

### **III. REQUIRED NARRATIVES**

#### **Sources of Funds/Matching Funds**

There are other competitive federal and private resources that will be made available in FY08 and which local communities and non-profit organizations have used in the past to fund housing and community development related activities. It is not possible for the State to accurately project the amount of funding that will be awarded through the competitive process.

Two programs covered in the Consolidated Plan require matching funds. The HOME Program requires a 25% match (i.e., for every dollar expended, the State must provide \$0.25 of matching funds). HOME match in FY08 will be met with a variety of resources, including but not limited to publicly issued debt, property tax abatement, value of donated land and property infrastructure improvements, grants from the Michigan State Housing Development Authority (MSHDA) funds, and private resources, as well as other funding for HOME-eligible projects.

The Emergency Shelter Grant (ESG) Program requires a 1:1 State match for every dollar of Federal ESG funds expended. The Michigan State Housing Development Authority has authorized \$5 million in MSHDA funds as match for the FY08 ESG Program.

#### **Statement of Specific Annual Objectives**

On March 7, 2006, The U.S. Department of Housing & Urban Development (HUD) published a Notice of Outcome Performance Measurement System, which requires the State to identify specific annual objectives under the prescribed HUD general outcomes and objective categories for community planning and development. The state has chosen to use the HUD prescribed Table 3A: Summary of Annual Specific Objectives (see appendix).

#### **Outcome Measures**

HUD requires that the State provide outcome measures for activities included in its action plan in accordance with the federal register notice, dated March 7, 2006. The outcomes, outputs and indicators that the State plans to work on in the coming year are included in the HUD prescribed Table 3C: Planned Project Results (see appendix).

#### **Method of Distribution**

The State uses a combination of methods of distributing funds that are described in more detail within the specific CDBG, HOME, ESG and HOPWA action plans. Methods of distribution include formula allocation, geographic distribution, and competitive procurements.

### **Allocation Priorities and Geographic Distribution**

In general, the State distributes the formula funds through a competitive process and cannot predict the ultimate geographic distribution of the assistance. The method of distribution for the Emergency Shelter Grant Program and the TBRA component of the HOME Program are based on allocation to geographic area (see Regional Map in the appendix). The rationales for the priorities for this allocation are more fully described in the specific CDBG and HOME action plans.

HUD requires the State to identify any obstacles to addressing underserved needs. The main obstacle is the lack of state, federal and private resources to address the level of need identified in the State's 2005 Consolidate Plan Housing and Homeless Needs Assessment.

### **Annual Affordable Housing Goals**

The State's annual affordable housing goals are included in the HUD prescribed Table B: Annual Housing Completion Goals (see appendix).

### **Continuum of Care**

The State is not required to have a Continuum of Care strategy. However, the State supports the continuum concept by providing technical assistance for the development of local continua of care and the Balance of State continuum. Additionally, applicants for the State's Emergency Shelter Grant Program must be part of a local Continuum of Care to be funded.

It should be noted that the State makes application for competitive Supportive Housing Program (SHP) funds and renewals of its Shelter Plus Care (S+C) program funds through the Balance of State continuum. The Michigan State Housing Development Authority (MSHDA) and the Michigan Homeless Assistance Advisory Board (MHAAB) representatives have worked diligently to foster collaborative relationships with private and public sector stakeholder groups and to recruit key personnel from those entities to serve on the Balance of State Continuum of Care planning body. While some members are assigned by their respective organizations, the majority volunteer their time. There are twenty regular members representing both private and public stakeholders.

The Balance of State Continuum sponsors the applications for funding by stakeholders in geographic locations of the State that do not apply directly to HUD under the SHP and S+C programs. The MHAAB provides the leadership and decision making body for the Balance of State Continuum of Care. It develops annual action Plans, establishes funding priorities, engages local continua representatives in planning dialogue, and promotes inter-agency collaboration.

The State of Michigan applied for and was awarded \$2.8 million in SHP and S+C funding in the 2006 competitive round. The State applied for \$2.4 million in the 2007 competitive round; award will not be made until December 2007 at the earliest. It is anticipated that the State will apply for \$2.9 million in SHP and S+C funding in the 2008 SHP competition.

## **Homeless and other Special Needs**

Ending homelessness in Michigan is an achievable goal through a well-planned, sustained (long-term) effort, with all partners working together toward this common goal. To create a successful structure to implement system-wide change, certain elements must be in place: leadership at the highest levels of state government, champions at the local level including nonprofit service providers, shelters, leaders from the local Department of Human Services and Community Health, as well as the local provider community.

For years Michigan has struggled with its response to people experiencing homelessness. Understanding the scope of the problems that homeless individuals and families face, effectively coordinating services across various state and local agencies, gaining an accurate count of the homeless and the precariously housed, and quantifying the number of transitional beds needed versus permanent housing solutions are tasks that have been addressed individually but never within a broad-based and committed context founded on the principle of ending homelessness.

The State of Michigan, with its partners, is in year two of a 10 Year Campaign to End Homelessness in Michigan. With 100% participation by Michigan's counties, Michigan is the first state in the nation to develop an organized response to the issues of homelessness through the creation of local Ten Year Plans to End Homelessness. Michigan won two national awards around ending homeless in 2007. Michigan held its second Annual Homeless Summit in October 2007 which over 500 people attended.

Over the past three years, MSHDA has committed approximately 45 million dollars to support the creation and implementation of the following initiatives: Chronic Homelessness, Domestic Violence, Homeless Families with Children, Homeless Youth, Youth in Transition, and Prisoner Re-Entry Housing. Every Region of the State has received funding through these initiatives. Local organizations leveraged additional local and federal support and as a result created over 1,000 units of housing/rental assistance.

Along with funding support, communities provide on-going technical assistance to build the capacity of local organizations to develop and manage supportive housing and to assist in the implementation of effective strategies to address the needs of individuals and families who are homeless or at risk of homelessness.

The MSHDA website provides a wealth of online resources, tools, and linkages to the ending homelessness documents which explain the goals and strategies of the campaign. The website address is [www.michigan.gov/mshda](http://www.michigan.gov/mshda).

## **Other Actions**

### **1. Actions to Foster and Maintain Affordable Housing**

The American Dream Downpayment Initiative funds will be utilized in conjunction with the Habitat for Humanity of Michigan program to assist in the ability of low income households to become homeowners through the provision of downpayment assistance

Rehabilitation of existing housing will also be provided through the local county homeowner rehabilitation program, and through the MSHDA PIP loan program. Preservation funding for maintaining the low-income affordability of multifamily developments is provided through MSHDA's Multifamily Division.

MSHDA administers both the Low Income Housing Tax Credit (LIHTC) and the HOME Investment Partnership program. MSHDA has integrated the LIHTC with other MSHDA multifamily programs to meet the housing needs identified in the 2005 Consolidated Plan Strategic Plan.

## **2. Actions to Address Underserved Needs**

The State will continue to take a number of actions during FY08 to meet underserved needs. The State will continue to work with its partners to develop and implement the Ten Year Campaign to End Homelessness throughout every county of the State.

MSHDA will continue to provide technical assistance to local units of government and non-profits to help develop capacity to implement programs that will provide services to the underserved areas of the State.

MSHDA's Single Family Program will further develop and implement an outreach strategy to increase minority homeownership, expand individual development accounts, and expand the recently launched Save the Dream campaign; an effort to mitigate the fallout from subprime and predatory lending within Michigan. Michigan has one of the highest foreclosure rates in the country. Save the Dream provides counseling, education and assistance to combat predatory lending. Save the dream information can be accessed at the MSHDA website at [www.michigan.gov/mshda](http://www.michigan.gov/mshda).

MSHDA is developing relationships with Native American tribes to increase affordable housing opportunities through matching funds to NAHASDA funding.

## **3. Removal of Regulatory Barriers**

The State created MITAPS (Michigan Timely Applicant and Permit Services) to provide "one-stop" shop to assist developers in applying for permits, tracking progress of applications, and paying fees on line. This is focused both on housing and manufacturing development.

The State also created the "Cool Cities:" Initiative as a means to target and coordinate the funding decisions of the State agencies to enhance community and housing development. Cool Cities designates neighborhoods that receive priority access to State resources, including those for housing development, and projects in a designated neighborhood and coordinated through a special investment committee of State program directors. State field staff then serves as liaisons between local applicants' and State departments to streamline and facilitate development approvals.

The State created a "Fast Track Land Bank Authority" to expedite the transfer of state tax-reverted properties for public and/or nonprofit use. This entity is also empowered to transfer its powers to a local authority that can expedite the transfer of tax-reverted properties at the community level.

#### **4. Actions to Reduce Lead-Based Paint Hazards**

The HOME and CDBG Programs require that all properties rehabilitated must meet HUD's Section 8 Existing Minimum Housing Quality Standards (HQS) or UPCS, or its replacement. The State incorporates the lead based paint requirements in its requirements for housing assisted under these two programs. Additionally, MSHDA and the Department of Community Health (DCH) conduct lead safe work practices training for its grantees and contractors.

DCH received a \$3 million lead based paint abatement grant from HUD in 2006 that will continue to be administered through 2009. This grant is used to provide cost-effective lead Safe Home Program in 11 communities determined to have the highest need in Michigan. The Lead Safe Home Program is a comprehensive program designed to provide lead testing, hazard abatement and interim control measures in substandard older housing units, education and outreach services, and job training opportunities for very low and low income persons residing in target area communities. The targeted communities are Muskegon, Benton Harbor, Kalamazoo, Battle Creek, Lansing, Jackson, Flint, Pontiac, Highland Park, Hamtramck and Detroit.

#### **5. Antipoverty Strategy**

Michigan's anti-poverty strategy has two major components 1) welfare reform and 2) economic development. MSHDA has worked with the Michigan Department of Human Services (DHS) and the Michigan Department of Community Health (DCH) to restructure linkages between the affordable housing, social, and supportive service sectors. The welfare reform initiative is based upon personal responsibility, time-limited assistance, and work for the receipt of benefits. DHS continues to help Michigan recipients make the transition from welfare to work. Temporary Assistance to Needy Families (TANF) is the cash assistance component that helps families work toward their goal of total independence. MSHDA will work with DHS and the DCH to coordinate its housing services and other activities that help reduce the number of poverty-level families in Michigan. Through a number of community and economic development programs, the Michigan Economic Development Corporation promotes job creation in the private sector in all areas of the state.

Additionally, a new initiative called The Cities of Promise was launched in 2006 and will continue through FY08. This interagency initiative aims to redevelop communities and reduce poverty. The pilot cities are those that are experiencing sometimes, devastating conditions because of declining population, extreme poverty, loss of industry and jobs, crumbling infrastructure, and blighted neighborhoods. They include Benton Harbor, Detroit, Flint, Hamtramck, Highland Park, Muskegon Heights, Pontiac, and Saginaw.

This five year initiative includes nineteen state agencies: Departments of Education, Civil Rights, Labor and Economic Growth, Transportation, Environmental Quality, Military and Veterans Affairs, Michigan State Police, Human Services, Community Health, Michigan Economic Development Corporation, Education, Natural Resources, Treasury, Management and Budget, Agriculture, Michigan State Housing Development Authority, Information Technology, History, Arts and Libraries, and Corrections. The role of the state agencies is to work together in a strategic, collaborative fashion to focus resources in these communities – driven by the local plans and presenting needs.

## **6. Coordination Efforts**

A major priority of the Michigan Consolidated Plan is to enhance the coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. In fact, Goal 5 of the Plan is to develop linkages between the housing and service sectors to provide greater housing opportunities to special needs populations. MSHDA, DCH and DHS will continue its coordination efforts in FY08 in the Campaign to End Homelessness. These efforts are more fully described on the MSHDA website at [www.michigan.gov/mshda](http://www.michigan.gov/mshda).

For a complete discussion of the state's coordination efforts, please see the narrative discussion of Goal 5 in Section IV of the 2005 Michigan consolidated Plan, also available on the website at [www.michigan.gov/mshda](http://www.michigan.gov/mshda).

## **7. Public Housing Management Initiatives**

The state does not own or operate public housing in Michigan; consequently, no initiatives are planned in this area during this annual plan year.

## **8. Monitoring**

Monitoring will occur in several different ways. Although, the State will be responsible for managing the day-to-day operations of its HOME, CDBG, ESG and HOPWA programs, local governments who operate such programs as rental rehabilitation, neighborhood preservation and homeownership type programs while using HOME and/or CDBG funds will be required to monitor these projects in accordance with Federal rules and regulations. Likewise, non-profits or local units of government operating ESG grants will be held to federal rules and regulations.

Quarterly reporting of program accomplishments will be required, as will specific program milestones such as environmental clearance, audit, and close-out. At least annually, the activities of all local governments, non-profits, owners and others who participate in the HOME, CDBG or ESG programs will be reviewed by the state to assess compliance with the Federal requirements. The review will include a review of all books and records and on-site inspections to ensure that all units remain affordable, comply with local housing codes, housing quality standards, and income recertification requirements.

Most of the programs addressed by the Consolidated Plan are currently monitored through the various funding mechanisms already in place and often mandated by federal laws and regulations, which include but are not limited to the A 133 audits, meeting of CDBG National Objectives and verification of program benefits, Prevailing Wage/Davis Bacon provisions, Relocation Act, if applicable, including project administration and all other applicable local, State and Federal rules and regulations. The time frames for these programs are also similarly determined by the funding sources and market demand. Progress reports on these programs will be obtained regularly for review and will be reviewed on at least a quarterly basis to determine if further program promotion, technical assistance, or program restructuring are necessary to assure successful implementation.