Area Median Income

Area Median Income (AMI) is a measure used by the U.S. Department of Housing and Urban Development (HUD) to establish income limits for affordable housing programs. For Novi, HUD uses the Detroit-Warren-Livonia, MI HUD Metro FMR Area, which includes Oakland County. HUD establishes income limits annually and adjusts them based on household size. The limits are then expressed as percentages of AMI, such as 30%, 50%, 60%, and 80%, to establish income eligibility for housing programs.

For 2025, the applicable income limits for Oakland County are:

Household Size	30% AMI	50% AMI	60% AMI	80% AMI
2 Person	$24,240	$40,400	$48,480	$64,640
3 Person	$27,270	$45,450	$54,540	$72,720
4 Person	$30,300	$50,500	$60,600	$80,800

For the proposed Lincoln Avenue Communities project, the developer has indicated that the units would be income-restricted to households earning no more than 80% of AMI, with a weighted average income not to exceed 60% of AMI. Based on prior communications from the developer, the anticipated distribution by income tier was approximately:

- 32 units at 30% AMI
- 27 units at 50% AMI
- 149 units at 60%
- 61 units at 80% AMI

To illustrate what these income limits can mean in practical terms, the following examples compare 2024 median annual wages for selected occupations in Oakland County with the AMI limits for a one-person household:

Occupation	Annual Wage	Approx AMI Range
Home Health Aide	$32,987	30–50% AMI
Nursing Assistant	$40,215	50–60% AMI
Paramedic	$49,008	60–80% AMI
Machinist	$60,647	Above 80% AMI
Elementary School Teacher	$63,381	Above 80% AMI

Human Resources Specialist	$76,074	80–120% AMI

A one-person household supported by the income of a home health aide earning approximately $33,000 would fall within the lower income tiers represented in the project. A nursing assistant earning approximately $40,000 would fall near the 50% to 60% AMI range, while a paramedic earning approximately $49,000 would fall within the project's 60% to 80% AMI range.

Relationship Between AMI and Rent

AMI income limits are also used to establish maximum affordable rents for income-restricted housing.

Unit Type	30% AMI	50% AMI	60% AMI	80% AMI
1 Bedroom	$568	$946	$1,136	$1,515
2 Bedroom	$681	$1,136	$1,363	$1,818
3 Bedroom	$787	$1,313	$1,575	$2,101
4 Bedroom	$879	$1,465	$1,758	$2,344

Example: Income and Rent at 50% AMI

For example, a 3-person household earning up to the 50% AMI limit of $45,450 annually, consistent with occupations such as a nursing assistant, would generally qualify for a 2-bedroom unit, based on the standard occupancy guideline of approximately 1.5 persons per bedroom. At the 50% AMI tier, the maximum rent for a 2-bedroom unit is set at $1,136 per month, ensuring that housing costs remain affordable relative to the household's income.

TIF Recap

Under a TIF, the City and other taxing jurisdictions continue to receive the taxes currently generated by the property (the "base"). Only the *increase* in taxable value above that base, generated by the redevelopment, is captured as increment. If the property does not increase in value, there is no increment to capture, and the developer receives no reimbursement.

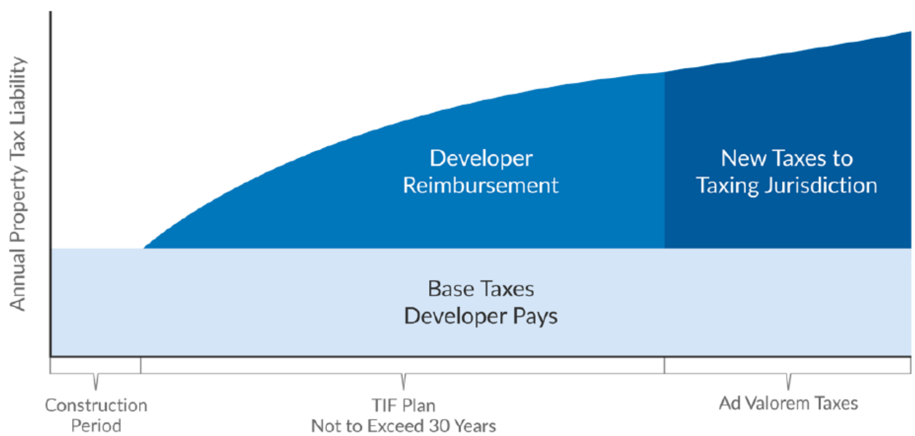
Captured increment is used to reimburse the developer for approved project costs over the term of the TIF. It is not a grant or upfront payment; the developer is reimbursed only as new tax revenue is actually generated by the completed project.

School operating taxes are held harmless under this structure. If school operating millage is included in the capture, the affected school district is reimbursed by the State School Aid Fund for the captured amount, so district funding is not reduced as a result of the TIF.

Without a TIF or PILOT, the project's financing gap would not be closed, and the developer has indicated the affordable housing component of the project could not otherwise move forward.

What Is "Tax Increment Financing"?

"Tax increment financing" or "TIF" is an incentive structure that exists in 49 out of 50 states in the United States. The structure allows a developer to capture incremental tax revenue generated by a development to reimburse for eligible activities (e.g. site clean-up, infrastructure, construction costs, etc.). The developer pays standard property taxes and is reimbursed for an applicable portion the following year. In Michigan, the new taxes created are eligible to be captured by the developer for up to 30 years.



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What Are Michigan's Project-Specific "TIF"s?

	BROWNFIELD TIF	MSHDA HOUSING TIF	TRANSFORMATIONAL BROWNFIELD
Description	Supports the clean up of contaminated sites, the development of transit-oriented properties, or the redevelopment of blighted, functionally obsolete, and historic property	Supports the creation of new housing and the preservation of existing housing **Since 2023, ~$800 million in housing investment projects (~3,000 units) approved through the program**	Supports large-scale mixed-use developments on dirty sites that have a transformational impact on a City's population, commercial activity, or employment **Since 2017, supported billions in real estate development statewide**
Eligible Costs	Environmental testing and cleanup, demolition, lead/asbestos abatement, site preparation, public infrastructure	Infrastructure and safety improvements, parking, site preparation, demolition and renovation costs, financing losses associated w. affordable housing commitments	All construction activities
Reimbursement Mechanism	Property Taxes for up to 30 years – Excludes debt millages	Property Taxes for up to 30 years – Excludes debt millages	Property Taxes for up to 30 years – excluding debt millages + % of State Income, Withholding, & Sales Taxes for up to 20 years
Who Approves	Local Municipality, Local/Regional Brownfield Authority, EGLE, Michigan Strategic Fund	Local Municipality, Local/Regional Brownfield Authority, Michigan State Housing Development Authority	Local Municipality, Local/Regional Brownfield Authority, Michigan Strategic Fund

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TIF vs. PILOT: How They Compare

	Housing TIF (+ PILOT)	PILOT Alone
What jurisdictions receive	Base taxes continue as normal during the TIF; only the *increase* above the base is captured	Standard property taxes are replaced entirely by the PILOT payment (3% of shelter rents), distributed proportionally among jurisdictions
Tied to property value	Yes, during the TIF portion. Capture depends on the property's taxable value increasing	No. The payment is calculated from shelter rents, independent of assessed value
How the developer benefits	Reimbursed over time from the captured increment, structured to support debt financing	Pays a reduced, predictable amount instead of standard property tax, improving project operating economics
Duration	30-year TIF (Act 381 maximum), followed by a 10-year PILOT. 40 years combined	40 years
School operating taxes	May be captured only with MSHDA approval; if captured, the school district is reimbursed by the State School Aid Fund	Receives its proportional share of the PILOT payment only; no known state backstop mechanism