



MEMORANDUM

DATE: March 19, 2019

TO: All interested parties of the MSHDA's Gap Financing Program

FROM: John A. Hundt, Housing Development Manager

SUBJECT: Round 10 Gap Financing Program – Notice of Intent to Apply Projections

Attached are the preliminary rankings for the Notice of Intent stage of MSHDA's Gap Financing Program for Round 10. As shown in the attached rankings, over \$63 million in gap funding was requested from twenty-five proposals submitted under the 10th Round of the Gap Financing Program. Because each project on the list meets the minimum criteria to be able to move to the next phase of the process, all twenty-five of the proposals will be invited to the Application Submission Phase.

The attached Notice of Intent to Apply Projections Worksheet includes four tables. The first table (Table #1) is based on the applicant's initial projections. That table was then split up into three separate tables, after a review and adjustments by MSHDA staff to the sponsors projections, as follows. (Any adjustments made were based on correcting errors or making different assumptions that will need to be considered as an applicant chooses to continue processing or not).

- Table #2 represents the list of the proposals that meet the Authority's acceptance criteria and will be invited to the next phase of the competitive NOFA loan processing. It of course is also sorted by the rankings based on each development's soft to hard debt ratio.
- Table #3 represents the list of proposals that also meet the Authority's acceptance criteria but have a projected soft to hard debt ratio of 20% or less. As long as these proposals are able to maintain the ratio of 20% or less, they will be funded outside of the Gap Funding Program allocation and may move forward outside the funding round timeline.
- Table #4 represents a proposal that also meets the selection criteria but is a Community Housing Development Organization (CHDO) and will be funded with CHDO HOME set aside.

Based on the initial rankings, those proposals currently shown in the shaded area Table #2 fit within the funding available at this time.

Additionally, as identified within MSHDA's guidelines for the Gap Funding Program, for proposals that can achieve and maintain a soft to hard debt ratio of less than 20% throughout the lending process, and that meet all other underwriting requirements, MSHDA will commit to funding the proposal outside of the NOFA funding round. Therefore, in addition to providing

approximately \$17.2 million in funding from the NOFA to the projects ranking the highest, MSHDA would also provide additional resources to those projects with a ratio of less than 20%. Applicants of the unshaded proposals or that have a soft to hard debt ratio of greater than 20% shown in the attached preliminary list would need to see if they are able to reconfigure the structure of the transaction in a way to achieve and maintain a soft to hard debt ratio to a level where their proposal is ranked as one of the highest and be able to fit within the \$17.2 million of funding available under this NOFA.

Applicants should be aware that development costs are expected to change as MSHDA processes the application based on the Application package to be submitted to MSHDA by the May 15, 2019 deadline. Rankings could change considerably between now and the end of the Application submission process based on changes to things like sources and uses, market study results, and Capital Needs Assessment outcomes. Therefore, although a proposal may not currently rank at the top, the applicant will have the opportunity to improve the position of the application in the rankings.

If you have any questions regarding the above or about Preliminary Assessment Projections, please contact John Hundt at (517) 241-7207.

Attachment

Table #1

Proposals / Location / Sponsors			Proforma Data			Ranking Factors		Units
Project Name	Location	Sponsor Contact	Projected	Projected Tax	Total Gap Funds Needed	Net Gap	MSHDA	Total Units
			Permanent Tax Exempt Loan	Exempt Construction Loan		Hard Debt Ratio	Projected Per Unit Gap Funding	
Apartments at 20 North	Battle Creek	Magnus Capital Partners	\$22,634,801	\$22,634,801	\$2,800,000	12.37%	\$11,864	236
American House - Village at Bloor	Pontiac	American House Development LLC	\$30,330,222	\$30,330,222	\$4,974,156	16.40%	\$33,161	150
Willow Vista Apartments	Lansing	Ginosko Development Company	\$1,130,147	\$500,000	\$225,803	19.98%	\$10,753	21
7850 - East Jefferson (Phase I)	Detroit	Ginosko Development Company	\$1,119,132	\$759,721	\$223,603	19.98%	\$9,317	24
7850 - East Jefferson (Phase II)	Detroit	Ginosko Development Company	\$1,119,132	\$759,721	\$223,603	19.98%	\$9,317	24
7850 - East Jefferson (Phase III)	Detroit	Ginosko Development Company	\$1,119,132	\$759,721	\$223,603	19.98%	\$9,317	24
Lofts on Michigan	Grand Rapids	West Michigan Housing Alliance	\$10,771,031	\$0	\$2,154,206	20.00%	\$39,893	54
Grand Monroe	Grand Rapids	PK development Group LLC	\$23,016,252	\$23,016,252	\$4,603,250	20.00%	\$22,676	203
Keeler Flats	Grand Rapids	Keeler Properties, LLC	\$19,522,324	\$32,000,000	\$3,904,465	20.00%	\$32,537	120
Crimson Flats	Grand Rapids	West Michigan Housing Alliance	\$12,609,564	\$12,609,564	\$2,521,913	20.00%	\$25,219	100
SOBA	Grand Rapids	First Companies + West Michigan Housing	\$11,598,374	\$18,250,000	\$2,319,675	20.00%	\$24,677	94
Quimby Place	Grand Rapids	Quimby Place, LLC	\$11,598,374	\$18,250,000	\$2,319,675	20.00%	\$30,522	76
Motown Square	Grand Rapids	Motown Square LLC	\$11,598,374	\$18,250,000	\$2,319,675	20.00%	\$23,197	100
Peerless Flats	Grand Haven	River Caddis Development, LLC	\$6,043,912	\$6,043,812	\$1,504,900	24.90%	\$25,082	60
Transfiguration Place	Detroit	Ethos Development Partners LLC	\$990,550	\$3,310,690	\$250,000	25.24%	\$13,158	19
Northlawn Gardens Apartments	Detroit	Larc Properties, Inc.	\$2,676,205	\$3,957,543	\$936,672	35.00%	\$9,757	96
Arborview Village	Pontiac	Larc Properties, Inc.	\$8,678,825	\$8,678,825	\$3,065,327	35.32%	\$19,039	161
Golfview Meadows	Detroit	Eco Solutions, LLC	\$1,450,800	\$4,214,000	\$536,796	37.00%	\$19,881	27
Royal Oak Manor	Royal Oak	CSI Support and Development Services	\$9,181,429	\$16,422,276	\$3,500,000	38.12%	\$14,583	240
Village at Lafrainier Woods	Garfield Township	RW Properties I LLC	\$14,405,020	\$14,405,020	\$6,000,000	41.65%	\$52,174	115
Orchestra Place	Detroit	Larc Properties, Inc.	\$9,046,059	\$11,303,712	\$4,270,000	47.20%	\$52,073	82
Van Dyke Apartments	Sterling Heights	Chaldean Community Foundation	\$13,964,804	\$13,964,804	\$6,886,449	49.31%	\$51,011	135
Mack/Alter Homes Community	Detroit	Nova Development Group of Detroit LLC	\$245,900	\$1,842,071	\$145,082	59.00%	\$10,363	14
Clark Commons II	Flint	Norstar Development USA, LP	\$3,241,146	\$16,205,000	\$2,200,000	67.88%	\$25,287	87
East Side Housing for Veterans	Detroit	Paul Palazzolo	\$0	\$0	\$5,104,758	#DIV/0!	\$159,524	32

Totals = **\$228,091,509** **\$278,467,755** **\$63,213,611** **2,294**
Gap Funding Available = **\$17,208,442**

Table #2

Round 10 NOFA Pipeline - Notice of Intent to Apply Rankings - "MSHDA Projections"								
Proposals / Location / Sponsors			Proforma Data			Ranking Factors		Units
Project Name	Location	Sponsor Contact	Projected Permanent Tax Exempt Loan	Projected Tax Exempt Construction Loan	Total Gap Funds Needed	Net Gap Funding to Hard Debt Ratio	MSHDA Projected Per Unit Gap Funding	Total Units
Transfiguration Place	Detroit	Ethos Development Partners LLC	\$952,499	\$3,273,371	\$200,000	21.00%	\$10,526	19
SOBA	Grand Rapids	First Companies + West Michigan Housing	\$10,800,008	\$18,436,195	\$2,406,949	22.29%	\$25,606	94
Arborview Village	Pontiac	Larc Properties, Inc.	\$9,816,248	\$9,816,248	\$2,480,460	25.27%	\$15,407	161
Northlawn Gardens Apartments	Detroit	Larc Properties, Inc.	\$2,896,928	\$4,963,770	\$865,166	29.86%	\$9,012	96
Peerless Flats	Grand Haven	River Caddis Development, LLC	\$5,841,353	\$5,841,353	\$1,800,000	30.81%	\$30,000	60
Greenbriar	Greenville	Virgie Ammerman	\$2,090,718	\$2,354,327	\$655,554	31.36%	\$16,389	40
Motown Square	Grand Rapids	Motown Square LLC	\$11,428,042	\$18,829,871	\$3,768,148	32.97%	\$37,681	100
Village at Lafrainier Woods	Garfield Township	RW Properties I LLC	\$15,315,864	\$15,315,864	\$5,066,432	33.08%	\$44,056	115
Saint Paul Manor Apartments	Detroit	MHT Housing, Inc	\$2,055,752	\$2,533,515	\$689,436	33.54%	\$19,151	36
Morton Manor Apartments	Detroit	MBCHC, LLC	\$7,796,089	\$9,137,322	\$2,894,431	37.13%	\$19,168	151
Clark Commons II	Flint	Norstar Development USA, LP	\$3,945,743	\$15,268,541	\$1,480,180	37.51%	\$17,014	87
Lofts on Michigan	Grand Rapids	West Michigan Housing Alliance	\$9,603,918	\$14,933,540	\$4,809,464	50.08%	\$89,064	54
Golfview Meadows f/k/a Veteran Vil	Detroit	Eco Solutions, LLC	\$1,425,266	\$4,214,000	\$815,008	57.18%	\$30,185	27
Van Dyke Apartments	Sterling Heights	Chaldean Community Foundation	\$11,408,692	\$14,378,098	\$6,819,206	59.77%	\$50,513	135
Quimby Place	Grand Rapids	Quimby Place, LLC	\$6,857,530	\$14,864,507	\$6,732,800	98.18%	\$88,589	76
Crimson Flats	Grand Rapids	West Michigan Housing Alliance	\$6,776,606	\$15,672,965	\$6,776,606	100.00%	\$67,766	100

Totals =	\$109,011,256	\$169,833,487	\$48,259,840	1,351
Shaded Totals =	\$57,623,380	\$90,454,513	\$17,240,324	844
Available Gap Funding Sources =			\$17,208,442	
Remaining Balance =			-\$31,882	

Table #3

Round 10 NOFA Pipeline - Notice of Intent to Apply Rankings - "MSHDA Projections" With < 20% Soft to Hard Debt Ratio								
Proposals / Location / Sponsors			Proforma Data			Ranking Factors		Units
Project Name	Location	Sponsor Contact	Projected Permanent Tax Exempt Loan	Projected Tax Exempt Construction Loan	Total Gap Funds Needed	Net Gap Funding to Hard Debt Ratio	MSHDA Projected Per Unit Gap Funding	Total Units
American House - Village at Bloomfie	Pontiac	American House Development LLC	\$31,651,113	\$31,651,113	\$3,730,880	11.79%	\$24,873	150
Keeler Flats	Grand Rapids	Keeler Properties, LLC	\$19,522,324	\$29,896,885	\$2,101,654	10.77%	\$17,514	120
Apartments at 20 North	Battle Creek	Magnus Capital Partners	\$21,530,386	\$21,530,386	\$3,754,450	17.44%	\$15,909	236
Orchestra Place	Detroit	Larc Properties, Inc.	\$11,608,561	\$11,608,561	\$2,045,000	17.62%	\$24,939	82
Willow Vista Apartments	Lansing	Ginosko Development Company	\$2,901,527	\$3,032,749	\$533,824	18.40%	\$10,266	52
7850 - East Jefferson (Phase I)	Detroit	Ginosko Development Company	\$920,562	\$1,635,791	\$183,928	19.98%	\$7,664	24
7850 - East Jefferson (Phase II)	Detroit	Ginosko Development Company	\$920,562	\$1,635,791	\$183,928	19.98%	\$7,664	24
7850 - East Jefferson (Phase III)	Detroit	Ginosko Development Company	\$920,562	\$1,635,791	\$183,928	19.98%	\$7,664	24
Mack/Alter Homes Community	Detroit	Nova Development Group of Detroit LLC	\$503,010	\$2,052,246	\$101,199	20.12%	\$7,229	14
Totals =			\$90,478,607	\$104,679,313	\$12,818,791			726

Table #4

Round 10 NOFA Pipeline - Notice of Intent to Apply Rankings - "MSHDA Projections" CHDO Set Aside Proposal(s)								
Proposals / Location / Sponsors			Proforma Data			Ranking Factors		Units
Project Name	Location	Sponsor Contact	Projected Permanent Tax Exempt Loan	Projected Tax Exempt Construction Loan	Total Gap Funds Needed	Net Gap Funding to Hard Debt Ratio	MSHDA Projected Per Unit Gap Funding	Total Units
Royal Oak Manor	Royal Oak	CSI Support and Development Services	\$9,925,425	\$16,451,727	\$3,400,000	34.26%	\$14,167	240

Available Gap Funding Sources = \$3,425,000
 Remaining Balance = \$25,000