GRATIOT COUNTY, MICHIGAN

September 15, 2026

PUBLIC HEARING QUESTIONS

Brownfield Plan for the Lakeside Estates Development

Pine River Township, Michigan

Pursuant to and in accordance with the provisions of Act 381 of the Public Acts of the State of Michigan of 1996, as amended

1. Why is over $2 million of reimbursement justified for a project with only four restricted units?
    - **a.** With increasing geopolitical uncertainty, trade-related uncertainty affecting Canadian lumber imports impacting a home's primary input, lumber, interest rates that have more than doubled in the last 3 years, and site infrastructure development costs that are increasing annually at a rate of about 10% per year – market rate development has become unviable other than at very high-end price points. TIF (Tax Increment Financing) support of this project allows for the construction of 19 homes that otherwise would not be constructed, helping to address the state and region's acute housing shortage. In addition to delivering market rate, owner occupied homes the project is also producing 4 workforce housing units, with rents restricted at 100% AMI which makes these units affordable for the region's teachers, nurses, public safety officers and others who are increasingly priced out of the housing market. Lastly, these are 4-bedroom homes, which are typically occupied by families with school-aged children. The addition of new families in the school system will generate additional revenue to the local schools, which are funded on a per pupil basis. Lakeside Estates' own development history provides local context for these challenges, as the subdivision has developed incrementally over nearly two decades rather than reaching full buildout.
2. What portion of the brownfield reimbursement is attributable to the four income-restricted units versus the fifteen market-rate units?
    - **a.** The affordable housing financing gap eligible activity on the project is $766,320, which represents about 36.8% of all eligible activities. This percentage closely aligns with the state's projected share of the total TIF reimbursement, subject to MSHDA approval.
3. If the brownfield reimbursement were not approved, would the developer still proceed with the project? If not, what specific portion of the project becomes financially infeasible?
    - **a.** But for the TIF approval, this project will not move forward. There is not sufficient market depth at the price points we would need to sell homes at without TIF support.
4. Have any local builders indicated they could complete this development without requiring the same level of public subsidy, and was that possibility evaluated before approving this brownfield request?
    - **a.** Allen Edwin Homes cannot speak for other builders or say whether the municipality evaluated other proposals before approving the brownfield request. The previous builder's decision not to proceed does, however, illustrate the difficulty of making this development financially feasible.
5. Since taxpayers are providing substantial brownfield incentives for this project, what economic benefits will accrue to Gratiot County residents during construction, and what percentage of the project budget is expected to be spent with local businesses, contractors, and workers?
    - **a.** It is critical to note that the amount of taxes **currently** collected will continue to be collected and generated for the community. There will be **no loss**. Existing taxpayers *are not* providing incentives to the project. The upfront investment is entirely on the developer. It is the increase in taxes that otherwise would not be present but for the development, that will go to reimburse the developer for eligible expenses. The primary public benefit of this project is the development of new mixed income housing which is in short supply in the region. These are new families and residents who will live and work in the community; who will attend local

schools; and support local businesses. Additionally, the project will generate an anticipated $598,562 of new tax revenue to support Alma School's debt millage, which is not captured by the brownfield plan. Michigan's local K–12 public schools are funded primarily on a per-pupil basis. For the 2026–27 school year, the foundation allowance is $10,300 per student

   b. Allen Edwin Homes is the state's largest home builder and is always seeking partnership with local construction trades companies and seeks to use local labor whenever possible. We would welcome any local company to reach out to explore a partnership through our trade partner's page: https://www.allenedwin.com/trade-partners/

6. What is the expected sale price range of the 15 market-rate homes, and are there any deed restrictions, affordability covenants, or owner-occupancy requirements associated with those homes in exchange for receiving brownfield incentives?
   a. The market rate homes are expected to start in the mid $300k's, with pricing variability based on the home buyer's preferences (such as finishing the basement or other upgrades). There will not be any deed restrictions on the market rate homes.
7. Did MSHDA independently verify the rent-loss assumptions and what were their conclusions?
   a. The rent loss assumption was develop using MSHDA's published Housing Subsidy Calculation guidance. MSHDA's review of this project will not occur until after it is approved locally.
8. What project-specific financial analysis demonstrates the need for public subsidy, and can that analysis be made available to the public?
   a. Yes, a proforma was submitted with the project application materials.
9. The United States Census Bureau reflects $63,556 as the Median Household Income for Gratiot County. It is generally recommended that no more than 30% be spent on housing. $63,556 / 12 = $5,296.33 * 30% = $1,588.90

   The amount projected as rent for the 4 income-restricted rentals is listed at $2,041.

   a. The project was developed using MSHDA's published income and rent limit chart (see page 29 here for Gratiot County). Per MSHDA guidance, 100% AMI rent on a 4-bedroom home is $2,425. We reduced from that amount a utility allowance of $384, which is the MSHDA published utility allowance for Region C, where Gratiot County is located to arrive at the project rent listed in the brownfield plan documents.
10. Are individual wells being drilled for each unit or is municipal water being run?
    a. Community is served by municipal sewer and private wells
11. If wells are drilled, has any study been performed regarding impacts on groundwater availability and neighboring wells?
    a. The Mid-Michigan District Health Dept. approved private wells to serve the community at the time it was formed and established minimum requirements, which are disclosed in the Bylaws. We have requested additional community specific information from the health department and verified through a Phase 1 environmental report that there is no concern for contaminated water.
12. Has an engineering study been completed confirming that the existing sewer, drainage, and stormwater can accommodate these additional homes, and will that study be made public?
    a. The Township has accepted ownership of the sewer and had it jetted a few times so we can televise and launch the laterals to verify each lot has sewer access and that the leads are viable.
13. What analysis has been completed regarding impacts on existing Lakeside Estates residents, including traffic, drainage, road maintenance costs, noise, and association governance?
    a. What will allowable construction times be? Established trade work timelines are Mon-Sat 7:00 am-6:00 pm
    b. What standards will be in place for ensuring cleanliness of the roadways? There are no sidewalks so current residents walk, including children and pets. Silt fence will be installed

along roadway. The trade partner is to clean any dirt or debris tracked onto roadway at the end of the day.

14. The roads within Lakeside Estates are privately maintained by residents. What analysis was completed regarding the additional road wear generated by construction traffic and future residents, and what contributions will the developer make toward repair, maintenance, or reconstruction costs resulting from the project?
    a. According to the master deed, this is a public road. Apparently, the County that has not accepted this as a public road. However, due to the terms of the Purchase Agreement, the "Seller shall be responsible for setting up the Home Owner's Association for the Development, in line with State law and the Master Deed for the Lakeside Estates Site Condominium documents, and ensuing its compliance with State reporting. The Seller is retaining Developer Rights and Responsibilities until the last house is sold in the community." As homes are built and occupied, there will be additional members of the HOA to support the maintenance of the roads.
15. Because this is not a public roadway, school buses do not go into the subdivision. Was that considered when thinking about the types of household units that may rent these homes?
    a. According to the master deed, this is a public road. It should also be noted that of the 19 new homes planned, six are slated to be rentals. For further explanation, we would need to know the questioner's correlation between rental units and school bus traffic.
16. Residents are responsible for their own snow plowing. How will the income-restricted units be able to afford this?

    The income restricted rental properties will be managed by our subsidiary company, Copper Bay. Snow removal will be provided by Copper Bay, and is included in rental payments.
17. Has someone completed an overview of the potential profit the developer will make related to the project as a whole? What does this overall profit look like in terms of the property tax capture?
    a. The proforma submitted with the application materials shows an average cash on cash return of approximately 5.29% with the requested TIF. Removing the TIF from the proforma reduces the cash-on-cash return to 1.38%, making the project no longer feasible.
18. What criteria were used to evaluate the developer and builder's qualifications, and what information is available regarding construction quality, warranty claims, and completed projects in Michigan?
    a. Allen Edwin Homes is the largest home builder in Michigan, with over 90% of our customers indicating they would recommend us to a friend or family member. We are happy to provide references to other communities where we have completed projects.
19. What restrictions, if any, will apply to rentals within the development, including investor ownership, long-term rentals, and short-term rentals?
    a. Short term rentals are prohibited on any project utilizing housing TIF.
20. What happens after the 10-year affordability period expires, and are there any provisions requiring continued affordability after that period?
    a. After 10 years, the income restricted homes could be rented or sold at market rates.