



## **Attention: Downtown Building Owners**

### **Are you interested in creating or renovating residential apartments on the upper floors of your downtown building?**

MSHDA, the Michigan State Housing Development Authority, has recently announced a change to the Downtown Rental Rehab funding guidelines. Funds are now available on an ongoing basis for property owners who would like to create new units above commercial space in downtown areas.

### **What is MSHDA's Downtown Rental Rehab Program?**

MSHDA's Downtown Rental Rehabilitation program supports the revitalization of economically distressed downtowns through redevelopment of the upper floors of downtown buildings into quality and affordable rental units. In order to encourage this redevelopment grant funding is available through their Housing Resource Fund which provides downtown property owners up to \$35,000 per new unit created or up to \$25,000 for existing units which are rehabilitated. In order to utilize this funding, the property owner must contribute a minimum of 25% in matching funds for the project and commit to keeping rents affordable by charging no more than "Fair Market Rent" (as determined by HUD) and renting to families at or below 80% AMI (Area Median Income) for 5 years. The funds are generally provided to the property owner in the form of a lien on the property which is forgiven following a 5 year period if all compliance requirements have been met.

### **What Are The Benefits Of Rental Rehab?**

Rental rehab projects targeted at downtown business districts often have a long-term positive impact resulting from (a) increased activity in the downtown, (b) increased revenue to downtown property owners, and (c) productive use of space which is often inappropriate for homeownership.

### **MSHDA will give preference to applications that meet the following criteria:**

1. The projects are ready to go with owner financing for the leverage portion in place at time of application submittal, (proof of leverage funds must be submitted with application)
2. Projects of 4-16 units must demonstrate long term financial viability
3. Projects that create new units in the upstairs of commercial buildings in the downtown.
4. Projects that are strongly supported by the municipality, by tax incentives given to building owners. This could be a Neighborhood Enterprise Zone, Brownfield, or other program that reduces the taxes for the property owner.
5. Program/Projects with historic buildings that are eligible for historic tax credits (placed in service prior to 1936), and that are in a historic local district.
6. Programs/Projects in a Michigan Main Street Community
7. Projects that preserve the historic character of the building
8. Projects that include "green" standards using recyclable materials, and projects that achieve high energy efficiency standards
9. Projects that create units that have at least 750 square feet (SF) per unit (and at least one bedroom per unit). Projects less than 750 SF could be considered, but MSHDA would award a maximum of \$25,000 for these units.

**For more information, contact the  
City of Owosso Housing Program Office at (989) 725-0537.**