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GOVERNOR

STATE OF MICHIGAN  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

KEITH MOLIN  
EXECUTIVE DIRECTOR

January 7, 2010

To AAL Pilot Project Participants and Interested Parties:

This is to inform you of an important change in the scope of the Affordable Assisted Living (AAL) project. As you know, repeated efforts have been made to move the demonstration project forward with the developers and service partners originally selected through the 2006 request for concept paper process. Various barriers have prevented these projects from being developed.

The Michigan Department of Community Health earmarked funding for the AAL project in fiscal year 2009 which was substantially under spent because only one of the selected AAL projects was finalized. The Department has increased AAL funding for the current fiscal year; however, none of the remaining original projects have secured capital financing for new AAL developments. A change in direction is needed to assure that the available Medicaid service resources reach the intended AAL population in need of services and that the AAL project succeeds in meeting planned goals. Accordingly, please note the following:

1. To remain eligible for consideration in the PILOT, the remaining four projects need to apply in the current Low Income Housing Tax Credit (LIHTC) rolling round, which requires a demonstration of a hard equity commitment. Any project unable to secure funding by the close of this round (2/26/2010) will forfeit their original commitment of Medicaid service resources. MSHDA will not be able to continue supporting the original commitment made during the 2006 competitive process for participation in the AAL demonstration project.
2. After the close of this LIHTC round (2/26/2010), a new selection process will be implemented. MSHDA will accept new applications for AAL projects within current program guidelines, but with specific additional requirements to meet the goals of the AAL project.
3. MSHDA recently completed a process to select existing LIHTC projects to participate in the AAL project. This review process resulted in the selection of four renewing LIHTC projects sponsored by American House Properties located in southeast Michigan and efforts are underway to integrate the AAL project in those residences.

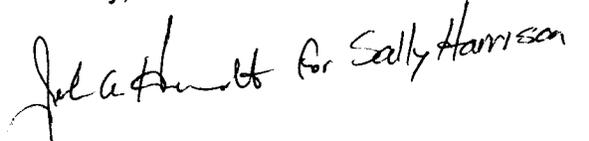


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This change in direction will broaden the scope of the AAL initiative and improve immediate opportunities for seniors to participate in the initiative and secure needed services. Thank you for your consideration and please do not hesitate to contact JT Johnston at (517) 335-0973 if you have questions or require additional information.

Sincerely,

  
Sally Harrison, Director  
Rental Development and Homeless Initiatives

  
Gary Heidel, Director  
Public Policy and Marketing Research