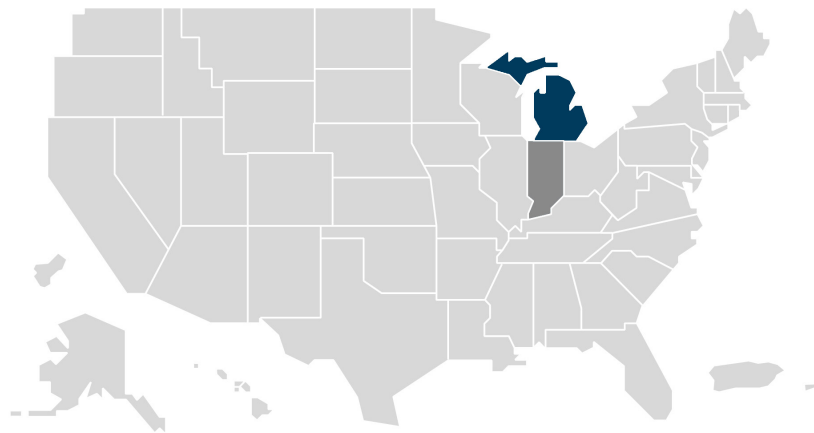


# ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



**MICHIGAN**  
STATE REPORT

# MICHIGAN STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Michigan is in the Indianapolis district. This report details the economic impact of housing within Michigan that has been enhanced by AHP funding from 1990 through 2016.\*

\* Note: some projects within Michigan may have received AHP funding from a Federal Home Loan Bank other than FHLBank Indianapolis. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

# MICHIGAN Rental, Home Construction and Rehabilitation Activities

## Economic Basis



**\$99.69** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$122.68** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$664.53** MILLION

### DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

**\$815.51** MILLION

### DEVELOPMENT COST INFLATION-ADJUSTED



**3,514**

### PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).



**13,386**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.



# MICHIGAN Home Purchase Activities

## Economic Basis



**\$25.03** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$33.70** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$126.33** MILLION

### FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

**\$145.22** MILLION

### FIRST MORTGAGES INFLATION-ADJUSTED

 **4,600**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# MICHIGAN Rental, Home Construction and Rehabilitation Activities

## Economic Impact



**\$1.63** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



**11,663** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



**\$585.03** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**2.00**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

**\$56.06** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

# MICHIGAN Home Purchase Activities

## Economic Impact



**\$287.87** MILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



**2,213** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



**\$72.73** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.91**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

**\$13.16** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

# Benjamin's Hope



## Benjamin's Hope

Benjamin's Hope is a nonprofit housing organization founded in 2007 to address the needs of adults and families affected by autism and other intellectual and developmental differences. In 2011, the Bank of Holland provided a \$750,000 Affordable Housing Program (AHP) grant through Federal Home Loan Bank of Indianapolis to assist with the development of phase one, which included two homes. A second AHP award of \$500,000 in 2013 assisted with an additional phase that constructed another four-bedroom home. Since 2015, Benjamin's Hope has constructed another three homes through fundraising, creating housing for up to 48 tenants. By 2018, the organization was able to fundraise enough to finish out construction of the entire master plan.

Benjamin's Hope was the vision of founder and Executive Director Krista Mason, the mother of a child with autism (Benjamin). The organization was designed to adapt to its clients' needs, so a person with autism can choose to live just a few years at Benjamin's Hope, or make it their long-term home. "There's a shortage of options for adults. We borrowed ideas from a variety of models, none of which are just like what we've developed at Benjamin's Hope," Krista explains.

Her overall vision for Benjamin's Hope included a 40-acre farmstead setting in Holland, Michigan that enhanced sensory interactions for residents and provided a serene, community-based environment rather than an institutional setting. The master plan called for six homes with four bedrooms each, housing up to eight tenants sharing common living space. The homes were specifically designed for the tenants' needs, planning for spacious areas, kitchens with refrigerators located in the pantry and desk space for each home's Sidekicks—the name given to the 24-hour caretakers at Benjamin's Hope, further supporting the goal of creating a less institutional environment by eliminating common institutional labels. In addition to the housing, a 12,000-square-foot community building was created that houses a worship/conference space, coffee shop, exercise room, lounge space, restrooms and offices.

As part of the community-based focus of Benjamin's Hope, residents participate in the larger community through life-enrichment programs that have residents volunteering and working throughout the Holland community. The community building brings everyone together for more interaction among people of all abilities. Tenants can be found selling their home-grown produce at the local farmers market or farm stand on the property. Krista has worked tirelessly to make her dream a reality—to provide housing to persons with disabilities who need a caring community where they can develop new skills and enjoy a life of dignity and purpose.

**Holland  
Michigan**

# MICHIGAN Project Profile: Home Purchase Activity



### Macatawa Bank

Since 2014, Macatawa Bank has provided more than \$50,000 in down payment assistance to homeowners in western Michigan using Federal Home Loan Bank of Indianapolis’s Homeownership Opportunity Program (HOP). In 2015, Ryan Meeusen and Kelsey Boyce were ready to purchase their first home in the small town of Zeeland, Michigan. Their realtor was familiar with HOP and felt the couple would be a great fit. Through Macatawa Bank, the family received a \$10,000 HOP grant to help finance the purchase of their home. Macatawa Bank and first-time homebuyers in western Michigan have benefited from local realtors promoting the program and helping homebuyers with down payment assistance and closing costs.

SOURCES		
Purchase Price	\$	100,000
Member Mortgage	\$	90,000
Federal Home Loan Bank of Indianapolis		
Homeownership Opportunity Program (HOP)	\$	10,000



# Level One Bank HOP



## Level One Bank

Level One Bank offers grant programs for homebuyers through the Federal Home Loan Bank of Indianapolis’s Homeownership Opportunities Program (HOP). These grants offer up to \$8,000 in funds for qualifying low-to-moderate income homebuyers to use toward their down payment and closing costs.

Anthony Mitchell, a new homeowner in Oakland, Michigan, used the HOP grant through Level One Bank and Habitat for Humanity Oakland to make his dream of homeownership a reality.

“I am so glad to be a homeowner and I am grateful to Level One Bank, FHLBank Indianapolis and Habitat Oakland for helping me do this,” says Mitchell. “My daughter Carol loves the house and is excited to have kids to play with in the neighborhood. I am happy to come home every day to my own home and know that this is a safe and affordable place for me. I am proud to tell my friends and family that I own my home.”

Qualifying homebuyers may also be eligible for Level One Bank’s Welcome Home Loan, an opportunity for those with less than perfect credit to obtain a mortgage with lower down payment requirements and less strict mortgage insurance requirements. Additionally, Level One Bank has partnered with Southwest Solutions of Detroit to provide free homebuyer education to the community in addition to offering specialized mortgage programs to help low-to-moderate income individuals achieve their dream of homeownership.

**Oakland  
Michigan**

# MICHIGAN

## Project Profile: Rental Activity



### River Crest Apartments

In 2014, Building Blocks Nonprofit Housing Corporation acquired and rehabilitated a historic, downtown Detroit building of 161 low-income family apartments. Identified by Detroit Police as “the most problematic building in the city,” after accruing 600 emergency calls in a single year, the former Colony and Fisher Arms reopened in January 2017 with a complete remodel. The extensive \$23.7 million renovation included new appliances, bathrooms, kitchens, flooring, central air-conditioning, a secure parking lot and playground and enhanced security measures. The Federal Home Loan Bank of Indianapolis awarded an Affordable Housing Program grant of \$500,000 to Flagstar Bank, in partnership with equity investor Cinnaire and Building Blocks Nonprofit Housing Corp., in support of River Crest Apartments.

#### SOURCES

Low-Income-Housing Tax Credits	\$	13,704,038
Historic Tax Credits	\$	3,241,115
HUD Mortgage Restructuring Note Loan	\$	3,078,418
223(a)(7) Mortgage	\$	3,077,100
AHP Subsidy	\$	500,000
Transfer of Existing Reserves	\$	177,895
Deferred Developer Fee	\$	11,837
<b>Total</b>	<b>\$</b>	<b>23,790,403</b>