



# 2010-2011 Annual Report

Michigan State Housing Development Authority  
Investing in People. Investing in Places.



*MSHDA Lansing Office Staff*

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*MSHDA Detroit Office Staff*

# From the Executive Director



Governor Rick Snyder's promise to the people of Michigan continues to be "relentless positive action" and that often repeated message has served MSHDA well during the last year in reaching our mission and vision to improve the state's rental housing stock, prevent foreclosure and promote homeownership, rebuild our cities and neighborhoods, and help reduce homelessness.

The fierce challenges, brought about by the housing-led recession that crippled Michigan's economic viability, finally have subsided just enough to stabilize the roller coaster ride we have been on from a plunging downward stroke to a consistent climbing upward action. That is exemplified by the remarkably successful year we have just experienced. MSHDA's balance sheet is still among the strongest in the nation, as reported by Standard & Poor's.

We joined forces with the U.S. Department of Agriculture—Rural Development (USDA-RD) and the U.S. Department of Housing and Urban Development (HUD) to approve the first Memorandum of Understanding (MOU) nationwide to launch a pilot program

that will reduce regulatory burdens on affordable housing developers and owners, as well as help state and federal agencies to better serve low-income families who rent their homes.

MSHDA was a founding member of the Building Together group, a first-time effort to bring together representation from every arena of the affordable housing industry to better serve Michigan citizens. This group is well on their way to rewriting Michigan's Qualified Allocation Plan (QAP) for 2013.

Michigan provided a model for the nation in helping thousands of Michigan residents stay in their homes and avoid foreclosure through Michigan's Help for the Hardest Hit Homeowners federal funding award, and increased sustainable homeownership opportunities for individuals and families by reducing the costs of homeownership.

MSHDA and our dedicated partners in the Campaign to End Homelessness housed thousands of homeless families and individuals, contributing to the overall economic health of communities throughout Michigan.

The Sense of Place Council is a broad consortium of private and public sector leaders created to help Michigan transition to a diversified economy that embraces entrepreneurship and innovation—leading to the retention and

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Michigan provided a model for the nation in helping thousands of Michigan residents stay in their homes and avoid foreclosure.

## From the Executive Director *Continued*

attraction of talent. MSHDA, as a member of the Council helped facilitate the development of a strategy and action plan with an eye toward ensuring that our goals complemented the federal Neighborhood Stabilization Program 2 (NSP2), a part of the American Recovery and Reinvestment Act (ARRA).

To that end, MSHDA along with our partners, have played a key role in stabilizing Michigan cities and neighborhoods in 12 major urban communities throughout the state with blight removal, and rehab of dilapidated and abandoned properties through the federal NSP program.

In addition, I had the honor of serving on Governor Rick Snyder's Interdepartmental Collaboration Committee (ICC) created to harness collective intelligence across unlike branches of learning for better, more balanced approaches to a state government faced with challenges that require creative and innovative solutions. Together we created a "placemaking" strategy, focusing on Michigan's natural assets to stimulate entrepreneurship and small business growth, (economic gardening), with the goal of reinventing Michigan and restoring its economic viability. The overarching goal of the ICC is that Michigan's economic development and placemaking activities will produce jobs, spur regional economies, and elevate the quality of life for all our state's citizens.

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 inspired the commitment to stay focused on our mission of reinventing Michigan in the coming year.

## The Michigan State Housing Development Authority's Mission

*The Michigan State Housing Development Authority (MSHDA) provides financial and technical assistance through public and private partnerships to create and preserve decent, affordable housing for low- and moderate-income residents and to engage in community economic development activities to revitalize urban and rural communities.*

## 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.*



# How MSHDA Served the People of Michigan in 2011

## Preserving the Dream of Homeownership in Michigan

- \$498.6 million allocated to fund foreclosure prevention programs to help Michigan residents maintain homeownership during periods of job loss or other involuntary hardships.
  - Created an operation center to implement an online loan portal
  - Hired 40 previously unemployed temporary employees to staff the operations center
  - Signed up over 210 servicers to participate in the program, including the big banking institutions
  - Accepted 5,200 completed applications and have more than 16,000 registrants that began the application process



- The Rental Assistance and Homeless Solutions Division at MSHDA received \$966,000 in funding for 2012 from HUD for the Family Self-Sufficiency (FSS) and Homeownership programs. This amount represents a 20 percent increase from 2011 funding and makes MSHDA the third largest funded program in the country. The Housing Choice Voucher program encourages public housing agencies to develop local strategies to help families with Housing Choice Vouchers (HCV) obtain employment that will lead to economic independence and self-sufficiency and possibly homeownership.

## Creation of Affordable Rental Housing

- MSHDA approved a Qualified Allocation Plan (QAP) for allocation of the Low Income Housing Tax Credit (LIHTC) to developers of affordable rental housing while preserving affordable housing, downtown projects and helping extensive affordable housing projects, contributing to community revitalization



- Officials with MSHDA, USDA-RD and HUD approved the first Memorandum of Understanding (MOU) nationwide to align Subsidy Layering Review requirements between the three agencies to create seamless coordination between the agencies providing housing assistance. It was the nation's first launch of a pilot program that will reduce regulatory burdens on affordable housing developers and owners, as well as help state and federal agencies' staff to better serve low-income families who rent their homes.

# How MSHDA Served the People of Michigan in 2011

- A second interagency agreement was signed amongst the same three agencies a few weeks later to reduce duplicate physical inspections of local subsidized affordable housing—allowing developers and owners to focus on delivering more housing and resources to those in need. Again, the MOU was a groundbreaking event in the affordable housing industry. Executive Director Gary Heidel spoke at a press conference saying “Our objective is to strengthen MSHDA’s effort to continue affordable rental housing’s success in serving our most rent-challenged and at-risk families. Through the launch of MSHDA’s pilot program, our partners and customers can begin to realize cost- and time-savings that will help enable low-income families to have access to affordable housing where it is needed most.”
- A third Building Together Summit III was held in October to address the modification of Michigan’s Qualified Allocation Plan (QAP) for 2013. The formation of this group is a first-time effort to bring together representation from the affordable housing industry to better serve Michigan citizens. Building Together consists of representatives from the Michigan State Housing Development Authority (MSHDA), the Community Economic Development Association of Michigan (CEDAM), the Michigan Housing Council (MHC), USDA Rural Development (USDA-RD) and the U.S. Department of Housing and Urban Development (HUD).
- Awarded Low Income Housing Tax Credits (LIHTC) in the amount of \$9,627,735 to eight projects in Kalamazoo (2), Ann Arbor (2), Alpena, Detroit (2) and Wyandotte. Over the 10 year period, this funding round totals \$96,277,350 which will leverage millions more and play a major role in making these communities stronger while providing jobs and affordable workforce housing.

## Ending Homelessness



- A total of 60 organizations representing the 60 Continuum of Care areas serving all 83 counties in Michigan will share an estimated \$7.8 million in combined MSHDA and federal ESG funding to help serve the more than 100,000 homeless Michigan residents. Michigan’s Campaign to End Homelessness is driven by public and private sector groups throughout the state, working together toward a single goal: making stable, sustainable and affordable housing available to every person in Michigan.
- In October 2011, the 2010 annual summary of Homelessness in Michigan was completed based on the Homeless Management Information System (HMIS) data as follows:
  - Through focused effort in every region of the state, the Campaign to End Homelessness managed to slow the rising tide of homeless families and individuals in 2010. In 2009, the total number of homeless people stood at 100,001. For 2010, that number was 100,176. This is remarkable given the continuing economic struggles in Michigan.





- About 53 percent of the homeless population in Michigan consists of adults and children in families.
- Resources from the federal Recovery Act and the Michigan State Housing Development Authority's Homeless Assistance Recovery Program (HARP) played a major role. By directing a substantial portion of those resources toward housing in rural communities, those in crisis were served locally instead of having to migrate to larger communities.
- Statewide, 27,659 persons who were either homeless or at risk received Homelessness Prevention and Rapid Re-Housing Program (HPRP) assistance. Subsidies were designed to be short-term, to help those who were most likely to become self-sufficient with limited assistance. Seventy-seven percent of those served were families.

## Making a Place for Everyone by Creating Vibrant Communities

- MSHDA continued its placemaking efforts to stimulate the economy in communities and neighborhoods throughout the state.
- Contributed \$200,000 in support of the Live Midtown initiative in Detroit.
- Worked with MEDC in establishing the Interdepartmental Collaborative Council (ICC) to promote placemaking in Michigan.
- Co-funded with MSU and the Michigan Association of Realtors (MAR) a study to assess the value of placemaking.
- Provided a grant to the Small Business Association of Michigan (SBAM) to work with local municipalities to identify and surmount barriers or obstacles to the concept of economic gardening in Michigan.
- Provided a grant to the Downtown Detroit Partnership that allowed them to employ the homeless to clean up downtown Detroit.
- Managed U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program 2 (NSP2) grant of \$223 million to a consortium of 12 Michigan cities and 8 land banks:



Photo courtesy of S. Szurpicki

# How MSHDA Served the People of Michigan in 2011

- Obligated more than \$104 million to projects.
- Hired a contract administrator to assist in implementing the program.
- Offered a variety of trainings for grantees and completed site visits to all projects.
- With MSHDA's help, Michigan received the nation's largest combined total of \$7.1 million in Sustainable Communities Grants that will help communities and regions improve their economic competitiveness by connecting housing with good jobs, quality schools and transportation. The allocations are as follows and MSHDA and MEDC will provide matching and in-kind contributions as well as state resources through the ICC:
  - Washtenaw County \$3 million
  - Tri-County Regional Planning Commission covering Ingham, Clinton and Eaton counties \$3 million
  - Northwest Michigan Council of Governments that covers the Grand Traverse region \$660,000
  - City of Grand Rapids \$459,000+
- A series of building trades, window rehabilitation workshops provided job retraining for unemployed and underemployed workers while creating a group of people skilled in the repair of older and historic buildings. The window rehabilitation workshops support the State Historic Preservation Office's (SHPO) efforts to demonstrate that older buildings can be made energy efficient through the rehabilitation of original building materials.



- In another series of SHPO planning workshops around the state, Michigan residents who participated were provided an opportunity to meet with others who are interested in preserving the history of our state and to discuss the future of historic preservation in Michigan. Public input gathered will help shape the preservation agenda for the next five years.
- SHPO is dedicated to recognizing and preserving Michigan's rich cultural and architectural heritage that fosters the protection of the state's irreplaceable historic buildings and structures. In their mission to preserve these community assets they have awarded millions of dollars in federal historic tax credits to many preservation projects around the state that are making Michigan communities and downtowns a place to live, work and play. Past examples of outstanding projects that reflect this work include the American Seating Company in Grand Rapids, the Book Cadillac and Fort Shelby in Detroit, the Borden Creamery in Mt. Pleasant, and the Board of Water and Light Building in Lansing.



- The E.E. Fell Junior High School in Holland is no longer a vacant former public school building. It has been returned to productive use as thirty (30) senior residential units and is open for business.
- Located in the heart of downtown Detroit, rehabilitation has begun in earnest on the once-grand icon David Broderick Tower. This former high-rise office tower is being painstakingly rehabilitated as a mix of retail/office and residential units.
- Spanning almost ten years and representing the final phase of the rehabilitation of Traverse City Commons in Traverse City, plans are on the boards for the creation of assisted senior residences.
- MSHDA was part of the 2011 Legislators Building Communities initiative (LBC) to engage legislators in affordable housing and community development projects in their districts. Along with MSHDA this effort was led by Habitat for Humanity of Michigan (HFHM), and the Community Economic Development Association of Michigan (CEDAM). The Legislative Co-Chairs were Sen. Mark Jansen (Grand Rapids), Sen. Rebekah Warren (Ann Arbor), Rep. Lisa Howze (Detroit), and Rep. Wayne Schmidt (Traverse City). Over 80 legislators participated and the initiative concluded September 21 with a lunch on the capitol lawn highlighting the projects and accomplishments.
- MSHDA, among many others, contributed to the \$50 million renovation of the historic Bell building in Detroit that will create 155 one-bedroom apartments in the 255,000 sq. ft. structure, as well as a health clinic for residents, sundry shop, fitness center, walk-out roof gardens, library, chapel, and more. Services for residents will all be under the Bell Building’s roof—life skills training, addiction treatment, mental health counseling and case management. The location will help spur community redevelopment in the area.



## Serving the People of Michigan Helps Serve Michigan’s Economy

During the past year, MSHDA’s accomplishments in serving the housing needs of Michigan citizens recounted earlier in this report have played a game-changing role in helping reinvent Michigan. The following are but a few of the steps MSHDA has taken this year to make a positive difference in the growth of the state’s economic status:

- Streamlined the Michigan State Housing Development Authority by restructuring divisions to better serve Michigan residents as well as communities, downtowns and neighborhoods.

# How MSHDA Served the People of Michigan in 2011



- Created hundreds of jobs through community revitalization activities.
- Forged new partnerships and strengthened old ones to better serve the people of Michigan, allowing for a more efficient use of Authority revenues.
- Established a suitable living environment and expanded economic opportunities for low and moderate-income people through economic and infrastructure development.
- Led a governmental working group consisting of city, county, state and federal government agencies that invest in Detroit based projects. Preliminary goals are to foster collaboration, develop strategic investment approaches and achieve lasting operational efficiencies.
- Created a “placemaking” strategy with partners and the administration to focus on Michigan’s natural assets to stimulate entrepreneurship and small business growth, (economic gardening), with the goal of reinventing Michigan and restoring its economic viability.
- Through our Michigan Main Street program, MSHDA helped 16 communities, including the city of Detroit, in creating new business and full time jobs, improving facades and rehabbing buildings while leveraging both public and private investment.



The preceding pages featured examples of the work MSHDA has done during the last year under our four pillars—affordable rental housing, homeownership, homelessness, and vibrant communities. 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 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](http://michigan.gov/mshdasocialnetwork).

# Facts and Figures

## Multifamily Lending Program

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Total loans: \$79.9 million

Number of developments: 23

Number of units: 2,622

MSHDA exceeded its goal of 1,200 units and \$70 million in lending activity mainly due to the assistance of stimulus funding to fill funding gaps. An additional \$76.7 million in 1602 and \$9.1 million in TCAP funding was committed to properties that did not receive a MSHDA loan that otherwise would not have had sufficient funding to be built or rehabilitated.

## Low Income Housing Tax Credit

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Total tax credits allocated: \$27 million

Number of Developments: 39

Number of Units: 3,192

## Supportive Housing and Homeless Initiatives

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Rental Development HOME Loans: \$8,118,128

Number of housing units: 167

### Homeless Grants

Allocated \$5 million to match and supplement HUD's Emergency Shelter Grant program

### Federal Homeless Prevention and Rapid Re-Housing Program (HPRP)

Total awarded: \$23.5 million

Number of grants: 62



## Single Family Mortgage Loan Program

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Total loans: \$73.4 million

Number of single family units financed: 1,383

Average age of homebuyer: 32

Average household size: 1

Average income: \$39,827

Average loan amount: \$52,533

## Homeownership Counseling

Homebuyer Education: 2,574 households

Foreclosure Prevention: 9,040

Family Self-Sufficiency: 134

Key to Own: 68

Specialty Programs: 551

## Federal Stimulus Funding

Two loan programs funded with Neighborhood Stabilization Program 1(NSP1) funds provided down payment assistance to low- to moderate-income households purchasing a foreclosed or abandoned property.

Total amount: \$3,100,810

Number of loans: 80

MSHDA also expended \$207,100 in National Mitigation Counseling (NFMC) program funds and served 624 borrowers

# Facts and Figures

## Michigan Mortgage Credit Certificate Program

Total households: 173

Total investment: \$16 million

Average age: 30

Average family size: 2

## Property Improvement Program

Total loans: 94

Total amount: \$1.2 million

Average age of home repaired: 40 years or older

## Job Creation

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Authority-financed housing created approximately 4,141 jobs, paid approximately \$76 million in wages and resulted in about \$26.2 million in federal and state taxes being collected.

## Grants to Local Units of Government and Nonprofit Housing Service Providers

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Total grants: \$33.8 million, including federal stimulus funding of \$6 million

## Neighborhood Preservation Program

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The goals of the program are to positively impact the image, physical conditions, and market and neighborhood management of the target neighborhoods. Since 1998:

Total grants/loans: \$32.9 million

Number of counties: 33



Total number of grants: 121

Number of grants in Detroit: 24

Number of grants to medium to large cities: 48

Number of grants in Upper Peninsula: 16

Number of grants in small towns: 28

## Education and Training Opportunities

Technical assistance is provided to nonprofit housing organizations throughout the state.

Total amount paid to contractors: \$903,590

Number of contracts: 44

Number of providers: 27

## Housing Choice Voucher (HCV) Program

Number of vouchers administered: 24,987

Family Self-Sufficiency Program: 2,000 participants (largest in the nation)

For the full MSHDA Production Goals report:

[michigan.gov/documents/mshda/PROD\\_REPORT\\_\\_FY11\\_FINAL\\_365849\\_7.pdf](http://michigan.gov/documents/mshda/PROD_REPORT__FY11_FINAL_365849_7.pdf)

## MSHDA Financial Report

The full MSHDA Financial Report:

[michigan.gov/documents/mshda/MSHDA\\_June\\_30\\_2011\\_Audited\\_367575\\_7.pdf](http://michigan.gov/documents/mshda/MSHDA_June_30_2011_Audited_367575_7.pdf)



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