

Income Verification Training

Payment In Lieu of Taxes (PILOT) Program

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*"My property now has
affordability restrictions;
What does affordability mean?
And how do I income-verify my
tenants?"*

Agenda

This meeting will cover....

- **Affordability Overview**
- **Income Verification for Vacant Units**
- **Income Verification for Legacy Residents**
- **NCS Compliance**

This material covers Fast Track Housing Projects (FTHPs) and Standard Workforce Housing Projects (SWHPs). It is not applicable for Government-Aided Housing Projects (GAHPs), which have separate compliance processes.

Affordability

- "Affordability" refers to unit rent and tenant household income
- Affordability measured by area median income (AMI)
- PILOT rate (e.g. 4%) is based on average affordability of restricted units
- Affordability agreement identifies size and number of units for each affordability restriction.
- A specific unit's restriction can change over the course of the PILOT, but the totals are fixed.

Example:

10-unit apartment, average affordability 80% AMI

- 2 one-bedroom units at 60% AMI
- 6 one-bedroom units at 80% AMI
- 2 one-bedroom units at 100% AMI

Unit Rent Restrictions

- Rent is restricted based on the MSHDA "Rent by Bedroom" values for Wayne County published and updated April 1 annually.

Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
20%	353	378	454	525	586	646
25%	441	473	568	656	732	808
30%	530	568	681	787	879	970
35%	618	662	795	919	1,025	1,131
40%	707	757	909	1,050	1,172	1,293
45%	795	852	1,022	1,181	1,318	1,455
50%	883	946	1,136	1,313	1,465	1,616
55%	972	1,041	1,249	1,444	1,611	1,778
60%	1,060	1,136	1,363	1,575	1,758	1,940
70%	1,237	1,325	1,590	1,838	2,051	2,263
80%	1,414	1,515	1,818	2,101	2,344	2,587
100%	1,767	1,893	2,272	2,626	2,930	3,233
120%	2,121	2,272	2,727	3,151	3,516	3,880
125%	2,209	2,367	2,840	3,282	3,662	4,042
140%	2,474	2,651	3,181	3,676	4,102	4,527
150%	2,651	2,840	3,408	3,939	4,395	4,850

Unit Rent Restrictions Cont'd

Rent is adjusted by a utility allowance for tenant-paid utilities. Use Region D scheduled published by MSHDA December 1 each year.

Michigan State Housing Development Authority

Utility Schedule - Region D

Effective: December 2, 2024

Counties in Region D:

Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne

		Standard Utility Allowance																		Calculation	
Structure Type		Apartment					Attached					Detached					Fill in the appropriate amount on the chart for each utility/appliance that you are responsible to pay. Add the total from each category for your total utility allowance.				
includes:		High-rise, Low-rise					Townhouse, Duplex, Triplex, Fourplex					Single Family Detached, Manufactured Home									
Utility		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR		
Heating	Natural Gas	\$22	\$25	\$30	\$34	\$38	\$42	\$38	\$45	\$48	\$51	\$55	\$58	\$31	\$36	\$42	\$48	\$55	\$61	Heating	\$
	Bottle Gas	\$64	\$76	\$88	\$101	\$114	\$126	\$113	\$132	\$142	\$153	\$163	\$173	\$92	\$108	\$126	\$144	\$162	\$180		
	Electric Resistance	\$34	\$40	\$55	\$69	\$84	\$98	\$49	\$58	\$76	\$94	\$111	\$129	\$81	\$95	\$111	\$128	\$144	\$160		
	Electric Heat Pump	\$30	\$36	\$42	\$47	\$53	\$58	\$39	\$46	\$54	\$61	\$68	\$75	\$43	\$51	\$60	\$68	\$75	\$83		
	Fuel Oil	\$81	\$95	\$111	\$127	\$143	\$159	\$142	\$167	\$179	\$192	\$205	\$217	\$115	\$136	\$159	\$181	\$204	\$227		
Cooking	Natural Gas	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8	Cooking	\$
	Bottle Gas	\$7	\$8	\$12	\$15	\$19	\$23	\$7	\$8	\$12	\$15	\$19	\$23	\$7	\$8	\$12	\$15	\$19	\$23		
	Electric	\$8	\$9	\$13	\$17	\$21	\$26	\$8	\$9	\$13	\$17	\$21	\$26	\$8	\$9	\$13	\$17	\$21	\$26		
Hot Water	Natural Gas	\$6	\$7	\$10	\$13	\$16	\$19	\$7	\$8	\$12	\$16	\$20	\$24	\$7	\$8	\$12	\$16	\$20	\$24	Hot Water	\$
	Bottle Gas	\$17	\$20	\$29	\$38	\$47	\$56	\$21	\$25	\$36	\$48	\$59	\$70	\$21	\$25	\$36	\$48	\$59	\$70		
	Electric	\$21	\$24	\$31	\$37	\$44	\$51	\$26	\$30	\$38	\$47	\$55	\$63	\$26	\$30	\$38	\$47	\$55	\$63		
	Fuel Oil	\$22	\$25	\$37	\$48	\$59	\$71	\$27	\$32	\$46	\$60	\$74	\$88	\$27	\$32	\$46	\$60	\$74	\$88		
Other Electric		\$29	\$35	\$48	\$62	\$75	\$89	\$36	\$42	\$59	\$75	\$92	\$108	\$43	\$51	\$71	\$91	\$111	\$130	Electric	\$
Water		\$25	\$28	\$47	\$75	\$104	\$132	\$25	\$28	\$47	\$75	\$104	\$132	\$25	\$28	\$47	\$75	\$104	\$132	Water	\$
Sewer		\$41	\$45	\$75	\$121	\$166	\$211	\$41	\$45	\$75	\$121	\$166	\$211	\$41	\$45	\$75	\$121	\$166	\$211	Sewer	\$
Trash		\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	Trash	\$
Natural Gas Service Charge*		\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	Nat.Gas SC*	\$
Electric Service Charge		\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	Elec. SC*	\$
Range**		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	Range**	\$
Refrigerator**		\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	Refrigerator**	\$
Air Conditioning***		\$6	\$7	\$9	\$12	\$14	\$17	\$6	\$7	\$10	\$13	\$16	\$19	\$4	\$5	\$11	\$18	\$24	\$31	A/C***	\$
* Natural Gas Service Charge: Natural Gas service charge only allowed for Natural Gas utilities.																				Total	\$
** Tenant Furnished Appliance Allowance: Only allowed if the tenant is responsible for supplying the range and/or refrigerator.																					
*** Air Conditioning Allowance: Only allowed if windows are not operable.																					

* Natural Gas Service Charge: Natural Gas service charge only allowed for Natural Gas utilities.

** Tenant Furnished Appliance Allowance: Only allowed if the tenant is responsible for supplying the range and/or refrigerator.

*** Air Conditioning Allowance: Only allowed if windows are not operable.

***MSHDA Rent by Bedroom
- Utility Allowance
= Maximum Allowable Rent***

Unit Rent Restriction Formula

Example:

80% AMI one-bedroom unit in an apartment building where tenants pay electricity ("other electric" + "electric service charge") and natural gas heating and hot water ("natural gas heat" + "natural gas hot water" + "natural gas service charge")

- MSHDA Rent by bedroom: \$1,515
- Utility allowance: \$93
- Max allowable rent: $\$1,515 - \$93 = \$1,422$

Michigan State Housing Development Authority
Utility Schedule - I

Counties in Region D: Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne

Structure Type		Standard Utility											
		Apartment						Attache					
includes:		High-rise, Low-rise						Townhouse, Duplex, T					
Utility		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	\$22	\$25	\$30	\$34	\$38	\$42	\$38	\$45	\$48	\$54	\$58	\$62
	Bottle Gas	\$64	\$76	\$88	\$101	\$114	\$126	\$113	\$132	\$142	\$154	\$168	\$178
	Electric Resistance	\$34	\$40	\$55	\$69	\$84	\$98	\$49	\$58	\$76	\$94	\$108	\$122
	Electric Heat Pump	\$30	\$36	\$42	\$47	\$53	\$58	\$39	\$46	\$54	\$62	\$70	\$78
	Fuel Oil	\$81	\$95	\$111	\$127	\$143	\$159	\$142	\$167	\$179	\$204	\$228	\$252
Cooking	Natural Gas	\$2	\$3	\$4	\$5	\$6	\$8	\$2	\$3	\$4	\$5	\$6	\$8
	Bottle Gas	\$7	\$8	\$12	\$15	\$19	\$23	\$7	\$8	\$12	\$15	\$19	\$23
	Electric	\$8	\$9	\$13	\$17	\$21	\$26	\$8	\$9	\$13	\$17	\$21	\$26
Hot Water	Natural Gas	\$6	\$7	\$10	\$13	\$16	\$19	\$7	\$8	\$12	\$15	\$19	\$23
	Bottle Gas	\$17	\$20	\$29	\$38	\$47	\$56	\$21	\$25	\$36	\$45	\$54	\$63
	Electric	\$21	\$24	\$31	\$37	\$44	\$51	\$26	\$30	\$38	\$45	\$54	\$63
	Fuel Oil	\$22	\$25	\$37	\$48	\$59	\$71	\$27	\$32	\$46	\$58	\$70	\$82
Other Electric		\$29	\$35	\$48	\$62	\$75	\$89	\$36	\$42	\$59	\$75	\$91	\$107
Water		\$25	\$28	\$47	\$75	\$104	\$132	\$25	\$28	\$47	\$75	\$104	\$132
Sewer		\$41	\$45	\$75	\$121	\$166	\$211	\$41	\$45	\$75	\$121	\$166	\$211
Trash		\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19
Natural Gas Service Charge*		\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Electric Service Charge		\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
Range**		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Refrigerator**		\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7
Air Conditioning***		\$6	\$7	\$9	\$12	\$14	\$17	\$6	\$7	\$10	\$12	\$14	\$17

* Natural Gas Service Charge: Natural Gas service charge only allowed for Natural Gas utilities.

** Tenant Furnished Appliance Allowance: Only allowed if the tenant is responsible for supplying the range and refrigerator.

*** Air Conditioning Allowance: Only allowed if windows are not operable.

Tenant Income Restrictions

- Tenant income is determined based on the MSHDA "Income" values for Wayne County published and updated April 1 annually.
- You need to know income and household size to assign an AMI to a household

04/01/2025 INCOME AND RENT LIMITS

County: 82 Wayne

Effective Date: 4/1/2025

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	14,140	16,160	18,180	20,200	21,820	23,440	25,060	26,680
25%	17,675	20,200	22,725	25,250	27,275	29,300	31,325	33,350
30%	21,210	24,240	27,270	30,300	32,730	35,160	37,590	40,020
35%	24,745	28,280	31,815	35,350	38,185	41,020	43,855	46,690
40%	28,280	32,320	36,360	40,400	43,640	46,880	50,120	53,360
45%	31,815	36,360	40,905	45,450	49,095	52,740	56,385	60,030
50%	35,350	40,400	45,450	50,500	54,550	58,600	62,650	66,700
55%	38,885	44,440	49,995	55,550	60,005	64,460	68,915	73,370
60%	42,420	48,480	54,540	60,600	65,460	70,320	75,180	80,040
70%	49,490	56,560	63,630	70,700	76,370	82,040	87,710	93,380
80%	56,560	64,640	72,720	80,800	87,280	93,760	100,240	106,720
100%	70,700	80,800	90,900	101,000	109,100	117,200	125,300	133,400
120%	84,840	96,960	109,080	121,200	130,920	140,640	150,360	160,080
125%	88,375	101,000	113,625	126,250	136,375	146,500	156,625	166,750
140%	98,980	113,120	127,260	141,400	152,740	164,080	175,420	186,760
150%	106,050	121,200	136,350	151,500	163,650	175,800	187,950	200,100

Tenant Income Restrictions

- Generally, a tenant's AMI should be less than or equal to the unit's affordability restriction.
- However, a unit vacant for 30+ days can be leased to a higher income tenant, up to 120%AMI so long as the average AMI of all tenants in restricted units doesn't exceed average affordability restriction.
- Some exceptions also apply to Legacy Residents!

Example:

- 80% AMI unit.
 - Household A: 80% AMI
 - Household B: 100% AMI
- Household A can rent this unit, Household B can't unless the unit is vacant for 30 days AND the average tenant income would not exceed 80%

6. **Affordability Covenants.**

a. The Restricted Units shall be leased by Owner as follows:

i. _____ () units (consisting of ____ () studio units, ____ () one-bedroom units, ____ () two-bedroom units) shall be leased to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for utilities to be paid by tenants as established by the Authority.

ii. _____ () units (consisting of ____ () studio units, ____ () one-bedroom units, ____ () two-bedroom units) shall be leased to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for utilities to be paid by tenants as established by the Authority.

iii. _____ () units (consisting of ____ () studio units, ____ () one-bedroom units, ____ () two-bedroom units) shall be leased to Persons of Low Income or Persons of Moderate Income earning up to _____ percent () >> of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for utilities to be paid by tenants as established by the Authority.

b. If Owner is unable to find qualifying Persons of Low Income or Persons of Moderate Income to lease a Restricted Unit despite the Owner's good faith, reasonable efforts (which shall include, but not be limited to, advertising available units through the Housing Portal as required pursuant to Section 9(g) hereof) and such unit remains vacant for more than thirty (30) days, then Owner may lease such Restricted Unit to any Persons of Low Income or Persons of Moderate Income, notwithstanding the more restrictive AMI limitations applicable to such Restricted Unit set forth in Section 6(a) hereof, provided that (i) the rental rate of such Restricted Unit shall not be greater than the maximum rental rate permitted to be charged pursuant to Section 6(a) hereof, and (ii) the average income of households in each of the Restricted Units is less than or equal to <<average restriction>>.

Additional Notes

- **Unit affordability-** based on unit size
- **Tenant AMI-** based on household size
- **If you have a vacant unit, you will know the maximum allowable rent before you know the number of people in the future tenant's household, because rent limits are based on bedroom size.**
- **Pro tip: If you have an affordability restriction that doesn't appear on the MSHDA tables (e.g. 90% AMI; 75% AMI), just interpolate from the 100% AMI values.**
- **Use the City's pro forma (detroitmi.gov/PILOT) to help with calculations**

Income Verification for vacant units

- Before a restricted unit is occupied, prospective tenants should be income-verified.
- Income-verification establishes household AMI via:
 - Determining household income & size; and
 - Signing of Tenant Authorization Form
- This is a one-time process. It does not need to be repeated as long as the household remains.

Income Verification- Proof of Income

- **Proof of income must be demonstrated with documentation:**
 - Paystubs (at least two)
 - Social security statements
 - Retirement/pension statements
 - Child support payments
 - Proof of receipt of scholarship grants/student verification form
 - Other income sources may be accepted, such as bank statements
- **Look at Gross income (before taxes), not net**
- **Keep copies of all documentation in tenant's file**

Income Verification- Calculating Annual Income

- **Hourly Rate**

- (Hourly rate) x (hours worked per week) x 52 weeks in a year = annual income

$$\text{\$17 per hour} \times 32 \text{ hours per week} \times 52 \text{ weeks} = \text{\$28,288}$$

- **Salary**

- **Bi-weekly-** (Bi-weekly pay) x (26 pay periods per year) = annual income

$$(\text{\$1,200 bi-weekly rate}) \times 26 = \text{\$31,200}$$

- **Monthly-** (Monthly pay) x (12 pay periods per year) = annual income

$$\text{\$2,700 monthly pay} \times 12 = \text{\$32,400}$$

- **Social Security**

- Monthly Award (award letter or bank statement) x 12 monthly payments = annual income

$$\text{\$2,000 monthly payment} \times 12 = \text{\$24,000}$$

- **Use Gross income, not net**

Income Verification- AMI Calculation

- **Establish household size (documentation not required)**
- **Search current-year MSHDA Income chart to find household AMI:**
 - Identify the row for the household size.
 - Search until you hit the number that is above (no rounding down)
- **You can also use the PILOT pro forma "unit summary-rent roll" tab!
This will calculate tenant AMI for you**

Example:

- 1-person household earning \$38,400 = 55% AMI

Income Verification- Tenant Authorization Form

- **The Tenant must sign a Tenant-Authorization Form which gives the owner/landlord authorization to share the collected data/documentation to the City of Detroit's designated compliance partner, NCS.**
- **If there are multiple adults with income, both can sign the same form**
- **Property Manager (or Owner) will also sign**
- **Keep signed Forms on file**

Income Verification- Tenant Authorization Form

- Link available at detroitmi.gov/PILOT

Tenant Authorization Form

I understand that the property in which I am entering a lease has restrictions related to the property receiving a property tax benefit from the City of Detroit, which limit the rent that can be charged and stipulate that restricted units may only be offered to tenants whose household income falls within restricted limits at the time the lease is entered.

I consent/authorize and allow landlord or developer to release my information (name, address, income information, household size, rent, etc.) solely for the purpose of verifying that rental restrictions are met through audit by National Consulting Services (hereafter referred to as NCS).

I authorize and direct my landlord to release to NCS any information or materials needed to complete and verify necessary information from my application for participation, and/or to maintain continued eligibility for residence in below-market rent housing. I understand and agree that this authorization of the information obtained with its use may be reviewed by entities such as City of Detroit and NCS in administering and enforcing program rules and policies. Personal Identifying Information will not be retained by the City of Detroit but may be retained by NCS as a program facilitator for the City of Detroit. I furthermore consent to the release of information from my file about rental history, personal identifying information to NCS, or program facilitators. This includes but is not limited to records on my payment history, household composition, income, lease, unit information, information (name, address, income information, household size, rent, etc.). This information will be released solely for the purpose of verifying affordability program requirements/standards by NCS are met due to the property receiving a tax abatement or other municipal subsidy and for verifying any violations of my lease or program policies.

By signing below, I am indicating I understand that, depending on program policies, and requirements, previous or current information regarding my household or myself may be needed. Verifications and inquiries that may be requested include, but are not limited to: Identity, Family, and Marital Status; Employment, Income, and Assets; Residences, and Rental Activity. I understand that this authorization cannot be used to obtain any information about my household or myself that is not pertinent to my eligibility. I agree that photocopies and facsimiles of this authorization may be used for the purpose of verifying my eligibility.

Income Verification for Legacy Residents

- Legacy Residents are tenants who are in a property during the PILOT application process and are covered by a Tenant Retention Plan
- Legacy residents are initially considered compliant-regardless of household income.
- The Income-verification process is the same for legacy residents as for new tenants, however there are fewer restrictions household income relative to unit restriction.
- This is a one-time process. It does not need to be repeated as long as the household remains.

Legacy Residents

- **Additional protections for all legacy residents include:**
 - Extra time to income-verify (later of the length of their active lease or the start of PILOT)
 - "Rainbow chart"- provides buffer where income can exceed unit restriction
 - PILOT notice
- **Additional protections for low-income Legacy Residents include:**
 - Post-rehab rent increases limited to no greater than 5% increase from previous rent; or 30% of income
 - Subsequent year-over-year rent increases limited to 3%
- **Note: Refusal to income-qualify when required will be considered non-compliance.**

Legacy Resident Policy Visualization

"Legacy Resident" Tenant Income

% AMI	30%	40%	50%	60%	70%	80%	90%	100%	110%	120%	>120
30%	1a	2a	2a	2a	2a	2a	3a	3a	3a	3a	3b
40%	1a	1a	2a	2a	2a	2a	3a	3a	3a	3a	3b
50%	1a	1a	1a	2a	2a	2a	3a	3a	3a	3a	3b
60%	1a	1a	1a	1a	2a	2a	3a	3a	3a	3a	3b
70%	1a	1a	1a	1a	1a	2a	2b	3a	3a	3a	3b
80%	1a	1a	1a	1a	1a	1a	2b	2b	3a	3a	3b
90%	1a	1a	1a	1a	1a	1a	1b	2b	2b	3a	3b
100%	1a	1a	1a	1a	1a	1a	1b	1b	2b	2b	3b
110%	1a	1a	1a	1a	1a	1a	1b	1b	1b	2b	3b
120%	1a	1a	1a	1a	1a	1a	1b	1b	1b	1b	3b
MKT	1a	1a	1a	1a	1a	1a	4	4	4	4	4

Unit
restriction

Scenario

Compliance & Rent Limits after Current Lease

1a	Household income 80% AMI or lower and <u>at or below</u> unit restriction (or in a market/unrestricted unit).	<u>Compliant</u> . Initial rent increase limited to the greater of +5% current rent or 30% of tenant income, increasing no more than 3% annually thereafter, capped at Max Allowable Rent.
1b	Household income over 80% AMI and <u>at or below</u> unit restriction.	<u>Compliant</u> . No rent restrictions relative to initial rent, max allowable rent for unit cap.
2a	Household income 80% AMI or lower and <u>over</u> unit restriction.	<u>Compliant</u> . Initial rent increase limited to the greater of +5% current rent or 30% of tenant income, increasing no more than 3% annually thereafter, capped at Max Allowable Rent.
2b	Household income 81-120% AMI and <u>no more than 20% AMI over</u> unit restriction.	<u>Compliant</u> . Rent is capped at Max Allowable Rent.
3a	Household income 81-120% AMI and <u>more than 20% AMI over</u> unit restriction.	<u>Not Compliant</u> after the term of the current lease, tenant cannot stay in a restricted unit.
3b	Household income over 120% AMI or not reported, in a restricted unit.	<u>Not Compliant</u> after the term of the current lease, tenant cannot stay in a restricted unit.
4	Tenant income over 80% AMI in a market/unrestricted unit.	<u>Compliant</u> . Market rent can be charged.

Legacy Resident Policy Examples

Timing Example: PILOT starts Jan 1, '26

Scenario	Income-Verify by:
Lease July 1, 2025- July 1, 2026	July 1, 2026
Lease Dec 2024- Dec 2025	January 1, 2026
Month-to-month (expired lease)	January 1, 2026

"Rainbow Chart" Example:

Scenario	Legacy Tenant Income Max:
40% AMI Unit	80% AMI
60% AMI Unit	
80% AMI Unit	100% AMI
100% AMI Unit	120% AMI

Legacy Resident Policy- Possible Changes

- HRD is proposing a policy change that will allow tenants with incomes up to **120% AMI** to occupy a restricted unit if certain conditions are met. (the income-averaging approach)
- If this policy is adopted, Legacy Residents have been considered noncompliant, will compliant. (See 3a of rainbow chart)
- In the meantime, as you income-verify Legacy compliant average restriction.

Residents, do
unless the
tenant in

Unit
restriction

"Legacy Resident" Tenant Income											
% AMI	30%	40%	50%	60%	70%	80%	90%	100%	110%	120%	>120
30%	1a	2a	2a	2a	2a	2a	3a	3a	3a	3a	3b
40%	1a	1a	2a	2a	2a	2a	3a	3a	3a	3a	3b
50%	1a	1a	1a	2a	2a	2a	3a	3a	3a	3a	3b
60%	1a	1a	1a	1a	2a	2a	3a	3a	3a	3a	3b
70%	1a	1a	1a	1a	1a	2a	2b	3a	3a	3a	3b
80%	1a	1a	1a	1a	1a	1a	2b	2b	3a	3a	3b
90%	1a	1a	1a	1a	1a	1a	1b	2b	2b	3a	3b
100%	1a	1a	1a	1a	1a	1a	1b	1b	2b	2b	3b
110%	1a	1a	1a	1a	1a	1a	1b	1b	1b	2b	3b
120%	1a	1a	1a	1a	1a	1a	1b	1b	1b	1b	3b
MKT	1a	1a	1a	1a	1a	1a	4	4	4	4	4

Compliance

- Compliance begins in year 1 of the PILOT
- NCS is the HRD's 3rd party compliance agency. They, not the City, receive detailed data including Personally Identifiable Information "pii"
- Compliance involves sharing of data to NCS:
 - Form Lease; and
 - Certified rent roll
 - Owner compliance report (template provided); and
 - Individual tenant Income verification

Compliance Process

✦January- NCS issues form letter requesting owner compliance report, rent roll data for previous year, lease, and Certificate(s) of Compliance within 30 days. ("Box" link provided).

✦Once the data is received, NCS will request tenant income verification documents. ("Box" link provided) .

✦April 1- Deadline to provide compliance data

- NCS will review this information. If there is information that is missing or requires correction, time is given (60 days) to correct or obtain missing information.
 - A notice of compliance or non-compliance will be given upon audit conclusion.

1) Lease

- ★ a copy of Owner's form lease for the Project

2) Owner Compliance Report

- ✦an owner compliance report must be provided, including:
 - number and type of Restricted Units and the applicable rental restriction,
 - number and type of each non-Restricted Unit,
 - occupied or vacant
 - For each occupied Restricted Unit
 - Actual rent charged,
 - Household income according to income verification,
 - Number of people in the household at the time of income verification,
 - AMI value associated with the household based on income verification,
 - Date of income certification,
 - If the unit is occupied by Legacy Residents
 - Lease end date if the unit is occupied by Legacy Residents who have not yet income-qualified
 - For each occupied non-Restricted Unit:
 - Actual rent charged

3) Individual Tenant Income Verification Information

- ✦ Provide Income Verification info for each tenant required to income verify:
 - ✦ Tenants occupying Restricted units who have not already income-verified
 - ✦ excluding Legacy Residents within the term of their active lease at the time of the Tenant Retention Plan
- ✦ Information includes:
 - ✦ Income documentation
 - ✦ Household size
 - ✦ Tenant Authorization Form

Thank you! Questions?

Visit [Detroitmi.gov/PILOT](https://detroitmi.gov/PILOT) for more information

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