MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A
February 27, 2020
735 East Michigan Avenue, Lansing, Michigan
3028 W. Grand Blvd., Suite 4-602, Detroit Michigan
10:00 a.m.

Roll Call:

Public Comments:

Remarks:

Chairperson
Executive Director

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

Consent Agenda ***(Tabs B through E are Consent Agenda items. They are considered routine and are to be voted on as a single item by the Authority. There will be no separate discussion of these Tabs; any Authority member, however, may remove any Tab or Tabs from the Consent Agenda prior to the vote by notifying the Chair. The remaining Tabs will then be considered on the Consent Agenda. Tabs removed from the Consent Agenda will be discussed individually.)***

Tab B Minutes – January 23, 2020

Tab C Amended Minutes - December 12, 2019 Authority Meeting

Tab D Resolution Authorizing Mortgage Credit Certificate for Katy L. Vanhouten

Tab E Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds

REGULAR VOTING ITEMS

Tab F Resolution Determining Mortgage Loan Feasibility, **Arborview Village, MSHDA Development No. 2175-2**, City of Pontiac, Oakland County

Resolution Authorizing Mortgage Loans, **Arborview Village, MSHDA Development No. 2175-2**, City of Pontiac, Oakland County

Tab G Resolution Determining Mortgage Loan Feasibility, **Pine Oak Apartments, MSHDA Development No. 246-2**, City of Wyoming, Kent County

Resolution Authorizing Mortgage Loans, **Pine Oak Apartments, MSHDA Development No. 246-2**, City of Wyoming, Kent County

Closed Session:

None.

Discussion Issues:

None.

Reports:

Tab 1 Hardest Hit Report

Tab 2 Current and Historical Homeownership Data

Tab 3 Homeownership Production Report

LUNCH FOR BOARD MEMBERS

Strategic Planning Process:

- Strategic Planning Process for Phase I
- Mission, Vision and Guiding Principles
- Housing Needs Data
- Strategic Focus Areas
- Next Steps – Phase II

Michigan State Housing Development Authority
Minutes of Authority Meeting
January 23, 2020

AUTHORITY MEMBERS PRESENT (Lansing):

Regina Bell
Jeff Donofrio
Carl English
Rachael Eubanks
Jennifer Grau
Jeff Mason
Deb Muchmore

AUTHORITY MEMBERS ABSENT:

Tyrone Hamilton

OTHERS PRESENT (Lansing/Detroit):

Gary Heidel, Acting Executive Director
Maria Ostrander, Executive
Mary Cook, Executive
Clarence Stone, Legal Affairs
Will Moseng, Legal Affairs
Lisa Ward, Legal Affairs
Rick Norton, Legal Affairs
Jeffrey Sykes, Finance
Troy Thelen, Asset Management
John Hundt, Rental Development
Geoffrey Ehnis-Clark, Legal Affairs
Laurie Kelly, Legal Affairs
Chris Hall, Information Technology
Lori Fedewa, Human Resources
Amber Martin, Human Resources
Lindsey Schmitt, Human Resources
Kelly Rose, Rental Assistance and Homeless Solutions
Joe Kelly, Procurement
Mark Garcia, Government Affairs
Mary Townley, Homeownership
Katie Bach, Communications
Mike Witt, Rental Development
Ron Farnum, Office of the Attorney General
Mike Fobbe, Office of the Attorney General
Dan Lince, Environmental Quality
Burney Johnson, Executive
Sandy Pearson, Habitat for Humanity

Chairperson Jeff Donofrio opened the meeting at 10:00 a.m. Tyrone Hamilton was absent; all other Authority members were present except for Regina Bell, who arrived at 10:15 a.m. Mr. Donofrio requested public comments in Lansing and Detroit. Sandy Pearson of Habitat for Humanity provided comment from Lansing by thanking the Authority for its continued partnership and support of Habitat's mission.

There being no additional public comment, Mr. Donofrio provided an update on the search for a permanent Executive Director. He noted that the contract with IBR Search was executed on December 20, 2019 and the expectation is to have four to five candidates for review in April 2020.

Executive Director's Report:

Acting Executive Director Gary Heidel noted in his remarks that the first meeting of the Michigan Poverty Taskforce would take place later in the day. The Michigan Poverty Task Force was established through Executive Order 2019-19 and is charged with ensuring that state government connects and collaborates with public and key stakeholders in the fight against poverty.

Following Mr. Heidel's comments, Jeff Sykes, Chief Financial Officer, provided an overview of the Quarterly Financial Statements included in Tab 1 of the Board Docket. Afterwards, Mr. Donofrio asked that these documents be reviewed by the Audit Review and Risk Management subcommittee in advance of the Board meeting.

Voting Issues:

Agenda **(Tab A):** Mr. Donofrio requested a motion to approve the agenda. Jennifer Grau moved approval of the agenda. Jeff Mason supported. The agenda was unanimously approved.

Consent Agenda **(Tabs B-D)** Deb Muchmore moved approval of the consent agenda. Regina Bell supported. The consent agenda was approved. The consent agenda included the following items:

Tab B Minutes – December 12, 2019

Tab C Amended and Restated Resolution Authorizing Signatories

Tab D Resolution Authorizing Prequalified Environmental Consultants

REGULAR VOTING ITEMS

Resolution Authorizing Sale of Development and Assumption of Mortgage Loans, Harbour Pointe, MSHDA Development No. 1012, City of Montague, Muskegon County **(Tab E)** was presented by Troy Thelen of Asset Management. Mr. Thelen reviewed the business aspects of the resolution as detailed in the accompanying documents. In response to questions from Authority members, Mr. Thelen verified community support and confirmed that there would be no displacement of residents. He also noted new tax credits would extend the compliance period by 18 years. Thelen added that three units serving residents at 30% of the area median income (AMI) would now serve residents at 60% of AMI after natural attrition of the units. Mr. Donofrio asked that resident displacement, affordability changes and community support be addressed in Board memorandums going forward.

Jeff Donofrio requested a motion to approve the resolution. Jeff Mason moved approval of the resolution. Deb Muchmore supported. The resolution was approved.

Resolution Authorizing Mortgage Loans, Edgewood Village Apartments, MSHDA Development No. 83-2, Charter Township of Meridian, Ingham County **(Tab F)** was presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolution as detailed in the accompanying documents. He noted that mortgage feasibility was already approved by the Authority in June 2019. Mr. Hundt added that he was unaware of any community concerns and confirmed that there would be no displacement of residents. Additional discussion took place concerning the Head Start located on the property, as well as community outreach efforts.

Jeff Mason moved approval of the resolution. Carl English supported. The resolution was approved.

Michigan State Housing Development Authority Resolution Declaring Official Intent to Reimburse Expenditures for Financing and Purchasing Mortgage Loans **(Tab G)** was presented by Jeff Sykes of Finance. Mr. Sykes reviewed the business aspects of the resolution as detailed in the accompanying documents. He confirmed that this was a matter brought to the Authority on an annual basis.

Deb Muchmore moved approval of the resolution. Rachael Eubanks supported. The resolution Was approved.

Mr. Donofrio noted that the following reports were included for information: Quarterly Financial Statements **(Tab 1)**, Hardest Hit Report **(Tab 2)**, Current and Historical Homeownership Data **(Tab 3)** and Homeownership Production Report **(Tab 4),** and Delegated Action Report **(Tab 5).**

Ms. Eubanks asked whether additional context could be provided for the Hardest Hit Report. Mr. Heidel explained that the program was ending soon; however, an MSU report should be available later this year with detailed findings. Additional discussion ensued concerning the amount and type of funding received for the Hardest Hit Program. Authority members requested an update on the report once available.

Prior to adjourning, Mr. Heidel mentioned that there will be a strategic planning session after next month's Authority meeting. Materials will be provided to members in advance of the meeting.

Mr. Donofrio noted that the next two Regular board meetings are February 27, 2020 and March 26, 2020.

There being no further business, Mr. Donofrio requested a motion to adjourn. Jennifer Grau moved to adjourn. Regina Bell supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 10:50 a.m.

Michigan State Housing Development Authority
AMENDED Minutes of Authority Meeting
December 12, 2019

AUTHORITY MEMBERS PRESENT (Lansing):

Regina Bell
Jeff Donofrio
Carl English
Rachael Eubanks
Jennifer Grau
Jeff Mason
Deb Muchmore
Tyrone Hamilton

AUTHORITY MEMBERS ABSENT:

None

OTHERS PRESENT (Lansing/Detroit):

Gary Heidel, Acting Executive Director
Maria Ostrander, Executive
Mary Cook, Executive
Clarence Stone, Legal Affairs
Will Moseng, Legal Affairs
Lisa Ward, Legal Affairs
Rick Norton, Legal Affairs
Jeffrey Sykes, Finance
Troy Thelen, Asset Management
John Hundt, Rental Development
Teena Briggs, Finance
Cassandra Brown, Compliance Monitoring
Nate Thelen, Compliance Monitoring
Eric Jamison, Office of the Attorney General
Mike Fobbe, Office of the Attorney General
Ron Farnum, Office of the Attorney General
Kelly Rose, Rental Assistance and Homeless Solutions
Troy Thelen, Asset Management
Jennifer Ferguson, Office of Employee Services
Anthony Spagnuolo, Office of Employee Services
Katie Bach, Communications
Lori Fedewa, Human Resources
Amber Martin, Human Resources
Lindsey Schmitt, Human Resources
Chris Hall, Information Technology
Jonathan Hilliker, Executive
Jennifer Edmonds, Auditing, Compliance and Fraud Investigation
Mary Townley, Homeownership
Mike Witt, Rental Development
Dace Koenigsknecht, Information Technology
Gary Scheuren, Contractor for Inner City Christian Federation
Burney Johnson, Executive
Tim Rittenhouse, CSG Advisors

Michele Oberholtzer, United Community Housing Coalition
Valerie Buford

Chairperson Jeff Donofrio opened the meeting at 10:02 a.m. Public Comments commenced as follows:

In Detroit, Ms. Valerie Buford expressed concern with the condition of her home that was bought through the Key to Own Homeownership Program. Ms. Kelly Rose of Rental Assistance and Homeless Solutions confirmed that staff was aware of Ms. Buford's concerns and was working towards a solution. Mr. Donofrio asked that Gary Heidel, Acting Executive Director, and Mary Townley of Homeownership follow up with Ms. Buford directly. Mr. Donofrio asked that Authority members be kept up to date on the status of Ms. Buford's case.

Ms. Michelle Oberholtzer from United Community Housing Coalition was also present in Detroit to support the Hardest Hit Program. ~~She asked that the Authority continue using those funds to help homeowners avoid foreclosure.~~ **HER COMMENTS ARE OUTLINED IN THE ATTACHED LETTER TO THE BOARD DATED JANUARY 31, 2020.**

Following public comments, Mr. Donofrio provided an update on the search for a permanent Executive Director. He then turned the meeting over to Acting Executive Director Gary Heidel for the Executive Director's Report.

Executive Director's Report

Mr. Heidel provided an update on Authority accomplishments during 2019. He reported on the following programs: MI Home Loan, MI Home Flex Loan, Mortgage Credit Certificate Program, Step Forward Michigan, Housing Education, and the Neighborhood Enhancement Program. He also noted accomplishments in the areas of Direct Lending, Bond Financing and Gap Financing, as well as the Low Income Housing Tax Credit Program.

Following Mr. Heidel's presentation, Ms. Regina Bell asked whether there was a role for the Authority in the tax foreclosure crisis. Discussion on the Authority's role, including the Hardest Hit Program, ensued.

Ms. Jennifer Grau asked that Mr. Heidel provide an update on the MSHDA Modular Program next year. She also requested additional information on neighborhood improvement projects, including the number of applications, as well as the number and dollar amounts of awards issued.

Next, Mr. Jeff Sykes, Chief Financial Officer, presented an overview of the Authority's finances. Mr. Sykes reviewed several aspects of the Authority's unaudited and audited financial reports, which were provided in the Board Docket. Ms. Rachael Eubanks had questions regarding hedging derivatives and interest rate swaps. Mr. Sykes provided additional commentary and answered those questions.

Mr. Donofrio asked whether the financial reports are reviewed by the Audit, Review and Risk Management Committee before they are presented to the entire Board. Mr. Heidel responded affirmatively.

Ms. Bell asked whether the Authority was working towards a specific monetary goal. Mr. Sykes responded that at this point the Authority seeks to grow its portfolio as much as possible to fulfill its mission.

Mr. Sykes further noted that Authority members received copies of Post-Sale Reports prepared by the Authority's Financial Advisor, Tim Rittenhouse, who was present at the meeting. Ms. Eubanks questioned a difference in the pricing from March to October and a discussion ensued between Ms. Eubanks, Mr. Sykes and Mr. Rittenhouse. Ms. Eubanks asked that that time period in question be examined further to understand what may have caused the difference; Mr. Sykes will review and provide a response.

Voting Issues:

Agenda **(Tab A):** Mr. Donofrio requested a motion to approve the agenda. Deb Muchmore moved approval of the agenda. Regina Bell supported. The agenda was unanimously approved.

Consent Agenda **(Tabs B-E)** Deb Muchmore moved approval of the consent agenda. Jeff Mason supported. The consent agenda was approved. The consent agenda included the following items:

Tab B Minutes – October 24, 2019

Tab C Resolution Authorizing 2020 Authority Meeting Schedule

Tab D Resolution Authorizing Transfer of Partnership Interests, Carriage Town Square Apartments, MSHDA Development No. 1410, City of Flint, Genesee County

Tab E Resolution Authorizing Partial Settlement, Payment to Plaintiff, and Execution of Documents for Partial Settlement, Release and Waiver of Claims in ADR Consultants, LLC v Michigan Land Bank and Michigan State Housing Development Authority

REGULAR VOTING ITEMS

Resolution Determining Mortgage Loan Feasibility, Eastern Elementary, MSHDA Development No. 3881, City of Grand Rapids, Kent County and Resolution Authorizing Mortgage Loans, Eastern Elementary, MSHDA Development No. 3881, City of Grand Rapids, Kent County **(Tab F)** was presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects as detailed in the accompanying documents. He observed that the development will also be receiving assistance from the Michigan Strategic Fund (MSF) and the City of Grand Rapids.

Following his presentation, Mr. Donofrio asked Mr. Mason if he would like to add anything on behalf of the MEDC. Mr. Mason expressed support for the project.

Ms. Grau asked if the deal was reviewed by the State Historic Preservation Office and whether the windows on the building would be restored. Gary Scheuren, a consultant for the Inner-City Christian Federation, responded affirmatively.

Ms. Bell asked how the Authority expects to measure success with this deal. Additionally, she questioned what is being done to ensure transactions such as this are noticed at a national level. Mr. Hundt, Mr. Heidel and Mr. Sykes all responded with additional commentary.

Conversation continued between Ms. Grau, Mr. Heidel, and Mr. Donofrio concerning the Authority's strategic plan. Mr. Heidel mentioned that he will be engaging Authority members to talk about these strategic measures. Mr. Donofrio asked to make sure that Authority members all receive a copy of the Department of Labor and Economic Opportunity's strategic plan.

Mr. Donofrio requested a motion to approve the resolutions. Regina Bell moved approval of the resolutions. Carl English supported. The resolutions were approved.

Resolution Approving Single Family Loan Subservicing Professional Services Contract Extension **(Tab G)** was presented by Teena Briggs of Finance. Ms. Briggs reviewed the business aspects of the resolution as detailed in the accompanying documents.

Ms. Eubanks raised a question on the lack of bids received during the last Request for Proposal in 2016. Ms. Briggs responded and confirmed for Mr. Donofrio that the contractor has met all requisite performance metrics.

Rachael Eubanks moved approval of the resolution. Jennifer Grau supported. The resolution was approved.

Resolution Authorizing Contract Extensions for Inspection Services with HCS Michigan Inc. (f/k/a Housing Compliance Specialists) and The Inspection Group, Inc. **(Tab H)** was presented by Cassandra Brown of Compliance Monitoring. She was joined by Nathan Thelen, also of Compliance Monitoring. Ms. Brown reviewed the business aspects of the resolutions as detailed in the accompanying documents. She also confirmed that the contractor was meeting the requisite performance metrics and that it was anticipated they would continue doing so.

Jeff Mason moved approval of the resolution. Tyrone Hamilton supported. The resolution was approved.

Mr. Donofrio noted that the following reports were included for information: Financial Reports, Financial Summary and Audited Financial Report **(Tab 1)**, Hardest Hit Report **(Tab 2)**, Current and Historical Homeownership Data **(Tab 3)** and Homeownership Production Report **(Tab 4).**

There being no further business, Mr. Donofrio requested a motion to adjourn. Deb Muchmore moved to adjourn. Tyrone Hamilton supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:22 a.m.

United Community
Housing Coalition

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January 31, 2020

To the MSHA board:

I attended the December 12, 2019 MSDHA board meeting and provided some public comments regarding the use of Step Forward funds. In the minutes, my comments are summarized as follows "*Ms. Michele Oberholtzer from United Community Housing Coalition was also present in Detroit to support the Hardest Hit Program. She asked the Authority to continue using those funds to help homeowners avoid foreclosure.*" That is not untrue, but I feel that the larger point may have been missed, so please allow me the opportunity to expand my comments.

As was mentioned in the meeting, MSDHA is considering strategies for the use of the remaining Step Forward funds as this program reaches its final year. I understand that, according to recent data, 40,000 people were assisted with $320 million via Step Forward, while 20,000 structures were eliminated with $380 million via demolition. Note that twice as many people have been helped with Step Forward for less money, yet the outcome at the end of a Step Forward contribution is a homeowner and a home, whereas the outcome at the end of a demolition is nothing. It is incredibly important that we continue to focus our funds upstream in the foreclosure-blight cycle where they are both more financially and substantively effective.

A recent study published in Deadline Detroit reported that "*From 2014 to August 2019, $23 million federal funds were spent to demolish 1,300 homes that were occupied and tax-foreclosed within that period. That amount is more than twice the back taxes owed on each property.*" The fact is that the very funds that could have stopped those foreclosures were spent on demolition instead.

In reviewing public data on Step Forward spending, I am dismayed to see the high rates of denials (516) and "withdrawn" applications (199) relative to numbers of approval (313). That means only 30% of applicants received assistance. I have worked with Step Forward applicants for many years, and those numbers represent to me the baffling bureaucracy and vetting that applicants are subject to when they seek Step Forward assistance. A person practically needs a lawyer to apply and even then, they are often rejected. There is no such denial rate for demolition funds.

Please do not conclude that the foreclosure crisis is over and the only remaining task is to clean up the blight in its wake. 31,000 properties were notices as subject-to-foreclosure in 2020 in Wayne County. Many homeowners are clinging to payment plans they cannot afford and will face foreclosure next year. Tax foreclosure is still at crisis levels, and there is still money in the bank to provide much needed aid.

My specific request to MSHDA is to consider that hardship comes in many forms. The loss of property value alone is both a valid and easily provable hardship that applies to almost every homeowner applicant in Detroit. Why must they dig for receipts from when the basement flooded in 2014? Why is debt prior to ownership a disqualifier (especially in cases of probate or land contract purchase)? Why

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must an applicant prove hardship in each year? Why aren't tax exemptions considered when calculating the debt-to-income ratio of affordability in the future? The debt is itself proof of hardship. I urge you to apply some of the same good-faith and eagerness to dispense the funds for homeowner applicants, and recipients of demolition funds receive. I ask that we spend every last dime on the intended use of Hardest Hit funds- foreclosure prevention so that we can say it was lack of money rather than lack of will that closed the program. If you are unable to spend the funds on individual applicants, we have a program called Make it Home that serves the same population as Step Forward applicants through foreclosure and that could potentially utilize a lump sum.

I know it is often more difficult to work with individuals- humans- than a vacant structure. United Community Housing Coalition and many other agencies across the state are there to support MSDHA and Step Forward applicants to make sure that they keep their home after having the opportunity to save it from foreclosure. Please consider referring applicants to us, as well as to reach out if you are willing to further consider the process by which remaining Step Forward funds will be spent.

Regards,

Michele Oberholtzer

Michele Oberholtzer
Director, Foreclosure Prevention
United Community Housing Coalition
313-963-3310 x321
moberholtzer@uchcdetroit.org

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: February 27, 2020

RE: Mortgage Credit Certificate – Katy L. VanHouten

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize Katy L. VanHouten's participation in the Mortgage Credit Certificate ("MCC") program.

Executive Summary:

Katy L. VanHouten is a Financial Analyst in the Rental Development Division of the Authority. She is purchasing a home and intends to use the Authority's MCC program.

The Authority's MCC program provides housing assistance by issuing a federal tax credit to first-time homebuyers statewide and repeat homebuyers in targeted areas (the "Tax Credit"). A tax credit is a dollar for dollar reduction in tax liability. Under the MCC program, qualified homebuyers can credit twenty percent (20%) of their annual mortgage interest paid against their year-end tax liability. The Tax Credit is allowable every year for the life of the original mortgage, up to 30 years. The household income limits can vary depending on family size and property location, with current limits between $71,600 to $144,060. Currently, the maximum sales price is $224,500 statewide.

Issues, Policy Considerations, and Related Actions:

Although Authority employees are prohibited by law from entering into a contract with the Authority (MCLA 15.321, et seq.), the MCC, while administered by the Authority, involves a contract with the Internal Revenue Service concerning a tax credit on the participant's federal income tax return. Therefore, an employee may participate in the MCC program, but not be eligible for the Authority's Single Family Program, since that program requires agreements directly between the participant and the Authority.

The Authority's Code of Ethics states that, "[e]mployees may apply for and be eligible to receive a Mortgage Credit Certificate (MCC) provided that the employee does not participate in any way in the processing or approval of the MCC and that the proposed participation by the employee is submitted to and approved by the Authority." Ms. VanHouten's work for the Authority does not involve her directly in processing MCCs. The authorization of Ms. VanHouten's participation in the MCC program will be subject to the receipt and approval of Ms. VanHouten's loan application by the Authority's Homeownership staff.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE CREDIT CERTIFICATE FOR KATY L. VANHOUTEN

February 27, 2020

WHEREAS, Katy L. VanHouten intends to apply for a Mortgage Credit Certificate from the Michigan State Housing Development Authority (the "Authority"); and

WHEREAS Katy L. VanHouten is employed by the Authority as a Financial Analyst in the Authority's Low-Income Housing Tax Credit Program within its Rental Development Division; and

WHEREAS, the Authority's Code of Ethics provides that an employee of the Authority participating in the Authority's Mortgage Credit Certificate Program may utilize that program if the employee does not participate in the processing or approval of the loan, and further provided that the participation by the Authority employee is submitted to and approved by the Authority; and

WHEREAS, the Authority has received the report of the Acting Executive Director indicating that Ms. VanHouten did not participate in the processing of her Mortgage Credit Certificate, and recommending that the Authority authorize her participation in the Mortgage Credit Certificate Program, subject to the receipt and approval of Ms. VanHouten's loan application by the Authority's Homeownership staff; and

WHEREAS, the Authority concurs in the recommendation of the Acting Executive Director.

NOW THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that Katy L. VanHouten's participation in the Mortgage Credit Certificate program is hereby authorized subject to the receipt and approval of Ms. VanHouten's loan application by the Authority's Homeownership staff.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: February 27, 2020

RE: Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds

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Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt the attached Amended and Restated Resolution Designating Bank Account and Authorizing Officers as to Requisition and Investment of Funds ("Bank Account Resolution").

Executive Summary:

The Bank Account Resolution designates the Authority officers who are authorized to transfer funds to and from each Authority bank account. The Bank Account Resolution is being amended to update the individual in the role of Deputy Director of Legal Affairs.

Issues, Policy Considerations, and Related Actions:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED
RESOLUTION DESIGNATING BANK ACCOUNTS AND AUTHORIZING OFFICERS AS TO REQUISITION AND INVESTMENT OF FUNDS

FEBRUARY 27, 2020 ~~September 26 2019~~

WHEREAS, the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), is authorized to prescribe a system of accounts, designate Authorized Officers to make requisitions from such accounts, and to invest any funds held in reserve or sinking funds or any monies not required for immediate use or disbursement at the discretion of the Authority; and

WHEREAS, the Authority hereby wishes to formally prescribe its systems of accounts and to designate Authorized Officers to make requisitions from and to invest funds in such accounts; and

WHEREAS, the Authority hereby wishes to designate Authorized Officers for the purpose of entering into contracts on behalf of the Authority as to the custody, collection, securing, investment, and payment of any monies of the Authority and thereby to open and close the accounts of the Authority; and

WHEREAS, this resolution amends and supersedes all prior resolutions now in effect pertaining to the designation of bank accounts and Authorized Officers as to requisition and investment of funds and access to safe deposit boxes.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following accounts be and they hereby are designated as the accounts of the Authority, and the following banks be and they hereby are designated as the depositories for the said accounts of the Authority:

FUND NUMBER	ACCOUNT	BANK NAME
35	Bank Proceeds Accounts - Home Improvement Program (2)	Comerica Bank
70	Petty Cash Account	JP Morgan Chase
70	Housing Choice Voucher Program - Operating Expenses	Bank of America

70	Section 8 Family Self Sufficiency Operating Expenses	Bank of America
70	General Operating Account	JP Morgan Chase
	Lock Box Depository Account	JP Morgan Chase
75	Capital Reserve Capital Account	US Bank
80	Escrow Account for Mortgagors - Multi-Family	JP Morgan Chase
80	Escrow Account for Mortgagors - Multi-Family – HUD Projects	JP Morgan Chase
80	Escrow Account For Mortgagors - Multi-Family	U.S. Bank
80	Escrow Account For Mortgagors - Single Family	U.S. Bank
95	Home Program Account	First Independence National Bank
95	Mainstream 5	Bank of America
95	Section 8 Housing CHOICE Voucher Program Account	Bank of America
95	Section 8 Family Self Sufficiency Escrow Account	Bank of America
95	Section 8 Moderate Rehabilitation Housing Program Account	JP Morgan Chase
95	Contract Administration	JP Morgan Chase
95	Section 8 New Construction Housing Program Account	JP Morgan Chase
95	Section 8 Housing Voucher Program Account	JP Morgan Chase
95	Federal Program Depository	JP Morgan Chase
95	Tax Credit Assistance Program Account	JP Morgan Chase

95	Treasury 1602 Program Account	JP Morgan Chase
95	Section 811 Project Rental Assistance Demonstration Program	JP Morgan Chase
150-199	Single Family Homeownership Revenue Bonds	U.S. Bank
200-399	Single Family Mortgage Revenue Bonds - Trustee Accounts	U.S. Bank
400-599	Rental Housing Revenue Bonds Disbursement Account and Trustee Accounts	U.S. Bank

2. The ~~Acting~~ Executive Director, the ~~Acting~~ Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Housing Solutions Officer, and the Chief Financial Officer, together with any person duly appointed and acting in such capacity or any of them, be and they hereby are designated Authorized Officers of the Authority for the purpose of giving investment directions for the funds on deposit in and to open and close the aforementioned accounts of the Authority which may include as sub-accounts savings accounts and other time deposits evidenced by Certificate, Receipt, Passbook or otherwise as they, or any of them may determine to be necessary or desirable, within the limitations imposed on the investment of such funds by the terms of the Act and the resolutions of the Authority. In addition, the foregoing authorized officials are also authorized to purchase Certificates of Deposit from any other bank approved by the State Treasurer provided the Certificates are fully collateralized by obligations of this State or the United States or by obligations guaranteed by this State or the United States or by other obligations as may be approved by the State Treasurer. The Acting Executive Director is further authorized to designate employees of the Authority who may give telephonic orders to banks to transfer funds from any Authority account and to give telephonic orders to purchase and sell Authority investments. All telephonic orders must be immediately followed up with either a written confirmation with each such confirmation signed as provided in this Section 2 or Section 4 hereof or with a written statement of such transfer signed as provided in this Section 2 or Section 4 hereof and filed in the accounting records of the Authority.

3. The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to accept, in accordance with their rules and regulations from time to time in effect, for credit to the aforementioned accounts of the Authority, any and all checks, drafts and other negotiable instruments when endorsed in the name of the Authority in writing, by rubber stamp or otherwise with or without a designation of the party making such endorsement.

4. (a) Any and all funds standing to the credit of the Authority in any of the aforementioned accounts, except for the Petty Cash Account and other time deposits may be paid out or withdrawn upon checks drawn against the respective accounts when signed

in the name of the Authority by two (2) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
RICHARD M. NORTON ~~Willard G. Moseng~~	Deputy Director of Legal Affairs
Kelly A. Rose	Chief Housing Solutions Officer
Jeffrey J. Sykes	Chief Financial Officer
Michael Witt	Acting Chief Housing Investment Officer

The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to honor and pay any and all checks signed as provided above.

(b) The Acting Executive Director is authorized to enter into Transfer Agreements between the Authority and any of the depositories of Authority funds for the transfer of such funds by telephonic advance by any employee of the Authority designated by the Acting Executive Director. Such transfers shall be promptly confirmed in writing or by a written statement of such transfers that shall be filed in the accounting records of the Authority. Such confirmation or written statement shall be signed by any two of the above designated Authorized Officers, unless such transfer is being made to any other of the aforementioned accounts or to an approved servicer or originator under the Single Family or Home Improvement Programs, in which case such transfer may be so confirmed by any one of the above designated Authorized officers. If any bank shall require a telephonic confirmation of any transfer, any of the individuals named in 4(a) may provide such confirmation or may designate Teena Briggs, Manager of Audit, Single Family and Multi-Family Mortgage Servicing; or Jeffrey J. Sykes, Chief Financial Officer, to provide such confirmation.

(c) Any and all funds standing to the credit of the Authority in the Petty Cash Account may be paid out or withdrawn upon checks, which are not in excess of $100.00 drawn against such account when signed in the name of the Authority by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
RICHARD M. NORTON ~~Willard G. Moseng~~	Deputy Director of Legal Affairs
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
Michael Witt	Acting Chief Housing Investment Officer

The depository of the Petty Cash Account be, and it hereby is authorized and directed to honor and pay any and all checks up $100.00 signed as provided above. Access to the safe deposit boxes of the Authority in the vaults of JP Morgan Chase Bank and Comerica Bank, shall be had by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME	TITLE
Jeffrey J. Sykes	Chief Financial Officer
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Cisco Potts	Senior Account Analyst

The aforementioned Authorized Officers are likewise authorized to surrender and exchange any one or all of the safe deposit boxes of the Authority at any time. JP Morgan Chase Bank, shall be entitled to rely on the right of access hereby given until it receives a written notification from the Authority of any change or revocation of the right of access, notwithstanding that this authority may have been otherwise revoked by the Authority or by operation of law.

5. The Authority from time to time may change the persons whose signatures may be honored in connection with the foregoing accounts and safe deposit boxes of the Authority by Resolution and shall thereafter notify such aforementioned depositories and the State Treasurer of such changes. The foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by such aforementioned depositories, and receipt of such notice shall not affect any action taken by such aforementioned depositories prior thereto. The Chairperson or the Acting Executive Director of the Authority are hereby authorized and directed to certify this Resolution to such aforementioned depositories.

6. This Resolution shall take effect on **FEBRUARY 27, 2020** ~~September 26, 2019~~

I, Jeff Donofrio, hereby certify that I am the Chair of the Michigan State Housing Development Authority and that the foregoing is a true and exact copy of a Resolution duly adopted by the Authority at a duly convened meeting thereof held on **FEBRUARY 27, 2020** ~~September 26, 2019~~. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

Name	Title	
Gary Heidel	Acting Executive Director	____________________
Clarence L. Stone, Jr.	Director of Legal Affairs	____________________
RICHARD M. NORTON ~~Willard G. Moseng~~	Deputy Director of Legal Affairs	____________________

Kelly A. Rose	Chief Housing Solutions Officer	______________________
Jeffrey J. Sykes	Chief Financial Officer	______________________
Michael Witt	Acting Chief Housing Investment Officer	______________________
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing	______________________
Cisco Potts	Senior Account Analyst	______________________

IN WITNESS WHEREOF, I have hereunto set my hand as Chairperson of the Michigan State Housing Development Authority and the seal of the Authority this ____ day of **FEBRUARY,2020** ~~September 2019~~.

____

Jeff Donofrio, Chair

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED
RESOLUTION DESIGNATING BANK ACCOUNTS AND AUTHORIZING OFFICERS AS TO REQUISITION AND INVESTMENT OF FUNDS

February 27, 2020

WHEREAS, the Michigan State Housing Development Authority (hereinafter referred to as the "Authority"), pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), is authorized to prescribe a system of accounts, designate Authorized Officers to make requisitions from such accounts, and to invest any funds held in reserve or sinking funds or any monies not required for immediate use or disbursement at the discretion of the Authority; and

WHEREAS, the Authority hereby wishes to formally prescribe its systems of accounts and to designate Authorized Officers to make requisitions from and to invest funds in such accounts; and

WHEREAS, the Authority hereby wishes to designate Authorized Officers for the purpose of entering into contracts on behalf of the Authority as to the custody, collection, securing, investment, and payment of any monies of the Authority and thereby to open and close the accounts of the Authority; and

WHEREAS, this resolution amends and supersedes all prior resolutions now in effect pertaining to the designation of bank accounts and Authorized Officers as to requisition and investment of funds and access to safe deposit boxes.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following accounts be and they hereby are designated as the accounts of the Authority, and the following banks be and they hereby are designated as the depositories for the said accounts of the Authority:

FUND NUMBER	ACCOUNT	BANK NAME
35	Bank Proceeds Accounts - Home Improvement Program (2)	Comerica Bank
70	Petty Cash Account	JP Morgan Chase
70	Housing Choice Voucher Program - Operating Expenses	Bank of America

70	Section 8 Family Self Sufficiency Operating Expenses	Bank of America
70	General Operating Account	JP Morgan Chase
	Lock Box Depository Account	JP Morgan Chase
75	Capital Reserve Capital Account	US Bank
80	Escrow Account for Mortgagors - Multi-Family	JP Morgan Chase
80	Escrow Account for Mortgagors - Multi-Family – HUD Projects	JP Morgan Chase
80	Escrow Account For Mortgagors - Multi-Family	U.S. Bank
80	Escrow Account For Mortgagors - Single Family	U.S. Bank
95	Home Program Account	First Independence National Bank
95	Mainstream 5	Bank of America
95	Section 8 Housing CHOICE Voucher Program Account	Bank of America
95	Section 8 Family Self Sufficiency Escrow Account	Bank of America
95	Section 8 Moderate Rehabilitation Housing Program Account	JP Morgan Chase
95	Contract Administration	JP Morgan Chase
95	Section 8 New Construction Housing Program Account	JP Morgan Chase
95	Section 8 Housing Voucher Program Account	JP Morgan Chase
95	Federal Program Depository	JP Morgan Chase
95	Tax Credit Assistance Program Account	JP Morgan Chase

95	Treasury 1602 Program Account	JP Morgan Chase
95	Section 811 Project Rental Assistance Demonstration Program	JP Morgan Chase
150-199	Single Family Homeownership Revenue Bonds	U.S. Bank
200-399	Single Family Mortgage Revenue Bonds - Trustee Accounts	U.S. Bank
400-599	Rental Housing Revenue Bonds Disbursement Account and Trustee Accounts	U.S. Bank

2. The Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Housing Solutions Officer, and the Chief Financial Officer, together with any person duly appointed and acting in such capacity or any of them, be and they hereby are designated Authorized Officers of the Authority for the purpose of giving investment directions for the funds on deposit in and to open and close the aforementioned accounts of the Authority which may include as sub-accounts savings accounts and other time deposits evidenced by Certificate, Receipt, Passbook or otherwise as they, or any of them may determine to be necessary or desirable, within the limitations imposed on the investment of such funds by the terms of the Act and the resolutions of the Authority. In addition, the foregoing authorized officials are also authorized to purchase Certificates of Deposit from any other bank approved by the State Treasurer provided the Certificates are fully collateralized by obligations of this State or the United States or by obligations guaranteed by this State or the United States or by other obligations as may be approved by the State Treasurer. The Acting Executive Director is further authorized to designate employees of the Authority who may give telephonic orders to banks to transfer funds from any Authority account and to give telephonic orders to purchase and sell Authority investments. All telephonic orders must be immediately followed up with either a written confirmation with each such confirmation signed as provided in this Section 2 or Section 4 hereof or with a written statement of such transfer signed as provided in this Section 2 or Section 4 hereof and filed in the accounting records of the Authority.

3. The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to accept, in accordance with their rules and regulations from time to time in effect, for credit to the aforementioned accounts of the Authority, any and all checks, drafts and other negotiable instruments when endorsed in the name of the Authority in writing, by rubber stamp or otherwise with or without a designation of the party making such endorsement.

4. (a) Any and all funds standing to the credit of the Authority in any of the aforementioned accounts, except for the Petty Cash Account and other time deposits may

be paid out or withdrawn upon checks drawn against the respective accounts when signed in the name of the Authority by two (2) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	Deputy Director of Legal Affairs
Kelly A. Rose	Chief Housing Solutions Officer
Jeffrey J. Sykes	Chief Financial Officer
Michael Witt	Acting Chief Housing Investment Officer

The aforementioned depositories of the aforementioned accounts be, and they hereby are authorized and directed to honor and pay any and all checks signed as provided above.

(b) The Acting Executive Director is authorized to enter into Transfer Agreements between the Authority and any of the depositories of Authority funds for the transfer of such funds by telephonic advance by any employee of the Authority designated by the Acting Executive Director. Such transfers shall be promptly confirmed in writing or by a written statement of such transfers that shall be filed in the accounting records of the Authority. Such confirmation or written statement shall be signed by any two of the above designated Authorized Officers, unless such transfer is being made to any other of the aforementioned accounts or to an approved servicer or originator under the Single Family or Home Improvement Programs, in which case such transfer may be so confirmed by any one of the above designated Authorized officers. If any bank shall require a telephonic confirmation of any transfer, any of the individuals named in 4(a) may provide such confirmation or may designate Teena Briggs, Manager of Audit, Single Family and Multi-Family Mortgage Servicing; or Jeffrey J. Sykes, Chief Financial Officer, to provide such confirmation.

(c) Any and all funds standing to the credit of the Authority in the Petty Cash Account may be paid out or withdrawn upon checks, which are not in excess of $100.00 drawn against such account when signed in the name of the Authority by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

NAME	TITLE
Gary Heidel	Acting Executive Director
Clarence L. Stone, Jr.	Director of Legal Affairs
Richard M. Norton	Deputy Director of Legal Affairs
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Jeffrey J. Sykes	Chief Financial Officer
Michael Witt	Acting Chief Housing Investment Officer

The depository of the Petty Cash Account be, and it hereby is authorized and directed to honor and pay any and all checks up $100.00 signed as provided above. Access to the safe deposit boxes of the Authority in the vaults of JP Morgan Chase Bank and Comerica Bank, shall be had by any one (1) of the following persons who are hereby designated Authorized Officers of the Authority for this purpose:

<u>NAME</u>	<u>TITLE</u>
Jeffrey J. Sykes	Chief Financial Officer
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing
Cisco Potts	Senior Account Analyst

The aforementioned Authorized Officers are likewise authorized to surrender and exchange any one or all of the safe deposit boxes of the Authority at any time. JP Morgan Chase Bank, shall be entitled to rely on the right of access hereby given until it receives a written notification from the Authority of any change or revocation of the right of access, notwithstanding that this authority may have been otherwise revoked by the Authority or by operation of law.

5. The Authority from time to time may change the persons whose signatures may be honored in connection with the foregoing accounts and safe deposit boxes of the Authority by Resolution and shall thereafter notify such aforementioned depositories and the State Treasurer of such changes. The foregoing Resolution shall remain in full force and effect until written notice of its amendment or rescission shall have been received by such aforementioned depositories, and receipt of such notice shall not affect any action taken by such aforementioned depositories prior thereto. The Chairperson or the Acting Executive Director of the Authority are hereby authorized and directed to certify this Resolution to such aforementioned depositories.

6. This Resolution shall take effect on February 27, 2020.

I, Jeff Donofrio, hereby certify that I am the Chair of the Michigan State Housing Development Authority and that the foregoing is a true and exact copy of a Resolution duly adopted by the Authority at a duly convened meeting thereof held on February 27, 2020. I further certify that the true signatures of the signatories authorized to sign on the accounts referred to in the foregoing Resolution appear below.

<u>Name</u>	<u>Title</u>	
Gary Heidel	Acting Executive Director	______________________________
Clarence L. Stone, Jr.	Director of Legal Affairs	______________________________

Richard M. Norton	Deputy Director of Legal Affairs	______________________
Kelly A. Rose	Chief Housing Solutions Officer	______________________
Jeffrey J. Sykes	Chief Financial Officer	______________________
Michael Witt	Acting Chief Housing Investment Officer	______________________
Teena Briggs	Manager of Audit, Single Family and Multi-Family Mortgage Servicing	______________________
Cisco Potts	Senior Account Analyst	______________________

IN WITNESS WHEREOF, I have hereunto set my hand as Chair of the Michigan State Housing Development Authority and the seal of the Authority this ____ day of February 2020.

____
Jeff Donofrio, Chair

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: February 27, 2020

RE: Arborview Village, Development No. 2175-2

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond mortgage loans in the amounts set forth in this report, 3) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No:	2175-2
Development Name:	Arborview Village
Development Location:	City of Pontiac, Oakland County
Sponsor:	Larc Properties, Inc.
Mortgagor:	Arborview Limited Dividend Housing Association LLC
Number of Units:	161 Affordable units, 0 Market Rate
Total Development Cost:	$19,191,938
TE Bond Construction Loan:	$9,979,808
TE Bond Permanent Loan:	$9,443,831 (construction loan will be paid down to permanent loan amount)
MSHDA Gap Funds:	$3,560,130 **(HOME)**
Other Funds:	$4,990,370 LIHTC, $889,557 Income from Operations, and $308,050 in Deferred Development Fee.

EXECUTIVE SUMMARY:

Arborview Village (the "Property" or the "Development") is a 161-unit family housing complex comprised of 22 one- and two-story buildings, a community building with common space and a coin laundry for resident use, and the management office.

The Property, located on 12.53 acres in the City of Pontiac, was built in 1972, and was subsequently renovated under the low income housing tax credits ("LIHTC") LIHTC program in 2001 utilizing 9% LIHTC. Larc Properties, Inc. (the "Sponsor"), is requesting 4% LIHTC, a tax-exempt mortgage, and a HOME Loan from the Authority.

The Sponsor has vast experience in the low income housing industry with a significant portfolio and no current Authority financed troubled properties. We are recommending Board approval for the following reasons:

- To extend the development's affordability for up to 50 years for all units and will refurbish and meet the physical needs of the development. The development is beneficial to both the Authority as well as the residents of The State of Michigan because all 161 units are covered by a Section 8 Housing Assistance Payment ("HAP") Contract, which renews annually, and expires on January 31, 2039.
- ~~Financing this development repays existing Authority debt and results in new Authority-Financed debt.~~
- As an existing family development with an excellent occupancy and operational history, this proposal is extremely low risk to the Authority.

RESIDENT IMPACT, AFFORDABILITY, AND COMMUNITY SUPPORT

- There will be no permanent displacement or rental increase for any of the tenants residing in the Development.
- The Affordability Period for these units range from 15 to 50 years, depending on the funding source. Additional details are provided on page five of the Staff Report.
- The community is supportive of this proposal and has granted a 6% PILOT and has made various approvals for such items as zoning, design and site planning.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

February 27, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond mortgage loans in the amounts set forth in this report, and 3) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	2175-2
Development Name:	Arborview Village
Development Location:	City of Pontiac, Oakland County
Sponsor:	Larc Properties, Inc.
Mortgagor:	Arborview Limited Dividend Housing Association LLC
TE Bond Construction Loan:	$9,979,808 (52% of TDC)
TE Bond Permanent Loan:	$9,443,831
MSHDA HOME Loan:	$3,560,130
Total Development Cost:	$19,191,938
Mortgage Term:	40 years for the tax-exempt bond loan and 50 years for the HOME loan
Interest Rate:	4.9% for the tax-exempt bond loan and 1% simple interest for the HOME loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	161 family units of rehabilitation.
Unit Configuration:	22 one-bedroom, 117 two bedroom and 22 three bedroom, one-bathroom family units.
Builder:	G. Fisher Construction Company
Syndicator:	Affordable Housing Partners, Inc.
Date Application Received:	May 10, 2019
HDO:	James E Smith II

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:
None

EXECUTIVE SUMMARY:

Arborview Village (the "Property" or the "Development") is a 161-unit family housing complex comprised of 22 one- and two-story buildings, a community building with common space and a coin laundry for resident use, and the management office.

The Property, located on 12.53 acres in the City of Pontiac, was built in 1972, and was subsequently renovated under the low income housing tax credits ("LIHTC") program in 2001 utilizing 9% LIHTC. Larc Properties, Inc. (the "Sponsor"), is requesting 4% LIHTC, a tax-exempt mortgage, and a HOME Loan from the Authority.

All one hundred and sixty-one (161) units are covered by a Section 8 Housing Assistance Payment ("HAP") Contract, which renews annually, and expires on January 31, 2039. The current owner, Sanford Arms Limited Dividend Housing Association Limited Partnership, has applied and been approved for a 20-year extension of the HAP Contract (the "New HAP Contract"). The New HAP Contract will extend beyond the end of the compliance period and will preserve the affordability of the project

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of $9,979,808 at 4.9% interest with an 18-month term (a 12-month construction term and a 6-month 50% Test holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the 18-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent loan (the "Permanent Loan") will be provided by the Authority in the amount of $9,443,831. The Permanent Loan is based upon the post-rehabilitation rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The Permanent Loan includes a 1.2 debt service coverage ratio, an annual interest rate of 4.9%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using HOME funds (the "HOME Loan") in the amount of $3,560,130 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.

- Equity support comes from the sale of 4% LIHTC in the estimated amount of $4,990,370.

- The HAP contract will, subject to HUD approval, be transferred to the Mortgagor and will continue to provide deep subsidy assistance for all of the assisted units.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the construction period in the amount of $889,557.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the Property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

- A Syndicator-held reserve in the amount of $270,014 is required by the equity investor for an additional operating assurance reserve. This reserve will be held and controlled pursuant to the terms of the Mortgagor's Amended and Restated Operating Agreement. See Special Condition No. 2.

Scope of Rehabilitation:

The following improvements to the Property are included in the Scope of Work:

- Replace or repair walkways
- Repair and resurface parking areas
- Replace site lighting
- Replace roofs, some gutters, and downspouts
- Repair masonry work
- Replace windows
- Replace unit entry doors
- Replace some kitchen flooring
- Replace some kitchen cabinets and countertops including sinks and disposals
- Replace some bathroom vanities
- Replace many appliances
- Replaces many furnaces and A/C units
- Paint interior of most of the units

Affordability Requirements:

The LIHTC regulatory agreement will require that all of the dwelling units in the Property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") Area Median Income ("AMI"), with the exception of when an income averaging test is met. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants.

Site Selection:

The site meets the Authority's Site Selection Criteria. It is in a largely residential neighborhood and has a Walk Score of 47.

Market Evaluation:

Marketing has approved the project as proposed.

Valuation of the Property:

An appraisal dated May 2019 has determined the value at $9,200,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, as determined by the Authority, payments are limited to ten percent (10%) of the Mortgagor's equity, or any other amount approved by HUD, but not to exceed twelve percent (12%). Following expiration of the HAP Contract, the Mortgagor's rate of return shall not exceed twenty-five percent (25%) per annum. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority, unless HUD or other federal regulations require a different calculation. All such payments shall be referred to as "Limited Dividend Payments." The Mortgagor's return shall be fully cumulative.

2. **Income Limits:**

   The income limitations for one hundred and sixty-one (161) units of this proposal are as follows:

   a. Thirty-five (35) units have been designated as Low-HOME units and during the

Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income, adjusted for family size as determined by HUD.

b. One hundred and sixty-one (161) units (22 one-bedroom units, 117 two bedroom units and 22 three bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.

c. One hundred and sixty-one (161) units (22 one-bedroom units, 117 two bedroom units and 22 three bedroom units) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the MTSP limits, adjusted for family size as determined by HUD, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for all one hundred and sixty-one (161) units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the Thirty-five (35) Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents for one hundred sixty one (161) HAP-assisted units (22 one-bedroom units, 117 two bedroom units and 22 three bedroom units) (the "Contract Rents") that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for one hundred and sixty-one (161) units (22 one-bedroom units, 117 two bedroom units and 22 three bedroom units) may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use

Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

For the initial lease term of the first household occupying each rent restricted unit in the Development the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report or the maximum allowed per median income, whichever is less. Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to this limitation may be granted by the Authority's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually.

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. **Covenant Running with the Land:**

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low income use commitment required by Section 42 of the Internal Revenue Code.

5. **Restriction on Prepayment and Subsequent Use:**

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.
In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;
b. Any bond call premium, prepayment or swap penalty, or any other cost that the

Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and

c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an OAR in the amount equal to four months of estimated Development operating expenses (estimated to be $702,403). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the OAR, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of $4,174 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

9. One Month's Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($150,575) into the Development's operating account.

10. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the HOME Loan/MRF Loan. The HOME Loan/MRF Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the HOME Loan/MRF Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the HOME Loan/MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution. Such payments shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the HOME Loan/MRF Loan shall be due in full. If the HOME Loan/MRF Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the HOME Loan/MRF Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first.

11. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

12. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

13. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Manager of Construction Costing.

14. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the Authority.

15. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

16. Davis-Bacon and Cross-cutting Federal Requirements:

At Initial Closing, the general contractor must agree to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations as required under the terms of the HOME Program.

17. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

18. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

19. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursements, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide an ALTA survey certified to the 2016 minimum standards, together with surveyor's certificate of facts that is certified and appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

20. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication operating agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

21. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources on the same terms and conditions as the funding sources being replaced.

22. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

a. Management Agreement
b. Marketing/Construction Transition Plan

23. Guaranties:

At Initial Closing, Larc Properties, Inc., Managing Member, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HOME recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

24. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

25. **Future Contributions:**

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

26. **Ownership of Development Reserves:**

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. However, the Authority's claim to these funds shall be subject to any lawful claim to such funds by HUD. This agreement must be acceptable to the Authority's Director of Legal Affairs.

27. **Section 8 Required Approvals - HUD and MSHDA:**

This transaction is subject to certain HUD approvals including, but not limited to 1) assignment of the HAP Contract and 2) previous participation approval (HUD Form 2530) for the Mortgagor, its partners, and property management agent. Prior to the Initial Closing, the HUD approvals must be obtained and must be consistent with the loan structure and intent of the transaction as described in this report. The approvals by HUD are subject to review and concurrence by the Authority's Director of Legal Affairs. The Mortgagor must enter into all agreements as may be required by HUD and to abide by all terms, conditions, and requirements of the Section 8 Program and all other Authority rules, guidelines, and procedures required under the Mortgage Loan Regulatory Agreement.

28. **HAP Extension:**

At Initial Closing, the Mortgagor must enter into an agreement to apply for and accept any available HAP or other HUD subsidy extensions, subject to Authority approval.

29. **HUD Authority to Use Grant Funds:**

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed HOME Loan from the Authority or confirmation that the Development is categorically excluded from NEPA review.

30. **HUD Subsidy Layering Review:**

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

31. **Application for Disbursement:**

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

32. **Uniform Relocation Act Compliance:**

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. **Legal Requirements:**

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Director of Legal Affairs for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. **Syndicator Held Reserve:**

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of $270,014 paid from equity proceeds according to the terms of the Mortgagor's operating agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose of this reserve will be to fund operating cost shortfalls

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Arborview Limited Dividend Housing Association LLC

II. **GUARANTOR(S):**

A. **Guarantor**

Name: Larc Properties, Inc.
Address: 26711 Northwestern Highway, Suite 250
Southfield, MI 48033

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name:	Larc Properties, Inc.
Address:	26711 Northwestern Highway, Suite 250 Southfield, MI 48033
Individuals Assigned:	Laurence S. Tisdale
Telephone:	248-304-2000
Fax:	248-304-2020
E-mail:	ltisdale@larcgrp.com

1. **Experience**: The Sponsor has experience working on Authority-financed developments.

   Interest in the Mortgagor and Members: Arborview Investors LLC (to be named General Partner) 0.01% Investor entity to be formed to hold 99.99%

B. Architect:

Name:	Schneider + Smith Architects
Address:	833 South Center Street Royal Oak, MI 48067
Individual Assigned:	Jim Schneider
Telephone:	248-398-0605
Fax:	
E-Mail:	jim@schneidersmith.com

1. **Experience**: Architect has previous experience with Authority-financed developments.
2. **Architect's License**: License number 1301038876, exp. 10/31/2021.

C. Attorney:

Name:	Seyburn Kahn, P.C.
Address:	2000 Town Center, Suite 1500 Southfield, MI 48075
Individual Assigned:	Mark Cohn
Telephone:	248-353-7620
Fax:	248-353-3727
E-Mail:	Mcohn@seyburn.com

1. **Experience**: This firm has experience in closing Authority-financed developments.

D. Builder:

Name:	G. Fisher Construction Company
Address:	31313 Northwestern Highway, Suite 206 Farmington Hills, MI 48334
Individual Assigned:	Glen Fisher
Telephone:	248-855-3500
Fax:	248-855-2420
E-mail:	glen@gfisherconst.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102076330, with an expiration date of 05/31/2020.

E. Management and Marketing Agent:

Name:	Lockwood Management, LLC
Address:	27777 Franklin Rd, #1410 Southfield, MI 48075
Individual Assigned:	Mark Lockwood
Telephone:	248-203-0991
E-mail:	mlockwood@lockwoodcompanies.com

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: The development team is acceptable.

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase Agreement of $9,200,000 has been reviewed by staff.

B. Site Location:
121 Fiddis Avenue, Pontiac MI 48342

C. Size of Site:
12.53+/- acres

D. Density:
Appropriate for use

E. Physical Description:

1. Present Use: Multi-family residential

2. Existing Structures: Twenty-one 2-story residential buildings

3. Relocation Requirements: None

F. Zoning:
Multifamily

G. Contiguous Land Use:

1. North: M 59

2. South: Single-family residential

3. East: Woodland Heights Housing

4. West: Single-family residential

H. Tax Information:
A PILOT awarded by the City of Pontiac

I. Utilities:
Gas: DTE Energy
Electric: Consumers Energy
Water & Sewer: City of Pontiac

J. Community Facilities:

1. Shopping:
Pike Food Center is approximately one third of a mile east of the site.

2. Recreation:
The site is located approximately one half of a mile from Richard Park.

3. Public Transportation:
A bus stop is located within walking distance from the site.

4. Road Systems
M 59 is just to the North of the property giving the Development great access to major highways and road systems.

5. Medical Services and other Nearby Amenities:
McLaren and Pioneer hospitals are approximately 3/4 miles west of the site.

6. Description of Surrounding Neighborhood:
Mostly single-family homes

7. Local Community Expenditures Apparent:
The surrounding area appears to be adequately maintained with some newer investment throughout the area.

8. Indication of Local Support:
   The property has a PILOT.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority.

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to Initial Closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Chief Market Analyst and found to be acceptable. The Authority's Chief Market Analyst has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Equal Employment Opportunity Officer prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The financial statements of the Sponsor, Guarantor and builder have been submitted and are to be approved prior to Initial Closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	February 2020
B. Initial Closing and Disbursement:	March 2020
C. Construction Completion:	February 2021
D. Cut-Off Date:	July 2021

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

2-19-2020

Michael Witt
Acting Chief Housing Investment Officer

Date

2-19-2020

Clarence L. Stone, Jr.
Director of Legal Affairs

Date

2/19/20

Gary Heidel
Acting Executive Director

Date

Development Arborview Village
Financing Tax Exempt
MSHDA No. 2175-2
Step Commitment
Date 02/27/2020
Type Preservation - Subsidized

Instructions

Income Limits for	Oakland County			(Effective April 3, 2018)		
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	14,910	17,040	19,170	21,270	22,980	24,690
40% of area median	19,880	22,720	25,560	28,360	30,640	32,920
50% of area median	24,850	28,400	31,950	35,450	38,300	41,150
60% of area median	29,820	34,080	38,340	42,540	45,960	49,380

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential : Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60% Family	Area Median Income Units Occupancy																					
A	17	Apartment	1	1.0	575	825	96	921	168,300	825	9.3%	10.6%	9,775	7.2%	9,775		799	TC Rent	(122)	-15.27%	69.2%	$1.43
B	92	Townhome	2	1.0	852	925	90	1,015	1,021,200	925	56.5%	57.1%	78,384	57.8%	78,384		959	TC Rent	(57)	-5.95%	63.5%	$1.09
C	17	Townhome	3	1.0	1,055	1,100	122	1,222	224,400	1,100	12.4%	10.6%	17,935	13.2%	17,935		1,106	TC Rent	(116)	-10.49%	66.3%	$1.04
									1,413,900	2,850	78.3%	78.3%	106,094	78.3%	106,094							
50% Family	Area Median Income Units Occupancy																					
A	5	Apartment	1	1.0	575	825	96	921	49,500	825	2.7%	3.1%	2,875	2.1%	2,875	Low HOME	665	HOME Rent	(256)	-38.50%	69.2%	$1.43
B	25	Townhome	2	1.0	852	925	90	1,015	277,500	925	15.4%	15.5%	21,300	15.7%	21,300	Low HOME	798	HOME Rent	(217)	-27.19%	63.5%	$1.09
C	5	Townhome	3	1.0	1,055	1,100	122	1,222	66,000	1,100	3.7%	3.1%	5,275	3.9%	5,275	Low HOME	921	HOME Rent	(301)	-32.68%	66.3%	$1.04
									393,000	2,850	21.7%	21.7%	29,450	21.7%	29,450							
Mgrs									0	2,850	0.0%	0.0%	0	0.0%	0							
													135,544		**135,544**							
Total Units	**161**																					

Gross Rent Potential	**1,806,900**
Average Monthly Rent	**935**
Gross Square Footage	**135,544**

HOME Units SF/Total Units SF	21.7%	**Within Range**
# HOME Units/# Total Units	21.7%	**Within Range**

Utility Allowances

	Tenant-Paic	Tenant-Paic	Tenant-Paic	Owner-Paid	Owner-Paid		
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	96
B						0	90
C						0	122
D						0	
E						0	
F						0	
G						0	
H						0	

1

Annual Non-Rental Income

Misc. and Interest	
Laundry	7,500
Carports	
Other:	
Other:	
	7,500

Total Income	**Annual**	**Monthly**
Rental Income	1,806,900	150,575
Non-Rental Income	7,500	625
Total Project Revenue	1,814,400	151,200

Development	Arborview Village
Financing	Tax Exempt
MSHDA No.	2175-2
Step	Commitment
Date	02/27/2020
Type	Preservation - Subsidized

Mortgage Assumptions:

Debt Coverage Ratio	1.2	
Mortgage Interest Rate	4.900%	
Pay Rate	4.900%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

					Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Total Development Income Potential									
Annual Rental Income					11,223	1,806,900	1.0%	6	2.0%
Annual Non-Rental Income					47	7,500	1.0%	6	2.0%
Total Project Revenue					11,270	1,814,400			
Total Development Expenses								Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential			561	90,345		6	4.0%
Management Fee	534	per unit per year			534	85,974	3.0%	1	3.0%
Administration					2,168	349,045	3.0%	1	3.0%
Project-paid Fuel					49	7,850	3.0%	6	3.0%
Common Electricity					120	19,400	4.0%	6	3.0%
Water and Sewer					1,012	163,000	5.0%	6	5.0%
Operating and Maintenance					1,200	193,200	3.0%	1	3.0%
Real Estate Taxes					0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	6.00%	Applied to:	All Units		569	91,578			
Insurance					320	51,460	3.0%	1	3.0%
Replacement Reserve	300	per unit per year			300	48,300	3.0%	1	3.0%
Other: MSA & Security					342	55,000	3.0%	1	3.0%
Other: employee taxes-benefits					78	12,484	3.0%	1	3.0%

	% of Revenue	Per Unit	Total	
Total Expenses	64.35%	**7,252**	**1,167,636**	
Base Net Operating Income		4,017	646,764	Override
Part A Mortgage Payment	29.71%	3,348	538,970	
Part A Mortgage		**58,657**	**9,443,831**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	5.94%	670	107,794	

Development Arborview Village
Financing Tax Exempt
MSHDA No. 2175-2
Step Commitment
Date 02/27/2020
Type Preservation - Subsidized

Instructions

TOTAL DEVELOPMENT COSTS

		Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition						
Land		6,211	1,000,000	0%	0	0
Existing Buildings		50,932	8,200,000	100%	8,200,000	0
Other:		0		0%	0	0
	Subtotal	**57,143**	**9,200,000**			
Construction/Rehabilitation						
Off Site Improvements		0		100%	0	0
On-site Improvements		0		100%	0	0
Landscaping and Irrigation		0		100%	0	0
Structures		22,500	3,622,500	100%	3,622,500	3,622,500
Community Building and/or Maintenance Facility		0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space		0		0%	0	0
General Requirements — % of Contract 6.00%	Within Range	1,350	217,350	100%	217,350	217,350
Builder Overhead — % of Contract 2.00%	Within Range	477	76,797	100%	76,797	76,797
Builder Profit — % of Contract 6.00%	Within Range	1,460	234,999	100%	234,999	234,999
Permits, Bond Premium, Tap Fees, Cost Cert.		788	126,788	100%	126,788	126,788
Other:		0		100%	0	0
	Subtotal	**26,574**	**4,278,433**			
	15% of acquisition and $15,000/unit test:		**met**			
Professional Fees						
Design Architect Fees		517	83,177	100%	83,177	83,177
Supervisory Architect Fees		172	27,726	100%	27,726	27,726
Engineering/Survey		131	21,100	100%	21,100	21,100
Other: Inspecting architect		307	49,411	100%	49,411	49,411
	Subtotal	**1,127**	**181,414**			
Interim Construction Costs						
Property & Causalty Insurance		479	77,190	100%	77,190	77,190
Construction Loan Interest	Override **675,000**	4,193	675,000	30%	202,500	202,500
Title Work		373	60,000	100%	60,000	0
Legal Fees (in Tax Credit Basis)		207	33,250	100%	33,250	0
Construction Taxes		853	137,367	60%	82,420	82,420
Other:		0		100%	0	0
	Subtotal	**6,104**	**982,807**			
Permanent Financing						
Loan Commitment Fee to MSHDA	2%	1,682	270,799	0%	0	0
Other:		0		0%	0	0
	Subtotal	**1,682**	**270,799**			
Other Costs (In Basis)						
Application Fee		12	2,000	100%	2,000	2,000
Market Study		40	6,500	100%	6,500	6,500
Environmental Studies		257	41,395	100%	41,395	41,395
Cost Certification		180	29,000	100%	29,000	29,000
Equipment and Furnishings		466	75,000	100%	75,000	0
Temporary Tenant Relocation		500	80,500	100%	80,500	80,500
Construction Contingency		1,329	213,922	100%	213,922	213,922
Appraisal and C.N.A.		119	19,155	100%	19,155	19,155
Other:		0		100%	0	0
	Subtotal	**2,904**	**467,472**			
Other Costs (NOT In Basis)						
Start-up and Organization		6	1,000	0%	0	0
Tax Credit Fees (based on 2017 QAP) 35,793	Within Range	222	35,793	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)		475	76,475	0%	0	0
Marketing Expense		0		0%	0	0
Syndication Legal Fees		435	70,000	0%	0	0
Rent Up Allowance	months	0	0	0%	0	0
Other: Legal Fees		228	36,750	0%	0	0
	Subtotal	**1,367**	**220,018**			

Summary of Acquisition Price		As of ###############	
Attributed to Land	1,000,000	1st Mortgage Balance	2,951,700
Attributed to Existing Structure	8,200,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	9,200,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**6,248,300**

Construction Loan Term	Months
Construction Contract	12
Holding Period (50% Test)	6
Construction Loan Period	18

Appraised Value	Value As of: April 24, 2019
"Encumbered As-Is" value as determined by appraisal:	9,200,000
Plus 5% of Appraised Value:	460,000
LESS Fixed Price to the Seller:	9,200,000
Surplus/(Gap) — Within Range	**460,000**

Override

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Reserv	4.0 months	Funded in Cas	4,363	702,403	0%	0	0
Replacement Reserve		Required	4,174	671,947	0%	0	0
Operating Deficit Reserve			0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve	2.0 months		1,677	270,014	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**10,213**	**1,644,364**			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	935	150,575	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**935**	**150,575**			
Total Acquisition Costs			**57,143**	**9,200,000**			
Total Construction Hard Costs			**26,574**	**4,278,433**			
Total Non-Construction ("Soft") Costs			**24,332**	**3,917,449**			
Developer Overhead and Fee							
Maximum 1,796,055			**11,156**	**1,796,055**	100%	1,796,055	1,796,055
7.5% of Acquisition/Project Reserves		Override		**5% Attribution Test**			
15% of All Other Development Costs				**met**			
Total Development Cost			**119,205**	**19,191,938**			

LIHTC Basis	Historic Basis
15,378,735	**7,010,485**

TOTAL DEVELOPMENT SOURCES

	% of TDC		
MSHDA Permanent Mortgage	49.21%	58,657	9,443,831
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	26.02%	31,015	4,993,420
MSHDA NSP Funds	0.00%	0	
MSHDA HOME	18.55%	22,113	3,560,130
Mortgage Resource Funds	0.00%	0	
Other MSHDA:	0.00%	0	
Local HOME	0.00%	0	
Income from Operations	4.64%	5,525	889,557
Other Equity	0.00%	0	
Transferred Reserves:	0.00%	0	0
Other:	0.00%	0	
Other:	0.00%	0	
Deferred Developer Fee	1.59%	1,894	305,000
Total Permanent Sources			**19,191,938**

# of Units	Gap to Hard Debt Ratio
0.00	38%
35.00	

Deferred Dev Fee
16.98%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	**0**

MSHDA Construction Loan		**52.00%**	**61,986**	**9,979,808**
Construction Loan Rate	4.900%			
Repaid from equity prior to final closing				**535,977**

Eligible Basis for LIHTC/TCAP		**Value of LIHTC/TCAP**		
Acquisition	8,660,000	Acquisition	276,254	
Construction	8,734,355	Construction	278,626	Override
Acquisition Credit %	3.19%	Total Yr Credit	554,880	
Rehab/New Const Credit %	3.19%	Equity Price	$0.9000	
Qualified Percentage	100.00%	Equity Effective Price	$0.9000	Override
QCT/DDA Basis Boost	130%	Equity Contribution	4,993,420	
Historic?	No			

Existing Reserve Analysis	
DCE Interest:	
Insurance:	
Taxes:	
Rep. Reserve:	
ORC:	
DCE Principal:	
Other:	

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	4,993,420
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**4,993,420**

Cash Flow Projections

Development Arborview Village
Financing Tax Exempt
MSHDA No. 2175-2
Step Commitment
Date 02/27/2020
Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	1,806,900	1,824,969	1,843,219	1,861,651	1,880,267	1,917,873	1,956,230	1,995,355	2,035,262	2,075,967
Annual Non-Rental Income	1.0%	6	2.0%	7,500	7,575	7,651	7,727	7,805	7,961	8,120	8,282	8,448	8,617
Total Project Revenue				**1,814,400**	**1,832,544**	**1,850,869**	**1,869,378**	**1,888,072**	**1,925,833**	**1,964,350**	**2,003,637**	**2,043,710**	**2,084,584**
Expenses													
Vacancy Loss	5.0%	6	4.0%	90,345	91,248	92,161	93,083	94,013	76,715	78,249	79,814	81,410	83,039
Management Fee	3.0%	1	3.0%	85,974	88,553	91,210	93,946	96,764	99,667	102,657	105,737	108,909	112,177
Administration	3.0%	1	3.0%	349,045	359,516	370,302	381,411	392,853	404,639	416,778	429,281	442,160	455,425
Project-paid Fuel	3.0%	6	3.0%	7,850	8,086	8,328	8,578	8,835	9,100	9,373	9,655	9,944	10,242
Common Electricity	4.0%	6	3.0%	19,400	20,176	20,983	21,822	22,695	23,376	24,077	24,800	25,544	26,310
Water and Sewer	5.0%	6	5.0%	163,000	171,150	179,708	188,693	198,128	208,034	218,436	229,357	240,825	252,866
Operating and Maintenance	3.0%	1	3.0%	193,200	198,996	204,966	211,115	217,448	223,972	230,691	237,612	244,740	252,082
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				91,578	92,059	92,522	92,969	93,396	96,039	97,566	99,104	100,652	102,211
Insurance	3.0%	1	3.0%	51,460	53,004	54,594	56,232	57,919	59,656	61,446	63,289	65,188	67,144
Replacement Reserve	3.0%	1	3.0%	48,300	49,749	51,241	52,779	54,362	55,993	57,673	59,403	61,185	63,021
Other: MSA & Security	3.0%	1	3.0%	55,000	56,650	58,350	60,100	61,903	63,760	65,673	67,643	69,672	71,763
Other: employee taxes-benefits	3.0%	1	3.0%	12,484	12,859	13,244	13,642	14,051	14,472	14,907	15,354	15,814	16,289
Subtotal: Operating Expenses				1,167,636	1,202,045	1,237,609	1,274,368	1,312,368	1,335,424	1,377,526	1,421,049	1,466,045	1,512,567
Debt Service													
Debt Service Part A				538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**1,706,606**	**1,741,015**	**1,776,578**	**1,813,338**	**1,851,338**	**1,874,393**	**1,916,495**	**1,960,018**	**2,005,014**	**2,051,537**
Cash Flow/(Deficit)				**107,794**	**91,529**	**74,291**	**56,040**	**36,734**	**51,440**	**47,855**	**43,619**	**38,695**	**33,047**
Cash Flow Per Unit				670	569	461	348	228	320	297	271	240	205
Debt Coverage Ratio on Part A Loan				1.20	1.17	1.14	1.10	1.07	1.10	1.09	1.08	1.07	1.06
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Interest Rate on Reserves: 3%

Average Cash Flow as % of Net Income

Operating Deficit Reserve (ODR) Analaysis

			1	2	3	4	5	6	7	8	9	10
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		133,534	133,534	137,540	141,666	145,916	150,294	154,803	159,447	164,230	169,157	174,232
Total Annual Draw to achieve 1.0 DCR			0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR			0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR			0	0	0	0	0	0	0	0	0	0
Interest			4,006	4,126	4,250	4,377	4,509	4,644	4,783	4,927	5,075	5,227
Ending Balance at Maintained DCR			137,540	141,666	145,916	150,294	154,803	159,447	164,230	169,157	174,232	179,459
Maintained Cash Flow Per Unit			670	569	461	348	228	320	297	271	240	205
Maintained Debt Coverage Ratio on Part A Loan			1.20	1.17	1.14	1.10	1.07	1.10	1.09	1.08	1.07	1.06
Maintained Debt Coverage Ratio on Conventional/Other			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR		4,833										
Non-standard ODR		128,701										

Operating Assurance Reserve Analysis

			1	2	3	4	5	6	7	8	9	10
		568,869										
Required in Year:	1	Initial Deposit										
Initial Balance		568,869	568,869	585,935	603,513	621,618	640,267	659,475	679,259	699,637	720,626	742,245
Interest Income			17,066	17,578	18,105	18,649	19,208	19,784	20,378	20,989	21,619	22,267
Ending Balance			585,935	603,513	621,618	640,267	659,475	679,259	699,637	720,626	742,245	764,512

Deferred Developer Fee Analysis

		1	2	3	4	5	6	7	8	9	10
Initial Balance		305,000	197,206	105,677	31,386	0	0	0	0	0	0
Dev Fee Paid		107,794	91,529	74,291	31,386	0	0	0	0	0	0
Ending Balance	Repaid in yı 0	197,206	105,677	31,386	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

			1	2	3	4	5	6	7	8	9	10
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		0	0	0	0	0	0	0	0	0	0	0
Current Yr Int			0	0	0	0	0	0	0	0	0	0
Accrued Int			0	0	0	0	0	0	0	0	0	0
Subtotal		% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due		50%	0	0	0	0	0	0	0	0	0	0
Year End Balance			0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	1.0%	6	2.0%		2,117,486	2,159,836	2,203,033	2,247,094	2,292,035	2,337,876	2,384,634	2,432,326	2,480,973	2,530,592
Annual Non-Rental Income	1.0%	6	2.0%		8,789	8,965	9,144	9,327	9,514	9,704	9,898	10,096	10,298	10,504
Total Project Revenue					**2,126,276**	**2,168,801**	**2,212,177**	**2,256,421**	**2,301,549**	**2,347,580**	**2,394,532**	**2,442,422**	**2,491,271**	**2,541,096**
Expenses														
Vacancy Loss	5.0%	6	4.0%		84,699	86,393	88,121	89,884	91,681	93,515	95,385	97,293	99,239	101,224
Management Fee	3.0%	1	3.0%		115,542	119,008	122,578	126,256	130,043	133,945	137,963	142,102	146,365	150,756
Administration	3.0%	1	3.0%		469,087	483,160	497,655	512,584	527,962	543,801	560,115	576,918	594,226	612,053
Project-paid Fuel	3.0%	6	3.0%		10,550	10,866	11,192	11,528	11,874	12,230	12,597	12,975	13,364	13,765
Common Electricity	4.0%	6	3.0%		27,099	27,912	28,750	29,612	30,501	31,416	32,358	33,329	34,329	35,358
Water and Sewer	5.0%	6	5.0%		265,510	278,785	292,725	307,361	322,729	338,865	355,809	373,599	392,279	411,893
Operating and Maintenance	3.0%	1	3.0%		259,645	267,434	275,457	283,721	292,232	300,999	310,029	319,330	328,910	338,777
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					103,778	105,353	106,935	108,523	110,115	111,711	113,309	114,908	116,506	118,101
Insurance	3.0%	1	3.0%		69,158	71,233	73,370	75,571	77,838	80,173	82,578	85,056	87,607	90,235
Replacement Reserve	3.0%	1	3.0%		64,911	66,858	68,864	70,930	73,058	75,250	77,507	79,833	82,228	84,694
Other: MSA & Security	3.0%	1	3.0%		73,915	76,133	78,417	80,769	83,192	85,688	88,259	90,907	93,634	96,443
Other: employee taxes-benefits	3.0%	1	3.0%		16,777	17,281	17,799	18,333	18,883	19,450	20,033	20,634	21,253	21,891
Subtotal: Operating Expenses					1,560,672	1,610,417	1,661,863	1,715,071	1,770,109	1,827,042	1,885,943	1,946,883	2,009,939	2,075,190
Debt Service														
Debt Service Part A					538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970	538,970
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**2,099,642**	**2,149,387**	**2,200,832**	**2,254,041**	**2,309,079**	**2,366,012**	**2,424,912**	**2,485,852**	**2,548,909**	**2,614,160**
Cash Flow/(Deficit)					**26,634**	**19,415**	**11,345**	**2,379**	**(7,529)**	**(18,432)**	**(30,381)**	**(43,430)**	**(57,638)**	**(73,064)**
Cash Flow Per Unit					165	121	70	15	(47)	(114)	(189)	(270)	(358)	(454)
Debt Coverage Ratio on Part A Loan					1.05	1.04	1.02	1.00	0.99	0.97	0.94	0.92	0.89	0.86
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%													
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**133,534**	179,459	184,842	190,388	196,099	201,982	200,512	188,096	163,358	124,829	70,936
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	(7,529)	(18,432)	(30,381)	(43,430)	(57,638)	(73,064)
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	(7,529)	(18,432)	(30,381)	(43,430)	(57,638)	(73,064)
Interest					5,384	5,545	5,712	5,883	6,059	6,015	5,643	4,901	3,745	2,128
Ending Balance at Maintained DCR					184,842	190,388	196,099	201,982	200,512	188,096	163,358	124,829	70,936	**(0)**
Maintained Cash Flow Per Unit					165	121	70	15	0	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan					1.05	1.04	1.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**4,833**										
Non-standard ODR				**128,701**										
Operating Assurance Reserve Analysis				568,869										
Required in Year:	1			Initital Deposit										
Initial Balance				**568,869**	764,512	787,447	811,071	835,403	860,465	886,279	912,867	940,253	968,461	997,515
Interest Income					22,935	23,623	24,332	25,062	25,814	26,588	27,386	28,208	29,054	29,925
Ending Balance					787,447	811,071	835,403	860,465	886,279	912,867	940,253	968,461	997,515	1,027,440
Deferred Developer Fee Analysis														
Initial Balance					0	0	0	0	0	0	0	0	0	0
Dev Fee Paid					0	0	0	0	0	0	0	0	0	0
Ending Balance	Repaid in y	0			0	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
ARBORVIEW VILLAGE, MSHDA DEVELOPMENT NO. 2175-2
CITY OF PONTIAC, OAKLAND COUNTY

February 27, 2020

WHEREAS, Sandford Arms Limited Dividend Housing Association Limited Partnership (the "Seller") is the owner of a development for low and moderate income persons located in the City of Pontiac, Oakland County, Michigan, known as Arborview Village, MSHDA Development No. 2175-2 (the "housing project"); and

WHEREAS, the housing project receives federal project-based rental assistance under the Section 8 program; and

WHEREAS, Larc Properties, Inc. (the "Applicant") desires to purchase and rehabilitate the housing project for an estimated total development cost of Nineteen Million One Hundred Ninety-One Thousand Nine Hundred Thirty-Eight Dollars ($19,191,938); and

WHEREAS, the Applicant has filed an Application for Mortgage Loan Feasibility with the Authority for a new tax exempt mortgage loan in the maximum amount of Nine Million Nine Hundred Seventy-Nine Thousand Eight Hundred Eight Dollars ($9,979,808) (hereinafter referred to as the "Application") to finance the acquisition and rehabilitation of the housing project, as described in the attached Mortgage Loan Feasibility/Commitment Staff Report dated February 27, 2020 (the "Staff Report"); and

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, a housing association to be formed by the Applicant (the "Mortgagor") may become eligible to receive a Mortgage Loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

c. The proposed housing project will meet a social need in the area in which it is to be located.

d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.

e. The proposed housing project is a feasible housing project.

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Thirteen Million Five Hundred Seventy Thousand Dollars ($13,570,000).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Staff Report presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Mortgagor.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Staff Report, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
ARBORVIEW VILLAGE, MSHDA DEVELOPMENT NO. 2175-2
CITY OF PONTIAC, OAKLAND COUNTY

February 27, 2020

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Larc Properties, Inc. (the "Applicant") for a mortgage loan in the amount of Nine Million Nine Hundred Seventy-Nine Thousand Eight Hundred Eight Dollars ($9,979,808) (the "Mortgage Loan") for the acquisition, rehabilitation and permanent financing of a multi-family housing project having an estimated total development cost of Nineteen Million One Hundred Ninety-One Thousand Nine Hundred Thirty-Eight Dollars ($19,191,938), to be known as Arborview Village (the "housing project"), located in the City of Pontiac, Oakland County, Michigan, and to be owned by Arborview Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a mortgage loan under the HOME Investment Partnerships Program ("HOME") using HOME funds in the estimated amount of Three Million Five Hundred Sixty Thousand One Hundred Thirty Dollars ($3,560,130) (the "HOME Loan"); and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the Mortgage Loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and the Mortgage Loan commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. The Mortgage Loan be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor a commitment for a Mortgage Loan for the acquisition and rehabilitation financing of the proposed housing project in an amount not to exceed Nine Million Nine Hundred Seventy-Nine Thousand Eight Hundred Eight Dollars ($9,979,808), and permanent financing in an amount not to exceed Nine Million Four Hundred Forty-Three Thousand Eight Hundred Thirty-One Dollars ($9,443,831), and to have a term of forty (40) years after amortization of principal commences. The Mortgage Loan will bear interest at a rate of four and 90/100 percent (4.90%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Thirteen Million Five Hundred Seventy Thousand Dollars ($13,570,000).

3. This mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the Mortgage Loan Commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded. Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in

the Commitment. Any Authorized Officer is also hereby authorized to substitute alternate funding sources for or adjust the amounts of any of the subordinate loans described above, provided the total subordinate funding that is authorized herein does not increase.

4. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loans authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

5. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

6. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be as follows:

(a) So long as the Housing Assistance Payments Contract or any other federal subsidy is in effect, the rate of return shall be ten percent (10%) of the Mortgagor's equity, as determined by the Authority, unless a higher rate of return is allowed and approved by HUD, but not to exceed twelve percent (12%).

(b) Following the expiration or termination of the Housing Assistance Payments Contract or any other federal subsidy, the rate of return shall be twenty-five per cent (25%) of the Mortgagor's equity, as determined by the Authority.

(c) The Mortgagor's return on equity shall be fully cumulative.

7. The Mortgage Loans shall be subject to, and the Mortgage Loan Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated February 27, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Gary Heidel, Acting Executive Director

DATE: February 27, 2020

RE: Pine Oak Apartments, Development No. 246-2

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize a waiver of the direct lending parameters concerning the Payment in Lieu of Taxes ("PILOT"), 4) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No: 246-2

Development Name: Pine Oak Apartments

Development Location: City of Wyoming, Kent County

Sponsor: Craftsmen Development LLC

Mortgagor: Pine Oak 2020 Limited Dividend Housing Association Limited Partnership

Number of Units: 126 affordable apartments and 1 manager's apartment

Total Development Cost: $10,350,446

TE Bond Construction Loan: $5,382,232

TE Bond Permanent Loan: $5,301,821 (construction loan will be paid down to permanent loan amount)

MSHDA Gap Funds: $1,600,000 MRF Loan; $622,500 HOME Loan

Other Funds: $2,258,460 LIHTC Equity, $95,018 Deferred Developer Fee, $37,999 Transferred Reserves, and $434,648 Income from Operations.

EXECUTIVE SUMMARY:

Pine Oak Apartments (the "Development") was originally financed in 1973 with a loan from the Authority's 236 Program. In 2004 the Development received a reservation of tax credits and was refinanced with an Authority Tax-Exempt Loan, and an Intermediary Relending Program ("IRP") Loan. As it is currently in the Authority's portfolio, Pine Oak Apartments will require prepayment of existing loans to facilitate this transaction. No displacement of tenants is anticipated as a result of this rehabilitation and all units will continue to be rented to tenants as 60% of Area Median Income ("AMI"). The planned rental increase is less than 5% and significantly less than the maximum allowable 60% rent.

Thirty-seven residents receive Housing Choice Vouchers from the Wyoming Housing Commission, the Grand Rapids Housing Commission, and Community Rebuilders. In addition, residents receive care from a local home health agency that specializes in providing assistance to residents in the community who may have medical needs. The home health care agency staff include nurses, speech pathologists, physical therapists, medical social workers and occupational therapists at no cost to the residents in need of such services.

The sponsor has a successful track record with Authority-financed developments, and we are recommending Board approval for the following reasons:

- To extend the development's affordability for up to 50 years for all units and will refurbish and meet the physical needs of the development.
- Financing this development repays existing Authority debt and results in new Authority-financed debt.
- As an existing elderly development with an excellent occupancy and operational history, this proposal is extremely low risk to the Authority.

RESIDENT IMPACT, AFFORDABILITY, AND COMMUNITY SUPPORT

- There will be no tenant displacement as a result of this preservation transaction.
- The preservation and renovation of the Development will not result in a rent increase exceeding 5% for the existing tenants.
- The Affordability period for these units range from forty (40) to fifty (50) years, depending on the funding source. Additional details are provided on page 1 of the Feasibility/Commitment Report.
- The City of Wyoming is committed to providing a new PILOT for the development, and has made various approvals for such items as zoning, design and site planning

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Development will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a PILOT (Section VI I 2.) conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. See Special Condition No. 2. The waived language reads as follows:

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority consideration.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

February 27, 2020

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize a waiver of the direct lending parameters concerning the Payment in Lieu of Taxes ("PILOT"), 4) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	246-2
Development Name:	Pine Oak Apartments
Development Location:	City of Wyoming, Kent County
Sponsor:	Craftsmen Development LLC
Mortgagor:	Pine Oak 2020 Limited Dividend Housing Association Limited Partnership
TE Bond Construction Loan:	$5,382,232 (52% of TDC)
TE Bond Permanent Loan:	$5,301,821
MSHDA HOME Loan:	$622,500
MSHDA MRF Loan:	$1,600,000
Total Development Cost:	$10,350,446
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
Interest Rate:	4.625% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	127 elderly units of rehabilitation.
Unit Configuration:	126 one-bedroom apartments, and 1 one-bedroom manager's unit contained in one six-story building
Builder:	Medallion Management, Inc.
Syndicator:	Cinnaire
Date Application Received:	November 15, 2019
HDO:	JT Johnston

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

Pine Oak Apartments (the "Development") will require a waiver of the following Authority Multifamily Direct Lending Parameters concerning a Payment in Lieu of Taxes ("PILOT") (Section VI I 2.) conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. See Special Condition No. 2. The waived language reads as follows:

- Proposals that do not include tax abatement will be underwritten based on the ad valorem taxes applicable to the property.
- That for a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority consideration.

EXECUTIVE SUMMARY:

The Development was originally financed in 1973 with a loan from the Authority's 236 Program. In 2004 the Development received a reservation of tax credits and was refinanced with an Authority Tax-Exempt Loan, and a "Part B" Interest Reduction Payment ("IRP") Loan as a result of decoupling the Section 236 mortgage which has since been repaid. As it is currently in the Authority's portfolio, Pine Oak Apartments will require prepayment of existing loans, which includes the first mortgage and an equity take-out loan, to facilitate this transaction. No displacement of tenants is anticipated as a result of this rehabilitation and all units will continue to be rented to tenants as 60% of Area Median Income ("AMI"). The planned rental increase is less than 5% and significantly less than the maximum allowable 60% rent.

Pine Oak Apartments, located at 850 36th Street SW in Wyoming, is an existing Authority-financed elderly Development originally built in 1973 and preserved in 2004 with a Tax-Exempt Loan and an IRP Loan from the Authority. Pine Oak contains 127 units contained in one six-story building.

There is a 10% PILOT currently benefitting the Development and the City of Wyoming has committed to another 10% PILOT to the new mortgagor.

Thirty-seven residents receive Housing Choice Vouchers from the Wyoming Housing Commission, the Grand Rapids Housing Commission, and Community Rebuilders. In addition, residents receive care from a local home health agency that specializes in providing assistance to residents in the community who may have medical needs. The home health care agency staff include nurses, speech pathologists, physical therapists, medical social workers and occupational therapists at no cost to the residents in need of such services.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction loan and a permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The construction loan will be in the amount of $5,382,232 at 4.625% interest with a fourteen-month term (a ten-month construction term and a four-month 50% Test holding period), which will be used to bridge an extended equity pay-in period. Interest only payments will be required under the construction loan. The amount by which the construction loan exceeds the permanent loan will be due on the first day of the month following the month in which the fourteen-month construction loan term expires or such later date determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent loan will be provided by the Authority in the amount of $5,301,572. The permanent loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.15 debt service coverage ratio, an annual interest rate of 4.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A subordinate loan using Authority MRF funds (the "MRF Loan") in the amount of $1,600,000 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

- A subordinate loan using HOME funds (the "HOME Loan") in the amount of $622,500 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.

- Equity support comes from the sale of 4% low income housing tax credit ("LIHTC") in the estimate amount of $2,258,460.

- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the construction period in the amount of $434,648.

- The Sponsor has agreed to defer $95,018 of the developer fee to help fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

- Replacement Reserve escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to use as a source of funding.

- Tax and insurance escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to fund a new tax and insurance escrow account.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

- Repair, topcoat, and restripe parking lot
- Repair or replace damaged and non-ADA compliant sidewalks
- Upgrade parking area lights
- Replace roof
- Replace hot water boiler, pumps, and storage
- Replace backup generator
- Upgrade fire alarm system
- Install new emergency pull cords
- Paint exterior doors, lintels, and deck rails
- Replace common area lighting, repair and paint drywall, and replace carpet
- Install new flooring in kitchens and baths, replace unit appliances
- Repair bathtubs, install new bathroom sinks and faucets, counters, medicine cabinet, bath hardware, install new toilets
- Replace baseboard heating units
- Install new electrical panels
- Install GFCI outlets where needed
- Replace unit lighting and smoke detectors
- Install new development sign
- Reconstruct dumpster enclosure

Affordability Requirements:

The LIHTC regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") AMI. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase exceeding 5% for the existing tenants.

Site Selection:

The site meets the Authority's site selection criteria.

Market Evaluation:

Marketing notes that the rental market in this area is strong, the Development has a high historical occupancy rate, and the proposal should proceed as proposed.

Valuation of the Property:

An appraisal dated November 14, 2019 estimates the value at $3,820,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, the existing Mortgagor (Wyoming Pine Oak Limited Dividend Housing Association Limited Partnership, the "Seller") and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $2,258,460). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the MRF Loan and the HOME Loan have been repaid. Thereafter, Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. **Income Limits:**

   The income limitations for one hundred twenty-seven (127) units of this proposal are as follows:

   a. Two (2 one-bedroom) units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income as determined by HUD, adjusted for family size.

   b. Six (6 one-bedroom) units have been designated as High-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 60% of the HOME published area median income, adjusted for family size as determined by HUD.

   c. One hundred twenty-six (126) units (126 one-bedroom units) must be available for occupancy by households whose incomes do not exceed 60% MTSP income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. One (1) unit (one-bedroom unit) will be used as a manager's unit. If this unit is later converted to rental use, it must be available for occupancy by households whose incomes do not exceed 60% of area median income based upon the MTSP limits, adjusted for family size as determined by HUD.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for one hundred twenty-seven (127) units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the two (2 one-bedroom units) Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the six (6 one-bedroom units) High-HOME units may not exceed the "High-HOME Rent Limit" established and published annually by HUD.

c. The Total Housing Expense for all one hundred twenty-six (126) units (126 one-bedroom units), may not exceed one-twelfth ($1/12^{th}$) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

d. One (1) unit (1 one-bedroom unit) will be used as a manager's unit. If this unit is later converted to rental use, the Total Housing Expense will be limited to one-twelfth ($1/12^{th}$) of 30% of the MTSP 60% income limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent restricted unit in the Development the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report. Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to this limitation may be granted by the Authority's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually.

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. **Covenant Running with the Land:**

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low income use commitment required by Section 42 of the Internal Revenue Code.

5. **Restriction on Prepayment and Subsequent Use:**

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

a. 1% of the balance being prepaid;
b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. **Operating Assurance Reserve:**

At Initial Closing, the Mortgagor shall fund an OAR in the amount equal to four months of estimated Development operating expenses (estimated to be $382,611). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. **Replacement Reserve:**

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of $2,362 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of $300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. **One Month's Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($89,460) into the Development's operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into written agreements relating to the MRF Loan and the HOME Loan. The MRF Loan and the HOME Loan will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF Loan or the HOME Loan until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the MRF Loan and the HOME Loan will commence according to the following:

- So long as both of the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HOME Loan.

- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

- Upon payment in full of the Mortgage Loan, if both the MRF Loan and the HOME Loan remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

- Upon payment in full of both the Mortgage Loan and the MRF Loan, the outstanding balance of the HOME Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.

- The entire principal balance and any accrued interest of the MRF Loan and the HOME Loan will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the MRF Loan and the HOME Loan will be due and payable at that time.

10. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

11. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Design and Construction Manager.

13. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the Authority.

14. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

15. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

16. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

17. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2016 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

18. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

19. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

20. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

a. Management Agreement
b. Marketing/Construction Transition Plan

21. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HOME recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

22. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

23. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

24. Existing Reserves:

At Initial Closing, the Mortgagor and the Seller must agree and confirm the Authority's ownership of the existing reserves balances, with the exception of the tax and insurance, and Debt Coverage Escrow (DCE) Principal reserves. (The existing reserves that excluding tax and insurance and DCE Principal reserve escrows shall be referred to as "Net Existing Reserves.") The Net Existing Reserves will be captured by the Authority at Initial Closing, as this balance was accounted for within the Gap Financing rankings. This agreement must be acceptable to the Authority's Director of Legal Affairs and the Authority's Director of Asset Management. The Net Existing Reserves captured by the Authority will not be available to settle or reconcile its accounts payable or to pay any accumulated and/or current year unpaid limited dividend payments.

25. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows, and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. This agreement must be acceptable to the Authority's Director of Legal Affairs.

27. **HUD Authority to Use Grant Funds:**

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed HOME Loan from the Authority or confirmation that the Development is categorically excluded from NEPA review.

28. **HUD Subsidy Layering Review:**

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

29. **Application for Disbursement:**

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

30. **Uniform Relocation Act Compliance:**

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. **Legal Requirements:**

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Director of Legal Affairs for the items listed below:

- Provide correct title commitments and standard endorsements.
- Remove language Municipal Services Agreement ("MSA") that makes the PILOT contingent on the MSA.
- Provide a corrected survey and surveyor's certificate of facts.
- Provide a corrected Owner Architect Agreement.
- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. **PILOT Obtained Post-Commitment:**

Prior to initial closing, the City of Wyoming PILOT ordinance must be enacted, in effect and not subject to referendum. The PILOT ordinance must be in compliance with Parameter requirements, substantially comport with the Legal Division Model PILOT Ordinance, and be acceptable in form and substance to the Director of Legal Affairs.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Pine Oak 2020 Limited Dividend Housing Association Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: Nathan F. Rykse
Address: 6658 Trayburne Trail
Kalamazoo, MI 49009

B. **Guarantor #2:**

Name: Thomas Penland
Address: 1257 Bear Lake Circle
Portage, MI 49024

C. **Guarantor #3:**

Name: Darren S. Beltz
Address: 42917 Rowlings Street
Mattawan, MI 49071

D. **Guarantor #4:**

Name: Eric S. Antisdale
Address: 8874 1 Mile Road
East Leroy, MI 49051

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Craftsmen Development LLC
Address: 834 King Hwy., Suite 100
Kalamazoo, MI 49001

Individuals Assigned: Thomas P. Penland
Telephone: 269-381-0350
Fax: 269-381-3609
E-mail: tpenland@medallionmgmt.com

1. **Experience**: The Sponsor has experience working on Authority-financed developments.

Interest in the Mortgagor and Members:
Pine Oak 2020 Limited Dividend Housing Association Limited Partnership – 0.01%
Cinnaire – 99.99%

B. Architect:

Name:	Winkelmann Architecture, LLC
Address:	2562 Breton Creek Drive SE Grand Rapids, MI 49512
Individual Assigned:	Brian Winkelmann
Telephone:	616-570-2899
Fax:	
E-Mail:	brianw@dtswink.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301033933, exp. 10/31/2020.

C. Attorney:

Name:	Dean Law PLLC
Address:	604 Butternut Ave. Royal Oak, MI 48073
Individual Assigned:	Warren T. Dean
Telephone:	248-506-3222
Fax:	866-841-3148
E-Mail:	wtdean@mac.com

1. **Experience**: This firm has experience in closing Authority-financed developments.

D. Builder:

Name:	Medallion Management, Inc.
Address:	834 King Highway, Suite 100 Kalamazoo, MI 49001
Individual Assigned:	Eric S. Antisdale
Telephone:	269-381-0350
Fax:	269-381-3609
E-mail:	eantisdale@medallionmgmt.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102060576, with an expiration date of 05/31/2020.

E. Management and Marketing Agent:

Name:	Medallion Management, Inc.
Address:	834 King Highway, Suite 100 Kalamazoo, MI 49001
Individual Assigned:	D. Scott Beltz
Telephone:	269-381-0350
Fax:	269-381-3609
E-mail:	sbeltz@medallionmgmt.com

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: The development team has relevant experience and is acceptable.

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase Agreement dated October 15, 2019 between Wyoming Pine Oak Limited Dividend Housing Association Limited Partnership ("Seller") and Pine Oak 2020 Limited Dividend Housing Association Limited Partnership ("Buyer") with an expiration date of December 31, 2020 and a purchase price of $3,700,000.

B. Site Location:
850 36th Street SW, Wyoming (Kent County) 49509

C. Size of Site:
5.42 acres+/-

D. Density:
Appropriate to the current use.

E. Physical Description:

1. Present Use: Multi-family residential

2. Existing Structures: One six-story building, a shed, and a maintenance garage

3. Relocation Requirements: None

F. Zoning:
R-5 which allows for multi-family residential

G. Contiguous Land Use:

1. North: Commercial and single-family residential
2. South: Single-family residential
3. East: Commercial and single-family residential
4. West: Multi-family residential and commercial

H. Tax Information:
The development currently has a 10% PILOT, and the City intends to extend a PILOT with the same terms to the new owner.

I. Utilities:
Gas: DTE Energy
Electric: Consumers Energy
Water and Sewer: City of Wyoming

J. Community Facilities:

1. Shopping:
Dollar General and Big Top Market are less than 1 block from the site; Aldi is just over 1 mile to the north. The local mall is 5 ½ miles to the west.
2. Recreation:
The Kent District Library is one mile northwest of the site, Lions Park is 4/10ths of a mile to the south, additional parks are with 2 miles of the site along with golf courses; five restaurants are within 1 to 2 miles of the site, and the Wyoming Senior Center is 2 2/10^{ths} of a mile to the northwest.
3. Public Transportation:
Door to door bus service is provided by the Intraurban Transit Partnership and the Wyoming Senior Center.
4. Road Systems
36th Street SW is a main thoroughfare and US 131 is less than a mile to the east.
5. Medical Services and other Nearby Amenities:
Mercy Health Physician Partners is ½ mile to the west of the site, MedExpress Urgent Care is just over a mile to the north, CVS Pharmacy is less than 300' to the east, two Walgreens are just over 2 miles from the site, one to the west and one to the north.
6. Description of Surrounding Neighborhood:
The surrounding neighborhood is a mix of multi-family, single-family, commercial and religious uses.
7. Local Community Expenditures Apparent:
General maintenance of roadways and sidewalks.
8. Indication of Local Support:
The City of Wyoming intends to extend the current 10% PILOT to the new mortgagor.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority.

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Chief Market Analyst and found to be acceptable. The Authority's Chief Market Analyst has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Design and Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	March 2020
B. Initial Closing and Disbursement:	April 2020
C. Construction Completion:	January 2021
D. Cut-Off Date:	May 2021

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

2-19-2020

Michael Witt | Date
Acting Chief Housing Investment Officer

2-19-2020

Clarence L. Stone, Jr. | Date
Director of Legal Affairs

2-19-2020

Gary Heidel | Date
Acting Executive Director

Development Pine Oak
Financing Tax Exempt
MSHDA No. 246-2
Step Commitment
Date 02/27/2020
Type Preservation - LIHTC

Instructions

Income Limits for	Kent County		(Effective April 24,2019)			
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	16,110	18,390	20,700	22,980	24,840	26,670
40% of area median	21,480	24,520	27,600	30,640	33,120	35,560
50% of area median	26,850	30,650	34,500	38,300	41,400	44,450
60% of area median	32,220	36,780	41,400	45,960	49,680	53,340

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential: Under/ (over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60%	Area Median Income Units																					
50%	Tenant AMI Restriction (if different from rent restriction)																					
Senior	Occupancy																					
A	2	Apartment	1	1.0	528	710	0	710	17,040		1.6%	1.6%	1,056	1.6%	1,056	Low HOME	718	HOME Rent	8	1.11%	49.4%	$1.34
									17,040	0	1.6%	1.6%	1,056	1.6%	1,056							
60%	Area Median Income Units																					
Senior	Occupancy																					
A	118	Apartment	1	1.0	528	710	0	710	1,005,360	0	93.7%	92.9%	62,304	93.7%	62,304		862	TC Rent	152	17.63%	49.4%	$1.34
B	6	Apartment	1	1.0	528	710	0	710	51,120	0	4.8%	4.7%	3,168	4.8%	3,168	High HOME	736	HOME Rent	26	3.53%	49.4%	$1.34
									1,056,480	0	98.4%	97.6%	65,472	98.4%	65,472							
Mgrs	1								0	0	0.0%	0.0%	0	0.0%	0							
													66,528		66,528							

Total Units	127
Income Avera	59.53%
Set Aside	100.00%

Gross Rent Potential	1,073,520
Average Monthly Rent	704
Gross Square Footage	66,528

HOME Units SF/ Total Units SF	6.3%	Within Range
# HOME Units/# Total Units	6.3%	Within Range

1

Annual Non-Rental Income

Misc. and Interest	400
Laundry	6,800
Carports	
Other:	
Other:	
	7,200

Utility Allowances

	Owner-Paid Electricity	Owner-Paid A/C	Owner-Paid Gas	Owner-Paid Water/ Sewer	Owner-Paid Other	Total	Override
A						0	
B						0	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Total Income	Annual	Monthly
Rental Income	1,073,520	89,460
Non-Rental Income	7,200	600
Total Project Revenue	1,080,720	90,060

Development	Pine Oak
Financing	Tax Exempt
MSHDA No.	246-2
Step	Commitment
Date	02/27/2020
Type	Preservation - LIHTC

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	4.625%	
Pay Rate	4.625%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

			Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Total Development Income Potential							
Annual Rental Income			8,453	1,073,520	1.0%	6	2.0%
Annual Non-Rental Income			57	7,200	1.0%	6	2.0%
Total Project Revenue			8,510	1,080,720			
Total Development Expenses							
						Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential	423	53,676		6	3.0%
Management Fee	534	per unit per year	534	67,818	3.0%	1	3.0%
Administration			1,228	156,004	3.0%	1	3.0%
Project-paid Fuel			62	7,875	3.0%	6	3.0%
Common Electricity			924	117,300	4.0%	6	3.0%
Water and Sewer			138	17,550	5.0%	6	5.0%
Operating and Maintenance			1,018	129,302	3.0%	1	3.0%
Real Estate Taxes			0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	10.00%	Applied to: All Units	691	87,712			
Insurance			556	70,558	3.0%	1	3.0%
Replacement Reserve	300	per unit per year	300	38,100	3.0%	1	3.0%
Other:			0		3.0%	1	3.0%
Other:			0		3.0%	1	3.0%

	% of Revenue			
Total Expenses	69.02%	**5,873**	**745,895**	
Base Net Operating Income		2,636	334,825	Override
Part A Mortgage Payment	26.94%	2,293	291,152	
Part A Mortgage		**41,747**	**5,301,821**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	4.04%	344	43,673	

Development Pine Oak
Financing Tax Exempt
MSHDA No. 246-2
Step Commitment
Date 02/27/2020
Type Preservation - LIHTC

Instructions

TOTAL DEVELOPMENT COSTS			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			6,969	885,000	0%	0	0
Existing Buildings			22,165	2,815,000	95%	2,674,250	0
Other:			0		0%	0	0
		Subtotal	29,134	3,700,000			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			0		100%	0	0
Landscaping and Irrigation			157	20,000	100%	20,000	20,000
Structures			24,843	3,155,000	100%	3,155,000	3,155,000
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space			0		0%	0	0
General Requirements	% of Contract 4.72%	Within Range	1,181	150,000	100%	150,000	150,000
Builder Overhead	% of Contract 2.00%	Within Range	524	66,500	100%	66,500	66,500
Builder Profit	% of Contract 6.00%	Within Range	1,602	203,490	100%	203,490	203,490
Permits, Bond Premium, Tap Fees, Cost Cert.			0		100%	0	0
Other:			0		100%	0	0
		Subtotal	28,307	3,594,990			
	15% of acquisition and $15,000/unit test:			met			
Professional Fees							
Design Architect Fees			504	64,000	100%	64,000	64,000
Supervisory Architect Fees			126	16,000	100%	16,000	16,000
Engineering/Survey			14	1,800	100%	1,800	1,800
Legal Fees			551	70,000	100%	70,000	70,000
		Subtotal	1,195	151,800			
Interim Construction Costs							
Property & Causalty Insurance			833	105,837	67%	70,558	70,558
Construction Loan Interest	Override	250,000	1,969	250,000	71%	176,471	176,471
Title Work			207	26,250	100%	26,250	0
Construction Taxes			1,036	131,568	67%	87,712	87,712
Other:			0		100%	0	0
		Subtotal	4,045	513,655			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	1,198	152,095	0%	0	0
Other:			0		0%	0	0
		Subtotal	1,198	152,095			
Other Costs (In Basis)							
Application Fee			16	2,000	100%	2,000	2,000
Market Study			51	6,500	100%	6,500	6,500
Environmental Studies			197	25,000	100%	25,000	25,000
Cost Certification			43	5,500	100%	5,500	5,500
Equipment and Furnishings			0		100%	0	0
Temporary Tenant Relocation			39	5,000	100%	5,000	5,000
Construction Contingency			1,575	200,000	0%	0	0
Appraisal and C.N.A.			105	13,375	100%	13,375	13,375
Other:			0		100%	0	0
		Subtotal	2,027	257,375			
Other Costs (NOT In Basis)							
Start-up and Organization			0		0%	0	0
Tax Credit Fees (based on 2017 QAP)	17,558	Within Range	138	17,558	0%	0	0
Compliance Monitoring Fee (based on 2017 QAP)			475	60,325	0%	0	0
Marketing Expense			0		0%	0	0
Syndication Legal Fees			315	40,000	0%	0	0
Rent Up Allowance	months		0	0	0%	0	0
Other:			0		0%	0	0
		Subtotal	928	117,883			

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Reserv	4.0 months	Funded in Cas	3,013	382,611	0%	0	0
Replacement Reserve		Required	2,362	300,000	0%	0	0
Operating Deficit Reserve		Not Required	0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			299	37,999	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	5,674	720,610			
Miscellaneous							
Deposit to Development Operating Account (1MGRF		Required	704	89,460	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	704	89,460			
Total Acquisition Costs			29,134	3,700,000			
Total Construction Hard Costs			28,307	3,594,990			
Total Non-Construction ("Soft") Costs			15,771	2,002,878			
Developer Overhead and Fee							
Maximum 1,052,578			8,288	1,052,578	100%	1,052,578	1,052,578
7.5% of Acquisition/Project Reserves		Override		5% Attribution Test			
15% of All Other Development Costs				met			
						LIHTC Basis	Historic Basis
Total Development Cost			81,500	10,350,446		7,891,985	5,191,485

TOTAL DEVELOPMENT SOURCES	% of TDC	Per Unit	Total
MSHDA Permanent Mortgage	51.22%	41,747	5,301,821
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	21.82%	17,783	2,258,460
MSHDA NSP Funds	0.00%	0	
MSHDA HOME or Housing Trust Funds	6.01%	4,902	622,500
Mortgage Resource Funds	15.46%	12,598	1,600,000
Other MSHDA:	0.00%	0	
Local HOME	0.00%	0	
Income from Operations	4.20%	3,422	434,648
Other Equity	0.00%	0	
Transferred Reserves:	0.37%	299	37,999
Other:	0.00%	0	
Other:	0.00%	0	
Deferred Developer Fee	0.92%	748	95,018
Total Permanent Sources			10,350,446

# of Units	Gap to Hard Debt Ratio
0.00	15.48%
8.00	

Deferred Dev Fee
9.03%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	0

MSHDA Construction Loan	52.00%	42,380	5,382,232
Construction Loan Rate	4.625%		
Repaid from equity prior to final closing			80,411

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP		
Acquisition	2,859,250	Acquisition	90,924	
Construction	5,032,735	Construction	160,041	Override
Acquisition Credit %	3.18%	Total Yr Credit	250,965	
Rehab/New Const Credit %	3.18%	Equity Price	$0.9000	
Qualified Percentage	100.00%	Equity Effective Price	$0.9000	Override
QCT/DDA Basis Boost	100%	Equity Contribution	2,258,460	
Historic?	No			

Existing Reserve Analysis	
DCE Interest:	
Insurance:	11,137
Taxes:	26,862
Rep. Reserv	1,365,245
ORC:	36,768
DCE Principal:	
Other:	

Summary of Acquisition Price		As of January 13, 2020	
Attributed to Land	885,000	1st Mortgage Balance	2,424,973
Attributed to Existing Structure	2,815,000	2nd RR Equity Loan	480,323
Other:	0	Deferred Interest on 2nd Loan	208,941
Fixed Price to Seller	3,700,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	585,763

Construction Loan Term	Months
Construction Contract	10
Holding Period (50% Test)	4
Construction Loan Period	14

Appraised Value	Value As of: October 14, 2019	
"Encumbered As-Is" value as determined by appraisal:		3,820,000
Plus 5% of Appraised Value:		0
LESS Fixed Price to the Seller:		3,700,000
Surplus/(Gap)	Within Range	120,000

Override

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	2,258,460
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	2,258,460

Cash Flow Projections

Development Pine Oak
Financing Tax Exempt
MSHDA No. 246-2
Step Commitment
Date 02/27/2020
Type Preservation - LIHTC

	Initial Inflator	Starting in Yr	Future Inflator		1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		1,073,520	1,084,255	1,095,098	1,106,049	1,117,109	1,139,451	1,162,240	1,185,485	1,209,195	1,233,379
Annual Non-Rental Income	1.0%	6	2.0%		7,200	7,272	7,345	7,418	7,492	7,642	7,795	7,951	8,110	8,272
Total Project Revenue					**1,080,720**	**1,091,527**	**1,102,442**	**1,113,467**	**1,124,602**	**1,147,094**	**1,170,035**	**1,193,436**	**1,217,305**	**1,241,651**
Expenses														
Vacancy Loss	5.0%	6	3.0%		53,676	54,213	54,755	55,302	55,855	34,184	34,867	35,565	36,276	37,001
Management Fee	3.0%	1	3.0%		67,818	69,853	71,948	74,107	76,330	78,620	80,978	83,408	85,910	88,487
Administration	3.0%	1	3.0%		156,004	160,684	165,505	170,470	175,584	180,851	186,277	191,865	197,621	203,550
Project-paid Fuel	3.0%	6	3.0%		7,875	8,111	8,355	8,605	8,863	9,129	9,403	9,685	9,976	10,275
Common Electricity	4.0%	6	3.0%		117,300	121,992	126,872	131,947	137,224	141,341	145,581	149,949	154,447	159,081
Water and Sewer	5.0%	6	5.0%		17,550	18,428	19,349	20,316	21,332	22,399	23,519	24,695	25,929	27,226
Operating and Maintenance	3.0%	1	3.0%		129,302	133,181	137,176	141,292	145,531	149,896	154,393	159,025	163,796	168,710
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					87,712	88,151	88,577	88,988	89,383	93,240	94,887	96,559	98,257	99,980
Insurance	3.0%	1	3.0%		70,558	72,675	74,855	77,101	79,414	81,796	84,250	86,777	89,381	92,062
Replacement Reserve	3.0%	1	3.0%		38,100	39,243	40,420	41,633	42,882	44,168	45,493	46,858	48,264	49,712
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					745,895	766,530	787,811	809,760	832,398	835,624	859,649	884,386	909,857	936,083
Debt Service														
Debt Service Part A					291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**1,037,047**	**1,057,682**	**1,078,964**	**1,100,912**	**1,123,551**	**1,126,777**	**1,150,802**	**1,175,538**	**1,201,009**	**1,227,236**
Cash Flow/(Deficit)				154153	**43,673**	**33,845**	**23,479**	**12,555**	**1,051**	**20,317**	**19,234**	**17,898**	**16,296**	**14,415**
Cash Flow Per Unit					344	266	185	99	8	160	151	141	128	114
Debt Coverage Ratio on Part A Loan					1.15	1.12	1.08	1.04	1.00	1.07	1.07	1.06	1.06	1.05
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%				Average Cash Flow as % of Net Income									
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**36,929**	36,929	38,037	39,178	40,353	41,564	42,811	44,095	45,418	46,780	48,184
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR					(0)	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					(0)	0	0	0	0	0	0	0	0	0
Interest					1,108	1,141	1,175	1,211	1,247	1,284	1,323	1,363	1,403	1,446
Ending Balance at Maintained DCR					38,037	39,178	40,353	41,564	42,811	44,095	45,418	46,780	48,184	49,629
Maintained Cash Flow Per Unit					344	266	185	99	8	160	151	141	128	114
Maintained Debt Coverage Ratio on Part A Loan					1.15	1.12	1.08	1.04	1.00	1.07	1.07	1.06	1.06	1.05
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**0**										
Non-standard ODR				**36,929**										
Operating Assurance Reserve Analysis				345,682										
Required in Year:	1			Initital Deposit										
Initial Balance				**345,682**	345,682	356,053	366,734	377,736	389,069	400,741	412,763	425,146	437,900	451,037
Interest Income					10,370	10,682	11,002	11,332	11,672	12,022	12,383	12,754	13,137	13,531
Ending Balance					356,053	366,734	377,736	389,069	400,741	412,763	425,146	437,900	451,037	464,568
Deferred Developer Fee Analysis														
Initial Balance					95,018	51,345	17,500	0	0	0	0	0	0	0
Dev Fee Paid					43,673	33,845	17,500	0	0	0	0	0	0	0
Ending Balance Repaid in y	0				51,345	17,500	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**1,600,000**	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Current Yr Int					48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Accrued Int					0	48,000	96,000	141,011	182,733	230,208	268,050	306,433	345,484	385,336
Subtotal				% of Cash Flow	1,648,000	1,696,000	1,744,000	1,789,011	1,830,733	1,878,208	1,916,050	1,954,433	1,993,484	2,033,336
Annual Payment Due				**50%**	0	0	2,989	6,277	525	10,158	9,617	8,949	8,148	7,208
Year End Balance					1,648,000	1,696,000	1,741,011	1,782,733	1,830,208	1,868,050	1,906,433	1,945,484	1,985,336	2,026,128

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	1.0%	6	2.0%		1,258,046	1,283,207	1,308,871	1,335,049	1,361,750	1,388,985	1,416,765	1,445,100	1,474,002	1,503,482
Annual Non-Rental Income	1.0%	6	2.0%		8,438	8,606	8,778	8,954	9,133	9,316	9,502	9,692	9,886	10,084
Total Project Revenue					**1,266,484**	**1,291,814**	**1,317,650**	**1,344,003**	**1,370,883**	**1,398,301**	**1,426,267**	**1,454,792**	**1,483,888**	**1,513,566**
Expenses														
Vacancy Loss	5.0%	6	3.0%		37,741	38,496	39,266	40,051	40,852	41,670	42,503	43,353	44,220	45,104
Management Fee	3.0%	1	3.0%		91,142	93,876	96,692	99,593	102,581	105,658	108,828	112,093	115,456	118,919
Administration	3.0%	1	3.0%		209,656	215,946	222,424	229,097	235,970	243,049	250,341	257,851	265,586	273,554
Project-paid Fuel	3.0%	6	3.0%		10,583	10,901	11,228	11,565	11,912	12,269	12,637	13,016	13,407	13,809
Common Electricity	4.0%	6	3.0%		163,853	168,769	173,832	179,047	184,418	189,951	195,649	201,519	207,564	213,791
Water and Sewer	5.0%	6	5.0%		28,587	30,016	31,517	33,093	34,748	36,485	38,309	40,225	42,236	44,348
Operating and Maintenance	3.0%	1	3.0%		173,771	178,984	184,354	189,884	195,581	201,448	207,492	213,717	220,128	226,732
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					101,728	103,503	105,303	107,129	108,982	110,861	112,767	114,699	116,657	118,643
Insurance	3.0%	1	3.0%		94,824	97,669	100,599	103,617	106,725	109,927	113,225	116,622	120,120	123,724
Replacement Reserve	3.0%	1	3.0%		51,203	52,739	54,321	55,951	57,630	59,359	61,139	62,973	64,863	66,809
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					963,089	990,899	1,019,537	1,049,028	1,079,399	1,110,677	1,142,890	1,176,067	1,210,238	1,245,433
Debt Service														
Debt Service Part A					291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152	291,152
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**1,254,242**	**1,282,051**	**1,310,689**	**1,340,180**	**1,370,551**	**1,401,829**	**1,434,042**	**1,467,219**	**1,501,390**	**1,536,585**
Cash Flow/(Deficit)				154153	**12,242**	**9,762**	**6,961**	**3,823**	**332**	**(3,528)**	**(7,775)**	**(12,427)**	**(17,502)**	**(23,020)**
Cash Flow Per Unit					96	77	55	30	3	(28)	(61)	(98)	(138)	(181)
Debt Coverage Ratio on Part A Loan					1.04	1.03	1.02	1.01	1.00	0.99	0.97	0.96	0.94	0.92
Debt Coverage Ratio on Conventional/Other Financing					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves	3%													
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
Initial Balance				**36,929**	49,629	51,118	52,652	54,231	55,858	57,534	55,732	49,628	38,690	22,349
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	(3,528)	(7,775)	(12,427)	(17,502)	(23,020)
Total Annual Deposit to achieve Maintained DCR					0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR					0	0	0	0	0	(3,528)	(7,775)	(12,427)	(17,502)	(23,020)
Interest					1,489	1,534	1,580	1,627	1,676	1,726	1,672	1,489	1,161	670
Ending Balance at Maintained DCR					51,118	52,652	54,231	55,858	57,534	55,732	49,628	38,690	22,349	**(0)**
Maintained Cash Flow Per Unit					96	77	55	30	3	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan					1.04	1.03	1.02	1.01	1.00	1.00	1.00	1.00	1.00	1.00
Maintained Debt Coverage Ratio on Conventional/Other					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR				**0**										
Non-standard ODR				**36,929**										
Operating Assurance Reserve Analysis				345,682										
Required in Year:	1			Initital Deposit										
Initial Balance				**345,682**	464,568	478,505	492,860	507,646	522,876	538,562	554,719	571,360	588,501	606,156
Interest Income					13,937	14,355	14,786	15,229	15,686	16,157	16,642	17,141	17,655	18,185
Ending Balance					478,505	492,860	507,646	522,876	538,562	554,719	571,360	588,501	606,156	624,341
Deferred Developer Fee Analysis														
Initial Balance					0	0	0	0	0	0	0	0	0	0
Dev Fee Paid					0	0	0	0	0	0	0	0	0	0
Ending Balance — Repaid in y	0				0	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**1,600,000**	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Current Yr Int					48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Accrued Int					426,128	468,007	511,126	555,645	601,734	649,568	697,568	745,568	793,568	841,568
Subtotal				% of Cash Flow	2,074,128	2,116,007	2,159,126	2,203,645	2,249,734	2,297,568	2,345,568	2,393,568	2,441,568	2,489,568
Annual Payment Due				**50%**	6,121	4,881	3,481	1,911	166	0	0	0	0	0
Year End Balance					2,068,007	2,111,126	2,155,645	2,201,734	2,249,568	2,297,568	2,345,568	2,393,568	2,441,568	2,489,568

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
PINE OAK APARTMENTS, MSHDA DEVELOPMENT NO. 246-2
CITY OF WYOMING, KENT COUNTY

February 27, 2020

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Craftsmen Development LLC (the "Applicant") for a multifamily housing project to be located in the City of Wyoming, Kent County, Michigan, having an estimated total development cost of Ten Million Three Hundred Fifty Thousand Four Hundred Forty-Six Dollars ($10,350,446), a total estimated maximum mortgage loan amount of Five Million Three Hundred Eighty-Two Thousand Two Hundred Thirty-Two Dollars ($5,382,232) and a Mortgage Resource Fund loan in the amount of One Million Six Hundred Thousand Dollars ($1,600,000) (hereinafter referred to as the "Application"); and

WHEREAS, a housing association to be formed by the Applicant may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

   a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.

   b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.

   c. The proposed housing project will meet a social need in the area in which it is to be located.

d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.

e. The proposed housing project is a feasible housing project.

f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Six Million Three Hundred Fifty-Five Thousand Dollars ($6,355,000).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated February 27, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
PINE OAK APARTMENTS, MSHDA DEVELOPMENT NO. 246-2
CITY OF WYOMING, KENT COUNTY

February 27, 2020

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Craftsmen Development LLC (the "Applicant") for a construction mortgage loan in the amount of Five Million Three Hundred Eighty-Two Thousand Two Hundred Thirty-Two Dollars ($5,382,232), and a permanent mortgage loan in the amount of Five Million Three Hundred One Thousand Eight Hundred Twenty-One Dollars ($5,301,821), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Ten Million Three Hundred Fifty Thousand Four Hundred Forty-Six Dollars ($10,350,446), to be known as Pine Oak Apartments, located in the City of Wyoming, Kent County, Michigan, and to be owned by Pine Oak 2020 Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of One Million Six Hundred Thousand Dollars ($1,600,000) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Six Hundred Twenty-Two Thousand Five Hundred Dollars ($622,500) (the "HOME Loan"); and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Executive Director and, on the basis of the Application and recommendation, has made determinations that:

(a) The Mortgagor is an eligible applicant;

(b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;

(c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;

(d) The proposed housing project will meet a social need in the area in which it is to be located;

(e) The proposed housing project may reasonably be expected to be marketed successfully;

(f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;

(g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and

(h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Five Million Three Hundred Eighty-Two Thousand Two Hundred Thirty-Two Dollars ($5,382,232), and permanent financing in an amount not to exceed Five Million Three Hundred One Thousand Eight Hundred Twenty-One Dollars ($5,301,821), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of four and 625/1000 percent (4.625%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Six Million Three Hundred Fifty-Five Thousand Dollars ($6,355,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for an MRF Loan (together

with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of One Million Six Hundred Thousand Dollars ($1,600,000), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. Following the payment in full of the MRF Loan and the HOME Loan, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated February 27, 2020, which conditions are hereby incorporated by reference as if fully set forth herein.

Helping Michigan's Hardest-Hit Homeowners

JANUARY 2020

HARDEST HIT PROGRAMS

	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	52	38,649	$135,521.02	$301,577,683.92
BLIGHT ELIMINATION	399	21,091	$7,533,328.14	$339,924,097.65
Step Forward DPA	109	1,833	$1,626,511.24	$27,285,349.88

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
Step Forward Michigan
PO Box 30632 • Lansing, MI 48909-8132
Phone (866) 946-7432 • Fax (517) 636-6170
www.stepforwardmichigan.org

MSHDA™ MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.

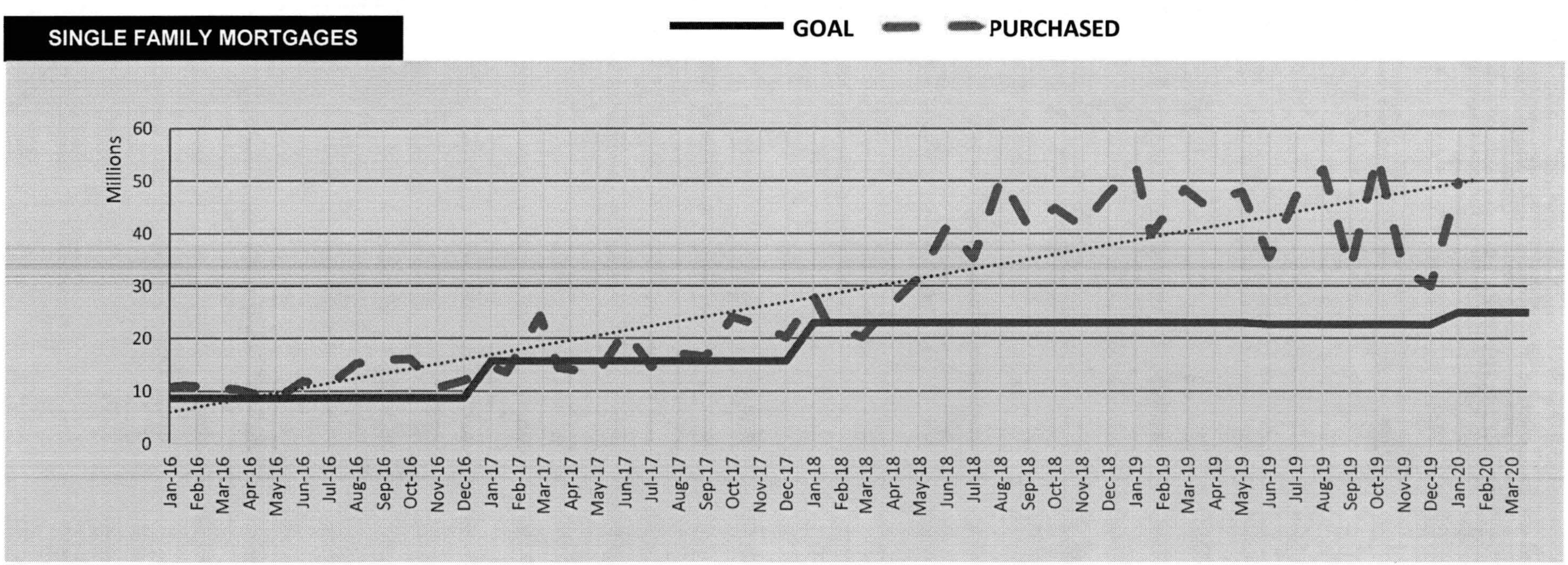
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

JANUARY 2020

MSHDA — MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MSHDA's Homeownership Division delivers responsive homeownership products, education and technical assistance that empower our customers and strengthen and sustain Michigan communities. We work with our partners to provide creative solutions that maximize existing resources and preserve homeownership opportunities for future generations.

SINGLE FAMILY MORTGAGES



Monthly Homeownership Production Report: JANUARY 2019

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		Cancellations Reinstatements Net		Transfers IN or Adjustment		Transfers OUT or Adjustment	
031	Jan-20	0	$ -	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00
6/26/2014 07-26-17	Dec-19	0	$ -	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00
056	Jan-20	0	$ -	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00
12/7/2018	Dec-19	0	-	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00
057	Jan-20	0	$ -	46	$4,206,003.00	466	$51,219,696.00	32	$2,977,303.00	-1	-$152,240.00	0	$0.00	0	-$4,873.00
4/15/2019	Dec-19	0	-	182	$19,459,797.00	591	$64,981,162.00	149	$16,141,813.00	-6	-$445,357.00	0	$0.00	0	-$3,239.00
058	Jan-20	321	$ 36,615,420.00	410	$45,667,502.00	211	$25,259,637.00	360	$39,732,125.00	0	$0.00	0	$0.00	0	$0.00
11/1/2019	Dec-19	341	38,257,251.00	327	$37,730,433.00	21	$2,355,290.00	194	$23,406,694.00	0	$0.00	0	$0.00	0	$0.00
TOTAL	Jan-20	321	$36,615,420.00	456	$49,873,505.00	677	$76,479,333.00	392	$42,709,428.00	-1	-$152,240.00	0	$0.00	0	-$4,873.00

Series /Date	COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA		#	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031	0	$0.00	0	$0.00	0	$0.00	031	$ 21,918,601.00	$ 21,918,601.00	$ 23,092,639.00	$ 10,000,000.00
6/26/2014 07-26-17	0	$0.00	0	$0.00	0	$0.00	101	$ 1,174,038.00	$ 1,174,038.00	remaining:	$ (13,092,639.00)
056	0	$0.00	0	$0.00	0	$0.00	056	$ 219,567,244.00	$ 219,567,244.00	$ 224,842,051.00	$ 225,000,000.00
12/7/2018	0	$0.00	0	$0.00	0	$0.00	156	$ 5,274,807.00	$ 5,274,807.00	remaining:	$ 157,949.00
057	174	$19,353,675.00	323	$34,686,211.00	213	$1,368,390.00	057	$ 257,700,405.00	$ 292,386,616.00	$ 300,311,388.00	$ 300,000,000.00
4/15/2019	466	$51,219,696.00	268	$29,454,683.00	162	$1,050,372.00	157	$ 6,874,400.00	$7,924,772.00	remaining:	$ (311,388.00)
058	445	$49,880,996.00	126	$15,110,766.00	118	$767,478.00	058	$ 502,347.00	$ 15,613,113.00	$ 16,400,855.00	$ 300,000,000.00
11/1/2019	211	$25,259,637.00	4	$502,347.00	4	$20,264.00	158	$ 20,264.00	$ 787,742.00	remaining:	$ 283,599,145.00
TOTAL	619	$69,234,671.00	449	$49,796,977.00	331	$2,135,868.00					

STEP FORWARD DPA Program

#255 Series /Date	Month	RESERVATIONS		Cancel/Rejects		Deleted		Total In Process		APPLICATIONS RECEIVED		COMMITMENTS ISSUED		PURCHASED-DPA FUNDED				
9/16/2019-R2	Jan-20	12	$ 180,000.00	-19	$ (285,000.00)	0	$ -	417	$ 6,255,000.00	17	$ 255,000.00	30	$ 450,000.00	109	$ 1,626,511.24	233	$ 3,466,410.87	Previous Total
9/24/2018	Dec-19	30	$ 450,000.00	-13	$ (195,000.00)	-4	$ (60,000.00)	424	$ 6,360,000.00	40	$ 600,000.00	65	$ 975,000.00	96	$ 1,427,789.89	342	$ 5,092,922.11	Round 2 Total
																1491	$ 22,192,427.77	Round 1 Total
																1833	$ 27,285,349.88	GRAND Total

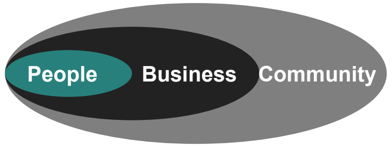
MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		COMMITMENT Cancellations Reinstatements Net		COMMITMENT & PURCHASE IN/DEcrease Net		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA	
900	Jan-20	20	$ 2,296,020.00	15	$1,669,666.00	44	$5,007,231.00	17	$1,730,513.00	0	$0.00	0	$0.00	44	$4,701,097.00	17	$2,036,647.00	17	$110,690.00
11/14/2013	Dec-19	17	$ 2,011,675.00	23	$2,303,730.00	49	$5,767,547.00	13	$1,390,016.00	0	$0.00	0	$0.00	44	$5,007,231.00	18	$2,150,332.00	18	$111,215.00

MCC		RESERVATIONS		APPS RECEIVED		COMMITMENTS		CERTIFICATES	
212 MCC	Jan-20	28	$ 3,953,857.00	17	$ 2,300,185.00	15	$ 2,088,931.00	25	$ 3,180,218.00
9/18/2019	Dec-19	25	$ 3,546,679.00	29	$ 4,160,616.00	26	$ 3,687,849.00	16	$ 2,032,489.00

PIP Loans	Applications		Commitments		Purchased	
January-20	1	$ 25,800.00	4	$ 48,722.00	1	$ 5,485.00
December-19	4	$ 72,506.00	0	$ -	3	$ 30,673.00

LEO was created to ensure that efforts to promote economic opportunity / prosperity in Michigan are coordinated, evidence-based, equitable, and customer focused



MISSION

Expand economic opportunity and prosperity for all

VISION

*Make Michigan a place where all **PEOPLE, BUSINESSES, AND COMMUNITIES** have the educational and economic means to reach their full potential*

GUIDING PRINCIPLES

Data- and evidence-based promotion of opportunity

Data is the basis for how we make decisions and measure success.

"In God We Trust. Everyone else, bring the data." - Mike Bloomberg

Collaboration to achieve unity of purpose and greater success

LEO will collaborate effectively with each other and with partners within / beyond state government – build coalitions to effectively drive strategic focus areas

Commitment to equity

LEO will prioritize equity – specifically closure of opportunity gaps – for marginalized populations, including but not limited to race, gender, geography, socioeconomic status, LGBTQ+

Customer focus – people, business, and community

LEO will amplify the voices of those we protect and serve and will ensure a focus on people-centered approach in all we do

STRATEGIC FOCUS AREAS

People

Business

Community

A Invest in the closure of equity gaps
Prioritize closure of socioeconomic / demographic opportunity gaps in all decision making

B Protect health, safety, and economic security for workers
Ensure safe working conditions, fair wages, and labor protections

C Remove barriers to employment
Address barriers including housing, transport, healthcare, childcare, language, and placement

D Build equitable pathways to high-wage careers
Support education, training, onramps, certification to make sustaining wages more attainable

E Grow skills / credentials to meet current / future employer needs, expand upward mobility
Address shortages in growth sectors in every region of the state

F Enable Michigan's businesses to grow and thrive
Create the foundation to attract investment, including infrastructure

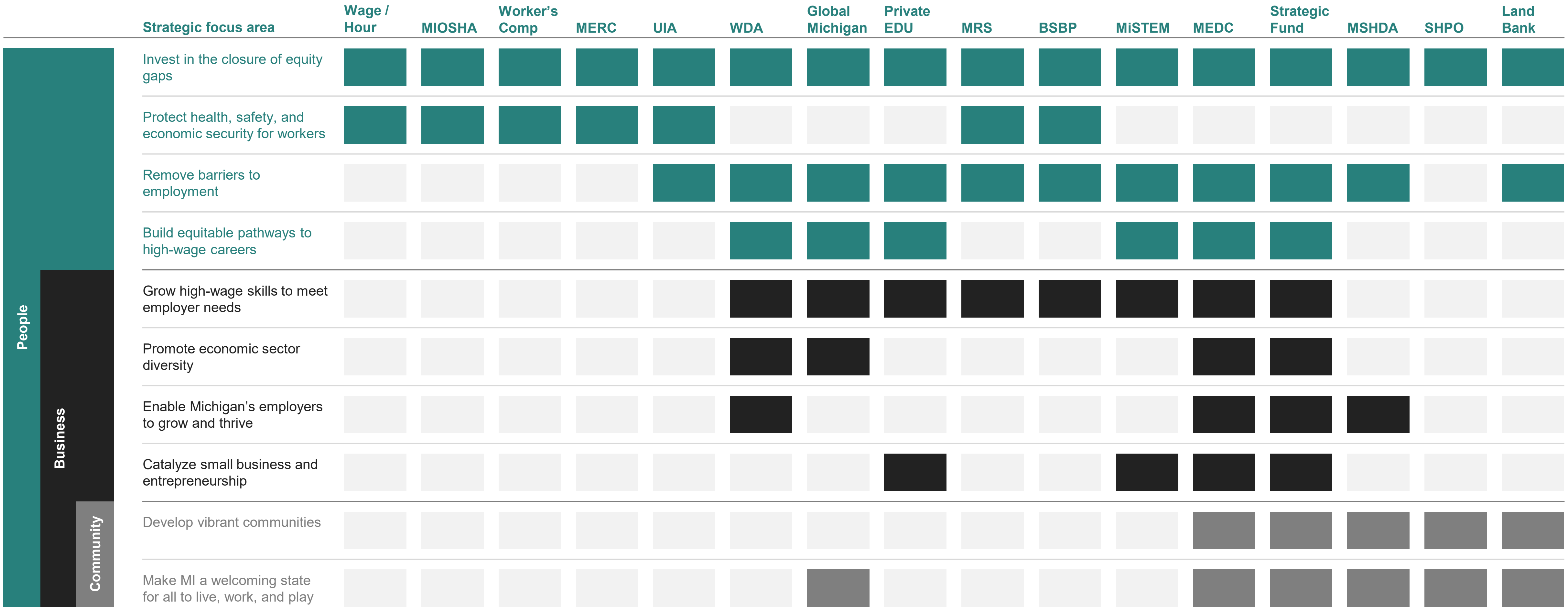
G Promote economic sector diversity
Increase exposure to high-growth, highly resilient sectors

H Catalyze small business and entrepreneurship
Address leaks in the entrepreneurship funnel to increase new business starts and economic growth

I Develop vibrant communities
Develop and preserve the infrastructure, amenities, and arts / culture that make communities vital

J Make and market Michigan as a state for all to live, work, and play
Invest in placemaking, expand affordable housing, and market Michigan to the world

All sixteen constituent sub-agencies are mission-critical to helping us drive the right outcomes for the state, and relative to this strategic plan



- **Every agency in the LEO portfolio has a critical role in delivering on the mission – to protect and expand economic opportunity and prosperity for all Michiganders**
- **The intent is for the restructuring to result in a more coordinated, collaborative, efficient operating model such that we are all rowing in the same direction**


communities
removing
preserve
provide
safe
create
homes
build
place
housing
stability
residents
people
barriers
decent
call
technical
Michigan
dedicated
house
relentlessly
strong
affordable
partners
MSHDA
pathways
quality

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MISSION

We serve the people of Michigan by partnering to provide quality affordable housing, a cornerstone of diverse, thriving communities.

VISION

Make Michigan a place where all people have quality affordable housing as a foundation to reach their full potential.

GUIDING PRINCIPLES

People First

We put people first and respect our customers and staff. We listen, exchange information, and are responsive.

Diversity, Equity, and Inclusion

We pursue equitable housing outcomes for underserved populations, including but not limited to race, gender, disability, religion, age, weight, socioeconomic status, and LGBTQ+.

Decision Making

We use reliable data to make evidence-based decisions and pursue continuous improvement. We manage our time, talent, and financial resources effectively and efficiently.

Partner Collaboration

We engage our partners to promote innovative, sustainable housing solutions.

STRATEGIC FOCUS AREAS

A **Build equitable pathways to housing programs and services**
Design and implement programs that provide equal access to resources.

B **Support access to homeownership opportunities**
Increase homeownership for underserved populations through housing education and investment.

C **Rehabilitate Michigan's aging housing stock**
Address deteriorating structures through housing rehabilitation programs.

D **Invest in Michigan communities based on need**
Address housing needs and increase access to opportunities in rural communities and urban neighborhoods.

E **Collaborate to address housing needs in Michigan**
Partner with state departments and others to create a statewide housing plan that will identify housing resources and strategies.

F **Provide innovative rental housing solutions**
Use reliable data to make evidence-based decisions for those most in need, including seniors and persons with disabilities.

G **Reduce homelessness**
Invest in best practices that move the homeless to housed.

Prepared for
Michigan State Housing Development Authority

Summary of Phase I Strategic Planning

Staff and Partner Voices

Prepared by
Public Policy Associates, Incorporated

January 2020

Public Policy Associates, Incorporated is a public policy research, development, and evaluation firm headquartered in Lansing, Michigan. We serve clients in the public, private, and nonprofit sectors at the national, state, and local levels by conducting research, analysis, and evaluation that supports informed strategic decision-making.

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Table of Contents

Appendices

Introduction

Strategic Planning – Phase I

Phase I of the MSHDA strategic planning process occurred from September 2019 to January 2020. The objective of this process was to engage MSHDA staff and some external partners in helping to inform the MSHDA leadership regarding mission, vision, guiding principles, and focus areas for the next five years. These elements form the foundation of a strategic plan. Public Policy Associates, Incorporated (PPA) worked with the Strategic Planning Team, composed of MSHDA staff and Evan Anderson, Chief Strategist of the Michigan Department of Labor and Economic Opportunity (LEO), during the planning process. As MSHDA sits under LEO in the state government structure, PPA also sought to help maintain alignment between MSHDA's planning and the LEO strategic plan, which was developing over the same period. In undertaking this work, PPA was charged with delivering a timely, robust process that provided genuine, sincere opportunities for participants to provide honest input.

PPA and the Strategic Planning Team met six times during Phase I to discuss data-collection instruments and timing, approaches to organizing and conducting the work, and results. Additional MSHDA staff were consulted as needed during the process, and all staff were invited to respond to a staff survey and to participate in a day-long staff strategic planning meeting that was held on November 20, 2019. Staff who joined in the planning meeting were also invited to volunteer to participate in the work groups that followed. Input from partners came in the form of roundtables.

Members of the MSHDA Strategic Planning Team

Gary Heidel
Acting Executive Director

Tiffany King
Equity and Inclusion Officer

Karen Gagnon
Policy Advisor

Jess Sobel
Grants Manager

David Allen
Market Analyst and Research Manager

Odessa Carson
Housing Development Fund Analyst

Maria Ostrander
Executive Assistant to the Acting Executive Director

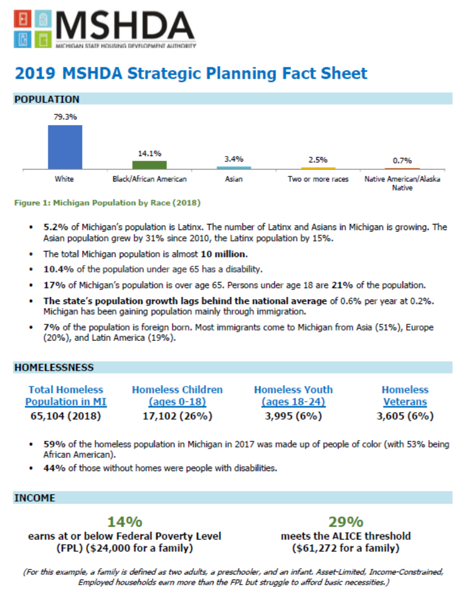
Evan Anderson
Chief Strategist (LEO)

Activities and Results

Fact Sheet

Process Overview

PPA developed a fact sheet in close collaboration with members of the Strategic Planning Team and other MSHDA staff. The fact sheet drew on data previously reported in briefs and reports on Michigan housing needs and homeownership, as well as data available online through other sources tapped by PPA staff. The final three-page fact sheet included statistics on the state's population, homelessness, income and affordability, jobs, housing stock, homeownership, rental, and MSHDA programs. MSHDA distributed the fact sheet to staff prior to the staff strategic planning meeting, where it was also made available for reference during discussions about mission, vision, guiding principles, and focus areas.


MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

2019 MSHDA Strategic Planning Fact Sheet

POPULATION

Figure 1: Michigan Population by Race (2018)

- **5.2%** of Michigan's population is Latinx. The number of Latinx and Asians in Michigan is growing. The Asian population grew by 31% since 2010, the Latinx population by 15%.
- The total Michigan population is almost **10 million.**
- **10.4%** of the population under age 65 has a disability.
- **17%** of Michigan's population is over age 65. Persons under age 18 are **21%** of the population.
- **The state's population growth lags behind the national average** of 0.6% per year at 0.2%. Michigan has been gaining population mainly through immigration.
- **7%** of the population is foreign born. Most immigrants come to Michigan from Asia (51%), Europe (20%), and Latin America (19%).

HOMELESSNESS

Total Homeless Population in MI	Homeless Children (ages 0-18)	Homeless Youth (ages 18-24)	Homeless Veterans
65,104 (2018)	17,102 (26%)	3,995 (6%)	3,605 (6%)

- **59%** of the homeless population in Michigan in 2017 was made up of people of color (with 53% being African American).
- **44%** of those without homes were people with disabilities.

INCOME

14%	29%
earns at or below Federal Poverty Level (FPL) ($24,000 for a family)	meets the ALICE threshold ($61,272 for a family)

(For this example, a family is defined as two adults, a preschooler, and an infant. Asset-Limited, Income-Constrained, Employed households earn more than the FPL but struggle to afford basic necessities.)

Insights for MSHDA's Strategic Plan

Based on the statistics included in the fact sheet, many of the issues that MSHDA has tackled for decades remain areas of need, such as homelessness and affordable housing. Trends in the data indicate that affordability is a multifaceted issue, with earnings, housing stock, new builds, lending practices, college debt, and population trends affecting the ability to access quality housing. In addition, disparities in access to housing are evident across racial/ethnic groups and different income tiers. Current program resources are also seen as not meeting demand. (See Appendix A of this report for the fact sheet.) MSHDA will need to give careful consideration to how it might address these challenges as part of its strategic plan if it is to maximize its impact on housing in coming years.

Staff Survey

Process Overview

To begin the process of gathering staff input on the strategic plan, PPA worked with the Strategic Planning Team to craft an online survey. The survey asked staff about

MSHDA's mission, goals and focus areas, organizational values, and the effectiveness of MSHDA's work in key housing areas. It also asked staff about how effectively MSHDA serves customers with different characteristics, familiarity with Opportunity Zones, and applying an equity lens to their work. The survey focused on gathering key words and general assessments from the staff. (See the Appendix B for the full set of survey questions.)

The survey invitation was sent to staff by MSHDA's executive office in October and was followed by emailed reminders. PPA received responses from 129 staff, for a response rate of 43%. As a first step, the survey data were analyzed using descriptive statistics. This was followed by cross-tabulations to check for any patterns in response by staff characteristics such as race/ethnicity, gender, tenure at MSHDA, and role at MSHDA; no significant variations were evident.

Key Findings

- **Mission:** Forty-seven percent of staff responding to the survey felt that the current mission statement captures the work done by MSHDA "somewhat well." A further 22% thought it covered the work "very well," and 25% said "not that well." Figure 1 shows the key words that staff thought were important for MSHDA's mission statement, with the words in the largest font stated most frequently.
- **Current Effectiveness:** Staff rated MSHDA as most effective in the rental area (77%), followed closely by home ownership (72%). From among three different income levels, staff thought the customers who were being served best were those living below the Federal Poverty Level. Other customers who staff thought might need more attention were those with mental illness, a history of substance abuse, or a criminal record, and immigrants.

Figure 1: Key Words for MSHDA's Mission Statement According to Staff

- **Guiding Principles:** The top six values that staff identified included:
  - Integrity
  - Accountability
  - Continuous improvement
  - Customer orientation
  - Diversity, equity, and inclusion
  - Transparency

  Half of the staff who answered the survey reported being "very comfortable" with applying diversity, equity, and inclusion principles to their work.
- **Focus Areas:** Staff said that MSHDA's current goals of building financial solvency to advance the mission, housing homeless veterans, and improving the customer experience reflected the priorities for the next three years "very" or "somewhat well" (19% and 47%). However, nearly a third of staff responded "not that well" (31%). In answer to an open-ended question, the top focus areas identified by staff were: addressing homelessness, affordability, MSHDA staff and operations, customer experience, and housing assistance programs. Staff saw the most potential to be creative and impactful in the homelessness space, although rental (25%), community/neighborhood assistance (24%), and home ownership (19%) were not far behind. Half of the staff did not have familiarity with the Opportunity Zones tool and how it related to their work.

Insights for MSHDA's Strategic Plan

Overall, staff communicated through the survey that affordable housing was a major priority for the organization, although the mission statement and goals did not reflect that adequately. Staff responses about values (guiding principles) indicated a concern for operational integrity and accountability, but also a commitment to customers and equitable housing outcomes.

Staff Meeting

Process Overview

On November 20, 2019, MSHDA staff from the Lansing and Detroit offices were brought together at a facility in the Lansing area to participate in a strategic planning day, with the intention of gathering further staff input. PPA and MSHDA collaborated closely on planning the event. Staff from the MSHDA Office of Employee Services (OES) were also heavily involved in the planning and preparations.

The session included opening and closing remarks by MSHDA acting executive director Gary Heidel, a presentation by LEO chief strategist Evan Anderson about the LEO strategic plan, a video message from LEO director Jeff Donofrio, and informational and small-group work exercises led by PPA staff around each of the strategic planning elements (vision, mission, guiding principles, and focus areas). The fact sheet and staff survey results served as points of reference throughout. The OES estimates that 130 staff from across the organization attended this non-mandatory event.

Key Outputs

- **Vision:** With a prompt to foreshadow the Michigan housing environment 20 years in the future, staff table discussions generated a future reality in which everyone would have affordable housing; a balance would exist between supply and demand in housing, with attention to rural as well as urban developments and proximity to amenities. They imagined home rehabilitation supported; blight eliminated; homeownership equalized across demographic groups; homelessness overall cut; and homelessness inequities by race eliminated. Staff also envisioned a more varied toolkit of financing strategies and programs to support development and housing access for low- and middle-income customers. They saw this work being coordinated among MSHDA and partners in mental health, employment, education, and development. The goal of MSHDA being a national model was also raised, with enthusiastic support.
- **Mission:** In small groups, staff generated 25 possible mission statements for consideration (see Appendix C for the full list). This exercise was intended to provide input to the MSHDA leadership, not to generate a final statement, and the participants were given clear guidance about this role. There were a number of commonalities that emerged from the drafts. They included:
  - Safe, quality, and affordable housing
  - Removing barriers to housing
  - Housing stability
  - Strong communities
  - Working with partners
- **Guiding Principles:** Working from the survey results, staff prioritized the guiding principles for MSHDA. Specifically they were asked to reflect on what guiding principles would make them feel proud to work at MSHDA. While there were many principles discussed, the top six were:

Integrity	Diversity, Equity, Inclusion	Accountability
Continuous Improvement	Sustainability	Fairness

Figure 2: Suggested Guiding Principles from MSHDA Staff in November

- **Focus Areas:** From the discussions of the staff at the meeting, building upon the staff survey results, seven focus areas emerged (as coded by PPA staff). The top four areas were operations and fiscal responsibility, affordability and financial assistance, housing supply and quality, and homelessness. In addition, housing equity, community development, and customer service were prioritized by the staff.

Insights for MSHDA's Strategic Plan

In discussing the future housing environment, MSHDA staff saw the need to recognize a variety of factors and concerns, including community (broadly defined), access to transportation and child care, equity and cultural responsiveness, and the role that housing stability and homeownership plays in family economic well-being. These align with the guiding principles and focus areas suggested by the staff, as well as the strategic plan of LEO. The staff ideas provide the executive team and MSHDA board with fodder for consideration in defining the final content of the strategic plan. They will also assist them in ensuring strong alignment among the plan elements and the associated strategies and actions that will be devised to fulfill that overarching framework.

External Stakeholder Roundtables

Process Overview

In order to bring outside perspective into Phase I of the strategic planning process, two roundtables were held with key partners identified by the MSHDA executive office staff. PPA helped to ensure diversity in organizational type and geographic reach among those invited to participate. A letter of invitation went out from Gary Heidel to the partners. Of the 17 organizations invited, 13 participated in one of the sessions held at MSHDA's Lansing office, represented by one person per organization. The organizations included statewide and community nonprofits and associations, for-profit and nonprofit developers, supportive housing providers, property managers, and a financial institution. PPA facilitated the discussions, held in October and December 2019, using a set of questions that had been vetted with the Strategic Planning Team (see Appendix D).

Key Outputs

- **Major Concerns in Housing:** The partners agreed that the main issues they saw in the housing sector included affordability, supply, housing stock quality and proximity to amenities, the imbalance between construction costs and market value, and the availability of qualified contractors.

Quotes from Roundtable Participants:

"[Housing stock quality] that's a statewide issue… you can't get the economics to work to bring the housing back to life without a subsidy."

"We're not producing as many affordable housing units in a year as we had been because…we can't get a contractor to do the work."

"A fundamental problem is that the cost of housing has continued to outpace the growth of income in the state."

"Many people in Michigan have so much debt preventing them from moving forward financially. Help people get out of debt and give them access to assets, like homeownership."

"MSHDA has not addressed the question of how all its programs are or are not exacerbating racial and social inequities."

"The first [stated MSHDA] goal is their financial solvency. That's a means to an end. It's critical, but if they're leaving money on the table to preserve their financial solvency, that's a disservice."

"Trying to leverage dollars against the tax credit, we all need to be stronger at that."

"The staff we work with [at MSHDA] are very committed, capable, and smart."

"…Shift the culture from compliance to partnership and be a leading voice in the nation and celebrate those successes with the partners."

- **Working Relationship:** The participants agreed that they saw good intent at MSHDA to work with partners, but that they had seen a decline in the quality and quantity of partnership, as compared to the past. Partners said they had good working relationships with individual staff at MSHDA but felt that there was resistance to being creative with resources and that complex compliance efforts sometimes took precedence over meeting housing needs.
- **Vision:** In both roundtables, it was suggested that MSHDA could position itself as a leader in the field, building off of existing thought leadership to become more impactful. In one group, partners discussed MSHDA's potential position as a facilitator, working with other organizations to serve customers. In the other, they suggested MSHDA could be a clearinghouse of housing knowledge, a conduit to identify and leverage funding for housing in the state, and a networker within the system.
- **Mission:** The partners suggested that "affordable housing" and "vibrant communities" were key phrases that should be in MSHDA's mission. They also recommended including a reference to partnering. In both groups, the question of why MSHDA has led with a focus on the financial sustainability of the organization rather than with public needs was raised as pertinent to the mission.
- **Focus Areas:** Speaking broadly, partners suggested MSHDA focus on the critical housing needs of the state, informed by data and using lenses of social equity and economic vitality. They cautioned against focusing on any specific population (i.e., veterans) or geographic area when setting focus areas. To be responsive to statewide needs, they recommended that MSHDA be inclusive of urban and rural areas in developments and programs. Partners also suggested that MSHDA ensure that its investments align with the types of developments it hoped to see and that it find ways to create more appealing deals for developers in order to promote the mission and goals. Speaking more specifically, they raised several potential areas of focus for the future:
    - Developing partnerships
    - Increasing minority homeownership
    - Streamlining processes
    - Lowering the household size standard to better align with demographics
    - Creating a contractor assistance program
    - Helping people with disabilities and seniors keep their homes
    - Increasing multifamily funding opportunities

In regards to the financing opportunities available through MSHDA, participants suggested looking at the interest rate for direct lending so it is comparable to Fannie Mae, Freddie Mac, and other sources; improving bond pricing; maximizing the bond cap; finding new ways for MSHDA to make money on deals, such as applying fees, while still making the deals attractive to developers; working with the Michigan Economic Development Corporation (MEDC) to best locate deals where there is need and economic value; and improving efficiency in the Low-Income Housing Tax Credit (LIHTC) scoring system.

Insights for MSHDA's Strategic Plan

The partners at the roundtables saw great potential for MSHDA and complimented its achievements, but they also encouraged a more ambitious agenda to address what they described as a housing crisis. All those who participated expressed eagerness to participate with MSHDA in addressing the needs and saw ways to be more creative and focused. The strategic plan, then, should seek to make the most of the resource represented by the Authority's existing and prospective partners. As with the staff, the partners see housing issues as community and societal issues; they believe this context of MSHDA's work should be reflected in the plan.

Staff Work Group Meetings

Process Overview

As a follow-up to the staff meeting held in November, PPA convened three staff work groups for one session each in January in order to capture how they saw MSHDA fitting within the LEO strategic plan. The three groups were based on the focus areas defined by LEO (with like items combined):

1. (a) Remove barriers to employment and (b) enable Michigan's businesses to grow and thrive.
2. (a) Develop vibrant communities and (b) make Michigan a welcoming state for all to live, work, and play.
3. Invest in the closure of equity gaps.

The staff who participated in the larger staff meeting were invited via email to volunteer for a group. Including members of the Strategic Planning Team, a total of 20 different staff participated in the groups.

Key Outputs

The groups generated the following ideas for how MSHDA might support the LEO focus areas through its work, either through established programs and roles or through new approaches. Across the three groups, several similar themes emerged independently, as indicated by the far-left column of **Table 1**.

Table 1: Staff Work Group Outputs

	Workforce	Communities	Equity
Capacity Building	Help to build up the number of contractors Create internal capacity for partnering	Get input from end users of programs Work from a strategic mission	Train staff Deeply embed an equity lens in the work and organizational culture Ensure new firms, not just the well-established ones, have opportunities
Partnership	Collaborate with other agencies (e.g., DHHS, MRS, WDA, Michigan Works!) Educate communities and business about housing in the context of economic development	Partner with other state agencies, developers, community-based organizations Work on community development with MEDC and communities	Hold grantees and contractors to equity standards
Data	Use data and evaluate all programs	Establish qualitative, quantitative metrics Share data within MSHDA and with other agencies, the public	Identify the root causes of inequities Share data with other agencies Engage end users, the people served when designing and assessing programs

Table 1: Staff Work Group Outputs

	Workforce	Communities	Equity
Services	Rehabilitate existing housing Connect subsidy clients and others with credit and budget counseling Expand the Family Self-Sufficiency program	Improve housing quality Create a statewide housing plan	Tailor programs to populations Simplify forms

Insights for MSHDA's Strategic Plan

Staff saw the work of MSHDA as easily aligned with the LEO focus areas. They noted that internal and external capacity building was important to success in all of these spaces. In order to have more impact, the groups emphasized partnership as a means of understanding and meeting needs. The staff also saw improved data as critical to the strategic plan across focus areas. Many of the ideas discussed in the groups suggest that the strategic plan will need to stretch the organization into new ways of thinking and working.

Conclusions

From the results of the activities conducted with staff and partners during Phase I of strategic planning, PPA offers the following synthesis. Recognizing that more remains to be done in the strategic planning process, this should not be interpreted as definitive.

Vision

Both the staff and partner saw opportunity for MSHDA to create an inspirational vision for itself, one in which the Authority would be positioned as a leader in Michigan and the nation. Beyond delivering financing and programs directly, MSHDA could also be a convenor and facilitator within the field and perhaps a capacity-builder. Key to a future where MSHDA is successful in its mission is the ability to effectively address affordable housing needs across the state, in collaboration with a variety of partners. The placement of MSHDA within LEO provides the opportunity to conceptualize new programmatic connections and partnerships.

Mission

Both staff and partners thought the mission of MSHDA should be people-centric and focused on safe, quality affordable housing for all. Many saw the need to address housing in the context of community, rather than in isolation. They felt the financial resources of MSHDA were a means to achieve the mission, as were the Authority's partnerships.

Guiding Principles

The staff were asked about guiding principles in the survey and in the staff meeting, and the most frequently mentioned guiding principles stayed fairly consistent between those, but customer orientation and transparency were replaced by sustainability and fairness in November. A number of the guiding principles from the staff meeting can be seen as related to the outputs of the staff groups. Moving forward, further discussion about the final set of principles is needed, with an eye to ensuring that these reinforce and reflect the essence of the MSHDA mission, vision, and strategies. The new principles should also align with the LEO strategic plan's principles of collaboration, data-driven work, commitment to equity, and customer focus.

Focus Areas

Phase I planning resulted in many possible focus areas. Homelessness, housing quantity and quality, the customer experience, community development, homeownership, multifamily housing, and fiscal responsibility were all areas raised by staff as key. Partners agreed with many of these, but also spoke about partnership development and improving contractor availability to support development. Like LEO, MSHDA may want to categorize its focus areas under "people," "business," and "community" and then craft targeted goals within some or all of the areas. Staff and partners would be most likely to support those priorities that are data-informed, address equity concerns, contribute to community economic vitality, and represent a cultural shift within the Authority toward a more people-centered organization.

Recommendations for Phase II

For the next phase of planning, more stakeholders should be engaged to help MSHDA shape a responsive strategic plan. These voices should come from a wide range of community perspectives, including landlords, homeownership and rental program participants, grantee organizations, state agency partners, civic and philanthropic leaders, advocacy organizations, and others. Each of these stakeholders has a different perspective to bring to MSHDA's work. The MSHDA board and executive staff can provide important inputs as well on the direction of the plan, and the stakeholder engagement can help to test their evolving ideas for key elements of the strategic plan.

In addition, MSHDA should leverage existing data about its program success and undertake new research to understand how it ranks in comparison to other housing authorities nationally. A benchmarking exercise to understand current high-performers among state peers and their financing and program innovations can help to inspire creative opportunities for MSHDA. In addition, the work in this phase will position MSHDA to devise metrics to measure the success of its plan.

In both stakeholder engagement and benchmarking activities, diversity, equity, and inclusion should be a priority. This can be achieved through the range of individuals invited to participate in input sessions. MSHDA customers and groups representing potential customer communities should be invited, including different racial and ethnic groups generally, those from urban and rural areas, and also people who have needed or have had experience with MSHDA's programs in the areas of community/ neighborhood assistance, rental, homeownership, and homelessness. In addition, the research conducted for benchmarking should look specifically for how other states are integrating diversity, equity, and inclusion into their work in meaningful ways (e.g., policies, advisory groups, metrics).

Finally, throughout the planning process, there should be intersection between the MSHDA planning process and LEO to promote alignment and transparency. The new strategic plan may well result in new roles for the organization. The work of bringing along staff, partners, and the public on that journey will determine the breadth and depth of support enjoyed by MSHDA in the years ahead. The strategic plan can position MSHDA to take the lead on developing a statewide housing plan that unites partners around common interests and furthers the ability of all to impact the housing landscape in Michigan.

Appendix A: Fact Sheet

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

2019 MSHDA Strategic Planning Fact Sheet

Data as of November 12, 2019 unless otherwise noted

POPULATION

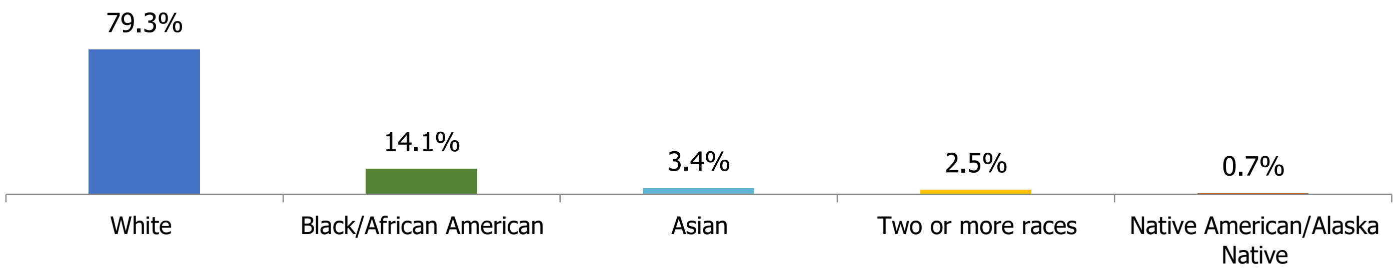


Figure 1: Michigan Population by Race (2018)

- **5.2%** of Michigan's population is Latinx. The number of Latinx and Asians in Michigan is growing. The Asian population grew by 31% since 2010, the Latinx population by 15%.
- The total Michigan population is almost **10 million**.
- **10.4%** of the population under age 65 has a disability.
- **17%** of Michigan's population is over age 65. Persons under age 18 are **21%** of the population.
- **The state's population growth lags behind the national average** of 0.6% per year at 0.2%. Michigan has been gaining population mainly through immigration.
- **7%** of the population is foreign born. Most immigrants come to Michigan from Asia (51%), Europe (20%), and Latin America (19%).

HOMELESSNESS

Total Homeless Population in MI	Homeless Children (ages 0-18)	Homeless Youth (ages 18-24)	Homeless Veterans
65,104 (2018)	**17,102 (26%)**	**3,995 (6%)**	**3,605 (6%)**

- **59%** of the homeless population in Michigan in 2017 was made up of people of color (with 53% being African American).
- **44%** of those without homes were people with disabilities.

INCOME

14%
earns at or below Federal Poverty Level (FPL)
($24,000 for a family)

29%
meets the ALICE threshold
($61,272 for a family)

(For this example, a family is defined as two adults, a preschooler, and an infant. Asset-Limited, Income-Constrained, Employed households earn more than the FPL but struggle to afford basic necessities.)

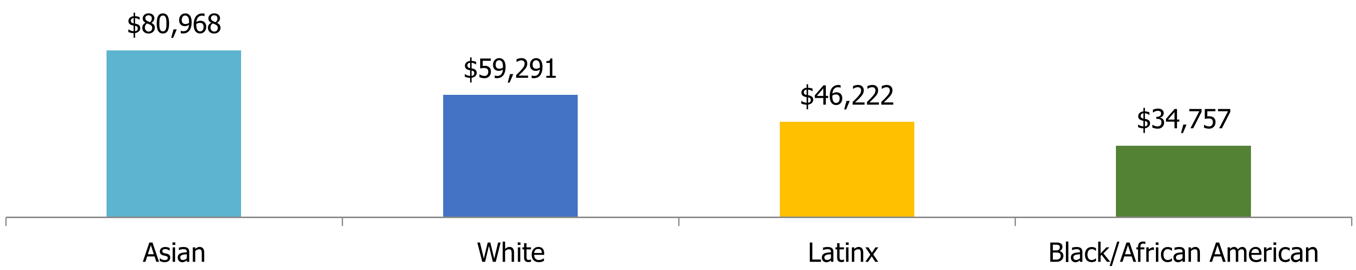


Figure 2: Median Household Income by Race and Ethnicity, Michigan (2017)

- Nationally, in 2015, **34% of households aged 65 and older received 90%** or more of their income from Social Security. In January 2019, the average Social Security benefit was $1,461 per month.
- The **state's median income of $54,909** provides enough income to afford a house priced around $175,000. New homes cost $307,000 on average.
- Millennials with college debt need an **average of 12 years** to save enough money for a 20% down payment on a house. College graduates without school debt need an average of 7.6 years to save the same amount.

JOBS

- **61%** of jobs in Michigan pay less than $20/hour. If working full time, a person earning $20/hour earns $41,600 annually.
- Due to the Great Recession, Michigan lost over **89,000** construction-sector jobs in 2010.
- **Automation is expected to have a disproportionate impact** on African-American and Latinx workers, who hold more support positions and overall have lower rates of postsecondary credentials. These groups are also underrepresented in fields expected to see job growth, like education and business.

HOUSING STOCK

37% of Michigan's existing owner- and rental-occupied units were built prior to 1960. Units may not have the layout, systems, or amenities today's homebuyers are looking for. Additionally, properties may have lead-based paint.

15% of Michigan's housing stock is vacant due to issues with legal/title status, habitability, or another reason.

- **Many vacant ownership units in the state have not been maintained** over time and will require substantial rehabilitation.
- **Due to declining population, housing supply shortages, and escalating housing prices,** communities can find it more difficult to attract new businesses.
- There is a **lack of affordable housing for households at 50% or below of AMI** in urban and rural areas of the state.
- Michigan millennials may prefer **walkable, mixed-use housing** near shopping, restaurants, and public transportation. Seniors prefer **housing accessible to health care** and family. Immigrants prefer **housing near schools, jobs, and public transportation**.
- Increased housing demand and supply shortages in the state are creating **affordability issues** and higher price points.

HOMEOWNERSHIP

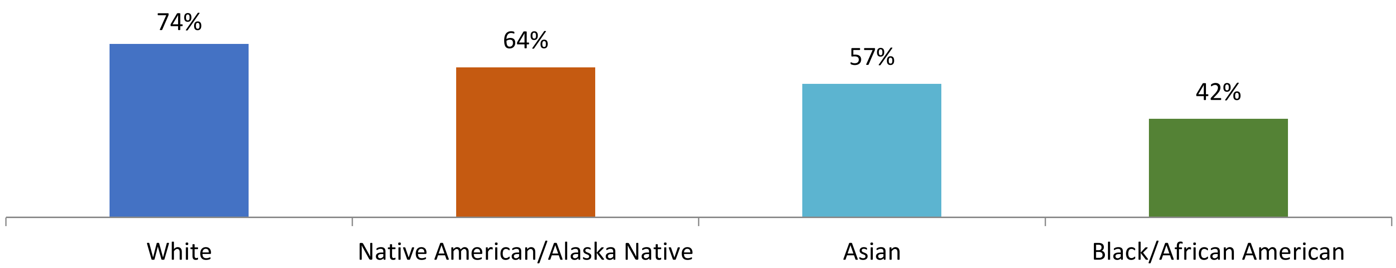


Figure 3: Michigan Homeownership by Race, 2017

- **Homeownership rates varied by geographic region** in 2017. In Saginaw, Flint, Grand Rapids, and southeastern Michigan, African-American homeownership exceeds 75%.
- In 2018, **56%** of Latinx in Michigan owned their homes.
- **14%** of the state's homeowners put 30% or more of their income into housing expenses, and **10%** pay more than 50% of their income on housing, which is a severe cost burden.
- Due to the Great Recession, a **significant amount of individuals require credit repair** to qualify for a mortgage.
- Nationally, **41%** of seniors have a mortgage, and over 40% of those aged 55-75 live in three-bedroom homes. Seniors prefer to age in place according to survey data.

Michigan homeownership peaked in 2007.
Since:
3% for Whites
4% for Asians
7% for Blacks

RENTAL

50%
Of rental households are cost overburdened

25%
Of rental households are severely cost overburdened

(Cost-overburdened is paying more than 30% of income towards housing. Severely cost-overburdened is paying more than 50% of income towards housing.)

- A person making minimum wage ($9.45/hour) must work about **73 hours each week** to afford an average-priced 2-bedroom apartment in Michigan.
- Fewer ownership choices for high-income households are spurring them to rent instead of buying, **driving up rental costs** in the state.

SPECIFIC TO MSHDA

- MSHDA is a partner in approximately **37%** of all rental housing development (market and affordable).
- The rental development that MSHDA participates in represents approximately **$500 million** of investment each year.

Programs	Demand	Supply
Housing Choice Vouchers	**64,000+** (waiting lists)	**28,000** (in use)
Project-Based Vouchers	**Unknown** (waiting list per development)	**3,867** (in use)
LIHTC-Funded Developments	**78** (projects)	**31** (1,876 units, FY 2019)
Direct Lending	**46** (applications)	**12** (1,604 units, FY 2018)

Appendix B: Staff Survey Instrument

MSHDA Staff Survey

Introduction

Thank you for taking this short survey about the Michigan State Housing Development Authority (MSHDA), which is being conducted by Public Policy Associates, Inc. (PPA).

With this survey, your input will inform further strategic planning discussions among MSHDA staff at the November 20 staff meeting. This survey and the November 20 meeting are the two opportunities for all staff to contribute to the first phase of the strategic planning process.

Keep in mind that this is a survey about MSHDA's programs, mission, and strategic focus areas, not employee engagement.

The intention is that your individual responses will be seen only by PPA staff. PPA will report only aggregated results to MSHDA for strategic planning purposes.

The survey should take less than 10 minutes to complete. You should plan to complete the survey in one sitting; you cannot return to an incomplete survey.

If you have any questions or challenges in completing this survey, please contact Nathalie Winans at PPA at 517-485-4477 or nw@publicpolicy.com.

MSHDA Staff Survey

Mission

MSHDA's current mission statement is as follows:
The Michigan State Housing Development Authority partners to provide homes and preserve places for the people of Michigan.

1. How well does the mission statement cover the work that is done by MSHDA?

◯ Very well

◯ Somewhat well

◯ Not that well

◯ Not at all

2. If the MSHDA mission statement was updated, what key words would you use to best capture the Authority's mission. List up to four words.

First word

Second word

Third word

Fourth word

MSHDA Staff Survey

Focus Areas

MSHDA's current goals are as follows:

Goal 1. **Building Financial Solvency to Advance MSHDA's Mission**

Goal 2. **A Roof for Every Homeless Veteran**

Goal 3. **Improving the Customer Experience**

3. How well do the goals reflect priorities you think that MSHDA should pursue for the next three years?

- Very well
- Somewhat well
- Not that well
- Not at all

4. If you could select the focus areas for MSHDA for the next three years, what major topics would you choose?

First focus area

Second focus area

Third focus area

Fourth focus area

MSHDA Staff Survey

Guiding Principles

* 5. Of the following guiding principles or values, which do you see as most important for MSHDA? Select up to four values.

- [ ] Accountability
- [ ] Agility
- [ ] Adaptive
- [ ] Boldness
- [ ] Collaboration
- [ ] Compassion
- [ ] Continuous improvement
- [ ] Creativity
- [ ] Customer orientation
- [ ] Data driven
- [ ] Diversity, equity, and inclusion
- [ ] Efficiency
- [ ] Fairness
- [ ] Flexibility
- [ ] Integrity
- [ ] Objectivity
- [ ] Respect
- [ ] Service
- [ ] Stewardship
- [ ] Sustainability
- [ ] Timeliness
- [ ] Transparency
- [ ] Trust

6. Are there other principles or values not listed above that you see as *critical* to MSHDA's work? If you have none to add, proceed to the next question.

Additional principle or value 1 __________

Additional principle or value 2 __________

MSHDA Staff Survey

MSHDA's Work

7. How effective is MSHDA's work in each of the following housing areas?

	Very effective	Somewhat effective	Somewhat ineffective	Not at all effective	Don't know
Home ownership	○	○	○	○	○
Rental	○	○	○	○	○
Homelessness prevention and housing	○	○	○	○	○
Community/neighborhood assistance	○	○	○	○	○

8. How effectively does MSHDA serve the following customers?

	Very effectively	Somewhat effectively	Somewhat ineffectively	Not at all effectively	Don't know
Those living below the Federal Poverty Level ($12,060 for a single person, $24,600 for a family of four)	○	○	○	○	○
Those living above the Federal Poverty Level but below the 2017 MI Household Median Income of $54,909	○	○	○	○	○
Those living at or above the 2017 MI Household Median Income of $54,909	○	○	○	○	○

9. How well do you think MSHDA meets the housing needs of individuals with the following characteristics?

	Very well	Somewhat well	Not that well	Not at all	Don't know
Mental illness	○	○	○	○	○
Physical disability	○	○	○	○	○
Substance abuse history	○	○	○	○	○
Criminal record	○	○	○	○	○
Immigrants, refugees	○	○	○	○	○
Limited English proficiency	○	○	○	○	○
Unemployed	○	○	○	○	○
Poor credit	○	○	○	○	○
Homeless	○	○	○	○	○

10. How well do you think MSHDA meets the housing needs of individuals with these characteristics?

	Very well	Somewhat well	Not that well	Not at all	Don't know
Over age 65	○	○	○	○	○
People of color	○	○	○	○	○
Veterans	○	○	○	○	○
Parenting young children	○	○	○	○	○
Single parents	○	○	○	○	○
Lesbian, gay, bisexual, transgender, queer (LGBTQ+)	○	○	○	○	○
Eviction or foreclosure history	○	○	○	○	○
Domestic violence survivor	○	○	○	○	○
Does not own a reliable vehicle	○	○	○	○	○

11. In what area do you think MSHDA has the potential to be the most creative and impactful?

- ○ Home ownership
- ○ Rental
- ○ Homelessness prevention and housing
- ○ Community/neighborhood assistance

12. What is your level of awareness of the federal tool Opportunity Zones and how it relates to your work?

- ○ Very familiar
- ○ Somewhat familiar
- ○ Somewhat unfamiliar
- ○ Not at all familiar

MSHDA Staff Survey

Diversity, Equity, and Inclusion

13. Considering what you recently learned about applying an equity lens to MSHDA's programs (and with the understanding that staff training is ongoing), how comfortable are you *at this time* with applying diversity, equity, and inclusion principles within your work?

- Very comfortable
- Somewhat comfortable
- Somewhat uncomfortable
- Not at all comfortable
- I have not attended a diversity, equity, and inclusion training yet.

MSHDA Staff Survey

Respondent Demographics

The following information will be used to see if staff with different characteristics have different responses to this survey. Everyone's viewpoint is unique, and we want to know if different groups of people respond in different ways. PPA will not report survey results in any ways that identify individuals.

14. How long have you worked for MSHDA?

- Less than 5 years
- 5-10 years
- 11-15 years
- More than 15 years

15. What is your role at MSHDA?

- Management
- Program or financial services
- Department technician
- Administrative support
- Student assistant
- Other (please specify)

16. What is your gender?

- ◯ Male
- ◯ Female
- ◯ Other identity

17. What is your race? Please select all that apply.

- ☐ Black or African American
- ☐ American Indian or Alaska Native
- ☐ Asian or Asian American
- ☐ White or Caucasian
- ☐ Native Hawaiian or other Pacific Islander

18. Are you of Hispanic, Latinx, or Spanish origin?

- ◯ Yes
- ◯ No

MSHDA Staff Survey

End of Survey

Thank you for sharing your perspective!

Appendix C: List of Mission Statements Generated at the Staff Meeting

- MSHDA is a catalyst in developing affordable housing solutions to increase economic and social well-being for Michigan citizens most in need.
- We partner to provide and preserve decent, safe, and affordable housing to the people of Michigan.
- Creating thriving communities through partnerships to develop accessible, affordable, safe, and efficient housing opportunities for the people of Michigan.
- MSHDA partners to provide quality homes for the people of Michigan.
- MSHDA provides quality affordable housing through partnerships to achieve housing stability for Michigan residents.
- MSHDA is dedicated to providing high-quality, safe, affordable housing and creating vibrant communities attractive to business and talented workforce.
- Our mission is to work with partners to ensure everyone has a safe, affordable, quality place to live.
- MSHDA is dedicated to providing safe and affordable housing to the residents and communities of Michigan.
- The Michigan State Housing Development Authority is dedicated to fostering stable communities by creating quality affordable housing options for the people of Michigan.
- Provide safe, affordable housing for all residents of Michigan, strengthening communities, and bringing stability through economic growth.
- Our mission is to foster, promote, and strengthen communities by eliminating barriers to opportunities for affordable housing through stability, integrity, and efficiency while helping to foster the caring power of communities.
- Together provide safe, affordable housing solutions across Michigan's diverse communities.
- The Michigan State Housing Development Authority's purpose is to create and preserve safe and decent affordable housing for the people of Michigan.
- MSHDA is dedicated to end homelessness, create affordable housing, and develop vibrant and inclusive communities.

- We build healthy communities by removing barriers to house Michigan.
- MSHDA is dedicated to providing quality affordable homes through its financial and technical resources to enhance communities for all Michigan residents.
- MSHDA relentlessly works to provide pathways for all people of Michigan to have a place to call home.
- MSHDA strives to meet current and future affordable housing needs by solving tomorrow's problems, today.
- MSHDA is dedicated to providing the opportunity to all MI residents to have safe, affordable, and quality housing and the development of desirable communities through partnerships.
- To identify and overcome housing inequality for all people in Michigan, leading the nation in the provision of safe, affordable, accessible, and desirable housing.
- The Michigan State Housing Dev. Authority provides financial and technical assistance through public and private partnerships to create and preserve decent affordable housing for low and moderate income Michigan residents.
- MSHDA advocates with partners to provide safe, affordable housing for ALL people of Michigan.
- The Michigan State Housing Development Authority partners with communities, developers, lenders, investors, and the people of Michigan to provide quality, safe, affordable housing.
- MSHDA…Providing pathways to affordable housing for the people of Michigan through partnerships that build strong families and strong communities.
- MSHDA is dedicated to helping MI residents have access to affordable, safe housing options.

Appendix D: Vision – Summary of Table Results

If MSHDA does its work effectively, what will Michigan's housing situation look like in 20 years?

- Affordability:
  - Housing is affordable for 100% of the population. Affordable housing is widespread and available to all types of individuals. ("Stable, quality housing is attainable for all.")
  - Decreased number of overburdened individuals (to 30%).
  - Housing is both affordable and of quality and safe.
  - People are not able to distinguish subsidized housing from other housing.
  - Voucher resources stretch beyond homeless, near homeless, veterans.
  - The income-averaging election across affordable rental complexes increased.
- Housing Stock/Quality: (one table summed this area up as "fix the damn housing")
  - Developers have incentives to work in more areas, especially rural areas. Development is more deeply targeted.
  - There is more smaller-scale market development for rural areas. Rural communities have alternative methods to overcome economies of scale (e.g., scattered-site builds, vouchers).
  - Healthy housing for those with a variety of challenges.
  - Housing starts are spurred.
  - There is a home improvement program, and more rehab funding to improve older homes.
  - Supply and demand are balanced.
  - Single family and multifamily developments increased.
  - Rental stock built before 1960 decreased.
  - Workforce housing increased.
  - Housing is attractive to incoming residents (e.g., walkable, planned, amenities).

    - The vacancy gap reduced or closed.
    - Blight is reduced or eliminated.
- Homeownership:
    - Creativity in single and family mortgages.
    - There is an equitable path to homeownership and home rental. People are empowered to achieve their goals in homeownership and rental.
    - There is a decrease in the homeownership equity gap (e.g., increase to 50%).
    - Homeownership increased, including among Millennials.
    - Down-payment assistance has been expanded.
- Program Flexibility:
    - Programs are responsive to the needs of individuals.
    - There are alternative financing mechanisms (no example provided).
    - New tools exist to fill gaps in meeting needs.
    - Michigan LIHTCs exist.
    - More median-income families targeted.
    - It is easier for college graduates to receive a mortgage.
    - There are more resources to help those having difficulty with their mortgages (no example given).
- Homelessness:
    - Homelessness decreased (e.g., cut in half or eliminated).
    - Different races do not experience homelessness at different rates.
    - More and better shelter services in critical areas.
    - Youth (ages 18-24) are prioritized.
- Seniors:
    - Seniors are assisted to "age in place" and more senior housing is available.
    - Senior housing is more integrated into communities.
    - Seniors have access to more assistance.
- Partnership:
    - MSHDA partners with employers and education providers. Partnerships generate opportunities for increasing job skills for marginalized populations.

    - Better linkage between housing and mental health services.
    - There is public/private collaboration for targeted housing (e.g., corporations matched with housing for employees).
    - MSHDA division collaboration increased.
    - There are more partnerships with nonprofits to provide services. Partnerships help to address barriers that hinder independence of clients.
    - Partnerships are equitable.
- Other:
    - Community development is back and restructured, including use of CDBG funds.
    - Veterans have preference in housing. There are veteran communities.
    - Transportation to metro areas is more affordable.
    - There are tiny-house communities with supportive services.
    - All of the items on the fact sheet improve (e.g., improved by 25%).
    - Greater congregate care affordability.
    - MSHDA is a nationally recognized authority and is a model for others in achieving its goals.
    - Housing is more integrated with amenities (e.g., child care, transportation, food).
    - There is greater financial literacy among the population.
    - MSHDA recognizes and is responsive to cultural differences.
    - Neighborhoods are more diverse and equitable across the state.
    - There is a more even playing field that promotes generational wealth-building.
    - More clients become independent by addressing their barriers.
    - Reduction in people needing MSHDA services.

Appendix E: Guiding Principles – Summary of Table Results

Tables were asked to select 4-5 guiding principles. Some chose more, some less.

Table E-1: What principles are inherent in the mission and vision that you identified?

Top 10 Principles Selected	Number of Responses
Diversity, equity, inclusion	18
Integrity/trustworthiness	15
Sustainability	14
Accountability	13
Fairness	10
Continuous improvement	10
Teamwork/collaboration/partnership	5
Transparency	4
Compassion/empathy	4
Data-driven	3

Table E-2: What 4-5 guiding principles do you see as most critical for MSHDA?

Top 8 Principles Selected	Number of Responses
Integrity/trustworthiness	20
Diversity, equity, inclusion	15
Accountability	14
Continuous improvement	10
Sustainability	10
Fairness	8
Compassion/empathy	5
Transparency	5

Appendix F: Questions Posed to Partners at Roundtables

1. Please describe, very briefly, how you work with MSHDA.
2. What do you see as the key issues and trends facing Michigan's housing sector today?
3. In what ways is MSHDA most effective at addressing those issues?
4. In what ways is MSHDA least effective at addressing those issues?
5. *[With copies of current MSHDA mission statement and goals available]* MSHDA is considering revising this mission, and your input will be helpful in their decisions on doing so. How well does this mission statement fit your understanding of MSHDA's current work? In what ways does it not fit?
6. What priorities should a revised MSHDA mission statement include?
7. How well do the goals reflect the priorities you think that MSHDA should pursue for the next three years? In what ways could they be improved?
8. If you could select the focus areas for MSHDA for the next three years, what major topics would you choose? Why those topics?
9. What would you envision as the ideal state housing finance agency? What changes would MSHDA need to make to fit that vision?
10. To what extent does MSHDA apply its programs and services equitably so that it provides the greatest benefits to disadvantaged populations? What could MSHDA do to make its programs and services more equitable?
11. What do you like most about your working relationship with MSHDA? What could MSHDA do to improve that value for you and your organization?
12. Are there any further opportunities MSHDA should consider that we haven't discussed already or any questions for us?