

NORTHVILLE BROWNFIELD REDEVELOPMENT AUTHORITY
215 West Main Street
Northville, MI 48167
248-349-1300

October 25, 2023 - 7:00 P.M.

- 1. CALL TO ORDER / ROLL CALL**
- 2. APPROVAL OF MINUTES -** May 24, 2023
Approved / Approved as Amended
- 3. PUBLIC COMMENT**
- 4. OLD BUSINESS:**
 - A. Update on Foundry Flask Project
 - B. Update on Approval of Northville Downs Redevelopment Brownfield Plan and PUD Agreement
- 5. NEW BUSINESS:**
 - A. Northville Downs Reimbursement Agreement
 - B. Northville Downs Interlocal Agreement
 - C. Discussion Regarding Brownfield Act Amendments
 - D. Review of Brownfield Authority Website
- 6. SET NEXT MEETING DATE -** November 22, 2023
- 7. ADJOURNMENT**

Respectfully submitted,

George Lahanas

George Lahanas
City Manager

City of Northville
Brownfield Redevelopment Authority
Meeting Minutes
215 W. Main Street, Northville MI 48167
May 24, 2023
7:00 PM

1. CALL TO ORDER/ROLL CALL:

Chair McGow called the meeting to order at 7:06pm.

Roll Call:

Present: Michelle Aniol
John Carter
David Hay
Patrick McGow
Barbara Moroski-Browne
Jason Vertrees

Absent: Ryan McKindles

Also present: Brownfield Consultant Seimer
City Manager Lahanas

2. APPROVAL OF MINUTES – December 21, 2022

MOTION by Moroski-Browne, support by Carter, to approve the December 21, 2022 meeting minutes as submitted.

Motion passed unanimously by voice vote.

3. PUBLIC COMMENT

None

4. NEW BUSINESS

A. Election of Officers

After discussion, the following motions were offered:

MOTION by Moroski-Browne, support by Hay, to re-elect Patrick McGow as Chair.
Motion passed unanimously by voice vote.

MOTION by Moroski-Browne, support by Hay, to elect Michelle Aniol as Vice Chair.
Motion passed unanimously by voice vote.

MOTION by Aniol, support by Hay, to appoint Cheryl McGuire as recording secretary. Motion passed unanimously by voice vote.

MOTION by Aniol, support by Moroski-Browne, to appoint City of Northville Finance Director/Treasurer Sandi Wiktorowski as Treasurer. Motion passed unanimously by voice vote.

B. Updates – The Downs and Foundry Flask

The Downs

City Manager Lahanas said that the City and the developer are in the process of negotiating and finalizing the final development agreement for the Downs. When complete, the agreement will be brought to City Council, most likely at the same meeting where the Brownfield Plan will be considered.

Brownfield Consultant Seimer updated the Board and led discussion regarding the following points:

- After the development agreement is approved, the next step for the BRA will be to review and potentially approve a reimbursement agreement and interlocal agreement with the Downtown Development Authority.
- Since the last BRA meeting in December, there have been conversations regarding the potential for an EGLE (Michigan Department of Environment, Great Lakes, and Energy) grant; a 2024 allocation of up to \$1M is possible. EGLE has asked SME to provide more data/information before another meeting takes place.
- Relative to daylighting the river, there are approval processes involving the Army Corps of Engineers, as well as the DNR (Department of Natural Resources).
- Funding sources were also available through the Army Corps of Engineers and the DNR.
- Hunter Pasteur had been surprised at how long the process was to obtain approvals for daylighting the river.
- Seimer will follow up with Hunter Pasteur relative to whether they are going to submit for a MCRP (Michigan Community Revitalization Grant) as stated in December 2022.

DDA Interlocal Agreement – City Manager Lahanas

- Public hearing set for June 19 City Council meeting on Ordinance Approving Amended and Restated Plan, including expanded DDA boundaries.
- Adoption of Ordinance to Expand the Boundary and Adoption of Plan scheduled for August 18 City Council meeting.

Farmers Market Location – City Manager Lahanas

Search for appropriate location is ongoing.

Foundry Flask Development – Brownfield Consultant Seimer

- Received EGLE grant for \$800K. EGLE requires that the developer and developer's consultant prepare work plans pertaining to each task identified within the grant. Work plans have not yet been submitted.
- Demolition permit was issued by the City but has not been acted upon. Per the terms of the EGLE grant, there can be no reimbursement of demolition costs from the grant until required environmental work has been conducted.

Hay reported that in December 2022 the Foundry Flask developer asked for and received from the Planning Commission a 1-year site plan extension.

5. SET NEXT MEETING DATE

July 26, 2023

6. ADJOURN

MOTION by Aniol, support by Carter, to adjourn the meeting at 7:52pm.

Motion carried by voice vote.

Respectfully submitted,
Cheryl McGuire
Recording Secretary



0 15 30 60
SCALE: 1" = 30'



CAUTION!!
THE LOCATION AND ELEVATIONS OF EXISTING UNDERGROUND UTILITIES ARE SHOWN ON THIS DRAWING FOR INFORMATION ONLY. APPROXIMATE. NO GUARANTEE IS EITHER EXPRESSED OR IMPLIED AS TO THE EXACT LOCATIONS OR DEPTHS. THE CONTRACTOR SHALL BE EXCLUSIVELY RESPONSIBLE FOR DETERMINING THE EXACT UTILITY LOCATIONS AND ELEVATIONS PRIOR TO THE START OF CONSTRUCTION.

CLIENT
456 CADY STREET, LLC
456 CADY STREET
NORTHVILLE, MI 48161

PROJECT TITLE
THE FOUNDRY
456 CADY STREET
NORTHVILLE, MI

REVISIONS
09.27.2023 PRE APPLICATION

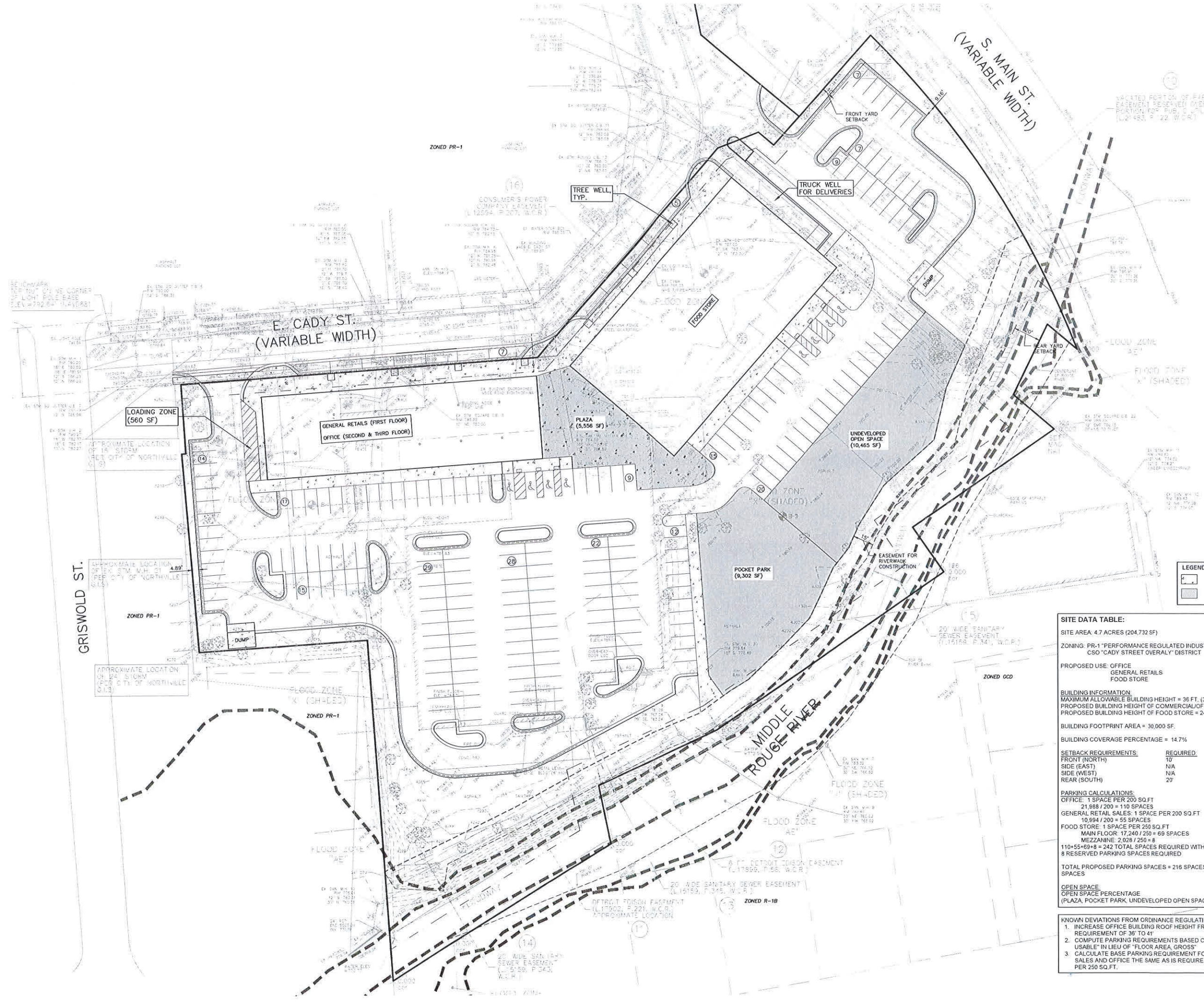
ORIGINAL ISSUE DATE:
09.20.2023

DRAWING TITLE
**OVERALL
PLAN**

PEA JOB NO. 23-0008
P.M. MR

DN. BZ
DES. MR

DRAWING NUMBER:
C-1.0



LEGEND:
[Symbol] CONCRETE PAVEMENT
[Symbol] OPEN SPACE

SITE DATA TABLE:	
SITE AREA: 4.7 ACRES (204,732 SF)	
ZONING: PR-1 "PERFORMANCE REGULATED INDUSTRIAL" DISTRICT NO. 1 CSO "CADY STREET OVERLAY" DISTRICT	
PROPOSED USE: OFFICE GENERAL RETAILS FOOD STORE	
BUILDING INFORMATION: MAXIMUM ALLOWABLE BUILDING HEIGHT = 36 FT. (3 STORIES) PROPOSED BUILDING HEIGHT OF COMMERCIAL/OFFICE = 41' (3 STORIES) PROPOSED BUILDING HEIGHT OF FOOD STORE = 24'	
BUILDING FOOTPRINT AREA = 30,000 SF BUILDING COVERAGE PERCENTAGE = 14.7%	
SETBACK REQUIREMENTS:	REQUIRED:
FRONT (NORTH)	10'
SIDE (EAST)	N/A
SIDE (WEST)	N/A
REAR (SOUTH)	20'
PARKING CALCULATIONS:	
OFFICE: 1 SPACE PER 200 SQ.FT. 21,988 / 200 = 110 SPACES	
GENERAL RETAIL SALES: 1 SPACE PER 200 SQ.FT. 10,594 / 200 = 53 SPACES	
FOOD STORE: 1 SPACE PER 250 SQ.FT. MAIN FLOOR: 17,240 / 250 = 69 SPACES MEZZANINE: 2,028 / 250 = 8	
110+53+69+8 = 242 TOTAL SPACES REQUIRED WITH 8 RESERVED PARKING SPACES REQUIRED	
TOTAL PROPOSED PARKING SPACES = 216 SPACES INC. 8 RESERVED SPACES	
OPEN SPACE OPEN SPACE PERCENTAGE (PLAZA, POCKET PARK, UNDEVELOPED OPEN SPACE) = 12.4 %	

- KNOWN DEVIATIONS FROM ORDINANCE REGULATIONS:**
1. INCREASE OFFICE BUILDING ROOF HEIGHT FROM CSO REQUIREMENT OF 36' TO 41'
 2. COMPUTE PARKING REQUIREMENTS BASED ON "FLOOR AREA, USABLE" IN LIEU OF "FLOOR AREA, GROSS"
 3. CALCULATE BASE PARKING REQUIREMENT FOR GENERAL RETAIL SALES AND OFFICE THE SAME AS IS REQUIRED IN THE CBD, 1 SPACE PER 250 SQ.FT.

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement ("Agreement") is made and entered into as of _____, 2023 ("Effective Date") by and between Hunter Pasteur Northville LLC, a Michigan limited liability company (hereinafter referred to as "Developer"), and the City of Northville Brownfield Redevelopment Authority, a Michigan municipal corporation (hereinafter referred to as "NBRA").

RECITALS:

Developer intends to develop or cause to be developed in accordance with the Brownfield Plan (as that term is defined below) land situated in the City of Northville, Wayne County, Michigan, to be known as "The Downs Redevelopment", as more particularly described on the attached Exhibit A, hereinafter referred to as the "Property".

The NBRA has been created under Act 381, Public Acts of Michigan, 1996, as amended ("Act 381"), to promote the revitalization of environmentally distressed areas through the implementation of brownfield plans for certain eligible property under Act 381.

To induce and facilitate the proposed redevelopment of the Property (the "Project"), on December 21, 2022, the NBRA approved, and on September 18, 2023, the Northville City Council approved the Brownfield Plan for the Downs Redevelopment of the Property (the "Plan" or "Brownfield Plan"), under which Developer may receive, subject to this Agreement, the benefit of reimbursement from Tax Increment Revenues (the term "Tax Increment Revenues" shall have the meaning of this term in Section 2(ii) of Act 381) and proceeds received by the NBRA (the "DDA Contributions") pursuant to an Interlocal Agreement To Use Local Tax Increment Revenues For The Downs Brownfield Redevelopment Project between the City of Northville Downtown Development Authority (the "DDA") and the NBRA, dated on or about the date hereof (the "ILA") for the cost of Eligible Activities undertaken by Developer and/or its affiliates and assigns and/or others on the Property with the approval of Developer. The version of the Plan approved by the City Council includes updated initial taxable values updated to reflect 2023 taxable values and revised estimated Tax Increment Revenues consistent with those updates.

The NBRA and Developer desire to establish the terms and conditions upon which the NBRA shall utilize Tax Increment Revenues captured pursuant to the Plan and the DDA Contributions to reimburse Developer for the costs of Eligible Activities undertaken by Developer and/or its affiliates and assigns and/or others on the Property.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Definitions.

Capitalized terms shall have those definitions provided under Act 381 unless otherwise provided by this Agreement or unless inconsistent with the context in which the

term is used. However, notwithstanding the definitions provided under Act 381, for purposes of this Agreement, Eligible Activities shall also be considered to include preparation and development of the Plan and any Act 381 Work Plan(s) prepared for the Property; and Tax Increment Revenues shall only mean and include such Tax Increment Revenues generated from the sources specified in Section 3 hereof and within the limitations of Section 3(d) with respect to the Property and the Brownfield Plan.

2. Compliance with Approved Work Plans, Laws, Rules and Regulations.

(a) Developer shall carry out the Eligible Activities in accordance with the Plan and Act 381 Work Plan (including all subsequent work plan amendments) approved first by the NBRA and, with respect to the use of Taxes Levied for School Operating Purposes under the Brownfield Plan, as subsequently approved by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") and/or the Michigan Strategic Fund ("MSF"), as applicable, where required under Act 381.

(b) Developer shall comply fully with all local ordinances, state and federal laws, and all applicable local, state and federal rules and regulations. Nothing in this Agreement shall abrogate the effect of any local ordinance.

(c) Initial Eligible Activities have begun.

(d) In the event of failure to comply with this Agreement by Developer, the NBRA may provide Developer with written notice of non-compliance and thereafter withhold future payments until Developer cures any such non-compliance. Prior to the NBRA taking such action, the NBRA shall provide thirty (30) days' prior written notice to Developer and provide Developer an opportunity to cure. Notwithstanding the foregoing, this Agreement and the Brownfield Plan may be terminated in accordance with Section 14(8) of Act 381.

3. Sources and Uses of Tax Increment Revenues and DDA Contributions.

(a) The following Tax Increment Revenues attributable to the levies of ad valorem taxes and Specific Taxes upon the Property that are eligible for capture by the NBRA under Act 381 will comprise the sources of Tax Increment Revenues available to NBRA for purposes of the Plan and to make the reimbursement and other payments required under this Agreement:

(i) Levies of the City of Northville, Wayne County and other taxing jurisdictions that levy ad valorem or Specific Taxes that are considered Local Taxes under Act 381 ("Local Taxes").

(ii) Subject to the approval of the EGLE and/or the MSF of a work plan, where required under Act 381, for the Eligible Activities to be conducted on the Property (the "EGLE Work Plan" or the "MSF Work Plan"), taxes levied by the State of Michigan pursuant to the State Education Tax.

(iii) Subject to the approval of an EGLE Work Plan or the MSF Work Plan, where required under Act 381, levies of the Northville School District (the "School District").

(iv) Specific taxes levied by the State of Michigan or the Northville School District.

(b) In addition, the DDA Contributions shall be used to make reimbursements and other payments required under this Agreement subject to the same provisions of this Agreement applicable to Tax Increment Revenues.

(c) The NBRA shall not be required by this Agreement to use Tax Increment Revenues attributable to the levies by the State of Michigan of the State Education Tax or Specific Taxes, or any levies of the School District for other than: (i) reimbursement payments to Developer for Eligible Activities that are part of an approved EGLE Work Plan or MSF Work Plan; or (ii) for Eligible Activities under Act 381 that are permitted to be reimbursed without EGLE or MSF approval of a work plan. This Agreement shall not prohibit NBRA, in its sole discretion, from capturing or using Tax Increment Revenues attributable to the Property for any purpose authorized by Act 381, including, but not limited to, administrative expenses of the NBRA, the cost of preparing and developing the Brownfield Plan, the EGLE Work Plan and the MSF Work Plan, and funding of a local brownfield revolving fund.

(d) Anything in this Agreement to the contrary notwithstanding, if the proposed use of Tax Increment Revenues derived from Taxes Levied for School Operating Purposes (as defined in Act 381) on the Property (the "School Taxes") for the reimbursement or payment of the costs of Eligible Activities is not permitted by law or is denied in whole or in part by EGLE or MSF, the NBRA shall use a combination of Tax Increment Revenues derived from Local Taxes on the Property, the approved portion of School Taxes, if any, and the DDA Contributions to make reimbursement and other payments of the Eligible Activities under this Agreement.

(e) Taxes not permitted to be captured pursuant to Act 381 shall not be included in the calculation of Tax Increment Revenues.

(f) Unless otherwise agreed upon by the parties to this Agreement and subject to the assignment of this Agreement, the capture of Tax Increment Revenues and the DDA Contributions will continue to accrue to the benefit of Developer.

4. Determination of Eligible Activities Qualified for Reimbursement.

(a) All costs of Eligible Activities attributable to the Property for which Developer seeks reimbursement from Tax Increment Revenues or the DDA Contributions shall satisfy each of the following applicable qualifications:

(i) The Eligible Activity is of a type included in the Plan, or in any amendment thereto.

(ii) Except as provided in clause (iv)(2) below and subject to (A) Section III(A) of the Plan, (B) clause (iii) below and (C) the category of Eligible Activity being included in the Plan or any amendment or supplement thereto, the Eligible Activity is conducted in accordance with the terms of the approved EGLE Work Plan or the approved MSF Work Plan (where applicable or required), the Plan, this Agreement, and all applicable local, state and federal laws, regulations, rules, and ordinances.

(iii) The actual costs incurred to conduct Eligible Activities (the "Total Costs") shall not exceed the total costs of Eligible Activities permitted under the Plan.

(iv) For any Eligible Activity:

(1) The Eligible Activity and the cost of such Eligible Activity are included in an approved EGLE Work Plan or an approved MSF Work Plan, if so required under Act 381, or

(2) If the cost of such Eligible Activity is pending approval or ineligible to be approved by EGLE or MSF or if EGLE or MSF determines that it will not approve the cost of such Eligible Activity, or if a work plan is not required for the Eligible Activity under Act 381, the Eligible Activity and the cost of such Eligible Activity shall be reimbursed from Local Taxes or the DDA Contributions.

(v) The cost of the Eligible Activity is payable from Tax Increment Revenues or the DDA Contributions under Act 381; provided, however, that no costs shall be payable from Taxes Levied For School Operating Purposes unless such cost is, if required under Act 381, included in an approved EGLE Work Plan or an approved MSF Work Plan.

(b) Developer understands and agrees that any reimbursement by or on behalf of the NBRA of any expenses for approved activities shall be only for Eligible Activities described in the Plan or for which reimbursement is authorized under this Agreement. It is further understood and agreed that any reimbursement to or on behalf of Developer or others contemplated by this Agreement shall only occur to the extent that Tax Increment Revenues are generated from the Property and those Tax Increment Revenues, the DDA Contributions or other revenue are available under Act 381 and this Agreement for the making of reimbursements to Developer.

(c) Developer agrees to pay, subject to reimbursement if included in the Plan, all costs of preparing and developing the EGLE Work Plan and MSF Work Plan.

5. NBRA Reimbursement Payments to Developer.

(a) Developer shall maintain the financial information and data used in support of the requests for reimbursement for Eligible Activities for thirty-six (36) months after the end of the development of the Property. The NBRA shall have access to these

records during normal business hours, provided the NBRA submits a request to Developer to review the records with reasonable advance notice.

(b) From time to time, but not more frequently than quarterly without approval of the NBRA, Developer may submit to the NBRA, prior to completion of all Eligible Activities included in the Plan, a Certification of Reimbursement (in the form attached as Exhibit C) seeking reimbursement of costs paid or incurred by Developer or its affiliates and assigns or other owners of a portion of the Property who conduct Eligible Activities on the Property with the approval of Developer to complete certain Eligible Activities that are eligible for reimbursement pursuant to this Agreement and the Plan. Such certification shall include a narrative of the approved activities performed certifying that such activities have been completed in the manner and in compliance with the terms of the Plan and the Plan's supporting documents, that such activities qualify for reimbursement under this Agreement, a representation and warranty of Developer, to Developer's best knowledge, that all activities for which reimbursement is sought qualify as Eligible Activities under Act 381, the Plan, and this Agreement, copies of all documents or reports for whose preparation payment is requested, a copy of invoices for the work described in such certification, proof satisfactory to the NBRA that such invoices have been paid, and any other substantiating documentation that is reasonably requested by the NBRA (collectively, the "Submission").

(c) Within sixty (60) days of receiving the Submission, the NBRA shall complete its review of the Submission to confirm that such activities qualify for reimbursement under this Agreement and the Plan and shall advise Developer in writing ("Written Determination") of its confirmation, or for any portion of the activities that do not so qualify, the specific reasons why the NBRA believes that such activities do not so qualify.

(d) Except for costs of Eligible Activities payable under Section 6 below, to the extent that such Submission is approved, the NBRA shall cause Developer to be paid quarterly the amounts approved within thirty (30) days after the date of the approval, but only to the extent that Tax Increment Revenues attributable to the Property have been paid to and submitted by the City and County Treasurers to the NBRA and the DDA Contributions have been remitted by the DDA to the NBRA. If sufficient Tax Increment Revenues attributable to the Property and DDA Contributions are not available at the time a Submission is approved and payment is due, the approved amount shall be paid from Tax Increment Revenues attributable to the Property and DDA Contributions that are next received by the NBRA and that are not used for purposes permitted by Section 6 below. The NBRA reimbursement responsibility is dependent on funds received from taxing jurisdictions and DDA Contributions provided that the Property's taxes have been paid.

(e) To the extent that any portion of such Submission is not approved within the sixty (60) day review period, any authorized representative of the NBRA and Developer shall, upon the written request of either party, meet promptly to discuss the reasons the submission (or any portion thereof) was not approved and the conditions pursuant to which Developer can obtain approval of such disallowed request and Developer and NBRA will diligently resolve and/or comply with any such conditions.

(f) Developer shall notify the NBRA of the completion of Eligible Activities for which reimbursement may be sought under this Agreement and will execute and deliver to NBRA a Certificate of Completion, in the form attached hereto as Exhibit B, after the date of completion of all of the Eligible Activities for which reimbursement is sought under this Agreement.

(g) The maximum amount of Eligible Activities to be reimbursed to Developer from Tax Increment Revenues and DDA Contributions is \$17,787,860, which includes the interest described in subsection (i). The NBRA will capture 100% of the available Tax Increment Revenues from the Property and all of the DDA Contributions from each year, beginning with the 2024 tax year through the 2029 tax year, to reimburse Developer for Eligible Activities, 90% of the available Tax Increment Revenues and all of the DDA Contributions from 2030 and 2031 tax years, and 75% of available Tax Increment Revenues and all of the DDA Contributions from 2032 and 2033 tax years. The NBRA shall not be required to reimburse Developer from Tax Increment Revenues captured and DDA Contributions after the 2033 tax year.

(h) The DDA shall retain the first \$50,000.00 of its capture, annually, to be used by the DDA for any legally permitted purpose. Subject to the capture and use of Tax Increment Revenues in Section 6 below, the first \$300,000 of the combined Tax Increment Revenues captured from the Property and the DDA Contributions shall be deposited in the NBRA's Local Brownfield Revolving Fund (LBRF) before reimbursements are made available to Developer under this Agreement. Furthermore, in accordance with Act 381 and the Plan, the NBRA may fund the LBRF using a portion of Tax Increment Revenues captured by the NBRA during, as set forth in this paragraph, and after the period of reimbursement of the Owner's Eligible Activities. The NBRA will capture and deposit into the LBRF Tax Increment Revenues as described in the approved Plan.

(i) The Plan includes reimbursement of interest for expenditures on Eligible Activities calculated on the principal balance of unreimbursed Eligible Activities, applying 5% simple (not compounding) interest from and after the first day of the calendar quarter after the Eligible Activities cost is incurred. Disbursements to Developer shall first be applied to the principal balance of unreimbursed Eligible Activities before being used to pay interest.

6. NBRA Administrative and Operating Costs.

(a) The NBRA shall retain and use the lesser of \$100,000 per year or 5% of the total sum of the annual Tax Increment Revenues attributable to the Property and DDA Contributions to pay administrative and operating expenses of the NBRA in connection with the implementation of this Agreement.

(b) The NBRA may retain the amount permitted by this Section 6 prior to making any reimbursement under Section 5.

(c) The amount retained pursuant to this Section 6 may be generated only from Tax Increment Revenues attributable to the levies of Local Taxes upon the Property and the DDA Contributions.

7. Indemnification.

(a) Developer indemnifies, defends and holds harmless NBRA, and any and all of its past, present and future members, officials, employees, representatives, agents and consultants (collectively, the "Indemnified Persons"), from any and all losses, demands, claims, actions, causes of action, assessments, suits, judgments, damages, liabilities, penalties, costs and expenses (including, without limitation, the actual reasonable fees and expenses of attorneys and other consultants) which are actually suffered or incurred by NBRA or an Indemnified Person not due to the acts or omissions of such Indemnified Person and which are directly resulting from, relating to, or arising out of any of the following:

(i) Any final, unappealable order of a court of competent jurisdiction, requiring that the State of Michigan or any other taxing jurisdiction be repaid or refunded any levy captured as Tax Increment Revenues or DDA Contributions and paid to Developer as a reimbursement payment under this Agreement made in excess of the amount of Tax Increment Revenues or DDA Contributions that is determined by the State, any agency thereof, or a court to be allowed by law for the NBRA to use for such reimbursement, with the exception of:

(1) Any payments received by the NBRA under Section 6, and

(2) Any Tax Increment Revenues required to be repaid under Section 8.

(ii) Any act or omission of Developer, after taking title to or control of the Property, with respect to the conduct of a baseline environmental assessment, due care activity or additional response or remedial activity for the Property, including any failure by Developer to take any affirmative action required by law to prevent the release of a hazardous substance or any other contaminant or the exacerbation of an existing environmental condition.

(iii) Any release of a hazardous substance or any other contaminant on the Property or an exacerbation of an existing environmental condition, any adverse effects on the environment, or any violation of any State or Federal environmental law, rule or regulation arising out of, caused by or due to an act, error or omission by Developer.

(iv) The undertaking of Eligible Activities for the Property.

(v) The acquisition, construction, equipping and/or operation of the business of Developer on the Property.

(b) In the event any person challenges or otherwise asserts that the State of Michigan or any other taxing jurisdiction must be repaid or refunded any levy captured

as Tax Increment Revenues or DDA Contributions and paid to Developer as a reimbursement payment under this Agreement, the NBRA shall provide written notice of such challenge or assertion to Developer, and to the extent that Developer disagrees with or opposes the basis of the challenge, Developer shall have the opportunity to defend such challenge or assertion. In the event that NBRA also disagrees with or opposes the basis of the challenge, the NBRA shall cooperate with Developer in defending the challenge.

(c) In the event of any disagreement between the members, managers, shareholders, directors or officers of Developer hereto resulting in conflicting instructions to, or adverse claims or demands upon the NBRA with respect to the payment of the reimbursement contemplated by this Agreement, the NBRA may refuse to comply with any such instructions, claim or demand so long as such disagreement shall continue, and in so refusing the NBRA may not release the reimbursement. The NBRA shall not be or become liable in any way for its failure or refusal to comply with any such conflicting instructions or adverse claims or demands, and it shall be entitled to continue to refrain from acting until such conflicting instructions or adverse claims or demands (1) shall have been adjusted by written agreement executed by all necessary parties and the NBRA shall have been notified in writing thereof or (2) shall have finally been determined by a court of competent jurisdiction. The NBRA, at its sole discretion, may file an interpleader action. Upon depositing the reimbursement with a court of competent jurisdiction, the NBRA shall be released from any further liability under this Agreement with respect to said reimbursement. Charges for attorneys' fees and court costs in connection with this action may be deducted from the reimbursement contemplated by this Agreement.

(d) The NBRA may, in accordance with a final unappealable order of a court of competent jurisdiction, set-off any amount owing to Developer under this Agreement to satisfy any indemnification obligation of Developer under this Section 7.

(e) Each party to this Agreement shall be responsible for defending any claims arising out of the acts and/or omissions of their respective employees, contractors, representatives and agents during the performance of this Agreement. This Agreement does not and is not intended to impair, divest, delegate, or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty, or immunity of the Parties. The work and activities performed pursuant to this Agreement by the NBRA are governmental functions. It is the intention of the Parties hereto that this Agreement shall not be construed to waive the defense of governmental immunity held by the NBRA. Developer shall indemnify the Indemnified Persons for the cost of defense, including reasonable attorneys' fees, to the extent that a final unappealable order of a court of competent jurisdiction determines that the Indemnified Persons were not responsible or liable for the claims asserted.

(f) Developer shall also indemnify the NBRA for all reasonable costs and expenses, including reasonable counsel fees, actually incurred by the NBRA in:

(i) enforcing any obligation of Developer under this Agreement or any related agreement to which Developer is a party to the extent that the NBRA is the prevailing party in such enforcement action as determined by a court of competent jurisdiction, or

(ii) taking any action requested by Developer.

(g) The obligations of Developer under this section shall survive any assignment or termination of this Agreement.

8. Loss of Revenue from a Taxing Jurisdiction.

It is understood that the Brownfield Plan as approved is intended to capture Tax Increment Revenues from several taxing jurisdictions. In the event that a taxing jurisdiction, or any other party, successfully challenges the capture of any Tax Increment Revenues from the Property and after the issuance of a final, unappealable order of a court of competent jurisdiction preventing the capture and use of those Tax Increment Revenues and requiring the refund or repayment of any captured Tax Increment Revenue or DDA Contributions previously paid to Developer pursuant to this Agreement, Developer agrees to repay to the NBRA the captured Tax Increment Revenues or DDA Contributions previously paid to Developer pursuant to this Agreement.

9. Property Tax Appeal

Developer shall have full rights to appeal property tax assessments under State law. Developer acknowledges any tax appeal may impact the NBRA's ability to reimburse Developer's Eligible Activities or other obligations under this Agreement, and expressly waives any claim against the NBRA that results from any tax appeal filed by Developer. In the event that the previous years' taxes are refunded and to the extent that the refund reduces or eliminates the amount available for reimbursement for Eligible Activities for the previous year, Developer shall return the proportionate portion of any reimbursement paid from the previous years' taxes that is associated with such Eligible Activities.

10. Access for Inspection.

The NBRA shall act as the clearinghouse for all employees and agents of the NBRA who wish to gain access for inspection of the Development. All employees and agents are authorized to enter upon the Property during normal business hours for the purpose of inspecting the work related to the Eligible Activities and making determinations that such work is being performed in accordance with the Plan in a workmanlike manner with in all events prior reasonable notice to Developer of each area to be inspected. Developer reserves the right to preclude access or request the employees or agents of the NBRA vacate the Property for health and safety issues. Any employees or agents of the NBRA must comply with all site safety standards, including, but not limited to, MIOSHA requirements.

11. Effective Date.

This Agreement shall take effect upon the Effective Date.

12. Developer Obligations, Representations and Warranties; Termination and Enforcement.

Developer represents and warrants to the NBRA as of the Effective Date the following:

(a) With respect to the Property, Developer is not responsible for an activity causing a release of hazardous substances in violation of environmental laws at the Property.

(b) To Developer's actual knowledge, the Property qualifies as Eligible Property under Act 381.

(c) Developer certifies that all statements, assurances, records, and materials submitted or to be submitted by Developer to the NBRA in connection with seeking reimbursement have been and will be truthful, complete, and accurate.

(d) On the first anniversary of the Effective Date and on each annual anniversary of the Effective Date, Developer shall execute and deliver a report, substantially in the form attached hereto as Exhibit D, to the NBRA regarding the status of the Project and said report shall include all information necessary for the NBRA to report to the EGLE and/or MSF the information required under Sections 16(3)(f), (h), (i), (j), and (k) of Act 381. The NBRA may waive this requirement in writing in its sole discretion.

(e) That it will diligently pursue implementation of the Project for the Property.

(f) That Developer will promptly pay, as required and prior to delinquency, all real estate taxes applicable to the Property that become due and payable if and when owned by it from time to time.

13. Covenant of NBRA.

NBRA covenants that it will not terminate, enter into an amendment of or consent to or waive the performance by the DDA of the ILA as initially executed by the DDA and NBRA without the prior written consent of the Developer, which consent may be withheld for any reason if the such action may impact the reimbursements to be made to the Developer under the terms of the Brownfield Plan.

14. Legislative Authorization.

This Agreement is governed by and subject to the restrictions set forth in Act 381. In the event that there is legislation enacted in the future which restricts or adversely affects the amount of Tax Increment Revenues capturable, DDA Contributions, Eligible Properties, or Eligible Activities relating to the already approved plans, then Developer's and NBRA's rights and obligations under this Agreement shall be modified accordingly.

15. Freedom of Information Act.

Developer stipulates that all documentation submitted by it pursuant to this Agreement shall be open to the public under the Freedom of Information Act, Act No. 442 of the Public Acts of 1976, being Sections 15.231 et seq. of the Michigan Compiled Laws and that Developer may only assert a claim of trade secrets or other privilege or exception to the Freedom of Information Act if it provides support thereof to the NBRA.

16. Discrimination.

Developer shall not discriminate against any employee or applicant for employment in violation of state or federal law.

17. Insurance Requirements.

Developer shall provide insurance as reflected in Exhibit E.

18. Further Assurances.

Each party will, whenever and as often as it shall be reasonably requested by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents, as may be necessary in order to carry out the terms and conditions of this Agreement. Each party further covenants that from and after the Effective Date, each party shall reasonably cooperate with each other to secure all consents, approvals, authorizations and otherwise take such further actions necessary to effect the Project and other activities contemplated by this Agreement.

19. Miscellaneous.

(a) Developer and the NBRA, with the assistance of their respective legal counsel, have negotiated together to reach the terms of this Agreement, participated in the drafting of this Agreement and acknowledge that this Agreement is the product of the joint effort of both parties. In no event shall the terms of this Agreement be construed more strictly against one party than the other party.

(b) This Agreement shall be binding upon and inure to the benefit of Developer and the NBRA, and their respective heirs, successors, assigns and transferees. The rights and/or obligations of Developer hereunder are assignable by Developer to any entity pursuant to a written assignment, except to a party who is responsible for an activity causing a release at the Property, subject to approval of the NBRA, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary in this Agreement, the NBRA acknowledges and agrees that Developer may assign its rights under this Agreement as collateral to any one or more lenders providing financing for the Project and, in such event, the NBRA agrees to execute a customary consent to such assignment and estoppel certificate in customary form. In the event of any assignment or transfer of any right or obligation hereunder, such assignment or

transfer shall be subject to all provisions under this Agreement, provided, that the lender/assignee pursuant to a collateral assignment shall not be deemed to be subject to any of Developer's obligations under this Agreement other than as are set forth in Section 5 above. This Agreement shall not be affected or altered in any way by any sale, lease, or other disposition or sale of all or a portion of the Property.

(c) This Agreement shall be interpreted and construed in accordance with Michigan law and shall be subject to interpretation and enforcement only in Michigan courts whether federal or state.

(d) This Agreement may be executed in any number of counterparts and may be signed and/or transmitted by facsimile, electronic mail of a .pdf document, or electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

(e) In no event shall the provisions of this Agreement be deemed to inure to the benefit of or be enforceable by any third party except as provided in Section 18(b).

(f) Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by any other party.

(g) This Agreement constitutes the entire agreement of the parties and integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all prior negotiations, representations, warranties, covenants and agreements between the parties with respect to all or any part of the subject matter hereof.

(h) A party may waive any default, condition, promise, obligation or requirement applicable to any other party hereunder, provided, that any such waiver shall apply only to the extent expressly given and shall not be deemed or construed to waive any of the same or any other default, condition, promise, obligation or requirement in any past or future instance. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate officers or representatives of the waiving party, and all amendments hereto must be in writing and signed by the appropriate officers or representatives of all of the parties.

(i) In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other agreement, document or understanding of the parties, this Agreement shall control.

(j) All notices, certificates or communications required by this Agreement to be given shall be in writing and shall be sufficiently given and shall be deemed delivered when mailed by national reputable express courier, sent for and guaranteeing next day business delivery, all charges prepaid, or registered or certified mail, postage prepaid, return receipt requested, addressed to the respective parties at the addresses listed below:

If to the NBRA:

The City of Northville Brownfield
Redevelopment Authority
215 W. Main St
Northville, MI 48167

If to Developer:

Hunter Pasteur Northville LLC
32300 Northwestern Highway, Suite 230
Farmington Hills, Michigan 48332
Attn: Randall Wertheimer

with a copy to:

Honigman LLP
660 Woodward, Suite 2290
Detroit, Michigan 48226
Attn: Richard A. Barr

Notice shall be deemed given upon receipt or refusal of receipt.

This Reimbursement Agreement is entered into as of Effective Date.

DEVELOPER

HUNTER PASTEUR NORTHVILLE LLC,
a Michigan limited liability company

By: _____

Printed Name: _____
Its: Authorized Representative

NBRA

**CITY OF NORTHVILLE BROWNFIELD
REDEVELOPMENT AUTHORITY,**
a Michigan municipal corporation

By: _____

Printed Name: _____
Its: Chairperson

and

By: _____

Printed Name: _____
Its: Secretary/Treasurer

EXHIBIT A

Legal Description of the Property

Land in the City of Northville, Wayne County, Michigan, described as follows:

OVERALL PARCEL:

PART OF LOT 72, ALL OF LOTS 73-78, PART OF LOT 79, ALL OF LOTS 80-81, AND PART OF LOT 82 OF "ASSESSOR'S NORTHVILLE PLAT NO. 1", AS RECORDED IN LIBER 66 OF PLATS, PAGE 45, WAYNE COUNTY RECORDS; ALSO PART OF LOT 171 AND ALL OF LOTS 172-196 AND PART OF LOT 197 OF "ASSESSOR'S NORTHVILLE PLAT NO. 2", AS RECORDED IN LIBER 66 OF PLATS, PAGE 44, WAYNE COUNTY RECORDS; ALSO ALL OF THAT PART VACATED CHURCH STREET AND VACATED BEAL AVENUE AS VACATED PER RESOLUTION RECORDED IN LIBER 20023, PAGE 101, WAYNE COUNTY RECORDS;

ALL OF THE AFOREMENTIONED BEING MORE PARTICULARLY DESCRIBED AS:
COMMENCING AT THE NORTHWEST CORNER OF LOT 168 OF SAID "ASSESSOR'S NORTHVILLE PLAT NO.2"; THENCE N84°53'43"E 174.61 FEET ALONG THE SOUTH LINE OF CADY STREET (50 FEET WIDE) TO THE NORTHWEST CORNER OF LOT 171 OF SAID "ASSESSOR'S NORTHVILLE PLAT NO. 2" FOR A POINT OF BEGINNING; THENCE ALONG THE SOUTH LINE OF SAID CADY STREET THE FOLLOWING THREE (3) COURSES; 1) N84°53'43"E 682.35 FEET, 2) N79°20'27"E 42.12 FEET, AND 3) N85°47'04"E 218.30 FEET; THENCE ALONG THE WESTERLY LINE OF GRISWOLD STREET (VARIABLE WIDTH) THE FOLLOWING FIVE (5) COURSES; 1) S02°52'19"E 193.33 FEET, 2) S86°05'20"W 3.01 FEET, 3) S04°23'26"E 133.89 FEET, 4) N85°43'59"E 15.98 FEET, AND 5) S04°24'37"E 129.36 FEET; THENCE N84°12'51"W 100.00 FEET ALONG THE NORTH LINE OF BEAL AVENUE (50 FEET WIDE); THENCE S05°47'09"W 50.00 FEET ALONG THE EASTERLY LINE OF THAT PORTION OF VACATED BEAL AVENUE PER RESOLUTION RECORDED IN LIBER 20023, PAGE 101, WAYNE COUNTY RECORDS; THENCE S84°12'51"E 289.65 FEET ALONG THE SOUTH LINE OF SAID BEAL AVENUE; THENCE ALONG THE WEST LINE OF RIVER STREET THE FOLLOWING THREE (3) COURSES: 1) S09°44'28"E 227.57 FEET, 2) S15°01'28"E 427.16 FEET, AND 3) S15°34'36"E 462.92 FEET; THENCE S85°45'58"W 238.48 FEET; THENCE N89°00'21"W 563.09 FEET; THENCE N43°05'04"W 95.18 FEET; THENCE ALONG THE SOUTH LINE OF SAID LOT 183 THE FOLLOWING FOUR (4) COURSES: 1) S78°36'11"W 254.94 FEET, 2) S78°39'12"W 117.60 FEET, 3) N77°44'48"W 142.02 FEET, AND 4) N57°47'56"W 135.76 FEET; THENCE N05°05'49"W 578.08 FEET ALONG THE EAST LINE OF CENTER STREET (60 FEET WIDE); THENCE N05°12'42"W 537.43 FEET CONTINUING ALONG THE EAST LINE OF SAID CENTER STREET; THENCE N84°59'05"E 130.92 FEET ALONG THE SOUTH LINE OF LOT 164 OF SAID "ASSESSOR'S NORTHVILLE PLAT NO. 2"; THENCE N04°02'34"W 179.19 FEET ALONG THE WEST LINE OF SAID LOT 174; THENCE N84°20'38"E 63.77 FEET ALONG THE SOUTH LINE OF LOTS 170 AND 171 OF SAID "ASSESSOR'S NORTHVILLE PLAT NO. 2"; THENCE N05°05'12"W 114.16 FEET; THENCE S84°53'43"W 24.00 FEET; THENCE N05°05'12"W 12.00 FEET ALONG THE WEST LINE OF SAID LOT

171 TO THE POINT OF BEGINNING.

Together with:

PARKING PARCEL:

LOT 223, LOT 224, PART OF LOT(S) 225, 226, 227, AND 228 OF "ASSESSOR'S NORTHVILLE PLAT NO. 3", AS RECORDED IN LIBER 66 OF PLATS, PAGE 43, WAYNE COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 223; THENCE S05°05'49"E 485.34 FEET ALONG THE WEST LINE OF CENTER STREET; THENCE N78°06'14"W 87.93 FEET ALONG THE NORTH LINE OF EDWARD HINES DRIVE; THENCE CONTINUING ALONG THE NORTH LINE OF SAID EDWARD HINES DRIVE, 258.72 FEET ALONG A 1842.59 FOOT CURVE TO THE RIGHT, SAID CURVE HAVING A CENTRAL ANGLE OF 08°02'42", AND A CHORD WHICH BEARS N74°02'51"W 258.51 FEET; THENCE N04°38'15"W 228.14 FEET ALONG THE EAST LINE OF SOUTH WING STREET; THENCE N84°11'48"E 49.85 FEET; THENCE S04°32'04"E 29.85 FEET; THENCE N84°01'07"E 161.44 FEET ALONG THE NORTH LINE OF SAID LOT 226; THENCE N05°57'44"W 160.02 FEET ALONG THE WEST LINE OF SAID LOT 224; THENCE N82°12'58"E 115.10 FEET ALONG THE SOUTH LINE OF FAIRBROOK STREET TO THE POINT OF BEGINNING.

Together with:

VACANT PARCEL:

LOT 219 AND LOT 220 OF "ASSESSOR'S NORTHVILLE PLAT NO. 3", AS RECORDED IN LIBER 66 OF PLATS, PAGE 43, WAYNE COUNTY RECORDS, CITY OF NORTHVILLE, WAYNE COUNTY, MICHIGAN.

EXHIBIT B

Certificate of Completion

TO: CITY OF NORTHVILLE BROWNFIELD REDEVELOPMENT AUTHORITY

The undersigned, the _____ of Hunter Pasteur Northville LLC (the "Developer") hereby certifies to the City of Northville Brownfield Development Authority (the "NBRA"), as of the date hereof, as follows for and on behalf of Developer in connection with certain activities at the Property (as hereinafter defined):

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Brownfield Plan (the "Plan") approved by the NBRA and the City of Northville City Council for the property located in Northville, Michigan as more particularly described in the Plan (the "Property"). To the actual knowledge of the undersigned, no proceedings have been taken or are pending to amend, surrender or cancel the Plan.

2. The eligible activities described in the Plan have been completed other than required long-term monitoring or operation or maintenance activities, if any.

The undersigned has executed this Certificate on this ____ day of _____, 202__.

Hunter Pasteur Northville LLC

By: _____

Its: _____

EXHIBIT C

Certificate of Reimbursement

TO: CITY OF NORTHVILLE BROWNFIELD REDEVELOPMENT AUTHORITY

The undersigned, as the _____ of Hunter Pasteur Northville LLC, a Michigan limited liability company (the "Developer"), submits this certification pursuant to the Reimbursement Agreement between Developer and the City of Northville Brownfield Development Authority (the "NBRA"), dated on or about _____, 2023 (the "Reimbursement Agreement"). On behalf of Developer in connection with certain activities completed at the Property (as hereinafter defined), the undersigned hereby certifies to the NBRA as of the date hereof as follows:

1. Attached hereto as an Exhibit I is a narrative description of the activities that have been completed for the Property defined in the Reimbursement Agreement as of the date of this Certification for which Developer seeks reimbursement. These activities qualify as Eligible Activities under Act 381, Public Acts of Michigan, 1996, as amended, and are eligible for reimbursement pursuant to the Plan and the Reimbursement Agreement. The activities set forth in Exhibit I attached hereto have been completed in the manner and in compliance with the terms of the Plan and the Plan's supporting documents.

2. Attached hereto as Exhibit II are true, correct, and complete copies of all: (a) documents or reports for which reimbursement is requested; (b) invoices covering the activities for which Developer seeks reimbursement; and (c) substantiating documents for such invoices.

3. That Developer has timely paid the real estate taxes applicable to the portion of the Property that it owns, and that proof of payment is attached hereto.

The undersigned has executed this Certificate for Reimbursement on this ____ day of _____, 202__.

Hunter Pasteur Northville LLC

By: _____

Its: _____

EXHIBIT D

ANNUAL ACTIVE PROJECT REPORTING FORM

TO: CITY OF NORTHVILLE BROWNFIELD REDEVELOPMENT AUTHORITY

The undersigned, as the _____ of Hunter Pasteur Northville LLC, a Michigan limited liability company (the "Developer"), submits this reporting form pursuant to the Reimbursement Agreement between Developer and the City of Northville Brownfield Development Authority (the "NBRA") on or about _____, 2023 (the "Reimbursement Agreement"). The undersigned hereby certifies to the NBRA as of the date hereof as follows:

1. As _____ of Developer, I am authorized to execute and deliver this reporting form, and can commit Developer to the conditions, obligations, stipulations, and undertakings contained in the Brownfield Plan (the "Plan") approved by the NBRA and the Reimbursement Agreement for the Property located in Northville, Michigan (the "Property").

2. Attached hereto as Exhibit I is a report on the status of the Project (as defined in the Plan).

The undersigned has executed this Annual Active Project Reporting Form on this _____ day of _____, 20____.

Hunter Pasteur Northville LLC

By: _____

Its: _____

EXHIBIT I (to Exhibit D)

ANNUAL ACTIVE PROJECT REPORT

PROJECT NAME	The Downs
STATUS OF PROJECT	
CAPITAL INVESTMENT	
AMOUNT OF NEW RESIDENTIAL SQUARE FOOTAGE	
NUMBER OF NEW OR REHABILITATED RESIDENTIAL UNITS	
AMOUNT OF RETAIL SQUARE FOOTAGE	
AMOUNT OF INDUSTRIAL SQUARE FOOTAGE	N/A
AMOUNT OF COMMERCIAL SQUARE FOOTAGE	
*AMOUNT OF PUBLIC INFRASTRUCTURE LINEAR FOOTAGE (ex. sewer lines)	
*AMOUNT OF PUBLIC INFRASTRUCTURE SQUARE FOOTAGE (ex. park space)	
NUMBER OF JOBS CREATED	
NUMBER OF JOBS RETAINED	
*only if costs are part of tax increment financing reimbursement request	

EXHIBIT E

INSURANCE REQUIREMENTS

Until the completion of construction of the Project described in the Agreement, Developer shall provide and maintain, at its own expense, all insurance as set forth and marked below. The insurance shall be written for not less than any minimum coverage herein specified. The requirements below should not be interpreted to limit the liability of Owner. All deductibles are the responsibility of Developer.

- a. Worker's Compensation Insurance including Employers' Liability Coverage, in accordance with all applicable statutes of the State of Michigan.
- b. Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$2,000,000 per occurrence and aggregate. Coverage shall include the following extensions: (A) Contractual Liability; (B) Products and Completed Operations; (C) Independent Contractors Coverage; (D) Broad Form General Liability Extensions or equivalent, if not already included. Limits may be obtained by the use of primary and excess/umbrella liability policies.
- c. Automobile Liability including Michigan No-Fault Coverages, with limits of liability not less than \$1,000,000 per occurrence, combined single limit for Bodily Injury, and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.
- d. Additional Insured: Commercial General Liability and Automobile Liability as described above shall include an endorsement stating the Northville Brownfield Redevelopment Authority shall be listed as additional insured. It is understood and agreed by naming the Northville Brownfield Redevelopment Authority as additional insured, coverage afforded is considered to be primary and any other insurance the Northville Brownfield Redevelopment Authority may have in effect shall be considered secondary and/or excess.
- e. Cancellation Notice: All policies, as described above, shall include an endorsement stating that it is understood and agreed thirty (30) days (ten (10) days for non-payment of premium) Advance Written Notice of Cancellation, shall be sent to: Northville Brownfield Redevelopment Authority, 215 S. Main Street, Northville, Michigan 48167.
- f. Proof of Insurance Coverage: Developer shall provide the Northville Brownfield Redevelopment Authority, within ten (10) days following execution of this Agreement, one or more Certificates of Insurance as well as the required endorsements. In lieu of required endorsements, if applicable, a copy of the policy sections where coverage is provided for additional insured and cancellation notice would be acceptable.

If any of the above coverages expire during the term of this Agreement, Owner shall deliver renewal certificates and endorsements to the Northville Brownfield Redevelopment Authority at least ten (10) days prior to the expiration date.

INTERLOCAL AGREEMENT TO USE LOCAL TAX INCREMENT REVENUES FOR THE DOWNS BROWNFIELD REDEVELOPMENT PROJECT

Recitals:

WHEREAS, the Urban Cooperation Act, PA 7 of 1967, Extra Session (Act 7), provides that a public agency may enter into interlocal agreements with other public agencies to exercise jointly any power, privilege, or authority that the agencies share in common and that each might exercise separately; and

WHEREAS, the City of Northville Downtown Development Authority (“NDDA”) was duly established pursuant to PA 197 of 1975, since repealed by PA 57 of 2018 (“Act 57”); and

WHEREAS, the City of Northville Brownfield Redevelopment Authority (“NBRA”) was duly established pursuant to PA 381 of 1996, as amended (“Act 381”); and

WHEREAS, the NDDA and NBRA are each considered a “public agency” under Act 7; and

WHEREAS, the NBRA has the authority to reimburse for costs of “eligible activities” and other reimbursable costs on eligible property, and capture tax increment revenues (“TIR”) generated by the levy of certain taxes on eligible property under brownfield plans approved pursuant to and as described in Act 381; and

WHEREAS, the NDDA has the authority capture TIR generated by the levy of certain taxes on parcels within the Development Area pursuant to the Amended and Restated Development Plan and Tax Increment Financing Plan, as adopted by the Northville City Council on February 17, 2015, together with the 2023 Amendment to the Amended and Restated Development Plan (collectively referred to herein as the “NDDA Plan”), and as permitted under Act 57; and

WHEREAS, the Hunter Pasteur Northville LLC, a Michigan limited liability company (hereinafter referred to as “Developer”) and its environmental consultant, SME, have prepared a Brownfield Plan (the “Brownfield Plan”) for eligible property that lies within the boundary of the Development Area identified in the NDDA Plan. Developer intends to develop or cause to be developed in accordance with the Brownfield Plan land situated in the City of Northville, Wayne County, Michigan, to be known as “The Downs Redevelopment”, as more particularly described on the attached Exhibit A, hereinafter referred to as the “Property”. To induce and facilitate the proposed redevelopment of the Property (the “Project”), on December 21, 2022, the NBRA recommended approval of, and on September 18, 2023, the Northville City Council approved the Brownfield Plan for the Downs Redevelopment of the Property (the “Plan” or “Brownfield Plan”) under which Developer may receive TIR and proceeds received by the NBRA pursuant to this Agreement (the “DDA Contributions”) for the cost of Eligible Activities undertaken by Developer and/or its affiliates and assigns and/or others on the Property with the approval of Developer. The version of the Plan approved by the City Council includes updated initial taxable values updated to reflect 2023 taxable values and revised estimated Tax Increment Revenues tax increments consistent with those updates. A portion of that eligible property in the Brownfield Plan overlaps

with a portion of the property in the NDDA's Development Area (the "Overlapping Property"); and

WHEREAS, the NDDA Plan was adopted prior to the adoption of the Brownfield Plan which results in capture of certain TIR by the NDDA with respect to certain taxes levied on the Overlapping Property; and

WHEREAS, the NDDA and the NBRA desire to enter into this Interlocal Agreement to transfer a portion of the NDDA TIR captured from the Overlapping Property to the NBRA to be used by the NBRA to reimburse eligible activities that qualify under Act 381 and other reimbursable costs pursuant to the Brownfield Plan and as authorized pursuant to the NDDA Plan.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth below, the parties agree as follows:

1. Recitals. The above recitals are acknowledged as true and correct, and are incorporated by reference into this paragraph:

Capture of Tax Increment Revenues by NDDA. The parties agree that the NDDA will capture the TIR it is authorized to capture pursuant to the NDDA Plan, including TIR captured from taxes levied against the Overlapping Property pursuant to Act 57.

Transfer and Use of Tax Increment Revenues. With the exception of the first Fifty Thousand Dollars (\$50,000) captured by the NDDA from each tax year under the NDDA Plan from TIR generated from the Overlapping Property pursuant to Act 57, one hundred percent (100%) of the TIR captured by the NDDA on the Overlapping Property pursuant to the NDDA Plan pursuant to Act 57 shall be transferred to the NBRA to first pay administrative expenses of the Brownfield Plan in accordance with the Brownfield Plan and Act 381, and then to be deposited in the Local Brownfield Revolving Fund ("LBRF") established under the Brownfield Plan until a cumulative amount of Three Hundred Thousand Dollars (\$300,000) has been deposited in the LBRF from all sources. After a cumulative amount of Three Hundred Thousand Dollars (\$300,000) has been deposited in the LBRF from all sources, the NBRA may reimburse Developer for eligible activities and other reimbursable costs as identified in the Brownfield Plan from the TIR captured by the NDDA on the Overlapping Property pursuant to Act 57.

Limitation to Tax Increment Revenues from Overlapping Property. The NDDA shall only transfer to the NBRA the TIR generated by the Overlapping Property pursuant to Act 57 to be used to reimburse the Developer for eligible activity costs and other uses identified in the approved Brownfield Plan as authorized by Act 381, NDDA Plan pursuant to Act 57, and subject to the terms of this agreement. Upon conclusion or dissolution of the Brownfield Plan, all TIR generated by the Overlapping Property pursuant to Act 57 shall be captured by the NDDA and expended as provided in the NDDA Plan.

2. NDDA Obligation Subordinate to Existing Bonds. The NDDA's obligation to transfer TIR to the NBRA pursuant to this Interlocal Agreement is subordinate to, and contingent upon the ability of the NDDA to capture sufficient TIR from the captured assessed value of the

property in its NDDA Development Area, excluding the Overlapping Property, to pay its annual debt service obligations on bonds and other obligations issued on or before _____, 2023 by the NDDA or by the City on behalf of the NDDA, the current balance of which is _____ Dollars (\$_____).

In the event that the NDDA does not have sufficient funds from TIR from the property in its NDDA Development Area excluding the Overlapping Property to pay its current annual debt service on such bonds or other obligations, then the NDDA shall not be obligated to transfer TIR - generated from the Overlapping Property to the NBRA to the extent of such shortfall. In such instances where the NDDA uses TIR from the Overlapping Property to pay its annual debt service on such bonds or other obligations, it is understood that once these obligations are met the transfer of TIR from the Overlapping Property will continue until eligible activities are reimbursed or the Brownfield Plan expires, whichever occurs first.

3. NBRA as Agent under This Interlocal Agreement. The parties designate the NBRA as the agent to receive and disburse such TIR generated by the Overlapping Property as provided in Section 2 above until such time all obligations to reimburse Developer for eligible activities and other reimbursable costs have been satisfied.
4. NBRA as Agent under Reimbursement Agreements. The parties agree to designate the NBRA as agent to develop and enforce the terms of any Reimbursement Agreement executed with outside parties pursuant to the approved Brownfield Plan ("the Reimbursement Agreement").
5. Amendment of Brownfield Plan. The Brownfield Plan may be amended in order to fund additional eligible activities, on the eligible property including the Overlapping Property associated with the Project described therein and as otherwise permitted by law upon prior recommendation by the NBRA and approval by City Council.
6. Amendment of This Interlocal Agreement. This Interlocal Agreement may be amended only (a) with the approval of the NDDA and the NBRA and (b) to the extent such amendment may affect the amount and timing of payments of TIR to the NBRA, the parties to the Reimbursement Agreement.
7. Effective Date. The Interlocal Agreement shall be effective upon approval of this Interlocal Agreement by the NBRA and the NDDA pursuant to Act 7 as executed by the authorized representatives and filed with the County Clerk and Secretary of State of Michigan as required by Act 7.
8. Severability. To the extent that any provision contained in this Interlocal Agreement is deemed unenforceable, the remaining terms shall remain in effect to the fullest extent permitted by law to accomplish the intent of the parties.
9. Term. The parties agree that this agreement shall terminate after (a) the final payment by the NDDA to the NBRA of all TIR from all of the Overlapping Property with respect to all tax years through and including the 2033 tax year and the expiration of all periods during

which an appeal of the applicable property taxes can be pursued, or (b) such time the developer is fully reimbursed under the Brownfield Plan and Reimbursement Agreement, whichever occurs first. Once this agreement is terminated the NDDA shall resume its capture and use of TIR on the Overlapping Property without consideration of this agreement.

10. Headings. Headings in this Interlocal Agreement are for convenience only and shall not be used to interpret or construe its provisions.
11. Governing Law. This Interlocal Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.
12. Counterparts. This Interlocal Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
13. Binding Effect. Subject to the terms herein, the provisions of this Interlocal Agreement shall be binding upon and shall inure to the benefit of each of the parties and their respective successors and assigns, heirs, and legal representatives.

The NDDA and NBRA, by their authorized representatives, have executed this Interlocal Agreement on the dates set forth below.

(Signatures on next page)

This Agreement was approved by the City of Northville Downtown Development Authority. The Chairperson was authorized to sign this Interlocal Agreement on the ____ day of _____, 2023 and was executed by the Chairperson on the ____ day of _____, 2023.

Witnesses:

CITY OF NORTHVILLE DOWNTOWN
DEVELOPMENT AUTHORITY

Chairperson

STATE OF MICHIGAN)
)
COUNTY OF _____)

The foregoing document was acknowledged before me by _____,
Chairperson, on behalf of the City of Northville Downtown Development Authority, on the ____
day of _____, 2023.

Notary Public

_____ County

Acting in _____ County

My commission expires: _____

[Signatures Continued on Next Page]

This Interlocal Agreement was approved by the City of Northville Brownfield Redevelopment Authority. The Chairperson was authorized to sign this Agreement on the ____ day of _____, 2023 and was executed by the Chairperson on the ____ day of _____, 2023.

Witnesses:

CITY OF NORTHVILLE BROWNFIELD
REDEVELOPMENT AUTHORITY

Chairperson

STATE OF MICHIGAN)
)
COUNTY OF _____)

The foregoing document was acknowledged before me by _____, Chairperson, on behalf of the City of Northville Brownfield Redevelopment Authority, on the ____ day of _____, 2023.

Notary Public

_____ County

Acting in _____ County

My commission expires: _____

MSHDA Housing Tax Increment Financing Program Statement

September 29, 2023

I. Overview of the Brownfield Redevelopment Financing Act and Public Act 90 of 2023

The Brownfield Redevelopment Financing Act of 1996, MCL 125.2651 et. seq., as amended (the “Brownfield Act”), authorizes municipalities to create local brownfield redevelopment authorities (each a “BRA”) to facilitate the implementation of brownfield plans to promote the revitalization, redevelopment, and reuse of brownfield properties, which include, but are not limited to, previously developed, tax reverted, blighted, or functionally obsolete properties. The Brownfield Act permits the use of tax increment financing (“TIF”) as a funding tool to help cover the additional costs associated with redeveloping a brownfield property. The taxable value of brownfield property is often very low, and the property taxes generated therefrom may be correspondingly very low. When an improved brownfield redevelopment has increased property value and generates new tax revenue, the increased revenue can be captured by a local BRA and be used to either repay TIF bonds or reimburse the developer for the eligible costs associated with redeveloping the property.

On July 19, 2023, Public Act 90 of 2023 (“PA 90”) became effective and amended the Brownfield Act to include certain housing development activities as eligible activities. Prior to PA 90, TIF was only available to property owners who coordinated with local BRAs and (a) the Department of Environment, Great Lakes, and Energy (“EGLE”) for certain environmental cleanup activities, and (b) the Michigan Strategic Fund (“MSF”) for certain business development and community development activities. Pursuant to PA 90, brownfield work plans and combined brownfield plans that involve the use of taxes levied for school operating purposes and that request reimbursement for housing development activities for affordable and/or subsidized housing must be reviewed by the Michigan State Housing Development Authority (“MSHDA”).

This Housing Tax Increment Financing Program Statement (“Program Statement”) is intended to provide the guidelines for submission to and review by MSHDA of work plans and combined brownfield plans relating to housing development activities. MSHDA will accept on an on-going basis work plans and combined brownfield plans submitted pursuant to this Program Statement and the Brownfield Act requirements and process. However, note that this Program Statement and its timing and requirements apply only to the implementation of PA 90 by MSHDA and that applications for MSHDA loans, grants, or other benefits that a developer may wish to use in connection with housing development activities undertaken pursuant to this Program Statement would need to be applied for separately under applicable MSHDA program specific guidelines.

See Addendum I for additional definitions used by MSHDA in this Program Statement. All statutory references used herein refer to the Brownfield Act, as amended by PA 90, unless otherwise specified.

II. Types of Brownfield Plans and Work Plans

- a. A brownfield plan is the comprehensive description of the brownfield property and the plan for redevelopment. At minimum, a brownfield plan must include maps showing the location and dimensions of each eligible property, statements of the characteristics that qualify each property as eligible property, and a statement of whether personal property is included as part of the eligible property. Pursuant to Section 13(2) of the Brownfield Act, a brownfield plan may apply to 1 or more parcels of eligible property whether or not those parcels of eligible property are contiguous. A brownfield plan may also be amended to apply to additional parcels of eligible property. Pursuant to the requirements of Section 14, a brownfield plan is either approved, rejected, or approved with modification by resolution of the municipality or BRA. MSHDA does not review or approve brownfield plans except “work plans” and “combined brownfield plans” as described below.
- b. Work plans are plans that describe each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity. One brownfield plan or transformational brownfield plan may include more than one work plan (e.g. one work plan for affordable housing and another for environmental cleanup activities). Pursuant to PA 90, MSHDA will review work plans for affordable and/or subsidized housing for projects that request reimbursement for eligible housing development activities. These work plans may be created under either a brownfield plan or a transformational brownfield plan.
- c. Combined brownfield plans are brownfield plans and work plans drafted as one item that is inclusive of all the information necessary to submit the plan to MSHDA pursuant to Section 15(20) of the Brownfield Act and as set forth below in this Program Statement.
- d. Transformational brownfield plans are for large scale projects that will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. To be designated a transformational brownfield plan, a transformational brownfield plan must be for mixed-use development unless waived by the MSF and must be expected to result in certain levels of capital investment. Transformational brownfield plans may include numerous work plans.

The MSF is the state agency responsible for overall review of transformational brownfield plans. However, for transformational brownfield plans that include affordable and/or subsidized housing work plans, MSHDA is responsible for reviewing the work plans that relate to housing development activities. Pursuant to Section 13b(4)(b) and Section 15(10)(a), a BRA must submit a transformational brownfield plan when submitting for MSHDA review a work plan created as part of an overall transformational brownfield plan.

III. Eligible Property for MSHDA Review

Under PA 90, Section 13b(4)(b), MSHDA is charged with the responsibility of reviewing work

plans or combined brownfield plans relating to eligible housing development activities for “for sale” or rental housing properties that are reserved to serve households earning not more than 120% of area median income and/or subsidized properties.

Pursuant to Section 2(p)(ii), “eligible property” includes housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan.

Pursuant to Section 2(y) “housing property” is further defined to mean 1 or more of the following:

- a. A property on which 1 or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling.
- b. One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project.

IV. Types of Permitted Housing Development Activities

Pursuant to Section 2(x) of the Brownfield Act, “housing development activities” means 1 or more of the following:

- a. Reimbursement provided to owners of rental housing units for qualified rehabilitation, which under Section 2(vv) is defined as “rehabilitation of existing structures that is necessary to make a housing unit suitable for sale to an income qualified purchaser household or rent to an income qualified renting household. Qualified rehabilitation also includes proposed rehabilitation that will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. In this subsection, “existing structures” includes any structure designed to be used as a dwelling.”
- b. Costs for infrastructure available for public use and safety improvements necessary for a housing project.
- c. Costs of demolition and renovation of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household.
- d. Temporary household relocation costs for an income qualified household for a period not to exceed 1 year.
- e. Acquisition cost for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household.

- f. Reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income qualified households and to assist with costs related to infrastructure improvements and site preparation that are not a response activity and that are necessary for new housing development for income qualified households on eligible property.

V. Additional Eligible Activities

Pursuant to Section 2(o)(i) of the Brownfield Act, for all eligible properties, including housing properties, eligible activities may include any of the following:

- a. Reasonable costs of environmental insurance.
- b. Reasonable costs incurred to develop and prepare brownfield plans, combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate.
- c. Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities.
- d. Demolition of structures or site improvements that are not a response activity, including removal of manufactured debris composed of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.
- e. Lead, asbestos, or mold abatement.
- f. Pursuant to Section 2(o)(ii), for housing property located in a community that has identified a specific housing need included in the brownfield plan, eligible activities may include:
 - 1. Infrastructure improvements that are necessary for housing property and supports housing development activities.
 - 2. Site preparation that is not a response activity and that supports housing development activities.

VI. Local Brownfield Plan Approval Process

Prior to submitting a work plan or combined brownfield plan to MSHDA, the local governing body or BRA is required to (i) hold a public hearing on the brownfield plan and (ii) determine that the plan constitutes a public purpose.

The hearing criteria include the following:

- a. Notice of the time and place of the hearing, including:
 1. A description of the property to which the plan applies in relation to existing or proposed highways, streets, streams, or otherwise; and
 2. A statement that maps, plats, and a description of the brownfield plan are available for public inspection at a place designated in the notice and that all aspects of the brownfield plan are open for discussion at the public hearing; and
 3. Any other information that the governing body considers appropriate.
- b. Preservation of a record of the public hearing, including all data presented at the hearing.
- c. Not less than 10 days before the hearing on the brownfield plan, the governing body shall provide notice of the hearing to the taxing jurisdictions and to MSHDA, or its designee, if the brownfield plan involves the use of taxes levied for school operating purposes to pay for eligible housing development activities subject to 13b(4)(b).
- d. Not less than 10 days after notice of the proposed brownfield plan is provided to the taxing jurisdictions, the governing body shall determine whether the plan constitutes a public purpose. If the governing body determines that the plan does not constitute a public purpose, the governing body shall reject the plan. If the governing body determines that the plan constitutes a public purpose, the governing body may then approve or reject the plan, or approve it with modification, by resolution.

Per Section 15(20), instead of seeking approval of a work plan under section 13b(4)(b), a BRA may seek approval of a combined brownfield plan. If the combined brownfield plan involves the use of taxes levied for school operating purposes to pay for eligible housing development activities that require approval by MSHDA under section 13b(4)(b), not less than 30-days before the BRA holds a public hearing on the combined brownfield plan, the BRA must provide MSHDA written notice that the BRA will be seeking approval of a combined brownfield plan instead of a work plan.

VII. Combined Brownfield Plan or Work Plan Submittal Process

Submissions to MSHDA of work plans under Section 13b(4)(b) or combined brownfield plans under Section 15(20) are required to, at a minimum, include the following:

- a. A written letter from the submitting BRA requesting formal approval and indicating that (i) the notices and formal hearing have been completed per the Brownfield Act, (ii) the BRA has approved the brownfield plan and determined that the plan constitutes a public purpose, and (iii) only for transformational brownfield plans, the required financial review has been completed.

- b. For each required submission item under Section 15(10), the BRA must provide a separate tab labeled according to the enumeration below in subsection VIII(d)(1)-(8) of this Program Statement.

VIII. Threshold Submission Requirements for Work Plans and Combined Brownfield Plans

Prior to evaluation of a submitted work plan or combined brownfield plan, MSHDA staff must confirm the following threshold requirements have been met:

- a. Does the brownfield plan include the use of taxes levied for school operating purposes? If so, is the work plan or combined brownfield plan requesting reimbursement for housing development activities? Will the housing property for which housing development activities are identified under the work plan or combined brownfield plan be sold or rented at other than a market rate or be subsidized?
 - 1. If no to any of these questions, MSHDA has no statutory authority to review the work plan and it must be returned to the submitting BRA.
 - 2. If yes to all these questions, continue the review of threshold questions.
- b. Who submitted the plan?
 - 1. A work plan submitted under Section 15(10), or a combined brownfield plan submitted under Section 15(20)(b), must be submitted to MSHDA by the BRA.
 - 2. Any work plan or combined brownfield plan not submitted by the BRA, or another duly authorized municipal designee, will be automatically denied and returned to the submitting party.
- c. Per Section 15(11), the BRA must complete all required financial analyses prior to submitting to MSHDA a work plan completed as part of a transformational brownfield plan. Any work plan or combined brownfield plan completed as part of a transformational brownfield plan submitted without a BRA completed financial analysis will be denied.
- d. Per Section 15(10), the BRA must submit all the following for each eligible property:
 - 1. A copy of the brownfield plan or the transformational brownfield plan.
 - 2. Current ownership information for each eligible property and a summary of available information on proposed future ownership, including the amount of any delinquent taxes, interest, and penalties that may be due.
 - 3. A summary of available information on the historical and current use of each eligible

property.

4. Existing and proposed future zoning for each eligible property.
5. A summary of the proposed redevelopment and future use for each eligible property.
6. A separate work plan, or part of a work plan, for each eligible activity described in section 13b(4) to be undertaken.
7. A copy of the development agreement or reimbursement agreement between the municipality or BRA and an owner or developer of eligible property required under section 13b(4), which must per Section 13b(4)(b) stipulate price and monitoring for residential units, and in addition must include but is not limited to a detailed summary of any and all ownership interests, monetary considerations, fees, revenue and cost sharing, charges, or other financial arrangements or other consideration between the parties.
8. For work plans that include housing development activities, a summary of proposed income and price monitoring responsibilities and related expenses.

If the BRA fails to submit any of the foregoing items, MSHDA will deny the work plan or combined brownfield plan for incompleteness.

- e. The eligible activities to be conducted and described in Section 13b(4) must be consistent with the combined brownfield plan or work plan submitted by the BRA to MSHDA.

If the eligible activities to be conducted and described in the combined brownfield plan or work plan submitted by the BRA to MSHDA are not consistent with Section 13b(4)(b) eligible housing development activities, MSHDA will deny the work plan or combined work plan for inconsistency.

IX. Work Plan and Combined Brownfield Plan Review Criteria

If a work plan or combined brownfield plan satisfies the threshold requirements described above, MSHDA will review the plan using the statutory criteria listed below and the related programmatic parameters included in Addendum II, "Work Plan or Combined Brownfield Plan Review Criteria: Programmatic Parameters." If a plan seeks a waiver from a parameter included in Addendum II, MSHDA staff will present the waiver request to the MSHDA Board for consideration.

- a. Per Sections 15(12) and 15(20)(g), MSHDA must consider the following criteria to the extent reasonably applicable to the type of activities proposed in a work plan or combined brownfield plan when approving or denying the plan:
 1. Whether the individual activities included in the work plan are sufficient to complete

- the eligible activity.
2. Whether each individual activity included in the work plan is required to complete the eligible activity.
 3. Whether the cost for each individual activity is reasonable.
 4. The overall benefit to the public.
 5. The extent of reuse of vacant buildings and redevelopment of blighted property.
 6. Creation of jobs.
 7. Whether the eligible property is in an area of high unemployment.
 8. The level and extent of contamination alleviated by or in connection with the eligible activities.
 9. The level of private sector contribution.
 10. If the developer or projected occupant of the new development is moving from another location in this state, whether the move will create a brownfield.
 11. Whether the project of the developer, landowner, or corporate entity that is included in the work plan is financially and economically sound.
 12. Other state and local incentives available to the developer, landowner, or corporate entity for the project of the developer, landowner, or corporate entity that is included in the work plan.
 13. MSHDA will also consider all of the following for proposed housing development activities:
 - i. Alignment with the statewide housing plan developed.
 - ii. The capacity of the entity or agency that is monitoring price and income, and the duration of the monitoring.
 - iii. Whether the project will support housing at price points that align with the local workforce.
 - iv. If the property will be deed restricted to regulate short-term rentals or otherwise ensure long-term local housing needs.
 - v. As determined by MSHDA utilizing the formula found in Schedule A, Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations will be used to establish the reasonableness of certain housing activities for which tax capture is planned.

X. Written Response to Work Plan or Combined Brownfield Plan Submission

a. Work Plan Response:

1. Within 60 days following receipt of a BRA written request for approval of a work plan, per Section 15(11), MSHDA must provide one of the following written responses to the requesting BRA:
 - i. An unconditional approval that includes an enumeration of eligible activities and a maximum allowable capture amount.
 - ii. A conditional approval that delineates specific necessary modifications to the work plan, including, but not limited to, individual activities to be added to or deleted from the work plan and revision of costs.
 - iii. A denial and a letter stating with specificity the reason for the denial. If MSHDA denies a work plan under this subsection, the BRA may subsequently resubmit the work plan.
2. Per Section 15(13), if MSHDA fails to provide a written response within 60 days following receipt of a request for approval of a work plan under Section 13b(4)(b) or 90 days for a work plan under a transformation brownfield plan, then the eligible activities are considered approved, and the BRA may proceed with the eligible activities as outlined in the work plan as submitted.
3. Per Section 15(14), MSHDA's approval of a work plan is final and is not subject to reconsideration or appeal.

b. Combined Brownfield Plan Response:

1. Within 60 days following receipt of a BRA written request for approval of a combined brownfield plan, MSHDA must, per Section 15(20)(d), provide one of the following written responses to the requesting BRA:
 - i. An unconditional approval that includes an enumeration of eligible activities and a maximum allowable capture amount.
 - ii. A conditional approval that delineates specific necessary modifications to the combined brownfield plan, including, but not limited to, individual activities to be added to or deleted from the combined brownfield plan and revision of costs.
 - iii. A denial and a letter stating with specificity the reason for the denial. If

MSHDA denies a combined brownfield plan under this subsection, the BRA may subsequently resubmit the combined brownfield plan for review.

2. Per Section 15(20)(i), if MSHDA fails to provide a written response under Section 15(20)(d) within 60 days after receipt of a complete combined brownfield plan or 90 days for a combined plan submitted as part of a transformational plan, then the eligible activities are considered approved as submitted.
 3. Per Section 15(20)(j), MSHDA's approval of a combined brownfield plan is final and is not subject to reconsideration nor appeal.
- c. MSHDA staff will provide a comprehensive review of each submitted work plan and combined brownfield plan and make staff recommendations for approval, conditional approval, or denial. Pursuant to MSHDA Board authority under Section 125.1421(6) of the State Housing Development Authority Act of 1966, Act 346 (the "MSHDA Act"), the MSHDA Board may delegate to one or more executive-level staff the power to provide administrative approvals, conditional approvals, or denials of work plans and combined brownfield plans based on the statutory and programmatic criteria set forth herein and based on the Brownfield Act, as amended.
 - d. If MSHDA issues a written conditional approval of a combined brownfield plan to a requesting BRA, pursuant to Section 15(20)(h), the BRA may administratively approve any modifications required by the written response without following the notice and approval process required by Section 14(6) unless the modifications add one or more parcels of eligible property or increase the maximum amount of tax increment revenue in the case of a transformational brownfield plan, construction period tax capture revenues, withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues approved for the project.

XI. Reporting Requirements

- a. Quarterly Reporting
 1. MSHDA staff will report to the MSHDA Board on a quarterly basis all work plans and combined brownfield plans approved by MSHDA. That report will include, at a minimum, the following:
 - i. Total number of projects approved.
 - ii. Types of projects approved (rental or for sale).
 - iii. Total number of units approved and units by reserved AMI.
 - iv. Number of projects with subsidies, such as project-based vouchers.
 - v. Number of projects designated to serve elderly or special needs populations.
 - vi. Number of units designated to serve the elderly or special needs populations.

2. Pursuant to Section 16(5)(c), MSHDA will on a quarterly basis post on its website the name, location, and amount of tax increment revenues, including taxes levied for school operating purposes, for each project approved by MSHDA under the Brownfield Act during the immediately preceding quarter.

b. Annual Reporting to MSHDA from Brownfield Authorities

1. Section 16 requires the local BRA to submit annually to MSHDA a financial report on the status of the activities of the BRA for each calendar year. The report must include all of the following:

- i. The total amount of local taxes that are approved for capture and the total amount of taxes levied for school operating purposes that are approved for capture for each parcel included in a brownfield plan.

- ii. The amount and purpose of expenditures of tax increment revenues.

The amount and source of tax increment revenues received for each active brownfield plan, including the amount of tax increment revenues captured in the most recent tax year and the cumulative amount of tax increment revenues captured for each brownfield plan.

- iii. The initial taxable value of all eligible property subject to each brownfield plan.

- iv. The captured taxable value realized by the BRA for each eligible property subject to the brownfield plan.

- v. The amount of actual capital investment made for each project.

- vi. The amount of tax increment revenues attributable to taxes levied for school operating purposes used for activities described in Section 13b(6)(c), Section 2(o)(i)(F) and (G), and Section 2(o)(iii)(B) and (C).

- vii. The number of residential units constructed or rehabilitated for each project.

- viii. The amount, by square foot, of new or rehabilitated residential, retail, commercial, or industrial space for each project.

- ix. The number of new jobs created at the project.

- x. The number of housing units produced.

- xi. The number of income qualified purchaser households served.

- xii. The number of income qualified renting households assisted.

- xiii. For the initial reporting period, the prices at which the housing units were sold or rented.
- xiv. Racial and socioeconomic data on the individuals purchasing or renting the housing units, or, if this data is not available, racial, and socioeconomic data on the census tract in which the housing units are located.

c. Annual Report to Legislature Members

Pursuant to Section 16(4), MSHDA will collect the reports described above, compile a combined report that includes the use of local taxes, taxes levied for school operating purposes, and the state brownfield redevelopment fund, based on the information contained in those reports and any additional information considered necessary, and submit annually a report based on that information to each member of the Legislature.

This program may, with MSHDA Board approval, be amended from time to time in order to more effectively and efficiently carryout activities within it or to maintain compliance with amendments to the Brownfield Act, or the MSHDA Act. For the most recent program updates, please visit MSHDA's Housing Tax Increment Financing (TIF) program webpage at:

<https://www.michigan.gov/mshda/developers/tax-increment-financing-tif>

Addendum I

MSHDA Housing Tax Increment Financing Program Definitions

1. "Blighted," per Section 2(c), means property that meets any of the following criteria as determined by the local municipality:

- i. Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- ii. Is an attractive nuisance to children because of physical condition, use, or occupancy. Is a fire hazard or is otherwise dangerous to the safety of persons or property.
- iii. Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- iv. Is previously developed or tax reverted property owned by a municipality or by this state. The sale, lease, or transfer of previously developed or tax reverted property by a municipality or this state after the property's inclusion in a brownfield plan does not result in the loss to the property of the status as blighted property for purposes of this act.
- v. Is property owned by or under the control of a land bank fast track authority, whether or not located within a qualified local governmental unit. Property included within a brownfield plan before the date it meets the requirements of this subdivision to be eligible property is considered to become eligible property as of the date the property is determined to have been or becomes qualified as, or is combined with, other eligible property. The sale, lease, or transfer of the property by a land bank fast track authority after the property's inclusion in a brownfield plan does not result in the loss to the property of the status as blighted property for purposes of this act.
- vi. Has substantial buried subsurface demolition debris present so that the property is unfit for its intended use.

2. "Brownfield plan," per Section 2(e), means a plan that meets the requirements of Sections 13 and 13b of the Brownfield Act and is adopted under Section 14.

3. "Combined brownfield plan," per Section 2(h), means a brownfield plan that includes the information necessary to submit the plan to EGLE, MSHDA, or the MSF under Section 15(20) of the Brownfield Act. "Department" and "Department activities," per Section 2(j) and (k), means EGLE and the environmental investigations and response activities carried out pursuant to its statutory authority.

4. "Eligible activities" or "eligible activity", per Section 2(o), means 1 or more of the following:

i. For all eligible properties, eligible activities include all of the following:

i. Reasonable costs of environmental insurance.

ii. Reasonable costs incurred to develop and prepare brownfield plans,

combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate.

- iii. Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities.
 - iv. Demolition of structures or site improvements that is are not a response activity, including removal of manufactured debris composed of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.
 - v. Lead, asbestos, or mold abatement.
- ii. For housing property located in a community that has identified a specific housing need and has absorption data or job growth data included in the brownfield plan, eligible activities include all of the following:
- i. Infrastructure improvements that are necessary for housing property and support housing development activities.
 - ii. Site preparation that is not a response activity and that supports housing development activities.
5. "Eligible property," per Section 2(p)(ii) and for MSHDA's analysis, means housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan.
6. "Functionally obsolete," per Section 2(u), means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.
7. "Housing development activities," per Section 2(x), means 1 or more of the following:
- i. Reimbursement provided to owners of rental housing units for qualified rehabilitation.
 - ii. Costs for infrastructure available for public use and safety improvements necessary for a housing project.

- iii. Costs of demolition and renovation of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household.
 - iv. Temporary household relocation costs for an income qualified household for a period not to exceed 1 year.
 - v. Acquisition cost for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household.
 - vi. Reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income qualified households and to assist with costs related to infrastructure improvements and site preparation that are not a response activity and that are necessary for new housing development for income qualified households on eligible property.
8. "Housing property," per Section 2(y), means 1 or more of the following:
- i. A property on which 1 or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling.
 - ii. One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project.
9. "Income qualified household," per Section 2(z), means a person, a family, or unrelated persons living together, whose annual household income is not more than 120% of the area median income.
10. "Area median income" means the median income for the area as determined under Section 8 of the United States Housing Act of 1937, 42 USC 1437f, adjusted for family size.
11. "Household income" means all income received by all individuals who are not less than 24 years of age when the household income is determined and who reside in a household while members of the household.
12. "Income qualified purchaser household," per Section 2(aa), means a purchaser who is, or who is a member of, an income qualified household.
13. "Income qualified renting household," per Section 2(bb), means a renter who is, or who is a member of, an income qualified household.
14. "Qualified rehabilitation," per Section 2(vv), means rehabilitation of existing structures that is necessary to make a housing unit suitable for sale to an income qualified purchaser household or rent to an income qualified renting household. Qualified rehabilitation also

includes proposed rehabilitation that will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. As used in this subsection, "existing structures" includes any structure designed to be used as a dwelling.

15. "Subsidized," for purposes of MSHDA's analysis under PA 90 of 2023 means:

- i. Property that receives a federal, state, local, or tribal benefit that encourages low or moderate-income housing development, which will be defined as being affordable to persons at 120% AMI or lower; and,
- ii. That benefit accrues to the property owner; and,
- iii. By nature of the benefit the property is subject to a use restriction as to rents and occupant income.

16. "Tax increment revenues" per Section 2(eee), means the amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions on the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on that property, regardless of whether those taxes began to be levied after the brownfield plan was adopted. Tax increment revenues also include the amount of any payment in lieu of taxes under Section 15a(3) of the MSHDA Act, MCL 125.1415a, paid on an eligible property subject to a brownfield plan, less the amount of property taxes levied on the eligible property subject to the brownfield plan for the year the eligible property became subject to the brownfield plan. Tax increment revenues do not include any of the following:

- i. Ad valorem property taxes specifically levied for the payment of principal of and interest on either obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit, and specific taxes attributable to those ad valorem property taxes.
- ii. For tax increment revenues attributable to eligible property, the amount of ad valorem property taxes or specific taxes captured by a downtown development authority under Part 2 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4201 to 125.4230, tax increment finance authority under Part 3 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4301 to 125.4329, corridor improvement authority under Part 6 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4602 to 125.4629, or local development finance authority under Part 4 of the Recodified Tax Increment Financing Act, 2018 PA 57, MCL 125.4401 to 125.4420, if those taxes were captured by these other authorities on the date that eligible property became subject to a brownfield plan under the Brownfield Act, unless these other authorities agree to forgo or transfer their taxes in support of the brownfield plan.

- iii. Ad valorem property taxes levied under 1 or more of the following or specific taxes attributable to those ad valorem property taxes
 - i. The Zoological Authorities Act, 2008 PA 49, MCL 123.1161 to 123.1183.
 - ii. The Art Institute Authorities Act, 2010 PA 296, MCL 123.1201 to 123.1229.
17. “Taxes levied for school operating purposes”, per Section 2(ggg), means all of the following:
- i. The taxes levied by a local school district for operating purposes.
 - ii. The taxes levied under the State Education Tax Act, 1993 PA 331, MCL 211.901 to 211.906.
 - iii. That portion of specific taxes attributable to taxes described under subparagraphs (i) and (ii).
18. “Transformational brownfield plan”, per Section 2(hhh), means a brownfield plan that meets the requirements of Section 13c and is adopted under Section 14a of the Brownfield Act and, as designated by resolution of the local municipality governing body and approved by the MSF, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. To be designated a transformational brownfield plan, a transformational brownfield plan must be for mixed-use development unless waived by the MSF as provided under Section 14a(26) of the Brownfield Act and is expected to result in specific levels of capital investment as defined by the Brownfield Act.
19. “Work plan”, per Section 2(mmm), means a plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.

Addendum II
Work Plan or Combined Brownfield Plan Review Criteria:
Programmatic Parameters

BROWNFIELD WORK PLAN OR COMBINED BROWNFIELD PLAN REVIEW PROGRAMMATIC PARAMETERS

1. Threshold Submission Requirements:

- i. Does the brownfield plan include the use of taxes levied for school operating purposes? If so, is the work plan or combined brownfield plan requesting reimbursement for housing development activities? Is at least some portion of the housing to be developed subsidized or to be sold or rented to households at or below 120% AMI? ___YES___NO
 - a. If no to any of these questions, STOP AND DENY:
MSHDA has no statutory authority to review the plan, and it must be returned to the submitting BRA.
- ii. Was the plan submitted by the local BRA or duly authorized municipal designee? ___YES___NO
 - a. If no, STOP AND DENY:
A work plan submitted under Section 15(10), or a combined brownfield plan submitted under Section 15(20)(b), must be submitted to MSHDA by the local BRA.
 - b. Return to the submitting party.
- iii. Is the work plan part of a transformational brownfield plan?
___YES___NO
 - a. If yes, pursuant to Section 15(11) the BRA must complete all required financial analyses prior to submitting a work plan to MSHDA.
Was the required financial analysis completed by the BRA? ___YES___NO
 - b. If no, STOP AND DENY.
 - c. Return to the submitting BRA.
- iv. Did the BRA submit for each eligible property pursuant to Section 15(10) the following items?
 - a. A copy of the brownfield plan or the transformational brownfield plan.
___YES___NO

- b. Current ownership information for each eligible property and a summary of available information on proposed future ownership, including the amount of any delinquent taxes, interest, and penalties that may be due.
___YES___NO
- c. A summary of available information on the historical and current use of each eligible property. ___YES___NO
- d. Existing and proposed future zoning for each eligible property. ___YES___NO
- e. A summary of the proposed redevelopment and future use for each eligible property. ___YES___NO
- f. A separate work plan, or part of a work plan, for each eligible activity described in Section 13b(4) to be undertaken. ___YES___NO
- g. A copy of the development agreement or reimbursement agreement between the municipality or authority and an owner or developer of eligible property required under Section 13b(4), which must stipulate price and monitoring for residential units, and include a detailed summary of any and all ownership interests, monetary considerations, fees, revenue and cost sharing, charges, or other financial arrangements or other consideration between the parties. ___YES___NO
- h. For work plans that include housing development activities, a summary of proposed income and price monitoring responsibilities and related expenses. ___YES___NO
 1. If not all of the items listed in iv.(a)-(h) were included, which item(s) is/are missing?

 2. If no, STOP AND DENY the work plan or combined brownfield plan for incompleteness. List missing items in the response letter to the submitting BRA.
- v. Are the eligible activities in the combined brownfield plan or work plan submitted by the BRA consistent with the eligible activities described in Section 13b(4)?
___YES___NO
 - a. If no, which eligible activities are inconsistent
 - 1.
 - 2.
 - 3.

- b. If no, STOP AND DENY the work plan or combined brownfield plan for inconsistency.

2. Housing Work Plan and Combined Brownfield Plan Review Criteria:

- i. Does the development agreement or reimbursement agreement between the municipality or BRA and an owner or developer of eligible property stipulate price and income monitoring for residential units? ___YES ___NO
 - a. If no, DENY the work plan or combined brownfield plan for lack of development agreement or reimbursement agreement that stipulates price and income monitoring for residential units and continue review of additional criteria.
- ii. The following criteria will be considered to the extent reasonably applicable to the type of activities proposed as part of the submitted work plan or combined brownfield plan when approving or denying a work plan or combined brownfield plan:
 - a. Are the individual activities included in the work plan or combined brownfield plan sufficient to complete the proposed eligible housing development activity?
 - 1. Rehabilitation and new construction projects must submit a copy of a purchase agreement and Development Cost Budget.

Was a copy of a purchase agreement provided and are all Development Cost Budget items listed within the work plan or combined brownfield plan? __YES__NO
 - b. If no, explain what is missing and what needs to be done to achieve completion of the proposed eligible housing development activity:

 - c. If no, add the items that are missing or that need to be done to the terms of a conditional approval.
- iii. Is each individual activity included in the work plan or combined brownfield plan required to complete the eligible housing development activity?
___YES ___NO

- a. In order for individual activities to be deemed to be required to complete the eligible housing development activity, they must be limited to those items detailed in the Development Cost Budget. All other activities will be deemed not required to complete the eligible housing development activity.
 - b. If no, explain what is not required to be done to complete the eligible housing development activity:

 - c. If no, add to the terms of a conditional approval a listing of the items to be removed as not required to complete the eligible housing development activity.
- iv. Is the cost for the eligible housing development activity reasonable?
- a. Utilize the Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations worksheet to determine reasonableness of gap funds needed to develop affordable housing versus market rate housing. A copy of the completed worksheet must be attached to this document.
☐ YES ☐ NO

Total Tax Increment Capture	<hr/>
Calculated Housing Gap Cap	<hr/>
Calculated Remaining Tax Capture	<hr/>
- v. Is there an overall benefit to the public? ☐ YES ☐ NO
- a. To be of a public benefit, the proposed housing development must meet one of the following:
 1. Satisfies a housing need determined by a current local housing needs assessment (no more than 3 years old), which is provided to MSHDA.
 2. Satisfies a housing need for the area as determined by a current housing market study.
 3. Satisfies a housing need identified in the Michigan Statewide Housing Plan found on MSHDA's website.

4. Satisfies a housing need identified in a regional housing study.

b. If no, explain why the proposed housing development provides no overall benefit to the public.

c. If there is no overall benefit to the public, the project is denied as lacking public benefit.

vi. Is there reuse of vacant buildings and redevelopment of blighted property?
___YES ___NO

This item is only applicable to work plans or combined brownfield plans specifically identifying the redevelopment of "blighted" property as defined in PA 90. For all other work plans or combined brownfield plans, this item is not applicable.

a. If yes:

1. Is the vacant building being torn down or repurposed?

2. If the property is blighted, under what definition found in Section 2(c) is the property considered blighted?

3. If blighted, is the acquisition cost to promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit included in eligible activities? ___Yes ___No
Amount of acquisition cost_____.

b. Explain as applicable in the recommendation summary:

1. The proposed reuse of or demolition of vacant buildings_____

2. Method used to determine that the property is blighted. A letter from the local municipality is acceptable.

3. Is acquisition cost of blighted or obsolete property included as an eligible activity? ___Yes ___No

If no, add as conditional requirement that the cost be added or that the developer provide written confirmation that it was not omitted in error.

4. Is the property properly zoned, or must it be rezoned?

If it must be rezoned before the housing development can commence, add the requirement that the property must be properly zoned to the conditional approval.

vii. Are new jobs being created?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

viii. Is the eligible housing development in an area of high unemployment?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

ix. What is the level and extent of contamination alleviated by or in connection with the eligible activities?

a. A proposed housing development work plan must include an environmental review that meets MSHDA's Environmental Review Requirements found on MSHDA's website.

1. If the environmental review discloses that the proposed housing development site has environmental contamination, did EGLE provide clearance for residential development? __YES __NO

2. If not cleared as evidenced by documentation from EGLE for residential development, the work plan or combined brownfield plan will be conditionally approved subject to EGLE clearance of the site for residential development.

x. What is the level of private sector contribution, including but not limited to private placement loans and developer contributions?

This item is provided for documentation only and is not used as a

factor to determine approval or denial of the work plan or combined brownfield plan.

- a. Add to the project summary the level of private sector contribution, including but not limited to private placement loans and developer contributions.
- xi. Is the projected occupant of the new development moving from another location in this state and will the move create a brownfield?

This item is not applicable to affordable or subsidized housing work plans or combined brownfield plans.

- xii. Is the developer, landowner, or corporate entity that is included in the work plan or combined brownfield plan financially and economically unsound as determined by a review of the following requirements?

___YES ___NO

- 1. Is in default or in material non-compliance with the LIHTC or any other MSHDA program; or
- 2. Has outstanding flags in HUD's national 2530 National Participation system; or
- 3. Has been debarred or suspended from any MSHDA, HUD, or Rural Housing programs; or
- 4. Has outstanding tax liens; or
- 5. Does not have liquid assets at least equal to 3% of the proposed project housing development eligible activity costs.

- a. Deny if the developer, landowner, or corporate entity that is included in the work plan or combined brownfield plan is deemed financially and economically unsound based on the above criteria.
- xiii. Are there other state and local incentives or subsidies available to the developer, landowner, or corporate entity for the housing development project that are included in the work plan or combined brownfield plan? ___YES ___NO

- a. What are the sources, uses and amounts of the other state and local incentives or subsidies provided? _____
Provide in the project recommendation summary.

- b. Are the other state and local incentives or subsidies firm commitments or contingent on some event? _____
Explain in the project recommendation summary.

- c. Do the other state and local incentives or subsidies permit the housing development to serve lower income households, seniors, homeless, persons with disabilities or other at-risk populations as may be deemed locally necessary based on housing reports or market studies?

Explain in the project recommendation summary.

- d. If the other state and local incentives or subsidies are required for financial viability and there are not firm commitments, the housing development work plan or combined brownfield plan will be conditionally approved until the firm commitments are provided. Otherwise note the various incentives and subsidies in the recommendation summary and mark for approval.
- xiv. Does the proposed housing development align with the statewide housing plan? ☐ YES ☐ NO
- a. If no, what are the stated reasons for deviation? Does the local municipality support the proposed housing development activity as may be evidenced by a PILOT resolution or providing other development incentives? How did the developer determine that this housing need existed (e.g. local market study, community development plans, local needs analysis)?
 - b. Deny if the work plan or combined brownfield plan is not aligned with the statewide housing plan and documented support for deviation from the statewide housing plan and/or community support for the proposed housing development is not provided.
 - c. Approve if the work plan or combined brownfield plan is aligned with the statewide housing plan or documented support for deviation from the statewide housing plan and/or community support for the proposed housing development is provided.
 - d. Explain how the project is aligned with the statewide housing plan or how the documentation provided supports a deviation from the statewide housing plan in the project recommendation summary.
- xv. Does the entity or agency monitoring price and income have the capacity to provide such monitoring, evidenced by experience providing such monitoring services based on the following criteria? ☐ YES ☐ NO

- a. How many years of experience does the monitoring entity or agency have in Michigan? _____
- b. An entity with limited experience and capacity monitoring price and income is defined as:
 1. An organization that has less than three years of price and income monitoring experience in programs such as Section 8, LIHTC, or HOME; or
- c. Explain in the project recommendation summary whether the entity or agency has limited, or sufficient monitoring experience based on the above criteria.
 1. If the entity or agency has limited experience, grant a conditional approval based on either: (a) changing the monitoring entity or agency to one with sufficient experience in monitoring price and income for affordable housing; or (b) partnering with a sufficiently experienced monitoring agency; or (c) receiving two hours or more of training with MSHDA staff on income monitoring processes and procedures.
 2. What is the duration of the price and income monitoring?

For-sale housing is to be monitored for price and household income through the first sale. Rental properties are to be monitored for a period not less than the expiration of projected tax increment capture but may be longer depending on other programmatic requirements.

- 3. If the proposed price and income monitoring duration does not meet the above, recommend a conditional approval to require changes to the duration of the price and income monitoring.

- xvi. Does the proposed housing development project support housing at price points that align with the local workforce based on localized area income and community data provided? Explain in the recommendation summary how the housing development price points either align or do not align with the local workforce income and community data.
 ___YES ___NO

- a. Deny if the housing development project does not support housing at price points that align with the local workforce based on information provided by the BRA to MSHDA.
 - b. Approve if the housing development project supports housing at price points that align with the local workforce based on information provided by the BRA to MSHDA.
- xvii. Is the proposed housing development to be income restricted for a period not less than the period of tax capture by providing deed restrictions to ensure the development meets long-term local housing needs? ☐YES ☐NO
 - a. If yes, do the terms of the draft deed restrictions match the proposed AMI levels to be served at the proposed housing development?
☐YES ☐NO
 - 1. If no to either, set as a conditional approval item that the developer agrees to deed restrict the property for affordable housing dedicated to serve AMI levels as detailed in the project proposal for a period not less than the proposed tax capture.
 - 2. If yes to both, approve and note in the approval letter the deed restricted AMI level(s) and duration of deed restriction.

Schedule A
Potential Rent Loss (PRL) Gap Cap
&
Total Housing Subsidy (THS) Calculations

Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations

For Multi-Family Developments, MSHDA will undertake the following steps to calculate the Potential Rent Loss (PRL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PRL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned.

Step 1: Establish the Control Rent (CR) for the project.

Utilizing the appropriate Fair Market Rent (FMR) for each county and for the appropriate rate for each bedroom size as published by the U.S. Department of Housing & Urban Development (HUD), the following calculation will be made:

$$(FMR/40) \times 100 = \text{Control Rent (CR)}$$

Note: This formula corrects for HUD publishing FMR as 40% of area rents.

Step 2: Determine the difference between the Control Rent (CR) and the targeted Project Rent (PR).

Utilizing the Project Rent (PR) targeted by the development team for each project, the following calculation will be made:

$$\text{Control Rent (CR)} - \text{Project Rent (PR)} = \text{Potential Rent Loss (PRL)}$$

Note: There may be multiple PRLs calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Step 3: Determine the PRL Gap Cap.

Utilizing the number of total units in a project that will have the appropriate income targets and the number of years of TIF Capture requested, both of which will be submitted by the development team for each project, the following calculation will be made:

$$\text{Potential Rent Loss (PRL)} \times 12 \text{ months} \times \text{No. of Units} \times \text{No. of Years} = \text{PRL Gap Cap}$$

Note: There may be multiple PRL Gap Caps calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Step 4: Add all Potential Rent Loss (PRL) Gap Cap calculations to establish the Total Housing Subsidy (THS).

After calculating PRL Gap Cap for each bedroom type in the proposed development project, the following calculation will be made:

$$\begin{aligned} &\text{PRL Gap Cap 1-Bedroom} + \text{PRL Gap Cap 2-Bedroom} + \text{PRL Gap Cap 3-Bedroom} \\ &= \text{Total Housing Subsidy (THS)} \end{aligned}$$

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

- A. MSHDA will deduct the THS from the total Housing Tax Increment Financing (HTIF) request and will review for overall reasonableness.

Note: THS should not exceed the total HTIF request as this may indicate instability in the overall project pro forma. Conversely, an insignificant overall THS may indicate a project that is not targeting appropriate income levels. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

- B. The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023.

For Single-Family For-Sale projects, MSHDA will undertake similar steps to calculate the Potential Development Loss (PDL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PDL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned. Calculations assume an Area Median Income (AMI) at targeted for 1 person per bedroom for 1- and 2-bedrooms homes and 1.5 persons per bedroom for 3+ bedroom homes and assumes a 15% downpayment. Monthly housing payments including the costs of principal + interest, insurance, taxes, PMI at no more than 30% of the household gross annual income. The calculation uses the current market average interest rate and developer provided projected insurance, taxes, and PMI costs.

MULTI-FAMILY EXAMPLE

Potential Rent Loss (PRL) Gap Cap & Total Housing Subsidy (THS) Calculations

A developer has received approval from the Oceana County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 40-unit multi-family workforce housing project which contains 20 one-bedroom apartments with 60% AMI target rents and 20 two-bedroom apartments with 80% AMI target rents. The BRA has approved a \$2,225,000 Housing TIF tax capture that is collected over 25 years.

Step 1: Establish the Control Rent (CR) for the project.

Monthly FMR for a one-bedroom apartment in Oceana County is \$635 and for a two-bedroom apartment it is \$836.

$$\text{1 Bedroom Control Rent} = ((\$635/40) \times 100) = \underline{\$1,587.50}$$

$$\text{2 Bedroom Control Rent} = ((\$836/40) \times 100) = \underline{\$2,090.00}$$

Step 2: Establish the Potential Rent Loss (PRL) for the project.

Project Rents are established for the development and are subtracted from the Control Rents

$$\text{1 Bedroom PRL} = (\$1,587.50 - \$852.00) = \underline{\$735.50}$$

$$\text{2 Bedroom PRL} = (\$2,090.00 - \$1,364.00) = \underline{\$726.00}$$

Step 3: Determine the PRL Gap Cap.

PRLs are multiplied by the number of units and the number of years of approved TIF Tax capture.

$$\text{1 Bedroom PRL GAP CAP} = (\$735.50 \times 12 \times 20 \times 25) = \underline{\$4,413,000.00}$$

$$\text{2 Bedroom PRL GAP CAP} = (\$726.00 \times 12 \times 20 \times 25) = \underline{\$4,356,000.00}$$

Step 4: Add all Potential Rent Loss (PRL) Gap Cap calculations to establish the Total Housing Subsidy.

All bedroom PRL GAP CAP amounts are totaled to determine the Total Housing Subsidy (THS).

$$\text{THS} = (\$4,413,000.00 + \$4,356,000.00) = \underline{\$8,769,000.00}$$

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

The Oceana County BRA approved a Housing TIF Capture of \$2,225,000.00 and this amount will be reviewed for reasonable and appropriate expenditures including the THS under the guidance established under Public Act 90 of 2023.

$$(\$2,225,000.00 - \$8,769,000.00) = \underline{\underline{\$(6,544,000.00)}}$$

In this example, the HTIF Capture is significantly less than the THS. This large difference is a function of the AMI used for single family for sale housing example. Single family for sale housing is believed to typically not be sold to households much lower than 100% AMI. Lower skewing may require downpayment assistance or other stabilizing measures.

AN ILLUSTRATION IS ATTACHED.

Housing TIF Financing Gap Cap Calculation - Multifamily Rental

Oceana County WFH Project: 40 Total Units/Leases (20 1-Bedroom @ 60% AMI / 20 2-Bedroom @80% AMI)

FORMULA	Location	Type	FMR/MR Rent	Control Rent - Proj. Rent	=	PRL	x	No. of Units	x	No. of Months	x	No. of Years	=	PRL GAP CAP	Per Unit		
FMR	Oceana Co.	1 Bedroom	\$ 635.00	\$ 1,587.50 - \$ 852.00	=	\$ 735.50		20		12		25		\$ 4,413,000.00	\$ 220,650.00		
FMR	Oceana Co.	2 Bedroom	\$ 836.00	\$ 2,090.00 - \$ 1,364.00	=	\$ 726.00		20		12		25		\$ 4,356,000.00	\$ 217,800.00		
								TOTAL Housing Subsidy				40				\$ 8,769,000.00	\$ 219,225.00
								Approved BRA TIF Request				40				\$ 2,225,000.00	\$ 55,625.00
								Other Housing Activities Allowed Under Public Act 90 of 2023:							\$ (6,544,000.00)	\$ (163,600.00)	
								Developer may utilize the remainder (if any) of the TIF capture for the following HOUSING RELATED items:									
								1. Site Preparation/Demolition									
								2. Infrastructure Development									
								3. Relocations Expenses									
								4. Plus Other Housing TIF Related Expenses									

SINGLE-FAMILY EXAMPLE

Potential Development Loss (PDL) Gap Cap & Total Housing Subsidy (THS) Calculations

A developer has received approval from the Lake County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 10-unit single-family “for sale” workforce housing project which contains 10 three-bedroom homes with two (2) 100% AMI target prices and eight (8) three-bedroom homes with 120% AMI target prices. The developer reports that the cost to build all ten houses is \$300 per square foot with each house being 1300 square feet in total. The BRA has approved a \$1,450,000 Housing TIF tax capture that is collected over 28 years.

Step 1: Establish the Affordable Mortgage for the project.

Establishment of the affordable mortgage in Lake County is based on the three-bedroom Area Median Income (AMI) at targeted incomes for a family of four and assumes a 15% downpayment. This includes the costs of principal + interest, insurance, taxes, PMI. The calculation uses a 7.53% interest rate (current market average). These mortgages provide a monthly payment that below 30% of household income.

3 Bedroom House @ 100 AMI = **\$249,000.00**

3 Bedroom House @ 120 AMI = **\$293,500.00**

Step 2: Establish the Potential Development Loss (PDL) for the project.

The Affordable Mortgage is subtracted from the actual Development Cost which is collected from information provided by the applicant/developer.

3 Bedroom House @ 100 AMI = \$390,000.00 - \$249,000.00 = **\$141,000.00**

3 Bedroom House @ 120 AMI = \$390,000.00 - \$293,500.00 = **\$96,500.00**

Step 3: Determine the PRL Gap Cap.

PDLs are multiplied by the number of units.

3 Bedroom House @ 100 AMI = \$141,000.00 x [2 = **\$282,000.00**

3 Bedroom House @ 120 AMI = \$96,500.00 x [8 = **\$772,000.00**

Step 4: Add all Potential Development Loss (PDL) Gap Cap calculations to establish the Total Housing Subsidy.

All target income PDL GAP CAP amounts are totaled to determine the Total Housing Subsidy (THS).

THS = (\$282,000.00 + \$772,000.00) = **\$1,054,000.00**

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023.

The Lake County BRA approved a Housing TIF Capture of \$1,450,000.00 and this amount will be reviewed for reasonable and appropriate expenditures including the THS under the guidance established under Public Act 90 of 2023.

$$(\$1,450,000.00 - \$1,054,000.00) = \underline{\$396,000.00}$$

In this example, the HTIF Capture exceeds the THS. The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

AN ILLUSTRATION IS ATTACHED.

Housing TIF Financing Gap Cap Calculation - For Sale Homeownership

Rural For-Sale Project: 10 Single-Family Homes (For-Sale Home Ownership Units with 2 @ 100% AMI & 8 @120% AMI)

FORMULA	Location	Type	Affordable Mortgage*	Development Cost** - Affordable Mortgage	= PDL	x No. of Units	x PDL GAP CAP
Income	Lake Co.	For Sale (100%)	\$ 249,000.00	\$ 390,000.00 - \$ 249,000.00	= \$ 141,000.00	2	\$ 282,000.00
Income	Lake Co.	For Sale (120%)	\$ 293,500.00	\$ 390,000.00 - \$ 293,500.00	= \$ 96,500.00	8	\$ 772,000.00

TOTAL Housing Subsidy	10	\$ 1,054,000.00
------------------------------	-----------	------------------------

Other Housing Activities Allowed Under Public Act 90 of 2023: Developer may utilize the remainder of the TIF capture for the following HOUSING RELATED items: <ol style="list-style-type: none"> 1. Site Preparation/Demolition 2. Infrastructure Development 3. Relocations Expenses 4. Plus Other Housing TIF Related Expenses 	\$ 396,000.00
--	----------------------

Approved BRA TIF Request	10	\$ 1,450,000.00
---------------------------------	-----------	------------------------

PDL = Potential Development Loss

Affordable Mortgage =
 * Mortgage Limit assumes a 15% down payment plus all other normal monthly fees associated with home ownership for a family of four.

Development Cost =
 ** \$300 per sq. ft. building costs (for a 3 bedroom home) - information provided through application. This includes 10% developer fee/profit.

ADOPTED

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING HOUSING TAX INCREMENT FINANCING PROGRAM**

September 29, 2023

WHEREAS, pursuant to Section 13b(4)(b) of the Brownfield Redevelopment Authority Act, Act 381, Public Acts of Michigan, 1996, as amended (the "Act"), if a brownfield work plan or combined brownfield plan involves the use of taxes levied for school operating purposes and is requesting reimbursement for housing development activities, the work plan or combined brownfield plan must be approved by the Michigan State Housing Development Authority (the "Authority"), unless all the housing property identified within the plan will be sold or rented at market rate and will not be subsidized; and

WHEREAS the Act imposes duties and responsibilities on the Authority including the review of work plans and combined brownfield plans; and

WHEREAS, to enable the Authority to carry out the duties and responsibilities assigned to it under the Act, the Executive Director has recommended that the Authority (a) authorize the establishment and implementation of a housing tax increment financing program (the "Housing Tax Increment Financing Program") pursuant to the Act and (b) pursuant to State Housing Development Authority Act of 1966, Act 346 of 1966, Section 125.1421(6), delegate to selected Authorized Officers the authority to approve work plans or combined brownfield plans based on program parameters contained in the attached program statement (the "Program Statement"), and to perform any and all actions necessary to carry out the responsibilities and obligations of the Authority under the Act; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Housing Tax Increment Financing Program as described in the accompanying memorandum and Program Statement of even date is hereby authorized and approved.
2. The Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, or anyone acting in those capacities respectively (each an "Authorized Officer"), are each granted the authority to approve work plans or combined brownfield plans and perform any and all actions necessary to carry out the responsibilities and obligations of the Authority as described in the accompanying memorandum and Program Statement attached hereto and as set forth in the Act.
3. All work plans and/or combined brownfield plans that request a waiver from the Program Statement Addendum II Brownfield Work Plan or Combined Brownfield Plan Review Programmatic Parameters must be brought before the Authority for consideration.
4. All work plans and combined brownfield plans approved by an Authorized Officer shall be quarterly reported to the Authority.



HOUSING TAX INCREMENT FINANCING PROGRAM

Virtual Information Session No. 3

October 9, 2023 – 1:00 PM

Target Audience for Session : [Municipalities/BRAs](#)

TODAY'S AGENDA

SPEAKERS:

Chad Benson, Director of Rental Development, MSHDA

Charlotte Johnson, Staff Attorney, MSHDA

Tony Lentych, Chief Housing Investment Officer, MSHDA

1. History & Background
2. Review of Housing TIF Program
3. Definitions & Calculations
 - Housing Subsidy
 - Sources & Uses Review
4. Discussion/Feedback
5. Next Steps
 - Anything else we need to review today?

Brief History & Background

- **Public Act 90 of 2023** was approved in the legislature on June 28, 2023 and signed by the Governor on July 19, 2023
- **Section 13b(4)(b)** establishes that brownfield work plans and combined brownfield plans that involve the use of taxes levied for school operating purposes and that request reimbursement for housing development activities for affordable (under 120% AMI) and/or subsidized housing *must be reviewed by MSHDA*
- Work Team was assembled to draft the “**Housing TIF Program**” for presentation to the MSHDA Board of Directors

Brief History & Background

- Work Team included MEDC and MSHDA Staff and worked through the summer to finalize internal policy and procedures
- Significant work on explanations and definitions throughout the summer with outreach to the public on the calculation of “housing subsidy” in early September
- Designation of MSHDA’s **Missing Middle Program Team** as the **home** for the **Housing TIF Program**
- The Work Team also spent considerable time investigating a pilot “financial instrument” companion – will launch separately

Brief History & Background

- MSHDA Board of Directors adopted the overall program at their **September 29, 2023** Regular Meeting
- Internal staff training is underway and will continue throughout the fall
- External trainings and final “guidance” documents will be finalized in early October
- Anticipate receiving first Work Plans for approval in October...

Please remember this... Outreach for additional input/feedback through sessions like this is on-going – **WE WANT TO HEAR FROM YOU!**

MSHDA Workplan Approval Flow Chart

STEP ONE

Was the Workplan Submitted by the Local BRA?

No



Return to Submitting
Party with Direction to
have Local BRA Submit

Yes



GO ON TO
NEXT STEP

STEP TWO

Was the Required information Submitted with the Workplan?

No



Return to BRA with
List of Missing Items

Yes



GO ON TO
NEXT STEP

MSHDA Workplan Approval Flow Chart

STEP THREE

Does the Plan Meet Threshold Requirements?

No



Deny with Letter of
Reasons for Denial

Yes



GO ON TO
NEXT STEP

STEP FOUR

Does the Plan Meet the Review Criteria?

No



Return to BRA with
List of Missing Items

Yes



APPROVAL or
CONDITIONAL
APPROVAL

Timeframe for MSHDA Review

MSHDA must provide one of the following written responses to the requesting BRA within sixty (60) days or, in the case of a transformational brownfield plan, within ninety (90) days:

- **Unconditional Approval** – Includes an enumeration of eligible activities and a maximum allowable capture amount
- **Conditional Approval** – Delineates specific necessary modifications to the combined brownfield plan, including, but not limited to, individual activities to be added to or deleted from the combined brownfield plan and revision of costs
- **Denial** – Will state with specificity the reason for the denial (may be subsequently resubmitted for review)

Timeframe for MSHDA Review

...Continued:

If MSHDA fails to provide a **Written Response** within sixty (60) days or, in the case of a transformational brownfield plan, within ninety (90) days, the eligible activities are considered:

Approved as Submitted

NOTE: The **Approval** of a Combined Brownfield Plan by MSHDA is considered final

What's in a “Housing” Workplan?

All applicable components are still required – this includes:

- A description of the costs of the plan intended to be paid for with the tax increment revenues
- A brief summary of the **Eligible Activities** that are proposed
- An estimate of the captured taxable value and tax increment revenues for each year of the plan from the **Eligible Property**
- The proposed beginning date and duration of capture of tax increment revenues for each **Eligible Property**
- The method by which the costs of the plan will be financed
- An estimate of the future tax revenues of all taxing jurisdictions in which the **Eligible Property** is located to be generated during the term of the plan

What's in a “Housing” Workplan?

...Continued:

- A legal description of the **Eligible Property**, a map showing the location and dimensions of each **Eligible Property**, a statement of the characteristics that qualify the property as **Eligible Property**, and a statement of whether personal property is included as part of the **Eligible Property**
- Estimates of the number of persons residing on each **Eligible Property** to which the plan applies and the number of families and individuals to be displaced
- A plan for establishing priority and strategy for the relocation of persons displaced by implementation of the plan
- Provision for the costs of relocating persons displaced
- Other material that the BRA / Governing Body considers relevant to the brownfield plan

What's in a “Housing” Workplan?

Housing Property Definition:

Eligible Property:

Housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan

Housing Property:

- A property on which one (1) or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling; or
- One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project

What's in a “Housing” Workplan?

For all Eligible Properties, Eligible Activities include the following:

- Reasonable costs of Environmental Insurance
- Reasonable costs incurred to develop and prepare brownfield plans, combined brownfield plans, or work plans for the eligible property, including legal and consulting fees that are not in the ordinary course of acquiring and developing real estate
- Reasonable costs of brownfield plan and work plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities, and the reasonable costs incurred to estimate and determine actual costs incurred
- Demolition or site improvements that are not a Response Activity
- Lead, asbestos, or mold abatement

What's in a “Housing” Workplan?

For all Eligible Properties, Eligible Activities include the following:

Except as otherwise provided the repayment of principal of and interest on any obligation issued by an authority to pay the costs of eligible activities attributable to an eligible property.

For housing property located in a community that has identified a specific housing need:

- The Activities described as Eligible for all Properties
- Infrastructure Improvements that are necessary for housing property and support Housing Development Activities
- Site Preparation that is not a Response Activity and that supports Housing Development Activities
- **Housing Development Activities**

What's in a “Housing” Workplan?

Housing Development Activities include:

- Reimbursement for the **Qualified Rehabilitation** of rental units
- **Infrastructure** available for public use and safety improvements necessary for a housing project and that are not part of a Response Activity
- Costs of **Demolition & Renovation** of existing buildings and site preparation, to the extent necessary to accommodate an income qualified purchaser household or income qualified renting household
- **Temporary Household Relocation** costs for an income qualified household
- **Acquisition Costs** for blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household
- Reimbursement to fill a **Financing Gap** associated with the development of housing units for income qualified households

What's in a “Housing” Workplan?

BRA Submittal Process:

Work plans under Section 13b(4) (work plans) or combined brownfield plans pursuant to Section 15(20) (combined brownfield plans) that are required to be submitted by the local BRA to MSHDA must include, at a minimum, the following:

- A written letter from the submitting BRA **requesting formal approval** and indicating that the required financial review, notices, and formal hearing have been completed per the Brownfield Act must accompany each submittal to MSHDA
- For each required submission item under MCL 125.2665(10) provide a separate tab labeled according to subsection VIII(d)(1)-(8) of the Program Statement

The MSHDA Review Process

The “Need” for Housing:

Does the “Housing Work Plan” align with **Local & Statewide Housing Needs** as demonstrated through the following —

- Local **Housing Needs Assessment** (current within three years)
- Detailed Third-Party **Market Study** for the Area
- Alignment with the **Michigan Statewide Housing Plan**
- Alignment with an adopted **Regional Housing Plan**

The MSHDA Review Process

Property Information:

- Current and future Ownership of the **Eligible Property**
- Historical and current use of each **Eligible Property**
- Summary of the proposed development or redevelopment and all future use

The MSHDA Review Process

Ownership & Development Team:

- Financial Capacity and Experience
 - *Are all members in Good Standing?*
 - *Does the Team have experience developing the type of proposed project?*
- Program Capacity to Monitor for Price & Income
 - *Can be contracted with a third party*

The MSHDA Review Process

Development/Reimbursement Agreement:

- On-going, if required, **Price and Income Certification/Monitoring** for residential units
- Details of all Ownership Interests
- All monetary considerations, fees, revenue, cost sharing, charges, and other financial arrangements

The MSHDA Review Process

Eligible Activities:

- Review of **Purchase Agreement** and **Development Cost Budget** (Sources/Uses) for inclusion of all Eligible Activities
- Review for Reasonableness based upon the **Project Rent Loss (PRL) Gap Cap** and **Total Housing Subsidy (THS)** for rental developments
- Review for Reasonableness based upon the **Potential Development Loss (PDL) Gap Cap** and **Total Housing Subsidy (THS)** for “for sale” developments

The MSHDA Review Process

PRL & PDL Calculations:

Worksheets that are submitted by the BRA will be reviewed for **Accuracy** and **Reasonableness**

- **FOR SALE** — Potential Development Loss (PDL) & Total Housing Subsidy (THS)
- **RENTAL** — Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

The MSHDA Review Process

FOR-SALE DEVELOPMENT:

Any physical development activity that is “purchased” by an end user, such as:

- **Single-Family House(s)**
- **Condominiums (in all forms, whether stand alone or in a common physical structure)**
- **Duplexes, Triplexes, etc.**
- **Row Houses**

RENTAL DEVELOPMENT:

Any physical development activity that is “rented” by an end user, such as:

- **Single Multi-Family Building**
- **Multi-Family Apartment Communities (Several Buildings)**
- **Scattered-Site Single-Family Homes**

NOTE: The end use matters more than the physical structure itself

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

For Rental Developments, MSHDA will undertake the following steps to calculate the Potential Rent Loss (PRL) Gap Cap and the Total Housing Subsidy (THS) for every application received. The PRL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned.

Step 1: Establish the Control Rent (CR) for the project

Utilizing the appropriate Fair Market Rent (FMR) for each county and for the appropriate rate for each bedroom size as published by the U.S. Department of Housing & Urban Development (HUD), the following calculation will be made:

$$(FMR/40) \times 100 = \text{Control Rent (CR)}$$

Note: This formula corrects for HUD publishing FMR as 40% of area rents.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 2: Determine the difference between the Control Rent (CR) and targeted Project Rent (PR)

Utilizing the Project Rent (PR) targeted by the development team for each project, the following calculation will be made:

$$\text{Control Rent (CR)} - \text{Project Rent (PR)} = \text{Potential Rent Loss (PRL)}$$

Note: There may be multiple PRLs calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 3: Determine the PRL Gap Cap

Utilizing the number of total units in a project that will have the appropriate income targets and the number of years of TIF Capture requested, both of which will be submitted by the development team for each project, the following calculation will be made:

$$\text{Potential Rent Loss (PRL)} \times 12 \text{ months} \times \text{No. of Units} \times \text{No. of Years} = \text{PRL Gap Cap}$$

Note: There may be multiple PRL Gap Caps calculated for each project due to the fact the rents vary by bedroom size and most projects have a mix of bedroom sizes.

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 4: Add all Potential Rent Loss Gap Cap calculations to establish Total Housing Subsidy

After calculating PRL Gap Cap for each bedroom type in the proposed development project, the following calculation will be made:

$$\begin{aligned} &\text{PRL Gap Cap 1-Bedroom} + \text{PRL Gap Cap 2-Bedroom} + \text{PRL Gap Cap 3-Bedroom...} \\ &= \text{Total Housing Subsidy (THS)} \end{aligned}$$

Rental Development Calculation

Potential Rent Loss (PRL) & Total Housing Subsidy (THS)

Step 5: Review of Total Housing Subsidy (THS) for reasonableness among all other activities allowed under Public Act 90 of 2023

- **MSHDA will deduct the THS from the total Housing Tax Increment Financing (HTIF) request and will review for overall reasonableness**

Note: THS should not exceed the total HTIF request as this may indicate instability in the overall project pro forma. Conversely, an insignificant overall THS may indicate a project that is not targeting appropriate income levels. Reasonableness will be determined based on this review in conjunction with any narrative information that is submitted by the development team.

- **The utilization of the remainder of the HTIF request will also be reviewed for reasonableness under the guidance established under Public Act 90 of 2023**

Rental Development Calculation

EXAMPLE:

A developer has received approval from the Oceana County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 40-unit multi-family workforce housing project which contains twenty (20) one-bedroom apartments with 60% AMI target rents and twenty (20) two-bedroom apartments with 80% AMI target rents.

The BRA has approved a \$2,225,000 Housing TIF tax capture that is collected over 25 years (this amount is just an estimate).

Housing TIF Financing Gap Cap Calculation - Multifamily Rental

Oceana County WFH Project: 40 Total Units/Leases (20 1-Bedroom @ 60% AMI / 20 2-Bedroom @80% AMI)

FORMULA	Location	Type	FMR/MR Rent	Control Rent - Proj. Rent	= PRL	x No. of Units	x No. of Months	x No. of Years	= PRL GAP CAP	Per Unit
FMR	Oceana Co.	1 Bedroom	\$ 635.00	\$ 1,587.50 - \$ 852.00	= \$ 735.50	20	12	25	\$ 4,413,000.00	\$ 220,650.00
FMR	Oceana Co.	2 Bedroom	\$ 836.00	\$ 2,090.00 - \$ 1,364.00	= \$ 726.00	20	12	25	\$ 4,356,000.00	\$ 217,800.00
TOTAL Housing Subsidy						40			\$ 8,769,000.00	\$ 219,225.00
Approved BRA TIF Request						40			\$ 2,225,000.00	\$ 55,625.00
Other Housing Activities Allowed Under Public Act 90 of 2023: Developer may utilize the remainder (if any) of the TIF capture for the following HOUSING RELATED items: 1. Site Preparation/Demolition 2. Infrastructure Development 3. Relocations Expenses 4. Plus Other Housing TIF Related Expenses									\$ (6,544,000.00)	\$ (163,600.00)

Rental Development

SOURCES & USES

Initial review of the simple Sources and Uses during the Work Plan review will be much different than during a more comprehensive “underwriting” review of the project

<u>SOURCES</u>	Loan	\$ 8,750,000.00
	Grant	\$ 2,250,000.00
	BRA/Housing TIF	\$ 2,225,000.00
	Owner/Equity	\$ 775,000.00
	TOTAL	\$ 14,000,000.00
<u>USES</u>	Land Acquisition	\$ 500,000.00
	Land Preparation	\$ 750,000.00
	<u>Hard Costs:</u>	
	1. General Construction Costs	\$ 9,725,000.00
	2. Other Eligible Housing Activities	\$ -
	3. Total Housing Subsidy/GAP	\$ 2,225,000.00
	Soft Costs	\$ 400,000.00
	Financing Costs	\$ 400,000.00
	TOTAL	\$ 14,000,000.00

For-Sale Development Calculation

Potential Development Loss (PDL) & Total Housing Subsidy (THS)

- For For-Sale projects, MSHDA will undertake similar steps to calculate the Potential Development Loss (PDL) Gap Cap and the Total Housing Subsidy (THS) for every application received
- The PDL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned
- Calculations assume an Area Median Income (AMI) targeted for 1 person per bedroom for 1- and 2-bedrooms homes and 1.5 persons per bedroom for 3+ bedroom homes and assumes a 15% downpayment
- Monthly housing payments including the costs of principal + interest, insurance, taxes, PMI at no more than 30% of the household gross annual income
- The calculation uses the current market average interest rate and developer provided projected insurance, taxes, and PMI costs

For-Sale Development Calculation

EXAMPLE:

A developer has received approval from the Lake County Brownfield Redevelopment Authority (BRA) to utilize the tax capture allowed under Public Act 90 of 2023 for a 10-unit single-family “for sale” workforce housing project which contains 10 three-bedroom homes with two (2) 100% AMI target prices and eight (8) 120% AMI target prices. The developer reports that the cost to build all ten houses is \$300 per square foot with each house being 1300 square feet in total.

The BRA has approved a \$1,450,000 Housing TIF tax capture that is collected over 28 years (this amount is just an estimate).

Rural For-Sale Project: 10 Single-Family Homes (For-Sale Home Ownership Units with 2 @ 100% AMI & 8 @120% AMI)

FORMULA	Location	Type	Affordable Mortgage*	Development Cost** - Affordable Mortgage	=	PDL	x	No. of Units	x	PDL GAP CAP
Income	Lake Co.	For Sale (100%)	\$ 249,000.00	\$ 390,000.00 - \$ 249,000.00	=	\$ 141,000.00		2		\$ 282,000.00
Income	Lake Co.	For Sale (120%)	\$ 293,500.00	\$ 390,000.00 - \$ 293,500.00	=	\$ 96,500.00		8		\$ 772,000.00

** \$300 per sq. ft. building costs (for a 3 bedroom home) - information provided through application. This includes 10% developer fee/profit.

\$ 1,450,000.00

Discussion Items

☐ **Total Housing Subsidy (THS)** Calculations

- Expected to be utilized in **Sources & Uses** presentations
- Other Ideas or thoughts on this item as a test for reasonableness?

☐ **Definitions**

- What needs clarification?
- Planning to finalize “Infrastructure” definition with Program Parameter Document

☐ **Program Parameter Document(s)**

- **GOAL:** Finalized within the next 10 business days

Next Steps

- ❑ Continue collecting **Feedback** from the various constituencies
- ❑ Publication of “**Frequently Asked Questions**” document in mid-October
- ❑ Publication of **Workplan Guidance** in Mid-October
- ❑ Regular “**Updates**” to our program’s website
- ❑ Additional “**Technical Assistance**” Outreach
- ❑ Releasing PILOT “**TIF GAP Lending Program Guidance**” soon

QUESTIONS?

Please send your **Comments & Questions** to:

mshda-tif@michigan.gov

For more **Information & Updates**, please visit:

[MSHDA Housing Tax Increment Financing \(TIF\) Program \(michigan.gov\)](https://michigan.gov/mshda/tif)

THANK YOU FOR YOUR TIME TODAY!

