

# Support Housing Michigan



## An Example Application to Support Attainable Housing

Paul is a single parent of a 6-year-old daughter Amanda. He is employed full-time working as a roofer for a local business. He earns \$50,000 annually before taxes and is one of the almost 40,000 households in Kent County earning less than 80% of the Area Median Income.

Affordable housing costs for Paul is about \$1,200/mo.

Paul's daughter, Amanda, attends Grand Rapids Public Schools. Paul also has other necessary costs such as transportation for work and frequent child care when his family and friends cannot watch Amanda.

## How It Works

Samantha, a new property-owner, purchased a duplex in Grand Rapids but needs about \$1,400/month in rent from both units on her investment to justify the price of her purchase. The adoption of the Attainable Housing Facilities Act gives her an opportunity to partner with the City of Grand Rapids to reduce the rent on at least one of the units.

The City offers Samantha a 50% property tax abatement in exchange for offering one unit at no greater than 80% AMI and one unit at no greater than 100% AMI. She must also invest in new siding and windows to improve the visual quality and energy efficiency of the house and annually certify the income of the households.

Samantha agrees and with the savings from the abatement she is able to offer one unit at \$1,400/mo and the second unit at \$1,100.00.

This partnership provides Paul and Amanda the opportunity to move into an affordable two-bedroom unit with rent that is less than 30% of his income.

## SB 362 and the other Housing Michigan bills will provide critical tools to preserve and create more workforce housing in communities across Michigan.

There are no mandates. These bills are opt-in and allow local governments flexible options to partner with builders, owners and housing providers to address the housing crisis.

### We urge you to vote yes on the Housing Michigan bills:

- 362 (Brinks) - Attainable Housing Facilities Act
- 364 (Moss) - Neighborhood Enterprise Zones Expansion
- 422 (Horn) - Residential Facilities Exemption
- 432 (Schmidt) - Housing PILOTs

### Questions?

Contact Josh Lunger at [josh@grandrapids.org](mailto:josh@grandrapids.org) or 616.771.0336

## What Does 'Affordable' Mean?

Affordable means that the households spends no more than 30% of all income on housing costs (rent and utilities).

### In Kent County:

Area Median Income (AMI)	100%	80%	60%
Affordable Housing Costs for two-person household	\$1,605	\$1,284	\$963

Item	Cost/Unit
Aquisition	\$135,000
Repairs	\$10,000
Total Cost	\$145,000
80% Loan	\$116,000
20% Equity	\$29,000
Annual Debt Service	\$8,100
Operating Expenses	\$2,320
Taxes*	\$3,625
Investor Returns 8%	\$2,320
Annual Rent Needed	\$16,245
<b>Monthly Rent</b>	<b>\$1,353</b>

\*51.6mills (non-homestead)

### Tax Benefit of Incentive

Total Current Taxes: \$7,250  
 50% Commercial Industrial Utility (CIU) Rate Abatement (53.32mills) = 26.67mills

Savings from ½ CIU Abatement: \$3,649.55 (\$304/mo)



# HOUSING MICHIGAN

## CORE PRINCIPLES OF BUILDING A HOUSING TOOLBOX FOR MICHIGAN COMMUNITIES

- **Local Control & Flexibility:** Local units and the private partners will apply these tools to meet identified community needs and based on local conditions. These bills do not mandate decisions but allow locals to opt-in to partner with builders, owners and housing providers to address the housing shortage in their communities.
- **Workforce Housing:** These tools will provide new opportunities for the development and retention of workforce housing. These projects are often where need is the highest and a gap has been identified for residents who have a difficulty obtaining market-rate housing but have more income than would qualify for "affordable housing." Workforce housing has been highlighted as a critical priority for communities and employers across the state.

## THE TOOLBOX

### **SB 362: Attainable Housing Facilities Act - Senator Winnie Brinks**

Local governments can create an "attainable housing district" where property owners can apply for partial tax exemptions, reducing real property taxes to 50% of the average statewide commercial, industrial, utility for up to 12 years if they meet certain affordability criteria determined by the local government. That criteria would include providing units at a price point that does not exceed the 120% of county-wide median income threshold for at least 30% of units in a multi-unit development. Local governments have the flexibility to negotiate more than these thresholds to align with their goals. This tool can only be used for 4 or less rental units and requires a minimum of \$5,000 investment.

### **SB 422: Residential Facilities Exemption Act - Senator Ken Horn**

The creation of a Residential Facilities Exemption would allow a temporary tax abatement on qualified new housing development in districts established by local units of government similar to the attainable housing district. The abatement would enable renovation and expansion of aging residential units and assist in the building of new residential units to support workforce housing supply. The tool is similar to SB 362 with 30% of units required to be income-restricted to no more than 120% AMI. Qualified new housing developments may include multifamily or units in a multi-use structure with assurances that the units are occupied as a principal residence (year-round) to eligible households. This tool can only be used more than four units and requires a minimum investment of \$50,000.

### **SB 432: PILOTS for Housing - Senator Wayne Schmidt**

This would allow local governments the discretion to allow a payment in lieu of taxes agreement for residential development or rehabilitation. The local unit of government would set a policy to establish under what conditions it would consider offering a PILOT. The owner of an approved project will pay an annual service charge that is the greater of tax for the property for the previous year or 10% of annual shelter rents obtained for new construction. For rehabilitation projects, the charge is the lesser of the tax on the property the previous year or 10% of annual shelter rents. Local governments can currently only offer PILOTS in conjunction with state or federal programs/subsidies.

### **SB 364: Neighborhood Enterprise Zone Expansion - Senator Jeremy Moss**

Establishing a Neighborhood Enterprise Zones (NEZ) has supported investment in infill revitalization for owner-occupied housing and mixed-use buildings in eligible communities for decades. With so many communities across Michigan facing an urgent shortage of housing, this bill extends the opportunity to utilize this tool in all Michigan cities, villages and townships. Local units subject to the expansion may designate an NEZ only if the project encourages compact development, is adjacent to existing development and can utilize existing infrastructure, and is used for households up to 120% AMI. The NEZ tax rate is equal to ½ the tax rate during the year prior to the investment.

## EXECUTIVE COMMITTEE:

GRAND  
RAPIDS  
CHAMBER

