



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GARY HEIDEL
EXECUTIVE DIRECTOR

MEMORANDUM

August 17, 2010

Revised March 28, 2011

TO: Grantees with Unsold Acquisition Development Resale (ADR's) Units funded through the Housing Resource Fund (HRF)

FROM: Renee Conklin

RE: Holding Costs

Effective July 1, 2010, grantees are allowed to bill their grant for holding costs associated with completed but unsold HRF-funded ADR units within their portfolio. With this change, grantees are no longer required to pay for these costs out of their developer fee.

Eligible Expenses include items that are typically paid to a third party. Costs are to be reasonable and supported by documentation. Eligible expenses may include:

Utilities
Security
Maintenance
Construction Loan Payments
Insurance
Taxes
Other: Must have CDS prior approval

Estimating Costs Six (6) months at a time: Grantees are instructed to submit a written estimate of eligible expenses they will incur between July 1, 2010 and December 31, 2010 for each completed, unsold ADR unit in their portfolio to their CD Specialist. Upon approval from your CD Specialist, the grantee may add the estimated holding costs to the proformas as hard costs (rehabilitation or construction).

Should the house remain unsold on January 1, 2011, the grantee will repeat the estimation process, as well as the following:

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OPAL:

Amending Grant Budgets: It is possible that grants will need increases to accommodate the additional costs applied to completed, unsold ADR activities. Grantees may request an increase to their overall grant budget via OPAL. Increases will only be awarded if the written estimate of eligible expenses has been submitted and approved by your CD Specialist.

Amending Activity Budgets: Once the overall grant increase is completed on OPAL if needed), Grantees will be able to revise the proformas to include six (6) months worth of anticipated holding costs. This amount will be added to the hard costs of the activity. Your CD Specialist will compare the increases to the written estimates.

Disbursement of Grant Funds: Grantees will request these dollars as a reimbursement for expenditures made the previous month. Example: On September 1, 2010, grantees may request the actual amount disbursed for eligible expenses paid during the month of August 2010.

Documentation: Grantees are required to retain all invoices/bills documenting the expenses charged within their activity file(s).

Recapture of Unexpended Funds: Should the ADR unit sell prior to the end of the six month period, the final proforma will be submitted showing a reduction equal to the unexpended holding costs. This will result in uncommitted grant dollars that will eventually be recaptured.

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