



Michigan

Low Income Housing Preservation in 2010

Low Income Housing Tax Credits (9% Tax Credits)

MSHDA's 2011 QAP targets 30% of its competitive 9% credits to preservation proposals. Preservation applies to the acquisition and renovation of existing properties. Adaptive reuse projects and entirely vacant residential buildings will not be considered new construction. Additionally, MSHDA provides substantial incentives available only to preservation applicants, including points for: containing rent increases, preserving project-based subsidies for the duration of or longer than the compliance period, acquisition costs less than 60% of the development cost, insufficient capital to provide needed continuing renovations and repairs, high-risk distressed properties (not in need of demolition), rehabilitation costs greater than \$20,000 per unit (with more points awarded to applicants proposing costs greater than \$30,000 per unit), local funding of at least \$5,000 per unit, federal funding for at least 30% of units, and replacement or redevelopment of public housing units.

Eligible preservation properties include those with financing from HUD, USDA Rural Development, or MSHDA that is within 5 years of permitted prepayment of equivalent loss of low income use restrictions; other below-market financing, properties with previous government funding of at least \$100,000; redevelopment of public housing units; or year 15 LIHTCs, allocated in 1994 or earlier.

Projects meeting the threshold requirements for preservation are eligible for the 30% basis boost.

Allocations (2003-2009)

Properties Preserved: 166

Apartments Preserved: 11,200

Additional Info: In 2008 and 2009, Michigan allocated 69.6% of its 9% credits towards preservation projects.

Private Activity Bonds with 4% Tax Credits

Michigan has preserved a significant amount of affordable housing using their bond cap and 4% tax credits over the last several years.

Allocations (2003-2009)

Properties Preserved: 63

Apartments Preserved: 10,085

Additional Info: In 2008 and 2009, Michigan allocated 69.7% of its 4% tax credits towards preservation.

Housing Trust Funds

The Michigan Housing and Community Development Fund (the "Fund") was established in 2005 and is administered by MSHDA. The Fund supports projects designed to fuel strategies leveraging public and private resources to meet the affordable housing needs of low income, very low income, and extremely low income households. The Fund receives money from appropriations, interest on real estate escrow accounts, and revenue bond application fees.

PLEASE NOTE: *Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).*

Other Preservation Incentives

MSHDA administers the Michigan Preservation Information Exchange (MI-PIE), an online database of affordable housing in Michigan (<http://mipie.dleg.state.mi.us/>). Data is provided through a sharing agreement with the Department of Housing and Urban Development (HUD), the Michigan State Housing Development Authority (MSHDA), and the United States Department of Agriculture – Rural Development (RD). The website also provides investors and developers with the ability to analyze the preservation needs of Michigan's affordable housing stock. Data sets include property information, contact information, mortgage expiration dates, use restriction dates, and rental subsidies for low income.

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

The 2011 QAP awards up to 20 points for "New Urbanism/Green Communities" criteria, which includes categories such as energy efficiency, water conservation, and healthy living environment. Rehab projects have different standards for earning points for energy efficiency.

Projects scoring 10 points or greater in the "New Urbanism/Green Communities" criteria are eligible for a 30% basis boost.

Other Green Incentives Relevant to Preservation

Michigan's weatherization funds are administered by the Department of Human Services. Michigan sets aside a portion of their WAP funds for the weatherization of multifamily developments. In 2010, MSHDA responded to an RFP asking for \$15 million in weatherization funds. For complete information on MI's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

Other incentives include grants for incorporating green technologies into affordable housing developments, loans for energy-saving building improvements, tax credits for energy efficiency and alternative energy use, and utility rebates.

For additional information on green initiatives, visit www.aceee.org for more on policies related to energy efficiency or www.dsireusa.org for programs that may be available to developers to incentivize renewable energy or energy efficiency.

Sustainable Communities & Transit-Oriented Development Incentives

The 2011 QAP awards points to projects located in designated areas, such as Empowerment Zones, Enterprise Communities, Renaissance Zones, Core Communities, Cool Cities Neighborhoods, Renewal Communities, qualified census tracts, difficult to develop areas, Next Detroit Neighborhoods, and Michigan Main Streets. Additional points are available to projects that are located where a community revitalization plan is in place and a sponsor can demonstrate that the proposed development contributes to the plan. This includes projects that utilize existing housing.

Up to 20 points are available for "New Urbanism/Green Communities" criteria, which awards points in categories including location and Neighborhood Fabric. Within the "New Urbanism/Green Communities" criteria, Michigan awards points for locating the project within 1/4 miles of at least 4 neighborhood shops, services, and facilities, which could potentially include public transportation.