

MME 2023 Summer Workshop



Michigan
Municipal
Executives

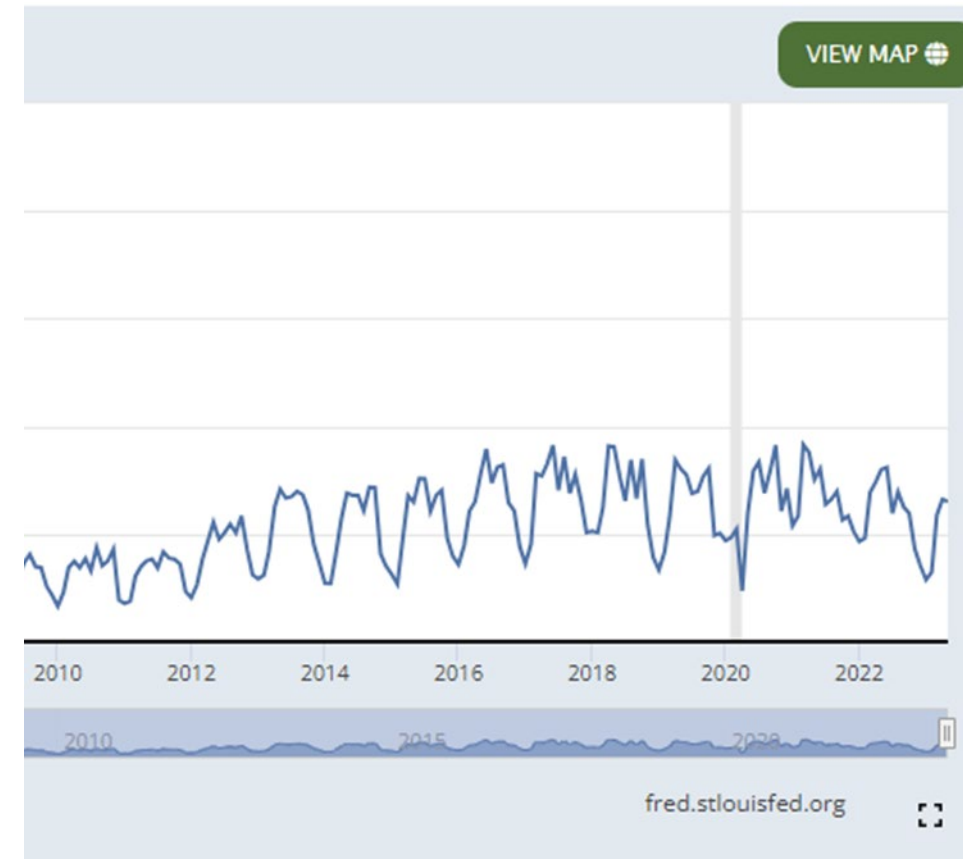
Workforce Housing PILOT

Brian Farkas, Director of Workforce Housing, Allen Edwin Homes

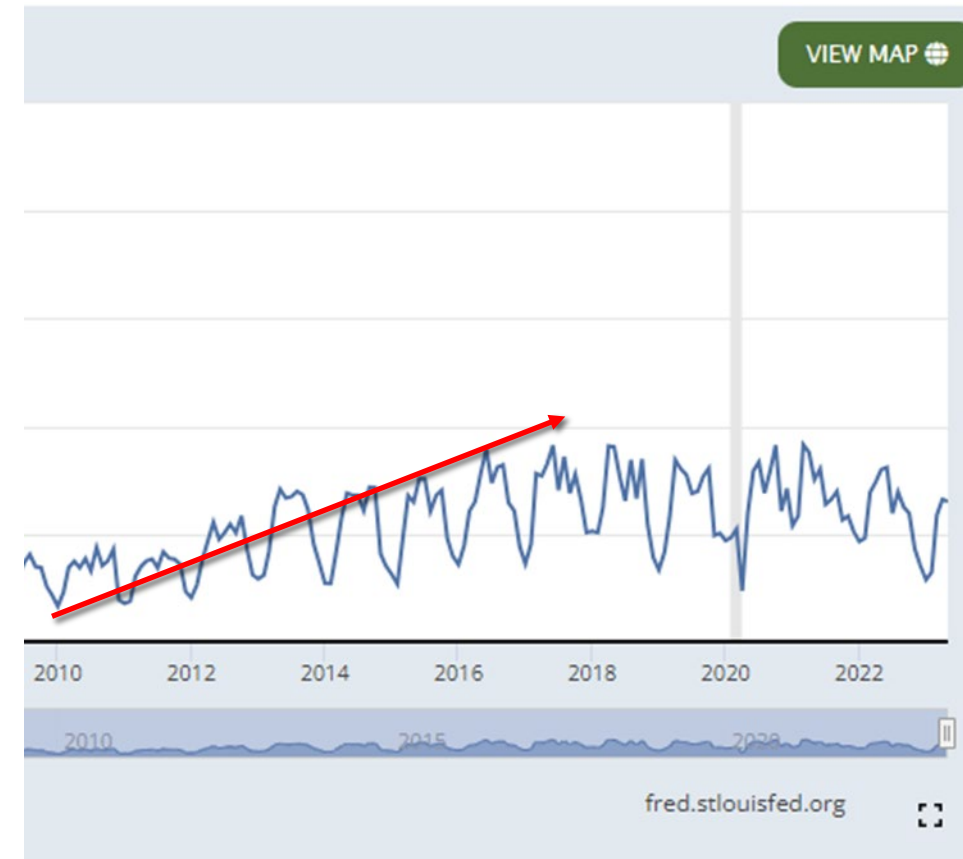
Housing Shortage

How did we get here?

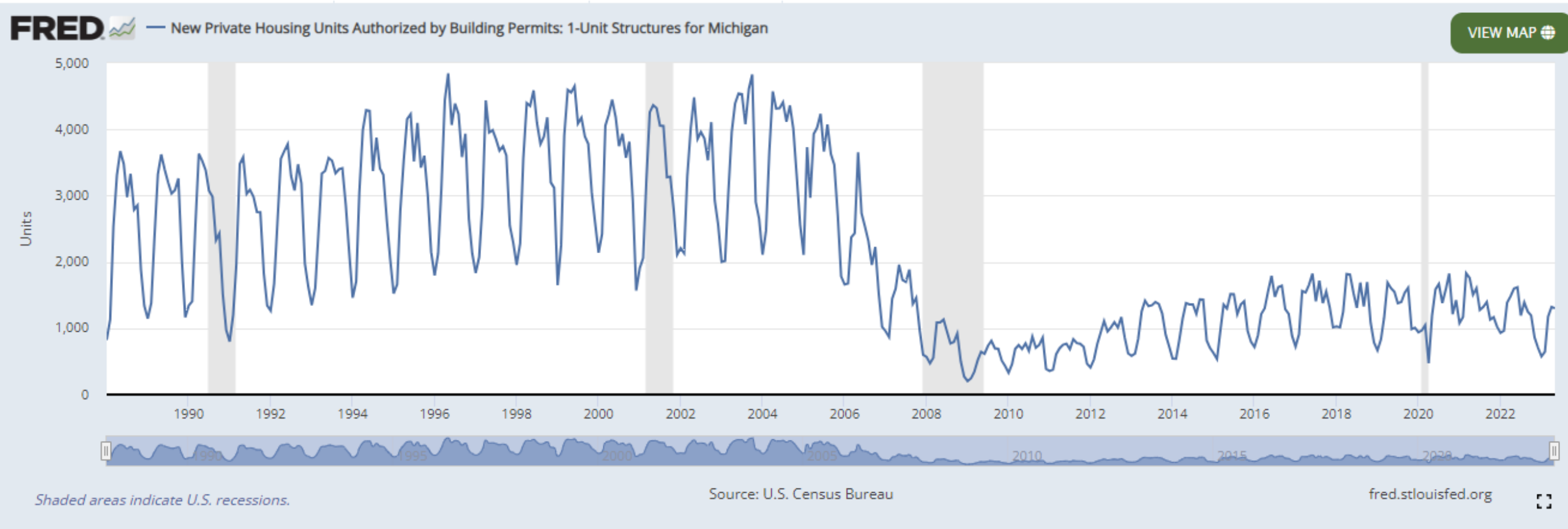
Michigan Housing Production 2009 - 2023



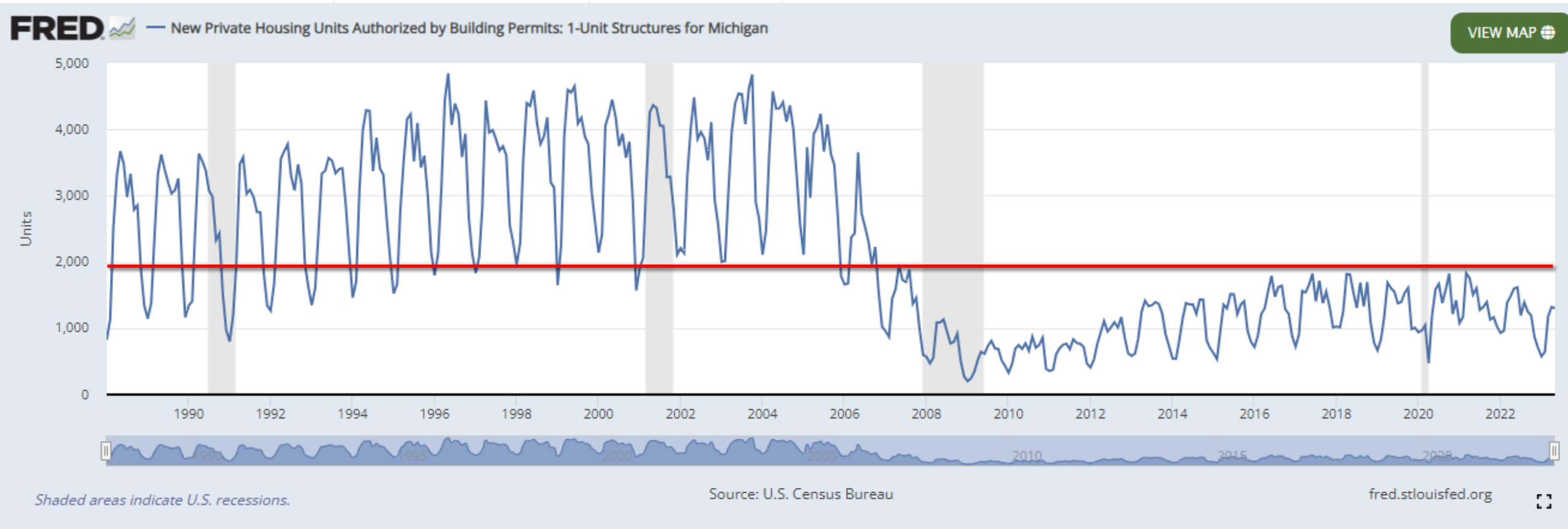
Michigan Housing Production 2009 - 2023



Michigan Housing Production 1990 - 2023



Michigan Housing Production 1990 - 2023



Pathway Forward

- Shortages at every level

Housing Terms/Groups

Affordable Housing

- 0-60% AMI – Mix of public vouchers and units funded by LIHTC

Attainable Housing

- 60-80% AMI – CDBG or HOME Funded Grants
- 80-120% AMI – Previously not eligible for assistance

Market Rate Housing

- 120% + AMI – able to afford market rate units

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Workforce Housing PILOT

- **Workforce Housing:**
 - 80-120% of the Area Medium Income (also referred to as “Missing Middle” and “Attainable Housing”)
- **PILOT: Payment in Lieu of Taxes**
 - Requires 10% of shelter rents to be paid to the municipality
- **Local Control**
 - Municipalities are in control to opt in

Real World Impacts of the PILOT

- Allows developers to lease newly built 3- and 4-bedroom homes for around \$1,500/month (instead of \$2,300/month)
- Repurpose vacant infill lots with productive use (former demolition sites)
- Reactivate stalled developments (residential and former commercial/office parks)

PILOT Ordinances have already passed or are being considered

- **White Cloud**
- **Jackson**
- **Three Rivers**
- **Hillsdale**
- **Laingsburg**
- **Battle Creek**

But wait, there's more...

Recently expanded Tax Increment Financing (TIF) Laws

- **Allows TIF laws to be used for residential development**
- **Increase capture for faster repayment**
- **Covers Infrastructure for Market Rate**
- **Site prep and sale/lease subsidies for 120% AMI or under**



Questions?

MME Summer Workshop | July 24-27, 2023

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BRIAN FARKAS

Director of Workforce Housing

Allen Edwin Homes

As part of his role, he is leading the 10-year charter to build 5,000+ quality Workforce homes. Over the decade, he worked closely with Detroit Mayor Mike Duggan on developing and executing the largest blight removal program in the country. He and his team demolished over 25,000 blighted structures, leading to a significant reduction in crime/fires while increasing property values. He recognized, early, the need for the development of Workforce Housing and its impact on economic health & prosperity for municipalities. He co-founded the Blight Authority with the Pulte Family and is a former State Assistant Attorney General.