



AGENDA
CHARTER TOWNSHIP OF MERIDIAN
BROWNFIELD REDEVELOPMENT AUTHORITY
THURSDAY, MARCH 14, 2024 - 9 AM

1. CALL MEETING TO ORDER
2. APPROVAL OF AGENDA
3. APPROVAL OF MINUTES
 - A. October 12, 2023
4. PUBLIC REMARKS
5. NEW BUSINESS
 - A. Election of Officers – Subcommittee
 - B. Alternative Brownfield Consultant RFP
 - C. Project Status
 - D. MSHDA Affordable Housing Brownfield TIF – Update
6. OLD BUSINESS
7. PROJECT UPDATES
8. PUBLIC REMARKS
9. ADJOURNMENT

NEXT MEETING: THURSDAY, APRIL 11TH at 9AM

IN PERSON MEETING

5151 Marsh Road

Town Hall Room

Individuals with disabilities requiring auxiliary aids or services should contact:
Director of Community Planning and Development, Timothy R. Schmitt, 5151 Marsh Road, Okemos, MI 48864 or 517.853.4576 - Ten
Day Notice is Required.
Meeting Location: 5151 Marsh Road, Okemos, MI 48864

Providing a safe and welcoming, sustainable, prime community



BYLAWS OF THE MERIDIAN TOWNSHIP BROWNFIELD REDEVELOPMENT
AUTHORITY

ARTICLE I: Name and Address

Name. The name of the Authority is the Meridian Township Brownfield Redevelopment Authority (hereinafter referred to as the "Authority"). The address of the Authority is 5151 Marsh Road, Okemos, Michigan, 48864.

ARTICLE II: Directors

Section 1. **General Powers.** The business and affairs of the Authority shall be managed by its Board, except as otherwise provided by statute or by these Bylaws.

Section 2. **Board of Directors.** The Board of Directors (hereinafter referred to as the "Board") of the Authority shall consist of seven (7) total members, as follows: the Township Manager, a member of each of the Planning Commission, Economic Development Corporation, and Environmental Commission, and three members having an interest or expertise in the fields of engineering, finance, or law.

Section 3. **Terms, Replacement, and Vacancies.** Of the initial members appointed, an equal number, or as near as practicable, shall be appointed for one year, two years, and three years. Thereafter, each member shall serve for a term of three years. Subsequent Directors shall be appointed in the same manner as original appointments at the expiration of each Director's term of office. A Director whose term of office has expired shall continue to hold office until his/her successor has been appointed with the advice and consent of the Township Board. A Director may be reappointed with the advice and consent of the Township Board to serve additional terms. If a vacancy is created by death or resignation, a successor shall be appointed with the advice and consent of the Township Board within thirty (30) days to hold office for the remainder of the term of office so vacated.

Section 4. **Removal.** A Director may be removed from office for inefficiency, neglect of duty, or misconduct or malfeasance, by a majority vote of the Township Board or the Board.

Section 5. **Conflict of Interest.** A Director who has a direct interest in any matter before the Authority shall disclose his/her interest prior to any discussion of that matter by the Authority, which disclosure shall become a part of the record of the Authority's official proceedings. The interested Director shall further refrain from participation in the Authority's action relating to the matter.

Section 6. **Meetings.** Meetings of the Board may be called by or at the request of the Chairperson of the Board or any two Directors. The meetings of the Board shall be public, and the appropriate notice of such meetings shall be provided to the public. The Board shall hold an annual meeting in the first calendar quarter of each year at which time officers of the Board shall be elected as provided in Article III, Section 2.

- Section 7. **Notice.** Notice of any meetings shall be given in accordance with the Open Meetings Act (Act No. 267 of the Public Acts of 1976).
- Section 8. **Quorum.** A majority of the Directors then in office constitutes a quorum for the transaction of business at any meeting of the Board, provided, that a majority of the Board present may adjourn the meeting from time to time without further notice. The vote of four Directors present at a meeting at which a quorum is present constitutes the action of the Board, unless the vote of a larger number is required by statute or by these Bylaws.
- Section 9. **Committees.** The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the Directors of the Authority. The chairperson of the Board shall appoint the members and select the chairperson of committees. Committees may be evaluated, reappointed, or dissolved at any time. A majority of the committee will constitute a quorum. A majority of the members present at the meeting at which a quorum is present shall be the action of the committee.

ARTICLE III: Officers

- Section 1. **Officers.** The officers of the Authority shall be elected by the Board and shall consist of a Chairperson and Vice Chairperson. The Board may designate and elect other officers of the Board as they consider necessary. The Board may also appoint a Recording Secretary who need not be a member of the Board.
- Section 2. **Nomination, Election, and Term of Office.** The officers of the Authority shall be elected by the Board at an annual meeting held during the first calendar quarter of each year. Candidates shall be nominated by a nominating committee composed of three members appointed by the Chairperson. The term of each office shall be for one (1) year. Each officer shall hold office until his/her successor is appointed. No person shall hold the same office for more than three successive terms.
- Section 3. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled at any meeting of the Board for the unexpired portion of the terms of such office.
- Section 4. **Chairperson and Vice Chairperson.** The Chairperson shall be the chief executive officer of the Authority, but he or she may from time to time delegate all or any part of his/her duties to the Vice Chairperson. He or she, or in his/her absence, the Vice Chairperson, shall preside at all meetings of the Board, he or she shall have general and active management of the business of the Authority and shall perform all the duties of the office as provided by law or these Bylaws. He or she shall be ex-officio a member of all standing committees, and shall have the general powers and duties of supervision and management of the Authority.

Section 5. **Delegation of Duties of Offices.** In the absence of any officer of the Authority, or for any other reason that the Board may deem sufficient, the Board may delegate, from time to time and for such time as it may deem appropriate, the powers or duties, or any of them, of such officer to any other officer, or to any Director, provided a majority of the Board then in office concurs therein.

ARTICLE IV: Contracts, Loans, Checks, and Deposits

Section 1. **Contracts.** The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Authority, and such authority may be general or confined to specific instances.

Section 2. **Loans/Grants.** No grant or loan shall be contracted on behalf of the Authority and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board and approved by the Township Board. Such authority may be general or confined to specific instances. Meridian Township shall not be liable on bonds or notes issued by the Authority and the bonds and notes shall not be a debt of the Township unless specifically provided otherwise by a majority vote of the Township Board.

Section 3. **Checks, Drafts, etc.** All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Authority, shall be signed by such officer or officers, agent or agents of the authority and in such manner as shall from time to time be determined by resolution of the Board.

Section 4. **Deposits.** All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies, or other depositories as the Board may select.

ARTICLE V: Fiscal Year

The fiscal year of the Authority shall correspond at all times to the fiscal year of the Charter Township of Meridian.

ARTICLE VI: Amendments

These Bylaws may be altered, amended, or repealed by the affirmative vote of a majority of the Board then in office at any regular or special meeting called for that purpose provided the amendment has been submitted in writing at a previous meeting. All amendments shall be approved by the Township Board.

**CHARTER TOWNSHIP OF MERIDIAN
BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES**

DRAFT

**October 12, 2023
5151 Marsh Road, Okemos, MI 48864-1198
Town Hall Room, 8:00 A.M.**

PRESENT: Chair Peter Trezise, Vice Chair Jeff Theuer, Director Brenda Chapman, Director Joyce Van Coevering, Director John Matuszak, Township Manager Walsh
ABSENT: Director Ned Jackson
STAFF: Director of Community Planning and Development Timothy Schmitt, Neighborhoods and Economic Development Director Clark
OTHER: Dave Van Haaren, TriTerra

1. Call meeting to order

Chair Trezise called the regular meeting to order at 7:59 a.m.

2. Approval of Agenda

**Vice Chair Theuer moved to approve the agenda as modified.
Supported by Director Matuszak**

CPD Director Schmitt asked that an item 5B, 2024 Meeting Schedule, be added to the agenda.

VOICE VOTE: Motion carried unanimously.

3. Approval of Minutes

**Vice Chair Theuer moved to approve the April 13, 2023 minutes as amended.
Supported by Director Van Coevering**

Chair Theuer raised a minor issued that was corrected.

VOICE VOTE: Motion carried unanimously.

4. Public Remarks – None

5. New Business

A. American House of Meridian Township – Reimbursement Request #1

CPD Director Schmitt outlined the request for reimbursement for American House of Meridian Township and the current status of the project. He further outlined the amendment to the original plan that was approved in 2022, which brought the costs in the plan in line with the actual bid out costs and substantially shortened the payback period. The BRA and Township Board approved the amended plan. CPD Director Schmitt went through the eligible costs that were outlined in the amended plan, highlighting the current costs expended on the chart in provided memo. \$1.1 million dollars were originally approved in the plan for reimbursement and request #1 is for just under \$600,000.

CPD Director Schmitt further reviewed the costs that have been submitted. Everything that has been submitted are eligible costs in the plan and under Public Act 381. He further discussed a 'double dip' that was discovered during the review and pointed out that the corrected information is in the packet that was provided and is being reviewed this morning. Since the information was provided to the Authority, all signed lien waivers and other information were provided to Staff. CPD Director Schmitt reviewed the payback timeline, the capture deferral in 2022, and the amount of reimbursement actually available at this time. The project is expected to be completed in early 2024. One additional request was expected and potentially a second, as the project is completed.

Manager Walsh asked about the eligible expense determination and whether that was done in house. CPD Director Schmitt indicated that it was done in house.

Manager Walsh asked if there was any pass through on this project and CPD Director Schmitt indicated that the project was capturing 100% of what it was eligible to capture.

Manager Walsh asked for an estimate of payoff for the plan. CPD Director Schmitt indicated that the plan called for a four year payback, but the plan might trickle into a fifth year. It was further clarified that they could only be reimbursed on the actual taxes paid, not the full amount of the request at this time.

Manager Walsh asked about how the contingency could be spent. CPD Director Schmitt indicated that they needed to show the contingency was being spent on an eligible cost, but that pre-authorization was not required.

Director Matuszak asked if all the eligible activities on the site had been completed. Mr. Van Haaren explained that the eligible activities were completed on the site and the project was under budget at this point. All subsurface earth work is completed and there would be limited further requests. Director Matuszak pointed out that the chart showed a shortage of \$300 when compared to the actual total.

Vice Chair Theuer asked about the process going forward with utilizing third parties versus doing the work in house. CPD Director Schmitt indicated that since the project was one parcel and only one building, Staff would be able to handle the review, but for larger projects, Staff would be bringing in a third party to review the projects.

Vice Chair Theuer moved to approved Reimbursement Request #1 for American House of Meridian township in the amount of \$592,945.92.

Supported by Director Van Coevering

Roll call vote passes unanimously 6-0

B. 2024 Meeting Schedule

CPD Director Schmitt indicated that the BRA may not meet prior to the deadline for submitting 2024 Board and Commission meeting schedules, so the BRA should take that action at this meeting. The second Thursday of the month was generally acceptable as a meeting date for the Directors. Discussion on the time of the meetings occurred between the Directors. It was generally noted that 9AM would be an acceptable start time.

Manager Walsh moved to hold the Brownfield Redevelopment Authority meetings on the second Thursday of the month at 9AM.

Supported by Van Coevering

Motion passed unanimously 6-0

6. **Old Business**

7. **Project Updates**

CPD Director Schmitt gave a brief update on each of the existing Brownfield projects. CPD Director Schmitt highlighted a meeting with the MEDC and the developers on the Village of Okemos that was occurring to discuss next steps after the project did not receive RAP 2.0 funding. Elevation Phase 3 is nearing completion and Phase 4 is expected to start in the Spring, which will result in the full completion of the project. Staff continues to not have received any reimbursement request from Joe's on Jolly and they will not be receiving reimbursement for 2023 taxes paid. Haslett Village Square submitted revisions to their plans to address Ingham County Drain Commissioner comments.

CPD Director Schmitt further outlined the Brownfield for Housing program that was developed this summer and is being administered by MSHDA. He explained that this allows reimbursement of actual development costs, not just contamination and similar environmental issues. CPD Director Schmitt pointed out that an affordable housing policy would need to be created for the Township to utilize this incentive.

8. **Public Remarks**

There was no comment from the public.

9. **Adjournment**

Chair Trezise adjourned the meeting at 8:25 a.m.

Respectfully Submitted,

Timothy R. Schmitt, *AICP*

Director of Community Planning & Development



To: Brownfield Redevelopment Authority Directors

From: Timothy R. Schmitt, *AICP*
Community Planning and Development Director

Date: March 7, 2024

Re: Approved Brownfield Projects Status

The Brownfield Redevelopment Authority has multiple new members for the first time in some time, so Staff wanted to take a moment and to a formal dive into the status of each of the approved Brownfield plans, as there was a great deal of movement in 2023. All of the approved and under review Brownfield Plans can be found on the Township's website at <https://www.meridian.mi.us/government/boards-and-commissions/brownfield-redevelopment-authority>.

Elevation at Okemos Pointe

This plan was approved in fall of 2019 and was the impetus for creating a local Brownfield Redevelopment Authority. Previously, this project was approved through the County BRA and was transferred to the Township once we had an Authority. Since it started with the County BRA, we have committed a portion of the Administrative capture to the County over the life of the project.

In total the project will capture just short of \$6 million dollars over 20 years, ending in 2035. The project is in its final phase of construction, after which we will be more able to fully project the long term payback more accurately, but tentatively Staff believes the payback is ahead of schedule, in part due to the plan only accounting for 2.18% in growth of the value of the project, whereas inflation has put that number at 5% for the past two years.

2360 Jolly Road

This brownfield plan was approved in October of 2019 and it is a spinoff of the Elevation project. Originally, the 1.64 acres of land under this plan were included in the Elevation plan. A separate plan was created when ownership changed. To date, Staff has not received a reimbursement request from the developer/owner and we have been seeking that information for the better part of two years. Additionally, the taxes for a portion of this project were not paid in 2023 at all and are officially delinquent. Staff is currently review our options with respect to this plan and will bring forward a recommendation at a future meeting as to how to proceed.

Haslett Marathon – 1619 Haslett Road

The second project to begin tax capture was the reconstruction of the Haslett Marathon. This business was active and operating prior to the complete reconstruction of the building, leading to a higher initial taxable value and a longer-term payback, as the tax increment created was not extremely large. The plan was approved in summer of 2020 and calls for just over \$300,000 in payback to the developer over 27 years. The project did capture a partial year's worth of increment in the 2022 tax year (2023 calendar year) and once we have the capture information from 2023 from the Treasury Department, Staff will be able to determine where this project is in terms of the timing of the payback. Again, we expect it to be slightly ahead of schedule, if only due to the inflation factor.

American House of Meridian – 1673 Haslett Road

This is an amendment to an earlier plan that was adopted in late 2020 (Pine Village). This plan, adopted in November 2022, updated the costs and eligible expenses, once the project was able to start construction. The eligible captured revenue dropped from \$2.8 million to \$1.2 million and the capture timeline dropped from 15 years to 4 years. This is based on the builder/owner having tightened costs and understanding the project better than the initial plan.

At the October BRA meeting, the Authority approved the first reimbursement request for the project. Construction was substantially finished in February and the building received Temporary Occupancy, allowing residents to move in. Additionally, one of the commercial spaces is currently under plan review and is expected to be occupied shortly. The applicant paid their Winter 2023 taxes and was eligible to receive reimbursement. The final amount is currently being determined by the Treasury Department and will be remitted to the developer shortly. This project is well on track to be fully on the tax rolls in 2027, as planned.

Haslett Village Square

This plan was approved the fall of 2022 and anticipates an 11-year payback of just short of \$2.5 million dollars. The developer has demolished all the buildings on the site that were proposed to be removed, but with the continuing increase in interest rates and the changes required by the Ingham County Drain Commissioner's Office, the project is currently evaluating whether or not the MSHDA Affordable Housing TIF would be beneficial to keep things moving forward. Staff is waiting on some information from the development and will share updates as we move forward.

Village of Okemos

The Brownfield plan for the Village of Okemos project was approved in November of 2022. The plan is a 20-year plan with a total of \$8.2 million dollars in tax capture, both local and state. The state approval of the plan has not been finalized and the developer spent the majority of 2023 trying to get the project financed. Staff has a meeting just after the March BRA meeting with the developers to discuss next steps to try and get this long simmering project moving forward. Staff fully expects that the scope of this plan will change in 2024 and we will keep the Authority in the loop going forward.



HOUSING TAX INCREMENT FINANCING PROGRAM

FREQUENTLY ASKED QUESTIONS

December 6, 2023

The following **Frequently Asked Questions (FAQs) and Answers** are for informational purposes only. This document is not binding. Applicants should refer to the MSHDA Housing Tax Increment Financing (Housing TIF) Program Statement, the joint MSHDA-EGLE-MEDC brownfields guidance, and accompanying documents for most-recent guidance. All applicants are strongly encouraged to consult with MSHDA staff before formally submitting a Housing Tax Increment Financing application.

Please contact MSHDA via e-mail (MSHDA-TIF@michigan.gov) should you have any additional questions or have a need for additional clarification regarding the subjects reviewed below.

GENERAL APPLICATION

Q: Is there a “format” that applicants should use to submit Housing TIF Work Plans?

A: *Yes. Applicants should follow the format under “Addendum II – Work Plan or Combined Brownfield Plan Review Criteria Programmatic Parameters” of the MSHDA Housing TIF Program Statement, as adopted on September 29, 2023, when submitting applications.*

DEMONSTRATION OF HOUSING NEED

Q: Can a local BRA/community rely on a regional needs assessment for the need requirements? How formal of a housing study is needed? Is the mention of housing needs in a Master Plan sufficient, or would it be necessary to use that AND the statewide housing plan?

A: *A Regional Housing Plan is one of the allowable options for demonstrating alignment of the housing project with the “housing needs” of the area. It is recommended that a Local or Regional Housing Study that is being used to demonstrate alignment with housing needs is adopted by the local municipality and affirmed by the local municipality as an accurate representation of the local or regional needs prior to submission of the Brownfield Plan or Work Plan to MSHDA.*

MSHDA believes that, in most cases, a Master Plan that outlines the local housing needs in detail will be sufficient to demonstrate alignment of the housing project with local housing needs; however, a Master Plan that provides no detail or documentation for housing needs will not be sufficient.

ELIGIBLE ACTIVITIES

Q: **Must the developer maximize all other eligible activities before you utilize the eligible activities of "Housing Gap?"**

A: *No. An affordable or subsidized housing project seeking MSHDA approval where the Total Housing Subsidy calculation generates a larger value than the Approved BRA TIF Request may choose to classify all of the TIF capture as “Financing Gap”.*

On the other hand, a housing project where the Total Housing Subsidy calculation generates a lower value than the Approved BRA TIF Request will be required to classify a portion of the TIF Capture as other eligible activities outside of the "Financing Gap" to utilize the entire TIF Capture.

Q: **In a project that combines market-rate and affordable and that needs infrastructure and site preparation activities to support the development, can that infrastructure cost be captured in full, or would it be proportional to only the units that are affordable below 120% AMI?**

A: *The infrastructure costs will likely be eligible to be captured in full. MSHDA defines infrastructure as:*

“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.”

Since, in most cases, it would not be possible to create the affordable housing units without incurring all of the infrastructure costs, MSHDA believes that all infrastructure costs will be eligible for capture regardless of whether all the units are affordable or a mix of affordable and market-rate, unless the infrastructure is an EGLE eligible activity.

Q: Do infrastructure and site preparation activities that support Section 13b(4)(b) affordable and/or subsidized housing need to be public or in the right-of-way?

A: *No. Infrastructure and site preparation activities that meet the infrastructure definition listed above will be eligible regardless of whether they are public, in the right of way, or private and owned by the development.*

Q: If the municipality decides to issue municipal bonds for the public infrastructure, and seeks reimbursement through the BRA for the debt service, is it fair to assume that the municipality's costs for the infrastructure, including financing costs, can be included in the calculated Potential Development Loss (PDL)?

A: *Infrastructure is defined in the Housing TIF program as follows:*

"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."

Under the Housing TIF program, both Total Housing Subsidy (THS) and Infrastructure are eligible activities. The Potential Development Loss (PDL) is merely a factor used in calculating the THS. Infrastructure does not play a part in the THS calculation and, therefore, the PDL calculation does not take into account Infrastructure costs. However, a municipality may choose to issue bonds to cover some of the Housing TIF-eligible costs and use the Housing TIF as a way of paying the debt service on the bonds.

Q: Will the amount of TIF for housing development activities approved under a plan be limited to the total amount of TIF projected to be generated over the life of the plan, or can the approved amount of TIF exceed the amount of TIF projected?

A: *The TIF reimbursement amount will be limited to the amount approved by the BRA. That being said, the total amount of TIF Capture that a MSHDA-approved housing development will be eligible to utilize will not be greater than the amount of TIF generated over the life of the plan, based on the number of years and total amount approved by the BRA.*

Q: Why would a project need to submit to MEDC, EGLE, and MSHDA for TIF when the eligible activities seem to overlap? If the only eligible activity is "Financing Gap", does the plan need approval from MEDC and EGLE?

A: *MSHDA does not believe that there will be very many cases that will require both MSHDA and MEDC approval for the same project. This is due to the mechanics of the Housing TIF program and how the eligible activities are defined. However, MSHDA and MEDC have been working together to ensure that any projects that require the approval of both agencies will utilize a streamlined*

approach with cross-agency communication and minimal duplication of processes wherever possible. EGLE eligible activities must be submitted to EGLE in addition to the submission to MSHDA or MSHDA and MEDC, because MSHDA cannot review and/or approve activities that are EGLE eligible activities.

Q: Can a developer submit a Brownfield Plan where all or nearly all of the capture is related to housing development eligible activities?

A: Yes.

HOUSING SUBSIDY/GAP

Q: Is the THS (Total Housing Subsidy) meant to serve as a cap on the entirety of a TIF reimbursement request, or is it a cap strictly related to determining the potential financing gap that is eligible to be reimbursed?

A: *The Total Housing Subsidy (THS) is meant to be a way of evaluating the reasonableness of the Financing Gap amount that is being included in the sources and uses. It is not a cap on the entirety of the TIF reimbursement request.*

As an example, let's assume that the TIF reimbursement request is \$1,450,000. Let's also assume that the THS calculates out to \$1,054,000. The developer would be eligible to include a "Financing Gap" line item in their sources and uses of no more than \$1,054,000. However, let's also assume that there were eligible infrastructure and site preparation costs in the amount of \$500,000. If the BRA approves it, the developer could include the remaining \$396,000 (\$1,450,000 - \$1,054,000) as infrastructure and site preparation in their sources and uses, which would allow them to capture the entire \$1,450,000 in TIF reimbursement.

Q: Are there concerns for work plan approvals if the MSHDA TIF gap calculation outputs a much greater amount than the TIF is anticipated to support?

A: *The PRL/PDL and THS calculations are intended to be used for testing the reasonableness of a request to utilize TIF Reimbursement for Housing Activities. If the approved TIF reimbursement request is well below the calculated THS, it will not cause issues from a MSHDA review standpoint. However, wide variances between the PRL/PDL/THS calculation and the amount of approved TIF reimbursement should cause practitioners to take another look at the costs and financing structure of the development to ensure that the financing assumptions are sound.*

Q: What would the documentation for the rental financing gap look like for requesting reimbursement? Would this be a calculation provided yearly to the BRA with documentation of

yearly rent, and proof residents are within AMI? Would this be concurrent with the ongoing monitoring and reporting?

A: *The rental financing gap is a one-time calculation and review that is completed in conjunction with MSHDA's review and approval of the Brownfield Plan. It is not an annual calculation. There are other annual reporting requirements that the BRA will be required to provide to MSHDA.*

Q: **It is expected that projects would have both income-restricted units and units that are not income-restricted. The PRL (Potential Rent Loss) gap calculation is only related to the income-restricted units, but what if the overall project still has a gap that is larger than the cost of site prep, demolition, etc.? Does the "reasonableness" test apply to the overall housing project, or just the portion of the project that has income-restricted housing?**

A: *The Potential Rent Loss (PRL) and Potential Development Loss (PDL) calculations are an approximation of the subsidy that is necessary to offer units (rental or for-sale) at affordable rents or prices. Therefore, the PRL and PDL calculations only cover the units in the project that will be restricted to affordable rents or prices.*

However, please keep in mind that the PRL/PDL and Total Housing Subsidy (THS) calculation is only one way to include TIF Capture in the Sources and Uses for the project. Projects that have excess TIF Capture over and above the THS could use that excess TIF Capture towards other eligible activities such as infrastructure, demolition and renovation, site preparation, etc. that the project will be incurring.

AFFORDABILITY REQUIREMENTS

Q: **Does MSHDA have specific requirements regarding target AMI's for affordability of rental units, or affordability periods for rental units?**

A: *At this time, MSHDA is not establishing parameters that require a certain number of housing units in the development be at specific Area Median Income (AMI) levels. Likewise, MSHDA is not requiring a target affordability period for the affordable units. These types of decisions will be negotiated at the local level based on the local needs and the feasibility of offering units at various AMI targeted levels.*

The Housing TIF program requires that projects have units targeted at 120% of AMI or below. MSHDA is not specifying how many of the units in the development need to be targeted at 120% AMI or below. Again, this is a local decision that the Brownfield Redevelopment Authority and the developer should negotiate in order to determine that the local housing needs are being met. The minimum term of affordability for those 120% AMI units is the length of the TIF reimbursement, but a local municipality/BRA may choose to require a longer affordability period, at their discretion.

Q: Is the gap calculation term limited to 25 years as shown on the PRL example? Can the Affordability Period extend beyond length of TIF payoff?

A: *The Projected Rent Loss (PRL) example was purely for illustrative purposes to better show how the PRL is calculated and utilized. A local municipality/BRA could certainly choose to require an affordability period that extends beyond the length of the TIF reimbursement. Those decisions will be made at the local level.*

Q: Will there be an affordability agreement the developer has to enter in to? If so, what will the length be and how will that be enforced?

A: *MSHDA will not require a deed restriction or an affordability agreement be recorded against the property. However, MSHDA will record a notice on the public record that references the Section 13b(4)(b) required development agreement or reimbursement agreement between the municipality or local BRA and the owner or developer of the eligible property that stipulates price and income monitoring for residential units. That agreement will memorialize the price and income restrictions and their duration. The local municipality/BRA may have affordability requirements, and various means of enforcing those requirements.*

MSHDA REVIEW

Q: How does the timing of MSHDA review overlap with timing of MEDC/MSF approval for state capture?

A: *MSHDA does not believe that there will be very many cases that will require both MSHDA and MEDC approval for the same project. This is due to the mechanics of the Housing TIF program and how the eligible activities are defined. However, MSHDA and MEDC have been working together to ensure that any projects that require the approval of both agencies will utilize a streamlined approach with cross-agency communication and minimal duplication of processes wherever possible.*

Q: Are any other specific State and/or Federal housing regulations such as prevailing wages, fair housing, ADA, etc. required under the Housing TIF Program.

A: *The Housing TIF program does not have additional construction/labor requirements over and above the state and local requirements that are standard in any housing development, unless otherwise required by the local municipality/BRA. Prevailing wage is not triggered by the Housing TIF program. Developers and management companies should ensure that all other requirements that are standard in any housing development are being met.*

Q: Will MSHDA require compliant Phase I ESA, Phase II ESA, BEA, or any other sign-offs from EGLE if they are not required by other programs?

A: *A proposed housing development work plan must include an environmental review that meets MSHDA's Environmental Review Requirements found on MSHDA's website. If the environmental review discloses that the proposed housing development site has environmental contamination, then MSHDA staff will be reviewing to see if EGLE has provided the appropriate clearance for residential development. If documentation does not exist that evidences EGLE has provided the necessary clearance for residential development, then the work plan or combined brownfield plan may be conditionally approved (assuming it meets other requirements) subject to EGLE clearance of the site for the proposed residential development.*

Q: **For projects where state/school taxes are not requested (i.e., local only taxes utilized) will plans still need to be reviewed and approved by MSHDA?**

A: *If a Brownfield Plan is not including the use of taxes levied for school operating purposes, then the Brownfield Plan does not require the review and approval by MSHDA.*

Q: **How did you arrive at a 10% maximum developer fee and profit?**

A: *The 10% maximum developer fee/profit was an estimate based on previous discussions with housing and building trade organizations. The intention of capping the developer fee and profit is to ensure the local and state resources are being spent appropriately while also balancing the need to be in line with the market in order to allow the program to work for developers/builders and provide the correct incentives. After further evaluation of this metric, MSHDA will be increasing this maximum to 15%. Additionally, MSHDA is considering whether further allowances should be made for overhead and other costs over and above the 15% developer fee and profit.*

HOUSING TIF INTERACTION WITH PILOT/OTHER PROGRAMS

Q: **How does this program work if a project has a PILOT agreement in place?**

A: *The topic of the interaction between a Housing TIF and a PILOT is still under analysis. One example of a possible scenario for how they may interact together is a property that utilizes a PILOT agreement for years 1-15 and then has a Housing TIF that covers years 16-25. Whether this is a structure that is beneficial for projects to utilize is subject to the review and analysis of the development team and the municipality/BRA. Another example of a possible PILOT/TIF project is where the property was previously tax exempt and thus paid zero (\$0) taxes. In that instance, the PILOT may be captured as the TIF at 100% based on local approval. If a project involves both a TIF and a PILOT, the terms of each and the intended plan for interaction between the two should be addressed.*

Q: **Will a Housing TIF meet the requirements for a Tax Abatement under the LIHTC QAP? Will MSHDA be issuing further guidance in this area?**

A: Section C.14 Tax Abatement, of the Scoring Criteria under the 2024-2025 Qualified Allocation Plan (QAP) states,

“MSHDA will consider awarding these points for alternative tax incentive structures such as Tax Increment Financing (or other structures) that meet the intent of reducing the property tax burden and have a duration at least as long as is otherwise required under this section. Applicants with these alternative forms of tax incentives are encouraged to contact MSHDA staff prior to the funding round to determine whether the tax incentive structure will qualify for these points.”

A Housing TIF may qualify for Tax Abatement points under Section C.14 of the 2024-2025 QAP Scoring Criteria as long as the duration of the Housing TIF and positive impact to the financial viability of the housing property is comparable to the impact that would otherwise be generated by a Payment in Lieu of Taxes. As MSHDA begins to see more examples of LIHTC developments utilizing Housing TIF, further guidance will be issued as necessary.

BROWNFIELD REDEVELOPMENT AUTHORITY COVERAGE

Q: What if the municipality you're looking to develop in does not have a BRA? Will MSHDA provide technical support to BRA's that are trying to figure out how to implement this at the local level?

A: *MSHDA has been working with the Michigan Municipal Services Agency to develop a potential solution for communities throughout the state that would like to use the Housing TIF program to support attainable housing, but do not have a BRA. Further information on this topic will be available soon.*

MISCELLANEOUS

Q: What should be the approach if the market area of the development does not have good comparables to justify financing with a lender? Does the PDL calculation support development in an area where there are lower neighboring values?

A: *The Potential Development Loss (PDL) calculation uses Development Costs and an estimation of an Affordable Mortgage in order to calculate the Total Housing Subsidy (THS). Therefore, an area that cannot find good comparables should not be hindered by the PDL calculation. However, for single-family home projects, developers should be diligent to ensure that houses that are being built with the intention of being sold will have sufficient comparables in order to avoid challenges with homebuyers qualifying for sufficient end-financing in order to purchase the home. Communities and developers should also consider whether the lack of good comparables is a result of insufficient capacity to supply houses at the targeted price points or a result of insufficient need in the community. All applications will need to demonstrate a local need for the proposed housing as part of seeking MSHDA approval.*

Q: To use housing development costs as eligible expenses, must a Brownfield Plan include the capture of school operating taxes?

A: *If a Brownfield Plan is not utilizing taxes levied for school operating purposes, then the plan is not required to be reviewed by MSHDA. Municipalities/BRAs are not required to utilize taxes levied for school operating purposes as part of the Brownfield Plan.*

Q: In a single-family, home ownership TIF, the principal resident's exemption reduces the education tax to 6 mils. In a traditional Brownfield TIF the Michigan Strategic Fund takes 3 of the 6 mils. Assuming it's a housing only TIF will MSHDA capture the 3 mils.?

A: *Section 13b(14), provides that “[n]otwithstanding anything to the contrary in this act, for a brownfield plan that includes the capture of taxes levied for school operating purposes from each eligible property included in a brownfield plan after January 1, 2013, an authority shall pay to the department of treasury at least once annually an amount equal to 50% of the taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, including 50% of that portion of specific taxes attributable to, but not levied under, the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, that are captured under the brownfield plan until the expiration of the earlier of the following[.]”(Emphasis added.)*

Sec. 8a. (1) The state brownfield redevelopment fund is created as a revolving fund within the department of treasury to be administered as provided in this section. The state treasurer shall direct the investment of the state brownfield redevelopment fund. Money in the state brownfield redevelopment fund at the close of the fiscal year remains in the state brownfield redevelopment fund and does not lapse to the general fund.

Sec. 8a(3) The state brownfield redevelopment fund may be used only for the following purposes:

(e) To distribute revenue deposited in the state brownfield redevelopment fund from a brownfield plan that includes housing development activities and that was approved by the Michigan state housing development authority under section 13b(4)(b) to the housing development fund created in section 23 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1423

Meridian Twp BRA/LBRF
Preliminary Financial Statements
Period Ending 01/31/2024 - UNAUDITED

BALANCE SHEET

ASSETS

	BRA Year to Date	LBRF Year to Date	Bank Balance
Cash	\$95,015.38	34,028.52	
Taxes Receivable	\$0.00	-	
TOTAL ASSETS	\$95,015.38	\$34,028.52	\$129,043.90

LIABILITIES

Due to Ingham County LBRF	\$32,188.73	-	
Accounts Payable	\$0.00	-	
TOTAL LIABILITIES	\$32,188.73	\$0.00	

FUND BALANCE

Fund Balance 01/31/2024	\$208,305.83	\$0.00	
2023 YTD Net Income	\$0.00	\$34,028.52	
TOTAL FUND BALANCE	\$208,305.83	\$34,028.52	
TOTAL LIABILITIES & FUND BALANCE	\$240,494.56	\$34,028.52	

INCOME STATEMENT

REVENUES

	Nov	Year to Date	Year to Date
Tax Capture-#3	\$0.00	\$0.00	-
Tax Capture-#5	\$0.00	\$0.00	-
Tax Capture-#6	\$0.00	\$0.00	-
Transfer In from BRA			34,028.52
TOTAL REVENUE	\$0.00	\$0.00	34,028.52

EXPENDITURES

Developer Reimbursement-#3		\$0.00	-
Developer Reimbursement-#5		\$0.00	-
Developer Reimbursement-#6		\$0.00	-
Contractual Services		\$0.00	-
Transfer out to LBRF		\$0.00	-
TOTAL EXPENDITURES	\$0.00	\$0.00	-
2024 Net Income	\$0.00	\$0.00	\$34,028.52