



**Michigan State Housing Development Authority
Michigan Housing and Community Development Fund
2012 Notice of Funding Availability & Allocation Plan
Invitation to Apply
Due: February 15, 2013**

Summary

In March 2012 forty-nine state attorneys general, including Michigan Attorney General Bill Schuette, entered into a settlement with five of the nation's largest mortgage servicers following a lawsuit regarding mortgage foreclosure practices. Among other things, the settlement resulted in direct payments to states. Of Michigan's \$97.2 million share, the Michigan Housing and Community Development Fund (the "MHCD Fund") has been appropriated \$3,709,500 from 2012 PA 296. The total allocation of 2012 funds \$3,785,500 (appropriated funds from 2012 PA 296 plus \$76,000 in recaptured funds) represents the third opportunity to allocate funding to eligible activities under legislation authorizing the MHCD Fund created pursuant to Section 125.1458a of the Michigan Compiled Laws. The MHCD Fund will support projects designed to fuel strategies leveraging public and private resources to meet the affordable housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood.

To apply for awards, eligible applicants must submit a 2012 MHCD Fund application on or before February 15, 2013 by 11:59 p.m. Only one application per applicant is permitted. The Michigan State Housing Development Authority ("MSHDA") expects to make 10-15 awards statewide in the general range of \$25,000-\$500,000, but reserves the express right to make lesser or greater awards to effectively accommodate statutory earmarks or to fund strategic investments. A copy of this Notice of Funding Availability & Allocation Plan ("NOFA & AP") and other related materials are available at www.michigan.gov/mshda. Program updates and Frequently Asked Questions will be posted to this site so you may wish to bookmark it and check back regularly.

Eligible Applicants

- 1) Nonprofit corporations;
- 2) For-profit corporations;
- 3) Municipalities;
- 4) Land Bank Fast Track Authorities organized under the Land Bank Fast Track Act;
- 5) Partnerships or special purpose entities approved by MSHDA that are organized for the purpose of developing and supporting affordable housing for household incomes at or below 60% AMI or for projects located in a downtown area or adjacent neighborhood.

Permitted Use of Funds

MSHDA will use the MHCD Fund to make grants, mortgage loans, or other loans to finance the activities listed below for housing opportunities for low income, very low income, and extremely low income households, including projects located in a downtown area or adjacent neighborhood. MHCD Funds may be used to develop housing for the homeless, rental housing, and provide homeownership opportunities. Innovative strategies leveraging public and private resources are encouraged. Eligible activities and Area Median Income (AMI) requirements are as follows:

1) Eligible activities include:

- Rental Housing; including but not limited to costs associated with acquisition, rehabilitation, new construction, development and predevelopment costs, operating or replacement reserves and other hard or soft costs associated with the creation or preservation of affordable rental housing.
- Permanent Supportive Housing that targets extremely low income households (30% AMI and below) and includes, at a minimum, developing housing for the homeless including but not limited to hard and soft costs associated with the creation of supportive housing units.
- Community development projects located in a downtown or adjacent neighborhood including but not limited to homeownership, housing rehabilitation, façade improvements, infrastructure improvements, economic development projects, in-fill new construction, or community facilities.

2) MSHDA may make a loan to an eligible applicant from the MHCD Fund at no interest or at below market interest rates, with or without security, and may make a loan for predevelopment financing.

3) A rental housing project assisted by the MHCD Fund must set aside at least 20% of the rental units included in the project for households earning no more than 60% of the area median income.

4) A homeownership project assisted by the MHCD Fund must set aside at least 20% of the housing units in the project for households earning no more than 60% of the area median income.

Statutory Earmarks

1) Not less than 30% of the dollars used for loans or grants made in any program year shall be earmarked for projects that target extremely low income households and include at a minimum developing housing for the homeless, supportive housing, transitional housing, or permanent housing.

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- 2) A portion of the fund shall be expended for housing for persons with physical or mental handicaps and persons living in “eligible distressed areas. (MSHDA maintains an updated list of Eligible Distressed Areas under the “Quick Links” section of the MSHDA website).
- 3) Not less than 25% of the dollars used for loans or grants made in any program year shall be earmarked for rental housing projects that do not qualify under preferences for special population groups, or other preferences contained in the allocation plan.

Term

Unless otherwise approved in advance and in writing by MSHDA, all work funded by the MHCD Fund must be completed within two years of the award. MHCD Funds must be expended and drawn within 22 months of the award. MSHDA will expect final project completion information within 30 months of the award.

MSHDA may approve a written request for an extension where the scope or complexity of the project supports the need for additional time, or where other circumstances outside of the lead entity’s control cause limited delays that will not jeopardize the success of the program.

Threshold Requirements

To be considered for funding, an applicant must meet all of the following threshold criteria:

- 1) Submit with the application, a letter of support from the highest elected official, or their designee, for each of the jurisdictions in which the project is located or in which project activities will be conducted.
- 2) Demonstration that population(s) served shall be at or below 60% AMI, when required.
- 3) Any outstanding MSHDA Pre-Development loans for the same proposed development site must be paid in full at the time of loan closing for the current requested funds.
- 4) Demonstration that the proposal is consistent with the requirements established in the Statute (Act 346 of 1966).
- 5) Demonstration of compliance with all other developments, projects and programs, current on all financial obligations, and free of any imposed or pending sanctions or debarment proceedings with the federal government and/or the State of Michigan.
- 6) Demonstration of entitlement to proceed (i.e., provide required approvals such as zoning compliance, site plan approval, etc.) by the appropriate local unit of government.
- 7) Neither the applicant nor any of the vendors, contractors or partners involved in the funding application for MHCD Funds may be listed on either the Debarred Vendor List maintained by Michigan’s Department of Technology, Management and Budget (“DTMB”) or the Federal Excluded Parties List System.

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- 8) Joint party applicants must submit with their completed application a fully executed Memorandum of Understanding (“MOU”), Development Agreement, or like document clearly outlining the roles and responsibilities of each party to the agreement.
- 9) Homebuyer projects must include the provision of housing counseling through a MSHDA approved Homeownership Counseling Program.

Formula for Allocation of Funds

MSHDA will evaluate and score individual applications on a 50-point scale, with a total of five possible points for each of 10 categories in this NOFA & AP (listed below). Five points will be scored where the application demonstrates that the development/activity serves the goal exceptionally well, four points will be scored where the development/activity serves the goal to a high degree, three points will be scored where the development/activity serves the stated goal, two points will be scored where the development/activity marginally serves the goal, and one point will be scored where the development/activity does not meet the stated goal.

- 1) Project is developed in support of an existing master plan, neighborhood revitalization, blight elimination, brownfield redevelopment, or similar locally endorsed plan for community revitalization and redevelopment created or substantially updated within the past five years. (5 possible points)
- 2) Project leverages other funding sources. (5 possible points)
- 3) Project has support within the community as demonstrated by the degree of citizen and local government engagement and/or is developed using a charette-format planning process. (5 possible points)
- 4) Project demonstrates income and use diversity. (Projects that demonstrate income and use diversity within a single location or in a location that is adjacent, contiguous, and in direct economic support of a traditional downtown/principle shopping district will score highest in this category). (5 possible points)
- 5) Project demonstrates compliance with universal design principles for accessibility/visitability. Scale: 0% of residential units accessible/visitable = 1 point; 1-25% of residential units accessible/visitable = 2 points; 26-50% of residential units accessible/visitable = 3 points; 51-75% of residential units accessible/visitable = 4 points; 76-100% of residential units accessible/visitable = 5 points.
- 6) Project demonstrates a high Walk Score[®] coefficient (www.walkscore.com) for location efficiency, transit and amenity accessibility, and community connectivity. Walk Score[®] Scale: 0-59 = 1 point; 60-69 = 2 points; 70-79 = 3 points; 80-89 = 4 points; 90-100 = 5 points. (5 possible points)
- 7) Project meets a nationally recognized green building standard; including but not limited to the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED[®]) or Enterprise Green Communities[®] rating systems. (5 possible points)

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- 8) Project is located in a local, state and/or federally designated investment/incentive target area; including but not limited to a Neighborhood Empowerment Zone, Michigan Main Street, Redevelopment Ready Community, HUD Sustainable Community Grantee, etc.; and can provide written documentation on appropriate letterhead from agency or highest ranking local official to demonstrate participation. (5 possible points)
- 9) Project applicant has: demonstrated capacity to administer; demonstrated prior development experience (with like projects); demonstrated relation of project to outcomes. (5 possible points)
- 10) Project applicant provides data & supporting documentation on the number of persons experiencing poverty, economic and housing distress. (Projects that propose outcomes to address poverty, economic and housing distress in areas of need will score highest in this category. (5 possible points)

If needed to fulfill a statutory earmark, MSHDA reserves the right to bypass higher scoring projects and allocate funding to the next highest scoring application that meets the criteria for the target percentage. Statutory earmarks and their percentages are indicated in this NOFA & AP under the “Statutory Earmarks” heading above.

Submission Requirements

- The application must be submitted on the form located at www.michigan.gov/mshda.
- The signed application should be submitted in pdf format along with all supporting documents to MHCDF-Applications@michigan.gov
- The application must be received on or before February 15, 2013 by 11:59 p.m., no exceptions.

Questions

Questions about the application may be e-mailed to MHCDF-Applications@michigan.gov until February 8, 2013 by 4:59 p.m. An FAQ will be continually updated and posted to www.michigan.gov/mshda so that answers are available to all potential applicants.

Note: All funding that may be made available by the MHCD Fund through these awards must comply with applicable law, relevant regulations, and MSHDA program rules and policy. Additional application information may be requested.