October 26, 2026

Gratiot County Board of Commissioners

Re: Support for Housing Tax Increment Financing in Gratiot County

Dear Commissioners:

I urge the Commission to support housing development in Gratiot County by approving Tax Increment Financing (TIF) proposals that, following appropriate review, demonstrate a need for assistance to make development financially feasible. If we want more housing options, we must be willing to use the tools that help get them built.

Through Gemini Capital Management, we have redeveloped a number properties in Gratiot County, many using TIF. Our perspective comes from working through difficult projects over the past decade and the risks of completing projects. We understand the importance of these incentives because we have relied on them in our own developments.

The challenge becomes clear when construction costs are compared with the rents or sale prices a project can reasonably achieve in Gratiot County. Labor, materials, site preparation and infrastructure must be paid for at today's costs. Those costs do not fall simply because a property is in a smaller community where rents and home values are lower. A community can have a clear need for housing and still have a substantial gap between the cost to build it and what the finished property can support.

That gap cannot always be solved by changing the plans or asking contractors to bid again. Developers should examine design choices, construction methods and opportunities to reduce costs. But there is a limit to what those changes can accomplish while still delivering a durable, functional property. Required site work, utilities and other infrastructure remain real costs, even when they add little that a future resident can see or directly pay more for.

Building at a larger scale can help. Coordinating crews, purchasing materials in greater quantities and spreading site and infrastructure costs across multiple homes can improve efficiency compared with building one home at a time. Those efficiencies deserve consideration, but they do not automatically eliminate the financial gap. A well-planned development can still require assistance to move forward.

Financing creates another practical constraint. A lender's willingness to finance a project depends on the income and completed value that support repayment, not simply on what construction costs. Additional developer equity can help, but it cannot responsibly be expected to absorb an unlimited gap in a project that does not work economically. For projects facing these conditions, incentives can be the difference between construction proceeding and a site remaining vacant or underused.

Housing TIF can help address that gap by using a portion of the additional property tax revenue generated by development to reimburse eligible costs under an approved plan. This can structure assistance around revenue the completed development produces rather than requiring an upfront public payment of those costs. The developer still must commit capital, obtain financing, manage construction and carry the risks of completion. In our experience, incentives are often essential to getting projects across the finish line.

The benefit also extends beyond the households moving into new homes. Additional options can allow existing residents to move into housing that better fits their needs, making their previous homes available to others. Without new construction, those opportunities remain limited. That makes it harder to attract new residents, retain young professionals and provide housing for a growing workforce.

Each proposal deserves careful review of its costs, need for assistance and public benefit. That review should provide a path to approval when the case is demonstrated. If the County wants additional housing but declines the tools necessary to make it feasible, we should not be surprised when needed projects do not move forward or future opportunities go to other communities. Housing goals must be matched by a practical willingness to address the economics of construction.

Local decisions also influence where builders and investors pursue their next projects. A clear, consistent willingness to consider and approve well-supported housing TIF proposals gives them a reason to keep investing in Gratiot County. I strongly encourage the Commission to take that approach. Our firsthand experience has shown how important these incentives are to getting projects completed. Using them responsibly is essential to turning the County's housing goals into actual homes.

Sincerely,

Ryan Smith
Gemini Capital Management, LLC