MEMORANDUM

October 1, 2012

TO: Governor Rick Snyder
Representative Knollenberg
Representative Poleski
Senator Brandenburg
Senator Pappageorge

FROM: Gary Heidel
Executive Director

RE: FY 2012 Housing Production Goals Report

Section 32(14) of P.A. 346 of 1966, as amended, requires the Michigan State Housing Development Authority (MSHDA) to provide the Governor and the appropriate legislative committees with an annual housing production goals report for housing projects financed with bonds and notes by the Authority. The following represents an assessment of FY 2012 production and the Authority's goals for FY 2013. The Authority's 2012 fiscal year runs from July 1, 2011 through June 30, 2012.

Section 32(16)(a) requires that the Authority report whether the production goals for the previous fiscal year have been met, and, if not, why. The Authority exceeded its overall production goal of 2,383 new or rehabilitated housing units in FY 2012, financing 2,568 units, but did not reach all of its production goals for specific programs. The sections below provide production data for each program financed with bonds and notes and, for those programs that missed their goals, discuss the reasons why.

In FY 2012 the Authority also distributed $24.8 million in grants to local governments and nonprofit organizations. In addition, the Authority administers the Low Income Housing Tax Credit for the state, which helped to create or preserve 2,982 units of affordable rental housing in 37 developments statewide. The Authority also administers the federal Housing Choice Voucher Program (Section 8), and in FY 2012, an average of 23,808 families received housing assistance through this program.

In FY 2012, MSHDA also administered $107 million funds under the auspices of three federal stimulus packages. During the fiscal year, the Authority committed or allocated $1.8 million from the Housing and Economic Recovery Act of 2008, $20.6 million from the Emergency Economic Stabilization Act of 2008, and $84.5 million from the American Recovery and Reinvestment Act of 2009. The specific programs for which the stimulus funds were allocated are described throughout this document under the general program category (multifamily, supportive housing, etc.) to which they pertain. The dollars allocated under the stimulus packages are summarized in Exhibit 2.

EXHIBIT I SUMMARIZES FY 2012 GOALS AND PRODUCTION AND FY 2013 GOALS. EXHIBIT 2 SUMMARIZES MSHDA'S FEDERAL STIMULUS FUNDS DURING FY 2012.

Multifamily Loan Programs

Taxable and Tax-Exempt Direct Lending Programs
These programs represent the Authority's response to localized housing and reinvestment needs by financing rental housing. Funding comes from the issuance of taxable and tax-exempt bonds to investors, the proceeds of which are then loaned for the acquisition, construction or rehabilitation, and long term financing of affordable rental housing units. Typically, at least 40% of the units in each development must be occupied by households with low incomes, defined as less than or equal to 60% of the Area Median Income. The tax-exempt lending programs operated in FY 2012 with a fixed interest rate of 6.75%, while the Taxable Bond lending programs operated with a fixed interest rate of 9%. In addition, the Authority provided Preservation Fund Loans and Housing Development Fund Loans as permanent gap funding sources.

In FY 2012, the multifamily lending program financed $78.4 million in loans, representing 11 developments containing a total of 1,354 housing units. We exceeded the FY 2012 financing goal of $66.5 million in lending activity, although we were short on the number of units produced by 846 units. The remaining stimulus funding made more developments feasible under our Tax-Exempt and Taxable Bond programs, while the equity market pricing remained low.

Federal Stimulus Funding
During FY 2012, the Authority continued to use Neighborhood Stabilization Fund (NSP) 1, 2 and 3 funding sources to help finance the construction and rehabilitation of affordable multifamily housing developments across the state. Both of these programs provide funding that enables otherwise infeasible multifamily developments to become financially viable.

In FY 2012, MSHDA's multifamily lending was aided by the availability of recovery act resources that provided additional soft financing. A total of $40.7 million in NSP1 funds, $39.1 million in NSP2 funds, and just over $372,000 in NSP3 funds were used in conjunction with MSHDA dollars to help fund 4 of the 11 multifamily loans made in FY 2012.

Supportive Housing and Homeless Initiatives Programs

Homeless Housing Development Programs
In FY 2012 MSHDA provided $6.9 million in rental development HOME Loans, and an additional $1.2 million in NSP1 loans to provide 88 units of supportive housing for the families that are homeless or with special needs. This program represents the Authority's investments into new construction or acquisition/rehabilitation of projects for supportive housing. Funding for this FY came from the HOME and NSP programs and many of the developments have received Low Income Tax Credits. Units are made available to the tenants earning 30% or below of Area Median Income. Loans are structured as a zero percent and are non-amortizing repayable loans.

Homeless Grants
Under this category, $5.0 million is allocated to match and supplement HUD's Emergency Shelter Grant (ESG) Program. The ESG program offers financial assistance to public and non-profit organizations that are responding to the needs of homeless populations through a

Continuum of Care process. ESG funds can be used for shelter operation, essential services, prevention, rapid re-housing, or Continuum of Care coordination.

Tenant Based Rental Assistance Program

MSHDA uses a combination of MSHDA and federal HOME dollars to administer the Tenant Based Rental Assistance Program (TBRA). MSHDA awards funds to nonprofit agencies throughout the state to administer the program. TBRA provides a two-year rental assistance program to homeless families with children, chronically homeless, homeless youth, and survivors of domestic violence.

Federal Stimulus Funding

As part of the American Recovery and Reinvestment Act of 2009, the Homeless Prevention and Rapid Re-Housing Program (HPRP) was created to provide financial assistance and services to either prevent households from becoming homeless or to help those who are experiencing homelessness to be quickly re-housed and stabilized.

This program targets two populations: those who are currently in housing but are at risk of becoming homeless if not for this assistance, and those who are residing in shelters or on the street. Those meeting income and program eligibility requirements may be assisted with leasing, rental arrearages, security and utility deposits, utility arrearages and utility payments, and stabilization services/case management. During FY 2012, agencies expended $4,567,724 in HPRP funds, to assist over 6,300 individuals.

Modified Pass-Through Program

This program permits the Authority to issue limited obligation bonds on behalf of developers. Sixty percent of the units must be for renters at 60% of area median income or below. The Authority's primary responsibility is to evaluate the degree to which the borrower's credit security is sufficient to ensure repayment of the bonds. No loans closed under this program in FY 2012, as the program was largely infeasible due to credit market conditions and the lack of Low Income Housing Tax Credit Equity. The Authority expects that no Modified Pass-Through loans will close in FY 2013 for the same reasons.

Single Family Mortgage Loan Program

This program allows the Authority to finance low and moderate-income mortgages for people meeting income and purchase price limits. The loans are fixed-rate, level payment, 30-year mortgages. Borrowers must have acceptable credit and the ability to repay the loan. In some areas, federal law permits MSHDA loans only for first-time homebuyers.

In FY 2012, this program financed 904 single-family units, representing a total investment of $59.9 million. The average purchaser of an existing home was 32 years of age, with a household size of two and an average income of approximately $40,043. The average loan amount was $66,281. The FY 2012 goal was 1,167 units. The Authority did not meet its goal primarily due to the downturn in the economy. Individuals held off purchasing a single family home out of concern for job security, lower wages and instability in the credit market.

In addition to mortgage lending, the Homeownership Division provided counseling funded via Federal funds and general operating income. Counseling was provided in the following areas: Homebuyer Education—3,789 households; Foreclosure Prevention—4,303; Family Self-Sufficiency—176; Key to Own—75; and Specialty programs—837.

Federal Stimulus Funding

MSHDA expended $691,300 in National Foreclosure Mitigation Counseling (NFMC) program funds and served 4,194 borrowers. The NFMC program, (sometimes called the "Neighborworks" program, as it is administered by NeighborWorks® America) is funded in part by the Housing and Economic Recovery Act of 2008, and uses a network of housing counselors to help families at risk of foreclosure via loss mitigation counseling.

MSHDA also administered the Help for Hardest Hit Programs. These federally-funded programs are being used to help homeowners who are at high risk of default or foreclosure. MSHDA allocated $20,649,730 in FY 2012 for these programs.

Michigan Mortgage Credit Certificate Program

This program, authorized by Congress in 1984, reduces the amount of federal income tax a homebuyer pays, thus giving the person more available income to qualify for a conventional mortgage and make house payments. Potential homebuyers must meet income and purchase price limits. The lender sets loan terms. The Authority has to turn in a portion of its allocated mortgage revenue bond authority to the U.S. Treasury to utilize the Mortgage Credit Certificates.

In FY 2012, the program assisted the financing of 217 single-family units. The total investment was $19.8 million. The average age of a MCC recipient purchasing an existing home was 30; the average family size was 2. The Authority exceeded its FY 2012 goal of producing 163 certificates.

Property Improvement Loan Program

This program helps preserve older, existing housing by offering loans to homeowners that meet income limits. In FY 2012, this program made 93 loans, totaling $1.2 million. Of these loans, 39% were made to borrowers over 55 years of age. Approximately 50% of the loans went to improve homes that were 40 years of age or older.

The Authority missed its FY 2012 goal of providing at least 120 PIP loans totaling $1,500,000 million, due to weakness in the housing market; many homeowners were "upside down" on their mortgages and therefore could not qualify for a PIP loan.

Social and Economic Benefits

Section 32(16)(b)(c)(d)(e) and (f) requires the Authority to report on the social and economic benefits of MSHDA's housing projects to the immediate neighborhoods and the cities in which they have been constructed, the extent of direct and indirect displacement of lower income persons, and the extent of additional reinvestment activities attributable to the Authority's financing of these projects.

The obvious short-term benefits are the increased availability of quality, affordable housing for low and moderate income people, increased construction contracts and sales for builders and realtors, and increased Community Reinvestment Act production for local lenders. Further, the multifamily developments financed by the Authority employ people who receive salaries and expend dollars for vendor services.

Developments also provide common space designed to enhance the community. Within these spaces many developments allow local senior citizen groups to provide meal service, medical examinations, and classes of various kinds. In other developments, there are police mini-stations, food cooperatives, book exchanges, craft shows, neighborhood watch programs, senior pal programs, and youth work programs.

The Authority requires, as part of the underwriting process, that relocation planning be performed and implemented in any situation where a MSHDA loan would result in the displacement of lower income people. As a matter of policy, the Authority avoids approval of loans where such displacement cannot be adequately addressed.

Demographic Information

Section 32(16)(g) requires the Authority to report on the age, race, family size, and average income of the tenants in housing projects.

EXHIBITS 3, 4, AND 5 DETAIL DEMOGRAPHIC INFORMATION FOR THE SINGLE FAMILY, MICHIGAN MORTGAGE CREDIT CERTIFICATE, AND PIP PROGRAMS.

The information for multifamily projects closed in FY 2012 is unavailable because these developments are still under construction and not yet occupied.

Construction Jobs Created, Wages and Taxes Paid

Section 32(16)(h) requires the Authority to estimate economic impact of its development projects, including the number of construction jobs created, wages paid, and taxes and payments in lieu of taxes paid.

Authority-financed housing created approximately 1,124 jobs, paid approximately $75 million in wages, and resulted in approximately $26 million in federal and state taxes being collected.

EXHIBIT 6 ESTIMATES THE NUMBER OF CONSTRUCTION JOBS CREATED, WAGES PAID, AND TAXES PAID IN FY 2012.

Grants Made to Local Units of Government and Non-Profit Housing Service Providers

MSHDA makes grants to local units of government and non-profit housing organizations for the prevention of homelessness and community development. In FY 2012, 211 grants were made to local units of government and non-profit housing and service providers, for a total grant expenditure of $24.8 million.

EXHIBIT 7 DETAILS THE GRANTS MADE TO LOCAL UNITS OF GOVERNMENT AND NON-PROFIT HOUSING AND SERVICE PROVIDERS.

Mobile Home Parks, Non-Profit Housing Projects, and Cooperative Programs

Section 32(16)(i) requires the Authority to report on the progress in developing mobile home parks and mobile home condominium projects, constructing or rehabilitating consumer housing cooperative projects, and in financing construction or rehabilitation of non-profit housing projects.

In FY 2012, no mobile home parks were financed under the Authority's Michigan Mortgage Credit Certificate Program or Single Family Program.

Neighborhood Preservation Program

Section 32(16)(j) requires the Authority to report on the progress in developing the Neighborhood Preservation Program. The goals of the program are to positively impact the image, physical conditions, and market and neighborhood management of the target neighborhoods. Each NPP produced housing units either through new construction, rehabilitation of space for rental units (usually above businesses downtown), or purchase/rehab for resale. In addition, each project included homeowner rehabilitation, beautification through banners, landscaping and/or neighborhood signs, and marketing activities to improve the image of the neighborhood. There were no funds available for the NPP program in FY 2012.

Prepayment of Federally and Authority Assisted Loans

Section 32(16)(k) requires the Authority to report on the status of federal programs that assist low income tenants displaced as a result of prepayment of federally or Authority assisted loans.

The Authority has preservation lending parameters for federally assisted and MSHDA-financed rental housing. This housing stock, which currently serves Michigan's lowest income citizens and was typically built between 1974 and 1985, is in need of rehabilitation and preservation.

The Authority offers tax-exempt and taxable preservation lending to extend the affordability, viability, and livability of this existing rental housing for a minimum of 35 years. A Preservation Fund loan may be available as additional gap financing for eligible developments in the event the Authority determines the transaction will not adequately address unmet physical needs. No tenants are displaced as a result of these transactions.

Low Income Housing Tax Credit (LIHTC)

Section 32(16)(l) requires the Authority to report on the status of the Low Income Housing Tax Credit (LIHTC) allocated under the Qualified Allocation Plan (QAP), including the amount of tax credits allocated, projects that have received tax credits, reasons why projects were denied tax credit, a geographical description of the distribution of tax credits, and a description of any amendments to the allocation plan made during the year.

During FY 2012, the Authority allocated approximately $35.3 million in 9% tax credits to 37 developments helping create 2,982 units of affordable housing. During the fiscal year, 40 projects were denied credit for various reasons.

EXHIBITS 8 AND 9 PROVIDE A GEOGRAPHIC DESCRIPTION OF CREDITS ALLOCATED AND A LIST OF PROJECTS DENIED CREDIT, WITH REASONS FOR DENIAL. EXHIBIT 10 PROVIDES DETAILS ON REVISIONS TO THE AUTHORITY'S ALLOCATION PLAN.

Education and Training Opportunities

Section 32(16)(m) requires the Authority to report on education and training opportunities provided by the Authority including the types of education and training and the amount of funding committed to these activities. Education and training opportunities provided by the Authority primarily include our Technical Assistance efforts. In FY 2012, the Authority provided Technical Assistance to nonprofit housing organizations throughout the state with 32 contracts made to 24 different Technical Assistance providers, at a total cost of $1,073,689.

EXHIBIT 11 DETAILS GRANTS MADE TO TECHNICAL ASSISTANCE PROVIDERS FOR FY 2012.

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program utilizes the private rental market to assist Michigan's extremely low income families to afford decent, safe, and sanitary housing. Residents live in single family or multifamily rental dwellings, paying between 30% and 40% of their gross income for rent. In FY 2012, an average of 23,808 families participated in this program which includes Project Based, Homeownership, Non-Elderly Disabled, and Veteran allocations. The average age for the head of household was 46 years of age, 46% of the voucher holders are disabled, and the average adjusted household income was $11,725.

MSHDA's HCV Program also has components for Family Self-Sufficiency (FSS) and for homeownership, called Key to Own. MSHDA administers one of the largest FSS program in the nation with between 1,700 to 2,000 allocated slots covering all 83 of Michigan's counties. The FSS Program provides for coordination of local, community-based resources that promote economic independence for families living in assisted housing. The Key to Own Homeownership Program assists MSHDA HCV families with transferring their rental voucher into a homeownership voucher. Partnering with the FSS Program, the Key to Own Program provides pre/post purchase counseling and additional guidance throughout the homeownership process.

Housing and Community Development Fund

Section 58b(6) requires the Authority to issue an annual report to the Legislature summarizing the expenditure of the Fund for the prior fiscal year, including a description of the eligible applicants who received funding, the number of housing units that were produced, the income levels of the households that were served, the number of homeless persons served, and the number of downtown areas and adjacent neighborhoods that received financing.

No funds were appropriated to nor expended from the Housing and Community Development fund in FY 2012.

Michigan Broadband Development Authority

Section 32(17) of MSHDA's enabling legislation requires the Authority to conduct an annual review of all loans and financial instruments that require repayment, or lines of credit with the Michigan Broadband Development Authority (MBDA).

Executive Order No. 2008-20, approved in October of 2008, abolished the Broadband Authority and transferred any remaining functions to MSHDA. As of June 30, 2012 the Broadband portfolio had 2 outstanding loans, with a total outstanding principal balance of $285,293. All outstanding commitment amounts were either drawn down or forfeited by the borrowers, so there are no longer any commitments outstanding.

State Historic Preservation Office

In 1966, in response to growing public interest in historic preservation, Congress passed the National Historic Preservation Act (NHPA of 1996, amended 1980, 1992 [USC Sec. 470-470t]). The act required that each state establish a State Historic Preservation Office (SHPO) and that the governor of each state appoint an officer to oversee the preservation activities. Each year Michigan receives a Historic Preservation Fund grant from the National Park Service to operate its programs. The Michigan SHPO identifies, evaluates, registers, protects and encourages the reinvestment in the state's historic buildings, neighborhoods and archaeological resources. Executive Order 2007-53 codified the role of the SHPO in Michigan.

Michigan's SHPO manages a number of state and federal programs including the National Register of Historic Places, Section 106 of the NHPA (review of federal undertakings for their impact on historic and archaeological resources), the State Register of Historic Sites, and Michigan's Local Historic District Act. The SHPO also administers incentives programs to encourage the reinvestment in historic buildings and neighborhoods that includes state and federal tax credits, pass-through grants available to Certified Local Governments, and a lighthouse assistance grant program funded through the sale of specialty license plates. The SHPO absorbed the responsibilities of the former Office of the State Archaeologist on January 1, 2011.

EXHIBIT 1
FY 2012 Production and FY 2013 Goals

Program	FY 2012 Goal		FY 2012 Production		FY 2013 Goal	
Multifamily Direct Loans	$66,500,000	2,200	$78,390,742	1,354	$ 78,123,795	1,773
Modified Pass Through Loans	$0	0	$0	0	$0	0
Single Family Loans	$78,000,000	1,167	$59,918,024	904	$63,000,000	630
Michigan Credit Certificate Program	$15,000,000	163	$19,810,147	217	$29,000,000	320
Property Improvement Program (PIP)	$1,500,000	120	$1,194,112	93	$1,200,000	100
TOTAL	**$160,500,000**	**2,383**	**$159,313,05**	**2,568**	**171,323,795**	**2,823**

The Modified Pass-Through program is not expected to produce any loans in FY 2013 due to unfavorable conditions in the financial and Low-Income Housing Tax Credit equity markets.

EXHIBIT 2
FY 2012 Commitments/Allocations of Federal Stimulus Funds

Program/Activity Type	Federal Act	Funding Source	Purpose	Amount
Multifamily Rental Housing	HERA	NSP 1	Construction and rehabilitation of multifamily housing	$40,748,970
Multifamily Rental Housing	ARRA	NSP 2	Construction and rehabilitation of multifamily housing	$39,143,737
Multifamily Rental Housing	HERA	NSP 3	Construction and rehabilitation of multifamily housing	$372,167
Rental Assistance and Homeless Solutions	ARRA	Homelessness Prevention and Rapid Re-Housing Program	Assistance for those who are homeless or at risk of homelessness	$4,567,724
Foreclosure Mitigation Counseling	HERA	National Foreclosure Mitigation Counseling	Foreclosure prevention program	$691,300
Help for Hardest Hit Programs	EESA	Troubled Assets Relief Program (TARP)	Foreclosure prevention programs	$20,649,730
Neighborworks	HERA	National Foreclosure Mitigation Counseling Funds	Foreclosure mitigation/prevention	$691,300
Total				**106,864,928**

NOTES:
"HERA" = Housing and Economic Recovery Act of 2008.
"EESA" = Emergency Economic Stabilization Act of 2008.
"NSP" - Neighborhood Stabilization Program.

EXHIBIT 3
FY 2012 Single Family Loans

	New Homes	Existing Homes
# Loans	11	830
$ Volume	$1,273,954	$54,475,452
Average Loan	$115,814	$65,633
Average Home Sale Price	$121,783	$67,658
Average Income of Borrower	$51,067	$39,907
Average Age of Borrower	31	32
Average Family Size	2	2
% Minority Buyers	36%	18%
% Female Headed Household	55%	48%
% Below 55% of Median Income	31%	51%

NOTE: The Average Family Size reflects the average for all loans.

EXHIBIT 4
FY 2012 Michigan Mortgage Credit Certificate

	New Homes	Existing Homes
# Loans	1	216
$ Volume	$136,000	$19,674,144
Average Loan	$136,000	$91,084
Average Home Sale Price	$181,000	$93,675
Average Income of Borrower	$63,835	$38,344
Average Age of Borrower	30	30
Average Family Size	1	2
% Minority Buyers	0%	6%
% Female Headed Household	100%	45%
% Below 55% of Median Income	43%	52%
% First Time Homebuyer	100%	95%

EXHIBIT 5
FY 2012 Property Improvement Loans

# Loans	93
$ Volume	$1,194,112
Average Loan Amount	$12,840
Average Income Of Borrower	$39,484
Average Interest Rate	6
Average Age Of Borrower	48
Average Family Size	2.2
% Female Borrowers	1.86%
% Borrowers Over Age 55	39%
% Minority Borrowers	4.8%
% Homes 40+ Years Old	50%

EXHIBIT 6
FY 2012 Estimated Construction Jobs, Wages, Taxes

	Jobs	Wages	Taxes
Evergreen Estates/Renaissance Village	28	$1,875,000	$665,906
Hamilton Crossing Phase I	35	$2,350,000	$797,003
The Auburn	8	$500,000	$169,575
Bliss Park	15	$1,004,813	$356,859
Gardenview Estates Phase III C	62	$4,100,000	$1,390,515
Gardenview Estates Phase III D	60	$4,000,000	$1,356,600
Village at the Pines	35	$2,321,569	$787,360
Deerpath	69	$4,588,940	$1,629,762
River Village	42	$2,789,601	$990,727
Riverside Townhomes	63	$4,215,749	$1,497,223
Palmer Park	99	$6,625,000	$2,246,869
Multifamily Loans Subtotal	**516**	**$34,370,670**	**$11,888,398**
Single Family Loans	**450**	**$29,959,012**	**$10,160,599**
Mich. Mortgage Credit Cert.	**149**	**$9,905,074**	**$3,359,306**
Property Improvement Loans	**9**	**$597,056**	**$219,209**
TOTAL	**1,124**	**$74,831,812**	**$25,627,512**

EXHIBIT 7
FY 2012 Grants to Non-Profit Organizations and Local Governments

GRANTS TO PREVENT HOMELESSNESS

Emergency Solutions Grants (ESG)			
Grantee Name	**City**	**County**	**Grant Amount**
Barry County United Way	Hastings	Barry	38,913
Bay Area Women's Center	Bay City	Bay	68,601
Blue Water Center for Independent Living	Port Huron	St. Clair	118,798
Blue Water Safe Horizons	Port Huron	St. Clair	144,005
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	84,312
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	55,679
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	73,552
Choices of Manistee County Inc.	Manistee	Manistee	98,747
Community Action Agency	Jackson	Jackson	72,746
Community Action Agency	Jackson	Jackson	159,138
Community Action Agency	Jackson	Jackson	7,500
Eightcap, Incorporated	Greenville	Montcalm	53,138
Emergency Shelter Services, Inc.	Benton Harbor	Berrien	133,644
Emergency Shelter Services, Inc.	Benton Harbor	Berrien	7,500
Gogebic Ontonagon Community Action Agency	Bessemer	Gogebic	51,032
Goodwill Industries of Northern Michigan, Inc.	Traverse City	Grand Traverse	86,721
HAVEN House	East Lansing	Ingham	264,792
Homeless Action Network of Detroit	Detroit	Wayne	466,038
Housing Resource Center of Allegan County	Allegan	Allegan	192,045
Housing Resources, Inc.	Kalamazoo	Kalamazoo	315,655
Housing Services for Eaton Co.	Charlotte	Eaton	117,591
KeyStone Place, Inc.	Centreville	St. Joseph	115,577
Lenawee Emergency and Affordable Housing Corp.	Adrian	Lenawee	107,586
Lighthouse of Oakland Co., Inc.	Pontiac	Oakland	7,500
Lighthouse of Oakland Co., Inc.	Pontiac	Oakland	264,699
Lutheran Social Services of Wisconsin and Upper	Milwaukee	Marquette	55,160

Michigan			
Macomb Homeless Coalition	Fraser	Macomb	12,500
Macomb Homeless Coalition	Fraser	Macomb	110,954
Manistique Housing Commission	Manistique	Schoolcraft	28,030
Metro Community Development Inc.	Flint	Genesee	274,513
Michigan Ability Partners	Ann Arbor	Washtenaw	20,000
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	82,196
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	78,894
Midland Area Homes, Inc.	Midland	Midland	41,662
Monroe County Opportunity Program	Monroe	Monroe	151,140
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	192,006
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	37,980
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	53,300
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	356,700
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	10,000
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	84,097
Oakland Livingston Human Service Agency	Howell	Oakland	131,687
Ottawa County	Holland	Ottawa	197,079
Pines Behavioral Health	Coldwater	Branch	10,125
Pines Behavioral Health	Coldwater	Branch	143,087
Relief After Violent Encounter Ionia/Montcalm, Inc.	Ionia	Ionia	113,409
Relief After Violent Encounter Ionia/Montcalm, Inc.	Ionia	Ionia	15,214
River House, Inc.	Grayling	Crawford	83,963
SafeCenter	St. Johns	Clinton	71,029
SafeCenter	St. Johns	Clinton	77,073
Sault Ste. Marie Housing Commission	Sault Ste. Marie	Chippewa	109,316
Sault Ste. Marie Housing Commission	Sault Ste. Marie	Chippewa	6,100
Shelter Association of Washtenaw County	Ann Arbor	Washtenaw	20,000
Southwest Michigan Community Action Agency	Benton Harbor	Berrien	67,447
Southwest Michigan Community Action Agency	Benton Harbor	Berrien	70,481
Summit Pointe	Battle Creek	Calhoun	85,368
The Salvation Army	Alma	Gratiot	39,695
The Salvation Army	Grand Rapids	Kent	109,038

The Salvation Army	Grand Rapids	Kent	217,865
TrueNorth Community Services	Fremont	Newaygo	145,406
U.P. Community Services	Iron Mountain	Dickinson	134,220
United Way of Bay County	Bay City	Bay	100,620
United Way of Lapeer County	Lapeer	Lapeer	107,777
United Way of Mason County	Ludington	Mason	163,810
United Way of Saginaw County	Saginaw	Saginaw	206,263
Washtenaw County	Ann Arbor	Washtenaw	286,509
Washtenaw County	Ann Arbor	Washtenaw	20,000
Wayne Metropolitan Community Action Agency	Wyandotte	Wayne	161,610
West Michigan Therapy, Inc.	Muskegon	Muskegon	78,614
Total ESG Grants			**$7,667,446**

Tenant Based Rental Assistance Grants			
Grantee Name	**City**	**County**	**Grant Amount**
Metro Community Development Inc.	Flint	Genesee	292,652
Michigan Ability Partners	Ann Arbor	Washtenaw	150,000
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	135,777
Shelter Association of Washtenaw County	Ann Arbor	Washtenaw	150,000
TOTAL TBRA GRANTS			**$728,429**

Family Independence Program (FIP) Rental Assistance Program			
Grantee Name	**City**	**County**	**Grant Amount**
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	2,500
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	2,500
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	2,500
Community Housing Network	Troy	Oakland	4,542
Macomb Homeless Coalition	Fraser	Macomb	21,572
Monroe County Opportunity Program	Monroe	Monroe	2,500
Wayne Metropolitan Community Action Agency	Wyandotte	Wayne	30,616

West Michigan Therapy, Inc.	Muskegon	Muskegon	142,454
The Salvation Army	Grand Rapids	Kent	11,563
TrueNorth Community Services	Fremont	Newaygo	2,500
United Way of Mason County	Ludington	Mason	2,500
TrueNorth Community Services	Fremont	Newaygo	2,500
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	2,500
Good Samaritan Ministries	Holland	Ottawa	2,500
Channel Housing Ministries, Inc./D.B.A. Oceana's Home Partnership	Hart	Oceana	2,500
Relief After Violent Encounter Ionia/Montcalm, Inc.	Ionia	Ionia	2,500
Capital Area Community Services	Lansing	Ingham	2,500
Capital Area Community Services	Lansing	Ingham	3,908
Capital Area Community Services	Lansing	Ingham	2,500
Community Action Agency	Jackson	Jackson	2,500
Community Action Agency	Jackson	Jackson	2,500
Housing Services for Eaton Co.	Charlotte	Eaton	2,500
Lenawee Emergency and Affordable Housing Corp.	Adrian	Lenawee	2,500
Oakland Livingston Human Service Agency	Howell	Oakland	2,500
Manistique Housing Commission	Manistique	Schoolcraft	2,500
Gogebic Ontonagon Community Action Agency	Bessemer	Gogebic	2,500
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	2,500
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	2,500
Northeast Michigan Community Service Agency, Inc.	Alpena	Alpena	2,500
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	2,500
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	2,500
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	2,500
Eightcap, Incorporated	Greenville	Montcalm	2,500
Housing Resource Center of Allegan County	Allegan	Allegan	2,500
Homeless Action Network of Detroit	Detroit	Wayne	178,366
Barry County United Way	Hastings	Barry	2,500
Emergency Shelter Services, Inc.	Benton Harbor	Berrien	11,777
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	2,500
Midland Area Homes, Inc.	Midland	Midland	2,500
Pines Behavioral Health	Coldwater	Branch	2,500
The Salvation Army	Alma	Gratiot	2,500
United Way of Saginaw County	Saginaw	Saginaw	26,872

Southwest Michigan Community Action Agency	Benton Harbor	Berrien	2,500
Southwest Michigan Community Action Agency	Benton Harbor	Berrien	2,500
Housing Resources, Inc.	Kalamazoo	Kalamazoo	20,300
KeyStone Place, Inc.	Centreville	St. Joseph	2,500
Summit Pointe	Battle Creek	Calhoun	10,407
Sault Ste. Marie Housing Commission	Sault Ste. Marie	Chippewa	2,500
The Salvation Army	Escanaba	Delta	2,500
United Way of Otsego County	Gaylord	Otsego	2,500
Goodwill Industries of West Michigan	Muskegon	Muskegon	2,500
Bay Area Women's Center	Bay City	Bay	2,500
Bay Area Women's Center	Bay City	Bay	2,500
Blue Water Center for Independent Living	Port Huron	St. Clair	2,500
Blue Water Safe Horizons	Port Huron	St. Clair	2,500
United Way of Lapeer County	Lapeer	Lapeer	2,500
Metro Community Development Inc.	Flint	Genesee	97,943
SOS Community Services	Ypsilanti	Washtenaw	2,500
TOTAL FIP GRANTS			**$675,320**

Migrant Housing Grants

Grantee Name	City	County	Grant Amount
Department of Human Services - Migrant Housing	Lansing	Ingham	172,000
TOTAL TBRA GRANTS			**$172,000**

Prisoners Utilizing Supportive Housing (PUSH)

Grantee Name	City	County	Grant Amount
Coalition on Temporary Shelter	Detroit	Wayne	250,000
West Michigan Therapy, Inc.	Muskegon	Muskegon	250,000
Coalition on Temporary Shelter	Detroit	Wayne	500,000
TOTAL PUSH GRANTS			**$1,000,000**

Homeless Assistance Special Grant			
Grantee Name	**City**	**County**	**Grant Amount**
Michigan Coalition Against Homelessness	Lansing	Ingham	162,000
Corporation for Supportive Housing	Brighton	Livingston	150,000
Michigan Coalition Against Homelessness	Lansing	Ingham	100,000
TOTAL HOMELESS ASSISTANCE SPECIAL GRANTS			**$412,000**
*****TOTAL HOMELESS GRANTS*****			**$10,655,195**

COMMUNITY DEVELOPMENT (CD) GRANTS

Community Development Block Grants (CDBG)			
Grantee Name	**City**	**County**	**Grant Amount**
Grantee Name	**City**	**County**	**Grant Amount**
Village of Blissfield	Blissfield	Lenawee	$85,300
Livingston County	Howell	Livingston	$300,000
Marquette County	Marquette	Marquette	$275,000
Alcona County	Harrisville	Alcona	$150,000
Shiawassee County	Corunna	Shiawassee	$365,800
City of Gladstone	Gladstone	Delta	$207,300
Roscommon County	Roscommon	Roscommon	$175,000
City of Ludington	Ludington	Mason	$459,300
Delta County	Escanaba	Delta	$200,000
Oscoda County	Mio	Oscoda	$125,000
Alger County	Munising	Alger	$150,000
Otsego County Housing Committee	Gaylord	Otsego	$175,000
Arenac County	Standish	Arenac	$150,000
Ontonagon County	Ontonagon	Ontonagon	$125,000
Ingham County	Mason	Ingham	$300,000
City of Ithaca	Ithaca	Gratiot	$89,700
Village of Almont	Almont	Lapeer	$298,700
City of Grand Haven	Grand Haven	Ottawa	$170,100

Constantine Village	Constantine	St. Joseph	$128,000
Baraga County	L'Anse	Baraga	$125,000
Emmet County	Petoskey	Emmet	$200,000
Keweenaw County	Eagle River	Keweenaw	$100,000
St. Joseph County	Centreville	St. Joseph	$275,000
Allegan County	Allegan	Allegan	$300,000
Leelanau County	Suttons Bay	Leelanau	$175,000
Lake Linden Village	Lake Linden	Houghton	$111,100
Barry County	Hastings	Barry	$250,000
City of Boyne City	Boyne City	Charlevoix	$77,000
The Village of L'Anse	LAnse	Baraga	$122,000
Calumet, Village of	Calumet	Houghton	$365,800
Alpena County	Alpena	Alpena	$175,000
Otsego County Housing Committee	Gaylord	Otsego	$426,800
The Village of L'Anse	LAnse	Baraga	$85,300
Houghton County	Houghton	Houghton	$200,000
Muskegon County	Muskegon	Muskegon	$300,000
City of Hancock	Hancock	Houghton	$298,780
TOTAL CDBG Grants			**$7,515,980**

HOME Funds			
Grantee Name	**City**	**County**	**Grant Amount**
Community Housing Alternatives	Ypsilanti	Washtenaw	$225,000
Bay Area Housing, Inc.	Bay City	Bay	$30,000
Northland Crossing Nonprofit Housing Corporation	Lansing	Ingham	$550,000
Habitat for Humanity of Michigan	Lansing	Ingham	$2,472,470
Kent County Habitat For Humanity	Grand Rapids	Kent	$450,000
Grand Traverse County	Traverse City	Grand Traverse	$195,000
Northeast Michigan Affordable Housing	Cheboygan	Cheboygan	$30,000
Grand Traverse County	Traverse City	Grand Traverse	$250,000
ICCF Non-Profit Housing Corporation	Grand Rapids	Kent	$15,000
Hometown Housing Partnership Inc.	East Lansing	Ingham	$30,000
Monroe County Opportunity Program	Monroe	Monroe	$30,000

Chippewa-Luce-Mackinac Community Action Agency	Sault Ste. Marie	Chippewa	$30,000
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	$30,000
HOME of Mackinac County	St. Ignace	Mackinac	$30,000
Greater Lansing Housing Coalition	Lansing	Ingham	$11,250
City of Alpena	Alpena	Alpena	$120,000
Grandmont/Rosedale Development Corporation	Detroit	Wayne - City of Detroit	$400,000
HomeStretch	Traverse City	Grand Traverse	$30,000
Monroe County Opportunity Program	Monroe	Monroe	$150,000
Channel Housing Ministries, Inc./D.B.A. Oceana's Home Partnership	Hart	Oceana	$30,000
Kalamazoo Neighborhood Housing Services, Inc.	Kalamazoo	Kalamazoo	$15,000
Northern Homes Community Development Corporation	Boyne City	Charlevoix	$30,000
Sturgis Neighborhood Program	Sturgis	St. Joseph	$30,000
Gogebic Ontonagon Community Action Agency	Bessemer	Gogebic	$30,000
Community Action Agency	Jackson	Jackson	$15,000
HOME of Mackinac County	St. Ignace	Mackinac	$145,000
NCCS Center for Nonprofit Housing	Fremont	Newaygo	$30,000
Sturgis Neighborhood Program	Sturgis	St. Joseph	$144,000
LINC Community Revitalization Inc.	Grand Rapids	Kent	$147,000
Schoolcraft County	Manistique	Schoolcraft	$125,000
Gogebic Ontonagon Community Action Agency	Bessemer	Gogebic	$200,000
Northern Homes Community Development Corporation	Boyne City	Charlevoix	$200,000
Bethany Housing Ministries, Inc.	Muskegon	Muskegon	$263,300
LINC Community Revitalization Inc.	Grand Rapids	Kent	$30,000
Total HOME Fund Grants			**$6,513,020**

MSHDA-Funded CD Grants			
Grantee Name	**City**	**County**	**Grant Amount**
Habitat for Humanity of Michigan	Lansing	Ingham	$44,960
City of Hamtramck	Hamtramck	Wayne	$44,960

Total MSHDA-Funded CD Grants			**$89,920**
******TOTAL CD GRANTS******			**$10,655,195**

*****TOTAL GRANTS*****		**$24,774,115**

EXHIBIT 8
FY 2012 Low Income Housing Tax Credits Allocated

Project Name	Location	Type	Units	Credit
205 S. Division Avenue Apts.	Grand Rapids	Family	38	$902,875
26 Cherry Street Apartments	Grand Rapids	Family	45	$988,857
Adrian Village Apartments	Adrian	Family	114	$877,163
Apple Blossom Apartments	Iron River	Family	22	$680,586
Bella Vista Glen	Highland Park	Elderly	138	$976,007
Bristle Arms Apartments	White Pigeon	Family	24	$166,281
Cass Apartments	Detroit	Family	40	$836,035
Century Lofts Phase I	Grand Rapids	Family	43	$1,444,819
Century Lofts Phase II	Grand Rapids	Family	44	$1,440,015
Deerpath Apartments	East Lansing	Family	126	$1,181,753
East Jefferson Affordable Assisted Living	Detroit	Elderly	80	$45,995
Elmwood Towers Apartments	Detroit	Elderly	168	$1,109,480
Grand Fork Commons	Beaverton	Elderly	24	$147,951
Green Meadows Apartments	Springport	Family	24	$170,625
Herkimer Apartments-Division Ave.	Grand Rapids	Family	55	$1,188,556
Herkimer Commerce-Commerce Ave.	Grand Rapids	Family	67	$1,401,789
Industrial Apartments	Detroit	Elderly	127	$1,500,000
JPS Fremont	Fremont	Family	110	$732,524
JPS Pinecrest	Alpena	Family	179	$1,174,287
Lakeside Towers	Sterling Heights	Elderly	115	$1,265,767
Lincoln Park Lofts	Lincoln Park	Family	38	$1,222,133
Lloyd House	Menominee	Family	44	$870,157
Mack Ashland	Detroit	Family	39	$812,237
Madison Square Senior Apts.	Grand Rapids	Elderly	60	$53,196
Manistee Place	Manistee	Family	46	$474,647
New Center Square	Detroit	Family	49	$652,467
New Village Park	Kalamazoo	Family	152	$1,500,000
Orchard Place Manor Apts.	Owosso	Elderly	44	$311,232

Palmer Pointe Townhomes	Pontiac	Family	24	$570,766
Park Place of Harper Woods	Harper Woods	Elderly	132	$1,269,999
Parkview Tower & Square	Detroit	Family/Elderly	350	$1,500,000
Pauline Apartments	Ann Arbor	Family	32	$922,946
Penrose Village Phase II	Detroit	Family	48	$1,412,792
Prentis I Apartments	Oak Park	Elderly	97	$1,158,215
Silver Star Phase II	Battle Creek	Family	101	$1,500,000
TC Commons II	Grand Rapids	Family	28	$1,355,812
Washington Blvd Apartments	Detroit	Elderly	115	$1,499,474
Total: 37 Developments			**2,982**	**$35,317,438**

EXHIBIT 9
FY 2012 Low Income Housing Tax Credits Denied

Project	City	Reason
834 Lake Drive Apartments	Grand Rapids	Low Score
Armory Arts Commons	Jackson	Low Score
Bayview Tower	Muskegon	Low Score
Boldenaire Housing	Detroit	Low Score
Bridgeport Square	Allegan	Low Score
Brookside Commons	Traverse City	Low Score
Brush Estates Senior Living	Detroit	Low Score
Burton Commons	Ann Arbor	Low Score
Charlotte Apartments	Detroit	Did Not Meet Threshold
Clairewood Apartments	St. Clair	Low Score
Coronado Square	Detroit	Did Not Meet Threshold
Evergreen Regency Townhomes	Flint	Low Score
Gardenview IIIC	Detroit	Low Score
Green Meadows/Kalamink Creek/Bristle Arms	Springport/Webberville/White Pigeon	Low Score
Heritage Lane Residences	Jonesville	Low Score
JPS Perry	Perry	Low Score
Lakewood Apartments	Stockbridge	Low Score
Meadow Park	Big Rapids	Low Score
Merton Square	Detroit	Did Not Meet Threshold
New Center Square II	Detroit	Did Not Meet Threshold
Oakes Estates	Saginaw	Low Score
Oakwood Manor Senior Living	Eastpointe	Low Score
Odyssey House	Mt. Morris	Did Not Meet Threshold

Pleasant Prospects Homes	Grand Rapids	Low Score
Richton Gardens	Highland Park	Did Not Meet Threshold
River's Edge Apartments	Greenville	Low Score
Samuel Price Commons	Mount Clemens	Did Not Meet Threshold
Scotten Park	Detroit	Low Score
Sheldon Place III	Gaylord	Low Score
Showboat & Wexford Manor	Chesaning & Onsted	Low Score
Somerset Apartments	Lansing	Low Score
Southtown Square	Grand Rapids	Low Score
Springview Square	Battle Creek	Did Not Meet Threshold
Springwells Village II Infill Housing	Detroit	Low Score
St. George Tower	Clinton Twp.	Low Score
Station Pointe	Caledonia	Low Score
Trinty Estates	Inkster	Low Score
Woda Boardman Lake	Traverse City	Low Score
Woodbridge Estates VI	Detroit	Low Score
Worthington Place	Leslie	Did Not Meet Threshold
Total: 40 Developments		

Exhibit 10
Changes to Qualified Action Plan made During FY 2012 (QAP)

The text below is taken from the Staff Report to the revised 2013-2014 QAP. It discusses the major changes to the QAP from the FY 2011 version.

2013-2014 QUALIFIED ALLOCATION PLAN

STAFF REPORT

INTRODUCTION

The Low Income Housing Tax Credit (LIHTC) Program has been in place since the enactment of the Tax Reform Act of 1986, and in 2012 entered its 26th year producing and rehabilitating affordable housing. Over that period of time, the program has changed at both the federal level and the state level, with program requirements being added and modified on a regular basis. This has also become true in Michigan where, because of these regular updates to the Qualified Allocation Plan (QAP), new requirements and policies were layered onto existing program requirements. This resulted in a more complex process for users of the program, and in some cases, policies that were no longer necessary.

With all of these things in mind and 25 years of history to look back on, MSHDA determined a significant re-write and overhaul of the QAP was necessary for 2013-2014. In its undertaking of this task, MSHDA developed guiding principles to help ensure that the ultimate goal of improving the QAP could be achieved. The four guiding principles for the significant re-write of the QAP for 2013-2014 were: stakeholder involvement; simplicity; investor friendliness; and achievement of policy objectives. While not a comprehensive list, the remainder of this document is intended to outline the process and some of the more significant elements of the 2013-2014 QAP compared to where the document had previously been, and it also shows how the guiding principles were satisfied.

STAKEHOLDER INVOLVEMENT

MSHDA identified early on that a significant modification to the LIHTC program requirements such as this could not be done without the involvement of stakeholders. Accordingly, MSHDA began the process for developing the 2013-2014 QAP in August of 2011 with an Informational Hearing to obtain ideas and suggestions from the general public on what should be included in the 2013-2014 QAP. Since that time, MSHDA has held several interest group meetings, stakeholder meetings and focus groups, including a day-and-a-half summit focused solely on the QAP. These conversations allowed for more opportunities for stakeholder input than had ever been available in the past, and have resulted in a more transparent and involved QAP development process. It has also resulted in an improved, more user-friendly allocation process for developers and investors using the LIHTC program in Michigan.

SIMPLICITY

One of the primary objectives as identified by MSHDA and stakeholders was the need for simplification. Over the years, the program documents had become lengthy and cumbersome. With that in mind, MSHDA put forth very serious effort to make things simpler. In addition to simplifying the process and some of the program requirements, the QAP for 2013-2014 is approximately 20% shorter than the previous version of the QAP. Below are some of the revisions that have contributed to the overall simplicity:

FUNDING ROUND AND ALLOCATION PROCESS MODIFICATIONS

ELIMINATION OF TARGET PERCENTAGES

In prior QAPs there were Target Percentages for Central Cities; Detroit, Hamtramck, Highland Park (DHHP); and Underserved Populations (Native American Housing and Affordable Assisted Living). In the 2013-2014 QAP, these Target Percentages have been eliminated. In addition to making the allocation process simpler for applicants by removing these priorities, MSHDA's analysis of prior rounds found that these Target Percentages made little, if any, impact on the projects that ultimately received an award of LIHTC. Essentially, these Target Percentages have not been driving allocations in recent rounds and therefore can be eliminated without substantial effect on the outcome of the allocation process.

WAIVER PRE-APPROVAL PROCESS

While it is not anticipated that the Authority will grant many waivers to projects applying for LIHTC in a competitive funding round under the revised QAP, the Authority does recognize the need for flexibility in certain unique situations. Accordingly, the Authority has created a process to be used for any project requesting a waiver as part of a competitive funding round.

Applicants requesting a waiver must submit a detailed waiver request at least 30 days in advance of the August 15, 2012 funding round deadline, and at least 60 days in advance of all subsequent competitive funding rounds. Authority staff will review all waiver requests received, and provide a timely response back to the applicant. Responses will be given well in advance of the August 15, 2012 funding round and no later than 30 days in advance of all subsequent funding rounds.

REMOVAL OF 180-DAY COMMITMENT DEADLINE (AND 90-DAY FOLLOW-UP) DEADLINE

For many years, MSHDA has had a LIHTC Commitment deadline of either 120 or 180 days following the award of LIHTC. The purpose of this deadline was to enforce "Readiness to Proceed" or "Hard Equity" points that projects took in their application and also to track a project's progress. Currently, projects are taking much longer to close as lenders and equity providers are continuing to do more due diligence and imposing stricter requirements on owners as part of the underwriting process. In practice, this means that many projects, particularly those using

HUD or USDA RD financing, cannot close within the currently applicable timeframes. Additionally, there are no longer "Readiness to Proceed" criteria contained within the scoring. In that context, the LIHTC Commitment deadline has been eliminated.

Post-award processing of applications in this fashion aligns with what many (if not most) other states are doing and allows for a simpler process for owners. Additionally, MSHDA will still ensure that all of a project's financing is in place and that a project is progressing forward, by reviewing the project at the federally-required 10% Certification deadline (1 year following award) and by continuing to require the development to submit progress reports.

ENTIRE APPLICATION IN EXCEL

In an effort to make completing and submitting an application easier for applicants, many of the application materials will now be in an Excel format that will allow for automated calculations and easy transfer of information both within and between project applications.

INVESTOR FRIENDLINESS

Critical to the effectiveness of the LIHTC program is the involvement of investors who are willing to invest in the developments receiving an award of credit. If Michigan's QAP and the projects that receive an award of credit as a result of it are not attractive to investors, then projects are likely to receive less favorable investment terms or to receive no equity investment at all. With that in mind, the following provisions were taken into account when developing the 2013-2014 QAP:

ELIMINATION OF 10% PERMANENT SUPPORTIVE HOUSING REQUIREMENT FOR ALL DEALS

In an effort to simplify the allocation and application process, and address investor concerns with risk and future service funding, the previous requirement that all 9% LIHTC family deals reserve 10% of their units for Permanent Supportive Housing (PSH) has been removed. However, MSHDA recognizes that a need exists for this type of housing and, therefore, will continue to make Project-Based Vouchers available to projects that agree to reserve a certain portion of the units for PS H. Additionally, applicants choosing to develop "deconcentrated" supportive housing may now apply under the PSH Category as developments designating as few as 25% of their units as PSH are now eligible to compete in the PSH Category (for more on this, please see "Permanent Supportive Housing Category Modifications" below).

FINANCIAL CAPACITY OF SPONSOR

For many years, MSHDA has evaluated the financial capacity of the sponsors based on a net worth analysis. When focusing the review on net worth, many non-liquid assets are considered in the analysis such as property owned. In an effort to more appropriately conduct the financial capacity analysis, to more closely align with what equity providers are doing, and to simplify the process, this review will now be based on a sponsor's liquidity. A sponsor will need to have net liquid assets greater than or equal to 3% of the proposed permanent mortgages on all of the projects the sponsor currently has in the development process (i.e. following award and through placement in service date). However, a sponsor that is unable to meet the financial capacity requirements as outlined, but that has financial capacity determined to be acceptable by their LIHTC equity provider, may submit a confirmation letter from the LIHTC equity provider to accompany their financials and this may be determined acceptable to meet this requirement.

MODIFIED 130% BASIS BOOST CRITERIA TO FOCUS ON MORE POLICY-RELATED ITEMS

In prior years, the 30% basis boost was applied very liberally when the market was tougher and equity prices were lower, so that deals could be financially feasible, which was necessary at that time. However, now that the equity markets have rebounded somewhat, MSHDA has re-evaluated which projects should get the basis boost of up to 30%. The projects that would now qualify are: PSH projects, Central Cities projects, Historic Rehab projects, projects scoring the full 10 green points (15% boost), projects setting aside at least 10% of their units for 30% AMI tenants, projects qualifying for the rural set-aside, and Strategic Investment Category projects.

Additionally, a provision was added to assist projects in the event Congress does not extend the fixed 9% rate that projects are currently able to receive as long as they place in service prior to December 30, 2013. Should this fixed 9% rate not be extended, the QAP would allow all projects to automatically qualify for a basis boost of up to 15% if needed for financial feasibility - the approximate amount needed to make up the difference between the fixed 9% rate and the monthly floating rate.

OWNER EXPERIENCE POINTS MODIFICATIONS

In prior years, owner experience was evaluated simply based on the number of previous projects that were completed, without much regard for the financial performance of those developments. The 2013-2014 QAP modifies this approach. Owners will now receive points based on the number of projects they have successfully completed, that are performing financially according to their lender and investor obligations with positive operating cash flow and funded reserves. The idea behind this is that developers will get consideration not only for the amount of projects they have done, but also for the financial performance of prior projects.

ACHEIVEMENT OF POLICY OBJECTIVES

The primary purpose of the LIHTC program is to provide appropriate affordable housing for some of our neediest citizens, while also spurring economic development within our communities. Because of this, the final objective of the development of the QAP was to ensure that policy objectives are being met. In that context, the following items were incorporated in the QAP and/or its related documents:

CREATION OF A STRATEGIC INVESTMENT CATEGORY

There may be extraordinary circumstances where the evaluation of an application by the standard review process outlined in the QAP does not fully take into consideration the contribution that a development would make to the state's overall economic and community development strategy. These situations may include, but are not limited to, applications that demonstrate transformative neighborhood revitalization, and/or unique financial funding and leveraging opportunities, and/or the promotion of significant job growth in proximity to such housing. A Strategic Investment Category, totaling up to 10% of the total credit ceiling, has been created as an attempt to address these circumstances. If there are no qualifying projects for this Category, the credit will be used in the general funding round.

COST CONTAINMENT

One of the major areas of focus for the development of the 2013-2014 QAP, as identified by MSHDA and its partners, is the concept of cost containment and being able to use the limited 9% LIHTC resource efficiently. This issue is critical not only to the number of projects able to be awarded, but also to the types of projects that will be developed in the state using the LIHTC program. This is a significant issue not only in the state of Michigan, but nationally.

In that vein, MSHDA convened a workgroup to focus solely on this issue. The result of that workgroup is a cost containment scoring model now included in the allocation process which awards points to projects by project-type – Preservation, New Construction, or Adaptive Reuse/Historic Rehab – based on its total development cost per-square-foot. To receive points, a project's costs are compared to cost data on the last 5 years of LIHTC projects. Projects with costs less than the benchmark may receive positive points, while those with costs greater than the benchmark may receive negative points.

PERMANENT SUPPORTIVE HOUSING CATEGORY MODIFICATIONS

In prior years, the Permanent Supportive Housing (PSH) Category (and even the 10% PSH requirement) focused heavily on the number of units made available to PSH tenants. The 2013-2014 QAP changes this approach to focus more on the needs of the tenants and the services being provided rather than the number of PSH tenants in a development. Prioritization will be given to developments that "deeply target" to the needs of the tenants and that best align the services with these needs. Additionally, to qualify for this Category, a project will now only be required to set aside a minimum of 25% of its units for PSH.

REVISED CRITERIA FOR LOCATION-BASED ANALYSIS

In lieu of the complex location-based scoring that previous QAPs contained, including factors such as homelessness, unemployment, unit age, etc., the revised location-based analysis in the 2013-2014 QAP will focus on supply and demand by project type. Specifically, for Open Category projects, the analysis will focus on the supply and demand of 30%-60% AMI affordable units; for Preservation projects, the analysis will focus on supply and demand of less than 30% AMI affordable units, since there will typically be some amount of rental assistance present; and for the PSH Category the analysis will focus only on the demand of less than 30% AMI affordable since there is limited supply. However, in lieu of offering points for this analysis, this data will be used as part of the market study review conducted for each project to help to ensure that projects are not being developed in areas where there is a lack of demand.

NEGATIVE POINTS FOR "MINOR" PROGRAM VIOLATIONS

It has been MSHDA's experience that there are instances where a sponsor requests an extension of time, fails to satisfy a program requirement, fails to meet a deadline, etc., but will continue to submit applications for new awards of credit. Some of these instances may not be considered critical in the overall development financing picture, but they do have an impact on other applicants and the process itself. While the QAP and Scoring Criteria have continued to provide mechanisms to address these issues, the current mechanisms may be too harsh to address more minor instances such as these. Accordingly, the Scoring Criteria now contains a provision allowing for the assessment of a small amount of negative points to address these types of situations. It is MSHDA's intent that applicants would be notified upon the occurrence necessitating these negative points that the negative points will be assessed on future funding applications.

ADDITIONAL SCORING ITEMS TO HELP RURAL AREAS

Rural areas are some of the neediest areas of the state and at the same time, these areas provide some unique challenges that projects located in larger communities may not face when assembling an application. Therefore, some additional and/or modified criteria were created to help address some of the issues that projects located in rural areas face and to create more of a competitive balance in the allocation process.

POINTS FOR LOCKING-IN THE PROPERTY TAXES

Rural communities, like many other communities across the state, are financially distressed. Asking a rural community's governing body to provide a tax break to a development through a Payment in Lieu of Taxes (PILOT) based on a low percentage of its shelter rents related to a project, when it may be one of only a few apartment developments in town (or even the only one), is a difficult objective for a project sponsor or developer to achieve. Therefore, some points were added for projects where the municipality has at least agreed to fix the taxes at the amount currently being paid. While there will not be as many points for obtaining a fixed rate as there will be for obtaining a PILOT based on a percentage of shelter rents, there is still some benefit to a project being able to get its taxes locked, so some points are warranted.

POINTS FOR COMMUNITY SUPPORT IN LIEU OF COMMUNITY REVITALIZATION PLAN

Many smaller or rural communities do not have formal Community Revitalization Plans in place, but that does not necessarily mean that the community does not support the project or that the project is not meeting the same objectives for the community. It may just mean the community has not formally adopted a plan. Accordingly, in lieu of demonstrating that a project contributes to a Community Revitalization Plan, projects may receive points if they are able to have a resolution passed by the municipality indicating that a project will contribute to the community in the same way it would if there were a plan in place.

POINTS FOR USDA RD SECTION 515 PROJECTS

In rural communities, there are many existing Section 515 projects, most of which have some portion of rental assistance, that are tired and in need of significant rehabilitation to preserve the subsidy and the units. Further, in some instances, the developments may be one of the few (if not the only) affordable housing options in some of these communities. Because of this, additional points were added to the scoring to put more emphasis on these deals.

BARRIER FREE SCORING CRITERIA

Several stakeholders have indicated the need for the inclusion of barrier free units as part of developments to help address a lack of these units in the market, and to help with integration among tenant-types. The competitive scoring now makes points available for projects that incorporate barrier-free design, or the ability for the units to be adaptable to barrier-free, into at least 10% of the total units.

DEVELOPER FEE

One of the keys to having a successful affordable housing development is a having strong, well-capitalized owner. Given the state of the Michigan market over the last several years and the negative financial impact that has had on the development community, MSHDA does not believe it is appropriate to modify the amount of allowable fee a developer can earn for completing a LIHTC project. Accordingly, at this time there has been no adjustment made to the calculation of the developer fee. However, MSHDA believes this item may need to be revisited in future QAPs to ensure the LIHTC resource is being used efficiently, particularly as resources become scarcer and the need to stretch available funding sources increases.

PROXIMITY TO TRANSPORTATION

Amenities are critical to the success of any project, one of which is the availability of public transportation. Residents like to live where they have the ability to use a variety of transportation means. The Scoring Criteria now makes points available to developments that are located within 1/10 of a mile of public transportation or that have the ability to make some other form of regularly scheduled transportation available to the tenants.

ELIMINATION OF POINTS FOR 4% PILOT RATE

In the prior version of the QAP there were points available for projects that could obtain a Payment in Lieu of Taxes (PILOT) with a rate of 4% of shelter rents or lower. While obtaining a 4% PILOT is good for a project, it also can create additional financial stress for many of Michigan's communities that are currently financially distressed.

Additionally, if a project is financially feasible at a rate greater than 4%, should it be penalized when it may not need the lower PILOT rate? It is in that context that the points for having a PILOT of 4% or less have been removed.

REMOVAL OF FEDERAL, STATE, LOCAL FINANCING

The purpose of having points available for projects using other Federal, State, or Local sources of financing was to provide some incentive for leveraging other resources, which should ultimately reduce the amount of LIHTC a project would need. Additionally, these sources are generally received at more favorable terms, whose benefits can be passed on to the tenant in the form of lower rent. In practice, however, a project will usually determine the maximum amount of LIHTC it can qualify for and then determine how much gap financing (normally federal, state, or local source) it would need for the project to be financially viable. Often, this means that the amount of credit projects are requesting isn't necessarily due to leveraging of the other sources in the deal; it more likely means that projects may be looking for more gap funding sources than necessary so that they could receive the points.

JOBS COMPONENT

While the LIHTC program itself is a job creation tool, stakeholders stated their interest in having a specific provision related to job creation within the QAP. MSHDA agrees that job creation is important. In an effort to collect and analyze more data related to job creation, as part of their application submission applicants will now be required to indicate how many jobs their proposed development will create and to provide an analysis for how this number was determined.

RE-EVALUATION OF SCORING

Stakeholders expressed, and MSHDA agrees, that the QAP should allow for a level playing field among application submissions. The entire Scoring Criteria document was reviewed to try to ensure a competitive balance among project types and across Categories. Additionally, the entire document was reviewed to determine the relevancy of the some of the scoring items previously contained in the Scoring Criteria. This means that in many cases point values were adjusted or scoring items were removed to try to accomplish both of these goals.

EXHIBIT 11
FY 2012 Technical Assistance Provision

Consultant	Organization Receiving TA	Type of TA	Contract Amount
ASK Development Assoc.	City of Muskegon	HOME - Cap.Building/In-direct TA	$5,893
Building Science Energy Services	MSHDA (DTE Energy Optimization Pilot)	Construction Management	$59,850
Capacity Builders	U-SNAP-BAC, Inc.,	Capacity Building/Direct TA	$4,516
Capitol Fundraising	MSHDA (Idlewild Project)	Capacity Building/In-direct TA	$6,500
CoC Strategic Services	MSHDA (CoC Workshops)	Supportive Housing	$50,753
Community Revitalization Training Center	MSHDA (Rental Rehab Training)	HOME - Cap.Building/In-direct TA	$11,685
Coulter Consulting	Kalkaska County	CDBG - Capacity Bldg./Direct TA	$1,306
Franke Consulting Group	MSHDA (HOME, CDBG, CHDO)	Capacity Building/In-direct TA	$17,300
Franke Consulting Group	MSHDA (MCDA HOME Training)	HOME - Cap.Building/In-direct TA	$2,000
Franke Consulting Group	MSHDA (Compliance, Finance Underwriting)	HOME - Cap.Building/In-direct TA	$27,896
Franke Consulting Group	MSHDA (Finance Rental Project Training)	CHDO Capacity Bldg/Direct TA	$18,597
Hager Consulting, LLC	MSHDA (NSP1)	NSP Admin - Capacity Bldg/In-direct TA	$8,500
Harold Mast Consulting	MSHDA (FHLBI)	Capacity Building/In-direct TA	$7,500
Harold Mast Consulting	Family Service Agency of Genesee County	CHDO Capacity Bldg/Direct TA	$14,436
Hershelle Reed-Morris	City of Flint	HOME - Cap. Building/In-direct TA	$50,936
Kuntzsch Business Services	MSHDA (CDBG Program Development)	CDBG - Capacity Bldg./Direct TA	$60,472

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FY 2012 Technical Assistance Provision

Consultant	Organization Receiving TA	Type of TA	Contract Amount
McKenna Associates	New Hope Community Development Non-profit	Capacity Building/Direct TA	$10,975
Mead and Hunt, Inc.	MSHDA (Historic Preservation Survey)	SHPO	$203,611
Mi Assoc. of Planning (MAP)	City of Detroit	Capacity Building/In-direct TA	$18,100
Mi Assoc. of Planning (MAP)	MSHDA (Placemaking)	Capacity Building/In-direct TA	$22,295
Mi Assoc. of Planning (MAP)	MSHDA (Placemaking)	Capacity Building/In-direct TA	$91,082
Mi Assoc. of Planning (MAP)	MSHDA (Placemaking)	Capacity Building/In-direct TA	$50,920
NCCS Center FNH	ICCF	CHDO Capacity Bldg/Direct TA	$3,878
Organizational Services Inc.	MSHDA (Building Better Communities Conference)	HOME ADMIN - Capacity Bldg/In-direct TA	$110,000
Pace & Partners	MSHDA (NSP2)	NSP Admin- Capacity Bldg/In-direct TA	$29,000
Pro Housing Consultant	Manistee County	CDBG - Capacity Bldg./Direct TA	$3,175
Quinn Evans Architects, Inc.	MSHDA (Historic Resource Con. Asses.)	SHPO	$24,340
Renaissance West	Yates Township (Idlewild Project)	CDBG - Capacity Bldg./Direct TA	$37,578
Revitalize, LLC	Greater Lansing Housing Coalition	CHDO Capacity Bldg/Direct TA	$3,840
Revitalize, LLC	Highland Park Homeownership Collaboration	CHDO Capacity Bldg/Direct TA	$6,608
Strategic Planning Services	MSHDA (HOME & NSP)	Capacity Building/In-direct TA	$19,259
Tim McIntyre	MSHDA (Rental Dev.& Special Housing AAL)	Supportive Housing	$90,888
TOTAL			**$1,073,689**