



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

KEITH MOLIN
EXECUTIVE DIRECTOR

MEMORANDUM
November 5, 2009

TO: OCD Homeowner Rehabilitation Grantees
FROM: Bill Parker, Director Of Field Services
Office of Community Development
RE: Changes in Homeowner Rehabilitation Leverage Incentives

MSHDA OCD has always encouraged our Grantees to maximize leverage funds in projects that we have invested in. To further encourage leveraging on homeowner rehabilitation projects, we have changed Policy Bulletin 21 to allow Grantee's to charge up to 10% of the amount of leverage funds to the project as a project soft cost.

We strongly encourage grantees to seek out leveraging from a variety of funding sources so that MSHDA OCD funds can go further in your community. These funds could be from:

- Federal HOME loan bank lenders (NIP set-aside)
- USDA Rural Development homeowner rehabilitation loans and grants
- Weatherization funds through Community Action Agencies or Department of Human Services, or energy companies
- MSHDA Property Improvement Program (PIP)
- Other miscellaneous sources

The change to policy bulletin #21 is as follows:

Additional Incentive for Leveraging OCD Funds for Homeowner Rehabilitation with Other Resources

To further encourage homeowner rehabilitation grantees to leverage other dollars with OCD funds. OCD will allow Grantees to charge up to 10% of the leveraged dollars invested in each Homeowner Rehabilitation activity to project soft cost, regardless of funding source. This 10% should be entered in OPAL on the homeowner rehabilitation proforma on a line item titled "Max. Soft Costs on Leverage (10%)."

NOTE: If the grantee or 3rd party administrator is already getting paid administrative fees on the leverage funds, they cannot also charge soft costs for that funding to MSHDA. Example: If a Community Action Agency is getting paid administrative funds to provide weatherization funds to a home that they are also rehabilitating with MSHDA CDBG or HOME funds, they cannot charge soft costs to the MSHDA grant for those funds.

If you have any questions, please contact your CD Specialist.

