

MSHDA Mod 2021 SUBMISSION INSTRUCTIONS

Letters of Interest Part I and Part II must be submitted in the format outlined by the following deadlines:

Part I - Due May 26, 2021 4:00 p.m. EST

Part II - Due June 1, 2021 4:00 p.m. EST

The MSHDA Mod 2021 Program is accepting funding submissions from eligible communities to utilize modular products in critical need areas where workforce housing is not currently available. This opportunity is to promote construction of modular or modified technology housing in areas that are primarily residential. The 2019 MSHDA Mod Pilot successfully funded ten Michigan communities which produced ten affordable modular homes. In the 2021 competitive funding round, MSHDA will provide up to \$2,000,000 to fund ten additional communities and expand the modular/modified technology opportunity.

If, after reviewing this document in its entirety, your community, neighborhood, and/or selected site area is determined to be eligible, and your Agency is interested in submitting a Letter of Interest Part I and II electronically, follow the submission instructions carefully. Selected agencies may be invited to present their proposal in more detail via a Microsoft Teams meeting in June/July 2021.

OVERALL SUBMISSION INSTRUCTIONS: Submitting a Letter of Interest is a two-step process. Step 1) At www.michigan.gov/mshdamod is an electronic link to request the Letter of Interest Part I, which will be emailed to the requesting email address. Complete Part I questions electronically and click submit. Step 2) Once the Letter of Interest Part I is submitted electronically, you will receive an email with a link to the Letter of Interest Part II where the attachments outlined in these instructions will be uploaded. Letter of Interest Part I and Part II **must be submitted in the format outlined**. All submissions are considered public information and are subject to discovery under the Freedom of Information Act (FOIA).

ELIGIBLE AGENCIES: To be eligible to apply, you must be either a 1) Non-Profit Organization with 501(c)(3) status, 2) Local Unit of Government, or 3) Limited Dividend Housing Association. Refer to Attachment 1 (Page 5) for further description and documentation required for each agency type.

COMMUNITY/NEIGHBORHOOD ELIGIBILITY:

At least 51% of the households living in the surrounding or adjacent community or neighborhood must qualify as low, moderate, or middle income (up to 80% of area median income). Refer to www.michigan.gov/mshdamod for the HUD 51% Low/Mod Community Chart to determine if your community is eligible.

QUESTIONS: All program questions should be emailed to hidmailbox@michigan.gov with Subject Line: MSHDA Mod 2021 Questions, by May 14. Questions received may be summarized for concise answers.

MSHDA MOD 2021 PROGRAM TIMELINE	Date/Time
Program Questions Due	May 14, 2021
Program Answers Posted www.michigan.gov/mshdamod	May 19, 2021
Program Q&A Review via Teleconference Conference Call 877.402.9753 Access Code: 3292085	May 20, 2021 1:30 p.m. – 2:30 p.m. EST
Letters of Interest Part I Due	May 26, 2021 4:00 p.m. EST
Letters of Interest Part II Due	June 1, 2021 4:00 p.m. EST
Communities Present Proposal (Virtual by Invitation) and Announcement of Selected Communities	June/July
Partnership Profile Training (Virtual by Invitation) Save the Date	July 15, 2021 10:00 a.m. – noon EST
Compliance Training (Virtual by Invitation) Save the Date	July 28, 2021 1:00 p.m. – 3:00 p.m. EST
Written Agreement Issued/Term	August 1, 2021 – January 31, 2023

WHAT IS MODULAR HOUSING? Modular homes are built in sections in a climate-controlled home building facility, then transported to the project location where the sections are assembled and installed. Modular homes can be built efficiently, saving time, and cost, to accommodate immediate workforce housing needs and facilitate affordability. There are many benefits associated with this style of construction. Modular housing typically offers a 30 to 50 percent shorter construction schedule. The efficiency of utilizing the same off-site build process for multiple homes decreases costs as well. Modular housing is also less impacted by weather delays and the difficulty of finding skilled laborers. These factors should result in the home being constructed and sold at an affordable price point.

WHAT IS MODIFIED TECHNOLOGY HOUSING? Modified technology housing is an alternative method of housing construction that is neither solely stick-built nor 100% modular construction.

ELIGIBLE MODULAR/MODIFIED PROGRAM OPTION TYPES:

- Type 1) Single-Family Modular Construction – One home ordered and built off-site in a home building facility. Home is transported by the builder and finishing will be completed on-site. The maximum funding request cannot exceed \$200,000. Leverage (see "Leverage" below) is not required but encouraged.
- Type 2) Single-Family Modified Construction Technology - The maximum funding request cannot exceed \$112,000 per unit. The leverage required for this component is at least 50% per unit. If there are multiple single-family modified technology constructed units proposed on a site, the maximum MSHDA funding request cannot exceed \$200,000.
 - a. Modified Modular-Oriented Technology – One/two homes not ordered from a home building facility, but some modified technology products will be utilized in the build. Majority modular product/built – at least 60% of the build will be modified product and 40% of the build will be stick built.
or
 - b. Modified Construction Techniques – One/two homes not ordered from a home building facility, but some modified technology products will be utilized. Majority stick built – not to exceed 60% of the build, at least 40% of the build will be utilizing modified techniques.

- Type 3) Small-Scale Multi-Unit Rental Modular Construction – The maximum funding request cannot exceed \$200,000 or 50% of the total project cost, whichever is less. Leverage is required for this component of at least 50% of the funding request. The project must be modular construction of multiple units in rural communities with a specific workforce housing need, tied directly to a local employer. The initial phase must be a minimum of two dwelling units (side or stacked duplex/townhomes), and total development must not exceed ten dwelling units. All MSHDA-funded rental units must be income restricted to households at 120% or less of area median income. Options for tenant ownership of any unit will be considered.
- Type 4) Other – Proposals can be mixed-use in scope but must include at least one single-family unit. Proposals must contain a modular and/or modified technology technique utilizing innovative, non-conventional, cutting-edge methodology to provide an economical, energy efficient design that is fast tracked to provide an affordable housing unit(s). Note: Funding for this category may not be available under the MSHDA Mod 2021 Program, but instead, submissions will be considered for future program design. The leverage (see "Leverage" below) required for this component is at least 75% of the funding request. Preference will be given to submissions that maximize resources to reduce total cost.

EVALUATION CRITERIA: Final award determinations will be made based on geographical distribution, community/employer support, timing feasibility, program option type, budgeting/leveraging, capacity, public/private partnerships, and demonstrated creative use of funding. Agencies must be able to mobilize quickly to manage and facilitate the project. All funding reservations are at MSHDA's discretion and will be determined by a competitive scoring process.

AWARDS: Funding will not be awarded directly to the builders or suppliers of modular or modified technology housing; instead MSHDA will partner with local units of government, non-profit corporations and limited dividend housing associations providing housing services to Michigan rural or urban communities. Each agency is eligible for a MSHDA Mod award for construction and development costs such as: unit acquisition, delivery, taxes, site preparation, finishing, and related construction costs of up to \$200,000. There is a limit of one funded proposal per agency/per community – partnerships are highly encouraged.

MSHDA Mod funding is structured as a repayable grant. The grant is repayable to the extent of the net sale proceeds generated by the sale of the unit to a buyer and will include interest at the rate of 3% per annum, from the date of each advance. MSHDA expects a full return on its investment, however, MSHDA recognizes that the net proceeds of sale may be less than MSHDA Mod Program investment in the modular home, and that some portion of the repayable grant may need to be forgiven, resulting in subsidy attrition. No more than 10% of the repayable grant will be forgiven unless the grantee can demonstrate that it used all reasonable effort to maximize sale proceeds.

This is a cost reimbursement program, and the applicant must conduct this program on a reimbursement basis. No advance funds will be provided, except for the unit down payment (not to exceed 50% of base unit) which will be approved when supported by a signed contract and detailed invoice.

LEVERAGE - USING PUBLIC AND PRIVATE SOURCES: MSHDA encourages the formation of partnerships to increase investment from public and private sources to leverage and reduce the need for grant funding. Additional information referenced and required in Attachment 7-8 (Page 6).

- Leveraging expectation – MSHDA MOD 2021 has different leveraging requirements based on the program option type. However, leverage is required for program option type 2, 3 and 4.
- Leveraging can include documented local initiatives/donations/land contributions/property acquisition and/or demolition costs/materials, labor, and subsidy.
- Salaries may be included as in-kind match if the applicant can demonstrate that the time and salaries included are directly spent to support the project seeking funding. All in-kind funds must be formally documented and incurred after the written agreement effective date.
- Developer fee or administration for the project is not reimbursable but can be counted as leverage.
- Source documentation of leverage funds must be provided for all cash funds.
- Leveraging funding sources is a factor within the competitive evaluation process.

2021 PROGRAM PARAMETERS:

- The intent of the program is to initiate modular/modified construction within communities where this is not currently a prevalent practice. Statewide distribution of funding is a priority of MSHDA Mod.
- Units must fit into the existing neighborhood and be designed in a style that is compatible with surrounding homes.
- This is a new construction only opportunity – it is restricted to vacant sites that are previously owned and/or acquired by the applicant post award; no land costs, land purchase or demolition costs are reimbursable.
- Utilization of land bank-owned/controlled property where structures have been previously demolished and are currently vacant lots with existing infrastructure is encouraged. Infill sites are recommended.
- Priority scale –we will prioritize funding determinations based on program option types 1 – 4.
- MSHDA Mod 2021 is structured as an 18-month written agreement between the grantee and MSHDA.
- The MSHDA Mod 2021 model unit should be in area location with high visibility, and act as a catalyst for other home builds of this type within the community. It is the intent of the program to facilitate and finance the initial unit with a potential recycling opportunity, dependent upon successful completion of the initial unit.
- No costs incurred prior to approval and execution of a written grant agreement will be reimbursed.
- Grants must be evidenced by a promissory note and secured by a recorded mortgage on the unit. A title policy insuring MSHDA's interest will be required, and the cost should be included in the budget.
- Use of Matt 2.0 database for reimbursement (invoices and source documents) will be required.
- If selected, MSHDA will require ongoing progress reports and photographs, written program guidelines, approval of design and construction parameters, and final completion program report and surveys.

PART II ATTACHMENT INSTRUCTIONS

The attachments below are required to be electronically submitted in Letter of Interest Part II. Read the description of each attachment carefully. Applicants are highly encouraged to prepare all narratives, letters, maps, and photos required in the Letter of Interest Part II prior to beginning the submission. There is no "save" feature and therefore, the entire submission must be uploaded at one time. Attachments 2-3 must be written as a Microsoft word document in Arial 12 font size and double-spaced. All required letters must be on letterhead, signed, and dated within 120 days.

- Attachment 1: Agency Documentation and Contact Information **Upload**
- Attachment 2: Community Need – 4 pages max **Upload**
- Attachment 3: Project Summary – 1-page max **Upload**
- Attachment 4: Letter(s) of Support from Employer(s) regarding Workforce Housing Need **Upload**
- Attachment 5: Authorizing Resolution and Letter of Support from Local Unit of Government **Upload**
- Attachment 6: Letter(s) of Support from Stakeholders/Partnerships **Upload**
- Attachment 7: Project Budget **Upload**
- Attachment 8: Letter(s) of Commitment for all Project Leverage Funding **Upload**
- Attachment 9: Project Work Plan **Upload**
- Attachment 10: Overview Map and Photos **Upload**
- Attachment 11: Site Photos and Area Amenities **Upload**

Attachment 1: AGENCY DOCUMENTATION AND CONTACT INFORMATION

Letter of Interest Part I will ask you to check the appropriate agency type; Part II will require upload of the appropriate agency verification. Determine your appropriate agency type prior to submitting Part I. LDHA applicants will need to request a document review by MSHDA per the instructions below.

■ **Non-Profit Organization {501(c)(3)}**: A non-profit organization that is currently servicing a community/neighborhood within the State of Michigan. The applicant's name and address must be the same as what is listed on the 501(c)(3) Letter from the IRS and on file with the Michigan Department of Licensing and Regulatory Affairs. The applicant must have at least one full-time paid employee; cannot be operating the agency via their principal residence and must have an operating budget exceeding \$30,000 per year, not including MSHDA funded projects. **The 501(c)(3) must upload agency contact information on letterhead AND attach IRS issued 501(c)(3) Letter in Part II.**

■ **Local Unit of Government (LUG)**: An agency that is located in a rural community with a population of 4,000 or less, or a non-rural community with a population of 4,001 or more, not to exceed 49,999, and which is not a direct recipient of U.S. Department of Housing and Urban Development funding exceeding \$350,000 annually in total allocations of CDBG and/or HOME combined, not including special allocations. **The LUG must upload agency contact information on letterhead in Part II.**

■ **Limited Dividend Housing Association (LDHA)**: Limited liability company or limited partnership that complies with the provisions of Chapter 7 of Act 346 of 1966, as amended, being MCL 125.1491 - 125.1496. If an organization is requesting designation as an LDHA, send an email with copies of the organizational documents to hidmailbox@michigan.gov with the Subject Line: Request for LDHA Determination. After review, if the LDHA organizational documents are approved, MSHDA will issue a Certificate of Approval. **The LDHA must upload agency contact information on letterhead in Part II.**

Attachment 2: COMMUNITY NEED - Maximum four pages - Arial 12 font and double-spaced

Provide a focused and well-defined narrative project description detailing the specific goals and outcomes that will be accomplished. Narrative responses must be labeled A. through J.

A. What are the specific projected outcomes for this project?

B. How will those outcomes be measured and what kind of catalyst effect is anticipated?

C. How will the project address current and/or future workforce housing needs of the community?

D. Will the project be sustainable after the agreement period?

E. What is the near-term and long-term impact of the project?

F. How will the project provide a regional benefit?

G. Will the project lead to capacity building and/or partnerships?

H. Do you have a site identified for the project? If so, describe site: legal ownership, infill or new construction, zoning, lot dimensions, and infrastructure status (road condition, water/sewer on site). If not, how do you anticipate identifying a suitable site?

I. Neighborhood: composition of rentals vs. homeowner, housing stock description, overview of area amenities.

J. Anticipated sales price vs anticipated unit cost – identify how any gaps will be addressed.

Attachment 3: PROJECT SUMMARY – Maximum one page - Arial 12 font and double-spaced

Provide a concise project summary suitable for dissemination to the public and neighborhood surrounding the anticipated site. Include the name of the applicant agency, a concise outline of the project's expected outcome(s), impact to the community, who would be involved in the build, beginning, and ending dates, and description of the general tasks to be completed during the project period.

Attachment 4: LETTER(S) OF SUPPORT FROM EMPLOYER(S) REGARDING WORKFORCE HOUSING NEED – Required Priority will be given to applicants that can show an affordable workforce housing need.

Attachment 5: AUTHORIZING RESOLUTION AND LETTER OF SUPPORT FROM THE LOCAL UNIT OF GOVERNMENT

If the applicant is a Non-Profit or LDHA, submit a certified copy of a formal resolution of the organization authorizing the grant application, signed by the applicant's Executive Director/President or General Partner/Manager/Authorized Member, as well as a letter of support from the local unit of government's community development/planning/mayor's office. If the applicant is a LUG, only a certified copy of a formal resolution of the governing body is required. Local government support is required for the project and site location.

Attachment 6: LETTER(S) OF SUPPORT FROM STAKEHOLDERS/PARTNERSHIP

All submitting agencies should show established partnerships within the community, i.e., area businesses, neighborhood groups, surrounding area non-profits. **Required**

Attachment 7: PROJECT BUDGET

Prepare a projected budget, listing all funding required for the project by line item, as shown in the modular home example referenced below (please note, modular home program option type 1 does not require leverage; program option types 2, 3, and 4 do require leverage). In your budget, retain column headings of Activity, MSHDA, Leverage Funds, and Source of Leverage. Sources of leverage can be specific entities or local/state/federal funding, however, only formally committed sources should be included.

Note: The sale price of the unit may not exceed \$224,500 per unit. No land purchase or demo of existing structures will be funded by MSHDA Mod 2021.

Example Budget (Per Unit)			
Activity	MSHDA	Leverage Funds	Source of Leverage
Land		\$ 15,000.00	Owned by Applicant
Base unit, taxes, delivery	\$ 96,000.00		
Excavation	9,500.00		
Infrastructure		4,000.00	City General Operating Dollars
Foundation/basement/garage	28,158.00		
Subcontractors	61,342.00		
Site utility installation	3,000.00		
Landscaping	2,000.00	2,000.00	Local Neighborhood Association In-kind Donation
Title Policy, Legal Fees, etc.	500.00		
Total	\$ 200,500.00	\$ 21,000.00	

Attachment 8: LETTER(S) OF COMMITMENT FOR ALL LEVERAGE SOURCES

If leverage is included in the project budget, attach letters from funders that match the amounts listed in Attachment 7 - Project Budget. Note: All amounts and sources listed in leverage letter(s) must align with Leverage Funds column.

Attachment 9: PROJECT WORK PLAN - Timeline by Month and Year

Prepare a project work plan by line item and date to accomplish the objectives of the project as shown in the modular home example referenced below. In your budget, retain column headings of Activity, Month, and Year. The projected written agreement start date is August 1, 2021; projected end date is January 31, 2023.

Example Timeline (Per Unit)		
Activity	Month	Year
Site selection	July/August	2021
Unit selection	August/Sept.	2021
Local and MSHDA approval of site and unit	October	2021
Unit ordered	October	2021
Site preparation	Oct. - March	2021/22
Unit delivery	April	2022
Unit on-site construction	April - July	2022
Unit completed	July	2022
Unit listed for sale and marketed	July	2022
Unit sold	October	2022
Program completed/funds returned to MSHDA	November	2022

Attachment 10: OVERVIEW MAP AND PHOTOS of proposed neighborhood/site where unit will be located

Attachment 11: SITE PHOTOS AND AREA AMENITIES, if site control/ownership is secure – If site is not secure, provide photos of area and amenities within entire area boundaries of proposed site.