City of Traverse City
Grand Traverse & Leelanau Counties, MICHIGAN

NOTICE OF PUBLIC HEARING

ESTABLISHMENT OF ATTAINABLE HOUSING FACILITIES ACT DISTRICT

PLEASE TAKE NOTICE that the City Commission of the City of Traverse City will hold a public hearing on **Tuesday, September 8, 2026**, at **7:00 p.m.**

The hearing will take place at the **Governmental Center**, located at **400 Boardman Avenue, Traverse City, Michigan 49684,** in the Commission Chambers on the 2nd floor , to receive public comment on a proposed resolution to establish the ***Attainable Housing Facilities Act District*** pursuant to the Attainable Housing Facilities Act, Michigan Public Act 236 of 2022.

DESCRIPTION OF PROPOSED DISTRICT:
The land proposed to be included in the new district is situated within the City of Traverse City, County of Grand Traverse and County of Leelanau, State of Michigan, and is more particularly described as follows:

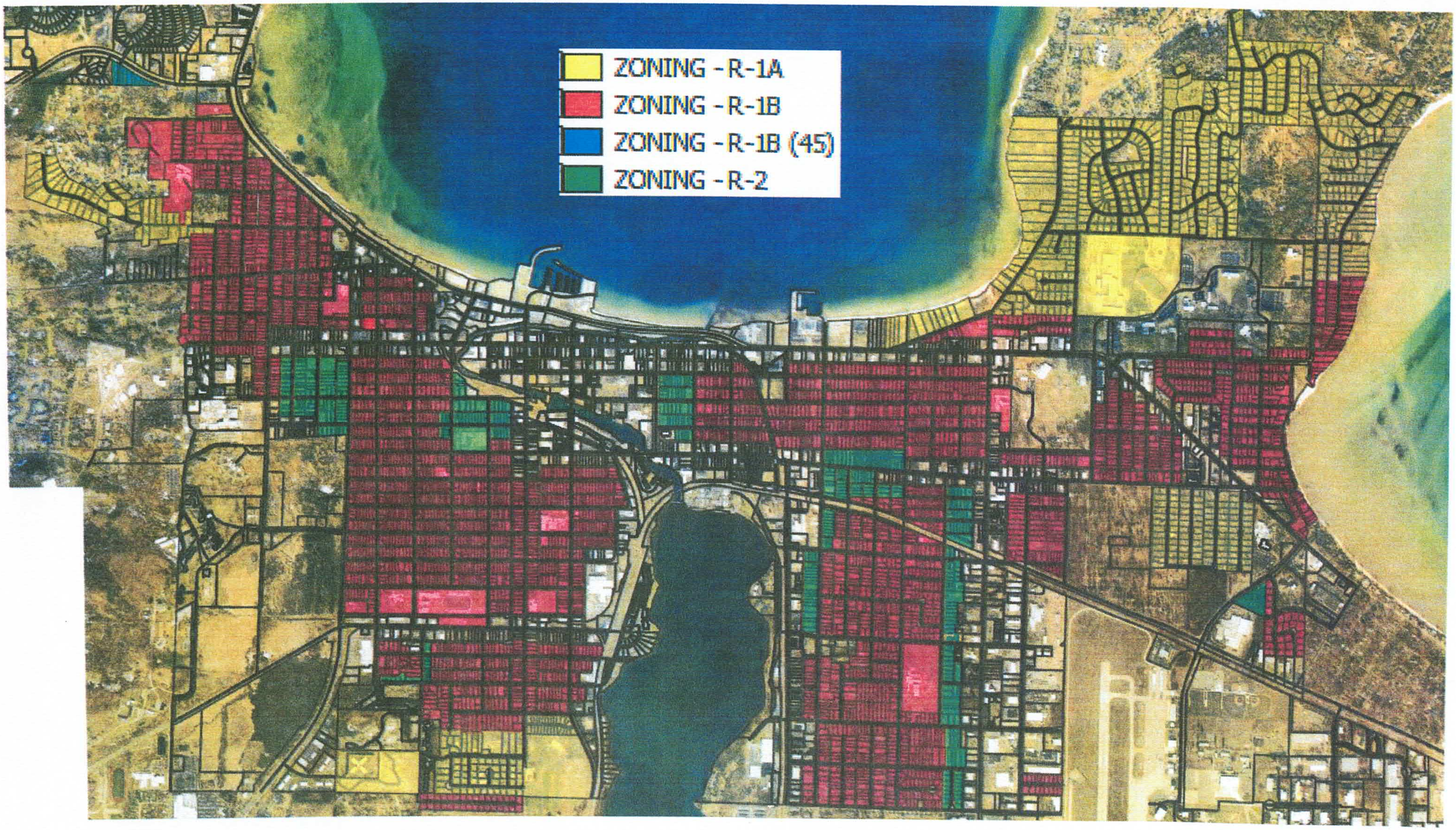
> All parcels in the R-1a (Low Density Residential), R-1b (Low Density Residential), and R-2 (Mixed Density Residential) zoning districts, more particularly described in the City of Traverse City Zoning Ordinance and shown on the attached map.

INSPECTION OF DOCUMENTS:
The information provided to the City Commission, a proposed district map, and related documents are available for public inspection at the City of Traverse City Assessor's Office, 400 Boardman Avenue, Traverse City, MI 49684, during regular business hours of [Monday through Thursday, 8:00 a.m. to 4:30 p.m. and Friday, 8:00 a.m. to 4:00 p.m.]

PUBLIC PARTICIPATION:
All interested persons attending the public hearing will be given an opportunity to be heard. Written comments may also be submitted to the City of Traverse City Assessor, at 400 Boardman Avenue, Traverse City, MI 49684 or via email at tcassessor@traversecitymi.gov prior to the close of the public hearing.

ADA ACCOMMODATIONS:
The City of Traverse City will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials, to individuals with disabilities upon 10 days' notice to the Clerk's Office. Contact the Clerk at (231) 922-4480 or via email at tcclerk@traversecitymi.gov.

Notice Published By:
Sarah B. Lutz, City of Traverse City Clerk


ZONING - R-1A
ZONING - R-1B
ZONING - R-1B (45)
ZONING - R-2

CITY OF
TRAVERSE CITY

Memorandum

TO:	City Commission
COPY:	Benjamin Marentette, City Manager
FROM:	Amy Robbins, MMAO, BA, Assessor
MEMO DATE:	
SUBJECT:	Attainable Housing Facilities Act Pt 2

EXECUTIVE SUMMARY:

Attainable Housing Facilities Act (AHFA)

The City Commission agreed, at their June 15, 2026 meeting, to concentrate efforts on smaller developments: those under 4 units. The Attainable Housing program helps small, local landlords improve their existing property without huge tax increases that need to be passed along to tenants or allows them to build new units by providing lower taxes for the first (up to) 12 years.

ATTAINABLE HOUSING FACILITIES ACT

Act 236 of 2022

AN ACT to provide for the establishment of attainable housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state and local governmental officials; and to provide penalties.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

The People of the State of Michigan enact:

207.901 Short title.

Sec. 1.

This act may be cited as the "attainable housing facilities act".

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.902 Definitions.

Sec. 2.

As used in this act:

(a) "Adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

(b) "Attainable housing district" or "district" means an area in a qualified local governmental unit established as provided in section 3 in which attainable housing property is or will be located.

(c) "Attainable housing exemption certificate" or "certificate" means the certificate issued under section 6.

(d) "Attainable housing facilities tax" or "specific tax" means the specific tax levied under this act.

(e) "Attainable housing property" means that portion of real property not occupied by an owner of that real property of not more than 4 units that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, used for residential purposes, that is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property also includes a building or group of contiguous buildings previously used for industrial or commercial purposes that will be converted to a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes consisting of not more than 4 units, that will be rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property does not include any of the following:

(i) Land.

(ii) Property of a public utility.

(f) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(g) "Department" means the department of treasury.

(h) "Income-qualified household" means an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website.

(i) "Modified household income" means the gross annual income from all sources and before taxes or withholding of all individuals of a household living in a residential dwelling unit or housing unit after deducting all of the following:

(i) Unusual or temporary income of any member of the household.

(ii) Six hundred and fifty dollars for each member of the household.

(iii) Earnings of a member of a household who is under 18 years of age.

(iv) Fifty percent of the income of a second adult wage earner jointly occupying the residential dwelling unit or housing unit whose individual income is less than that of the wage earner with the highest income.

(v) The lesser of $1,000.00 or 10% of the gross annual income.

(j) "New facility" means attainable housing property newly constructed on or after the effective date of this act.

(k) "Qualified facility" means a new facility or a rehabilitated facility, located in an attainable housing district.

(l) "Qualified local governmental unit" means a city, village, or township.

(m) "Rehabilitated facility" means existing attainable housing property that has been renovated, with a renovation investment of not less than $5,000.00 as determined by the qualified local governmental unit, on or after the effective date of this act, to bring the property into conformance with minimum local building code standards for occupancy, as determined by the qualified local governmental unit.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.903 Attainable housing district; establishment by qualified local governmental unit; adoption of resolution; notice and opportunity for hearing; findings and determination.

Sec. 3.

(1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more attainable housing districts within the qualified local governmental unit.

(2) The legislative body of a qualified local governmental unit may establish an attainable housing district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed district and shall afford an opportunity for a hearing on the establishment of the district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a district, shall set forth a finding and determination that there is a need for attainable housing within the district and shall provide a copy of the resolution by certified mail to the county in which the district is located.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.904 Attainable housing exemption certificate; application requirements; notice and opportunity for hearing.

Sec. 4.

(1) If a district is established under section 3, the owner of a qualified facility may file an application for an attainable housing exemption certificate with the clerk of the qualified local governmental unit that established the district. The application must be filed in the manner and form prescribed by the commission. The application must contain or be accompanied by a general description of the qualified facility, a general description of the proposed use of the qualified facility, the general nature and extent of the new construction or rehabilitation to be undertaken, a time schedule for undertaking and completing the qualified facility, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the qualified facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice of the time, date, and place of the hearing in the same manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application must be held separately from the hearing on the establishment of the district.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.905 Approval or disapproval of attainable housing exemption certificate.

Sec. 5.

The legislative body of the qualified local governmental unit, not more than 60 business days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a certificate in accordance with the provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons must be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. If the legislative body fails to timely approve the application, the application is considered denied. A resolution is not effective unless approved by the commission as provided in section 6.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.906 Issuance of attainable housing exemption certificate; form; contents; effective date; maintenance of record and copies.

Sec. 6.

(1) Not more than 120 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a certificate in the form the commission determines, which must contain all of the following:

(a) The address of the real property on which the qualified facility is located.

(b) A statement that unless revoked as provided in this act the certificate must remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified facility for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation or construction must be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 12 years, the certificate must contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) The effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the certificate to the applicant and the assessor of the local tax collecting unit in which the qualified facility is located.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.907 Exemption of qualified facility from tax; duration of force and effect of certificate; commencement; date of issuance; extension.

Sec. 7.

(1) A qualified facility for which a certificate is in effect, but not the land on which the qualified facility is located, for the period on and after the effective date of the certificate and

continuing so long as the certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) Unless earlier revoked as provided in section 12, a certificate must remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 7, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions must not exceed 15 years after the completion of the qualified facility. The certificate must commence with its effective date and end on the December 30 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, must be the date of completion of the qualified facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 7 years, the review of the certificate for the purpose of determining an extension must be based upon factors, criteria, and objectives that must be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified facility is located, and the commission.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.908 Separate finding; contents; compliance; requirements; applicability; exception.

Sec. 8.

(1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a certificate unless the applicant complies with all of the following requirements:

(a) That the applicant provides a site plan and building floor plan approved by the local planning commission or local zoning administrator, whichever is applicable under the local zoning ordinance, that includes the total number of residential dwelling units to be available for lease or rent on the property.

(b) That the applicant provides a statement describing the number of residential dwelling units that will be reserved for income-qualified households at any given time throughout each calendar year in which the specific tax is in effect.

(c) That the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit designated as attainable housing property each year that the income-qualified household resides in that attainable housing property.

(3) A qualified local governmental unit may develop and implement an audit program that includes, but is not limited to, the audit of the information submitted under subsection (2) or may contract with an independent third-party auditor to audit the information submitted under subsection (2). The qualified local governmental unit may require the applicant to cover the cost of the independent third-party auditor. The total number of units to be reserved for income-qualified households may be negotiated by the qualified local governmental unit but must not be less than 30% of the total number of residential dwelling units on the property or 1 residential dwelling unit, whichever is greater.

(4) If an income-qualified household currently residing within a residential dwelling unit reserved for an income-qualified household has an increase in adjusted household income between the time an income certification is conducted and the next income certification in the following year and that household is no longer an income-qualified household, then that formerly qualified household may continue to reside as occupants within that residential dwelling unit only for the remainder of their lease agreement. However, the next available residential dwelling unit located on the property shall be reserved for an income-qualified household. Under no circumstances shall all residential dwelling units on the property be occupied by households whose adjusted household income is more than 120% of the countywide area median income for greater than 12 consecutive months.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.909 Determining taxable value of each qualified facility.

Sec. 9.

The assessor of each qualified local governmental unit in which there is a qualified facility with respect to which 1 or more certificates have been issued and are in force shall determine annually as of December 31 the taxable value of each qualified facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the taxable value of the property to which the application pertains.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.910 Attainable housing facilities tax; determination of amount; exemption; payment; disbursements.

Sec. 10.

(1) The attainable housing facilities tax is levied upon every owner of a qualified facility to which a certificate is issued under this act.

(2) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a new facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state

board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the new facility after deducting the taxable value of the land.

(3) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a rehabilitated facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the rehabilitated facility after deducting the taxable value of the land.

(4) Within 60 days after the granting of an attainable housing exemption certificate under section 6 for a new facility, if the state treasurer does not determine that reducing the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the millage rate used to calculate the specific tax under subsection (2) shall be increased by 3 mills. If the state treasurer determines that further reducing the millage rate used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the state treasurer may exclude an additional 3 mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the millage rate used to calculate the specific tax under subsection (2).

(5) Notwithstanding subsections (2) and (3), the specific tax paid each year for that part of a qualified facility that is exempt from ad valorem property taxes under section 7 and not used as attainable housing property in the immediately preceding year must be equal to the amount of the ad valorem property taxes that would be paid on that portion of the qualified facility if the qualified facility were not exempt from ad valorem property taxes under section 7. The owner of the qualified facility must allocate the benefits of any tax exemption granted under this act exclusively to attainable housing property.

(6) The specific tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the specific tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(7) For intermediate school districts receiving state aid under sections 56 and 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662, of the amount of the specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, must be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The amount of specific tax described in this section that would otherwise be disbursed to a local school district for school operating purposes must be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(9) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(10) A qualified facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the specific tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone

act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the specific tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The specific tax calculated under this subsection must be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.911 Lien.

Sec. 11.

The amount of the specific tax, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the specific tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified facility by certified mail, with the register of deeds of the county in which the qualified facility is situated.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.912 Attainable housing exemption certificate; revocation; transfer to subsequent owner.

Sec. 12.

(1) The legislative body of the qualified local governmental unit may, by resolution, revoke the certificate of a qualified facility if it finds that the completion of the qualified facility has not occurred within the time authorized by the legislative body in the certificate or a duly authorized extension of that time, or that the holder of the certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified facility is located, and if the qualified facility continues to qualify under this act, the commission may reinstate a revoked certificate for the holder or a subsequent owner that has applied for the transfer.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.913 Transfer and assignment of certificate.

Sec. 13.

A certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified facility if the qualified local governmental unit approves the transfer after application by the new owner.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.914 Status report by local government.

Sec. 14.

Not later than June 15 each year, each qualified local governmental unit granting a certificate shall report to the commission on the status of each exemption. The report must include the current taxable value of the property to which the exemption pertains.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.915 Annual report to legislature.

Sec. 15.

(1) The department shall annually prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of attainable housing districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

207.916 Exemption not granted after December 31, 2027.

Sec. 16.

A new exemption must not be granted under this act after December 31, 2027, but an exemption then in effect must continue until the expiration of the certificate.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022

Attainable Housing Facilities Act (AHFA)

The City Commission agreed, at their June 15, 2026 meeting, to concentrate efforts on smaller developments: those under 4 units. The Attainable Housing program helps small, local landlords improve their existing property without huge tax increases that need to be passed along to tenants or allows them to build new units by providing lower taxes for the first (up to) 12 years.

The information provided here is based on the request of the City Commission at their previous meeting. The State Tax Commission's publication – Frequently Asked Questions "Attainable Housing Facilities Act (2022 PA 236)" can be found at the end of this report as an additional resource.

The **Income-qualified household requirement is 120% AMI or less**, per the Attainable Housing Act. City Commission cannot choose less as a maximum, though landlords can allow those making less than 120% AMI.

There is also a second requirement that the **rent is no more than 30%** of the income-qualified household's modified household income.

Attainable Housing Exemption

6/24/2026

How the AHFA affects the tax bills of property owners that participate:
One-half of the average state millage rate levied upon commerical, industrial, and utility property, is applied to the Attainable Housing Property (not occupied by an owner, that is not more than 4 units and classified as residential real property). This rate is only applied to the new structure or new portion of an existing structure, or a rehabilitated structure, not the land.

Example Attainable Housing Exemption Certificate (AHEC) Tax Calculations:

REHABILITATION of a 1-4 Family Rental Dwelling

Land Taxable Value	$ 25,000			
Existing Building Taxable Value	$ 85,000	$	170,000	TCV Existing Bldg
TOTAL Taxable Value	$ 110,000			
Actual Rehab Investment (Cost)	$ 100,000			
Rehabbed Building Taxable Value	$ 125,000	$	250,000	TCV Rehab Bldg

AHEC Tax Calcs:

Appropriate Tax Rate:

	Taxable Value	2026 AHEC Rate (1/2 State Avg Tax Rate)	2025 Ad Valorem Tax Rate (Non-PRE)		Taxes
Land Only	$ 25,000		55.0733		$ 1,376.83
Rehabbed Bldg	$ 125,000	27.07		**	$ 3,383.75
Annual Taxes					$ 4,760.58

AdValorem Tax Calcs:

Appropriate Tax Rate:

	Taxable Value	2025 TC Ad Valorem Tax Rate (Non-PRE)	Taxes
Land Only	$ 25,000	55.0733	$ 1,376.83
Rehabbed Bldg	$ 125,000	55.0733	$ 6,884.16
Annual Taxes without AHEC			$ 8,261.00

BENEFIT of AHEC:

AdValorem Tax Calcs:	$ 8,261.00
AHEC Tax Calcs:	- $ 4,760.58
AHEC Annual Savings:	$ 3,500.41

Distribution of Taxes Using AHFA:

Rehabbed Building TV: $ 125,000 Land TV: $ 25,000

Taxing Unit:	2025 Millage Rates	Percent of Total	AHEC Tax: **		Ad Valorem Tax: Land ONLY		TOTAL Tax w/AHFA:	
City	11.5775	21.02%	$ 711.33		$ 289.44		$ 1,000.77	
City Act 345	2.3200	4.21%	$ 142.54		$ 58.00		$ 200.54	
City Fire 202	0.9837	1.79%	$ 60.44		$ 24.59		$ 85.03	
			CITY PORTION:	$ 914.31		$ 372.03		$ 1,286.34
Grand Traverse County	4.6065	8.36%	$ 283.03		$ 115.16		$ 398.19	
BATA	0.4655	0.85%	$ 28.60		$ 11.64		$ 40.24	
NorthWest Ed	2.8624	5.20%	$ 175.87		$ 71.56		$ 247.43	
State Education Tax	6.0000	10.89%	$ 368.65		$ 150.00		$ 518.65	
TCAPS Operating	18.0000	32.68%	$ 1,105.94		$ 450.00		$ 1,555.94	
TCAPS Debt	3.1000	5.63%	$ 190.47		$ 77.50		$ 267.97	
NMC Operating (Sum)	1.0024	1.82%	$ 61.59		$ 25.06		$ 86.65	
COA	0.4618	0.84%	$ 28.37		$ 11.55		$ 39.92	
COA - Senior Center	0.0920	0.17%	$ 5.65		$ 2.30		$ 7.95	
Veterans	0.1105	0.20%	$ 6.79		$ 2.76		$ 9.55	
Animal Control	0.0359	0.07%	$ 2.21		$ 0.90		$ 3.10	
Conservation	0.0932	0.17%	$ 5.73		$ 2.33		$ 8.06	
Road Commission	0.9862	1.79%	$ 60.59		$ 24.66		$ 85.25	
Library - Operating	1.0848	1.97%	$ 66.65		$ 27.12		$ 93.77	
NMC Operating (Win)	1.0026	1.82%	$ 61.60		$ 25.07		$ 86.67	
Rec Auth Operating	0.2883	0.52%	$ 17.71		$ 0.40		$ 18.11	
		OTHER TAXING UNIT'S PORTION:		$ 2,469.44		$ 997.99		$ 3,467.43
Totals	55.0733	100.00%	$ 3,383.75		$ 1,376.83		$ 4,760.58	

** This is in addition to amount the City would collect on the AdValorem tax portion - which is the amount that is already collected on the vacant land as shown above.

REHABILITATION of a 1-4 Family Rental Dwelling

Distribution of Taxes without AHFA:

Rehabbed Building & Land TV: $ 150,000

Taxing Unit:	2025 Millage Rates	Ad Valorem Taxes:		Foregone Revenue:	Ad Valorem Tax - TOTAL Tax w/AHFA
City	11.5775	$ 1,736.63		$ (735.86)	
City Act 345	2.3200	$ 348.00		$ (147.46)	
City Fire 202	0.9837	$ 147.56		$ (62.52)	
		CITY PORTION:	$ 2,232.18		$ (945.84)
Grand Traverse County	4.6065	$ 690.98		$ (292.79)	
BATA	0.4655	$ 69.83		$ (29.59)	
NorthWest Ed	2.8624	$ 429.36		$ (181.93)	
State Education Tax	6.0000	$ 900.00		$ (381.35)	
TCAPS Operating	18.0000	$ 2,700.00		$ (1,144.06)	
TCAPS Debt	3.1000	$ 465.00		$ (197.03)	
NMC Operating (Sum)	1.0024	$ 150.36		$ (63.71)	
COA	0.4618	$ 69.27		$ (29.35)	
COA - Senior Center	0.0920	$ 13.80		$ (5.85)	
Veterans	0.1105	$ 16.58		$ (7.02)	
Animal Control	0.0359	$ 5.39		$ (2.28)	
Conservation	0.0932	$ 13.98		$ (5.92)	
Road Commission	0.9862	$ 147.93		$ (62.68)	
Library - Operating	1.0848	$ 162.72		$ (68.95)	
NMC Operating (Win)	1.0026	$ 150.39		$ (63.72)	
Rec Auth Operating	0.2883	$ 43.25		$ (25.13)	
		OTHER TAXING UNIT'S PORTION:	$ 6,028.82		$ (2,561.39)
Totals	55.0733	$ 8,261.00		$ (3,500.41)	

Attainable Housing Exemption

6/24/2026

How the AHFA affects the tax bills of property owners that participate:

One-half of the average state millage rate levied upon commerical, industrial, and utility property, is applied to the Attainable Housing Property (not occupied by an owner, that is not more than 4 units and classified as residential real property). This rate is only applied to the new structure or new portion of an existing structure, or a rehabilitated structure, not the land.

Example Attainable Housing Exemption Certificate (AHEC) Tax Calculations:

NEW CONSTRUCTION of a Single Family Rental Home or ADU

Land Taxable Value	$ 25,000		
Taxable Value of New Building	$ 150,000	$	300,000 TCV NEW Bldg
TOTAL Taxable Value	$ 175,000		

AHEC Tax Calcs: **Appropriate Tax Rate:**

	Taxable Value	2026 AHEC Rate (1/2 State Avg Tax Rate)	2025 Ad Valorem Tax Rate (Non-PRE)	Taxes
Land	$ 25,000		55.0733	$ 1,376.83
New Building	$ 150,000	27.07	*	$ 4,060.50
Annual Taxes				**$ 5,437.33**

AdValorem Tax Calcs: **WITHOUT AHEC**

	Taxable Value	2025 Ad Valorem Tax Rate (Non-PRE)	Taxes
Land	$ 25,000	55.0733	$ 1,376.83
Building	$ 150,000	55.0733	$ 8,261.00
Annual Taxes without AHEC			**$ 9,637.83**

BENEFIT of AHEC:

AdValorem Tax Calcs:	$ 9,637.83
AHEC Tax Calcs:	- $ 5,437.33
AHEC Annual Savings:	**$ 4,200.50**

Distribution of Taxes Using AHFA:

NEW Building TV: $ 150,000 — Land TV: $ 25,000

Taxing Unit:	2025 Millage Rates	Percent of Total	AHEC Tax: **	AdValorem Tax: Land ONLY	TOTAL Tax w/AHFA:
City	11.5775	21.02%	$ 853.60	$ 289.44	$ 1,143.04
City Act 345	2.3200	4.21%	$ 171.05	$ 58.00	$ 229.05
City Fire 202	0.9837	1.79%	$ 72.53	$ 24.59	$ 97.12
			CITY PORTION: $ 1,097.18	$ 372.03	$ 1,469.21
Grand Traverse County	4.6065	8.36%	$ 339.63	$ 115.16	$ 454.80
BATA	0.4655	0.85%	$ 34.32	$ 11.64	$ 45.96
NorthWest Ed	2.8624	5.20%	$ 211.04	$ 71.56	$ 282.60
State Education Tax	6.0000	10.89%	$ 442.37	$ 150.00	$ 592.37
TCAPS Operating	18.0000	32.68%	$ 1,327.12	$ 450.00	$ 1,777.12
TCAPS Debt	3.1000	5.63%	$ 228.56	$ 77.50	$ 306.06
NMC Operating (Sum)	1.0024	1.82%	$ 73.91	$ 25.06	$ 98.97
COA	0.4618	0.84%	$ 34.05	$ 11.55	$ 45.59
COA - Senior Center	0.0920	0.17%	$ 6.78	$ 2.30	$ 9.08
Veterans	0.1105	0.20%	$ 8.15	$ 2.76	$ 10.91
Animal Control	0.0359	0.07%	$ 2.65	$ 0.90	$ 3.54
Conservation	0.0932	0.17%	$ 6.87	$ 2.33	$ 9.20
Road Commission	0.9862	1.79%	$ 72.71	$ 24.66	$ 97.37
Library - Operating	1.0848	1.97%	$ 79.98	$ 27.12	$ 107.10
NMC Operating (Win)	1.0026	1.82%	$ 73.92	$ 25.07	$ 98.99
Rec Auth Operating	0.2883	0.52%	$ 21.26	$ 7.21	$ 28.46
			OTHER TAXING UNIT'S PORTION: $ 2,963.32	$ 1,004.80	$ 3,968.13
Totals	**55.0733**	100.00%	$ 4,060.50	* $ 1,376.83	$ 5,437.33

**** This is in addition to amount the City would collect on the AdValorem tax portion - which is the amount that is already collected on the vacant land as shown above.**

NEW CONSTRUCTION of a Single Family Rental Home or ADU

Distribution of Taxes without AHFA:

NEW Building & Land TV: $ 175,000

Taxing Unit:	2025 Millage Rates	Ad Valorem Taxes:	Foregone Revenue:	Ad Valorem Tax - TOTAL Tax w/AHFA
City	11.5775	$ 2,026.06	$ (883.03)	
City Act 345	2.3200	$ 406.00	$ (176.95)	
City Fire 202	0.9837	$ 172.15	$ (75.03)	
CITY PORTION:		$ 2,604.21		$ (1,135.00)
Grand Traverse County	4.6065	$ 806.14	$ (351.34)	
BATA	0.4655	$ 81.46	$ (35.50)	
NorthWest Ed	2.8624	$ 500.92	$ (218.32)	
State Education Tax	6.0000	$ 1,050.00	$ (457.63)	
TCAPS Operating	18.0000	$ 3,150.00	$ (1,372.88)	
TCAPS Debt	3.1000	$ 542.50	$ (236.44)	
NMC Operating (Sum)	1.0024	$ 175.42	$ (76.45)	
COA	0.4618	$ 80.82	$ (35.22)	
COA - Senior Center	0.0920	$ 16.10	$ (7.02)	
Veterans	0.1105	$ 19.34	$ (8.43)	
Animal Control	0.0359	$ 6.28	$ (2.74)	
Conservation	0.0932	$ 16.31	$ (7.11)	
Road Commission	0.9862	$ 172.59	$ (75.22)	
Library - Operating	1.0848	$ 189.84	$ (82.74)	
NMC Operating (Win)	1.0026	$ 175.46	$ (76.47)	
Rec Auth Operating	0.2883	$ 50.45	$ (21.99)	
OTHER TAXING UNIT'S PORTION:		$ 7,033.62		$ (3,065.49)
Totals	55.0733	$ 8,261.00	$ (8,261.00)	

What is the participation expectation?

City of Frankfort has 1163 Real Property parcels
- Approved 5 applications in December 2025
- Approved 1 application in May 2026
- 0.5% participation rate

East Bay Township has 8061 Real Property parcels
- Approved 1 application in 2026

Northport has approved the use of the program but no applications (as of 2/27/2026)

These are the only areas currently using the AHFA program in the State of Michigan as of 6/23/2026, according to the state website.

Based on the participation in these jurisdictions, I would anticipate 0.5% participation in the City – or 25 applications initially (0.5% of 4935).

Cost for Certified Mailing (AHFA Program):

		# of Mailings:	Est Cost Ea.
2/5/26 Estimate:	$ 75,000.00	7420	$ 10.11

6/23/26 Proposed Mailing Quote:

R-1A	801	
R-1B	3653	
R-2	481	
		4935
	Cost Each:	$ 7.06
	TOTAL Revised Estimate:	**$ 34,818.49**

See quote from KCI on next page.

create • communicate • connect

3901 East Paris SE
Grand Rapids, MI 49512
616.957.2120 phone
616.957.3026 fax
kentcommunications.com

Proposal

City of Traverse City
400 Boardman Ave.
Traverse City, MI 49684
Ph: ***Fax:***

Proposal 246524.
Date June 23, 2026

Project
Certified Public Hearing Mailer
(2) Generic Letters - Print 2 sided, black ink, Trim, Nest & Fold;
Certified Cover Sheet - Personalized with Return Address & Maling Address w/Certified Barcode to Drive Certified #10 Window Env, Insert x2, Seal, Sort & Mail Certified First Class (no signature/electronic confirmation) - will have visibility when delivered

Certified First Class Postage: .78 (first class full rate) + $5.30 (Certified) = $6.08
(Electronic Signature= if needed + $2.82 ea.)

Components
Certified Cover Sheet, Public Hearing Ltrs, Certified #10 Env

Quantity of 4,935

Services	***Quantity***	***Setup***	***Minimum***	***Rate***	***per***	***Price***
Printing - **Certified Cover Sheet	4,935			$62.95	/m	$310.68
Printing - **Public Hearing Ltrs	4,935			$150.75	/m	$743.96
Load File	1		$55.00	$55.00	ea	$55.00
Programming	3		$115.00	$115.00	ea	$345.00
CASS & PAVE Certify File	4,935		$50.00	$10.00	/m	$50.00
Printing	4,935			$350.00	/m	$1,727.25
Printing	4,935			$200.00	/m	$987.00
Insert (2), Sort & Mail	4,935		$185.00	$37.00	/m	$185.00
Meter Mail	4,935		$90.00	$80.00	/m	$394.80
Prepare Forms/Verify and/or Del. to PO	1		$15.00	$15.00	ea	$15.00

Total Cost for Services **$4,813.69**

Estimated Postage	***Pieces***	***Rate***	***Postage***
Foreign/Other	4,935	6.08000	$30,004.80000

Total Estimated Postage **$30,004.80000**

Total Estimated Project Cost 4,935 ***Unit Price:*** $7.06 **$34,818.49**

Postage must be paid in advance or on deposit with the Post Office.

Thank you for the opportunity to quote on this project.

Autumn Hoffman

Cap/limit the number allowed/approved:

MCL Sec 207.908 Sec 8(1):
If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

NOTE:
When I worked in the City of Bay City, I researched other communities, and consulted with the State Tax Commission, to determine what was the appropriate percentage of taxable value that would not impede the operation of the local governmental unit or any of the affected taxing units. I was told there are several places (Grand Rapids, Flint, Detroit) where these exemption certificates (specifically IFTs at that time) exceed 25% of the taxable value; however, without those certificates, the investment might never take place and the desired area of growth may never happen.

Revenue Impact of ATTAINABLE HOUSING FACILITIES ACT

Potential City Revenue Foregone

# of Certs		Each Cert	Annual Amt Foregone	TOTAL - over 12 years
25	Certificates Approved:			
	$100,000 invested in Rehabilitation	$ (945.84)	$ (23,645.91)	$ (283,750.96)
	OR			
	$250,000 NEW Construction	$ (1,135.00)	$ (28,375.10)	$ (340,501.15)
50	Certificates Approved:			
	$100,000 invested in Rehabilitation	$ (945.84)	$ (47,291.83)	$ (567,501.91)
	OR			
	$250,000 NEW Construction	$ (1,135.00)	$ (56,750.19)	$ (567,501.91)
100	Certificates Approved:			
	$100,000 invested in Rehabilitation	$ (945.84)	$ (94,583.65)	$ (1,135,003.83)
	OR			
	$250,000 NEW Construction	$ (1,135.00)	$ (113,500.38)	$ (1,362,004.59)

Sec 207.907 Sec 7(2) and (3):
Certificate may be issued for 1 - 12 years. If less than 7, certificate may be subject to review and may be extended for not more that a total of 15 years including any extensions. Review must be based on factors, criteria, and objectives that must be in writing, determined and approved at the time the certificate is approved by resolution by the local governmental unit.

ATTAINABLE HOUSING FACILITIES ACT

Estimate of Assessing Department Staff Time Required

	Minutes for EACH	STC Annual Reports
1 Set up "District" in BS&A Designate which parcels are included in the district so we know if we are able to accept an application.	60	
2 Provide application and any assistance required (30-60 minutes)	30	
3 Receive completed application with fee, meet with applicant & review	30	
4 Process/submit application for City Commission approval	60	
5 Once certificate is received from STC, set up "new" parcel in BS&A	30	
6 Annual audit		
A Audit reminder letter with due date - minimal	0	
B Follow-up, if not filed		
1 Repeat letters/phone calls (15-30 minutes)	15	
2 Prepare for revocation (45-60 minutes)	45	
C Review documentation submitted for compliance	60	
	330	
7 Annual report to STC (60-120 minutes, depending on number of certificates)		60
	hours	hour
	5.5 +	1
TOTAL TIME for one application:		6.5
25 applications	137.5 +	1.5
TOTAL hours:		139
50 applications	275 +	3
TOTAL hours:		278
100 applications	550 +	3
TOTAL hours:		553

Deadlines:

Districts MUST be established PRIOR to accepting any applications.

Currently ALL approved applications must be to STC by: 10/31/2027

This means:

- -mailing must go out ASAP – by end of July,
- -hold Public Hearing in August,
- -approve resolution using the program and creating district (Aug),
- -public outreach (Sept – Dec),
  - -Neighborhood Councils (Who will do this?)
  - -Media (Who will do this?)
  - -Bay Brief
- -start taking applications (Sept)

* The City only has 13 months to use the program (9/26 – 10/27).

Each application is required to be approved by resolution following a Public Hearing (additional cost of publication), in addition to the Public Hearing held to establish the district.

Last certificates will be issued by: 12/30/2027.

Program MAY be extended or renewed by the legislature.

Attainable Housing Facilities Act
Frequently Asked Questions

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of 2022 PA 236.

***Note:* The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.**

1. **What is an Attainable Housing Exemption?**

   The Attainable Housing Facilities Act (known as the Attainable Housing Exemption), 2022 PA 236, provides a tax incentive to owners of rental housing property of not more than four units to enable renovation and expansion of aging facilities and assist in the building of new facilities. An Attainable Housing Exemption Certificate (AHEC) entitles the facility to exemption from ad valorem real property taxes for a term of 1-12 years as determined by the local governmental unit. Applications are filed, reviewed, and approved by the local governmental unit. The State Tax Commission (STC) must also approve the application and issue the exemption certificate.

2. **What are the income tests for Attainable Housing?**

   There are two income-related tests that must be met:

   a. The housing unit is rented or leased to an income-qualified household, i.e. a household whose adjusted household income is 120% or less of the countywide area median income as posted annually by MSHDA on its website (see questions 22 – 24 for complete definitions) and

   b. The rent/lease amount is no more than 30% of the income-qualified household's modified household income as determined by the local governmental unit (LGU). See question 25 for the definition of modified household income.

3. **Within a housing structure or development, can only a portion of the housing units be designated for attainable housing?**

   Yes. The housing units designated for attainable housing are eligible for the property tax exemption and the specific tax. The other housing units can either remain on the ad valorem tax roll or be included in the exemption but be subject to a specific tax equal to the ad valorem property tax

4. **Who establishes an Attainable Housing District?**

   The legislative body of a city, village, or township may establish an Attainable Housing District (AHD) on its own initiative or upon written request filed by the owner or owners of at least 50% of the taxable value of the property located within a proposed district. The resolution establishing the AHD must include the following information:

a. A tax savings is provided only for housing occupied by households whose rent is no more than 30% of modified household income and whose adjusted household income is 120% or less of countywide area median income.
b. Housing owners must annually certify which housing units were occupied in the prior year by households meeting the income tests.
c. Each year the local government will calculate the specific tax based on the number of housing units occupied in the prior year by households meeting the income tests.

5. **Who can file an application for an Attainable Housing Exemption Certificate (AHEC) and with whom is it filed?**

The owner of property in an Attainable Housing District (AHD) may file an application for an AHEC with the Clerk of the city, village, or township that established the AHD.

6. **How do I apply for an Attainable Housing Exemption Certificate?**

Applications can be found on the Michigan Department of Treasury website: www.michigan.gov/propertytaxexemptions. Completed applications are filed with the clerk of the city, village, or township and must be accompanied by the following documentation:

a. A legal description of the property referred to in the application.
b. A statement describing the facility and the proposed project that must include all of the following items:
c. General description of the facility (including year built, original use, most recent use, number of stories and square footage);
d. General description of the proposed use of the qualified facility;
e. A description of the general nature and extent of the new construction or rehabilitation to be undertaken;
f. A time schedule for undertaking and completing the new construction or rehabilitation of the qualified facility; and
g. Detailed itemized costs of the new construction or rehabilitation to be undertaken with the total estimated investment amount matching the investment amount on the application.
h. Provide a site plan and building floor plan approved by the local planning commission or local zoning administrator that includes the total number of residential dwelling units to be available for lease or rent.
i. Provide a statement describing the number of residential dwelling units that will be reserved for income-qualified households throughout each calendar

year in which the specific tax is in effect.

j. For housing units that will not be occupied by income-qualified households, request that those housing units be assessed on the ad valorem tax roll or request that those housing units be exempted and subject to a specific tax equal to the ad valorem tax.

k. Provide a statement that the applicant agrees to provide the LGU with an income certification for the income-qualified household residing within each unit designated as attainable housing property each year that the income-qualified household resides in that attainable housing property.

l. Provide a statement that the applicant agrees to allocate the benefits of the tax exemption granted under this act exclusively to attainable housing property.

7. Are there provisions in the application process that are time sensitive?

Yes. Work may not begin before December 28, 2022, the effective date of 2022 PA 236. An application received by the STC after October 31st will not be processed until the following tax year. Also, within 60 days after the STC grants an attainable housing exemption certificate for a new facility, the State Treasurer may change the millage rate used to calculate the specific tax. See the answer to questions 15 and 27.

8. Who determines if a facility qualifies for an Attainable Housing Exemption Certificate (AHEC)?

Initially, the determination of qualification for an AHEC is made by the local governmental unit (LGU) when the application is filed with the clerk. Not more than 60 business days after receipt of the application, the LGU shall by resolution either approve or disapprove the application for a certificate in accordance with the Act. If approved, the clerk forwards the application and resolution to the STC. The resolution is not effective unless approved by the STC. The STC shall approve or disapprove the resolution.

9. What statements are required in a resolution approving an Attainable Housing Application by the local governmental unit?

a. A statement that the Attainable Housing Exemption District was legally established including the date established and the date of hearing as provided by section 3 of 2022 PA 236.

b. A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under 2022 PA 236 and under 1974 PA 198 (IFT's) exceeds 5% of the total taxable value of the unit.

c. A statement of the factors, criteria, and objectives, if any, necessary for extending the exemption, when the certificate is for less than 7 years.

d. A statement that a public hearing, separate from the hearing held for the district, was held on the application as provided by section 4(2) of 2022 PA 236 including the date of the hearing.

e. A statement that the applicant is not delinquent in any taxes related to the facility.

f. If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the qualified local governmental unit or of impairing the financial soundness of an affected taxing unit.

g. A statement that all of the items described under Part 2 of the Application for Attainable Housing Exemption Certificate have been provided to the qualified local governmental unit by the applicant.

h. A statement that the applicant provided a site plan and building floor plan approved by the local planning commission or local zoning administrator, whichever is applicable under the local zoning ordinance, that includes the total number of residential dwelling units to be available for lease or rent on the property.

i. A statement that the applicant provided a statement describing the number of residential dwelling units that will be reserved for income-qualified households at any given time throughout each calendar year in which the specific tax is in effect.

j. A determination whether the residential dwelling units not reserved for income-qualified households will remain on the ad valorem tax roll or be included in the exemption but subject to a specific tax equal to the ad valorem tax.

k. A statement that the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit designated as attainable housing property each year that the income-qualified household resides in that attainable housing property.

l. A statement, for a rehabilitated facility, that the applicant agrees to invest not less than $5,000.00 in the existing attainable housing property that has been renovated.

m. A statement that the commencement of the rehabilitation of the facility did not occur before December 28, 2022.

n. A statement of the period of time authorized by the qualified local governmental unit for completion of the rehabilitation.

10. What does the STC do when it receives an application and resolution from the clerk of the qualified local governmental unit (LGU)?

The STC reviews the application for completeness and compliance with the statute. If the application is incomplete, staff sends a request for the missing information. Once the application is complete, the STC is required to either approve or disapprove the resolution within 60 days. If approved, the STC issues an Attainable Housing Exemption Certificate, and it is effective December 31st immediately following the date of issuance by the STC.

11. **Can an application for an Attainable Housing Exemption Certificate be denied?**

Yes. An application can be denied at the local unit level if all of the requirements are not met by the applicant. The STC can also disapprove the resolution.

12. **Can a decision of the STC regarding an Attainable Housing Exemption Certificate (AHEC) be appealed?**

Yes. A party aggrieved by the issuance, refusal to issue, revocation, transfer or modification of an AHEC may appeal a final decision of the STC by filing a petition with the Michigan Tax Tribunal, www.michigan.gov/taxtrib, within 35 days. MCL 205.735a(6)

13. **What is the term of an Attainable Housing Exemption Certificate (AHEC)?**

The AHEC may be issued for a period to be determined by the local governmental unit (LGU) of at least one (1) year, but not more than twelve (12) years. If the number of years determined is less than (7), the certificate may be subject to review by the LGU and the certificate may be extended based on factors, criteria and objectives put into place at the time of the original LGU approval. The total amount of time determined for the certificate, including any extensions, shall not exceed 15 years after the completion of the qualified facility. The certificate shall commence with its effective date and end on the December 30th immediately following the last day of the number of years approved.

14. **What determines the starting date of an Attainable Housing Exemption Certificate (AHEC)?**

The effective date of the AHEC is December 31st immediately following the date of issuance of the certificate by the STC.

15. **How is the Attainable Housing Facilities Tax (AHFT) computed on an Attainable Housing Exemption Certificate?**

<u>New or Rehabilitated Facility:</u> Multiply 50% of the state-average mills levied on commercial, industrial, and utility property in the immediately preceding calendar year by the taxable value of the real property (excluding land) for the current tax year. Within 60 days after the STC grants an AHEC, if the State Treasurer does not determine that reducing the number of mills levied under the state education tax (SET) is necessary to provide an adequate supply of housing for income-qualified households, the AHFT millage rate is increased by three mills. If the State

Treasurer determines that further reducing the millage rate used to calculate the AHFT is necessary to provide an adequate supply of housing for income-qualified households, the State Treasurer may exclude an additional three mills of SET from the millage rate to calculate the AHFT.

NOTE: For a part of attainable housing property that in the prior year was occupied by an individual, couple, family, or group of unrelated individuals either with rent in excess of 30% of modified household income or with adjusted household income in excess of 120% of the countywide area median income as posted by the Michigan State Housing Development Authority on its website, the specific tax paid in lieu of taxes for the year on that part of the facility must be equal to the full amount of the taxes that would be paid on that portion of the facility if the facility were not tax exempt.

16. Are there other provisions related to the attainable housing income tests?

Yes. To verify continued eligibility as attainable housing property, an LGU may develop and implement an audit program or may contract with an independent third-party auditor, the LGU may require the applicant to cover the cost of the auditor. For a formerly income-qualified household that has an income increase and is no longer an income-qualified household, that household may continue to reside in the attainable housing unit only for the remainder of the lease agreement.

17. Are special assessments impacted by the granting of an Attainable Housing exemption?

Special assessments may be impacted. Special assessments levied under 1951 PA 33, the police and fire special assessment act, do not apply to property with an Attainable Housing Facilities exemption. However, the special assessments would still be applicable to the land on which the Attainable Housing Facilities exemption property is located. Conversely, for special assessments levied under public acts other than 1951 PA 33, property with an Attainable Housing Facilities exemption pays the full special assessment, the same as any “ad valorem” property.

18. Can an Attainable Housing Exemption Certificate (AHEC) be transferred?

Yes. An AHEC may be transferred and assigned by the holder of the certificate to a new owner of the facility if the qualified local governmental unit approves the transfer after application by the new owner(s).

19. Can an Attainable Housing Exemption Certificate (AHEC) be revoked? If yes, who holds the authority to do so?

Yes. The legislative body of the qualified local governmental unit (LGU) may, by resolution, revoke the AFEC of a facility either upon request of the certificate holder or if the legislative body of the qualified LGU finds that the completion of the qualified facility has not occurred within the time authorized by the LGU in the certificate or a greater time authorized by the LGU, or that the holder of the exemption certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purpose of the Act and in the absence of circumstances beyond the control of the holder of the exemption certificate.

20. When does the revocation of an Attainable Housing Exemption Certificate take effect?

The revocation will take effect December 31st in the year in which the local governmental unit revokes the certificate by resolution.

21. Can a revoked certificate be reinstated?

Yes. Section 12 of the Act provides for the reinstatement of a revoked certificate. A reinstatement of a certificate must be approved by both the local governmental unit and the STC.

22. What is the definition of "attainable housing property?"

MCL 207.902(e) defines "attainable housing property" as:
"that portion of real property not occupied by an owner of that real property of not more than 4 units that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, used for residential purposes, that is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property also includes a building or group of contiguous buildings previously used for industrial or commercial purposes that will be converted to a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes consisting of not more than 4 units, that will be rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property does not include any of the following:

(i) Land.
(ii) Property of a public utility."

23. **What is the definition of "income qualified household?"**

MCL 207.902(h) defines "income qualified household" as:
"an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website."

24. **What is the definition of "adjusted household income?"**

MCL 207.902(a) defines "adjusted household income" as:

"that term as defined in R 125.101 of the Michigan Administrative Code.

R125.101 of the Michigan Administrative Code defines "adjusted household income" as:
"the gross annual income from all sources and before taxes or withholding of all members of a household living in a dwelling unit or housing unit after deducting all of the following:
(i) Unusual or temporary income of any member of the household.
(ii) Six hundred and fifty dollars for each member of the household.
(iii) Earnings of a member of a household who is under 18 years of age or who is physically or mentally handicapped.
(iv) Fifty percent of the income of a second adult wage earner jointly occupying the dwelling or housing unit whose individual income is less than that of the wage earner with the highest income.
(v) The lesser of $1,000.00 or 10% of the gross annual income.

R125.102(i) of the Michigan Administrative Code provides:
(i) "Gross income," for determining eligibility, means all income derived from whatever source, as follows:
(i) In computing gross income, all the income of the members of the household, other than minors, living in the same dwelling unit and contributing to the expenses of the household is to be considered. Gross income shall be computed without deduction for the following:
(A) Funds paid into a tax shelter retirement account.
(B) Losses attributable to a farming syndicate as described in section 464 of the internal revenue code, 26 U.S.C. §464.
(C) Losses attributable to any type of corporation or partnership engaged in exploring for or exploiting oil and gas resources.
(D) Losses attributable to any type of corporation or partnership engaged in equipment leasing.
(E) Losses attributable to any type of corporation or partnership engaged in holding, producing, or distributing motion picture films or video tapes.
(F) Child support payments made by an applicant for the benefit of the applicant's child or children.

(G) Alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse.
(ii) Gross income shall include all of the following:
(A) The gross amount, before any payroll deductions, of wages; salaries; all overtime earnings in excess of $4,000.00 per annum; commissions; fees; tips; bonuses; gambling winnings; and prizes won, except for Michigan lottery winnings and prizes.
(B) The net income from the operation of a business or profession or from the rental of real or personal property. For this purpose, if the operation results in a loss, the loss may not be used to offset income generated from other sources. For this purpose, any shareholder that owns 10% or more of any outstanding class of stock in a corporation shall also be deemed to have received income in its proportionate share of net earnings not otherwise dis-tributed in salaries or dividends.
(C) All dividends and interest, including otherwise tax-exempt interest.
(D) The full amount of periodic payments received from social security, housing assistance payments, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
(E) Payments in place of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay.
(F) The full amount of public assistance payments.
(G) Periodic and determinable allowances, such as alimony and separate maintenance payments received, housing allowances received, and regular contributions or gifts received from persons who do not reside in the dwelling, if such sums are received on a recurrent basis and if such sums may be reason-ably expected to continue.
(H) The distributive share of partnership income.
(I) All capital gains.
(J) Child support payments received by an applicant for the benefit of the applicant's child or children.
(iii) Gross income does not include any of the following:
(A) Casual, sporadic, or irregular gifts.
(B) Amounts that are specifically for, or in reimbursement of, the cost of medical expenses.
(C) Lump sum additions to household assets, such as inheritances; insurance payments, including payments under health and accident insurance; worker's compensation; and settlements for personal or property losses.
(D) Amounts of educational scholarships paid directly to the student or to the educational institution, and veterans administration schooling benefits.
(E) Foster child care payments.
(F) The value of coupon allotments for the purchase of food pursuant to the food stamp act of 1977, 7 U.S.C. §§2011 to 2027, which is in excess of the amount actually charged the eligible household.
(G) Overtime earnings of $4,000.00 or less per annum

25. What is the definition of "modified household income"?

As defined in MCL 207.902(i), "modified household income" is "adjusted household income" increased to include the earnings of a member of a household who is physically or mentally handicapped.

26. Is a minimum investment required for a rehabilitated facility?

Yes. A rehabilitated facility must have a renovation investment of not less than $5,000 on or after December 28, 2022 (the effective date of 2022 PA 236) to bring the property into conformance with minimum local building code standards for occupancy, as determined by the LGU.

27. What is the State Treasurer's State Education Tax (SET) exclusion?

Within sixty (60) days after the granting of a new Attainable Housing Exemption Certificate, the State Treasurer may exempt 50% or 100% of the SET mills from the millage rate calculation for the Attainable Housing Facilities Tax.

28. What is required of the Local Governmental Unit regarding the yearly status reporting of the Attainable Housing Exemptions to the State Tax Commission?

Not later than June 15th of each year, each qualified local governmental unit granting an Attainable Housing Exemption shall report to the State Tax Commission on the status of each exemption. The report must include the current taxable value of the property to which the exemption pertains.

29. Where can I obtain copies of previously issued Attainable Housing Facilities Act Certificates?

Copies of certificates acted upon by the State Tax Commission will be available on the Department of Treasury website at: www.michigan.gov/propertytaxexemptions. Choose the exemption program under which the certificate was issued. Within the "Certificate Activity" link, the certificates are listed according to the date they were acted upon.