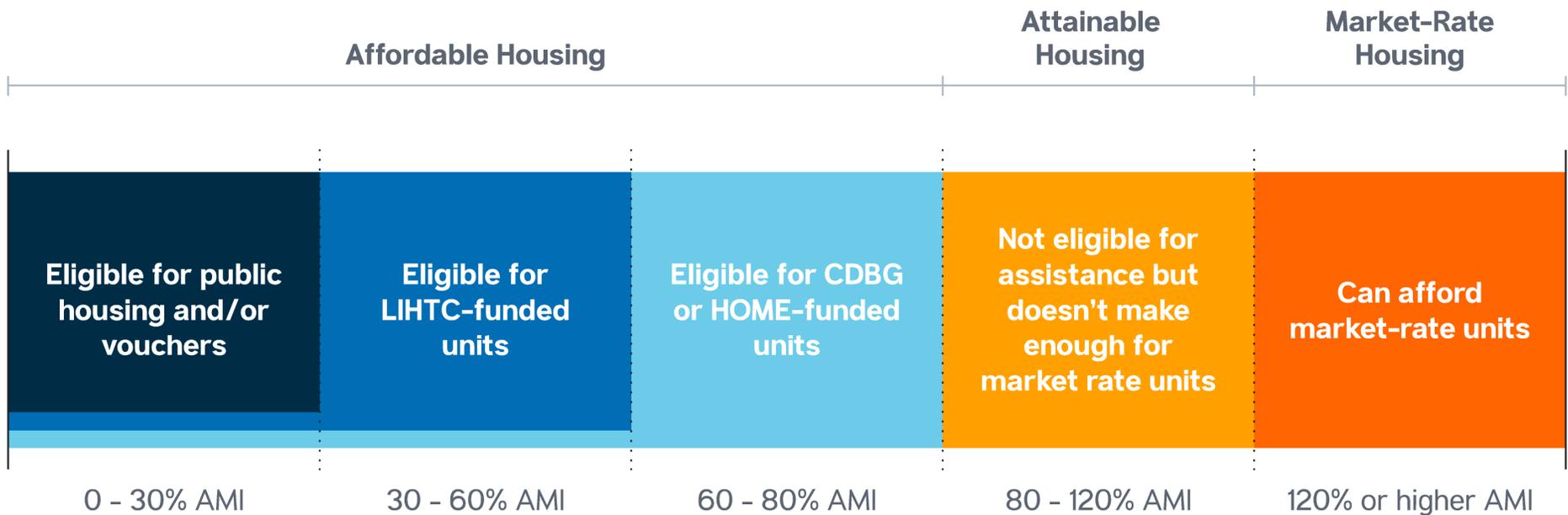


MANISTEE COUNTY 2021 REGIONAL SUMMIT

Creating More Affordable Housing

Emily Doerr / Jim Tischler
Michigan State Land Bank Authority

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.



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.

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)

Statutes Collaborating for Redevelopment

Land Bank Act (PA 258 – 2003)

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

Brownfield Act (PA 381 – 1996)

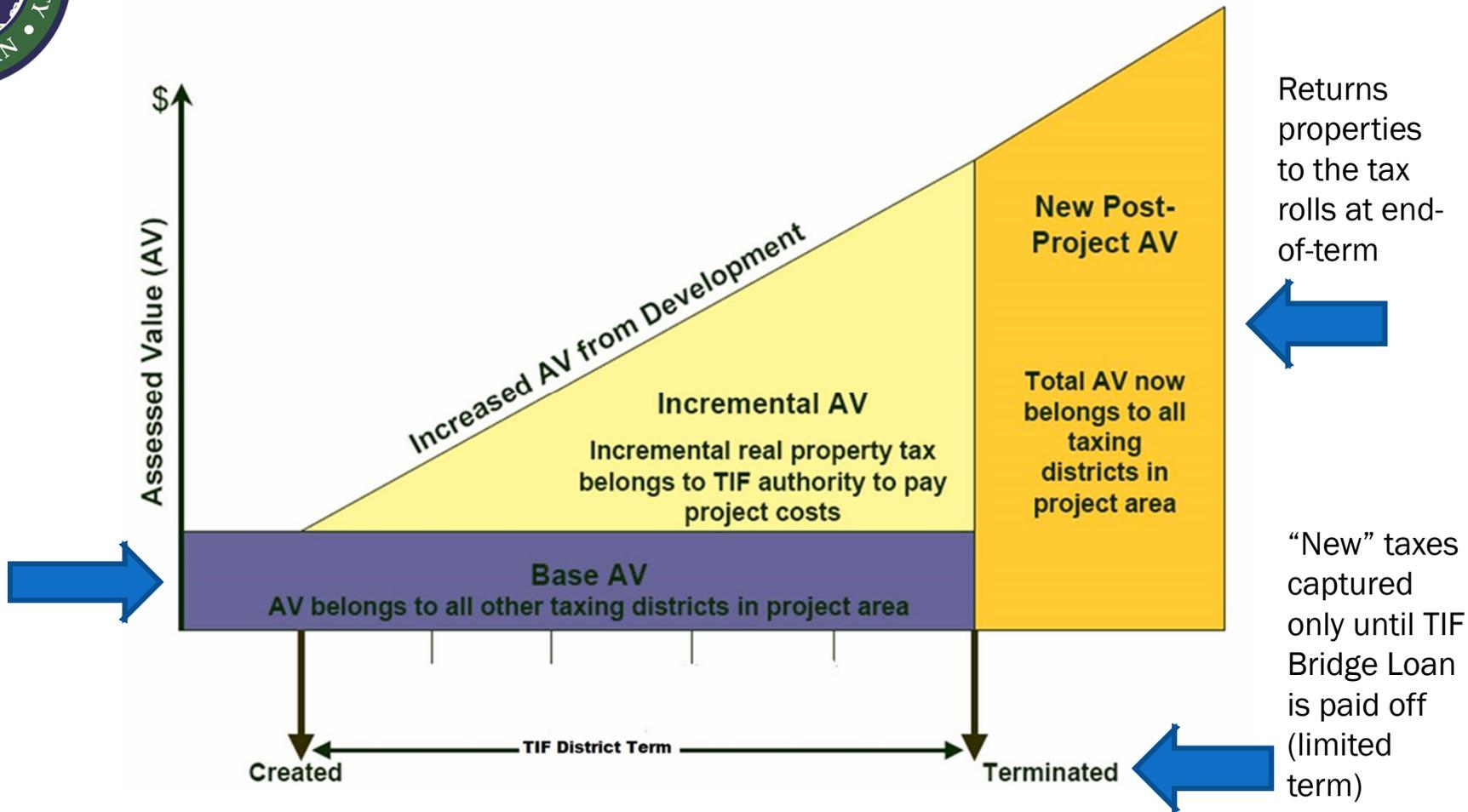
- Authorizes counties to establish brownfield authorities.
- Prescribes BRA powers to operate, own & finance.

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



Act 381 “parcel-based” tax increment details (a bit different from Act 57 “district-based” TIF)

Current taxable amount continues to go to taxing district (partial capture of new taxes is an option)





Land Banks & Act 381 Eligible Activities

ALL Eligible Properties:

1. Environmental Assessment/Due Care
2. Relocation of Public Buildings/Operations for Economic Development Purposes
3. Environmental Insurance
4. Plan Preparation
5. Plan Implementation
6. Demolition
7. Lead/Asbestos/Mold Abatement
8. Reimbursement of Principal & Interest

Eligible properties in a qualified local unit of government, economic opportunity zone, or a former mill:

9. Those described above
10. Infrastructure improvements that directly benefit eligible property
11. Site preparation that is not a response activity

Eligible properties owned by or under the control of a land bank or qualified local unit of government or authority:

12. Those described above
13. Assistance to a land bank fast track authority in **clearing** or **quieting title** to, or **selling** or **otherwise conveying**, property owned by or under the control of a land bank fast track authority or the **acquisition** of property by the land bank fast track authority if the acquisition of the property is for economic development purposes.
14. Assistance to a qualified local governmental unit or authority in clearing or quieting title to, or selling or otherwise conveying, property owned by or under the control of a qualified local governmental unit or authority or the acquisition of property by a qualified local governmental unit or authority if the acquisition of the property is for economic development purposes.

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

Cost of Unit Construction \$210,000
 Qualified Purchaser
 – 1st Mortgage \$170,000

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.



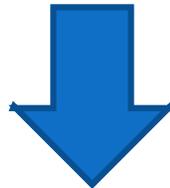
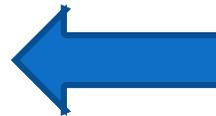
Principal amount to be reimbursed from Table One					40,000
YEAR	RATE	Annual PMT	INT	PRIN	BALANCE
Payment					40,000
2020	3.00%	4,007	1,200	2,807	37,193
2021	3.00%	3,550	1,116	2,434	34,759
2022	3.00%	3,603	1,043	2,560	32,199
2023	3.00%	3,657	966	2,691	29,508
2024	3.00%	3,712	885	2,827	26,681
2025	3.00%	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

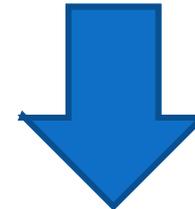
Look at specifics: location, infrastructure, costs, Brownfield Redevelopment Authority (BRA), local buy in, land bank partner – county or state (if no county)



Develop an initial budget and brownfield plan table



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



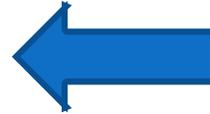
BRA approves Brownfield Plan



Quiet Title by Land Bank (maybe)



Transfer to
Land Bank



Property deeded back



Sales/Rental of units



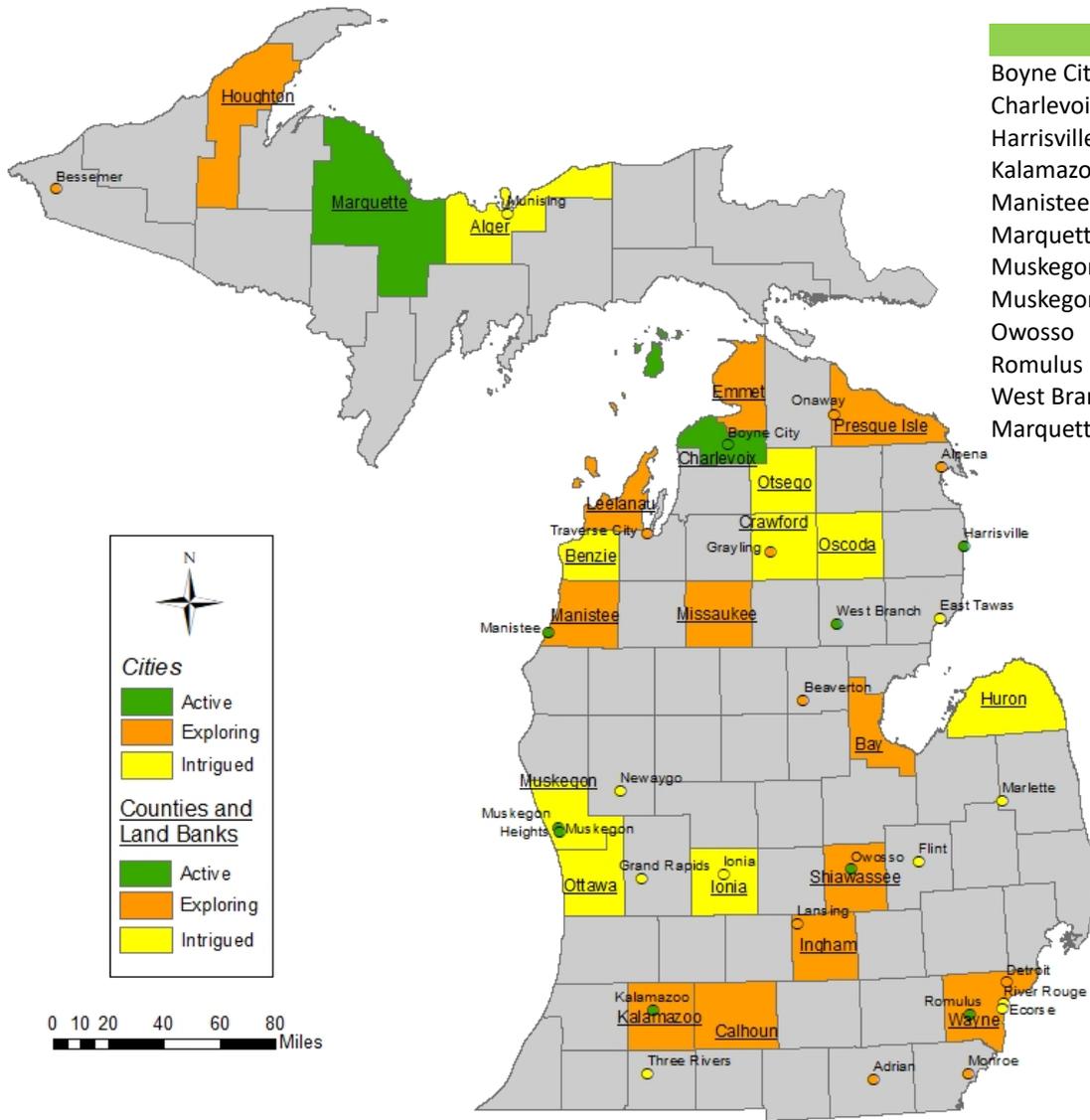
Development occurs



Tax capture years 1-5
include Specific Tax to Land
Bank (5/50) and balance to
Brownfield Plan



Tax Capture during years 6 up to
year 30 based on the term of the
approved Brownfield Plan; after
TIF bridge loan is reimbursed, all
taxes to local government



Active	Exploring	Intrigued
Boyer City	Adrian	Alger County Land Bank
Charlevoix County Land Bank	Alpena	Ecorse
Harrisville	Bay City	Huron County Land Bank
Kalamazoo (city)	Bay County	Ionia
Manistee	Beaverton	Mancelona
Marquette	Bessemer	Marlette
Muskegon	Calhoun County	Munising
Muskegon Heights	Cheboygan County	Oscoda Township
Owosso	Emmet County	Otsego County
Romulus	Grayling	River Rouge
West Branch	Ingham County Land Bank	Three Rivers
Marquette Land Bank	Kalamazoo County	Ionia County Land Bank
	Lansing	Flint
	Leelanau County	Newaygo
	Missaukee County	Oscoda County
	Monroe	East Tawas
	Traverse City	Muskegon County Land Bank
	Wayne County Land Bank	Ottawa County
	Ionia	Grand Rapids
	Manistee County	Benzie County Land Bank
	Detroit Land Bank	Crawford County
	Presque Ile Land Bank	
	Houghton County Land Bank	
	Onaway	
	Shiawassee County	





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

2) Former sand and gravel mine on 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



SLBA Resources

- Land Holder (parcels via tax foreclosure or direct transfer into escrow)
- Housing PreDevelopment Investment Program
 - *Rolling out October 2021 as a pilot program*
- 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*
 - https://www.michigan.gov/leo/0,5863,7-336-94422_96636_91456_91463-490294--,00.html





Recycling Land to Productive Reuse

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