

Housing Michigan Legislation

Housing Tools Summary

Attainable Housing Facilities Act

Local governments can create an “attainable housing district” where property owners can apply for partial tax exemptions, reducing real property taxes by 50% of the statewide commercial, industrial, utility average for up to 12 years if they meet certain affordability criteria determined by the local government.

- That criteria must include providing units at a price point that does not exceed the 120% of county-wide median income threshold for at least 30% of units in a multi-unit development.
- Local governments have the flexibility to negotiate at or above that 30% to align with their goals. Local governments have the ability to negotiate the number of units and affordability requirements up to 120% AMI.
- This tool can only be used for 4 or less rental units and a minimum of \$5,000 investment is required.

Residential Facilities Exemption Act

A Residential Facilities Exemption allows a temporary tax abatement on qualified new housing development in districts established by local units of government for developments of five or more units and a minimum investment of \$50,000.

- This abatement supports both renovation and expansion of aging residential units and as well as the construction of new residential units in these districts.
- Qualified new housing developments may include multifamily or single-family homes that are targeted toward populations earning below 120% of area median income, with assurances that the units are occupied as a principal residence (year-round) to eligible households.



Neighborhood Enterprise Zones Expansion

Established Neighborhood Enterprise Zones (NEZ) have supported investment in infill revitalization for owner-occupied housing and mixed-use buildings in eligible communities. The expansion extends the opportunity to this tool in all Michigan cities, villages and townships.

- The NEZ tax rate is equal to ½ the tax rate during the year prior to the investment.
- Local units subject to the expansion may designate an NEZ only if the project encourages compact development, is adjacent to existing development and can utilize existing infrastructure.

Pilots for Housing

Exempt from all ad valorem property taxes if local municipality has opted in are the following:

A housing project owned by a nonprofit housing corporation or a housing project that is being developed or rehabilitated for workforce housing that is located in a municipality and is subject to a municipal ordinance that is adopted by the governing body of that municipality to approve a housing project tax exemption under this subdivision.

- The approval or denial of a tax exemption under this subdivision must be in accordance with an ordinance or resolution concerning the selection of workforce housing projects that is adopted by the governing body.
- The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes.

New Construction

An amount that is the greater of the tax on the property on which the project is located for the tax year preceding date on which construction is commenced or 10% of the annual shelter rents obtained from the project.

Rehabilitation project

An amount that is the lesser of the tax on the property on which the project is located for the tax year preceding the date on which rehabilitation is commenced or 10% of the annual shelter rents obtained from the project. The service charge must not exceed the amount in taxes that an owner would have otherwise paid if the housing project were not tax exempt and must be paid in full for units not provided to low-income households.

