



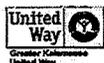
May 22, 2007

Mr. Chad Benson  
MSHDA  
735 E. Michigan Ave.  
P.O. Box 30044  
Lansing, MI 48909

Dear Mr. Benson,

On behalf of Housing Resources, Inc., I encourage the Michigan State Housing Development Authority (MSHDA) to institute the following eight (8) recommendations in its next Qualified Allocation Plan (QAP):

1. Increase the supportive housing set-aside from 15% to 25% of the total allocation credit. Currently, only 25% of the units awarded credit via the set-aside is required to be supportive housing. HRI currently operates 280 LIHTC units in Kalamazoo County, 116 of which are supportive housing units. Unfortunately, the demand for these units far outweighs the supply as we maintain long waiting lists. Accessible and available supportive housing is vital to our efforts to end homelessness in Kalamazoo County and the lack of supply is hindering our accomplishment of this goal.
2. MSHDA should determine eligibility and award supportive housing set-aside credits.
3. Increase the minimum percentage of supportive housing units from 25% to 33% to qualify for the supportive housing set-aside. In Kalamazoo County we continue to have a growing need for supportive housing. By increasing the minimum SH units, the total number available will increase and will provide further incentive to developers with a strong supportive housing plan to apply for the set-aside.
4. Provide additional incentive for developers to include SH units in non-set-aside projects by increasing the number of points awarded to mixed income projects with SH units that might not meet all the requirements of the set-aside.
5. Establish or revise the criteria and selection process for the Tax Credit Application Addendum III, including ranking or prioritizing all project applications to the SH set-aside.
6. Continue to exempt Supportive Housing (SH) units from the 110% of the HUD 221(D)(3) mortgage limit of \$90,000 per unit. Change the definition from the current, "Developments processed under the Corporation for Supportive Housing/MSHDA initiative" to something like, "applications receiving approval of an Addendum III." Other sources of funding, such as those provided by the Federal Home Loan Bank of Indianapolis, cap their assistance to the HUD 221(D)(3) limits unless a state specifically exempts those limits in their QAP.



7. Maintain or increase the preservation set-aside. In many cases it is more cost-effective to refurbish sites rather than replace them. In Kalamazoo County, HRI's 84 unit special needs SRO is facing the expiration of its LIHTC's in 2009 and will need preservation. The development is 100% deep income targeted and has operated very successfully. In other mixed income LIHTC developments, preservation sites have frequently and successfully become locations for a high percentage of Supportive Housing units.
8. Require all tax credit projects to include a percentage of units at or below 30% AMI. The AMI in Kalamazoo County for a 3 person household is 16,400. This is not a realistic amount for a person trying to become self-sufficient. To require a percentage of all tax credit projects be set at a reasonable rate, it creates a larger potential market of tenants across a broader range of incomes.

Housing is one of a person's most basic needs. We have demonstrated in Kalamazoo County that with supportive housing our clients can become successful and self-sufficient. Please consider enacting our recommendations in the next QAP.

Sincerely,



Ellen Kisinger-Rothi  
Executive Director