



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

KEVIN ELSENHEIMER
EXECUTIVE DIRECTOR

**THE MSHDA COMMUNITY DEVELOPMENT DIVISION (CDD)
HOUSING RESOURCE FUND (HRF)
2015 NOTICE OF FUNDING AVAILABILITY (NOFA)
FALL 2015 COMPETITIVE FUNDING ROUND**

The Housing Resource Fund (HRF) 2015 Notice of Funding Availability (NOFA) consists of up to **\$6** million in Community Development Block Grant (CDBG) funding and up to **\$2** million in HOME Investment Partnership Act funding being made available to eligible applicants through a competitive application process outlined below.

Eligible applicants are Non-Entitlement Local Units of Government (either individually or via a lead applicant/consortium arrangement), Nonprofits, and Nonprofit Community Housing Development Organizations (CHDOs). Regional collaborations are encouraged.

The federal CDBG and HOME funding is designed to finance housing projects through the components of homebuyer, homeowner, rental, and blight elimination. Additional details regarding the following programs are provided in the attached Program Statements:

- **Homebuyer**
- **Homeowner**
- **Rental Rehabilitation**
- **Blight Elimination** (Non-Entitlement Local Units of Government and CDBG only).

Applicants are required to electronically submit their HRF Application on MSHDA's On-line Project Administration Link (OPAL) system.

The HRF housing and blight component(s) application window will be:
October 15, 2015 - November 16, 2015 (OPAL submission by 11:59 p.m.)

All interested parties should contact our office to work with CDD Staff to (1) verify eligibility to apply; (2) create/update the required MATT 2.0 Partnership Profile; and (3) confirm that your organization can access the OPAL system during the submission window.

Note: MSHDA will not accept late, incomplete and/or paper submissions. Additionally, MSHDA reserves the right to reject any and/or all applications at its sole discretion. HRF funding decisions are anticipated to be made by **January 30, 2016** based on funding availability.

All questions should be directed to either the CDDmailbox@michigan.gov or via the CDD Office main telephone line at 517.335.2524

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COMMUNITY DEVELOPMENT DIVISION HOUSING RESOURCE FUND (HRF) FALL 2015 COMPETITIVE FUNDING ROUND

The Michigan State Housing Development Authority (MSHDA), Community Development Division (CDD) has a variety of funding and technical assistance resources available for use by Nonprofits and Local Units of Government to address affordable housing and community revitalization needs. Housing activities are eligible for funding with CD's Housing Resource Fund (HRF) which is a collection of resources from HUD - HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) funds.

Through the Housing Resource Fund, CD supports projects designed to:

- Encourage the social and economic investments of time, money and energy in existing neighborhoods to keep residents and attract new ones;
- Contribute to quality affordable housing production for low and moderate income households in vibrant, diverse, sustainable and walkable neighborhoods; and
- Promote Placemaking -- a multi-faceted approach to the planning, design and management of neighborhood components – building types, spaces, uses, and activities – with public engagement and direction. Placemaking capitalizes on a local community's assets and potential, creating places that promote health, happiness, and well-being.

Eligible Applicants:

- Non-entitlement Local Units of Government (either individually or via a lead applicant/consortium arrangement)
- Nonprofit organizations with a 501(c) designation, including Community Housing Development Organizations (CHDOs). Nonprofit applicants applying for funding for projects to be implemented *within* the boundaries of a local HOME Participating Jurisdiction (PJ) and receive 100% leverage from the local PJ to be eligible for HOME funds.

Regional collaborations are encouraged.

Applicant Requirements:

- Demonstrable capacity to administer the proposed grant and project(s) without technical assistance.
- Demonstrable ability to comply with long-term compliance/affordability requirements.
- All previous HRF grants are substantially complete and compliant with HUD/MSHDA requirements.

Eligible Project Types/Housing Resource Fund Components:

- **Rental Rehabilitation** in downtowns and commercial centers:
 - (a) CDBG funds are available.
 - (b) CDBG requires affordability at initial occupancy with tenant's provided a one year lease;
 - (c) For CDBG funded projects, the maximum assistance is \$25,000 per existing unit up to \$40,000 per newly created unit. MSHDA considers newly created units those converted from non-residential space or units unoccupied for at least 5 years.

- **Homebuyer Assistance:**
 - (a) **Acquisition, Development and Resale (ADR)** -- rehabilitation of existing units or infill new construction. The HRF net funded subsidy on a completed unit (including homebuyer subsidy) will not exceed \$75,000.

NOTE: If the development consists of 5 or more units, a Sales and Marketing Plan for the ADR projects must be submitted with an application. In addition, all ADR projects must have documentation demonstrating one of the following: 1) the existence of a pipeline of income and financially eligible buyers that are pre-approved, or 2) that the unit has been pre-sold, or 3) a Target Market Analysis (TMA) identifying demand for the proposed building type will be submitted prior to set up.

 - (b) **Homebuyer Purchase Rehabilitation (HPR)** assistance to buyers assuring affordable, high-quality homes in existing neighborhoods. HPR assistance provides moderate rehabilitation and homebuyer assistance. Total HRF funds will not exceed \$40,000 per unit including a maximum of \$10,000 per household for homebuyer assistance (down payment assistance, prepaids, closing costs and principal reduction).

- **Homeowner Assistance** provides funding for the rehabilitation of single family owner-occupied housing units. Applicant must demonstrate these units are an integral part of a locally supported comprehensive targeted revitalization/rehabilitation plan. Total HRF funds will not exceed \$40,000 per unit.

- **Blight Elimination** provides financial assistance to communities to make physical improvements to residential neighborhoods through blight removal of vacant residential structures that are publically owned.

Project Requirements:

- New construction projects shall have the same form, mass, and scale as building types in the surrounding neighborhood.

- New construction projects shall be pre-sold prior to construction.

- Proposals shall contain documented demand for the proposed building type with market absorption verification.

- Projects shall be approved to proceed, or have some indication of forthcoming approval (zoning, planning, codes, etc.) from the appropriate local unit of government.

- Projects shall include a feasibility analysis to ensure marketability, long-term sustainability, and program compliance throughout the term of affordability.

NOTE: HOME homebuyer funded projects are subject to the affordability periods below:

HOME Investment per Unit	Length of the Affordability Period
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years

- Activities shall be complete within the 24-month grant term. Funds not committed and/or expended in accordance with the grant schedule may be recaptured by the Authority.
- All homebuyer units shall be sold to eligible households within six (6) months of the completion of rehabilitation or new construction. If unsold after six (6) months, the total amount of HOME investment must be repaid.

Funding Priorities:

- Projects are Place-oriented, i.e., located in a targeted area (community, neighborhood, downtown or business district) that has the mass, density, building type, and scale appropriate to the development area.
- Projects consistent with KBS County Place-Based Targeting Strategies or located in a local and/or state designated investment or incentive target area (NEZ, Main Street, Blueprint, NPP, Sustainable Communities, etc.), or supported by current or previous neighborhood-based, community-involved plans which demonstrate market driven need.
- Projects located in a certified Redevelopment Ready Community (MEDC program).
- Projects located in a Rising Tide Community (Governor’s Initiative).
- Housing that is part of a mixed-use building type, in a walkable area.
- Projects that are mixed-income, meaning at least 25% of the units will be non-federally funded and market rate.
- Projects which are part of a larger revitalization strategy (commerce, transportation, recreation, infrastructure), and with funding committed by other public agencies for such components.
- Projects including energy efficiency standards.
- Projects including “green” standards using recyclable materials, and achieving high energy efficiency standards.
- Projects incorporating universal design features.

- Projects with a significant overall visible community impact.
- Projects where applicants are pre-qualified and/or units are pre-sold (HOME ADRs only)

Application Process:

Applicants may apply for HRF funding on MSHDA's On-line Project Administration Link (OPAL) through an open window application process for rental rehabilitation activities subject to availability of funding, or during a competitive funding "window" for all program components: homebuyer, homeowner, rental rehabilitation, and blight elimination. Funding decisions are generally made and applicants notified within 60 days following application submission.

Priority will be given to applicants with a maximum application award amount of \$300,000.

CDD Initiatives that are NOT included in the Housing Resource Fund:

- **Technical Assistance.** Applicants for HRF funding must have prior housing experience in the housing activity for which an application is submitted. CD will consider requests for technical assistance to train new staff or board members or other instances beyond an agencies control.
- **Pre-Development Loans.** Applications for projects that are still in the pre-development phase may be awarded a pre-development loan instead of, or prior to, an HRF grant.

Activities/Grantees NOT Eligible for Housing Resource Funds:

- For-profit corporations or proprietorships (although they may be participants on a development team for a grant to a nonprofit or local government);
- Projects on leased land (such as manufactured home parks), **unless** the land is owned by the applicant or another nonprofit or local government specifically approved by MSHDA;
- Single family new construction on lots not served by public water and/or sewer;
- Projects to fund county-wide programs, and
- Down Payment Assistance without rehabilitation (contact the Links to Homeownership Program administered by the Homeownership Division of MSHDA)

Rental Rehab Score Sheet For MSHDA CDD 2015 Competitive Funding Round

	Highly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Highly Agree	Overall Points Awarded
Threshold Criteria						
Overall Upfront Analysis	0	0	5	8	10	#
Maximum 10 Points						
Strategic/Collaborative Investment						
MSHDA Stakeholder Organization/Strategic Partner	1	2	3	4	5	#
Targeted/Place Based Project	1	2	3	4	5	#
Project is part of a larger strategy for area/region	1	2	3	4	5	#
Interagency/Multi-Departmental Project Support	1	2	3	4	5	#
Financial Viability						
Maximum 30 Points						
Owner Contribution/Committed Leveraged Funds	Points based on Leverage Percentage Ratios	5 75% MSHDA 25% Other	10 60% MSHDA 40% Other	15 50% MSHDA 50% Other	20 Anything Less Than 50% MSHDA	#
Secured Leveraging/Escrow	1	2	3	4	5	#
Multiple Funding Sources	1	2	3	4	5	#
Project Design						
Maximum 40 Points						
MainStreet, RRC, Place Plan/KBS Study or TMA	1	2	3	4	5	#
Market-driven Need for Project Based on a Study	1	2	3	4	5	#
Walkability	Based on Walk Score	0 Below 60	5 61-70	10 71-80	15 Above 80	#
**Add 5 Points if you think <80 walkscore not reflective of area						
Green Elements	1	2	3	4	5	#
Energy Efficiency Elements	1	2	3	4	5	#
Overall Community Impact/Exterior Impact	1	2	3	4	5	#
Maximum 100 Points Overall:						#

Homeowner/Homebuyer/Demolition Score Sheet For MSHDA CDD 2015 Competitive Funding Round

	Highly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Highly Agree	Overall Points Awarded
Threshold Criteria	Maximum 10 Points					
Overall Upfront Analysis	0	0	5	8	10	#
Strategic/Collaborative Investment	Maximum 20 Points					
MSHDA Stakeholder Organization/Strategic Partner	1	2	3	4	5	#
Targeted/Place Based Project	1	2	3	4	5	#
Project is part of a larger strategy for area/region	1	2	3	4	5	#
Interagency/Multi-Departmental Project Support	1	2	3	4	5	#
Financial Viability	Maximum 30 Points					
Committed Leveraged Funds	Points based on Leverage Percentage Ratios	5 75% MSHDA 25% Other	10 60% MSHDA 40% Other	15 50% MSHDA 50% Other	20 Anything Less Than 50% MSHDA	#
Applicants Pre-Qualified/Units Pre-Sold (if applicable)	1	2	3	4	5	#
Multiple Funding Sources	1	2	3	4	5	#
Project Design	Maximum 40 Points					
MainStreet, RRC, Place Plan/KBS Study or TMA	1	2	3	4	5	#
Market-driven Need for Project Based on a Study	1	2	3	4	5	#
Walkability	Based on Walk Score	0 Below 60	5 61-70	10 71-80	15 Above 80	#
**Add 5 Points if you think <80 walkscore not reflective of area						
Green Elements	1	2	3	4	5	#
Energy Efficiency Elements	1	2	3	4	5	#
Overall Community Impact/Exterior Impact	1	2	3	4	5	#
Maximum 100 Points Overall:						#