MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AGENDA
July 25, 2019
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 D 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 – June 27, 2019

Tab C Resolution Amending Code of Ethics

Tab D Resolution Authorizing the Extension of Professional Services Contract with Water Hill Creative, Inc.

REGULAR VOTING ITEMS

Tab E Resolution Determining Mortgage Loan Feasibility, **Ferguson Apartments, MSHDA Development No. 1440-2**, City of Grand Rapids, Kent County

Resolution Authorizing Mortgage Loans, **Ferguson Apartments, MSHDA Development No. 1440-2**, City of Grand Rapids, Kent County

Tab F Resolution Determining Mortgage Loan Feasibility, **Lyon Township Senior Living, MSHDA Development No. 3850**, Charter Township of Lyon, Oakland County

Resolution Authorizing Mortgage Loans, **Lyon Township Senior Living, MSHDA Development No. 3850**, Charter Township of Lyon, Oakland County

Tab G Resolution Authorizing Modification to Mortgage Terms, **McCoy Townhouses, MSHDA Development No. 527-2**, City of Detroit, Wayne County

Tab H Resolution Authorizing the Extension and Budget Increase of Professional Services Contract with Perich Advertising + Design

Closed Session

None.

Discussion Issues:

None.

Reports:

Tab 1 Hardest Hit Report

Tab 2 Current and Historical Homeownership Data

Tab 3 Homeownership Production Report

Tab 4 Delegated Action Reports

Policy, Planning and Human Resource Subcommittee

AGENDA
Monday, July 22, 2019
8:30 a.m.

Dial-In: 1 (877) 402-9753
NEW Passcode: 9048999

Agenda Voting Item(s):

Tab C Resolution Amending Code of Ethics

Tab D Resolution Authorizing the Extension of Professional Services Contract with Water Hill Creative, Inc.

Tab H Resolution Authorizing the Extension and Budget Increase of Professional Services Contract with Perich Advertising + Design

Other Agenda Item(s):

Tab 1 Hardest Hit Report

Tab 2 Current and Historical Homeownership Data

Tab 3 Homeownership Production Report

Tab 4 Delegated Action Reports

Miscellaneous (Discussion Only):

- Executive Director Search

Real Estate Finance Subcommittee

AGENDA
Monday, July 22, 2019
10:00 a.m.

Dial-In: 1 (877) 402-9753
NEW Passcode: 9048999

Agenda Voting Item(s):

Tab E	Resolution Determining Mortgage Loan Feasibility, **Ferguson Apartments, MSHDA Development No. 1440-2**, City of Grand Rapids, Kent County
	Resolution Authorizing Mortgage Loans, **Ferguson Apartments, MSHDA Development No. 1440-2**, City of Grand Rapids, Kent County
Tab F	Resolution Determining Mortgage Loan Feasibility, **Lyon Township Senior Living, MSHDA Development No. 3850**, Charter Township of Lyon, Oakland County
	Resolution Authorizing Mortgage Loans, **Lyon Township Senior Living, MSHDA Development No. 3850**, Charter Township of Lyon, Oakland County
Tab G	Resolution Authorizing Modification to Mortgage Terms, **McCoy Townhouses, MSHDA Development No. 527-2**, City of Detroit, Wayne County

Other Agenda Item(s):

None.

Miscellaneous (Discussion Only):

None.

Michigan State Housing Development Authority
Minutes of Authority Meeting
June 27, 2019

AUTHORITY MEMBERS PRESENT (Lansing):

Jennifer Grau
Mike Kapp for Paul Ajegba
Sarah Esty for Robert Gordon
Rachael Eubanks
Carl English

AUTHORITY MEMBERS ABSENT:

Regina Bell
Deborah Muchmore
Tyrone Hamilton

OTHERS PRESENT (Lansing/Detroit):

Gary Heidel, Acting Executive Director
Maria Ostrander, Executive
Clarence L. Stone, Jr., Legal Affairs
Willard G. Moseng, Legal Affairs
Scott Grammer, Legal Affairs
Margaret Meyers, Legal Affairs
Diana Bitely, Legal Affairs
Lisa Ward, Legal Affairs
Jeffrey Sykes, Chief Financial Officer
Chris Hall, Technical Support Services
Marneta Griffin, Technical Support Services
John Hundt, Rental Development
Mary Townley, Homeownership
Ron Farnum, Office of Attorney General
John Millhouse, Office of Attorney General
Mike Fobbe, Office of Attorney General
Kelly Rose, Chief Housing Solutions Officer
Andy Martin, Acting Chief Housing Investment Officer
Katie Bach, Government & Media Affairs
Michael Witt, Asset Management
Jennifer Ferguson, Office of Employee Services
Joe Parks, Office of Employee Services
Troy Thelen, Asset Management
Sandy Pearson, Habitat for Humanity
Rhonda Welburn, Dickinson Wright
Tim Rittenhouse, CGI Advisors
David Notkin, Bank of America

Chairperson Rachael Eubanks opened the meeting at 10:04 a.m.

Public Comments:

Ms. Eubanks asked if there were public comments at the Lansing and Detroit offices. There being no public comments, Ms. Eubanks noted that Goldenrods for Tabs A and H were distributed at the table. A copy of the Board memo for Tab G was also available.

Executive Directors Report:

Executive Order 2019-13

Mr. Heidel reported on Executive Order 2019-13, which would make the following changes unless the executive order is rejected by the Michigan legislature:

- TED would become the Department of Labor and Economic Opportunity (LEO) and a new director would be appointed.
- The Director of LEO would become a MSHDA Board member and Chair.
- The President of the Michigan Strategic Fund would become a MSHDA board member.
- The State Treasurer would remain a MSHDA Board member.
- The Directors of Transportation and Health and Human Services would no longer be on the MSHDA Board. (Mr. Heidel noted that MSHDA would continue to work with both departments if the Directors are no longer on the MSHDA Board.)
- SHPO (State Historic Preservation Office) would be transferred from MSHDA to the Michigan Strategic Fund.
- The Executive Director of MSHDA would become a member of the Michigan Land Bank Board.

Ashton Ridge

Mike Witt, Director of Asset Management, provided an update on MSHDA's response to Ms. Geri Swihart's and Ms. Laura Piascik's public comments made at last month's Board meeting. They had expressed concerns regarding Ashton Ridge in Jackson, Michigan. Mr. Witt first provided an explanation of Asset Management's general role in these types of matters. He indicated that MSHDA has a tenant call center available for tenants to make complaints and/or obtain information. In response to complaints, Asset Management will often mediate issues between tenants and property management.

In reference to Ashton Ridge, tenants have been living there during its rehabilitation, which has been a source of frustration. Additionally, there was a change in the site management staff. Mr. Witt noted that the previous staff did not enforce property rules, whereas the new staff began a strict enforcement policy. The changes confused tenants. Mr. Witt talked to management staff who acknowledged the communication issues and stated their efforts to resolve them. He also spoke with Ms. Swihart and Ms. Pascik earlier that week and believes their concerns have been resolved.

Jennifer Grau thanked MSHDA staff for their follow-up. ED Heidel stated that MSHDA staff takes public comments seriously. Mr. Witt also noted there are currently three staff members who are dedicated to tenant complaints.

Workforce Attainable Modular Homes Pilot Program

Tonya Young of Housing Initiatives gave a report on the Modular Homes Pilot Program, a renewable Housing Development Fund grant program. She stated that there is a large market for this type of program. The structures are built in a manufacturing facility but later moved and permanently affixed to the ground. There is a $200,000 limit for the structures. MSHDA staff expect a full return on its investment plus 3% interest if the home is sold at a profit. There have been approximately 50 inquiries so far, and MSHDA has a full-time grant administrator. Ms. Young expects initial orders to be completed by the end of the year. She also provided brochures that are being used for marketing purposes.

Rachael Eubanks asked why modular homes were chosen over other options. Ms. Young explained that cost savings and reduced building time were the main factors.

Sarah Esty asked if the plan was to continue this program next year. Ms. Young stated that MSHDA staff expect to have a second round financed with recycled funds from the grant.

Voting Issues:

Agenda **(Tab A):** Ms. Eubanks requested a motion to approve the agenda. Jennifer Grau moved approval of the agenda. Sarah Esty supported. The agenda was unanimously approved.

Consent Agenda **(Tabs B through G)** Mike Kapp moved approval of the consent agenda. Sarah Esty supported. The consent agenda was approved. The consent agenda included the following:

Tab B	Minutes – June 27, 2019
Tab C	Resolution Authorizing Professional Services Contract for Auditing Services with Plante Moran, PLLC and Michigan Office of Auditor General
Tab D	Resolution Authorizing Reinstatement of Pass-Through Short-Term Bond Program
Tab E	Resolution Authorizing Waiver of Code of Ethics' Prohibition for Michael Fobbe
Tab F	Amended and Restated Resolution Designating Bank Accounts and Authorizing Officers as to Requisition and Investment of Funds
Tab G	Resolution Authorizing Modification to Workforce Attainable Modular Homes Pilot Program

REGULAR VOTING ITEMS

Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Rental Housing Revenue Bonds, 2019 Series A in an Amount not to Exceed $220,000,000 **(Tab H)** was presented by Jeff Sykes, Chief Financial Officer, and Rhonda Welburn of Dickinson Wright. Mr. Sykes also introduced Tim Rittenhouse of CGI Advisors (MSHDA's Financial Advisor) and David Notkin of Bank of America. Mr. Sykes presented the business terms as detailed in the board documents. Thereafter, Ms. Welburn reviewed the resolution.

Rachael Eubanks asked for an explanation of 15c2-12 as it was referred to in the presentation. Mr. Sykes explained that it requires that information be continuously provided to the investment community should a specific list of events occur. This list has expanded to include any change in the outlook of an investment. Additionally, Ms. Eubanks inquired about "EMMA." Mr. Notkin explained that EMMA stands for "Electronic Municipal Market Access" and that EMMA allows issuers to provide information to investors.

Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority's action. Sarah Esty moved approval of the resolution. Jennifer Grau seconded.

The following Roll Call vote was taken for Tab G:

Carl English – Yes	Deb Muchmore - Absent	Regina Bell - Absent
Jennifer Grau – Yes	Mike Kapp – Yes	Tyrone Hamilton - Absent
Rachael Eubanks - Yes	Sarah Esty - Yes	

There were 5 "yes" votes. The resolution was unanimously approved.

David Notkin of Bank of America thanked the Board and noted he has always enjoyed working with MSHDA staff.

Resolution Approving 2019-2020 Budget **(Tab I)** was presented by Jeff Sykes, Chief Financial Officer. Mr. Sykes reviewed the proposed resolution as detailed in the Board documents. Rachael Eubanks questioned how the proposed Executive Order would impact the budget. Mr. Sykes explained that the most conservative approach at this time would be to leave the budget as it stands. Sara Esty then asked whether a new budget would need to be approved if SHPO is ultimately moved to the Michigan Strategic Fund. Mr. Sykes responded that revenue and expenses related to SHPO are not enough to require a new budget. Mr. Sykes and Mr. Heidel noted that quarterly financial updates would address any necessary adjustments.

Sarah Esty moved approval of the resolution. Carl English supported. The resolution was approved.

Resolution Determining Mortgage Loan Feasibility, Edgewood Village Apartments, MSHDA Development No. 83-2, Charter Township of Meridian, Ingham County **(Tab J)** was presented by John Hundt of Rental Development. Mr. Hundt reviewed the proposed resolution as detailed in the Board documents. He explained that MSHDA staff were only requesting a feasibility resolution at this time so that the developer could ensure that land-acquisition costs are eligible for reimbursement with tax-exempt bond proceeds. A determination on whether MSHDA staff would seek approval for a loan resolution would be determined later. There were no additional questions. Carl English moved approval of the resolution. Sarah Esty supported. The resolution was approved.

Ms. Eubanks noted that the following reports were included for information: Homeownership Production Report **(Tab 1)**, Hardest Hit Report **(Tab 2)**, and Current and Historical Homeownership Data **(Tab 3)**

Ms. Eubanks stated that the next two Board meetings are scheduled for July 25, 2019 and August 29, 2019 and that all subcommittee meetings will be held on the Monday before the board meeting. Mr. Heidel noted that the Board meeting schedule could be subject to change if the Executive Order becomes effective August 11, 2019.

There being no further business, Ms. Eubanks requested a motion to adjourn. Mike Kapp moved to adjourn. Jennifer Grau supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:04 a.m.

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 Gary Heidel

DATE: July 25, 2019

RE: Recommendation to Amend the Michigan State Housing Development Authority's Code of Ethics

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Recommendation:

I recommend that the Michigan State Housing Development Authority ("Authority") approve the attached revised Code of Ethics.

Executive Summary:

On January 21, 2015, the Authority approved a revised Code of Ethics ("2015 Code of Ethics"). The Authority's Legal Affairs staff who address ethical issues (the Ethics Committee) regularly review and apply the 2015 Code of Ethics and recommend the following changes to the revised Code of Ethics for clarification:

- The Code of Ethics applies to all employees, the Executive Director and student assistants;
- The Code of Ethics' departure restriction applies if either the Authority or the employee terminate employment; and
- The Code of Ethics does not limit or supersede other ethical obligations.

Marked and clean copies of the revised Code of Ethics are attached.

Issues, Policy Considerations, and Related Actions:

None.

Michigan State Housing Development Authority

Code of Ethics
Effective: JULY 25, 2019

I. Policy AND DEFINITION Statement:

To provide all employees of the Authority with a clear understanding of the behavior expected of them and to prevent improper conduct that may adversely affect public trust or confidence. **PURSUANT TO SECTION 22(CC) OF THE AUTHORITY'S ACT AND SOLELY FOR THE PURPOSE OF THIS CODE OF ETHICS, THE TERM "EMPLOYEE" OR "EMPLOYEES" SHALL ENCOMPASS AUTHORITY EMPLOYEES, THE EXECUTIVE DIRECTOR OR ANYONE ACTING IN THAT CAPACITY AND STUDENT ASSISTANTS.**

II. Policy:

A. Employees shall comply with Civil Service Rules 2-8 entitled "Ethical Standards and Conduct" and with Public Act 196 of 1973, as amended, entitled "Standards of Conduct for Public Officers and Employees".

B. Employees shall comply with any conflict of interest provision, rule or regulation regarding any situation that may arise out of their work with any federal program administered by the Authority.

C. Employees shall not divulge to an unauthorized person, confidential information acquired in the course of employment in advance of the time prescribed for its authorized release to the public.

D. Employees shall not represent their personal opinion as that of the Authority.

E. Employees shall use personnel resources, property, and funds under their official care and control judiciously and solely in accordance with prescribed constitutional, statutory, and regulatory procedures and not for personal gain or benefit.

F. Employees shall not solicit or accept any gift or loan of money, goods, services, or other thing of value for the benefit of any person or organization, other than the state, which tends to influence the manner in which the employee or another public employee performs official duties. This restriction includes gifts directly to the employee or indirectly to the employee, such as a gift to any employee's relative or designated organization.

   This restriction does not include a prohibition against de minimis contacts as described in Civil Service Rule 2-8.7(b); a prohibition against accepting meals or beverages paid for by a firm or organization doing business with the Authority when offered in conjunction with or incidental to a business meeting, seminar, training session, or other organized function which has a purpose beyond the provision of the meal or beverage and is attended by a substantial number or persons; or a prohibition against accepting meals or beverages in instances where the firm or person has a contractual arrangement with the Authority pursuant to which such person or firm will bill the Authority for its costs and it does not appear that such costs will exceed the allowable group rate for such meal.

G. Employees shall not engage in any business transaction or private arrangement for personal gain or financial gain for a member of the employee's immediate family, which accrues from or is based on the employee's official position or authority or on confidential information gained by reason of the employee's position or authority.

H. Employees shall not engage in or accept employment or render services for any private or public interest, for compensation or otherwise, when that employment or service is incompatible or in conflict with the discharge of his or her official duties or when that employment may tend to impair his or her independence of judgment or action in the performance of his or her official duties.

Approval of all employment outside of the Authority must be obtained through the proper procedures and employees must keep the Authority informed of any contemplated changes in supplementary employment.

I. No employee shall be a party, directly or indirectly, to any contract between himself or herself and the Authority.

J. Employees shall not participate in the negotiation or execution of contracts, making of loans, granting of subsidies, fixing of rates, issuance of permits or certificates, or other regulation or supervision, relating to any business entity in which he or she has directly or indirectly, a financial or personal interest. The restriction includes other situations in which the employee is a partner, investor, or employee, whether for present profit or not. This restriction also includes business entities in which close relatives or other personal associates of the employee have an interest.

K. If an employee has an ownership interest in or business dealings with an entity or individual seeking to conduct business with the Authority, the employee shall:

1. Fully disclose any such ownership interest or business dealings; and

2. a. in the case of a current ownership interest, fully divest himself or herself of the interest and refrain from participating in all activities of the Authority relating to the entity or individual or subsidiary or affiliate thereof; or

   b. in the case of business dealings which ended prior to employment by the Authority or a past ownership interest, disclosure shall be sufficient; or

   c. in the case of business dealings while an employee of the Authority, refrain from participating in all activities of the

Authority relating to the entity or individual or subsidiary or affiliate thereof.

3. As an alternative to the provisions of 2 above, the entity or individual or subsidiary or affiliate thereof may withdraw from doing business directly or indirectly with the Authority.

4. The Authority may require full divestiture in the case of a current interest, or cessation in the case of business dealings, if the employee's position and responsibilities are such that non-participation by the employee will hamper the Authority's ability to review and process the particular activity with which the entity or individual or subsidiary or affiliate thereof is involved.

5. This section shall not apply to any interest or business dealings of a *de minimis* nature which are the same as the benefits to or dealings by other members of the public or broad segments of the public.

L. Prior to being hired, or for continuing employees on an annual basis, employees shall make a complete disclosure of all business and income-producing interests including those held by a spouse. It is the responsibility of the employee to amend the financial disclosure at any time there is a change; however, no amendment is necessary for the sale or purchase of stocks listed on the New York Stock Exchange, the American Stock Exchange, or on the listed Over-the-Counter Markets, unless the stock is stock of a sponsor or proposed sponsor or subsidiary or affiliate of such sponsor of Authority-financed housing.

Disclosure statements and updates must be submitted to the Director of Legal Affairs. All information will be retained in confidence.

Disclosure statements are is not required for employed student assistants or student co-ops of the Authority.

M. Employees 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

N. Except as provided in this Section N, employees shall not involve themselves in personal business activities where the U.S. Department of Housing and Urban Development (HUD), Rural Development (RD) or Rural Housing Services (RHS), or state or city housing subsidies or financing are involved. The term "personal business activities" includes both the obtaining of housing subsidies or housing financing either as an owner or investor or as an employee of an owner or investor and the representation as agent, consultant, attorney, or contractor of any entity utilizing or proposing to utilize public housing subsidies or housing financing.

Exceptions:

1. The term "personal business activities" does not include the utilization of a subsidized housing program with respect to one's personal residence

2. This prohibition shall not apply to any interest or business dealings involving participation in a generally available HUD, RD, RHS, or city housing subsidy or financing program with respect to not more than one residential unit which was at some time the employee's principal residence.

3. This prohibition does not apply to applications to HUD for loan insurance not involving housing subsidies.

O. Unless permitted by state or federal law, employees ~~**who**~~ **WHOSE EMPLOYMENT** ~~**terminate employment**~~ with the Authority **ENDS** shall ~~**be**~~ not be involved in any manner with any development or program for which the employee, while employed by the Authority, was responsible for any decision making or had a direct involvement. This restriction is applicable for a period of six months after the employee leaves the Authority unless a longer period of time is required pursuant to state or federal statute.

P. Employees should exercise discretion and judgment with regard to this policy at all times. Code of Ethics questions and questions regarding this policy should be submitted to the Authority's Director of Legal Affairs.

Q. THE CODE OF ETHICS DOES NOT LIMIT OR SUPERCEDE ANY OTHER ETHICAL OBLIGATION OR RESPONSIBILITY THAT MAY BE REQUIRED OF ANY EMPLOYEE.

Michigan State Housing Development Authority

Code of Ethics
Effective: JULY 25, 2019

I. Policy and Definition Statement:

To provide all employees of the Authority with a clear understanding of the behavior expected of them and to prevent improper conduct that may adversely affect public trust or confidence. Pursuant to Section 22(cc) of the Authority's Act and solely for purpose of this Code of Ethics, the term "employee" or "employees" shall encompass Authority employees, the Executive Director or anyone acting in that capacity, and student assistants.

II. Policy:

A. Employees shall comply with Civil Service Rules 2-8 entitled "Ethical Standards and Conduct" and with Public Act 196 of 1973, as amended, entitled "Standards of Conduct for Public Officers and Employees".

B. Employees shall comply with any conflict of interest provision, rule or regulation regarding any situation that may arise out of their work with any federal program administered by the Authority.

C. Employees shall not divulge to an unauthorized person, confidential information acquired in the course of employment in advance of the time prescribed for its authorized release to the public.

D. Employees shall not represent their personal opinion as that of the Authority.

E. Employees shall use personnel resources, property, and funds under their official care and control judiciously and solely in accordance with prescribed constitutional, statutory, and regulatory procedures and not for personal gain or benefit.

F. Employees shall not solicit or accept any gift or loan of money, goods, services, or other thing of value for the benefit of any person or organization, other than the state, which tends to influence the manner in which the employee or another public employee performs official duties. This restriction includes gifts directly to the employee or indirectly to the employee, such as a gift to any employee's relative or designated organization.

This restriction does not include a prohibition against de minimis contacts as described in Civil Service Rule 2-8.7(b); a prohibition against accepting meals or beverages paid for by a firm or organization doing business with the Authority when offered in conjunction with or incidental to a business meeting, seminar, training session, or other organized function which has a purpose beyond the provision of the meal or beverage and is attended by a substantial number or persons; or a prohibition against accepting meals or beverages in instances where the firm or person has a contractual arrangement with the Authority pursuant to which such person or firm will bill the Authority for its costs and it does not appear that such costs will exceed the allowable group rate for such meal.

G. Employees shall not engage in any business transaction or private arrangement for personal gain or financial gain for a member of the employee's immediate family, which accrues from or is based on the employee's official position or authority or on confidential information gained by reason of the employee's position or authority.

H. Employees shall not engage in or accept employment or render services for any private or public interest, for compensation or otherwise, when that employment or service is incompatible or in conflict with the discharge of his or her official duties or when that employment may tend to impair his or her independence of judgment or action in the performance of his or her official duties.

   Approval of all employment outside of the Authority must be obtained through the proper procedures and employees must keep the Authority informed of any contemplated changes in supplementary employment.

I. No employee shall be a party, directly or indirectly, to any contract between himself or herself and the Authority.

J. Employees shall not participate in the negotiation or execution of contracts, making of loans, granting of subsidies, fixing of rates, issuance of permits or certificates, or other regulation or supervision, relating to any business entity in which he or she has directly or indirectly, a financial or personal interest. The restriction includes other situations in which the employee is a partner, investor, or employee, whether for present profit or not. This restriction also includes business entities in which close relatives or other personal associates of the employee have an interest.

K. If an employee has an ownership interest in or business dealings with an entity or individual seeking to conduct business with the Authority, the employee shall:

   1. Fully disclose any such ownership interest or business dealings; and

   2. a. in the case of a current ownership interest, fully divest himself or herself of the interest and refrain from participating in all activities of the Authority relating to the entity or individual or subsidiary or affiliate thereof; or

      b. in the case of business dealings which ended prior to employment by the Authority or a past ownership interest, disclosure shall be sufficient; or

      c. in the case of business dealings while an employee of the Authority, refrain from participating in all activities of the

Authority relating to the entity or individual or subsidiary or affiliate thereof.

3. As an alternative to the provisions of 2 above, the entity or individual or subsidiary or affiliate thereof may withdraw from doing business directly or indirectly with the Authority.

4. The Authority may require full divestiture in the case of a current interest, or cessation in the case of business dealings, if the employee's position and responsibilities are such that non-participation by the employee will hamper the Authority's ability to review and process the particular activity with which the entity or individual or subsidiary or affiliate thereof is involved.

5. This section shall not apply to any interest or business dealings of a *de minimis* nature which are the same as the benefits to or dealings by other members of the public or broad segments of the public.

L. Prior to being hired, or for continuing employees on an annual basis, employees shall make a complete disclosure of all business and income-producing interests including those held by a spouse. It is the responsibility of the employee to amend the financial disclosure at any time there is a change; however, no amendment is necessary for the sale or purchase of stocks listed on the New York Stock Exchange, the American Stock Exchange, or on the listed Over-the-Counter Markets, unless the stock is stock of a sponsor or proposed sponsor or subsidiary or affiliate of such sponsor of Authority-financed housing.

Disclosure statements and updates must be submitted to the Director of Legal Affairs. All information will be retained in confidence.

Disclosure statements are is not required for employed student assistants or student co-ops of the Authority.

M. Employees 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

N. Except as provided in this Section N, employees shall not involve themselves in personal business activities where the U.S. Department of Housing and Urban Development (HUD), Rural Development (RD) or Rural Housing Services (RHS), or state or city housing subsidies or financing are involved. The term "personal business activities" includes both the obtaining of housing subsidies or housing financing either as an owner or investor or as an employee of an owner or investor and the representation as agent, consultant, attorney, or contractor of any entity utilizing or proposing to utilize public housing subsidies or housing financing.

Exceptions:

1. The term "personal business activities" does not include the utilization of a subsidized housing program with respect to one's personal residence

2. This prohibition shall not apply to any interest or business dealings involving participation in a generally available HUD, RD, RHS, or city housing subsidy or financing program with respect to not more than one residential unit which was at some time the employee's principal residence.

3. This prohibition does not apply to applications to HUD for loan insurance not involving housing subsidies.

O. Unless permitted by state or federal law, employees whose employment with the Authority ends shall not be involved in any manner with any development or program for which the employee, while employed by the Authority, was responsible for any decision making or had a direct involvement. This restriction is applicable for a period of six months after the employee leaves the Authority unless a longer period of time is required pursuant to state or federal statute.

P. Employees should exercise discretion and judgment with regard to this policy at all times. Code of Ethics questions and questions regarding this policy should be submitted to the Authority's Director of Legal Affairs.

Q. The Code of Ethics does not limit or supersede any other ethical obligation or responsibility that may be required of any employee.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AMENDING CODE OF ETHICS

July 25, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") adopted a Code of Ethics on February 28, 1978, a revised Code of Ethics on March 2, 1984, a revised Code of Ethics on September 25, 2002, a revised Code of Ethics on November 19, 2014 and a revised Code of Ethics on January 21, 2015; and

WHEREAS, the Authority's Legal Affairs staff who address ethical issues (the Ethics Committee) have reviewed the Code of Ethics dated January 21, 2015 and recommend the proposed changes; and

WHEREAS, the Acting Executive Director has reviewed the proposed changes and recommends that the Authority adopt the attached revised Code of Ethics dated July 25, 2019 for the reasons set forth in the attached memorandum; and

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

NOW, THEREFORE, Be it Resolved by the Michigan Housing Development Authority, that the revised Code of Ethics dated July 25, 2019 that is attached hereto, for the reasons set forth in the accompanying memorandum, is hereby approved.

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 Gary Heidel

DATE: July 25, 2019

RE: Resolution Authorizing the Extension of Professional Services Contract with Water Hill Creative, Inc.

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution authorizing (a) a one-year extension of the professional services contract with Water Hill Creative, Inc. (the "Contractor") for a period beginning on or about October 1, 2019 and ending September 30, 2020 and (b) an increase of the total contract amount of $250,000. This service has been preauthorized by Civil Service.

Executive Summary:

The Contractor will serve as the producer for video projects. The Contractor will provide equipment, software and staff who will coordinate and conduct interviews, write, and provide art direction for all productions. The Contractor will be responsible for pre-production technical advice on developing videos, setting up the individual shots for best possible sound and video, lighting and filming the individual clips, and editing and assembling the final video. The Contractor is responsible for supplying all video equipment. The Contractor was selected through a competitive bidding process.

On September 27, 2017, the Authority approved a professional services contract with the Contractor for a term beginning October 1, 2017 and ending September 30, 2018 for an amount not to exceed $250,000. On July 25, 2018, the Authority approved a one-year extension and a budget increase of Two Hundred Fifty Thousand Dollars ($250,000) for a total contract amount of Five Hundred Thousand Dollars ($500,000). If the proposed increase of Two Hundred Fifty Thousand Dollars ($250,000) is approved, the total contract amount for the professional services contract with the Contractor will not exceed $750,000 over the amended term of the Contract

Issues, Policy Considerations, and Related Actions:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING THE EXTENSION OF PROFESSIONAL SERVICES CONTRACT WITH WATER HILL CREATIVE, INC.

July 25, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") has received the report of the Executive Director regarding the extension of the professional services contract to perform videography services for public relations and marketing; and

WHEREAS, on September 27, 2017, the Authority approved a professional services contract with Walter Hill Creative, Inc. (Contract) for a term beginning October 1, 2017 and ending September 30, 2018 for an amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000); and

WHEREAS, on July 25, 2018, the Authority approved a one-year extension to the Contract including a budget increase of Two Hundred Fifty Thousand Dollars ($250,000) for a total contract expenditure of Five Hundred Thousand Dollars ($500,000) over the term of the amended contract; and

WHEREAS, the Executive Director has recommended that the Authority approve an additional one-year extension to the Contract with an additional increase of the total contract amount of Two Hundred Fifty Thousand Dollars ($250,000) as described in the accompanying memorandum; and

WHEREAS, if the proposed increase of Two Hundred Fifty Thousand Dollars ($250,000) is approved, the total contract amount for the professional services contract with Water Hill Creative, Inc. will be an amount not to exceed Seven Hundred Fifty Thousand Dollars ($750,000) over the amended term of the Contract; and

WHEREAS, the Civil Service Commission has reviewed and approved the Authority's request for contractual services; and

WHEREAS, the Authority concurs in the report and recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority, that the Executive Director, the Director of Legal Affairs, the Chief Financial Officer, or any person duly acting in such capacity (each, an "Authorized Officer"), or any of them, is hereby authorized to enter an amendment to the professional services contract with Water Hill Creative, Inc. to (a) extend the term of the professional services contract for a period beginning on or about October 1, 2019 and ending September 30, 2020 and (b) increase the total contract amount of the professional services contract by an amount not to exceed Two Hundred Fifty Thousand Dollars $250,000, as described above and in the accompanying memorandum.

TAB E
GOLD

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

Gary Heidel

DATE: July 25, 2019

RE: Mortgage Loan Feasibility/Commitment of Ferguson Apartments, MSHDA No. 1440-2

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 taxable bond and Michigan Housing and Community Development Fund ("MHCDF") 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.

Executive Summary:

Originally the Hotel Browning, located at 72 Sheldon Boulevard SE in the City of Grand Rapids, and later used as the Ferguson Health Clinic, the Ferguson Apartments was donated to Dwelling Place of Grand Rapids by Spectrum Health. Dwelling Place rehabilitated the original building and added an addition bringing the total to 101 units of housing as well as commercial space. One hundred units are supported by a rental subsidy through a McKinney Vento rental assistance contract. Rehabilitation was completed in 2002.

Upon opening as apartments in 2002, there were some commercial spaces in the building that were occupied by several community health organizations. In 2015, the commercial space on the second floor was converted into 18 additional apartments which were financed without public resources. These additional apartments are often rented by individuals with tenant-based Veterans Affairs Supportive Housing ("VASH") vouchers.

The Ferguson Apartments is now in need of preservation and rehabilitation. Renovation of systems within the building are planned with the replacement of major water and sewer lines in the original structure. The sponsor has applied for and received an award of 9% LIHTC, is requesting a Housing Trust Fund ("HTF") award, and a Taxable Bond loan from the Authority, and a Michigan Housing Community Development Fund ("MHCDF") award. Historic Tax Credits will be used to provide additional equity to the development.

Issues, Policy Considerations, and Related Actions:

The preservation of Ferguson Apartments will require repayment of the Authority HOME/CSH Loan provided in 2000-2001 when the property was originally developed as permanent supportive housing. The $2,000,000 HOME Loan was provided with a 30-year term and a 6.75% interest rate with payments deferred; the balance as of December 31, 2018 was $4,463,833. The outstanding balance to be repaid will be brought current to the date of closing. The development currently has a HOME Loan from the City of Grand Rapids which will be forgiven with this preservation.

The sponsor intends to convert the existing Section 8 Moderate Rehabilitation Single Room Occupancy ("McKinney-Vento") contract to Project Based Rental Assistance ("PBRA") through the Rental Assistance Demonstration ("RAD") Program. This will allow PBRA to support the existing 100 units currently covered by the McKinney-Vento contract for a period of 20 years.

Due to the depth of rehabilitation planned on the oldest wing of the building, forty (40) current tenants will need to be temporarily relocated for up to one year. Plans call for the conversion to PBRA and then utilizing HUD's Section 8 Pass-Through to continue to provide rental assistance to these tenants while they are temporarily relocated.

~~We are also recommending a waiver of a provision of the Round 2 – Michigan Housing Trust Fund Allocation Plan which states that single room occupancy units are ineligible. It appears the provision was meant for new construction proposals. In addition, the Ferguson Apartments is currently in the Authority's portfolio and this waiver will allow for deep rehabilitation and positive repositioning of the development into the future.~~

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are eighteen (18) units at 80% of area median income ("AMI") that will be offset by eighteen (18) units targeted to 40% AMI tenants. The remaining eighty-three (83) units will be targeted to 60% AMI, providing an income average of 60% AMI.

TAB E
GOLD

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

July 25, 2019

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 taxable bond and Michigan Housing and Community Development Fund ("MHCDF") 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.:	1440-2
Development Name:	Ferguson Apartments
Development Location:	City of Grand Rapids, Kent County
Sponsor:	Dwelling Place of Grand Rapids Nonprofit Housing Corp.
Mortgagor:	Ferguson Apartments Limited Dividend Housing Association LLC
Taxable Bond Loan:	$994,963
Taxable Bond Construction Loan:	$994,963
MSHDA HTF Loan:	$5,161,000
MSHDA MHCDF Loan:	$239,000
Total Development Cost:	$21,243,196
Mortgage Term:	40 years for the Taxable Bond loan, 50 years for the Housing Trust Fund loan and 50 years for the Michigan Housing and Community Development Fund loan
Interest Rate:	6.20% for the Taxable Bond loan and 1.00% simple interest for the Housing Trust Fund loan and 1.00% simple interest for the Michigan Housing and Community Development Fund loan
Program:	Housing Trust Fund Program
Number of Units:	119 family units of rehabilitation
Unit Configuration:	116 studio units and 3 one-bedroom units for family occupancy
Builder:	Pioneer Construction
Syndicator:	InSite Capital
Date Application Received:	February 1, 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:

The preservation of Ferguson Apartments will require repayment of the Authority HOME/CSH Loan provided in 2000-2001 when the property was originally developed as permanent supportive housing. The $2,000,000 HOME Loan was provided with a 30-year term and a 6.75% interest rate with payments deferred; the balance as of December 31, 2018 was $4,563,833. The outstanding balance to be repaid will be brought current to the date of closing. The development currently has a HOME Loan from the City of Grand Rapids which will be forgiven with this preservation.

The sponsor intends to convert the existing Section 8 Moderate Rehabilitation Single Room Occupancy ("McKinney-Vento") contract to Project Based Rental Assistance ("PBRA") through the Rental Assistance Demonstration ("RAD") Program. This will allow PBRA to support the existing 100 units currently covered by the McKinney-Vento contract for a period of 20 years.

Due to the depth of rehabilitation planned on the oldest wing of the building, forty (40) current tenants will need to be temporarily relocated for up to fourteen months. Plans call for the conversion to PBRA and then utilizing HUD's Section 8 Pass-Through to continue to provide rental assistance to these tenants while they are temporarily relocated.

~~We are also recommending a waiver of a provision of the Round 2 – Michigan Housing Trust Fund Allocation Plan which states that single room occupancy units are ineligible. It appears this provision was meant for new construction proposals. In addition, the Ferguson Apartments is currently in the Authority's portfolio and this waiver will allow for deep rehabilitation and positive repositioning of the development into the future.~~

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are eighteen (18) units at 80% of area median income ("AMI") that will be offset by eighteen (18) units targeted to 40% AMI tenants. The remaining eighty-three (83) units will be targeted to 60% AMI, providing an income average of 60% AMI.

EXECUTIVE SUMMARY:

Originally the Hotel Browning, located at 72 Sheldon Boulevard SE in the City of Grand Rapids, and later used as the Ferguson Health Clinic, the Ferguson Apartments was donated to Dwelling Place of Grand Rapids by Spectrum Health. Dwelling Place rehabilitated the original building and added an addition bringing the total to 101 housing units as well as commercial space. One hundred units are supported by a rental subsidy through a McKinney Vento rental assistance contract. Rehabilitation was completed in 2002.

The conversion to rental housing was financed through the sale of Low-Income Housing Tax Credits ("LIHTC"), historic tax credits, philanthropy and HOME loans from the Authority and the City of

Grand Rapids. The tenancy is comprised of persons struggling with homelessness and those with disabilities. Supportive services are provided to these residents on site by the sponsor. Upon opening as apartments in 2002, there were some commercial spaces in the building that were occupied by several community health organizations. In 2015, the commercial space on the second floor was converted into 18 additional apartments which were financed without public resources. These additional apartments are often rented by individuals with tenant-based Veterans Affairs Supportive Housing ("VASH") vouchers.

The Ferguson Apartments is now in need of preservation and rehabilitation. Renovation of systems within the building are planned with the replacement of major water and sewer lines in the original structure. A more detailed summary of work to be performed is contained later in this report. The sponsor has applied for and received an award of 9% LIHTC, is requesting a Housing Trust Fund ("HTF") award, a Taxable Bond loan from the Authority, and a Michigan Housing and Community Development Fund ("MHCDF") award. Historic Tax Credits will be used to provide additional equity to the development.

Structure of the Transaction and Funding:

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

- A Taxable Bond construction and permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The Mortgage Loan will be in the amount of $994,963 at 6.2% interest with 16-monthly interest only payments required under the construction loan. The permanent financing date will commence on the first day of the month following the month in which the 16-month construction loan term expires or such later date as determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- The permanent taxable bond loan is based upon the rents expected in the HAP contract, 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 an initial 2.5 debt service coverage ratio ("DCR"), an annual interest rate of 6.2%, 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 a Trust Fund Loan (the "HTF Loan") in the amount of $5,161,000 will be provided at 1% simple interest with payments initially deferred. The HTF Loan will be in **Second Position**.

- A subordinate loan using Authority Michigan Housing and Community Development Fund Loan (the "MHCDF" loan) in the amount of $239,000 will be provided at 1% simple interest with payments initially deferred. Project completion information and reporting are required within 30 months of the MHCDF Loan award. The MHCDF Loan with be in **Third Position**.

- The general partner will make a capital contribution in the amount of $100.

- Equity support comes from the sale of 9% LIHTC in the estimated amount of $12,874,076.

- Federal Historic Tax Credits have been requested and additional equity support will come from the sale of these credits. See Special Condition No. 3.

- The Housing Assistance Payment ("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.

- The Sponsor has agreed to defer $215,574 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 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.

- 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:

Building and site rehabilitation includes: Repaving parking areas, new LED building lighting, new security camera, masonry restoration, replacing apartment windows, replacing first floor windows, installing a new roof, replacing skylights, replacing entry doors, replacing intercom system, replacing elevator cab finishes and one elevator's controls, replacing gas boiler, replacing air conditioning, replacing existing roof-top deck with new decking and glass safety railing, installing new deck, green roof and event space to include additional outdoor space, upgrading plumbing system on the old building including sanitary lines, replacing common area lighting, and installing new fire alarm system.

Unit rehabilitation includes: New kitchen cabinetry and countertops, replacing appliances, replacing light fixtures, upgrading electrical, installing new toilets, sinks and shower enclosures, replacing resilient flooring, replacing some unit and interior doors, and painting the units.

Affordability Requirements:

The low income housing tax credit ("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 the 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, located in the City of Grand Rapids Heartside Neighborhood, is near many amenities, public transit, and services. The site meets the Authority's Site Selection Criteria.

Market Evaluation:

Marketing finds the development will be successful with the RAD Program conversion to a 20-year PBRA contract.

Valuation of the Property:

An appraisal will be provided prior to initial closing. See Special Condition No. 6.

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 (Ferguson-Heartside 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 $14,611,746). 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 HTF Loan and the MHCDF 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 nineteen (119) units of this proposal are as follows:

a. Thirty-eight (38) units have been designated as Housing Trust Fund ('HTF') units and during the Period of Affordability required under the HTF program (15 years) must be available for occupancy by households whose incomes do not exceed 30% of the HOME published area median income, adjusted for family size as determined by HUD.

b. One hundred (100) units (100 studio units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the Housing Assistance Payments Contract (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. Eighteen (18) units (18 studio units) must be available for occupancy by households whose incomes do not exceed up to 40% of area median income based upon the Multifamily Tax Subsidy Project ("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.

d. Eighty-three (83) units (83 studio 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.

e. Eighteen (18) of the units (15 studio apartments and 3 one-bedroom apartments) must be available for occupancy by households whose incomes do not exceed up to 80% of AMI to achieve and maintain the average AMI level of the affordable units in the project at 80% AMI or less based upon the MTSP limits, adjusted for family size as determined by HUD, with the exception of when the income averaging test is met, until the 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 one hundred nineteen (119) units is subject to the following limitations:

a. During the Period of Affordability required under the HTF program (15 years), the Total Housing Expense for the thirty-eight HTF units may not exceed the HTF 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 all one hundred (100) HAP-assisted units (100 studio units) ("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 eighteen (18) units (18 studio units), may not exceed one-twelfth (1/12th) of 30% of the MTSP 40% 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. The Total Housing Expense for eighty-three (83) units (83 studio 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.

e. The Total Housing Expense for eighteen (18) restricted units (18 studio units), may not exceed up to one-twelfth (1/12th) of 30% of the MTSP 80% income limit as long as the average AMI level of the affordable units in the project is 60% AMI or less, 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.

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 that do not receive assistance under the HAP Contract will be limited to not more than 5% for any resident household during any 12-month 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) to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on 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.

4. **<u>Restriction on Prepayment and Subsequent Use</u>:**

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.

5. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be $370,422). 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.

6. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of $3,162 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. <u>One Month's Gross Rent Potential:</u>

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($90,795) into the Development's operating account.

10. <u>Authority Subordinate Loans:</u>

At Initial Closing, the Mortgagor must enter into written agreements relating to the HTF Loan and the MHCDF Loan. The HTF Loan and the MHCDF Loan will each be secured by a subordinate mortgage. The MHCDF Loan will bear simple interest at 1% with a 50-year term, and the HTF Loan will bear simple interest at 1% with a 50-year term. No loan payments will be required on either the HTF Loan or the MHCDF 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 HTF Loan and the MHCDF Loan will commence according to the following:

- So long as both of the Mortgage Loan and the HTF Loan remain outstanding, then in in lieu of repayment of the HTF Loan, payments of not less than fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds") shall be deposited into an HTF Subsidy Reserve and will be used to repay the HTF Loan periodically, if the amount of funds accumulated in the reserve warrant it, or at the end of the loan term, or otherwise used to assist the development if needed. If reserve funds are used toward loan repayment, they shall be applied first to accrued interest, then to current interest and principal, and no payments will be required on the MHCDF Loan.

- If the HTF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the HTF Loan, repayment of the MHCDF 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 HTF Loan and the MHCDF Loan remain outstanding, then the outstanding balance of the HTF 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 MHCDF 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 HTF Loan, the outstanding balance of the MHCDF 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 HTF Loan and the MHCDF Loan will be due and payable after 50 years.

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

Final project completion reporting is required within 30 months of the MHCDF Loan award.

There is no prohibition on prepayment of the HTF Loan or the MHCDF Loan. The Mortgagor shall provide 60 days prior written notice in the event of prepayment.

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. 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).

17. 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.

18. 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.

19. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication operating 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.

20. Designation of Authority Funds:

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

21. 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

22. Guaranties:

At Initial Closing, the Sponsor, 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 HTF 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.

23. 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.

24. 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.

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

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"). 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, 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.

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. 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. PBRA 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 PBRA Program and all other Authority rules, guidelines, and procedures required under the Mortgage Loan Regulatory Agreement.

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 and the Housing Trust Fund Interim Rule, 24 CFR §93.352. 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 and the Housing Trust Fund Interim Program

Rule. 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. **Historic Preservation Review:**

   Prior to Initial Closing, State Historic Preservation Office review for compliance with the National Historic Preservation Act and/or confirmation of compliance with the Michigan Local Historic Districts Act may be required based on the source of funding, age of the existing building(s), location in a locally designated historic district or if the building(s) are otherwise eligible for listing in the National Register of Historic Places.

3. **Federal Historic Tax Credits:**

   Prior to Mortgage Loan Commitment, the Mortgagor must submit evidence of fulfillment of all conditions to the Historic Preservation Certification Application – Part 2 as described in the conditional approval letter dated June 11, 2019 from the United States Department of Interior. Upon construction completion, the Mortgagor must submit Part III approval from the United States Department of Interior. These documents must be acceptable in form and substance to the Authority's Director of Legal Affairs.

4. **Conversion to Condominium:**

   At or prior to Initial Closing, the real estate upon which the Development is located is to be converted into separate condominium units with the residential and commercial space in individual units.

   Prior to Mortgage Loan Commitment, the final condominium documents must be reviewed and found acceptable in form and substance to the Authority's Director of Legal Affairs and include provisions allocating the responsibilities for repairs, maintenance, and operating costs between unit owners and granting the Authority the right to approve owners/tenants and use of the commercial unit. The Mortgagor must agree that proceeds from any Authority mortgage loans may be used only for housing related improvements to the building and facilities.

5. Commercial Space Acceptable Use:

Prior to Initial Closing, the Mortgagor must agree in writing to acknowledge that proposed commercial uses will be subject to approval of the Authority and will be compatible with the primary residential function of the building offering "basic domestic needs." The agreement must be acceptable in form and substance to the Authority's Director of Legal Affairs.

6. Appraisal:

Prior to Initial Closing the sponsor must provide an appraisal acceptable to the Authority's Director of Development. If the appraisal is less than the purchase price the purchase price will be adjusted.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Ferguson Apartments Limited Dividend Housing Association LLC

II. GUARANTOR(S):

A. Guarantor #1:

Name:	Dwelling Place of Grand Rapids NPHC
Address:	101 Sheldon Blvd. SE, Suite 2 Grand Rapids, MI 49503

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name:	Dwelling Place of Grand Rapids
Address:	101 Sheldon Blvd., Suite 2 Grand Rapids, MI 49503
Individuals Assigned:	Dennis Sturtevant
Telephone:	616-454-0928
Fax:	616-454-5249
E-mail:	dsturtevant@dwellingplacegr.org

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

2. **Interest in the Mortgagor and Members**: New Ferguson LLC 0.01%
TBD 99.99%

B. Architect:

Name:	Hooker DeJong
Address:	316 Morris Avenue, Studio Suite 140 Muskegon, MI 49440

Individual Assigned:	Dave Steinhauer
Telephone:	231-220-2379
Fax:	231-722-2589
E-Mail:	DaveSt@hdjinc.com

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

2. **Architect's License**: License number 1301054106, exp. 10/31/2020.

C. **Attorney:**

Name:	Orlebeke Mackraz PC
Address:	80 Ottawa Avenue NW, Suite 400 Grand Rapids, MI 49503

Individual Assigned:	Timothy Orlebeke
Telephone:	616-233-4184
Fax:	616-484-0441
E-Mail:	orlebeke@kolaw.com

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

D. **Builder:**

Name:	Pioneer Construction
Address:	550 Kirtland Street NW Grand Rapids, MI 49507

Individual Assigned:	Paul Bergsma
Telephone:	616-389-8752
Fax:	616-247-0186
E-mail:	pbergsma@pioneerinc.com

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

2. **State Licensing Board Registration**: License number 2102090528, with an expiration date of 05/31/2020, Timothy Ryan Showalter, Qualifying Officer.

E. Management and Marketing Agent:

Name:	Dwelling Place of Grand Rapids NPHC
Address:	101 Sheldon Blvd. SE, Suite 2 Grand Rapids, MI 49503
Individual Assigned:	Kim Cross
Telephone:	616-454-0928
Fax:	616-454-5249
E-mail:	krhcross@dwellingplacegr.org

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:
An Option Agreement and First Amendment to Option Agreement by Ferguson-Heartside Limited Dividend Housing Association Limited Partnership ("Seller") and Ferguson Apartments Limited Dividend Housing Association LLC ("Buyer") for $4,537,412.73 with an expiration date of August 31, 2019.

B. Site Location:
The property is located at 72 Sheldon Boulevard SE, City of Grand Rapids, Kent County.

C. Size of Site:
.66 acres.

D. Density:
Density is appropriate for its use.

E. Physical Description:

1. Present Use: Multi-family residential with commercial

2. Existing Structures: One six-story building.

3. Relocation Requirements: Temporary for approximately forty (40) tenants.

F. Zoning:
Site is zoned Traditional Neighborhood-City Center (TN-CC) and current use is conforming under the zoning ordinance.

G. Contiguous Land Use:

1. North: Parking
2. South: Church
3. East: Commercial and Multi-family Residential
4. West: Commercial

H. Tax Information:
A 3% PILOT from the City of Grand Rapids has been approved.

I. Utilities:

Electric :	Consumers Energy
Gas:	DTE Energy
Water & Sewer:	City of Grand Rapids

J. Community Facilities:

1. Shopping:
   Numerous retail businesses surround the site.
2. Recreation:
   The Children's Museum of Grand Rapids, the Grand Rapids Art Museum, the Grand Rapids African American Museum, the Van Andel Arena, and parks are in close proximity to the site, and most of those are a few blocks away.
3. Public Transportation:
   The City of Grand Rapids bus service, The Rapid, runs along Division Avenue which is 1 block west of the site.
4. Road Systems
   US 131 is less than 1 mile to the west and I696/I96 is less than 2 miles to the north.
5. Medical Services and other Nearby Amenities:
   Heart of the City Health Center, operated by Cherry Health, is less than 1 block from the site. Spectrum Health has a clinic across the street. Grand Valley State University Family Health Center is located at the site and is currently the commercial tenant in the building. Mercy Health Saint Mary's hospital is less than 2 blocks southeast of the site. Multiple medical services are available within 1 ½ miles from the site.
6. Description of Surrounding Neighborhood:
   Just south of the downtown core, the neighborhood is mixed-use with commercial and multi-family residential.
7. Local Community Expenditures Apparent:
   Roads and new building permits.
8. Indication of Local Support:
   The City of Grand Rapids has approved a 3% PILOT.

V. ENVIRONMENTAL FACTORS:
A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 17).

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 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:	July 2019
B. Initial Closing and Disbursement:	August 2019
C. Construction Completion:	December 2020
D. Cut-Off Date:	December 2020

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

7/19/19

Andrew Martin
Director of Development
Date

7/18/2019

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

7/18/19

Gary Heidel
Acting Executive Director
Date

Development	Ferguson Apartments
Financing	Taxable
MSHDA No.	1440-2
Step	Commitment
Date	07/25/2019
Type	Preservation - Subsidized

Instructions

Income Limits for	Kent County		(Effective April 3, 2018)			
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	14,700	18,800	18,900	20,970	22,850	24,330
40% of area median	19,800	22,400	25,200	27,960	30,200	32,440
50% of area median	24,500	28,000	31,500	34,950	37,750	40,550
60% of area median	29,400	33,600	37,800	41,940	45,300	48,660

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
40%	Area Median Income Units																					
30%	Tenant AMI Restriction (if different from rent restriction)																					
Yes	MSHDA Project Based Voucher Units	Planning on RAD Conversion																				
Family	Occupancy																					
A	18	Apartment	0	1.0	412	768	0	768	165,888		15.2%	15.1%	7,416	15.1%	7,416	HTF	490	TC Rent	(278)	-56.73%	62.7%	$1.86
									165,888	0	15.2%	15.1%	7,416	15.1%	7,416							
60%	Area Median Income Units																					
30%	Tenant AMI Restriction (if different from rent restriction)																					
Yes	MSHDA Project Based Voucher Units	Planning on RAD Conversion																				
Family	Occupancy																					
A	20	Apartment	0	1.0	412	768	0	768	184,320	0	16.9%	16.8%	8,240	16.8%	8,240	HTF	735	TC Rent	(33)	-4.49%	62.7%	$1.86
									184,320	0	16.9%	16.8%	8,240	16.8%	8,240							
60%	Area Median Income Units																					
Yes	MSHDA Project Based Voucher Units	Planning on RAD Conversion																				
Family	Occupancy																					
A	62	Apartment	0	1.0	412	768	0	768	571,392	0	52.4%	52.1%	25,544	52.0%	25,544		735	TC Rent	(33)	-4.49%	62.7%	$1.86
									571,392	0	52.4%	52.1%	25,544	52.0%	25,544							
60%	Area Median Income Units																					
Family	Occupancy																					
A	1	Apartment	0	1.0	412	735	0	735	8,820	0	0.8%	0.8%	412	0.8%	412		735	TC Rent	0	0.00%	60.0%	$1.78
									8,820	0	0.8%	0.8%	412	0.8%	412							
80%	Area Median Income Units																					
Family	Occupancy																					
A	15	Apartment	0	1.0	412	735	0	735	132,300	0	12.1%	12.6%	6,180	12.6%	6,180		931	95% of TC Ren	196	21.05%	60.0%	$1.78
B	3	Apartment	1	1.0	431	745	0	745	26,820	0	2.5%	2.5%	1,293	2.6%	1,293		998	95% of TC Ren	253	25.36%	56.6%	$1.73
									159,120	0	14.6%	15.1%	7,473	15.2%	7,473							
Mgrs									0	0	0.0%	0.0%	0	0.0%	0							
													49,085		49,085							
Total Units	119																					

Gross Rent Potential	1,089,540
Average Monthly Rent	763
Gross Square Footage	49,085

HOME Units SF/Total Units SF	0.0%	Out of Range
# HOME Units/# Total Units	0.0%	Out of Range

Utility Allowances

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

Annual Non-Rental Income

Misc. and Interest	1,440
Laundry	3,744
Carports	
Other:	
Other:	
	5,184

1

Total Income	Annual	Monthly
Rental Income	1,089,540	90,795
Non-Rental Income	5,184	432
Total Project Revenue	1,094,724	91,227

Development: Ferguson Apartments
Financing: Taxable
MSHDA No. 1440-2
Step: Commitment
Date: 07/25/2019
Type: Preservation - Subsidized

Mortgage Assumptions:
Debt Coverage Ratio: 2.5
Mortgage Interest Rate: 6.200%
Pay Rate: 6.200%
Mortgage Term: 40 years
Income from Operations: No

Instructions

			% of Revenue	Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Total Development Income Potential								
Annual Rental Income				9,156	1,089,540	2.0%	6	2.0%
Annual Non-Rental Income				44	5,184	1.0%	6	2.0%
Total Project Revenue				9,199	1,094,724			
Total Development Expenses							Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential		458	54,477		6	3.0%
Management Fee	527	per unit per year		527	62,713	3.0%	1	3.0%
Administration				1,345	160,044	3.0%	6	3.0%
Project-paid Fuel				167	19,865	3.0%	6	3.0%
Common Electricity				1,220	145,230	4.0%	6	3.0%
Water and Sewer				195	23,235	5.0%	6	3.0%
Operating and Maintenance				3,088	367,450	3.0%	1	3.0%
Real Estate Taxes				0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	3.00%	Applied to: All Units		213	25,402			
Insurance				259	30,862	3.0%	1	3.0%
Replacement Reserve	300	per unit per year		300	35,700	3.0%	1	3.0%
Other: Cable				11	1,333	3.0%	1	3.0%
Other:				0	[redacted]	3.0%	1	3.0%
Total Expenses			84.62%	**7,784**	**926,311**			
Base Net Operating Income				1,415	168,413	Override		
Part A Mortgage Payment			6.15%	566	67,365			
Part A Mortgage				**8,361**	**994,963**			
Non MSHDA Financing Mortgage Payment				0				
Non MSHDA Financing Type:				0	0			
Base Project Cash Flow (excludes ODR)			9.23%	849	101,048			

Development Ferguson Apartments
Financing Taxable
MSHDA No. 1440-2
Step Commitment
Date 07/25/2019
Type Preservation - Subsidized

Instructions

TOTAL DEVELOPMENT COSTS

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			7,500	892,500	0%	0	0
Existing Buildings			30,630	3,644,913	100%	3,644,913	0
Other:			0		0%	0	0
		Subtotal	38,130	4,537,413			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			1,187	141,286	100%	141,286	0
Landscaping and Irrigation			0		100%	0	0
Structures			80,335	9,559,850	100%	9,559,850	9,559,850
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	4,898	582,919	100%	582,919	582,919
Builder Overhead	% of Contract 2.00%	Out of Range	1,731	205,965	100%	205,965	205,965
Builder Profit	% of Contract 4.41%	Within Range	3,894	463,341	100%	463,341	463,341
Permits, Bond Premium, Tap Fees, Cost Cert.			2,041	242,827	100%	242,827	242,827
Other:			119	14,181	100%	14,181	14,181
		Subtotal	94,205	11,210,369			
	15% of acquisition and $15,000/unit test:			met			
Professional Fees							
Design Architect Fees			3,546	421,968	100%	421,968	421,968
Supervisory Architect Fees			886	105,492	100%	105,492	105,492
Engineering/Survey			210	25,000	100%	25,000	25,000
Other: Hist. Cert., LEED, etc.			790	94,000	100%	94,000	94,000
		Subtotal	5,432	646,460			
Interim Construction Costs							
Property & Causalty Insurance			588	70,000	100%	70,000	70,000
Construction Loan Interest	Override	68,292	574	68,292	100%	68,292	68,292
Title Work			429	51,000	100%	51,000	0
Legal Fees (in Tax Credit Basis)			1,008	120,000	100%	120,000	0
Construction Taxes			210	25,000	100%	25,000	25,000
Other:			0		100%	0	0
		Subtotal	2,809	334,292			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	1,075	127,899	0%	0	0
Other: Addt'l Funds needed to pay-off Existing MSHDA HOME Loan (Loa			222	26,420	0%	0	0
		Subtotal	1,297	154,319			
Other Costs (In Basis)							
Application Fee			17	2,000	100%	2,000	2,000
Market Study			34	4,000	100%	4,000	4,000
Environmental Studies			269	32,035	100%	32,035	32,035
Cost Certification			126	15,000	100%	15,000	15,000
Equipment and Furnishings			420	50,000	100%	50,000	0
Temporary Tenant Relocation			4,809	572,310	100%	572,310	572,310
Construction Contingency			9,420	1,121,037	100%	1,121,037	1,121,037
Appraisal and C.N.A.			105	12,540	100%	12,540	12,540
Other:			0		100%	0	0
		Subtotal	15,201	1,808,922			
Other Costs (NOT In Basis)							
Start-up and Organization			420	50,000			
Tax Credit Fees (based on 2017 QAP)	86,470	Within Range	727	86,470			
Compliance Monitoring Fee (based on 2017 QAP)			475	56,525			
Marketing Expense			0				
Syndication Legal Fees			0				
Rent Up Allowance	months		0	0			
Other:			0				
		Subtotal	1,622	192,995			

Summary of Acquisition Price		As of 12/31/2018	
Attributed to Land	892,500	1st Mortgage Balance - HOME	4,563,833
Attributed to Existing Structure	3,644,913	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	4,537,413	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	(26,420)

Construction Loan Term	Months
Construction Contract	16
Holding Period (50% Test)	
Construction Loan Period	16

Appraised Value	Value As of:	
"Encumbered As-Is" value as determined by appraisal:		
Plus 5% of Appraised Value:		0
LESS Fixed Price to the Seller:		4,537,413
Surplus/(Gap)	Out of Range	(4,537,413)

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		3,113	370,422			
Replacement Reserve	Required		3,162	376,296			
Operating Deficit Reserve			0	0			
Rent Subsidy Reserve			0	0			
Syndicator Held Reserve			0	0			
Rent Lag Escrow			0	0			
Tax and Insurance Escrows			176	20,913			
Other:			0				
Other:			0				
		Subtotal	6,451	767,631			
Miscellaneous							
Deposit to Development Operating Account (1MGRF Required			763	90,795	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	763	90,795			
Total Acquisition Costs			38,130	4,537,413			
Total Construction Hard Costs			94,205	11,210,369			
Total Non-Construction ("Soft") Costs			33,575	3,995,414			
Developer Overhead and Fee							
Maximum 1,500,000			12,605	1,500,000	100%	1,500,000	1,500,000
7.5% of Acquisition/Project Reserves	Override			5% Attribution Test			
15% of All Other Development Costs				met		LIHTC Basis	Historic Basis
Total Development Cost			178,514	21,243,196		19,144,956	15,137,757

TOTAL DEVELOPMENT SOURCES		% of TDC				
MSHDA Permanent Mortgage		4.68%	8,361	994,963		Gap to Hard Debt Ratio
Conventional/Other Mortgage		0.00%	0	0	# of Units	
Equity Contribution from Tax Credit Syndication		60.60%	108,186	12,874,076	0.00	543%
MSHDA NSP Funds		0.00%	0		38.00	
MSHDA HOME or Housing Trust Funds		24.29%	43,370	5,161,000		
Mortgage Resource Funds		0.00%	0			
Other MSHDA MHCDF		1.13%	2,008	239,000		
Local HOME:		0.00%	0			
Income from Operations		0.00%	0	0		
Other Equity	Historic Tax Credit Equity	8.18%	14,601	1,737,570		
Transferred Reserves:		0.10%	176	20,913		
Other:	GP Capital Contribution	0.00%	1	100	Deferred Dev Fee	
Other:		0.00%	0			
Deferred Developer Fee		1.01%	1,812	215,574	14.37%	
Total Permanent Sources				21,243,196		

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	0.00%	0
Construction Loan Rate	6.200%	
Repaid from equity prior to final closing		0

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP		
Acquisition	3,871,784	Acquisition	126,607	
Construction	14,694,745	Construction	1,322,527	Override
Acquisition Credit %	3.27%	Total Yr Credit	1,449,134	1,399,498
Rehab/New Const Credit %	9.00%	Equity Price	$0.9202	
Qualified Percentage	100.00%	Equity Effective Price	$0.9200	Override
QCT/DDA Basis Boost	120%	Equity Contribution	#########	12,874,076
Historic?	Yes			

Existing Reserve Analysis	
DCE Interest:	
Insurance:	20,913
Taxes:	
Rep. Reserve:	
ORC:	
Developer Fe	809,714
Other:	

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	12,874,076
Brownfield Equity	
Historic Tax Credit Equity	1,737,570
General Partner Capital Contributions	100
Other Equity Sources	
New Owner's Equity	14,611,746

Cash Flow Projections

Development Ferguson Apartments
Financing Taxable
MSHDA No. 1440-2
Step Commitment
Date 07/25/2019
Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator		1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	2.0%	6	2.0%		1,089,540	1,111,331	1,133,557	1,156,229	1,179,353	1,202,940	1,226,999	1,251,539	1,276,570	1,302,101
Annual Non-Rental Income	1.0%	6	2.0%		5,184	5,236	5,288	5,341	5,394	5,502	5,612	5,725	5,839	5,956
Total Project Revenue					**1,094,724**	**1,116,567**	**1,138,846**	**1,161,570**	**1,184,748**	**1,208,443**	**1,232,611**	**1,257,264**	**1,282,409**	**1,308,057**
Expenses														
Vacancy Loss	5.0%	6	3.0%		54,477	55,567	56,678	57,811	58,968	36,088	36,810	37,546	38,297	39,063
Management Fee	3.0%	1	3.0%		62,713	64,594	66,532	68,528	70,584	72,702	74,883	77,129	79,443	81,826
Administration	3.0%	6	3.0%		160,044	164,845	169,791	174,884	180,131	185,535	191,101	196,834	202,739	208,621
Project-paid Fuel	3.0%	6	3.0%		19,865	20,461	21,075	21,707	22,358	23,029	23,720	24,431	25,164	25,919
Common Electricity	4.0%	6	3.0%		145,230	151,039	157,081	163,364	169,899	174,996	180,245	185,653	191,222	196,959
Water and Sewer	5.0%	6	3.0%		23,235	24,397	25,617	26,897	28,242	29,090	29,962	30,861	31,787	32,741
Operating and Maintenance	3.0%	1	3.0%		367,450	378,474	389,628	401,523	413,568	425,975	438,755	451,917	465,475	479,439
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					25,402	25,796	26,193	26,593	26,997	28,192	28,688	29,191	29,703	30,223
Insurance	3.0%	1	3.0%		30,862	31,788	32,741	33,724	34,735	35,778	36,851	37,956	39,095	40,288
Replacement Reserve	3.0%	1	3.0%		35,700	36,771	37,874	39,010	40,181	41,386	42,628	43,906	45,224	46,580
Other: Cable	3.0%	1	3.0%		1,333	1,373	1,414	1,457	1,500	1,545	1,592	1,639	1,689	1,739
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					926,311	955,105	984,824	1,015,499	1,047,163	1,054,315	1,085,233	1,117,065	1,149,838	1,183,578
Debt Service														
Debt Service Part A					67,365	87,365	67,365	67,365	67,365	67,365	67,365	67,365	67,365	67,365
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**993,676**	**1,022,470**	**1,052,189**	**1,082,864**	**1,114,528**	**1,121,680**	**1,152,599**	**1,184,431**	**1,217,203**	**1,250,944**
Cash Flow/(Deficit)					**101,048**	**94,097**	**86,657**	**78,705**	**70,219**	**86,762**	**80,013**	**72,833**	**65,206**	**57,114**
Cash Flow Per Unit					849	791	728	661	590	729	672	612	548	480
Debt Coverage Ratio on Part A Loan					2.50	2.40	2.29	2.17	2.04	2.29	2.19	2.08	1.97	1.85
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									
									735,541					
Operating Deficit Reserve (ODR) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)				Initial Deposit										
Initial Balance				78,393	78,393	80,745	83,167	85,662	88,232	90,879	93,606	96,414	99,306	102,285
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					2,352	2,422	2,495	2,570	2,647	2,726	2,808	2,892	2,979	3,069
Ending Balance at Maintained DCR					80,745	83,187	85,662	68,232	90,879	93,806	96,414	99,306	102,285	105,354
Maintained Cash Flow Per Unit					849	791	728	661	590	729	672	612	548	480
Maintained Debt Coverage Ratio on Part A Loan					2.50	2.40	2.29	2.17	2.04	2.29	2.19	2.08	1.97	1.85
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				78,393										
Operating Assurance Reserve Analysis				331,225										
Required in Year:	1			Initital Deposit										
Initial Balance				331,225	331,225	341,162	351,397	361,939	372,797	383,981	395,500	407,365	419,586	432,174
Interest Income					9,937	10,235	10,542	10,858	11,184	11,519	11,865	12,221	12,588	12,965
Ending Balance					341,162	351,397	361,939	372,797	383,981	395,500	407,365	419,586	432,174	445,139
Deferred Developer Fee Analysis														
Initial Balance					215,574	114,526	20,429	0	0	0	0	0	0	0
Dev Fee Paid				215574	101,048	94,097	20,429	0	0	0	0	0	0	0
Ending Balance	Repaid in yı	0			114,526	20,429	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

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	2.0%	6	2.0%		1,328,143	1,354,706	1,381,800	1,409,436	1,437,625	1,466,377	1,495,705	1,525,619	1,556,131	1,587,254
Annual Non-Rental Income	1.0%	8	2.0%		6,075	6,197	8,321	6,447	8,576	8,707	6,842	6,978	7,118	7,280
Total Project Revenue					1,334,218	1,360,903	1,388,121	1,415,883	1,444,201	1,473,085	1,502,546	1,532,597	1,563,249	1,594,514
Expenses														
Vacancy Loss	5.0%	8	3.0%		39,844	40,641	41,454	42,283	43,129	43,991	44,871	45,769	46,884	47,818
Management Fee	3.0%	1	3.0%		84,281	86,809	89,414	92,096	94,859	97,705	100,636	103,855	106,765	109,968
Administration	3.0%	6	3.0%		215,086	221,538	228,184	235,030	242,081	249,343	256,824	264,528	272,464	280,838
Project-paid Fuel	3.0%	6	3.0%		26,697	27,498	28,323	29,172	30,048	30,949	31,877	32,834	33,819	34,833
Common Electricity	4.0%	6	3.0%		202,868	208,954	215,222	221,879	228,329	235,179	242,235	249,502	256,987	284,696
Water and Sewer	5.0%	8	3.0%		33,723	34,734	35,776	36,850	37,955	39,094	40,287	41,475	42,719	44,001
Operating and Maintenance	3.0%	1	3.0%		493,822	508,637	523,896	539,813	555,801	572,475	589,649	807,339	625,559	844,328
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					30,750	31,286	31,831	32,384	32,945	33,515	34,094	34,881	35,278	35,883
Insurance	3.0%	1	3.0%		41,476	42,720	44,002	45,322	46,882	48,082	49,524	51,010	52,540	54,117
Replacement Reserve	3.0%	1	3.0%		47,978	49,417	50,900	52,427	53,999	55,619	57,288	59,007	60,777	82,800
Other: Cable	3.0%	1	3.0%		1,791	1,845	1,901	1,958	2,018	2,077	2,139	2,203	2,289	2,337
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					1,218,318	1,254,081	1,290,902	1,328,813	1,367,844	1,408,030	1,449,404	1,492,002	1,535,861	1,581,017
Debt Service														
Debt Service Part A					67,365	67,365	87,365	87,365	67,365	67,365	87,365	67,365	67,365	87,365
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					1,285,681	1,321,446	1,358,268	1,396,178	1,435,210	1,475,395	1,516,769	1,559,368	1,603,226	1,648,382
Cash Flow/(Deficit)					48,537	39,457	29,853	19,705	8,991	(2,310)	(14,223)	(26,770)	(39,977)	(53,868)
Cash Flow Per Unit					408	332	251	166	76	(19)	(120)	(225)	(336)	(453)
Debt Coverage Ratio on Part A Loan					1.72	1.59	1.44	1.29	1.13	0.97	0.79	0.60	0.41	0.20
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)				Initial Deposit										
Initial Balance				78,393	105,354	108,515	111,770	115,123	118,577	122,134	123,488	112,969	89,588	52,299
Total Annual Draw to achieve 1.0 DCR					0	0	0	0	0	(2,310)	(14,223)	(26,770)	(39,977)	(53,868)
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	(2,310)	(14,223)	(26,770)	(39,977)	(53,868)
Interest					3,181	3,255	3,353	3,454	3,557	3,664	3,705	3,369	2,688	1,569
Ending Balance at Maintained DCR					108,515	111,770	115,123	118,577	122,134	123,488	112,969	89,588	52,299	(0)
Maintained Cash Flow Per Unit					408	332	251	166	78	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan					1.72	1.59	1.44	1.29	1.13	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				78,393										
Operating Assurance Reserve Analysis				331,225										
Required in Year:	1			Initital Deposit										
Initial Balance				331,225	445,139	458,493	472,248	486,416	501,008	516,036	531,520	547,465	563,889	580,806
Interest Income					13,354	13,755	14,167	14,592	15,030	15,481	15,946	16,424	16,917	17,424
Ending Balance					458,493	472,248	486,416	501,008	516,036	531,520	547,465	563,889	580,806	598,230
Deferred Developer Fee Analysis														
Initial Balance					0	0	0	0	0	0	0	0	0	0
Dev Fee Paid				215574	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
FERGUSON APARTMENTS, MSHDA DEVELOPMENT NO. 1440-2
CITY OF GRAND RAPIDS, KENT COUNTY

July 25, 2019

WHEREAS, Ferguson-Heartside 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 Grand Rapids, Kent County, Michigan, known as Ferguson Apartments, MSHDA Development No. 1440-2 (the "housing project"); and

WHEREAS, the Michigan State Housing Development Authority (the "Authority") provided a mortgage loan to aid in the acquisition and original construction of the housing project; and

WHEREAS, Dwelling Place of Grand Rapids Nonprofit Housing Corporation (the "Applicant") desires to purchase and rehabilitate the housing project under the Authority's Housing Trust Fund Program, for an estimated total development cost of Twenty-One Million Two Hundred Forty-Three Thousand One Hundred Ninety-Six Dollars ($21,243,196); and

WHEREAS, the Applicant has filed an Application for Mortgage Loan Feasibility with the Authority for a new taxable mortgage loan in the maximum amount of Nine Hundred Ninety-Four Thousand Nine Hundred Sixty-Three Dollars ($994,963), a Housing Trust Fund Loan ("HTF Loan") in the maximum amount of Five Million One Hundred Sixty-One Thousand Dollars ($5,161,000) and a Michigan Housing Community Development Fund Loan ("MHCDF Loan") in the maximum amount of Two Hundred Thirty Nine Thousand Dollars ($239,000) (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 July 25, 2019 (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 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 Acting 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 and the terms of its Housing Trust Fund Program.

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 Nine Hundred Ninety Four Thousand Nine Hundred Sixty-Three Dollars ($994,963).

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 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 I conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated July 25, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
FERGUSON APARTMENTS, MSHDA DEVELOPMENT NO. 1440-2
CITY OF GRAND RAPIDS, KENT COUNTY

July 25, 2019

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 Dwelling Place of Grand Rapids Nonprofit Housing Corporation (the "Applicant") for a construction and permanent mortgage loan in the amount of Nine Hundred Ninety-Four Thousand Nine Hundred Sixty-Three Dollars ($994,963), a Housing Trust Fund Loan (“HTF Loan”) in the maximum amount of Five Million One Hundred Sixty-One Thousand Dollars ($5,161,000) and a Michigan Housing and Community Development Fund Loan (“MHCDF Loan”) in the maximum amount of Two Hundred Thirty-Nine Thousand Dollars ($239,000), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty-One Million Two Hundred Forty-Three Thousand One Hundred Ninety-Six Dollars ($21,243,196), known as Ferguson Apartments (the "housing project"), located in the City of Grand Rapids, Kent County, Michigan, and to be owned by Ferguson Apartments Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Acting 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 Acting Executive Director and, on the basis of the Application and such 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 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 Development 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 mortgage loan (the "Mortgage Loan") is hereby authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the 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 and permanent financing of the proposed housing project in an amount not to exceed Nine Hundred Ninety-Four Thousand Nine Hundred Sixty-Three Dollars ($994,963), having a term not to exceed forty (40) years after amortization of principal commences. The Mortgage Loan shall bear interest at a rate of Six and 20/100 percent (6.2%) per annum. The amount of proceeds of taxable bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Nine Hundred Ninety-Four Thousand Nine Hundred Sixty-Three Dollars ($994,963). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MHCDF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant a Commitment for a MHCDF Loan in the estimated amount of Two Hundred Thirty-Nine Thousand Dollars ($239,000), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (1%) per annum.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment and the MHCDF Loan Commitment (together, 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. Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing or 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 Development be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Acting 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 housing project 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 HTF Loan and the MHCDF 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. The Mortgagor's return on equity shall be fully cumulative.

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 July 25, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

NEW

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 Gary Heidel

DATE: July 25, 2019

RE: Approval of mortgage loan feasibility and commitment of Lyon Township Senior Living, MSHDA #3850

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 and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of certain Multifamily Direct Lending Parameters; and 4) 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.

Executive Summary:

This proposal has been designed to be a welcoming choice for those seniors who are downsizing their homes and would desire access to additional congregate type services in a non-congregate designed living structure. The management company will offer residents fitness classes in the fitness center, a shuttle bus to shopping and community events as well as medical appointments within five miles of the site. There will be a theater room for matinée and evening movies as well as a central social hub for games, social activities and live entertainment along with a media center with an extensive library. Each resident will receive electronic wellness systems and on-site home-based health care providers and clinic. There will be an on-site Bistro offering morning coffee and afternoon social as well as cocktail parties and special event activities. There will be additional services available for purchase as well, gourmet lunch and dinners in the dining room as well as housekeeping and flat linen service and full-sized washer and dryers.

Issues, Policy Considerations, and Related Actions:

The site has a high-pressure gas line running through the portion of the site on Pontiac Trail. Due to this the Authority is requiring an emergency ingress/egress location located south of the entrance on Pontiac trail. The sponsor has entered into a verbal agreement with a neighboring business, The Lyon Grill, to create the emergency only ingress egress drive.

In addition it is recommended that a waiver of the program provision that requires underwritten rents for all units restricted to the MTSP 60% AMI limit, be limited to 95% of 30% of the MTSP 60% AMI limit (Section VI, E(1) Underwriting Terms, Rent Restrictions), be granted.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

July 25, 2019

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 and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of certain Multifamily Direct Lending Parameters; and 4) 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.:	3850
Development Name:	Lyon Township Senior Living
Development Location:	Lyon Township Lyon, Oakland County
Sponsor:	PIRHL Developers, LLC and Lockwood Companies, LLC
Mortgagor:	Lyon Senior Living, Limited Dividend Housing Association, LLC
TE Bond Construction Loan:	$23,384,783 (65.90% of TDC)
TE Bond Permanent Loan:	$23,384,783
MSHDA HOME Loan:	$3,616,635
MSHDA MRF Loan:	$3,616,635
Total Development Cost:	$35,485,883
Mortgage Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
Interest Rate:	4.90% 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:	130 elderly units of new construction
Unit Configuration:	70 one bedroom one bath apartments and 60 two-bedroom one bath apartments in one three story building.
Builder:	PIRHL Contractors, LLC
Syndicator:	PNC Tax Credit Capital
Date Application Received:	December 5, 2018
HDO:	James Smith

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:

The site has a high-pressure gas line running through the portion of the site on Pontiac Trail. Due to this the Authority is requiring an emergency ingress/egress location located south of the entrance on Pontiac trail. The sponsor has entered into a verbal agreement with a neighboring business, The Lyon Grill, to create the emergency only ingress egress drive.

In addition staff recommends a waiver of the program provision that requires underwritten rents for all units restricted to the MTSP 60% AMI limit, be limited to 95% of 30% of the MTSP 60% AMI limit (Section VI, E(1) Underwriting Terms, Rent Restrictions), be granted. Staff intends that when the parameters are next revised, this will be a permanent change.

EXECUTIVE SUMMARY:

The proposal has been designed to be a welcoming choice for those seniors who are downsizing their homes and would desire access to additional congregate type services in a non-congregate designed living structure. The management company will offer residents fitness classes in the fitness center, a shuttle bus to shopping and community events as well as medical appointments within five miles of the site. There will be a theater room for matinée and evening movies as well as a central social hub for games, social activities and live entertainment along with a media center with an extensive library. Each resident will receive electronic wellness systems and on-site home-based health care providers and clinic. There will be an on-site Bistro offering morning coffee and afternoon social as well as cocktail parties and special event activities. There will be additional services available for purchase as well, gourmet lunch and dinners in the dining room as well as housekeeping and flat linen service and full-sized washer and dryers.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to new construction transactions:

- A tax-exempt bond construction and permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The Mortgage Loan will be in the amount of $23,384,783 at 4.90% interest with 18-monthly interest only payments required under the construction loan. The permanent financing date will commence on the first day of the month following the month in which the 18-month construction loan term expires or such later date as determined by an Authorized Officer of the Authority (the "Permanent Financing Date").

- The permanent tax-exempt bond loan is based upon the current 60% area median income level 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 115-debt service coverage ratio, an annual interest rate of 4.90%, 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 an Authority MRF Loan (the "MRF Loan") in the amount of $3,616,635 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 $3,616,635 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% LIHTC in the estimate amount of $3,804,702

- 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 $628,128.

- The Sponsor has agreed to contribute $120,000 from the sale of a portion of frontage along Pontiac Trail, the sale of which was necessary to meet the Authority's requirement for an emergency vehicle access easement.

- The Sponsor has agreed to defer $315,000 of the developer fee to help fill the remaining funding gap.

- A ten (10) month rent-up allowance in the amount identified in the attached proforma will be required to support interest payments between construction completion and the Mortgage Cut-Off Date, as determined by the Authority.

- An operating assurance reserve 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.

Site Selection:

The Manager of the Office of Market Research has visited the site and has indicated that it does meet the current Authority site selection criteria with the emergency ingress/egress access only. Our selection criteria prohibits sites with high pressure gas lines, but it has been determined that with the additional ingress/egress we would accept the site.

Market Evaluation:

The Manager of the Office of Market Research determined the amenities, services and rent levels are acceptable.

Valuation of the Property:

An appraisal dated November 12, 2018 estimates the land value at $1,796,000.

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 Sponsor, 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, 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 $3,804,702). 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 thirty (130) units of this proposal are as follows:

   a. Three (3) units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (20 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. Eleven (11) units have been designated as High-HOME units and during the Period of Affordability required under the HOME program (20 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. Fifty four (54) units (31 one-bedroom units and 23 two-bedroom units) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the Multifamily Tax Subsidy Project ("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.

   d. Seventy-six (76) units (39 one-bedroom units and 37 two-bedroom units) are market rate and may be rented without regard to income.

   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. **Limitations on Rental Rates:**

The Total Housing Expense (contract rent plus tenant-paid utilities) for one hundred thirty (130) units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the four 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 (20 years), the Total Housing Expense for the thirteen High-HOME units may not exceed the "High-HOME Rent Limit" established and published annually by HUD.

c. The Total Housing Expense for all fifty four (54) units (31 one-bedroom units, and 23 two-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. Seventy-seven (76) units (39 one-bedroom units, and 37 two-bedroom units) are market rate and there shall be no limit on the rents charged for these units.

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 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 MSHDA'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 operating assurance reserve ("OAR") in the amount equal to four months' of estimated Development operating expenses (estimated to be $857,262). 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:

The Mortgagor must agree to establish a replacement reserve fund ("Replacement Reserve") by making 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.

10. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into 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.

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. <u>Environmental Review and Indemnification:</u>

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 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. <u>Davis-Bacon and Cross-cutting Federal Requirements:</u>

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.

18. <u>Cost Certification:</u>

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).

19. <u>Title Insurance Commitment and Survey:</u>

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. <u>Organizational Documents/Equity Pay-In Schedule:</u>

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.

21. Designation of Authority Funds:

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

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 Addendum

23. 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.

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. <u>HUD Authority to Use Grant Funds:</u>

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. <u>HUD Subsidy Layering Review:</u>

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. <u>Application for Disbursement:</u>

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.

Special Conditions:

1. <u>Legal Requirements:</u>

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

- Satisfactory title endorsements regarding the gas pipeline
- An executed drainage easement across abutting parcel to the north
- Documentation releasing or extinguishing the interests of the eight entities holding various warranty deed, quit claim and land contract interests
- Address all concerns from the 6-24-2019 Lyon Township Planning Commission meeting minutes and document final approval.
- Executed warranty deed with Lyon Grill ownership detailing the emergency ingress-egress drive terms.
- 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. <u>PILOT Obtained Post-Commitment:</u>

The Development is currently subject to ad valorem property taxes and has been underwritten as though such taxes will continue to be assessed; however, the Mortgagor has applied for a PILOT. If a PILOT resolution (or ordinance depending on the municipality), acceptable in language, form and substance to the Authority's Director of Legal Affairs is provided, the Authority may re-underwrite the Development using the new PILOT. Any savings generated by the PILOT disclosed in the Authority's re-underwriting of the Development may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

3. **Residual receipts and cost savings at the end of the construction period**:

   Any cost savings and residual receipts identified in any post-construction cost certification or audit that would otherwise be used to pay down deferred developer fee will be applied to the MRF loan interest, then principal, and then the HOME Loan interest and then principal if available.

4. **Congregate Services:**

   Prior to Initial Closing, the sponsor must agree in writing to provide congregate services as described in the management and marketing plans for the tenants for the life of the Mortgage Loan. The services must include, at the option of the tenant, one meal per day, light housekeeping, laundry services, and handyman services. The cost of these services must be paid from other than Mortgage Loan proceeds, development rental income, and residual receipts.

5. **Van Transportation:**

   The Mortgagor will enter into an agreement with the Authority to provide regular van transportation for the residents of the Development for the purposes of grocery and other shopping, and for recreational outings, at no charge to the tenants. The times, frequency and destination of the outing for which van transportation will be established by the Mortgagor, subject to the approval of the Authority's Director of Asset Management, whose approval will not be unreasonably withheld. The van transportation shall be in addition to Spec-Tran or any other service provided by the local public transportation system or its equivalent. The cost of providing van transportation services may be paid from development operating funds, residual receipts, or mortgage loan proceeds, to the extent available. If, however there are not sufficient funds from these sources, Mortgagor shall pay the cost of providing the van transportation services from the Mortgagor's own funds.

6. **Disbursement through Title Company:**

   Prior to Initial Mortgage Loan Closing the general contractor must agree that all funds disbursed for the construction of the development will be disbursed directly through a title insurance company to subcontractors and suppliers. The agreement must be acceptable to the Authority's Director of Legal Affairs.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR:	Lyon Senior Living, Limited Dividend Housing Association LLC (PIRHL will own 65% and The Lockwood Companies will own 35%.

II. GUARANTOR(S):

A. Guarantor #1:

Name: David Burg
Address: PIRHL Developers, LLC
800 West Saint Clair Avenue, 4th floor
Cleveland, OH, 44113

B. Guarantor #2:

Name: Mark Lockwood
Address: Lockwood Companies, LLC
27777 Franklin Rd #1410
Southfield, MI 48034

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: PIRHL Developers LLC and The Lockwood Companies, LLC
Address: 800 West Saint Clair Avenue, 4th floor
Cleveland, OH, 44113

Individuals Assigned: Kevin Brown
Telephone: 216-453-5775
Fax: 216-378-9691
E-mail: kbrown@pirhl.com

1. **Experience**: The PIRHL does not have experience working on Authority-financed developments but has done similar projects in other states. Lockwood Companies which has extensive experience working with Authority financed deals is included in the ownership with a minority interest.

2. **Interest in the Mortgagor and Members**: PIRHL Developers LLC will own .0065% and The Lockwood Companies, LLC will own .0035% and PNC Bank, National Association Affiliate of PNC Bank, National Association will own 99.99%.

B. Architect:

Name: Ronald Lloyd
Address: 16102 Chagrin Blvd. Suite 200
Shaker Heights, OH 44120

Individual Assigned: Ronald Lloyd

Telephone: 216-752-4300
Fax: 216-752-4301
E-Mail: howard@rdlarchitects.com

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

2. **Architect's License**: License number 1301046349, exp. 10/31/2020.

C. **Attorney:**

Name: Dykema Gossett PLLC
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rochelle Lento
Telephone: 313-568-5322
Fax: 855-245-9124
E-Mail: rlento@dykema.com

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

D. **Builder:**

Name: PIRHL Contractors, LLC
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rick Adante
Telephone: 216-462-0751
Fax: 216-378-9691
E-mail: radante@pirhl.com

1. **Experience**: The firm does not have previous experience in constructing Authority-financed developments, but they have the required experience in construction. Because they are new to the Authority, they will have to disburse the construction funds through a title company.

2. **State Licensing Board Registration**: License number 2101216978, with Brian David Timpe as the qualifying officer with an expiration date of 05/31/2020.

E. **Management and Marketing Agent:**

Name: Lockwood Companies, LLC
Address: 27777 Franklin Rd, #1410
Southfield, MI 48034

Individual Assigned:	Mark Lockwood
Telephone:	248-203-0991
Fax:	248-203-6691
E-mail:	mlockwood@lockwoodcompanies.com

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

F. **Development Team Recommendation:** It is recommended to proceed with the development team.

IV. SITE DATA:

A. Land Control/Purchase Price:
Option to purchase to PIRHL Acquisitions, LLC and Charter Township of Lyon dated September 4, 2018 for a price of $1,750,000.

B. Site Location:
Located between 20889 and 21001 Pontiac Trail in Lyon Township and Oakland County Parcel tax id 22-31-400-034.

C. Size of Site:
Approximately 18 acres.

D. Density:
The proposed 130 units is appropriate for the amount of land.

E. Physical Description:

1. Present Use: Vacant
2. Existing Structures: None
3. Relocation Requirements: None

F. Zoning:
The property currently has two zoning designations. The 6-acre portion abutting Pontiac Trail is zoned B-2 (business district) and the remaining acreage is zoned RM-2 (Multifamily District). The township requires the total of 16.5 acres to be zoned RM-2 so the sponsor obtained a conditional rezoning of the B-2portion.

G. Contiguous Land Use:

1. North: Residential
2. South: Lyon Grill and Bader and Sons Company
3. East: Pontiac Trail and Strip Mall driveway.
4. West: Residential and Laser lane.

H. Tax Information:
The site is subject to full property taxes.

I. Utilities:
DTE supplies the electricity.
Consumers Energy supplies the natural gas.
Lyon Charter Township supplies the water and sewer.

J. Community Facilities:

1. Shopping:
   Kroger is located east across M59.
2. Recreation:
   There are many recreational activities in the area and McHattie Park is the closest park about a mile and a half north of the site.
3. Public Transportation:
   The peoples express provides transportation to medical, shopping and recreational appointments for city of South Lyon or Lyon Township residents age 50+ or disabled. Rides are provided through People's Express and are subsidized by the city of South Lyon or the Charter Township of Lyon.
4. Road Systems
   The roads seem to be in good repair and M59 is a major north south road through the area.
5. Medical Services and other Nearby Amenities:
   There are various clinics in the area and the closest hospital is Ascension Providence Hospital in Novi about 7.7 miles north west.
6. Description of Surrounding Neighborhood:
   Lots of new constructed homes and some newer commercial. Overall area looks good.
7. Local Community Expenditures Apparent:
   Lot of new construction activity in the area.
8. Indication of Local Support:
   The community is supportive of the proposal and is selling the developer the property.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 16.).

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 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:	July 2019
B. Initial Closing and Disbursement:	September 2019
C. Construction Completion:	March 2021
D. Cut-Off Date:	January 2022

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

7/17/19

Andrew Martin
Director of Development

Date

7/18/2019

Clarence L. Stone, Jr.
Director of Legal Affairs

Date

7/18/19

Gary Heidel
Acting Executive Director

Date

Development	Lyon Township Senior
Financing	Tax Exempt
MSHDA No.	3850
Step	Commitment
Date	07/25/2019
Type	New Construction

Instructions

Income Limits for	Oakland County		(Effective April 24,2019)			
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	16,050	18,330	20,610	22,890	24,750	26,580
40% of area median	21,400	24,440	27,480	30,520	33,000	35,440
50% of area median	26,750	30,550	34,350	38,150	41,250	44,300
60% of area median	32,100	36,660	41,220	45,780	49,500	53,160

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
50% Senior	Area Median Income Units Occupancy										
A	2	Apartment	1	1.0	670	716	0	716	17,184		0.6%
B	1	Apartment	2	1.0	896	858	0	858	10,296		0.4%
C							0	0	0		0.0%
									27,480	0	1.0%
60% Senior	Area Median Income Units Occupancy										
A	6	Apartment	1	1.0	670	753	0	753	54,216	0	2.0%
B	5	Apartment	2	1.0	896	967	0	967	58,020	0	2.1%
C		0	0	0.0	0		0	0	0	0	0.0%
60% Family	Area Median Income Units Occupancy										
A	23	Apartment	1	1.0	670	859	0	859	237,084	0	8.6%
B	17	Apartment	2	1.0	896	1,029	0	1,029	209,916	0	7.6%
C		0	0	0.0	0		0	0	0	0	0.0%
									447,000	0	16.3%
Market Senior	Rate Units Occupancy										
A	39	Apartment	1	1.0	670	1,960	0	1,960	917,280	0	33.4%
B	37	Apartment	2	1.0	896	2,800	0	2,800	1,243,200	0	45.3%
C		0	0	0.0	0		0	0	0	0	0.0%
Mgrs									0	0	0.0%

Unit	% 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
50% Senior											
A	1.5%	1,340	1.3%	1,340	Low HOME	665	HOME Rent	(51)	-7.67%	50.0%	$1.07
B	0.8%	896	0.9%	896	Low HOME	798	HOME Rent	(60)	-7.52%	50.0%	$0.96
C	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
	2.3%	2,236	2.2%	2,236							
60% Senior											
A	4.6%	4,020	4.0%	4,020	High HOME	727	HOME Rent	(26)	-3.56%	52.6%	$1.12
B	3.8%	4,480	4.5%	4,480	High HOME	940	HOME Rent	(27)	-2.87%	56.3%	$1.08
C	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
60% Family											
A	17.7%	15,410	15.3%	15,410		859	TC Rent	0	0.00%	60.0%	$1.28
B	13.1%	15,232	15.1%	15,232		1,030	TC Rent	1	0.10%	59.9%	$1.15
C	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
	30.8%	30,642	30.4%	30,642							
Market Senior											
A	30.0%	26,130	26.0%	0		N/A	N/A	N/A	N/A	136.8%	$2.93
B	28.5%	33,152	32.9%	0		N/A	N/A	N/A	N/A	163.0%	$3.13
C	0.0%	0	0.0%	0		N/A	N/A	N/A	N/A	N/A	N/A
Mgrs	0.0%	0	0.0%	0							
		100,660		41,378							

Total Units	130
Income Average	59.44%
Set Aside	41.54%

Gross Rent Potential	2,747,196
Average Monthly Rent	1,761
Gross Square Footage	100,660

HOME Units SF/Total Units SF	10.7%
# HOME Units/# Total Units	10.6%

Within Range
Within Range

Utility Allowances

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

Annual Non-Rental Income

Misc. and Interest	
Laundry	
Carports	17,280
Other:	7,500
Other:	
	24,780

0.411066958

Total Income	Annual	Monthly
Rental Income	2,747,196	228,933
Non-Rental Income	24,780	2,065
Total Project Revenue	2,771,976	230,998

Development	Lyon Township Senior
Financing	Tax Exempt
MSHDA No.	3850
Step	Commitment
Date	07/25/2019
Type	New Construction

Mortgage Assumptions:

Debt Coverage Ratio	1.15	
Mortgage Interest Rate	4.900%	
Pay Rate	4.900%	
Mortgage Term	40	years
Income from Operations	No	

Instructions

			% of Revenue	Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Total Development Income Potential								
Annual Rental Income				21,132	2,747,196	1.0%	6	2.0%
Annual Non-Rental Income				191	24,780	1.0%	6	2.0%
Total Project Revenue				21,323	2,771,976			
Total Development Expenses								
							Future Vacancy	
Vacancy Loss	8.00%	of annual rent potential		1,691	219,776		6	8.0%
Management Fee	527	per unit per year		527	68,510	3.0%	1	3.0%
Administration				2,280	296,438	3.0%	1	3.0%
Project-paid Fuel				77	10,000	3.0%	6	3.0%
Common Electricity				385	50,000	4.0%	6	3.0%
Water and Sewer				423	55,000	5.0%	6	5.0%
Operating and Maintenance				1,234	160,466	3.0%	1	3.0%
Real Estate Taxes				2,166	281,616	5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)		Applied to: All Units		0	0			
Insurance				434	56,386	3.0%	1	3.0%
Replacement Reserve	300	per unit per year		300	39,000	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Total Expenses			44.63%	**9,517**	**1,237,192**			
Base Net Operating Income				11,806	1,534,784	Override		
Part A Mortgage Payment			48.15%	10,266	1,334,595			
Part A Mortgage				**179,883**	**23,384,783**			
Non MSHDA Financing Mortgage Payment				0				
Non MSHDA Financing Type:				**0**				
Base Project Cash Flow (excludes ODR)			7.22%	1,540	200,189			

Development Lyon Township Senior
Financing Tax Exempt
MSHDA No. 3850
Step Commitment
Date 07/25/2019
Type New Construction

Instructions

TOTAL DEVELOPMENT COSTS		Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition						
Land		13,462	1,750,000	0%	0	0
Existing Buildings		0		100%	0	0
Other: Easement fee for county drain		192	25,000	0%	0	0
Subtotal		13,654	1,775,000			
Construction/Rehabilitation						
Off Site Improvements		0		100%	0	0
On-site Improvements		18,713	2,432,742	100%	2,432,742	0
Landscaping and Irrigation		141,519	18,397,505	100%	18,397,505	18,397,505
Structures		0		100%	0	0
Community Building and/or Maintenance Facility		0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports end Commercial Space		923	120,000	0%	0	0
General Requirements	% of Contract 5.96% Within Range	9,601	1,248,138	100%	1,248,138	1,248,138
Builder Overhead	% of Contract 1.99% Within Range	3,392	441,009	100%	441,009	441,009
Builder Profit	% of Contract 5.96% Within Range	10,381	1,349,487	100%	1,349,487	1,349,487
Permits, Bond Premium, Tap Fees, Cost Cert.		9,796	1,273,441	100%	1,273,441	1,273,441
Other:		0		100%	0	0
Subtotal		194,326	26,262,322			
15% of acquisition and $15,000/unit test:			met			
Professional Fees						
Design Architect Fees		2,762	359,108	100%	359,108	359,108
Supervisory Architect Fees		691	89,777	100%	89,777	89,777
Engineering/Survey		942	122,500	100%	122,500	122,500
Other: Accounting/financial management fees		158	20,500	0%	0	0
Subtotal		4,553	591,885			
Interim Construction Costs						
Property & Causalty Insurance		462	60,000	100%	60,000	60,000
Construction Loan Interest	Override 699,528	5,381	699,528	100%	699,528	699,528
Title Work		462	60,000	50%	30,000	0
Legal Fees (in Tax Credit Basis)		923	120,000	50%	60,000	0
Construction Taxes		385	50,000	100%	50,000	50,000
Other:		0		100%	0	0
Subtotal		7,612	989,528			
Permanent Financing						
Loan Commitment Fee to MSHDA	2%	4,710	612,361	0%	0	0
Other:		0		0%	0	0
Subtotal		4,710	612,361			
Other Costs (In Basis)						
Application Fee		15	2,000	0%	0	0
Market Study		41	5,300	100%	5,300	5,300
Environmental Studies		234	30,375	100%	30,375	30,375
Cost Certification		154	20,000	0%	0	0
Equipment and Furnishings		5,127	666,500	98%	653,170	0
Temporary Tenant Relocation		0		100%	0	0
Construction Contingency		7,692	1,000,000	100%	1,000,000	1,000,000
Appraisal and C.N.A.		23	3,000	100%	3,000	3,000
Other: Real estate taxes valuation		12	1,500	100%	1,500	1,500
Subtotal		13,298	1,728,675			
Other Costs (NOT In Basis)						
Start-up and Organization		38	5,000			
Tax Credit Fees (based on 2017 QAP)	26,653 Within Range	205	26,653			
Compliance Monitoring Fee (based on 2017 QAP)		197	25,650			
Marketing Expense		2,000	260,000			
Syndication Legal Fees		115	15,000			
Rent Up Allowance	10.0 months	9,512	1,236,547			
Other:		0				
Subtotal		12,068	1,568,850			

Summary of Acquisition Price		As of		
Attributed to Land	1,750,000	1st Mortgage Balance		
Attributed to Existing Structure	0	Subordinate Mortgage(s)		
Other:	25,000	Subordinate Mortgage(s)		
Fixed Price to Seller	1,775,000	Subordinate Mortgage(s)		
		Premium/(Deficit) vs Existing Debt		1,775,000

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

Appraised Value	Value As of: October 30, 2019
"Encumbered As-Is" value as determined by appraisal:	1,796,000
Plus 5% of Appraised Value:	0
LESS Fixed Price to the Seller:	1,775,000
Surplus/(Gap) Within Range	21,000

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	6,594	857,262	0%	0	0
Replacement Reserve	Not Required	0	0	0%	0	0
Operating Deficit Reserve		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		0	0	0%	0	0
Other:		0		0%	0	0
Other:		0		0%	0	0
Subtotal		6,694	857,262			
Miscellaneous						
Deposit to Development Operating Account (1MGRF	Not Required	0	0	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		0	0			
Total Acquisition Costs		13,654	1,775,000			
Total Construction Hard Costs		194,326	25,262,322			
Total Non-Construction ("Soft") Costs		48,835	6,348,561			
Developer Overhead and Fee						
Maximum 4,808,588		16,154	2,100,000	100%	2,100,000	2,100,000
7.5% of Acquisition/Project Reserves	Override	5% Attribution Test			LIHTC Basis	Historic Basis
15% of All Other Development Costs	2,100,000		met			
Total Development Cost		272,968	35,485,883		30,406,580	27,230,668

TOTAL DEVELOPMENT SOURCES	% of TDC		
MSHDA Permanent Mortgage	65.90%	179,883	23,384,783
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	10.72%	29,267	3,804,702
MSHDA NSP Funds	0.00%	0	
MSHDA HOME or Housing Trust Funds	10.19%	27,820	3,616,635
Mortgage Resource Funds	10.19%	27,820	3,616,635
Other MSHDA:	0.00%	0	
Local HOME	0.00%	0	
Income from Operations	1.77%	4,832	628,128
Other Equity	0.00%	0	
Transferred Reserves:	0.00%	0	0
Other: Sale of lot frontage	0.34%	923	120,000
Other:	0.00%	0	
Deferred Developer Fee	0.89%	2,423	315,000
Total Permanent Sources			35,485,883

# of Units	Gap to Hard Debt Ratio
0.00	31%
14.00	

Deferred Dev Fee
15.00%

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	0.00%	0
Construction Loan Rate	4.900%	
Repaid from equity prior to final closing		0

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP		
Acquisition	0	Acquisition	0	
Construction	12,499,140	Construction	403,722	Override
Acquisition Credit %	3.23%	Total Yr Credit	403,722	
Rehab/New Const Credit %	3.23%	Equity Price	$0.9425	
Qualified Percentage	41.11%	Equity Effective Price	$0.9425	Override
QCT/DDA Basis Boost	100%	Equity Contribution	3,804,702	
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	3,804,702
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	3,804,702

Cash Flow Projections

Development Lyon Township Senior
Financing Tax Exempt
MSHDA No. 3850
Step Commitment
Date 07/25/2019
Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator		1	2	3	4	5	8	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		2,747,196	2,774,668	2,802,415	2,830,439	2,858,743	2,915,918	2,974,236	3,033,721	3,094,396	3,156,283
Annual Non-Rental Income	1.0%	6	2.0%		24,780	25,028	25,278	25,531	25,786	28,302	26,828	27,364	27,912	28,470
Total Project Revenue					2,771,976	2,799,696	2,827,693	2,855,970	2,884,529	2,942,220	3,001,064	3,061,086	3,122,307	3,184,753
Expenses														
Vacancy Loss	8.0%	6	8.0%		219,776	221,973	224,193	228,435	228,699	233,273	237,939	242,898	247,552	252,503
Management Fee	3.0%	1	3.0%		68,510	70,565	72,682	74,863	77,109	79,422	81,805	84,259	86,786	89,390
Administration	3.0%	1	3.0%		296,438	305,331	314,491	323,926	333,644	343,653	353,962	364,581	375,519	386,784
Project-paid Fuel	3.0%	6	3.0%		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Common Electricity	4.0%	6	3.0%		50,000	52,000	54,080	56,243	58,493	60,248	62,055	63,917	65,834	87,809
Water and Sewer	5.0%	8	5.0%		55,000	57,750	60,638	63,669	66,853	70,195	73,705	77,391	81,260	85,323
Operating and Maintenance	3.0%	1	3.0%		180,466	165,280	170,238	175,346	180,606	186,024	191,605	197,353	203,274	209,372
Real Estate Taxes	5.0%	1	5.0%		281,616	295,697	310,482	328,006	342,306	359,421	377,392	396,282	418,075	436,879
Payment in Lieu of Taxes (PILOT)					0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%		56,386	58,078	59,820	61,615	63,463	65,367	67,328	69,348	71,428	73,571
Replacement Reserve	3.0%	1	3.0%		39,000	40,170	41,375	42,816	43,895	45,212	46,568	47,965	49,404	50,886
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					1,237,192	1,277,144	1,318,608	1,361,646	1,406,322	1,454,408	1,504,300	1,556,071	1,609,800	1,665,565
Debt Service														
Debt Service Part A					1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					2,571,787	2,611,739	2,653,203	2,696,241	2,740,917	2,789,003	2,838,895	2,890,667	2,944,395	3,000,160
Cash Flow/(Deficit)					200,189	187,956	174,490	159,729	143,612	153,217	162,169	170,419	177,913	184,594
Cash Flow Per Unit					1,540	1,446	1,342	1,229	1,105	1,179	1,247	1,311	1,369	1,420
Debt Coverage Ratio on Part A Loan					1.15	1.14	1.13	1.12	1.11	1.11	1.12	1.13	1.13	1.14
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				0	0	0	0	0	0	0	0	0	0	0
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					0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR					0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit					1,540	1,446	1,342	1,229	1,105	1,179	1,247	1,311	1,369	1,420
Maintained Debt Coverage Ratio on Part A Loan					1.15	1.14	1.13	1.12	1.11	1.11	1.12	1.13	1.13	1.14
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				0										
Operating Assurance Reserve Analysis				857,262										
Required in Year:	1			Initial Deposit										
Initial Balance				857,262	857,262	882,980	909,470	936,754	964,856	993,802	1,023,816	1,054,324	1,085,954	1,118,533
Interest Income					25,718	28,489	27,284	26,103	26,946	29,814	30,708	31,630	32,579	33,556
Ending Balance					682,980	909,470	936,754	964,856	993,802	1,023,616	1,054,324	1,085,954	1,118,533	1,152,089
Deferred Developer Fee Analysis														
Initial Balance					315,000	114,811	0	0	0	0	0	0	0	0
Dev Fee Paid					200,189	114,811								
Ending Balance — Repaid in y	0				114,811	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				3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,816,635	3,618,635	3,616,635	3,618,635	3,616,635	3,618,635
Current Yr Int					108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499
Accrued Int					0	108,499	180,425	201,679	230,314	267,007	298,898	326,312	349,602	369,144
Subtotal				% of Cash Flow	3,725,134	3,833,633	3,905,559	3,926,814	3,955,448	3,992,141	4,024,032	4,051,446	4,074,736	4,094,278
Annual Payment Due				50%	0	36,573	87,245	79,864	71,806	76,608	81,085	85,210	88,956	92,297
Year End Balance					3,725,134	3,797,060	3,818,314	3,646,949	3,883,642	3,915,533	3,942,947	3,966,237	3,985,779	4,001,982

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	11	12	13	14	15	16	17	16	19	20
Income													
Annual Rental Income	1.0%	6	2.0%	3,219,409	3,283,797	3,349,473	3,416,463	3,484,792	3,554,488	3,625,578	3,698,089	3,772,051	3,847,492
Annual Non-Rental Income	1.0%	6	2.0%	29,039	29,620	30,213	30,817	31,433	32,062	32,703	33,357	34,024	34,705
Total Project Revenue				3,248,449	3,313,418	3,379,686	3,447,280	3,516,225	3,586,550	3,658,281	3,731,446	3,806,075	3,882,197
Expenses													
Vacancy Loss	8.0%	6	8.0%	257,553	282,704	287,958	273,317	278,783	284,359	290,046	295,847	301,764	307,799
Management Fee	3.0%	1	3.0%	92,072	94,834	97,679	100,609	103,628	106,736	109,938	113,237	116,634	120,133
Administration	3.0%	1	3.0%	398,388	410,340	422,650	435,329	448,389	461,841	475,696	489,967	504,666	519,806
Project-paid Fuel	3.0%	6	3.0%	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Common Electricity	4.0%	6	3.0%	69,844	71,939	74,097	76,320	78,610	80,968	83,397	85,899	88,476	91,130
Water and Sewer	5.0%	6	5.0%	89,589	94,069	98,772	103,711	108,896	114,341	120,058	126,061	132,364	138,982
Operating and Maintenance	3.0%	1	3.0%	215,653	222,122	228,786	235,650	242,719	250,001	257,501	265,226	273,183	281,378
Real Estate Taxes	5.0%	1	5.0%	458,723	481,659	505,742	531,029	557,580	585,459	614,732	645,469	677,742	711,630
Payment in Lieu of Taxes (PILOT)				0	0	0	0	0	0	0	0	0	0
Insurance	3.0%	1	3.0%	75,778	78,051	80,393	82,805	85,289	87,848	90,483	93,197	95,993	98,873
Replacement Reserve	3.0%	1	3.0%	52,413	53,985	55,605	57,273	58,991	60,761	62,584	64,461	66,395	68,387
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				1,723,451	1,783,545	1,845,939	1,910,728	1,978,011	2,047,893	2,120,482	2,195,892	2,274,241	2,355,653
Debt Service													
Debt Service Part A				1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595	1,334,595
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				3,058,046	3,118,140	3,180,534	3,245,323	3,312,606	3,382,488	3,455,078	3,530,487	3,608,836	3,690,248
Cash Flow/(Deficit)				190,403	195,277	199,152	201,957	203,619	204,061	203,203	200,959	197,239	191,949
Cash Flow Per Unit				1,485	1,502	1,532	1,554	1,566	1,570	1,563	1,546	1,517	1,477
Debt Coverage Ratio on Part A Loan				1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.14
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

			11	12	13	14	15	16	17	16	19	20
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
Initial Balance		0	0	0	0	0	0	0	0	0	0	0
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			0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR			0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit			1,465	1,502	1,532	1,554	1,566	1,570	1,563	1,546	1,517	1,477
Maintained Debt Coverage Ratio on Part A Loan			1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.14
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		0										

Operating Assurance Reserve Analysis

			11	12	13	14	15	16	17	16	19	20
		857,262										
Required in Year:	1	Initital Deposit										
Initial Balance		857,262	1,152,089	1,186,651	1,222,251	1,258,919	1,296,666	1,335,587	1,375,654	1,416,924	1,459,432	1,503,215
Interest Income			34,563	35,600	36,668	37,768	38,901	40,068	41,270	42,508	43,783	45,096
Ending Balance			1,186,851	1,222,251	1,258,919	1,296,666	1,335,587	1,375,654	1,416,924	1,459,432	1,503,215	1,548,311

Deferred Developer Fee Analysis

		11	12	13	14	15	16	17	16	19	20
Initial Balance		0	0	0	0	0	0	0	0	0	0
Dev Fee Paid											
Ending Balance	Repaid in y(0	0	0	0	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

			11	12	13	14	15	16	17	16	19	20
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635	3,616,635
Current Yr Int			108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499	108,499
Accrued Int			385,347	398,644	409,505	418,428	425,948	432,638	439,106	446,004	454,023	483,903
Subtotal		% of Cash Flow	4,110,461	4,123,778	4,134,839	4,143,562	4,151,082	4,157,772	4,164,240	4,171,138	4,179,157	4,189,037
Annual Payment Due		50%	95,201	97,639	99,576	100,976	101,809	102,031	101,602	100,479	98,619	95,974
Year End Balance			4,015,279	4,026,140	4,035,063	4,042,583	4,049,273	4,055,741	4,062,639	4,070,658	4,080,538	4,093,063

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
LYON TOWNSHIP SENIOR LIVING, MSHDA DEVELOPMENT NO. 3850
CHARTER TOWNSHIP OF LYON, OAKLAND COUNTY

July 25, 2019

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 PIRHL Developers, LLC (the "Applicant") for an elderly housing project to be located in the Charter Township of Lyon, Oakland County, Michigan, having an estimated total development cost of Thirty Five Million Four Hundred Eighty Five Thousand Eight Hundred Eighty-Three Dollars ($35,485,883), a total estimated maximum mortgage loan amount of Twenty Three Million Three Hundred Eighty Four Thousand Seven Hundred Eighty-Three Dollars ($23,384,783) and a Mortgage Resource Fund loan in the amount of Three Million Six Hundred Sixteen Thousand Six Hundred Thirty-Five Dollars ($3,616,635) (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 Acting 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 Twenty Seven Million Three Hundred Ninety Three Thousand Seven Hundred Dollars ($27,393,700).

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 July 25, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOAN
LYON TOWNSHIP SENIOR LIVING, MSHDA DEVELOPMENT NO. 3850
CHARTER TOWNSHIP OF LYON, OAKLAND COUNTY

July 25, 2019

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 PIRHL Developers, LLC (the "Applicant") for a construction and permanent mortgage loan in the amount of Twenty Three Million Three Hundred Eighty Four Thousand Seven Hundred Eighty-Three Dollars ($23,384,783), for the construction and permanent financing of a housing project having an estimated total development cost of Thirty Five Million Four Hundred Eighty Five Thousand Eight Hundred Eighty-Three Dollars ($35,485,883), to be known as Lyon Township Senior Living, located in the Charter Township of Lyon, Oakland County, Michigan, and to be owned by Lyon Senior Living Limited Dividend Housing Association, LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of Three Million Six Hundred Sixteen Thousand Six Hundred Thirty-Five Dollars ($3,616,635) (the "MRF Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Three Million Six Hundred Sixteen Thousand Six Hundred Thirty-Five Dollars ($3,616,635) (the "HOME Loan"); and

WHEREAS, the Acting 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 Acting 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 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 and permanent financing of the proposed housing project in an amount not to exceed Twenty Three Million Three Hundred Eighty Four Thousand Seven Hundred Eighty-Three Dollars ($23,384,783), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of Four and 90/100 percent (4.9%) 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 Twenty Seven Million Three Hundred Ninety Three Thousand Seven Hundred Dollars ($27,393,700). 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 a MRF Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Three Million Six Hundred Sixteen Thousand Six Hundred Thirty-Five Dollars ($3,616,635), 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 July 25, 2019 (the “Staff Report”), which conditions are hereby incorporated by reference as if fully set forth herein.

9. A waiver is granted for the Multifamily Direct Lending Parameters as described in the Staff Report.

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: July 25, 2019

RE: McCoy Townhouses, MSHDA No. 527-2

Recommendation:

I recommend the Michigan State Housing Development Authority (the "Authority") approve of i) adjusting the equity calculation used to determine the mortgagor's return on equity, ii) allowing limited distributions to be cumulative, and iii) an amendment to the Preservation Fund mortgage note to require fifty percent (50%) of surplus cash be used to repay the Preservation Fund mortgage.

Executive Summary:

McCoy Townhouses is a Section 8 family development located in the City of Detroit. The development was originally constructed in 1979 with construction and permanent financing from the Authority. McCoy Townhouses consists of thirteen (13) two-story buildings housing a total of seventy-four (74) units.

The owner has requested modifying the equity calculation used to determine the owner's return on equity. In 2008 when the development went through the Preservation Program the Authority had two separate methods of calculating the owner's equity. Properties that previously had Authority financing used a true-equity calculation that applied the equity figure from the original 1979 loan and also included all principal payments made. The second calculation of owner's equity, used for all developments that did not previously have Authority financing, was the total development cost less the following costs: mortgage debt (first and second mortgages), operating income, and deferred developer fee. The second method typically calculated a much higher potential distribution.

By allowing the owners to change their calculation method the equity amount would increase from $1,284,703 to $2,209,701. The amount of maximum distribution would increase from $154,164 to $265,164. In exchange for this change, the mortgagor has agreed to increase the amount of surplus which will be applied toward the second mortgage. This figure will increase from 25% of annual surplus cash to 50%.

Issues, Policy Considerations, and Related Actions:

None.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

ACTION REPORT

DATE:	June 4, 2019
ASSET MANAGER:	Justin Wieber
MSHDA #:	527-2
DEVELOPMENT NAME:	McCoy Townhouses (fka Research Park II)
LOCATION:	5569 John C Lodge Detroit, MI 48202
ASSIGNED ATTORNEY:	Laurie Kelly
MANAGEMENT AGENT:	Independent Management Service
MANAGING GENERAL PARTNER (S):	American Community Developers, Inc.
TAX CREDIT SYNDICATOR:	PNC Multifamily Capital Institutional Fund XL LP

RECOMMENDATION:

I recommend Michigan State Housing Development Authority ("Authority") approval of i) an adjustment to the equity calculation used to determine the owner's return on equity, ii) allowing limited distributions to be cumulative, and iii) an amendment to the Preservation Fund mortgage note to require fifty percent (50%) of surplus cash be used to repay the Preservation Fund mortgage loan.

I. BACKGROUND:

McCoy Townhouses is a Section 8 family development located in the City of Detroit. The development was originally constructed in 1979 with construction and permanent financing from the Authority. McCoy Townhouses consists of thirteen (13) two-story buildings housing a total of seventy-four (74) units.

In 2008 the original mortgage was prepaid, and the property was sold to the current owner. The development was approved as a participant in the Authority's Section 8 Preservation program at that time and received a new first mortgage of $3,190,000 and a Preservation Fund (now referred to as the Mortgage Resource Fund) mortgage in the amount of $1,391,945. The original Housing Assistance Program ("HAP") contract was cancelled in 2008 and the development received a new HAP contract from the U.S. Department of Housing and Urban Development ("HUD") covering 100% of the units.

In 2008 when McCoy Townhouses entered the Section 8 Preservation Program the Authority limited the owner's return on equity based on: 1) the original equity invested at the time the development was originally constructed, plus 2) the total monthly principal payments made on the original mortgage by the previous owner (prior to the prepayment). The total equity based on this calculation is $1,284,703. Limited dividend payments are capped at 12% of the equity amount per year, which is $154,164. Limited dividends are also considered non-cumulative and therefore cannot be carried forward to subsequent years if there are insufficient surplus funds to pay the full distribution amount in a given year. The terms of the Preservation Fund mortgage require 25% of surplus funds available for distribution be used to repay the outstanding loan balance.

The Mortgagor has requested a modification of the equity calculation used to determine the return on equity. In 2008 when the development went through the Preservation Program the Authority had two separate methods of calculating the owner's equity. Properties previously financed by the Authority used the first method described above. The second method used to calculate owner's equity, used for all developments that did not previously have Authority financing, tallied the total development cost less the following costs: mortgage debt (first and second mortgages), operating income, and deferred developer fee. When this method was used limited distributions were allowed to be cumulative, and fifty percent (50%) of surplus cash was required to pay the second mortgage. The owners have requested the development be allowed to switch to the second method of equity calculation.

Using the proposed method of equity calculation, the owner's equity for McCoy Townhouses would be $2,209,701. This would result in an annual limited dividend cap of $265,164. This change will also allow the Authority to receive larger annual surplus cash payments on the Preservation Fund Mortgage Loan which in turn would help create additional affordable housing opportunities in the State of Michigan.

II. CURRENT FINANCIAL CONDITION

A. The development currently has 0 vacant units (0%) with an economic vacancy of 2.48%.
B. Liquidity has increased from $301,526 in April 2018 to $384,656 in April 2019.
C. The development currently has $1,221 in receivables, of which $107 (8.7%) are over 30 days.
D. The development currently has $14,694 in payables, of which $0 (0.0%) are over 60 days.

III. SUMMARY OF PROPOSAL:

A. The Regulatory Agreement will be amended to change the owner's equity calculation. The new method of calculating owner's equity will be total development operating cost, less the following: first mortgage, second mortgage, interim operating income, and deferred developer fee. The results of the new equity calculation are as follows:

Total Development Operating Cost:	$ 7,186,222
Less First Mortgage:	$ (3,190,000)
Less Second Mortgage:	$ (1,391,945)
Less Interim Operating Income:	$ (162,043)
Less Deferred Developer Fee:	$ (232,533)
Owner's Equity:	$ 2,209,701

B. As a result of the change in owner's equity the maximum annual limited dividend will be capped at $265,164.
C. This change will go into effect during the 2019 audit year. All distributions prior to the 2019 audit year will remain non-cumulative.
D. The Regulatory Agreement will be amended to allow the owner's return on equity to be cumulative.
E. The Preservation Fund mortgage note will be amended to require fifty percent (50%) of surplus cash as determined by the annual audit of the development's operations be used to repay the Preservation Fund mortgage.
F. Authority staff has verified that no open conditions exist related to this development, for either the owner or agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	Section 8 Preservation, LIHTC
Original Mortgage Amount:	$3,190,000
Current Mortgage Balance:	$2,643,325
Payment Status:	Current
Current Interest Rate:	5.95%
Mortgage Prepayment Eligibility Date:	April 1,2023
Preservation Original Mortgage Amount:	$1,391,945
Preservation Current Mortgage Balance:	$1,344,288
Preservation Deferred Interest Balance:	$3,361
Preservation Interest Rate:	3% Deferred
LIHTC Initial Compliance End Date:	December 31, 2022
LIHTC Ext. Use Compliance End Date:	December 31, 2052

Vacancy: 0 Units are Vacant or 0%
Economic Vacancy 2.48%

Reserve and Escrow Balances as of May 30, 2019:

Replacement Reserve:	$ 544,539
Operating Assurance Escrow:	$ 450,522
ORC:	$ 8,117

Financial Status:

Liquidity:	$ 384,656
One Month's Rent Potential:	$ 88,850

Prior Authority Action:

- November 15, 1990 – Resolution Authorizing Partial Sale of Development Site
- November 24, 2007 – Resolution Determining Mortgage Loan Feasibility
- November 24, 2007 – Resolution Authorizing Mortgage Loan Commitment

V. RENT SCHEDULES:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
2 BR	48	0	$1,155	$127
3 BR	26	0	$1,285	$170
TOTAL	**74**	**0**		

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

A. The Mortgagor must enter into modifications of loan documents, regulatory agreements, partnership agreements and into any additional documents deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.

APPROVED:

Michael Witt
Director of Asset Management

7-15-19
Date

Kelly Rose
Chief Housing Solutions Officer

7-15-2019
Date

Clarence L. Stone, Jr.
Director of Legal Affairs

7-17-2019
Date

Gary Heidel
Acting Executive Director

7/16/19
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MODIFICATION TO MORTGAGE TERMS
MCCOY TOWNHOUSES, MSHDA DEVELOPMENT NO. 527-2
CITY OF DETROIT, WAYNE COUNTY

JULY 25, 2019

WHEREAS, the Michigan State Housing Development Authority (the “Authority”) has made a construction and permanent mortgage loan to McCoy 2006 Limited Dividend Housing Association L.C.C. (the "Mortgagor") in the original principal amount of $3,004,322 (the "Mortgage Loan") and a Preservation Fund Mortgage Loan in the amount of $1,391,945 (the “Preservation Fund Loan” now known as a Mortgage Resource Fund Loan) for the acquisition and construction or rehabilitation of McCoy Townhouses, MSHDA Development No. 527-2 (the "Development") under the Authority's Section 8 Preservation Program; and

WHEREAS, the Mortgagor is requesting certain modifications to the Regulatory Agreement entered into at the time of the Mortgage Loan, including an adjustment to the equity calculation used to determine the owner’s return on equity and allowing limited distributions to be cumulative; and

WHEREAS, in exchange for the Regulatory Agreement modifications the Mortgagor is willing to amend the Preservation Fund Mortgage Loan note to require fifty percent (50%) of surplus cash be used to repay the note instead of twenty-five percent (25%); and

WHEREAS, for the reasons set forth in the staff Action Report dated July 4, 2019, which is attached hereto and incorporated herein, the Acting Executive Director has recommended that the Regulatory Agreement, the Preservation Fund Loan Mortgage note and other related loan documents be modified as set forth in the Action Report; and

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

NOW, THEREFORE, the Michigan State Housing Development Authority hereby resolves as follows:

1. The loan modification proposal for McCoy Townhouses, MSHDA No. 527-2 as set forth in the accompanying Action Report is hereby approved and further, the Executive Director, the Director of Legal Affairs, the Chief Financial Officer, or any person duly acting in such capacity (each, an "Authorized Officer"), or any of them, is hereby authorized to take any further actions that, in the discretion of the Authorized Officer, are necessary to effectuate the proposal as set forth in the Action Report.

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 Gary Heidel

DATE: July 25, 2019

RE: Request for Authorization to Amend the Perich Advertising + Design Contract

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Recommendation:

I recommend that the Michigan State Housing Development Authority ("Authority") authorize amending the existing contract (the "Contract") with Perich Advertising + Design (the "Contractor") to continue providing marketing and communications services to the Authority. The proposed amendment will extend the agreement term for an additional year at an additional cost of $900,000.

Executive Summary:

The Authority originally approved the Contract with a three-year term at its regularly scheduled meeting on September 14, 2016. The Contractor is a full-service advertising and public relations agency with more than 25 years' experience and has performed Authority-related services at a high level. The amendment will ensure that the Authority's media and advertising needs are met. The Contractor will continue providing the Authority with services related to media/advertising account(s) management, planning, strategy, creative development, digital, public relations, social media, sponsorship assessment, media planning, media buying, and tracking return on investment.

This service has been preauthorized by the Civil Service Commission; therefore, additional Civil Service approval is not required.

Issues, Policy Considerations, and Related Actions:

None

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING THE EXTENSION AND BUDGET INCREASE OF PROFESSIONAL SERVICES CONTRACT WITH PERICH ADVERTISING + DESIGN

<u>July 25, 2019</u>

WHEREAS, the Michigan State Housing Development Authority (the "Authority") has received the report of the Acting Executive Director regarding the extension of the professional services contract to perform media and advertising services to enhance state and local promotion efforts, and to assist in performing functions that extend the Authority's public relations and marketing capabilities; and

WHEREAS, on September 14, 2016, the Authority approved a professional services contract ("Contract") with Perich Advertising + Design for a term beginning on or about October 1, 2017 and ending September 30, 2019 for an amount not to exceed Six Million Forty-Five Thousand Dollars ($6,045,000); and

WHEREAS, the Acting Executive Director has recommended that the Authority approve an additional one-year extension to the Contract with an additional increase in the Contract budget not to exceed Nine Hundred Thousand Dollars ($900,000); and

WHEREAS, if the proposed one-year extension and budget increase of Nine Hundred Thousand Dollars ($900,000) are approved, the total budget over the amended term of the Contract with Perich Advertising + Design will total Six Million Nine Hundred Forty-Five Thousand Dollars ($6,945,000); and

WHEREAS, these services are pre-authorized by the Civil Service Commission; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority, that the Executive Director, the Director of Legal Affairs, the Chief Financial Officer, or any person duly acting in such capacity (each, an "Authorized Officer"), or any of them, is hereby authorized to enter an amendment to the professional services contract with Perich Advertising + Design to (a) extend the term of the professional services contract for a period beginning on or about September 30, 2019 and ending September 29, 2020 and (b) increase the maximum contract amount of the professional services contract by an amount not to exceed Nine Hundred Thousand Dollars ($900,000), as described above and in the accompanying memorandum.

Helping Michigan's Hardest-Hit Homeowners

JUNE 2019

HARDEST HIT PROGRAMS	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	89	37,653	$382,853.97	$297,574,471
BLIGHT ELIMINATION	304	18,381	$5,914,096.74	$287,856,966
Step Forward DPA	60	1,456	$894,808.72	$21,669,950

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.

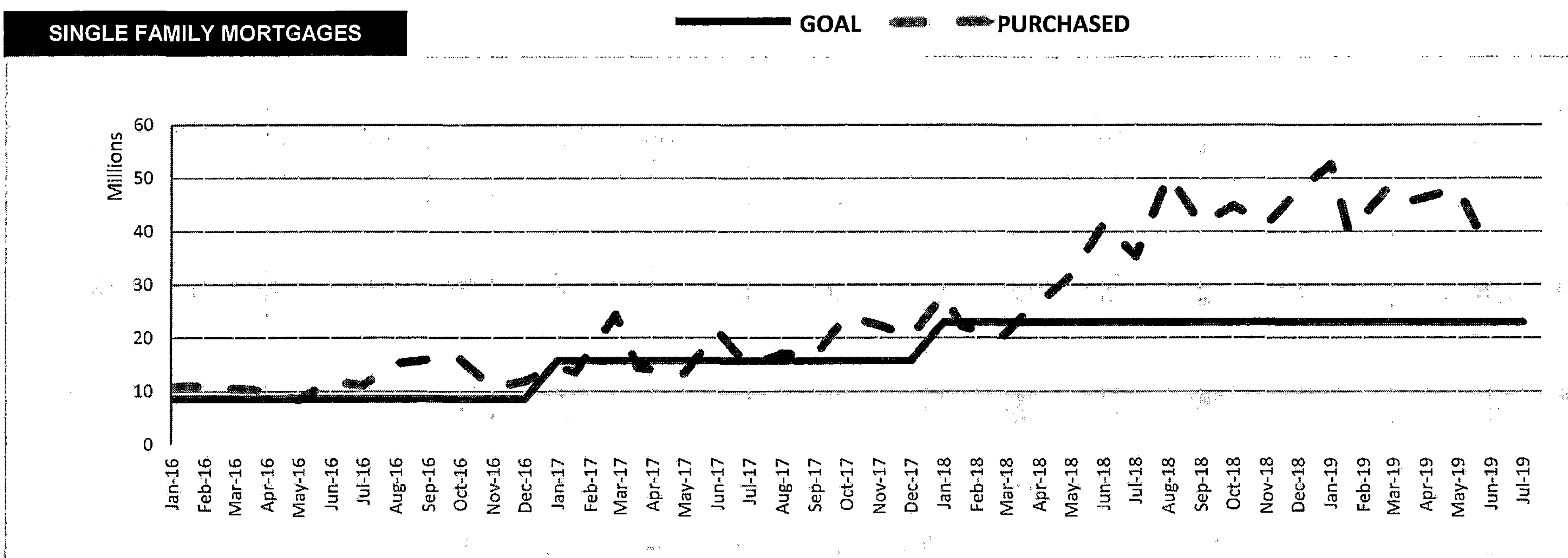
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

JUNE 2019

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: JUNE 2019

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS		APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED	
031	Jun-19	0	$	0	$0.00	0	$0.00	0	$0.00
6/26/2014 07-26-17	May-19	0	$	0	$0.00	0	$0.00	0	$0.00
055	Jun-19	0	$ -	0	$0.00	6	$700,549.00	0	$0.00
4/30/2018	May-19	0	-	0	$0.00	13	$1,302,654.00	0	$0.00
056	Jun-19	0	$ -	35	$3,201,852.00	352	$36,329,649.00	28	$2,424,812.00
12/7/2018	May-19	0	-	225	$23,241,241.00	613	$62,995,280.00	190	$20,036,520.00
057	Jun-19	481	$ 52,778,323.00	479	$55,200,506.00	224	$25,477,096.00	383	$44,557,115.00
4/15/2019	May-19	525	59,733,811.00	396	$45,265,545.00	9	$886,460.00	224	$25,342,031.00
TOTAL	Jun-19	481	$52,778,323.00	514	$58,402,458.00	582	$62,507,294.00	409	$46,981,927.00

Series /Date	Month	Cancellations Reinstatements Net		Transfers		& PURCHASE IN/DEcrease Net		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA		#	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031	Jun-19	0	$0.00	0	$0.00	0	$0.00	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	May-19	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	101	$ 1,174,038.00	$ 1,174,038.00	remaining:	$ (13,092,639.00)
055	Jun-19	0	$0.00	-3	-$305,278.00	0	$0.00	3	$395,271.00	0	$0.00	0	$0.00	055	$ 293,709,117.00	$ 293,709,117.00	$ 306,310,870.00	$ 315,900,000.00
4/30/2018	May-19	-3	-$226,604.00	-4	-$375,501.00	0	$0.00	6	$700,549.00	0	$0.00	0	$0.00	155	$ 12,601,753.00	$ 12,601,753.00	remaining:	$ 9,589,130.00
056	Jun-19	-1	-$120,280.00	-148	-$14,777,401.00	-4	-$440,481.00	135	$13,216,910.00	92	$10,199,389.00	88	$573,946.00	056	$ 139,603,448.00	$ 149,602,837.00	$ 151,224,217.00	$ 200,000,000.00
12/7/2018	May-19	-1	-$63,750.00	-461	-$47,599,847.00	11	$961,446.00	352	$36,329,649.00	0	$0.00	0	$0.00	156	$ 847,434.00	$ 1,421,380.00	remaining:	$ 48,775,783.00
057	Jun-19	-1	-$127,645.00	-149	$15,082,679.00	2	$276,126.00	516	$59,983,303.00	241	$25,282,068.00	174	$1,124,702.00	057	$ 52,629,379.00	$ 77,911,447.00	$ 79,036,149.00	$ 200,000,000.00
4/15/2019	May-19	0	$0.00	465	$47,975,348.00	-9	-$751,395.00	224	$25,477,096.00	465	$47,975,348.00	217	$1,409,241.00	157	$ 1,409,241.00	$1,124,702.00	remaining:	$ 120,963,851.00
TOTAL	Jun-19	-2	-$247,925.00	0	$0.00	-2	-$164,355.00	654	$73,595,484.00	333	$35,481,457.00	262	$1,698,648.00					

STEP FORWARD DPA Program

#255 Series /Date	Month	RESERVATIONS		Cancel/Rejects		Deleted		Total In Process		APPLICATIONS RECEIVED		COMMITMENTS ISSUED		PURCHASED-DPA FUNDED		$ 25,000,000.00
9/24/2018	Jun-19	0	$ -	-9	$ (135,000.00)	0	$ -	1423	############	3	$ 45,000.00	4	$ 60,000.00	60	$ 894,808.72	$ 21,669,850.47
	May-19	0	$ -	-75	$(1,096,500.00)	0	$ -	1432	############	11	$ 165,000.00	24	$ 359,781.00	231	###########	REMAINING:
GRAND TOTAL		1,850	$28,043,635.00	-413	-$8,138,500.00	-14	-$210,000.00	1,423	$21,697,135.00	1,490	$22,350,000.00	1,501	$22,509,193.00	1,456	$21,669,850.47	$3,330,049.53

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	Jun-19	25	$ 2,899,094.00	32	$3,094,536.00	50	$4,931,187.00	27	$2,626,483.00	0	$0.00	0	$0.00	57	$5,636,363.00	20	$1,921,307.00	19	$115,870.00
11/14/2013	May-19	42	$ 4,284,603.00	35	$3,396,016.00	46	$4,428,306.00	22	$2,279,131.00	1	$171,830.00	0	$0.00	50	$4,931,187.00	19	$1,948,080.00	18	$111,727.00

MCC		RESERVATIONS		APPS RECEIVED		COMMITMENTS		CERTIFICATES	
211 MCC	Jun-19	46	$ 6,070,217.00	29	$ 3,660,388.00	25	$ 3,172,448.00	30	$ 3,843,667.00
6/13/2016	May-19	63	$ 8,669,105.00	54	$ 7,324,886.00	55	$ 7,415,136.00	38	$ 5,126,077.00

PIP Loans	Applications		Commitments		Purchased	
June-19	2	$ 11,895.00	1	$ 24,444.53	1	$ 7,129.23
May-19	1	$ 7,129.00	1	$ 7,129.00	2	$ 10,606.00

Delegated Action Report(s)

Homeownership

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 Gary Heidel

DATE: July 25, 2019

RE: Homeownership Division Summary of Delegated Actions for the Period May 1, 2019 to June 30, 2019

From time to time, the Authority has delegated certain actions to the Executive Director. Typically, the delegated actions include a reporting requirement. The following is a listing of the delegated actions activity undertaken by the Homeownership Division during the first quarter of 2019. If activity is indicated, a report on that delegated action is attached.

I. Loan Activity

A. Moderate Rehabilitation Loans	No Activity
B. Mortgage Loan Increases	No Activity
C. Mortgage Loans for MI HOME and CSH	No Activity
D. Small Size and High Security Loans	No Activity
E. Development Fund Loans Under $250,000	No Activity
F. Pre-Development Loans	No Activity
G. HOME Funds for MSHDA-Financed Project	No Activity
H. Asset Management	No Activity
I. Homeless Initiatives	No Activity
J. Neighborhood Stabilization Program (NSP) Loans	No Activity
K. Waiver of Prepayment Prohibition	No Activity

II. Professional Services Contracts

A. Contracts Under $25,000	No Activity
B. Homeownership Counseling	See attached
C. Technical Assistance Contracts	No Activity
D: Environmental Consulting Contracts	No Activity

III. Work-out for 80/20 Developments — No Activity

IV. Grant Activity

A. Application for State or Federal Funds	No Activity
B. HOME Grants	No Activity
C. CDBG Grants	No Activity
D. Development Fund Grants Under $250,000	No Activity
E. Homeless Initiatives	No Activity

REPORT ON DELEGATED ACTIONS

For the period May 1, 2019 to June 30, 2019

Date: July 25, 2019

DELEGATED ACTION

Housing Education Program (HEP)

On June 27th, 2018 the Authority approved the continuation of MSHDA's Housing Education Program by approving the budgeted amount of $600,000 for the fiscal year 2018/2019 and delegating to authorize signatories for the Homeownership Division the authority to enter into or renew existing contracts.

ACTIVITY

A listing of all contract expenditures during the reporting period is attached.

The purpose of the Michigan State Housing Development Authority's (MSHDA or Authority) Housing Education Program (HEP) is to facilitate education for clients seeking to purchase or retain a home. MSHDA's Housing Education Program ("HEP") partners with agencies to ensure that every Michigan citizen has access to accurate, non-biased assistance to help make informed choices about housing and homeownership. Through our partner agencies, MSHDA's HEP services are provided to all 83 Michigan counties at little to no cost to the consumer; they are offered in a variety of formats to maximize accessibility.

Services include Homebuyer Education, Pre-Purchase Individual services, Financial Capability services, Rental services, Homeless services and Foreclosure services.

Agencies that receive funds through this opportunity will provide assistance to first-time and repeat homebuyers by providing education on the many facets of the home purchase process to clients seeking to purchase their home with the intent of utilizing a MSHDA mortgage product.

Additionally, the agency may provide assistance to current homeowners or renters who are in need of foreclosure counseling, rental counseling and other related housing counseling.

MSHDA Housing Education Program (HEP) Counseling Agency Contracts FY 2018/19 - 7.1.18 to 6.30.19	EIN #	Contract Amount
Abayomi Community Dev. Corp.	38-3407865	$15,000.00
Amandla Community Dev. Corp	38-3195198	$10,000.00
Bay Area Housing, Inc.	38-3130001	$25,000.00
Blue Water Community Action	38-2284121	$15,000.00
Capital Area Community Partnership	38-2926892	$25,000.00
Center For Financial Health	20-3360802	$25,000.00
Channel Housing Ministries, Inc./D.B.A. Oceana's Home Partnership	38-2950406	$15,000.00
City of Grand Haven	38-6004687	$30,000.00
Community Action Agency - Jackson	38-1803599	$30,000.00
Community Action House	23-7120670	$25,000.00
Community Housing Network	38-3372734	$20,000.00
Genesee County Habitat	38-2899387	$15,000.00
Habitat for Humanity Michigan	38-3142455	$10,000.00
Habitat of Monroe County	38-3243925	$15,000.00
HOME of Mackinac County	38-3330709	$15,000.00
Home Repair Services	38-2263817	$10,000.00
Housing Services of Mid-Michigan	38-3245099	$10,000.00
Inner City Christian	38-1903026	$15,000.00
Jewish Vocational Service	38-1358013	$20,000.00
Kalamazoo Neighborhood Housing Services, Inc.	38-2391442	$15,000.00
Mid Michigan Community Action Agency, Inc.	38-2056236	$10,000.00
Monroe County Opportunity Program	38-1813239	$15,000.00
MSU Extension	38-6005984	$20,000.00
National Faith	38-3302761	$10,000.00
NCCS - Center for Nonprofit Housing	38-3164047	$10,000.00
Neighborhood Legal Services of Michigan	38-1818068	$10,000.00
New Hope CD Nonprofit Hsg Corp	38-2975829	$10,000.00
Northeast Michigan Community Service Agency, Inc.	38-1873461	$20,000.00
Northern Homes Community Development Corporation	38-3395829	$10,000.00
Northwest Michigan Community Action Agency	38-2027389	$30,000.00
Oakland County	38-6004876	$25,000.00
Oakland Livingston Human Service Agency	38-1785665	$10,000.00
Southwest Economic Solutions	38-2324335	$25,000.00
Southwest Michigan Community Action Agency	38-2415106	$10,000.00
Wayne Metropolitan Community Action Agency	38-1976979	$25,000.00
Total		$600,000.00

REPORT ON DELEGATED ACTIONS

For the period May 1, 2019 to June 30, 2019

Date: July 25, 2019

DELEGATED ACTION

HUD Housing Counseling Grant

On October 10, 2018 the Michigan State Housing Development Authority (MSHDA) (Grantee) was awarded a grant of $650,000.00 to conduct a housing counseling program on behalf of the Department of Housing and Urban Development (HUD). This award was the largest in the department's history and is used in accordance with HUD's FY2017-FY2019 Comprehensive Housing Counseling Grant Program. It is projected that a total of 3,650 Michigan households will be served through these awarded funds.

ACTIVITY

The Grantee (MSHDA) was selected to distribute and monitor the HUD funds to MSHDA approved sub-grantees chosen by the Housing Education Program within MSHDA. **See attached list of sub-grantee agencies and awards.*

MSHDA utilizes FY18 HUD Housing Counseling Grant funds to support the following services:

INDIVIDUAL COUNSELING SERVICES

Agencies in MSHDA's network provide counselor-to-client assistance that addresses unique financial circumstances or housing issues and focuses on ways of overcoming specific obstacles to achieving a housing goal. One-on-one counseling services are provided for the following topics:

- **Rental Counseling:** Housing Counselors offer a customized rental counseling session which aids clients in addressing immediate rental crisis counseling as well as long term planning for successful and sustainable rental housing. Counselors work with their clients to analyze finances, understand the lease and application process as well as offering guidance and assistance with Fair Housing violations and Landlord Tenant Laws in Michigan.

- **Pre-Purchase Counseling:** Pre-Purchase Counseling is individual housing counseling services performed by a Certified Housing Counselor. While the sessions are customized for the individual client, the main purpose is to assist clients in making decisions related to:
  - Individual and household income verification and calculation
  - Review and analyze their consumer credit report
  - Analyze household budgets & spending habits
  - Assess mortgage readiness & affordability
  - Create customized debt reduction and spending/savings plans

- **Mortgage Delinquency and Default Resolution (Foreclosure Counseling):** Housing Counselors assist homeowners who are facing a financial crisis through mortgage or tax foreclosure. Counselors address reasons of default; ways to maximize income and reduce expenses; advising owners on key players in the mortgage marketplace; help owners navigate through loss-mitigation options; legal information about Michigan foreclosure laws and timelines; assist in effectively communicating with lenders and servicer; and offer information on homeowner and lender rights and obligations found in loan documents.

GROUP EDUCATION WORKSHOPS

MSHDA HEP agencies also conduct education workshops. These are formal classes with established curriculum and instructional goals provided in a group or classroom setting, covering topics applicable to groups of people. Educational workshops must comply with all HUD policies and guidelines. Below are brief descriptions of the workshop topics.

- **Homebuyer Education:** Homebuyer Education is designed to help individuals think critically about the benefits and risks of homeownership, understand how to select affordable homes and appropriate mortgage products, and build the financial knowledge, resources, and behaviors needed for sustainable homeownership and long-term financial health. Topics taught during this 4-6-hour class includes:
    - Assessing readiness to buy
    - Affordability, credit & budgeting
    - Mortgages & DPA programs
    - Loan processing & Fees
    - Partner roles including realtor, title, loan and escrow agents
    - The mortgage closing process
    - Fair Housing & Consumer Protection Laws

- **Financial Literacy Workshop:** Today's consumer is seeking financial security-searching for real-time information on how to maneuver the maze of financial products and services, establish or rebuild credit, reduce debt and save for the future. Certified Housing Counselors equip clients in reaching their potential. This course addresses the fundamental components of consumer financial literacy through nine core content modules including:
    - Mastering money management
    - Developing spending plans
    - Improving credit & savings
    - Student loan debt
    - Fair Housing & Fair Lending
    - Banking basics
    - Debt reduction
    - Consumer protection laws
    - Insurance

- **Rental Housing Education:** Through group education, Housing Counselors offer training on Rental Education which equips current and future tenants to be successful. Course participants learn how to avoid discrimination and address tenant/landlord issues such as deposits, procedures for handling health and safety repairs, tenant remedies and eviction-related issues. Participants also learn about how credit scores come into play, understand the lease contract and tips for the right place to call home.

MSHDA Housing Education Program (HEP) FY18 HUD Housing Counseling Grant Contracts Term: 10/01/2017 to 09/30/2019	HUD #	Grant Amount Awarded
Abayomi Community Development Corporation	80790	$ 20,000.00
Amandla Community Development Corporation	90190	$ 15,000.00
Blue Water Community Action Agency	90191	$ 45,000.00
Capital Area Housing Partnership	80388	$ 15,000.00
City of Grand Haven	80303	$ 15,000.00
Community Action House	83674	$ 30,000.00
Community Housing Network	90165	$ 25,000.00
H.O.M.E. of Mackinac County	83952	$ 25,000.00
Habitat for Humanity of Monroe County	90462	$ 15,000.00
Home Repair Services of Kent County	82456	$ 25,000.00
Inner City Christian Federation	82212	$ 35,000.00
Mid Michigan CAA	83675	$ 15,000.00
Monroe County Opportunity Program	80317	$ 30,000.00
Michigan State University Extension Office	81939	$ 45,000.00
NCCS Center for Nonprofit Housing	82432	$ 10,000.00
Neighborhood Legal Services of Michigan	80318	$ 20,000.00
Northeast Michigan Community Service Agency, Inc.	84034	$ 30,000.00
New Hope CD Nonprofit Hsg Corp	84947	$ 15,000.00
Northern Homes Community Development Corporation	84025	$ 30,000.00
Channel Housing Ministries, Inc./D.B.A. Oceana's Home Partnership	82052	$ 10,000.00
Southwest Economic Solutions	90078	$ 40,000.00
Southwest Michigan CAA	81228	$ 10,000.00
U-SNAP-BAC	90467	$ 20,000.00
Wayne Metropolitan Community Action Agency	83686	$ 45,000.00
	TOTAL:	**$ 585,000.00**

Delegated Action Report(s)

Rental Assistance and Homeless Solutions

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 Gary Heidel

DATE: July 25, 2019

RE: Rental Assistance and Homeless Solutions Summary of Delegated Actions for the Period April 1, 2019 to June 30, 2019

From time to time, the Authority has delegated certain actions to the Executive Director. Typically, the delegated actions include a reporting requirement. The following is a listing of the delegated actions activity undertaken by the Rental Assistance and Homeless Solutions Division during the second quarter of 2019. If activity is indicated, a report on that delegated action is attached.

I.	<u>Loan Activity</u>	
	A. Moderate Rehabilitation Loans	No Activity
	B. Mortgage Loan Increases	No Activity
	C. Mortgage Loans for MI HOME and CSH	No Activity
	D. Small Size and High Security Loans	No Activity
	E. Development Fund Loans Under $250,000	No Activity
	F. Pre-Development Loans	No Activity
	G. HOME Funds for MSHDA-Financed Project	No Activity
	H. Asset Management	No Activity
	I. Homeless Initiatives	No Activity
	J. Neighborhood Stabilization Program (NSP) Loans	No Activity
	K. Waiver of Prepayment Prohibition	No Activity
II.	<u>Professional Services Contracts</u>	
	A. Contracts Under $25,000	No Activity
	B. Homeownership Counseling	No Activity
	C. Technical Assistance Contracts	No Activity
	D. Environmental Consulting Contracts	No Activity
III.	<u>Work-out for 80/20 Developments</u>	No Activity
IV.	<u>Grant Activity</u>	
	A. Application for State or Federal Funds	No Activity
	B. HOME Grants	No Activity
	C. CDBG Grants	No Activity
	D. Development Fund Grants Under $250,000	No Activity

	E. Homeless Initiatives	See Attached Report
	F. Neighborhood Stabilization Program (NSP) Grants	No Activity
V.	<u>Michigan Affordable Housing Fund Activity</u>	No Activity
VI.	<u>Disposition of Bankruptcy Lien Stripping Cases</u>	No Activity
VII.	<u>Acceptance and Approval of HUD Housing Choice Vouchers (HCV)</u>	See Attached Report

Michigan State Housing Development Authority
Grants Awarded 04/01/2019 thru 06/30/2019

Funding Source Categories: MSHDA and Federal McKinney
Program Categories: ESG and Special Grant

County	Grant Number	Organization Name & Address	Grant Amount
Clare 04/15/2019	HML-2017-Mid Mich-92-ESF-02	Mid Michigan Community Action Agency, Inc. 1574 E. Washington Road PO Box 768 Farwell, MI 48622-0768	$5,000
Genesee 04/15/2019	HML-2017-Shelter -5101-ESF	Shelter of Flint, Inc. 924 Cedar Street Flint, MI 48503-3620	$20,960
Ionia 04/15/2019	HML-2017-EightCAP-45-ESF	EightCAP, Inc. 5827 Orleans Road Orleans, MI 48865-8603	$5,000
Ionia 05/07/2019	HML-2017-EightCAP-45-ESF-02	EightCAP, Inc. 5827 Orleans Road Orleans, MI 48865-8603	$2,115

Total # of Grants: 4

Total Amount: $33,075

Michigan State Housing Development Authority
Grants Awarded 04/01/2019 thru 06/30/2019

Funding Source Categories: MSHDA and Federal McKinney
Program Categories: None

County	Grant Number	Organization Name & Address	Grant Amount
Genesee 04/15/2019	HML-2018-Shelter -5101-ESF	Shelter of Flint, Inc. 924 Cedar Street Flint, MI 48503-3620	$10,750
Ionia 04/09/2019	HML-2018-EightCAP-45-ESF	EightCAP, Inc. 5827 Orleans Road Orleans, MI 48865-8603	$5,804

Total # of Grants: 2

Total Amount: $16,554

Acceptance and Approval of HUD Housing Choice Vouchers
April 1, 2019 to June 30, 2019

Projected Revenue over (under) Expenditures							
	Annualized Vouchers	Estimated Cost Per voucher	Annual Housing Assistance Payments		Housing Agent Expense	MSHDA* Operating Expense	Administrative and Special Fees Earned
Oakland County							
Kensington Heights - 18 vouchers							
Revenue:			$ 120,312				$ 17,055
Expenses:	216	$ 557	$ 120,312		$ 5,616	$ 11,439	$ 17,055
Revenue over (under) expenditures			$ -				$ -
Total Revenue:			**$ 120,312**				**$ 17,055**
Total Expenses:			**$ 120,312**		**$ 5,616**	**$ 11,439**	
*MSHDA Operating Expenses: Administrative fees earned are utilized to fund this project and any accrued reserves are utilized by the Housing Choice Voucher Program.							