



MI Home Program

Partnership over Preemption

The **MI Home Program** will support investment to accelerate housing construction and rehabilitation, while also promoting updates to local zoning regulations that will help cultivate thriving communities and stimulate economic vitality.

The program enables a powerful partnership between the state and local units of government to improve access to attainable housing.

Program Components

The State of Michigan will invest \$160 million annually for five years to stimulate housing investment through four targeted programs.

1. MI Home Readiness (\$5 million annually)

- Continue to provide funding for Housing Readiness Incentive Grants to local governments for the purpose of updating zoning regulations in support of housing needs. Capped at \$50,000 per applicant.
- Create a statewide matchmaking platform to identify housing opportunities and make connections between the state, municipalities, and developers.

2. MI Home Grant (\$95 million in years one and two, \$145 million in years three through five)

- Establish a grant fund to pay for the cost of building or rehabbing qualified residential property. Capped at \$100,000 for new construction and \$30,000 for rehab per dwelling unit but cannot exceed 1/3 of the cost of construction or rehab. The caps will increase annually by an amount equal to the Headlee Inflation Rate Multiplier.

3. MI Home Fund (\$50 million in years one and two)

- Create a revolving loan fund that addresses finance gaps for building or rehabbing qualified residential property. Modeled after current funds such as Build U.P. (InvestUP), Rapid Response Housing Fund (Housing North), and Grand Rapids Affordable Housing Fund (City of Grand Rapids). The MI Home Fund can be used in conjunction with the MI Home Grant.

4. MI Home Employer (\$10 million annually)

- Continue providing funding for the Employer-Assisted Housing Fund to promote public-private partnerships, with the state matching employer contributions to their employees' housing.

The program promotes local zoning reform and increases efficiency by encouraging specific housing-related zoning changes. Local units of government that proactively make or have made 50 percent or more of the following recommended actions and have been approved by the State, unlock the ability for a qualified developer to utilize the MI Home Grant and the MI Home Fund within those communities.

- Reduce residential parking requirements to 1.5 space per dwelling or less
- Allow accessory dwelling units (ADU) for long-term housing (not short term rentals) as permitted use
- Allow duplex as permitted use in residential
- Adopt pre-approved plans
- Allow higher density near transit and employment centers
- Allow single room occupancy for non-related individuals for long-term housing (not short term rentals)
- Reduce allowable dwelling unit size
- Allow multi use dwellings and mixed use where commercial is allowed
- Reduce governing body approvals by expanding and expediting administrative review approvals
- Reduce minimum lot size requirements
- Provide height density bonuses
- Reduce tap fees
- Allow modular as a permitted use in residential
- Complete the Redevelopment Ready Communities program

Additionally, eligible local units of government under the MI Home Program will also be prioritized for traditional state funding and financing opportunities.



mml.org/advocacy/support-mi-home-program/

Program Eligibility and Qualifications

A **Qualified Residential Property** has access to existing or utilizes adjacent infrastructure, and is an owner-occupied or rental property that includes any of the following:

- Single-unit house
- Duplex, triplex, or fourplex or unit(s) within
- Townhouse
- Row house
- Condo in a complex/community
- Dwelling unit in a mixed-use structure
- Modular home

A qualifying residential property must be sold or rented to a qualified individual for a period of no less than 10 years.

A property that is sold must have a sale price that results in an affordable mortgage for a household at 120 percent of Area Median Income. A property that is rented may charge total monthly rents and fees not to exceed 30 percent of the monthly income of a household at 120 percent of the Area Median Income. The rents and sale prices for this purpose will use the calculations established for Housing TIF projects.

A **Qualified Developer** is one of the following:

- A nonprofit corporation based in Michigan with a primary mission of developing and preserving attainable housing
- A developer that rehabilitates or constructs a unit of qualifying residential property and sells or leases the property to a qualified individual
- A land bank authority
- A qualified individual who purchases a qualified residential property to rehab for the purpose of being their primary residence

A **Qualified Individual** must meet all the following and agree that the qualifying residential properties on which program funds are spent shall be sold with a deed restriction ensuring only qualified individuals own and occupy the property for a specified period:

- Have an annual income of not more than 120 percent of the Area Median Income
- Demonstrate the financial means to purchase or rent the qualifying residential property

- For a qualifying residential property sold for homeownership:
 - For at least five years after the date of purchase, agree to maintain ownership of the qualifying residential property, to occupy it as a primary residence, and not to rent any portion of the property to another individual for use as a short-term rental
 - For the 10 years following the date of the initial sale, agree not to sell the qualifying residential property to any purchaser other than a qualified Individual
 - Agree to pay a penalty if ownership is not maintained according to regulations
 - Complete a homebuyer education class approved by the state and receive a “certificate of completion”
- For a qualifying residential property occupied under a lease:
 - Agree to occupy the qualifying residential property as a primary residence for the duration of the lease

Program Limits and Standards

A qualified developer may apply for funding of as many qualifying properties as their capacity allows. There is not a maximum grant ceiling for applications. Administrative and construction capacity must be detailed in the application.

Minimums

- There are no minimums to any of the MI Home programs.

Maximums

- MI Home Readiness has a maximum of \$50,000.
- MI Home Grant has a maximum of \$100,000 for construction and \$30,000 for rehab but cannot exceed 1/3 of the cost of construction or rehab adjusted annually for inflation.

The construction or rehabilitation of qualifying residential property for all activities funded by the MI Home Program must be completed according to all applicable federal, state, and local construction, rehabilitation, and design regulations and standards.



Monitoring and Reporting

Qualified developers will be responsible for the following monitoring and reporting:

- Review and document income eligibility for qualifying buyers
- Provide information on the homebuyer education class
- Report to the state the date the qualifying residential property closes and is sold
 - This is only required for the initial sale of the qualifying residential property.
- Annually certify to the state the buyer remains in the property for the entire five years following the date of sale
- Assist in monitoring the 10-year affordability requirement by income qualifying future buyers

The state will be responsible for the following monitoring requirements:

- Calculate the penalty and collect the penalty if it is violated
- Maintain a list of homes that are still subject to the 10-year affordability deed restriction
- Monitor and enforce the 10-year affordability requirement by income qualifying future buyers

Penalties

A qualified developer would repay all funds expended for the following reasons:

- Expenses are for activities other than the construction or rehabilitation of qualifying residential property
- The qualifying residential property is not sold or rented to a qualified individual
- The property is sold without a deed restriction

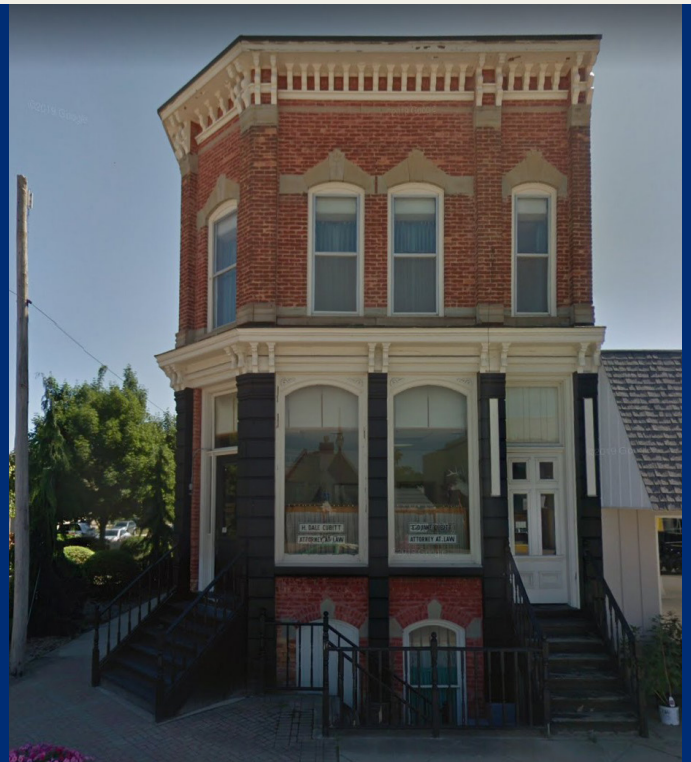
A qualified individual would be responsible for the following:

- Occupy the dwelling as a primary residence for at least five years or pay the state all funds expended, prorated by 20 percent for each full year they own the property
- Abide by the deed restrictions or face possible action brought against them by the state

The state may waive penalties faced by the homeowner if it is determined that making a repayment would constitute a hardship to the seller. Hardship, with respect to the homeowner, may include divorce, disability, illness, loss of income, or any other hardship supported by documentation and approved by the state.

Program Impacts

- The MI Home Program will result in over 10,000 homes being built or rehabbed, promote significant local zoning changes, and invest in a market-based solution allowing employers to help with their employees' housing needs.
- The MI Home Program will create a lasting impact well beyond the five-year funding cycle through the implementation of a statewide revolving loan fund for housing that will continue to provide funding to address financing gaps for housing construction for years to come.
- The MI Home Program will impact additional building and rehab opportunities in communities across Michigan beyond the scope of this program as updated zoning regulations will apply to all housing projects.



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