



HOUSING TIF PRESENTATION

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

Wednesday, June 12, 2024

DBRA Board of Directors



Housing TIF Overview

PUBLIC ACT 381

DEGC.ORG/TAX-INCENTIVES



- Brownfield TIF Act was amended to add housing as an eligible property qualification and to expand eligible TIF costs for housing units.
- **Eligible Housing Property includes:**
 - **Rental:** residential units with households earning no more than 120% of Area Median Income (AMI).
 - **For Sale:** residential units with buyers earning no more than 120% of AMI

ELIGIBLE PROPERTY

Traditional Brownfield Plan

- Facility (i.e. contaminated)
- Functionally Obsolete
- Blighted
- Historic

Housing Property

- **Rental: residential w/ households earning no more than 120% AMI**
- **For Sale: residential w/ households earning no more than 120% AMI**

ELIGIBLE ACTIVITIES – HOUSING TIF

Rehabilitation of Existing Housing	Rehabilitation of Existing Non-Housing Structure	New Construction
<ul style="list-style-type: none"> ○ Infrastructure & Safety Improvements 	<ul style="list-style-type: none"> ○ Infrastructure & Safety Improvements 	<ul style="list-style-type: none"> ○ Infrastructure & Safety Improvements
<ul style="list-style-type: none"> ○ Site Preparation 	<ul style="list-style-type: none"> ○ Site Preparation 	<ul style="list-style-type: none"> ○ Site Preparation
<ul style="list-style-type: none"> ○ Financing gap 	<ul style="list-style-type: none"> ○ Financing gap 	<ul style="list-style-type: none"> ○ Financing gap
<ul style="list-style-type: none"> ○ Demolition & Renovation 	<ul style="list-style-type: none"> ○ Demolition & Renovation 	<ul style="list-style-type: none"> ○ Demolition
<ul style="list-style-type: none"> ○ Temporary Household Relocation 		
<ul style="list-style-type: none"> ○ Acquisition costs of blighted or functionally obsolete properties 		

ELIGIBLE ACTIVITIES – TRADITIONAL

Traditional Brownfield Plan

- Environmental testing & cleanup
- Demolition
- Lead, asbestos & mold abatement
- Public infrastructure
- Site preparation
- Private green storm water infrastructure

- Anticipated Use of Housing TIF
 - Traditional Brownfield Costs \$2,000,000
 - Housing TIF Eligible Activities
 - Rent Loss/Financing Gap \$6,519,240
 - Other Housing TIF Costs \$ 850,000
 - Housing TIF Subtotal \$7,369,240

Total Eligible Brownfield TIF Costs \$9,369,240



Rental Loss/Financing Gap											
	A	B	C	D	E	F	G	H			
			A - B = C				C x D x E x F		G / D		
Unit & AMI Type	MSHDA Wayne Co. Control Rent	Unit's Total Rent less Utility Allowance	Project Rent Loss	x	No. of Units	x	No. of Months	x	No. of Years	= PRL GAP CAP	Per Unit
1 Bed Apartment - 80% AMI	\$ 2,548	\$ 1,239	\$ 1,309		11		12		30	\$ 5,183,640	\$ 471,240
2 Bed Apartment - 80% AMI	\$ 3,228	\$ 1,473	\$ 1,855		2		12		30	\$ 1,335,600	\$ 667,800
Total					18					\$ 6,519,240	\$ 501,480

For-Sale Loss/Financing Gap										
	A	B	C	D	E					
			A - B = C			C x D = E				
AMI	Development Cost	-	Affordable Mortgage	=	Development Loss	x	No. of Units	x	PDL GAP CAP	Average Per Unit
80% AMI	\$ 357,000.00		\$ 261,097.75		\$ 95,902.25		10		\$ 959,022.51	
100% AMI	\$ 357,000.00		\$ 344,353.86		\$ 12,646.14		10		\$ 126,461.42	
Total							20		\$ 1,085,483.93	\$ 54,274.20

Rental

- DBRA will require at least 20% of units at 80% AMI and below
 - Deeper affordability will be encouraged
 - DHC utility allowance will be included in calculations
- DBRA will calculate rent loss from MSHDA's Wayne Co. Control Rent
- Eligible units must be evenly distributed throughout development and across unit types
- DBRA/DEGC staff to underwrite financing of development
- Affordability agreement will be 5 years or the length of the Bfld Plan
- Restrictive covenant to be recorded
- City's Housing and Revitalization Department (HRD) will verify income qualified units and tenants

For Sale

- Eligible units must be affordable for households earning 120% AMI or lower
 - Deeper affordability will be encouraged
 - Down payment size, insurance, taxes, and HOA/condo fees will be included in affordability calculations
- DBRA will calculate finance loss from development cost of unit less affordable mortgage down payment
- DBRA/DEGC staff to underwrite financing of development
- Affordability period will be for 5 years
 - Buyer may sell to income qualified household to avoid repayment of subsidy during 5 year period
- Restrictive covenant to be recorded
- City's Housing and Revitalization Department (HRD) will verify income qualified units and buyers

QUESTIONS?

BRIAN VOSBURG

SENIOR DIRECTOR OF BROWNFIELD
REDEVELOPMENT

BVOSBURG@DEGC.ORG

www.DEGC.org/DBRA



- July 19, 2023 - Public Act 90 of 2023 took effect, amending Act 381 of 1996 (the Brownfield Redevelopment Financing Act) to allow Affordable Housing to also be an eligible property and related costs an eligible activity for Brownfield TIF
- Sept. 29, 2023 - MSHDA Board issued “Housing TIF Program Statement” which contained proposed financing gap calculations for rental and for-sale projects
- Oct. 2-9, 2023 - MSDHA held virtual educational sessions on Housing TIF
- Dec. 6, 2023 - MSHDA issued an FAQ which began answering some BRA questions, but not all
- May 8, 2024 - MSDHA issued statewide Housing TIF Guidelines