Investing in People.
Investing in Places.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

2009-2010 Annual Report

MSHDA Lansing Office Staff

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From The Executive Director

The Michigan State Housing Development Authority (MSHDA) has undergone significant changes during the past year, from the appointment of a new executive director to the receipt of millions of dollars in new, competitive federal funds to improve the state's rental housing stock, prevent foreclosure and promote homeownership, rebuild our cities and neighborhoods, and help reduce homelessness.

Amidst these changes, MSHDA has faced ferocious challenges brought about by the housing-led recession that has crippled Michigan's economic viability. In spite of all the challenges, MSHDA has had a remarkably successful year reflected by the fact that MSHDA's balance sheet is among the strongest in the nation, as reported by Standard & Poor's.

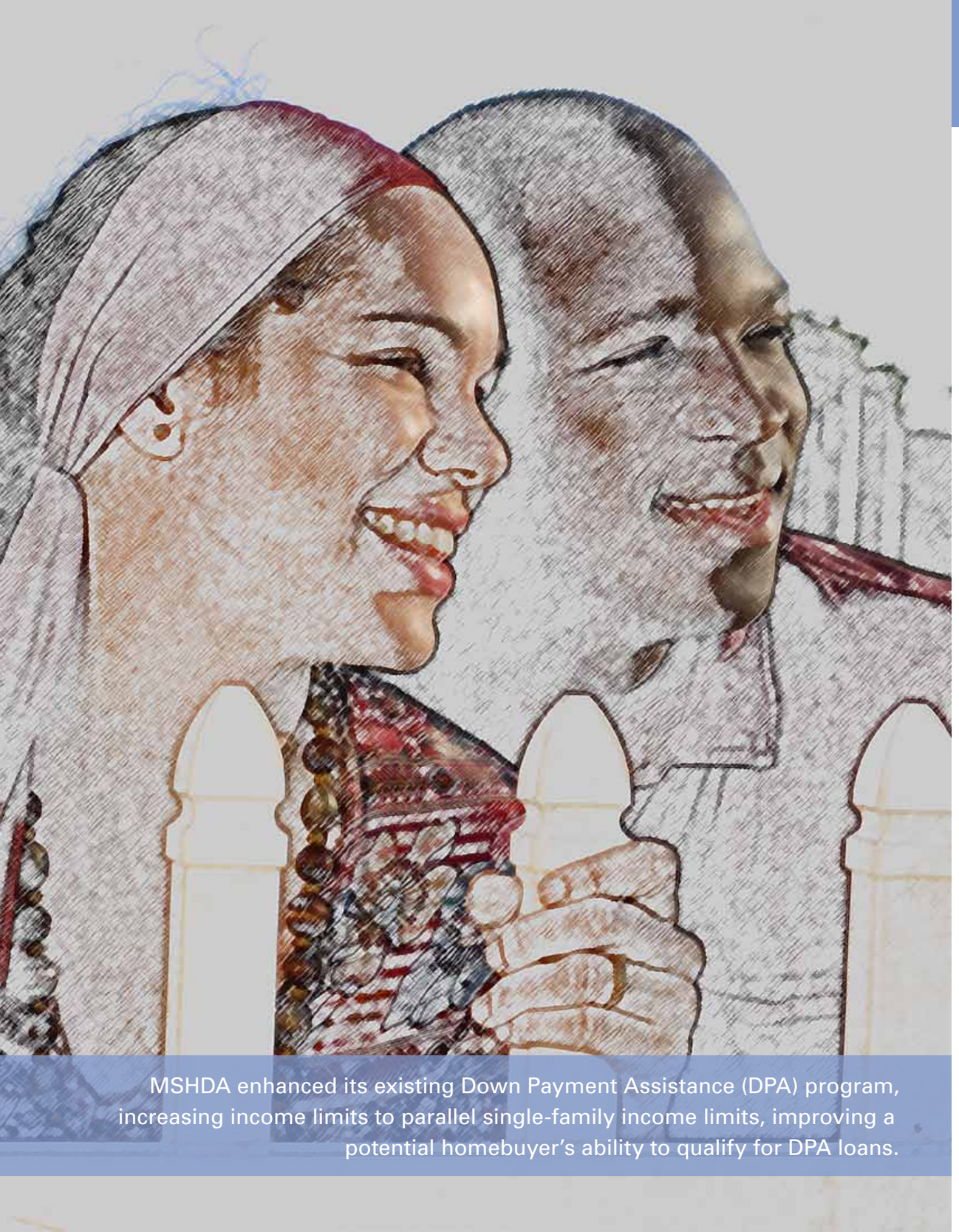
Our mission has evolved from an historic focus only on affordable housing to the inclusion of community economic development as a direct response to Michigan's fiscal problems and it has served us well to understand that strong neighborhoods, vibrant downtowns, and cooperative, prosperous regions will be the place-making foundation upon which to build a new, sustainable Michigan economy. Our four pillars—providing affordable rental housing, building vibrant cities and neighborhoods, promoting homeownership and the ending of homelessness—are the foundations upon which we look forward to building a new Michigan.

The new Michigan we envision will be accomplished through unprecedented, innovative public-private partnerships with federal, state, and local governments, as well as developers, builders, lenders, real estate agents and nonprofits. Our efforts will focus on several key initiatives to promote a place where businesses want to locate and grow, arts and culture can thrive, jobs will flourish, homeownership and foreclosure prevention will stabilize neighborhoods, the Campaign to End Homelessness will continue working to house the homeless, where downtowns and Main Streets will promote community spirit and attract and retain businesses, and decent and affordable rental housing stock will keep workers close to jobs and support strong schools.

We are extremely proud of the successful year from which we have just emerged. Through the following annual report, we will share some of those highlights and accomplishments that made the year a better one for the people of Michigan and stimulated the commitment to stay focused on our mission of reinventing Michigan in the coming year.

The Michigan State Housing Development Authority's Vision

At MSHDA, we are dedicated to building a strong and vibrant Michigan—from urban regions to small towns, from neighborhoods to downtowns. To do this, MSHDA makes investments in people and places. We forge creative and collaborative partnerships, share knowledge and target resources to provide affordable housing, sustain communities, preserve historic sites and improve quality of life.



MSHDA enhanced its existing Down Payment Assistance (DPA) program, increasing income limits to parallel single-family income limits, improving a potential homebuyer's ability to qualify for DPA loans.

Highlights and Accomplishments

Promoting Homeownership

- MSHDA and their local nonprofit homeownership counseling partners were recognized by the National Foreclosure Mitigation Counseling (NFMC) program for their efforts to help homeowners in danger of foreclosure. Seventeen thousand Michigan families have received counseling from MSHDA counselors since 2008 and 6,880 received foreclosure counseling this fiscal year with a $2.5 million grant from NFMC.

- The Michigan Mortgage Credit Certificate program was reinstated this fiscal year for the first time since 2006, reducing the amount of federal income tax a homebuyer pays and gives them more available income to qualify for a conventional mortgage and make house payments.

- MSHDA enhanced its existing Down Payment Assistance (DPA) program, increasing income limits to parallel single-family income limits, improving a potential homebuyer's ability to qualify for DPA loans.

- MSHDA's Homeownership division developed the Hardest Hit Fund in partnership with representatives from the Michigan Bankers Association, the Michigan Credit Union League, the Michigan Association of Community Bankers, the Michigan Association of Realtors, the Michigan Foreclosure Task Force and MSHDA's statewide homeownership counseling network.

- The Key to Own program for households in the Housing Choice Voucher program closed on its 221st home in fiscal year 2010.

Creating Affordable Housing

- The Affordable Housing Reinvestment and Innovation Program (RIP), through federal stimulus funds, was built around the premise that it is quicker, more cost effective, and ultimately better to make modest investments in Michigan's existing affordable housing developments to extend their physical and economic lifespan than to force every project that is struggling through a full-scale refinancing. In 2010, 18 RIP deals totaling approximately $75 million were closed.

- MSHDA was recognized as conducting the largest Family Self-Sufficiency program in the nation as part of its Housing Choice Voucher (HCV) program and graduated 105 program participants in fiscal year 2010.

- Two MSHDA Low Income Housing Tax Credit (LIHTC) projects were featured in 'Housing for All Americans,' a national publication that recognized 20 LIHTC developments nationwide that show the wide range of housing the program has financed and the people it serves. The two projects were The Villages at Grand Traverse Commons, an old state mental hospital that found new life as 63 condominium units and more than 70 shops, and Silver Star Apartments, a homeless facility for veterans in Battle Creek.

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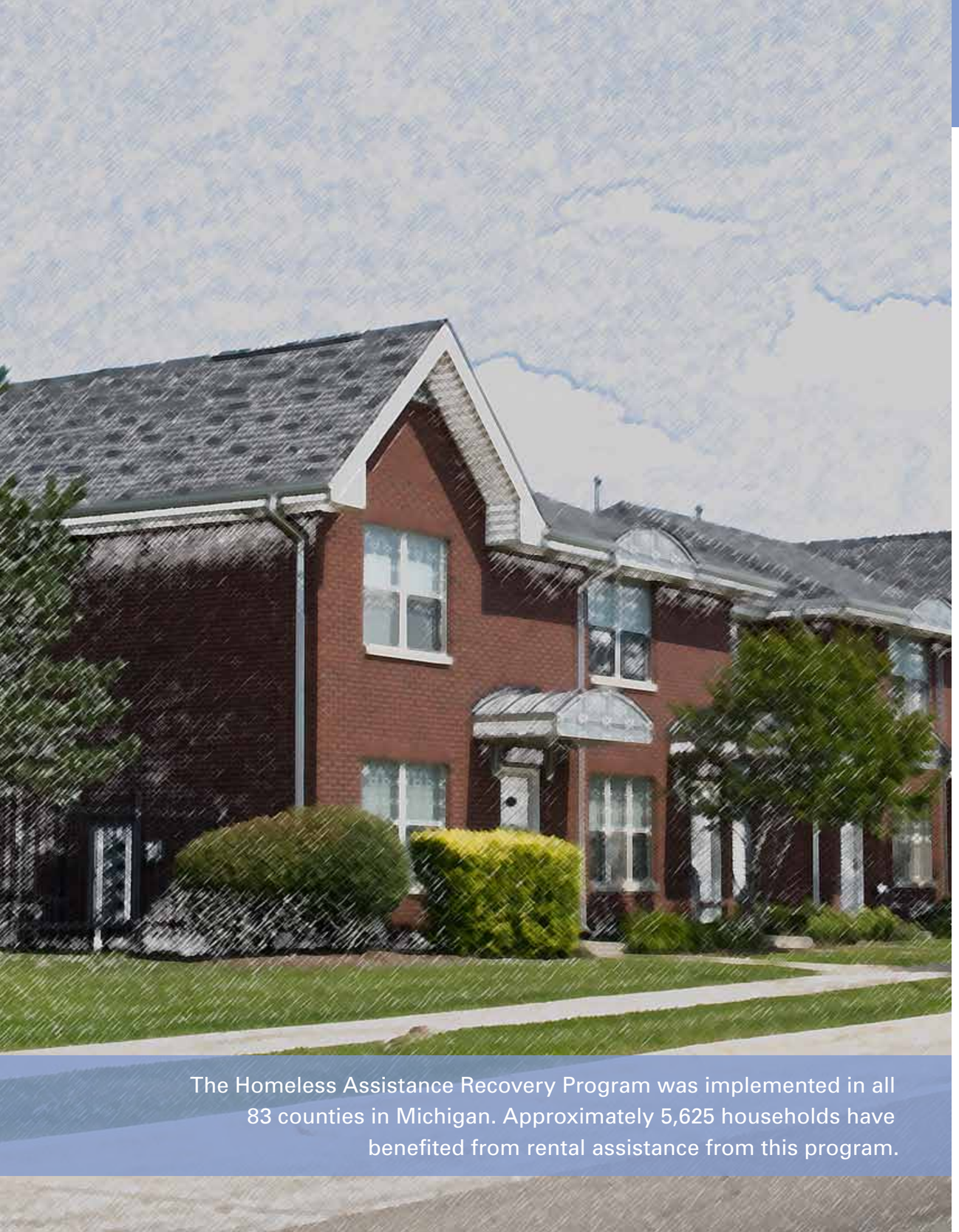


The Homeless Assistance Recovery Program was implemented in all 83 counties in Michigan. Approximately 5,625 households have benefited from rental assistance from this program.

Highlights and Accomplishments

Ending Homelessness

- MSHDA committed $6,099,478 for homeless initiatives and assisted 604 households through Tenant Based Rental Assistance (TBRA).
- The Homeless Assistance Recovery Program (HARP) was implemented in all 83 counties in Michigan. Approximately 5,625 households have benefited from rental assistance from this program. MSHDA also provided Housing Case Management grants to each Continuum of Care (CoC) to assist with the HARP process.
- 350 supportive housing units were financed and 641 project-based vouchers to make new or rehabilitated units affordable were committed.
- Two developments solely for Veterans were funded, and all units have Project-Based Vouchers and supportive services. Silver Star in Battle Creek has 75 units and Piquette Square in Detroit has 150 units.

Building Vibrant Cities and Neighborhoods

- Historically the home of a Goodyear tire retailer, Witherbee's Market in Flint now serves the Carriage Town neighborhood in Flint as a full line grocery store thanks to funding through MSHDA and historic tax credits from the State Historic Preservation Office (SHPO). Flint has not had a market for some 30 years and Witherbee's symbolizes change in Flint and exemplifies collaboration between state and local agencies and the private sector.
- MSHDA hosted a highly successful Emerging Cities Summit attended by more than 300 policymakers and mayors from 79 cities across Michigan to plan initiatives and programs to make our cities more vibrant and cool in an effort to attract and retain more talent.
- MSHDA in conjunction with the Michigan Municipal League created the Downtowns of Promise program designed to create action-oriented strategies to push forward revitalization efforts in the traditional downtowns of Benton Harbor, Flint, Hamtramck, Highland Park, and Muskegon Heights, as well as the Old Town commercial district of Saginaw and the Joy-Southfield commercial corridor on the west side of Detroit.
- A parking lot and park formerly owned by GM and located in Detroit were renovated through a Cool Cities grant to New Center Council, Inc. It is now a new cultural amenity and community meeting place and supports the Council's efforts in developing a 24-hour district, while offering a variety of cultural programming to the district's current and future employees and residents.

The following stories feature examples of the work MSHDA has done during the last year under our four pillars—affordable rental housing, homeownership, homelessness, and vibrant cities and neighborhoods. It is difficult to select just a few to highlight because so many projects deserve mention, however we invite you to visit our Web and social media sites at to stay engaged on a daily or weekly basis with what is happening at MSHDA and the role we are playing in the reinvention of Michigan. For more information, visit michigan.gov/mshdasocialnetwork.

MSHDA has helped bring people and businesses back downtown, and we are finally becoming the city we always thought we could be.
Marty Colburn, Mason City Manager

Unused Second Stories Turn Into Attractive Lofts in Downtown Mason

MSHDA's Rental Rehabilitation program helps landlords turn neglected downtown second stories into attractive, green, affordable residential living spaces. It works with smaller cities and villages to help fund renovation through interest-free loans for up to 75 percent of rehabilitation costs (up to $35,000 per unit). The loans are forgivable following a five-year affordability period. For small towns like Mason, City Manager Marty Colburn puts it best. "MSHDA has helped bring people and businesses back downtown, and we are finally becoming the city we always thought we could be."

As more and more communities are taking advantage of this program, and more and more people are supporting their downtowns and businesses and creating a sense of place, the cumulative effect will be transformative for Michigan.

A video created to highlight the Rental Rehabilitation program is available by visiting the MSHDA YouTube channel at youtube.com/user/mshdavideo.

MSHDA Makes a Difference in Michigan's Affordable Housing Stock Through 'RIP' Program

As part of the American Recovery and Reinvestment Act of 2009, MSHDA received cash grants in lieu of Low Income Housing Tax Credits (LIHTC) and elected to establish several programs using these funds, including the Reinvestment and Innovation Program (RIP). The program was based on the premise that it is quicker, more cost effective, and ultimately better to make modest investments in Michigan's existing affordable housing developments to extend their physical and economic lifespan than to force every project this is struggling through a full-scale refinancing. Funds were made available to owners of state or federally regulated affordable housing developments that had received a direct investment of MSHDA funding and that were no less than eight years old with at least 15 years remaining on their MSHDA mortgage or federally required affordability period.

'Green' rehabilitation and maintenance alternatives were used to reduce energy usage, improve indoor air quality and provide lower utility costs than other replacement options.

During the year, MSHDA closed and disbursed funds on 18 RIP deals totaling approximately $75 million for properties throughout Michigan. At Hidden Pines in Detroit, the construction company hired 12 subcontractors leading to a total of 94 new construction jobs. But just as importantly as 'putting folks back to work,' the quality of life for our residents has been immeasurably improved and troubled MSHDA assets have been converted to performing assets.

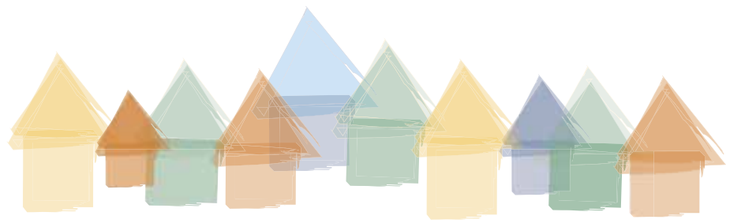
MSHDA Helps Homeowners with Hardest Hit Funds

Amidst the chaos and turmoil during the last year in Michigan's economic climate and especially the housing crisis, MSHDA was able to calm the waters somewhat for homeowners confronting the prospect of foreclosure thanks to nearly a half billion dollars in federal stimulus funds. The MSHDA-led response to the mortgage crisis was recognized as a national model for public and private partnerships as one of the first five states initially selected to devise and implement a program to help thousands of Michigan families stay in their homes. The result was Michigan's Hardest Hit Fund plan, a plan that has helped homeowners who were unemployed, had fallen behind in their mortgage payments or taxes due to a temporary layoff or medical emergency, and those who could no longer afford their mortgage payments due to lower income.

MSHDA developed the plan together with the Michigan Bankers Association, the Michigan Credit Union League, the Michigan Association of Community Bankers, the Michigan Association of Realtors, the Michigan Foreclosure Task Force, and a statewide network of homeownership counseling nonprofit agencies.

As further evidence of MSHDA's commitment to working with outside partners for the benefit of Michigan citizens, Fifth Third Bank lent its Homeownership Mobile (aka the eBus) to bring online help to Michigan communities as part of a kick-off to highlight the Hardest Hit Fund home foreclosure prevention initiative. During the event, a struggling young family, one of the first who had been helped through the Hardest Hit Fund, talked about their experience in applying for the funds and praised the initiative for saving their home from foreclosure.

In addition, MSHDA worked with partner agencies to bring more than 300 new homeownership counselors on board to provide homeowners with the information and tools necessary to work with their lenders, rebuild credit, and stay in their homes. Where homes could not be saved, MSHDA provided down payment assistance and safe, affordable loans to keep houses occupied in order to stabilize housing prices and neighborhoods. To hear testimonials from homeownership counselors helping homeowners save their homes from foreclosure, listen to the following radio commercials at michigan.gov/foreclosure, or for more information on MSHDA's homeownership services visit michigan.gov/hardesthit.



Helping Michigan's Hardest-Hit Homeowners

MSHDA worked with partner agencies to bring more than 300 new homeownership counselors on board to provide homeowners with the information and tools necessary to work with their lenders, rebuild credit and stay in their homes.

MSHDA Helps House Homeless Veterans in Detroit's Piquette Square

Since MSHDA spearheaded the Campaign to End Homelessness in Michigan in 2006, more than $60 million in state and local resources has been committed to ending homelessness. One of the most glaring needs is housing for veterans who have sacrificed so much for their country only to find themselves back on American soil with multiple physical and mental challenges and no place to live. In fact, estimates show 3,700 homeless veterans in Michigan.

MSHDA takes great pride for the role it has played in meeting this challenge by bringing Piquette Square to Detroit. Piquette Square is a $23 million, 150-unit apartment complex built to house homeless veterans and provide them with a variety of social services at one location. It has been hailed as a new beginning for veterans and a solid addition to the New Center Corridor in Detroit. It is the second project of its kind in Michigan, joining Silver Star Apartments in Battle Creek, another MSHDA project, and is billed as one of the largest projects of its kind in the country.

A key factor is the availability of onsite support services, including mental health counseling, substance abuse treatment, job training, computer labs and educational programs to help veterans develop healthy, independent living skills.

Coniel Norman is a resident of Piquette Square. A formerly homeless Army veteran, he played basketball for the Philadelphia 76ers and the Los Angeles Clippers in the mid-1970s and once competed against former Detroit Piston and current Detroit Mayor Dave Bing. He is grateful for the second chance Piquette Square has afforded him as well as being reunited with his Detroit family.

Another resident, an Air Force veteran, says the building has been his salvation. "Knowing that there's a place like this offers new hope for veterans. It gives them a sense of faith that others out there really do care and are trying to help."

Tammy Duckworth, assistant Veteran Affairs secretary and a disabled veteran herself was on hand for the grand opening in June. "We are all dishonored when a veteran sleeps on the streets in a country they helped defend. Piquette Square offers a haven for them to get back on their feet."

Southwest Solutions is the developer, owner and manager of Piquette Square, which stands on the same ground where the Studebaker factory once stood and was financed through a combination of tax credits, bond funding and MSHDA funds.

Piquette Square has been hailed as a new beginning for veterans and a solid addition to the New Center Corridor in Detroit.

MSHDA and State Historic Preservation Office Welcomes Witherbee's Market to Flint

The vibrancy of Michigan's economy is at the heart of MSHDA's efforts. Michigan's downtowns, diverse neighborhoods, entrepreneurial centers, cultural amenities and unique places are all resources that must be developed and marketed to keep and attract skilled workers, young professionals, visitors and retirees. During the last year, hundreds of projects and partnerships have helped expand this mission to improve the quality of life for all Michigan residents. One such project reflects that vibrancy in a very visible way and brings to the Carriage Town neighborhood in Flint a full-line grocery story, the first market Flint has seen in 30 years.

Witherbee's Market was once the home of a Goodyear tire retailer, but with the help of a $135,000 Cities of Promise and Cool Cities grant and State Historic Preservation Tax Credits, the Flint Neighborhood Improvement and Preservation Program, Inc. rehabilitated the abandoned building and Witherbee's was born.

For 30 years, residents have had to go elsewhere to buy fresh fruits, vegetables or groceries other than what could be found in a convenience store—not a sign of a vibrant neighborhood where people want to live, work and raise a family. Not until Witherbee's came along, symbolizing a shift in priorities in Flint and exemplifying collaboration between state and local agencies and the private sector.

In addition to transforming a struggling neighborhood into a thriving hub of activity with the addition of the full-service grocery store, the restoration of the building housing the market is another example of how historic preservation transforms communities. As a recipient of one of six 2010 Governor's Awards for Historic Preservation, Witherbee's and the people behind its transformation were recognized for making a difference to Michigan's economic future.

Witherbee's and the people behind its transformation were recognized for making a difference to Michigan's economic future.

Affordable Rental Housing Programs

Multifamily Loan Programs

Taxable and Tax Exempt Direct Lending Programs

Loans	Developments	Number of Units
$36.2 million	10	979

Federal Stimulus Funding

Section 1602 Funds	Tax Credit Assistance Program (TCAP) Funds
$238.4 million	$43.5 million

Low Income Housing Tax Credit (LIHTC) Program

Amount Allocated	Number of Developments	Number of Units
$16.7 million	28	2,041

Housing Choice Voucher Program

Number of Vouchers	Average Age of Head of Household	Average Adjusted Household Income
23,507	46	$10,080

Preventing Homelessness

Supportive Housing and Homeless Initiatives Programs

Homeless Housing Development Programs

Grant Amount	Number of Units
$770,790	24

Homeless Grants

$5 million is allocated to match and supplement HUD's Emergency Solution Grant program

Tenant Based Rental Assistance Program

MSHDA uses a combination of MSHDA and federal HOME dollars to administer the Tenant Based Rental Assistance program (TBRA). TBRA provides two years of rental assistance to homeless families with children, chronically homeless, homeless youth, ad survivors of domestic violence.

Federal Stimulus Money

Homeless Prevention and Rapid Re-Housing Program (HPRP)	
Amount	Number of Grants
$23.5	62

Promoting Homeownership

Single Family Mortgage Loan Program

Loan Total	Number of Units	Homebuyer Average Age	Average Income	Average Loan
$32,595,686	528	31	$38,526	$62,306

Homeownership Counseling Network

Counseling Type	No. of Households
Homebuyer Education	3,157
Foreclosure Prevention	9,679
Family Self-Sufficiency Program	192
Key to Own Program	38
Specialty Programs	421

Federal Stimulus Funding

Type of Funds	Total Amount	Number of Loans
Neighborhood Stabilization Program 1	$980,523	42

National Foreclosure Mitigation Counseling (NeighborWorks)

Type of Funds	Total Amount	Number Counseled
NeighborWorks Counseling	$2.5 million	6,880

Michigan Mortgage Credit Certificate Program

Loan Total	Number of Units	Homebuyer Average Age	Average Income
$40.3 million	423	30	$39,828

Property Improvement Loan Program

Loan Total	Number of Loans	Average Loan Amount	Average Age of Borrower	Average Income of Borrower
$2.6 million	201	$12,760	48	$37,740

Construction Jobs Created/Wages and Taxes Paid

Number of Jobs	Wages Paid	Taxes Collected
794	$53 million	$18.1 million

Vibrant Cities and Neighborhoods

Grants Made to Local Governments and Nonprofits/MSHDA and Stimulus Funds

Grant Type	Number of Grants	Grant Total
MSHDA Funds	338	$29.4 million
Stimulus Funds	112	$250.3 million
NSP1 Funds		$14.1 million
NSP2 Funds		$212.7 million

Education and Training Opportunities

Technical Assistance Provided in $	Number of Contracts
$1.7 million	43

To review the full 2010 Production Goals Report visit michigan.gov/mshdareports.

Financial Report

The Michigan State Housing Development Authority's financial report presents its financial position, revenue, expenses, changes in net assets and cash flows. The complete report can be viewed at michigan.gov/mshdareports.

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