MEMORANDUM

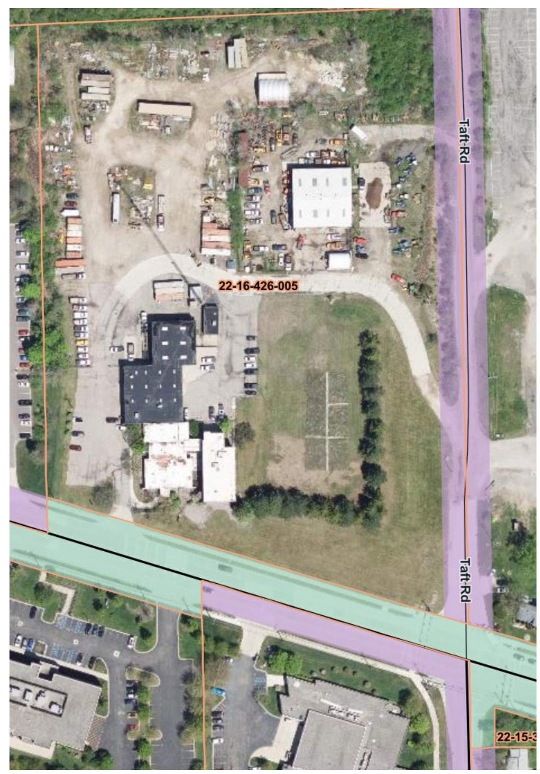
TO: VICTOR CARDENAS, CITY MANAGER
FROM: REGINA SWICK, ECONOMIC DEVELO
SUBJECT: LINCOLN AVENUE MIXED-INCOME H
DATE: JULY 30, 2026

Mayor and Council –

We have another request that will come before you at your August 10th meeting. This one is specifically geared toward workforce housing. Happy to answer any questions you may have leading up to their presentation.

- Victor

The City has been approached by Lincoln Avenue Communities, a developer interested in redeveloping the former DeMaria site at the northwest corner of Taft Road and Grand River Avenue, within Novi's City West District.



The proposed project is a mixed-income, multifamily housing development consisting of approximately 269 units: 40 one-bedroom, 121 two-bedroom, 80 three-bedroom, and 28 four-bedroom units. Per the developer, all units would be income-restricted to households earning no more than 80% of Area Median Income (AMI), with a weighted average across the property not to exceed 60% AMI.

Within that mix, 32 units would serve households earning up to 30% AMI and would be supported by MSHDA Project-Based Vouchers. The vouchers would allow the property to receive market-comparable rents on those units. The developer intends to finance the project using federal Low-Income Housing Tax Credits (LIHTC), together with funding through Oakland County and the Michigan State Housing Development Authority (MSHDA).

Per the developer, the LIHTC financing would require the applicable affordable units to remain subject to income and rent restrictions for a minimum of 30 years, regardless of a change in ownership. Additional affordability requirements may apply as a result of MSHDA and Oakland County financing. The specific affordability requirements for the project's financing would be established by the applicable financing and regulatory agreements.

As part of this financing structure, the developer has requested that the City consider either a MSHDA Housing Tax Increment Financing Program, or a Payment In Lieu of Taxes (PILOT) arrangement, in place of standard property taxes.

Specifically, the developer is proposing a Housing TIF to capture 90% of the incremental increase in taxable value for a 40-year term. Affecting both City General Fund revenue and CIA revenue, since both draw from the same captured increment. Per the developer, a 90% capture ratio aligns with what has been permitted for similar Lincoln Avenue Communities projects in other municipalities and would provide additional financing capacity to help address anticipated increases in construction costs.

The developer has indicated that, if the City were to provide TIF assistance, the City could require an affordability commitment extending beyond the minimum affordability period associated with the LIHTC financing. Because the proposed TIF term is 40 years, the City may wish to consider whether the affordability commitment should correspond with the full term of the City's financial assistance.

Following expiration of the requested 40-year TIF term, the property would return to the standard property tax structure. Any affordability requirements in place at that time would continue according to the terms of the project's financing and regulatory agreements. The developer may seek additional financing or incentives in the future to support capital improvements or other project needs; any future request would be subject to City consideration at that time.

Brief Summary: What Is a PILOT?

A Payment In Lieu of Taxes (PILOT) is an alternative to standard property taxation that may be used for certain affordable housing developments. Rather than paying property taxes calculated from assessed value and applicable millage rates, the property owner makes a payment based on the terms established under the applicable PILOT program and agreement.

Per the developer, the proposed PILOT would require the property owner to pay 3% of "shelter rents," defined by the developer as rent collected less utility costs paid by the owner. The PILOT payment would then be distributed among the applicable taxing jurisdictions according to the terms of the PILOT structure. Based on the City's 2025 millage rates, the City of Novi would receive approximately 20% of the PILOT payment.

As an additional possibility, the developer has discussed a Municipal Services Agreement (MSA) in conjunction with a reduced PILOT. Under this concept, the PILOT percentage would be lowered (for example, from 3% to 1% of shelter rents), while a separate service payment, proposed at approximately 2% of shelter rents, would be paid directly to the City under the MSA. Per the developer, this additional payment would not be distributed among the other taxing jurisdictions.

The proposed PILOT and MSA structure would be subject to further review by the City, including review of the applicable statutory authority, proposed agreement terms, and financial implications.

Table of sample rents provided by the developer

Bedrooms	50%	60%	80%
1 Bedroom	$946	$1,136	$1,515
2 Bedrooms	$1,136	$1,363	$1,818
3 Bedrooms	$1,313	$1,575	$2,101
4 Bedrooms	$1,465	$1,758	$2,344

Income and rent limits set by MSHDA for LIHTC projects, MSHDA Direct Loan projects

05/01/2026 INCOME AND RENT LIMITS

County: 63 Oakland **Effective Date: 5/1/2026**

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	14,680	16,780	18,880	20,960	22,640	24,320	26,000	27,680
25%	18,350	20,975	23,600	26,200	28,300	30,400	32,500	34,600
30%	22,020	25,170	28,320	31,440	33,960	36,480	39,000	41,520
35%	25,690	29,365	33,040	36,680	39,620	42,560	45,500	48,440
40%	29,360	33,560	37,760	41,920	45,280	48,640	52,000	55,360
45%	33,030	37,755	42,480	47,160	50,940	54,720	58,500	62,280
50%	36,700	41,950	47,200	52,400	56,600	60,800	65,000	69,200
55%	40,370	46,145	51,920	57,640	62,260	66,880	71,500	76,120
60%	44,040	50,340	56,640	62,880	67,920	72,960	78,000	83,040
70%	51,380	58,730	66,080	73,360	79,240	85,120	91,000	96,880
80%	58,720	67,120	75,520	83,840	90,560	97,280	104,000	110,720
100%	73,400	83,900	94,400	104,800	113,200	121,600	130,000	138,400
120%	88,080	100,680	113,280	125,760	135,840	145,920	156,000	166,080
125%	91,750	104,875	118,000	131,000	141,500	152,000	162,500	173,000
140%	102,760	117,460	132,160	146,720	158,480	170,240	182,000	193,760
150%	110,100	125,850	141,600	157,200	169,800	182,400	195,000	207,600

Rent By Person	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	367	419	472	524	566	608	650	692
25%	458	524	590	655	707	760	812	865
30%	550	629	708	786	849	912	975	1,038
35%	642	734	826	917	990	1,064	1,137	1,211
40%	734	839	944	1,048	1,132	1,216	1,300	1,384
45%	825	943	1,062	1,179	1,273	1,368	1,462	1,557
50%	917	1,048	1,180	1,310	1,415	1,520	1,625	1,730
55%	1,009	1,153	1,298	1,441	1,556	1,672	1,787	1,903
60%	1,101	1,258	1,416	1,572	1,698	1,824	1,950	2,076
80%	1,468	1,678	1,888	2,096	2,264	2,432	2,600	2,768
100%	1,835	2,097	2,360	2,620	2,830	3,040	3,250	3,460
120%	2,202	2,517	2,832	3,144	3,396	3,648	3,900	4,152
125%	2,293	2,621	2,950	3,275	3,537	3,800	4,062	4,325
140%	2,569	2,936	3,304	3,668	3,962	4,256	4,550	4,844
150%	2,752	3,146	3,540	3,930	4,245	4,560	4,875	5,190

Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
20%	367	393	472	545	608	671
25%	458	491	590	681	760	838
30%	550	589	708	817	912	1,006
35%	642	688	826	953	1,064	1,174
40%	734	786	944	1,090	1,216	1,342
45%	825	884	1,062	1,226	1,368	1,509
50%	917	983	1,180	1,362	1,520	1,677
55%	1,009	1,081	1,298	1,498	1,672	1,845
60%	1,101	1,179	1,416	1,635	1,824	2,013
70%	1,284	1,376	1,652	1,907	2,128	2,348
80%	1,468	1,573	1,888	2,180	2,432	2,684
100%	1,835	1,966	2,360	2,725	3,040	3,355
120%	2,202	2,359	2,832	3,270	3,648	4,026
125%	2,293	2,457	2,950	3,406	3,800	4,193
140%	2,569	2,752	3,304	3,815	4,256	4,697
150%	2,752	2,949	3,540	4,087	4,560	5,032