



Robinson Landing:

A Case Study for City, BRA and LBRA Partnership for Attainable Housing

Marilyn Crowley
Vice President of Investment
Michigan Community Capital



About Michigan Community Capital (MCC)

- ▶ 501 (c) 3, private non-profit charity
- ▶ Originally Michigan Magnet Fund, founded in 2004 as a public private partnership between MSHDA, MEDC, and Great Lakes Cap Fund (now called Cinnaire) to attract New Market Tax Credits to the State of Michigan



Sawmill Lofts Groundbreaking, Grayling 2021



MCC: Four Pillars of Business

831 b Micro Captive Insurance Company:

Currently provide property insurance to over 7,000 doors of multifamily affordable and attainable housing.

Community Development Finance Institution:

Providing loans that serve low-income populations.



Community Development Entity:

Applies for New Market Tax Credits. Focus on accessible jobs for low-income households, healthy food access and housing.

Equity in Real Estate:

We focus on housing for families between 61% and 120% of the area median income and mixed us projects in downtowns.



Housing Next- Housing Needs Assessment



Ottawa County Housing Needs Estimates (2017 to 2022)			
Housing Segment		Number of Units*	Priority
Rentals	Low-Income Rental Housing (<\$625/Month Rent)	~1,515	High
	Affordable Workforce Rental Housing (\$625-\$1,249/Month Rent)	~1,065	High
	Market-rate Rental Housing (\$1,250/Month Rent)	~818	Moderate
For-Sale	Entry-Level For-Sale Homes (\$100K-\$149K)	~771	Moderate
	Moderate-Income For-Sale Homes (\$150K-\$249K)	~1,659	High
	High-Income For-Sale Homes (\$250K+)	~927	High
Senior Care	Senior Care Housing (Assisted Living)	~524 (Beds)	Moderate
	Senior Care Housing (Nursing Care)	~191 (Beds)	Low

*Number of units assumes product is marketable, affordable and in an appropriate location. Variations of product types will impact the actual number of units that can be supported. Additionally, incentives and/or government policy changes could encourage support for additional units that exceed the preceding projections.



Cost to Build Higher than Ever

Below is a typical budget for a new single-family, 1,500 square foot, 3-bedroom, 2-bathroom home with a two-car garage.



	Budget	Price/Sq Ft
Legal	\$1,500	\$1.00
Site Studies and Inspection	\$1,000	\$0.67
Predevelopment Engineering and Design	\$5,500	\$3.67
Acquisition	\$25,000	\$16.67
Construction Insurance	\$7,000	\$4.67
Construction Tax	\$3,500	\$2.33
Construction Loan Interest	\$10,000	\$6.67
Hard Cost	\$210,000	\$140.00
Contingency	\$10,500	\$1.00
Site Preparation and Utilities	\$25,000	\$16.67
Total Cost:	\$300,000	\$193.33

Bigger Houses Make Better Profits

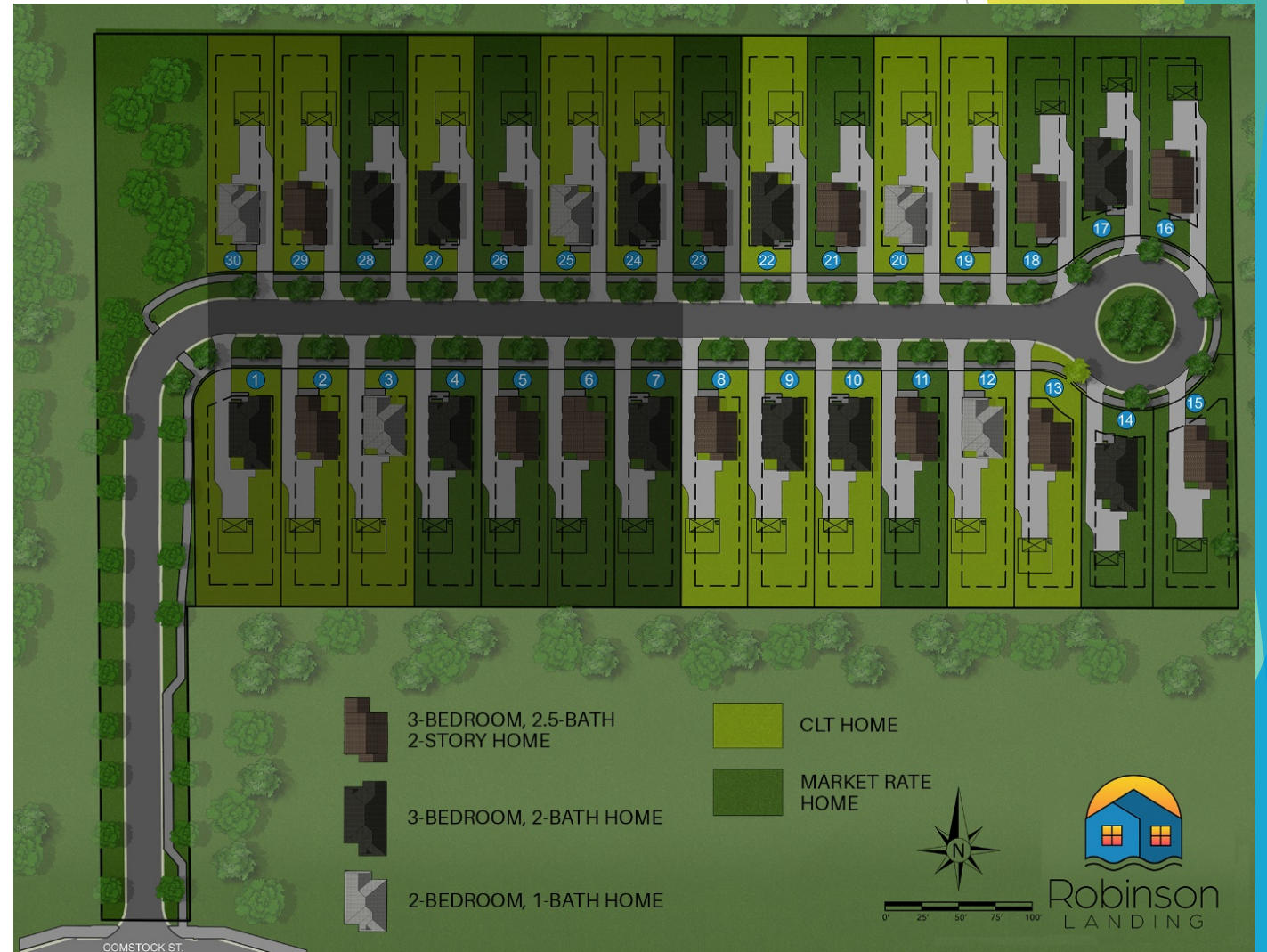
Building a larger house is less cost per square foot to build and offers larger profit margin. This house is a 2,400, four bedroom, 2.5 bathroom home in Traverse City. It is listed for **\$724,900**. Most builders/developers are focusing on larger homes in wealthier markets because it offers the best profit margin.



	Budget	Price/Sq Ft
Legal	\$1,500	\$0.63
Site Studies and Inspection	\$1,000	\$0.42
Predevelopment Engineering and Design	\$5,500	\$2.29
Acquisition	\$25,000	\$10.42
Construction Insurance	\$7,000	\$2.92
Construction Tax	\$3,500	\$1.46
Construction Loan Interest	\$10,000	\$4.17
Hard Cost	\$320,000	\$133.33
Contingency	\$10,500	\$0.63
Site Preparation and Utilities	\$25,000	\$10.42
Total Cost:	\$410,000	\$166.67
Total Profit:		\$314,900

Robinson Landing Project Summary

- MCC broke ground end of April 2021
- \$8 million dollar development
- 30 for-sale, new construction homes on a quiet, tree-lined cul-de-sac.
- Subdivision through condominium
- Public- Private Partnership



<https://www.robinsonlandingmi.com>



Home Types and Price

16 of homes priced to be affordable to 80% AMI
and in the Community Land Trust

(5) 2 Bed, 1 Bath- \$139,000

(6) 3 Bed, 2 Bath- \$159,000

(5) 3 Bed, 2.5 Bath- \$179,000

14 homes priced to be affordable to 80-120% AMI

(5) 3 Bed, 2 Bath- \$239,000

(9) 3 Bed, 2.5 Bath- \$279,000



Affordable “By Design”

- Small lots (.15-.19 acres/lot)
- Modestly sized (940-1,450 sq ft)
- Panelized wood construction
- Slab-on-grade foundations (no basement)
- Garages are additional fee- not included in base price



Focus on “Long Term Livability”

- All Appliances are energy star and included in purchase price
- Pursuing Green Star Certification
- Roof has lifetime warranty
- Windows are high-quality Anderson 100 series (20-year warranty)
- Siding has 10-year 100% warranty and 20-year pro-rated warranty
- Grass Seeding and Landscaping Included



Grand Haven Area Community Land Trust



HOME OFFERED BELOW MARKET RATE
HOME OWNED BY HOMEBUYER



LAND OWNED BY COMMUNITY LAND TRUST
LAND LEASED BY HOMEOWNER FOR \$30/MONTH

- ▶ Started by City of Grand Haven
- ▶ Staffed by City of Grand Haven Staff
- ▶ Non-Profit with local stakeholders as board members
- ▶ Owns Land
- ▶ 99-year ground lease with home buyer
- ▶ \$30/month
- ▶ Buyer must be 80% AMI or below
- ▶ Restrictions on resale price
- ▶ Home buyer education required

<https://www.ghclt.com>



Creative Local Gap Filling Tools

- City Reduced Acquisition price to \$32,000. Saved hundreds of thousands of dollars.
- City Reduced Tap fees from \$10,000 per home to \$1,000 per home. Saved \$270,000
- Grand Haven Area Community Foundation approved a 2% interest-only Impact Investment for \$1,500,000. Saved about \$50,000 in interest and fees.



“And this is where our ROI became an IOU.”



Brownfield Tax Increment Financing (TIF) Eligibility

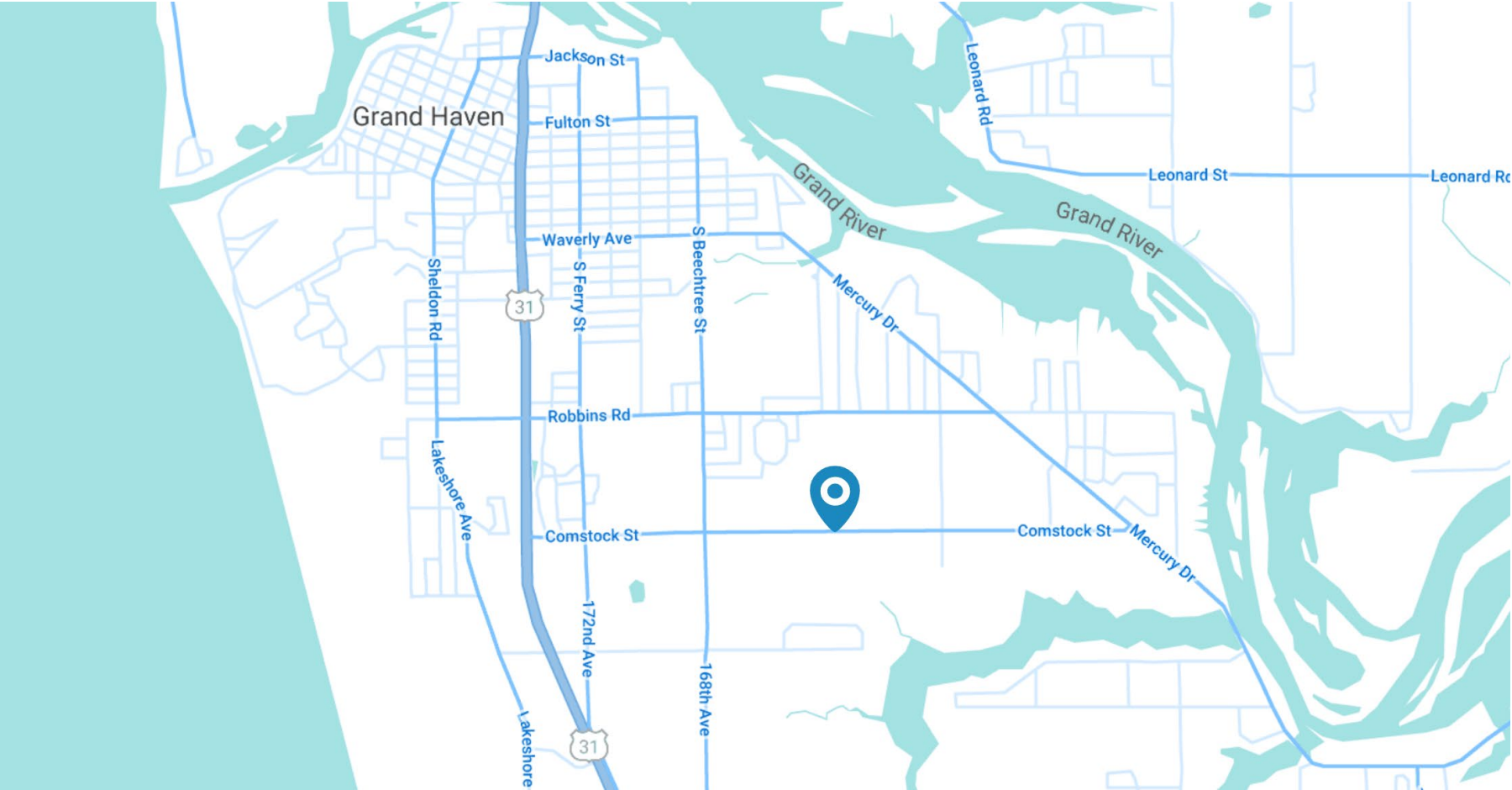
- Facility (contaminated)
- Functionally Obsolete (as determined by level 3 or 4 assessor)
- Blighted (as outlined in the act)
 - Being tax foreclosed or owned by landbank is a way to qualify a project as blighted
- Historic

Eligible program uses under TIF include:

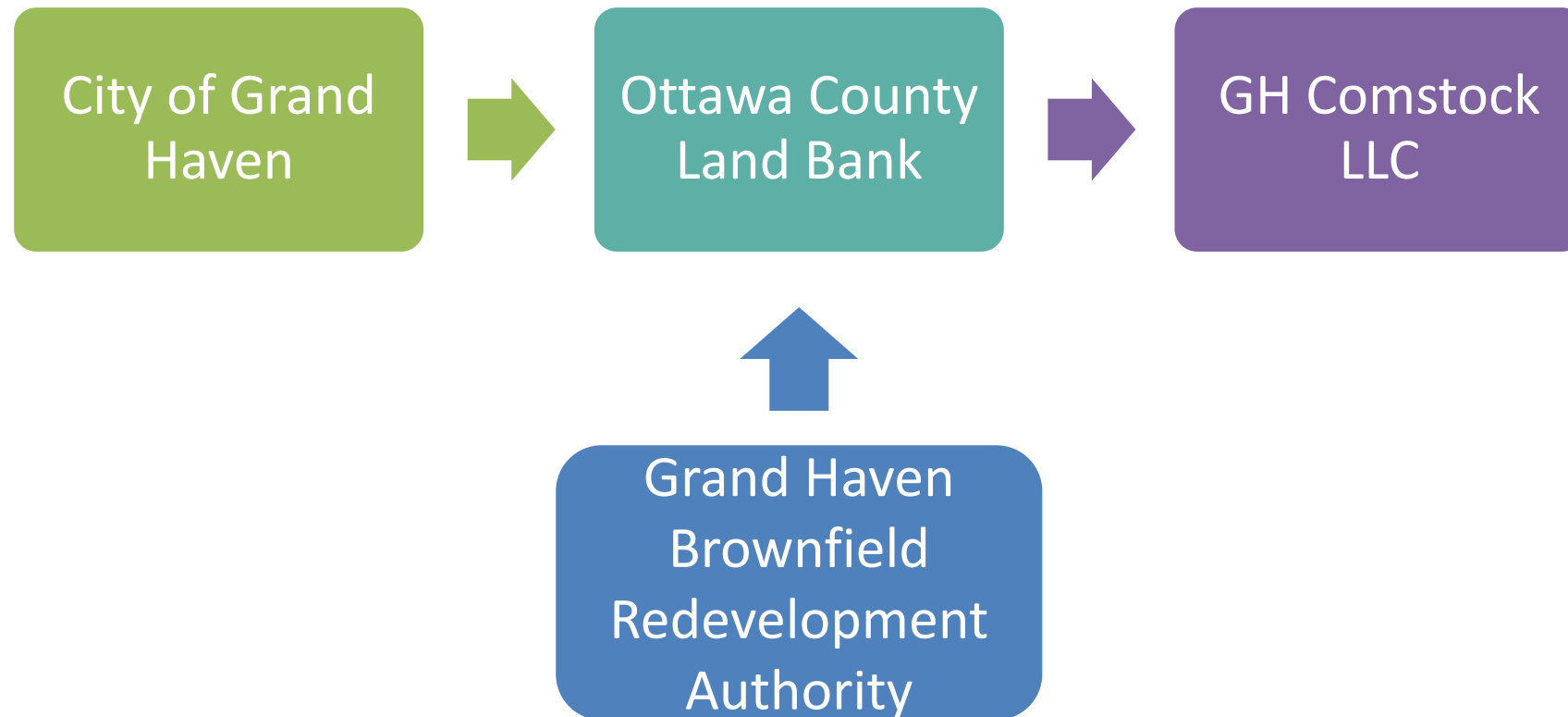
- Demolition
- Lead and asbestos abatement
- Site preparation
- Infrastructure improvements
- Assistance to land banks and local government units



Site- 7.5 Acres Owned by City of Grand Haven



Development Agreement



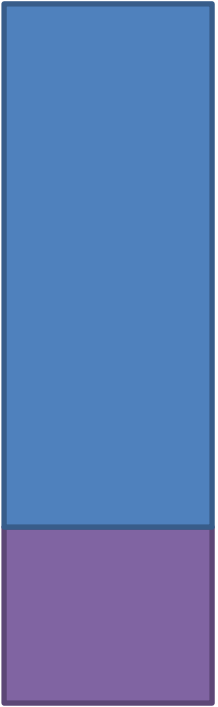
Robinson Landing TIF Plan

- Local- Only Plan
 - 30 years
 - Generates \$175,133 for the Brownfield Redevelopment Authority
 - Generates \$362,106 for the Local Brownfield Revolving Fund
 - Reimburses Developer for eligible activities

Summary of Local-only Eligible Activities	
Eligible Activities	Cost
Environmental Activities	
EGLE Pre-Approved Activities	\$14,500
Sub-Total Environmental Activities	\$14,500
Non-Environmental Activities	
Site Preparation	\$374,087
Infrastructure Improvements	\$1,374,995
Sub-Total Non-Environmental Activities	\$1,749,081
Contingency (15%) *	\$100,00
Brownfield Plan Preparation	\$12,000
Brownfield Plan Implementation	\$15,000
Interest (5%, simple) **	\$1,074,840
Total Eligible Cost for Reimbursement	\$2,965,421

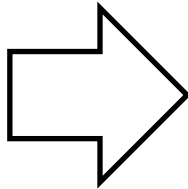


How Can Brownfield TIF Fill a Gap?

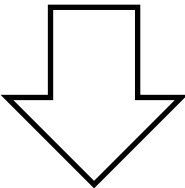


Increase in taxes after development complete reimburses the developer

Taxes paid before development continues to be paid



Year 1	Year 2	Year 3	...	Year 29	Year 30
\$	\$\$	\$\$		\$\$\$	\$\$\$\$



Bridge loan=Money up front
Leverages annual TIF payments



Robinson Landing Sources and Uses

Project Budget

Acquisition	\$34,646
Legal	\$23,500
Title	\$8,750
Insurance	\$22,621
Predevelopment A+E	\$66,700
Environmental	\$23,800
GMP with DK	\$6,968,685
Contingency inside of GMP	\$90,476
City Infrastructure	\$217,673
Soft Cost Contingency	\$15,000
Owner Contingency	\$100,000
Commitment Fee	\$10,664
Bank Interest Reserve	\$321,367
Foundation Loan Interest Reserve	\$30,000
Construction Tax Reserve	\$35,000
Total Project Cost	\$7,968,882

Project Sources

Bank Loan	\$4,300,000
MCC Equity (Repaid through home sales)	\$293,750
Brownfield TIF Loan from MCC	\$1,875,132
Grand Haven Area Community Foundation Loan	\$1,500,000
Total Sources	\$7,968,882



Robinson Landing Partners

- ▶ Michigan Community Capital: Developer-provided capital, guaranteed debt
- ▶ Housing Next: commissioned housing study, identified site, played “match-maker”, encouraged pro-active zoning
- ▶ Grand Haven Area Community Foundation: \$1.5M low-cost capital
- ▶ Ottawa County Landbank: transferred site to allow for brownfield eligibility
- ▶ City of Grand Haven: zoning updated to allow for smaller lots and smaller homes, reduced acquisition price, approval of brownfield tax increment financing, reduced tap fees by 90%, created a Community Land Trust
- ▶ Dart Bank- Construction Loan
- ▶ Blue West Properties: Local broker reduced commission to 1%



Summary

- ▶ Workforce/ Attainable Housing needs will not be addressed by private market alone
- ▶ Most housing for working/middle class families will need subsidy
- ▶ Economic Development Professionals, Planners, City Officials and Businesses MUST be pro-active to encourage housing to meet their needs
- ▶ Identifying sites, completing market studies and raising capital all will help to attract investment
- ▶ Brownfield Redevelopment Authorities, Municipalities and Land Bank Authorities can work together to creatively incentivize the kind of housing their communities need



Questions?



Marilyn Crowley

Vice President of Investment

Michigan Community Capital

marilyn@miccap.org • (517) 803-0634

michigancommunitycapital.org

