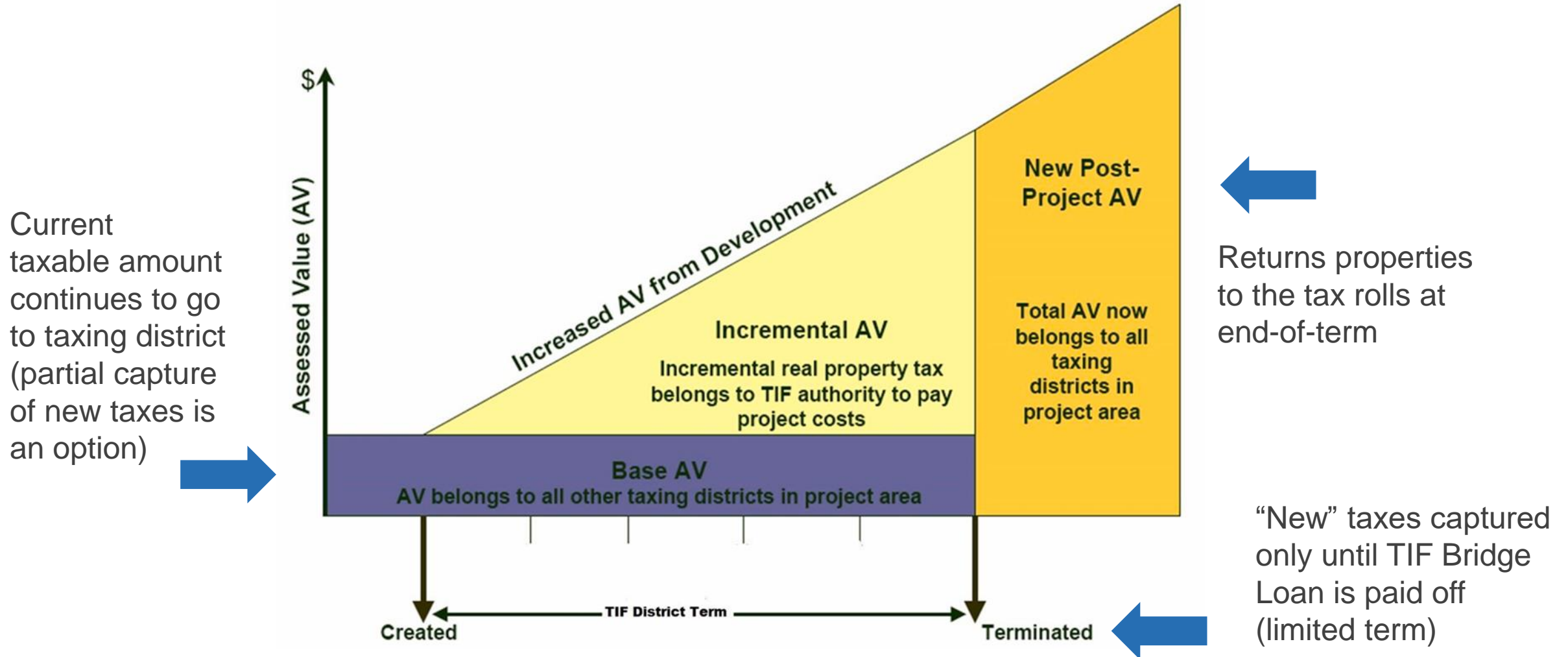
## Key Detail

**Michigan's Brownfield Redevelopment Financing Act (Act 381 of 1996) says that properties that are owned/controlled by a land bank automatically qualify to utilize tax increment financing (TIF)**



# Act 381 “Parcel-based” Tax Increment Details

(Different From Act 57 “District-based” TIF)



## Problem

**Michigan needs more housing attainable for “workforce” households 80- 120% AMI so our schools and local businesses can operate and expand.**

- Housing developers need a tool to bridge the gap between construction costs and sales value that is available right now that can be used for households between 80-120%
- Communities have limited or no capacity – especially out-region/state.
- **Concerns of Overuse or Hurting Schools:** Brownfield Redevelopment Authorities are enabled to make local decisions and no school tax capture to be encouraged now..... Plus properties already in Land Bank inventory currently provide \$0 to locals/schools at present, and without offset they will **(a)** never provide any revenue, and **(b)** negatively impact current/future tax revenues from adjacent properties.

# Why is Act 381 TIF A Good Solution For Workforce Housing Development?

**Scalable:** While community land trusts and inclusionary zoning requirements offer some solution, they are unable to produce enough units to meet demand.

**Tangible public benefit:** Land Bank or Local Government should be a development partner to ensure the financial benefit goes to the low-to-moderate income households achieving decent, safe, housing at affordable prices

- **Homeownership:** allows for purchase prices at variable levels based on targeted audience
- **Rental:** allows for long-term equity ownership to ensure benefits like permanent affordable set-aside % of multi-family projects and permanent tax-paying without appeal

# Land Banks & Brownfield- Eligible Activities

## **ALL Eligible Properties:**

- Environmental Assessment/Due Care
- Relocation of Public Buildings/Operations
- Environmental Insurance
- Plan Preparation
- Plan Implementation
- Demolition
- Lead/Asbestos/Mold Abatement
- Reimbursement of Principal & Interest

# What Does This Mean For A Project Involving Your County Land Bank Or The SLBA?

- Land Bank properties may undertake **ALL** eligible Act 381 activities
- Land Bank properties are, by definition, Act 381-eligible properties
- Land Bank-sponsored Act 381 projects may include adjacent and contiguous parcels

Typical Land Bank actions necessary for successful property recycling are eligible for reimbursement from Act 381 tax increment capture:

- Phase I/II ESAs
- Blight removal/demolition
- Site preparation
- Acquisition
- Title clearance/QTAs
- Selling/Conveyance

“Assistance in selling or otherwise conveying property owned or under control of a land bank...”

**Cost of Unit Construction**  
**\$190,000**

**Qualified Purchaser – 1st Mortgage**  
**\$150,000**

**Unfunded Gap**  
**\$40,000**

To sell the unit, a concession of value (subsidy) is required.

The Concession is “assistance in selling” and therefore an eligible expense for reimbursement by the TIF bridge loan.

**Principal amount to be reimbursed**  
**40,000**

		Annual			
YEAR	RATE	PMT	INT	PRIN	BALANCE
Payment					
					40,000
2020	3.00%	4,007	1,200	2,807	37,193
2021	3.00%	3,550	1,116	2,434	34,759
2022	3.00%	3,603	1,043	2,560	32,199
2023	3.00%	3,657	966	2,691	29,508
2024	3.00%	3,712	885	2,827	26,681
2025	3.00%	2,768	800	1,967	24,714
2026	3.00%	2,824	741	2,083	22,632
2027	3.00%	2,881	679	2,202	20,429
2028	3.00%	2,940	613	2,327	18,102
2029	3.00%	2,999	543	2,456	15,647
2030	3.00%	3,059	469	2,589	13,057
2031	3.00%	3,120	392	2,728	10,329
2032	3.00%	3,181	310	2,872	7,458
2033	3.00%	3,244	224	3,020	4,437
2034	3.00%	3,308	133	3,175	1,263
2035	3.00%	3,372	38	3,335	-2,072

Identify Community Needs



Conversations with political leaders, housing developers, realtors, other stakeholders



Develop an initial budget and brownfield plan table

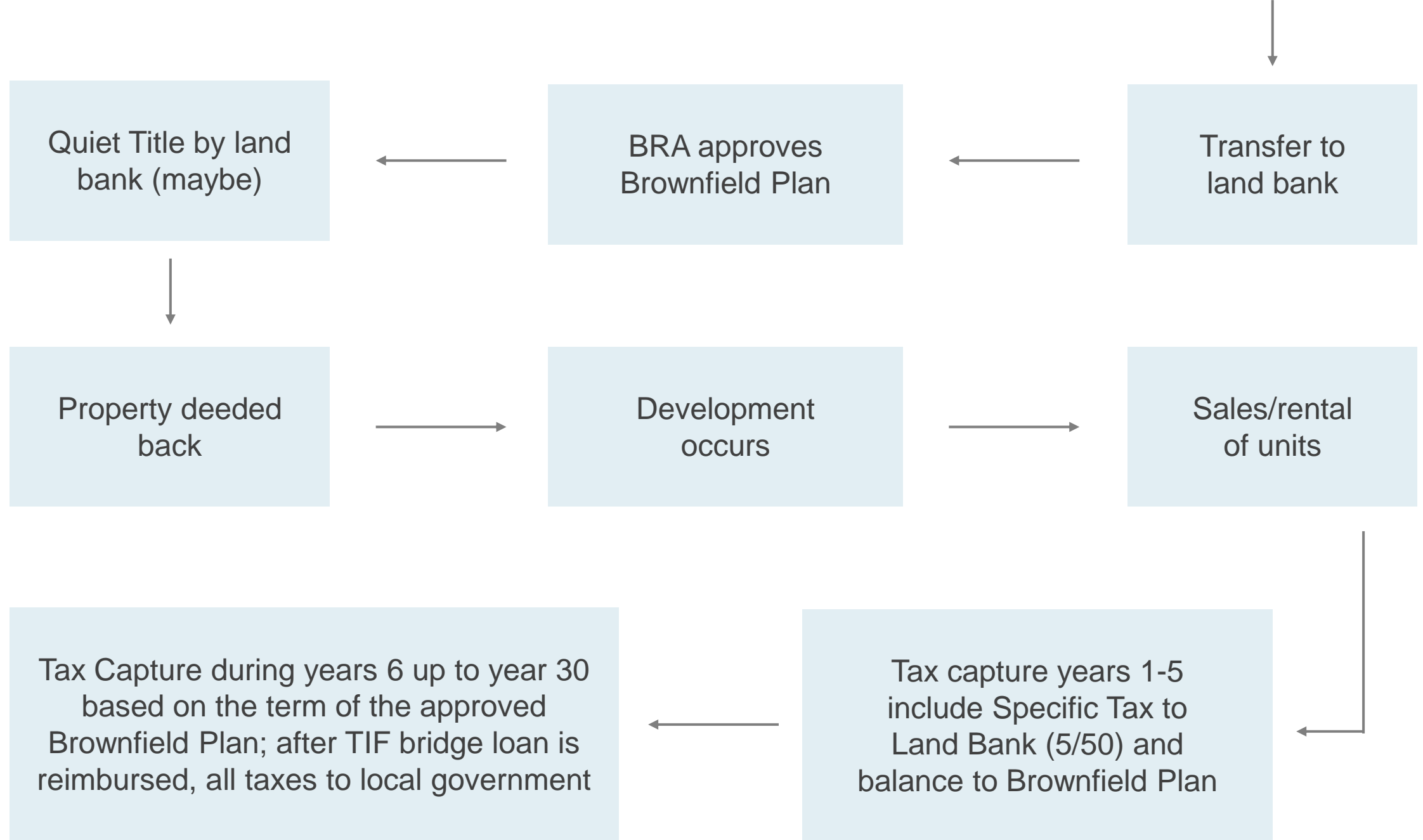


Look at specifics: location, infrastructure, costs, Brownfield Redevelopment Authority (BRA), local buy in, land bank partner – county or state (if no county)

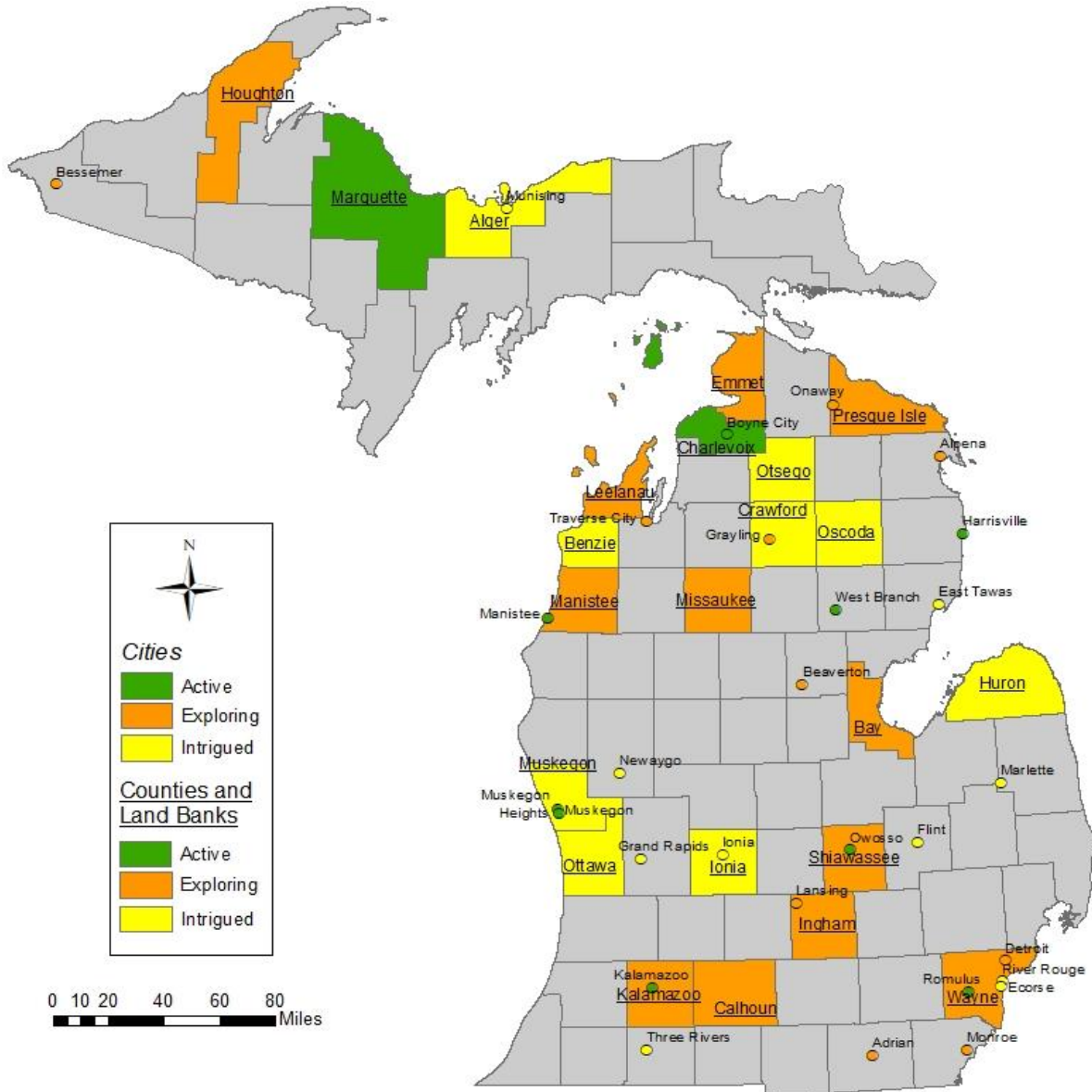


Discuss land sale/transfer and holding property details; at what point does the land bank deed property back; eligible activities by land bank while holding in escrow









## Active

Boyne City  
Charlevoix County LB  
Harrisville  
Kalamazoo (city)

Manistee  
Marquette  
Marquette LB  
Muskegon

Muskegon Heights  
Owosso  
Romulus  
West Branch

## Exploring

Adrian  
Alpena  
Bay City  
Beaverton  
Bessemer  
Calhoun County  
Cheboygan County  
Emmet County

Grayling  
Ingham County LB  
Kalamazoo County  
Lansing  
Leelanau County  
Monroe  
Traverse City  
Wayne County LB

Ionia  
Manistee County  
Detroit LB  
Presque Isle LB  
Houghton County LB  
Onaway  
Shiawassee County

## Intrigued

Alger County LB  
Ecorse  
Huron County LB  
Ionia  
Mancelona  
Marlette  
Munising

Oscoda Township  
Otsego County  
River Rouge  
Three Rivers  
Ionia County LB  
Flint  
Newaygo

Oscoda County  
East Tawas  
Muskegon County LB  
Ottawa County  
Grand Rapids  
Benzie County LB  
Crawford County





1

**City of Newaygo BRA**  
Newaygo County (no county land bank)  
City North River Hills LLC & Sable Homes



## 2

# Former Sand & Gravel Mine

159 acres in Commerce Twp, Oakland County

- No township BRA so County BRA is working with them
- Proposal from housing developer is 203 single family homes
- Requires water & sewer (part of the township's Master Plan), utilities, roads – significant infrastructure costs that would drive housing costs to unattainable levels so those site prep / infrastructure costs are TIF-eligible
- In discussion on adding “assistance for sale” eligible activity for lower income



# Additional Resources

- **Land Holder** (parcels via tax foreclosure or direct transfer into escrow)
- **Housing Pre-Development Investment Program**
  - Rolling out October 2021 as a pilot program

**[Michigan.gov/LandBank](https://Michigan.gov/LandBank)**

## **Housing Development Loan Program**

- Available to local units of government, land banks, other public organizations
- To develop residential property
- Short-term loan
- Paid lump sum at time of property sale
- 5% simple interest (3% if SLBA receives 5/50 payments)
- No Fees