

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The State of Michigan's Housing and Community Development Consolidated Plan is submitted pursuant to a U.S. Department of Housing and Urban Development (HUD) rule (24 CFR Part 91, 1/5/95) as a single submission covering the planning and application aspects of HUD's Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and the Housing Trust Fund (HTF) formula programs and the Recovery Housing Program (RHP).

The purpose of the Consolidated Plan is to describe programs and activities that will be undertaken in conjunction with HUD programs by the state of Michigan within the next 5 years. Funding from these programs is awarded to the State by HUD and administered by the Michigan State Housing Development Authority, the Michigan Strategic Fund, and the Michigan Department of Health and Human Services. Each of the programs and activities that are proposed are described in detail within the following documents.

The programs and activities to be provided in the five-year plan address the housing and community development needs and goals identified within the State of Michigan's Consolidated Plan.

The Consolidated Plan references strategies developed to address the following goals of the programs that it covers during the five-year period July 1, 2020 through June 30, 2025.

These goals are to:

- Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low-income individuals and families;
- Improve and preserve the existing affordable housing stock and neighborhoods;
- Increase sustainable homeownership opportunities for individuals and families by reducing the costs of homeownership;
- Make homeless assistance more effective and responsive to local need through local autonomy and thru established continuums of care (CoC);
- Develop linkages between the housing and service sectors to provide greater housing opportunities for households with special needs;

- Establish a suitable living environment and expand economic opportunities for low and moderate-income people through economic and community infrastructure development;
- Reduce incidences of spot and/or area blight to improve safety and revitalize downtown districts;
- Respond to community's urgent needs or unique opportunities to support economic and community development; and
- Support communities and businesses in job creation and business assistance.

This consolidated submission specifies the State of Michigan's plan to use federal funds to implement housing and community development activities under HUD-funded formula programs.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Housing programs authorized by the National Affordable Housing Act (NAHA) represent a significant source of funding through which states, like Michigan, may address their need for affordable housing.

These programs include the: Community Development Block Grant (CDBG) program; HOME investment partnership program; Housing Trust Fund (HTF); HOPE program; Continuum of Care program; Supportive Housing for the Elderly (Section 211); Emergency Solutions Grants (ESG) program; Moderate Rehabilitation Single Room Occupancy program; Housing Opportunities for Persons With AIDS (HOPWA) program; Technical Assistance; Revitalization of Severely Distressed Public Housing program; and the Low-Income Housing Preservation program.

The state has identified job creation, public facilities, blight elimination, infrastructure assistance and responding to unique community development needs and opportunities as the desired outcomes.

MSHDA endorses the objectives of the Housing and Economic Recovery Act of 2008 establishing the Housing Trust Fund to increase and preserve the supply of rental housing for extremely low income families and thereby amends this plan to account for these priorities. Michigan expects to receive an additional HTF allocation in FY21 and expend all previous HTF allocations.

Preliminary awards of HTF funding have been made to several developments that will fully utilize the amount of HTF funding the state has been awarded to date. It is the intention that the prescribed funding timelines will be met. The developments that have received initial awards have reached the committed stage and it is expected that all will meet the program's timing requirements. Future rounds will be held as needed and all of those will meet the required timelines as well.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The State believes the activities and strategies funded through the Consolidated Plan are making an impact on identified needs. The demand for the programs funded under HOME, ESG, HOPWA remain greater than the funding available. Commitment and disbursement of funds are proceeding on a timely basis. Federal funding is being used to accomplish the major goals cited in the State of Michigan Consolidated Plan. The overall goals of providing affordable housing and a suitable living environment are being accomplished with our homeowner, homebuyer, and rental housing development programs. The overall goal of expanding economic opportunities for low and moderate-income persons is being met with the CDBG economic development program. The program year anticipated achievements are identified in this plan and the accomplishment data will be provided in the CAPER. HOPWA achievement data will be fully reported within its CAPER.

Over the last year while the CDBG program was greatly impacted by turnover, staff continued to work towards the goal of creating a more productive, sustainable and balanced process to positively impact timing related to the commitment and disbursement of funds. In PY 2018 the program rolled out the new CDBG Funding Guide, which replaced the previous Application Guide as the source for program priority, eligibility and process related information. To that end, in September 2018 CDBG staff participated in three HUD scheduled CDBG informational meetings held in the UP. The intent of these meetings was to rollout CDBG related info, and specifically the Funding Guide, to community representatives. Program staff also participated in 9 regional financial trainings, led by MEDC's Community Assistance Team, where CDBG funding opportunities were discussed. Local and regional community/economic development partners, along with community representatives participated in these sessions. While the CDBG program continued to survey CDBG eligible communities, the program also continued to reach out to other State of Michigan Departments in order to identify potential impactful projects and collaborative efforts that would lead to meeting Con Plan goals. Based on feedback provided by CDBG eligible communities, and the success of previous infrastructure funding rounds, the program identified eleven additional units of general local government to apply for water and sewer project funding, with one of the projects being a collaborative effort with USDA. In order to accurately reflect the success of these efforts, process has been put in place that requires a more complete project description, including deliverables, be added in IDIS that more closely mirrors the information that is currently captured in the MSF's client management database.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The Michigan State Housing Development Authority (MSHDA), which is the lead agency responsible for preparing the Michigan Consolidated Plan solicited comments from the public regarding the plan through multiple methods. The formal public comment period was held between June 24, 2021 through July 23, 2021 and covered the draft plan document. Notice for this period was published in the following newspapers:

- o Michigan Chronicle (Detroit)
 - o Alpena News
 - o Detroit Newspapers - Detroit Free Press and Detroit News
 - o Grand Rapids Press and El Vocero Hispano
 - o Lansing State Journal
 - o Mining Journal (Marquette)
 - o Traverse City Record Eagle
 - o Bay City Times
 - o Flint Journal
 - o Saginaw News
 - o Kalamazoo Gazette
 - o Daily Press (Escanaba)
 - o Jackson Citizen Patriot
 - o Herald Palladium (St. Joseph/Benton Harbor)
 - o The Times Herald (Port Huron)
 - o Monroe News
 - o Morning Sun (Mt. Pleasant)
 - o Sault Ste. Marie News
 - o Muskegon Chronicle
 - o The Daily News (Iron Mountain)
 - o The Daily Mining Gazette (Houghton)

Notice was also given via an email blast to stakeholders and others interested in the program. A formal public hearing conference call will be held.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Pending until the comment period ends on July 23, 2021.

The State of Michigan accepts all comments or views on an ongoing basis. For the stakeholders meetings, regional grantee meetings, and any survey responses received, programs and policies are analyzed to ensure that we are providing programs that are tied to meeting the needs of our communities from a health, safety, housing, community, and economic development perspective. In addition, any written programmatic comments will be evaluated at the time that the program parameters are established.

6. Summary of comments or views not accepted and the reasons for not accepting them

Pending until the comment period ends on July 23, 2021.

7. Summary

We post the Consolidated Plan on our website and will continue to accept comments and feedback on a continual basis. We continually encourage citizens to participate in the planning process. Everyone is encouraged to send in written comments on their experience with the current program procedures either via e-mail and/or letter.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MICHIGAN	MSF
HOPWA Administrator	MICHIGAN	MDHHS
HOME Administrator	MICHIGAN	MSHDA
ESG Administrator	MICHIGAN	MSHDA
	MICHIGAN	MSHDA

Table 1 – Responsible Agencies

Narrative

Consolidated Plan Public Contact Information

Tonya Young, Consolidated Plan Coordinator, MSHDA, 735 East Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909 or electronically via the Housing Initiatives mailbox e-mail address: hidmailbox@michigan.gov

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

The State supports the continuum concept by providing technical assistance for the development of local continua of care and the Balance of State (BOS) continuum. Additionally, applicants for the State's Emergency Solutions Grant Program must be part of a local continuum of care to be funded.

It should be noted that the State submits a competitive application each year through the Balance of State Continuum of Care for competitive Homeless Assistance Grant (HAG) funds. These funds support the creation of new permanent supportive housing projects, as well as the ongoing operation of existing projects.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

Ending homelessness in Michigan is an achievable goal through well-planned, sustained (long-term) effort, with all partners working toward this common goal. To that end, the State of Michigan created a state Interagency Council on Homelessness (ICH) in January 2015. The Michigan ICH consists of directors from the Michigan departments of Military Affairs, Health and Human Services, Education, Natural Resources, MSHDA, Corrections, Management and Budget, Courts and five members representing the general public.

In addition, Michigan has a state level plan to end homelessness. The state's plan: https://www.michigan.gov/documents/mcteh/MCTEH_Action_Plan_2020-2022_699895_7.pdf

is aligned with Home, together: the federal strategic plan to prevent and end homelessness adopted by the United States interagency council on homelessness.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The Michigan State Housing Development Authority (MSHDA) and the Balance of State Continuum of Care (BOSCO) representatives work diligently to foster collaborative relationships with private and public sector stakeholder groups and to recruit key personnel from those entities to serve on the

Balance of State Continuum of Care planning body. There are sixty-three (63) regular members representing both private and public stakeholders. State officials from the Michigan Department of Education, Veteran's Affairs, and the Michigan Department of Health and Human Services participate and the Michigan ICH and work to meet the needs of chronically homeless, families with children, veterans, youth and survivors of domestic violence.

In addition, the Michigan ICH has a working committee consisting of staff members from the state departments listed above along with staff from the Michigan Coalition Against Homeless, the Michigan Municipal League, Veteran's Affairs, the United Way, and the Michigan Community Action Agency.

Michigan has an annual summit on Ending Homelessness across the state. This event is sponsored in part by MSHDA.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The Balance of State Continuum sponsors the applications for funding by stakeholders in geographic locations of the State that do not apply directly to HUD for HAG funding. The BOSCO provides the leadership and decision-making and develops annual action plans, establishes funding priorities, engages local continua representatives in planning dialogue, and promotes inter-agency collaboration.

MSHDA trains Continuum of Care Bodies on fairness in funding for the ESG, not allowing applicants to be on the funding decision team, etc. CoC Bodies have to describe how they implemented fairness tactics to MSHDA annually when submitting their agency funding decisions to MSHDA. In addition, MSHDA and the Michigan Coalition Against Homelessness (MCAH) provide trainings to CoC Bodies throughout the year on interpreting HMIS data, program continuous quality improvement, and the requirement of submitting new policy and procedures when HUD implements changes or when HMIS data dictates changes to their policy.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Michigan Homeless Assistance Advisory Board (MHAAB)
	Agency/Group/Organization Type	Housing PHA Services - Housing Services-homeless Services-Health Health Agency Child Welfare Agency Other government - Federal Other government - State Other government - County Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homelessness Needs - Veterans Homelessness Strategy

<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>On behalf of the BOS, the MHAAB is responsible for applying for CoC Program funds annually during the HUD CoC Program Competition. In addition, the MHAAB oversees the HUD ESG Program funds awarded to BOS geographic areas. The Michigan State Housing Development Authority (MSHDA) and the Michigan Homeless Assistance Advisory Board (MHAAB) representatives work diligently to foster collaborative relationships with private and public sector stakeholder groups and to recruit key personnel from those entities to serve on the Balance of State Continuum of Care planning body. The CoC Planning Body is known as the Michigan Homeless Assistance Advisory Board (MHAAB). There are twenty regular members representing both private and public stakeholders. State officials from the Michigan Department of Education, Veteran Affairs, and the Michigan Department of Health and Human Services participate in MHAAB and the Michigan ICH and work to meet the needs of chronically homeless, families with children, veterans, youth and survivors of domestic violence. In addition, the Michigan ICH has a working committee consisting with staff members from the state departments listed above along with staff from the Michigan Coalition Against Homeless, the Coalition Against Homelessness, the Michigan Municipal League, Veteran Affairs, the United Way, and the Michigan Community Action Agency. Michigan has held many Project Homeless Connect events across the state. These events were sponsored in part by MSHDA.</p>
---	--

Identify any Agency Types not consulted and provide rationale for not consulting

The comment period is open to everyone statewide to provide their input therefore no particular agency types were excluded from the public comment process.

MSHDA has four Homeless Assistance Specialists that oversee specific regions of MSHDA. The Specialist provide on-going training to their CoC Bodies on fairness in funding and the use of HMIS data. MCAH provides on-going training via webinars on HUD's CAPER, SPDAT, and other measures that are linked to the best use of ESG program dollars.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	MSHDA	The goal of making homeless assistance more effective and responsive to local need through local autonomy and Continuum of Care is being achieved through the process outlined in the plan.

Table 3 - Other local / regional / federal planning efforts

Narrative

MSHDA's Action Plan is a three year plan that aligns with HUD's plan. However, since Michigan is a large geographic area with urban and rural areas, what is needed in Detroit varies from what is needed in Michigan's Upper Peninsula. After requiring HUD/MSHDA threshold, CoCs are allowed to develop policy and procedures that meet the needs of their homeless populations.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The citizen participation comment process has been limited to written and or verbal interactions due to social distancing requirements. The current health crisis has required a high-level analysis of the program parameters and funding allocations being provided to the State including the Cares Act funding. Goal-setting for FY20-24 was difficult given the pandemic impacts and product cost increases however continuous and ongoing program analysis and assistance has been a high priority for the State based on limited resources and high demand and need.

The MEDC conducted community surveys asking to identify their community's needs. The MEDC also has a team of employees who work directly with communities in their assigned regions to help identify community needs and ways that state programs can assist with meeting those needs. These two outreach efforts provide the MEDC with a ground level view of the needs of cities and villages in the state.

As part of the citizen participation process, there is a public comment period between June 24, 2021 and July 23, 2021 and a formal public hearing conference call.

The citizen participation plan was formally amended during this fiscal year. A copy of the final adopted plan is located on the MSHDA website.

A summary for this annual action plan is pending the outcome of the citizen participation process.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	<p>Minorities</p> <p>Non-English Speaking - Specify other language: We offer interpreters on an as needed basis.</p> <p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p> <p>All Michigan Residents</p>	Pending	Pending	Pending	
2	Internet Outreach	<p>Non-targeted/broad community</p> <p>All Michigan Residents</p>	Draft Action Plan was posted on our website.	Pending	Pending	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Newspaper Ad	All Michigan Residents	Posted notification of public hearing conference call and written comment period.	Pending	Pending	
4	E-Mail Blast	Michigan Stakeholders/Interested Parties	Sent notification to over 10,000 e-mail contacts.	Pending	Pending	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	34,882,196	1,500,000	82,500,862	118,883,058	102,000,000	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	17,203,795	2,969,492	32,070,042	52,243,329	68,815,180	
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	2,012,845	0	1,087,943	3,100,788	8,051,380	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	5,017,704	0	0	5,017,704	20,070,812	
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	17,158,160	0	6,256,074	23,414,234	68,632,640	

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

For CDBG funds administered by the MSF, local matching and/or private investment are often required.

For MSHDA HOME projects, local administrators are encouraged to leverage funds from other housing programs, such as federal weatherization

funding, Rural Development, and MSHDA PIP, as well as to provide in-kind services and local housing funding. Leveraging targets and results will be a factor in determining funding awards.

For ESG, MSHDA provides the required dollar for dollar matching funds each year from non-Federal Authority grant funds which is approximately \$5 million yearly. There is not a match required for the Cares Act funding.

For HTF projects, the HTF will be targeted toward rental projects, which also involve leveraging other sources such as local funding, tax-exempt bond funding, LIHTC funding, and others. Additionally, leveraging from other sources is a criteria in determining which projects will receive HTF funding.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

CDBG funds may be used for publicly held property. This is most likely in cases of infrastructure projects like streetscapes, parks, trails, public restrooms, parking facilities, and other infrastructure. Grant or loan-funded projects could also take place on publically owned land or property in the case of blight elimination on property held by a community.

Discussion

Note: Due to decreases in Michigan's HOME allocation, MSHDA has determined that using these funds for the development of additional affordable rental units across the state would produce a larger, more permanent public benefit. Therefore, no funds are being allocated to Tenant Based Rental Assistance (TBRA) or at this time. In addition, no specific funding is being allocated to the Rural Homelessness Grant Program.

However, MSHDA makes ESG dollars available state, uses the BOSCO Program in rural areas, and incentivizes scores to the Low Income Housing Tax Credit Program (LIHTC) for supportive housing and for areas of the state with a lack of affordable housing.

The MDHHS HOPWA program will be carrying over an estimated \$1,087,943 in from the MIH20F999 grant after all invoices are processed for the grant term ending 6/30/21. Over the past few years, MDHHS has been working to reduce it's carryover funding and is improving contracting flexibilities to allow for the movement of funds between under expended project sponsors to those who have greater need within their communities. Additionally, technical assistance has been provided to project sponsors to ensure that they are fully utilizing funding. Additional funds awarded to Michigan under the CARES Act both for HOPWA and in other rental services also depressed the utilization of regular HOPWA funds during the reporting period. It is expected that there will be an uptick in HOPWA expenditures in the upcoming year.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	CDBG - Blight Elimination	2020	2024	Non-Housing Community Development		Non-housing Community Development	CDBG: \$5,000,000	Facade treatment/business building rehabilitation: 3 Business
2	CDBG - Community Development	2020	2024	Non-Housing Community Development		Non-housing Community Development	CDBG: \$20,000,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 15000 Persons Assisted
3	CDBG - Economic Development	2020	2024	Non-Housing Community Development			CDBG: \$10,000,000	Jobs created/retained: 400 Jobs Businesses assisted: 4 Businesses Assisted
4	CDBG - Housing Rehabilitation	2020	2024	Affordable Housing	Statewide	Affordable Housing	CDBG: \$6,000,000	Rental units rehabilitated: 75 Household Housing Unit Homeowner Housing Rehabilitated: 50 Household Housing Unit
5	CDBG - Urgent Need	2020	2024	Non-Housing Community Development	Statewide	Non-housing Community Development		

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	CDBG - Planning, Technical Assistance, & Admin.	2020	2024	Community Development	Statewide	Non-housing Community Development	CDBG: \$1,000,000	Other: 2 Other
7	MSHDA HOME Rental	2020	2024	Affordable Housing	Statewide	Affordable Housing	HOME: \$17,203,795	Rental units constructed: 150 Household Housing Unit Rental units rehabilitated: 600 Household Housing Unit
8	ESG	2020	2024	Homeless	Statewide	Affordable Housing	ESG: \$5,017,704	Tenant-based rental assistance / Rapid Rehousing: 206 Households Assisted Homelessness Prevention: 413 Persons Assisted
9	HOPWA	2020	2024	Non-Homeless Special Needs	Statewide	Non-housing Community Development	HOPWA: \$2,012,845	Tenant-based rental assistance / Rapid Rehousing: 100 Households Assisted Homeless Person Overnight Shelter: 106 Persons Assisted Homelessness Prevention: 44 Persons Assisted Other: 30 Other
10	Housing Trust Fund	2020	2024	Affordable Housing	Statewide	Affordable Housing		Rental units constructed: 20 Household Housing Unit
11	Recovery Housing Program	2020	2024	Non-Homeless Special Needs	Statewide	Non-housing Community Development		Other: 10 Other

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	CDBG - Blight Elimination
	Goal Description	
2	Goal Name	CDBG - Community Development
	Goal Description	
3	Goal Name	CDBG - Economic Development
	Goal Description	
4	Goal Name	CDBG - Housing Rehabilitation
	Goal Description	
5	Goal Name	CDBG - Urgent Need
	Goal Description	
6	Goal Name	CDBG - Planning, Technical Assistance, & Admin.
	Goal Description	
7	Goal Name	MSHDA HOME Rental
	Goal Description	
8	Goal Name	ESG
	Goal Description	
9	Goal Name	HOPWA
	Goal Description	

10	Goal Name	Housing Trust Fund
	Goal Description	
11	Goal Name	Recovery Housing Program
	Goal Description	

AP-25 Allocation Priorities – 91.320(d)

Introduction:

Allocation Priorities are tied directly to the program funding allocation, and state needs.

Funding Allocation Priorities

	CDBG - Blight Elimination (%)	CDBG - Community Development (%)	CDBG - Economic Development (%)	CDBG - Housing Rehabilitation (%)	CDBG - Urgent Need (%)	CDBG - Planning, Technical Assistance, & Admin. (%)	MSHDA HOME Rental (%)	ESG (%)	HOPWA (%)	Housing Trust Fund (%)	Recovery Housing Program (%)	Total (%)
CDBG	11	45	25	14	0	5	0	0	0	0	0	100
HOME	0	0	0	0	0	0	100	0	0	0	0	100
HOPWA	0	0	0	0	0	0	0	0	100	0	0	100
ESG	0	0	0	0	0	0	0	0	0	0	100	100
HTF	0	0	0	0	0	0	0	0	0	100	0	100

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The AP-25 Allocation Priorities are reflective of how the initiatives will be allocated amongst funding categories.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

HOME & HTF allocations are dedicated to multi-family to expand the availability and supply of safe, decent, affordable and accessible rental

housing for low/extremely low-income households.

HOPWA allocation priorities have historically been tied to HIV rates, which also align with areas of housing instability.

For ESG, all Michigan communities are served based on poverty data and homeless statistics.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	CDBG Competitive Applications
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Competitive Application method is focused on funding community need for program initiatives that are eligible for Competitive Applications as described in the CDBG Funding Guide.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>All applications are weighted to prioritize both financial and project outcome need in each community in competitive applications.</p> <p>Other criteria include: Local support for the project, the service area of the project benefits an area primarily to low to moderate income persons, the community has a maintenance plan and the project is apart of the communities capital improvements plan.</p> <p>The other criteria, as well as relative importance of these and other criteria are determined and address in the application guide for each application period and will be publicly announced to potential applicants and will identify specific selection criteria.</p>

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>MSF CDBG Program: https://www.miplace.org/programs/community-development-block-grant/ CDBG Program Funding Guide: https://www.miplace.org/globalassets/media-documents/cdbg/funding-guide.pdf CDBG Program Low & Moderate Income Community Customers and Low & Moderate Income Project Areas: http://www.michiganbusiness.org/cm/Files/CDBG/CDBG-Low-Mod-Income-Customer-List.pdf</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	

<p>Describe threshold factors and grant size limits.</p>	<p>As community need for Public Improvements changes the grant thresholds and sizes may vary. On average each competitive applications programs have had a minimum of \$500,000 per grant, and up to a maximum of \$2,000,000. Each year, as an application funding period is announced the threshold and grant size limit will be announced to eligible applicants.</p>				
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.</p>				
<p>2</p>	<table border="1"> <tr> <td data-bbox="611 1138 934 1198"> <p>State Program Name:</p> </td> <td data-bbox="934 1138 1906 1198"> <p>CDBG Loan Fund Program</p> </td> </tr> <tr> <td data-bbox="611 1198 934 1252"> <p>Funding Sources:</p> </td> <td data-bbox="934 1198 1906 1252"> <p>CDBG</p> </td> </tr> </table>	<p>State Program Name:</p>	<p>CDBG Loan Fund Program</p>	<p>Funding Sources:</p>	<p>CDBG</p>
<p>State Program Name:</p>	<p>CDBG Loan Fund Program</p>				
<p>Funding Sources:</p>	<p>CDBG</p>				

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The intended purpose of the CDBG Loan Program (CLP) is to provide loans to eligible small businesses, or UGLGs, to meet a National Objective, typically by creating job opportunities for Low to Moderate Income (LMI) individuals. The funds described under this Method of Distribution are composed of program income held by or on behalf of local governments in revolving loan funds. These funds are not distributed by the MSF but are available to the local governments that generated the income, subject to compliance with all applicable CDBG rules and regulations.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applications will be approved by local administrators, subject to compliance review.</p> <p>CDBG Revolving Loan Fund (CRLF): A community that has entered into First Restated Grant Agreement with the MSF, and is administering its CDBG RLF locally.</p> <p>CDBG Loan Fund (CLF): A community that has entered into a Sub recipient Agreement with a Regional Loan Fund Administrator, and has sub-granted its program income.</p> <p>Regional Loan Fund Administrator (RLFA): A MSF designated non-profit lender that has entered into a Repaid Funds Agreement, and is administering program income sub-granted by CDBG Loan Funds.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The Policies, Criteria, and Special Conditions can be found at: Grant Administration Manual (GAM) Chapter 3: CDBG Loan Program: https://www.miplace.org/globalassets/media-documents/cdbg/gam/03-cdbg-loan-program-05.23.17.pdf</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>Funds described under this Method of Distribution are set aside for economic development activities, to address the needs of local busiessses such as access to capital for equipment, operations, expansion and other activities.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Grant sizes are in part limited by the Loan Policy and Credit Risk Management policies under GAM Chapter 3: CDBG Loan Program, as well as the other policy constraints mentioned in the chapter such as, Term and Amortization Polices, Collateral Standards and Special Conditions.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission. This method is associated to the Economic Development Goal and CLP Economic Development Project.</p>
3	<p>State Program Name:</p>	<p>CDBG Local Program Income</p>
	<p>Funding Sources:</p>	<p>CDBG</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The funds described under this Method of Distribution are composed of program income held by or on behalf of local governments generated from past housing grants. These funds are held at the local governments that generated the program income, and are allowed to retain this program income to continue activity while still subject to compliance with all applicable CDBG rules and regulations. Local governments collect and record all revenues derived from CDBG funded activities and hold these funds until the end of the program year. Once the year has ended the local governments collect the revenue and certify the amount received. Per 24 CFR 570.489 (e)2(i) funds which exceed \$35,000 received in a single year from activities is considered program income. The local government can continue an eligible continuing activity are then allowed to retain this program income with compliance and reporting per CDBG rules and regulations. As these funds are certified at the end of the program year, Program Income received in the current planning year will be expended in the following year.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The local governments that retain the funds create and submit program guidelines which are approved by CDBG. The local governments will then use these program guidelines as the criteria for application and prospective applicants will be approved by local administrators, subject to compliance review.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Program Guidelines, which contain the criteria in which local governments use to evaluate potential applicants is held locally and made public through the local government. 8-F Program Income Policy for CDBG Grantees: https://www.miplace.org/link/c0d5f382651341399b5f6266fd064d14.aspx</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>In accordance with 24 CFR 570.489(e)(3)(a) Program Income retained must be used to continue the activity from which it was derived. Program guidelines developed by each community were used to identify the methodology of applying for funding. Funds described under this Method of Distribution are set aside for housing activities, or the original activity of the initial grant that generated the program income.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Per 24 CFR 570.489(e)(2)(i) Program Income, must be received in excess of \$35,000 in a single year.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission. The outcome measures are identified as a part of the CDBG Housing Rehabilitation Goal and CDBG Local Housing Rehabilitation Project. The expectation is to be able to allow local governments to be able to continue to allocate CDBG Program Income to address their housing needs.</p>
4	<p>State Program Name:</p>	<p>CDBG Open Applications</p>
	<p>Funding Sources:</p>	<p>CDBG</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>This Method of Distribution speaks to CDBG proposals that are considered on a continuous basis through leads generated through field staff, internal staff, State partners, and public outreach. The program is comprised of seven initiatives which aim to address community need. These include: Public Facilities, Building Rehabilitation, Facade Improvements, Small Business Assistance, Rental Rehabilitation, Direct Assistance to Business, and Unique & Innovative. These Initiatives are each linked to a Goal and a Project, further specifics on these initiatives is in the State's Funding Guide.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>All applications are weighted to prioritize both financial and project outcome need in each community. Criteria include the Economic Impact, Financial Viability, and Location of the project as well as specific criteria to fulfill the national objective.</p> <p>Detailed guidelines and criteria for each program initiative are described in the Funding Guide.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>MSF CDBG Program: https://www.miplace.org/programs/community-development-block-grant/ CDBG Program Funding Guide: https://www.miplace.org/globalassets/media-documents/cdbg/funding-guide.pdf CDBG Program Low & Moderate Income Community Customers and Low & Moderate Income Project Areas: http://www.michiganbusiness.org/cm/Files/CDBG/CDBG-Low-Mod-Income-Customer-List.pdf</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>The AP-25 Allocation Priorities are reflective of how the initiatives will be allocated amongst funding categories.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>For MSF CDBG projects, the screening guidelines in the Funding Guide are considered to be thresholds that must be met or exceeded for a particular project to receive funding. Facade, Public Facilities, Rental Rehabilitation, and Building Rehabilitation have minimums of \$50,000.</p>

	What are the outcome measures expected as a result of the method of distribution?	Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.
5	State Program Name:	Housing and Community Development Programs - ESG
	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	The State uses a combination of methods for distributing funds within ESG. Methods of distribution may include: competitive awards, need based awards, direct funded awards based on an RFP evaluation, NOFA(s) issued based on funding levels, and on-going open application windows per program parameters.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applicant criteria is outlined within each program's program parameters as outlined in their program criteria.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>MSHDA will publish and distribute a Notice of Funding Availability (NOFA) statewide, which describes the allocation process through which ESG funds may be awarded. Eligible CoCs will have to submit an Exhibit 1, CoC Update, and be in good standing with MSHDA to receive these funds. Funds will be awarded to the HARA who is recommended by the CoC Body via completion of Exhibit 1. Exhibit 1, CoC Annual Planning Update contains the following information:</p> <ul style="list-style-type: none"> • Each community’s four leaders in their effort to end homelessness; • List of all current funding sources in the community used to prevent and end homelessness; • Description of how the community makes funding decisions and prevents conflicts of interest; • Description of how the community monitors and evaluated project performance to ensure resources are being used effectively to address the needs of the community; <ul style="list-style-type: none"> • CoC process for building public support and political will for ending homelessness with city and county officials, businesses, and schools; and • Breakdown of ESG allocated amounts and populations to be targeted. <p>Funds are awarded to the HARA are based upon prior applicant performance, applicant capacity, eligibility of project activities, and consistency with the criteria and standards discussed in the NOFA. MSHDA will be receiving its fiscal year allocation plus Dearborn’s allocation. The additional allocated funds will be used for eligible ESG activities in Wayne County.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>Program guidelines are used to identify the methodology of applying for funding. Funding allocations are determined in each program's action plan. The dollar amounts and percentages in the action plan are estimates and variation is expected.</p> <p>MSHDA outlines ESG thresholds in the Notification of Funding Availability on the MSHDA website.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>All program criteria, including threshold factors and grant size limits, are identified within each program's action plan.</p>

	What are the outcome measures expected as a result of the method of distribution?	Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.
6	State Program Name:	Housing and Community Development Programs - HOME
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	The State uses a combination of methods for distributing funds within HOME. Methods of distribution may include: competitive awards, need based awards, direct funded awards based on an RFP evaluation, NOFA(s) issued based on funding levels, and on-going open application windows per program parameters.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applicant criteria is outlined within each program's program parameters as outlined in their program criteria.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>Program guidelines are used to identify the methodology of applying for funding. Funding allocations are determined in each program's action plan. The dollar amounts and percentages in the action plan are estimates and variation is expected.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>All program criteria, including threshold factors and grant size limits, are identified within each program's action plan.</p>

	What are the outcome measures expected as a result of the method of distribution?	Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.
7	State Program Name:	Housing and Community Development Programs - HOPWA
	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	The State uses a combination of methods for distributing funds within HOPWA. Methods of distribution may include: competitive awards, need based awards, direct funded awards based on an RFP evaluation, NOFA(s) issued based on funding levels, and on-going open application windows per program parameters.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Selection criteria includes the sponsor’s experience providing the same or a similar service; organizational capacity, both programmatically and fiscally, to provide the service; ability to work with HIV care organizations; and proposed work plan. Selection criteria will be weighted towards the organizations capacity and the proposed work plan, although experience will also be valued.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>MDHHS contracts with seven Project Sponsors that serve all areas of the state, except the Detroit EMSA (Wayne County) and the Warren EMSA (Lapeer, Livingston, Macomb, Monroe, Oakland, and St. Clair counties). The Project Sponsors include 1 Health Department, 1 Hospital, and 5 nonprofit agencies. All Sponsors provide tenant-based rental assistance (TBRA), short-term rent, mortgage and utility assistance (STRMU), housing information services, resource identification, permanent housing placement, and short-term facility shelter housing in the form of emergency hotel vouchers when other shelter is not available.</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>Project sponsor submits estimates of the number of households to be served along with estimated dollar amounts for each funding category based on local community need and restrictions such as fair market rent. Amounts are tracked throughout the year and adjustments may be made between funding category.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Threshold factors will be outlined in the application bid process. Grant size limits are determined based on the number of persons living with HIV within the catchment area.</p>

	What are the outcome measures expected as a result of the method of distribution?	Outcome measures for all HOPWA project sponsor align with national outcome measures for individuals living with HIV receiving HOPWA services.
8	State Program Name:	Housing and Community Development Programs - HTF
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applications will be reviewed and selected with equal consideration being given in each of the following areas:</p> <ol style="list-style-type: none"> (1) Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year; (2) Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities; (3) Capacity of the development team including those requirements identified in MSHDA’s Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA. ; (4) Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).; (5) Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF. <p>Other factors that will be considered include the inclusion of accessible and visitable units and alignment with nationally recognized sustainable development protocols such as USGBC's LEED platform, Home Innovations Lab National Green Building Standard or Enterprise Community Partner's Green Communities Criteria.</p> <p>10% of the HTF allocated will be used towards planning and administrative costs associated with the program.</p>
--	--

	<p>Given the requirements of the program and the need for rental housing affordable to ELI households in the state, MSHDA will use HTF program funds to provide affordable rental housing to ELI households. It is anticipated that most units financed under this program will be integrated into general occupancy affordable housing properties serving family and elderly households, that are financed using MSHDA tax-exempt or taxable bond products, LIHTC, or federal historic tax credits.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	
--	--

<p>Describe how resources will be allocated among funding categories.</p>	<p>For HTF, all funding will be targeted toward the development or preservation of affordable rental housing.</p> <p>State Preferences: In an effort to produce the maximum amount of deeply targeted units in the broadest array of communities, given the scarcity of resources, projects otherwise having equal merit will be ranked according to the following:</p> <ol style="list-style-type: none"> 1. Ratio of gap financing to hard debt from MSHDA 2. Level of per unit gap financing needed to complete the project 3. Tax-exempt bond financing supported by the project <p>In general, the highest consideration will be given to those projects needing the least amount of MSHDA gap financing and/or those that can support the greatest amount of tax-exempt bond financing.</p> <p>Eligible Developments</p> <p>Any new construction, adaptive re-use, or rehabilitation of a multifamily rental housing development in Michigan including existing affordable housing [HJ(1)] rental developments are eligible to apply.</p> <p>Nursing homes, adult foster care homes, rooming houses, student housing, transient housing and single room occupancy developments are all considered ineligible.</p> <p>Eligible Costs</p> <p>Costs including property acquisition, site improvements, demolition, conversion, and operating reserves.</p>
--	--

<p>Describe threshold factors and grant size limits.</p>	<p>For HTF, the funding limits will be based on the HOME program limits. To be eligible for funding, all developments will be required to meet the minimum threshold requirements found in MSHDA's Direct Lending parameters and/or MSHDA's Qualified Allocation Plan, as applicable.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.</p>

Discussion:

AP-35 Projects – (Optional)

Introduction:

Projects are identified for CDBG below.

#	Project Name
1	CDBG - 2021 - Blight Elimination
2	CDBG - 2021 - Community Development
3	CDBG - 2021 - Economic Development
4	CDBG - 2021 - Rental Rehabilitation
5	CDBG - 2021 - Rural and Infrastructure Support
6	CDBG - 2021 - CLP Economic Development
7	CDBG - 2021 - Local Housing Emergency Repairs
8	CDBG - 2021 - Planning, Technical Assistance, & Admin.

Table 9 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

HOME & HTF allocations are dedicated to multi-family to expand the availability and supply of safe, decent, affordable and accessible rental housing for low/extremely low-income households.

HOPWA allocation priorities have historically been tied to HIV rates, which also align with areas of housing instability.

For ESG, all Michigan communities are served based on poverty data and homeless statistics.

AP-38 Project Summary

Project Summary Information

1	Project Name	CDBG - 2021 - Blight Elimination
	Target Area	
	Goals Supported	CDBG - Blight Elimination
	Needs Addressed	Non-housing Community Development
	Funding	CDBG: \$5,000,000
	Description	
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
2	Project Name	CDBG - 2021 - Community Development
	Target Area	
	Goals Supported	CDBG - Community Development
	Needs Addressed	Non-housing Community Development
	Funding	CDBG: \$5,000,000
	Description	This project contains activities for Community Development Area Benefit
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
3	Project Name	CDBG - 2021 - Economic Development
	Target Area	
	Goals Supported	CDBG - Economic Development
	Needs Addressed	Non-housing Community Development
	Funding	CDBG: \$10,000,000
	Description	This project is used to track projects that are primarily job creation related.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Supporting businesses for Job Creation, Retention, or Training.
4	Project Name	CDBG - 2021 - Rental Rehabilitation
	Target Area	
	Goals Supported	CDBG - Housing Rehabilitation
	Needs Addressed	Affordable Housing
	Funding	:
	Description	Project to track all 2020 CDBG Rental Rehabilitation activities.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Rehabilitation of Rental units in Traditional Downtowns
5	Project Name	CDBG - 2021 - Rural and Infrastructure Support
	Target Area	
	Goals Supported	CDBG - Community Development
	Needs Addressed	Non-housing Community Development
	Funding	CDBG: \$15,000,000
	Description	
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Public improvements in Rural communities.
	6	Project Name
Target Area		
Goals Supported		CDBG - Economic Development
Needs Addressed		Non-housing Community Development
Funding		CDBG: \$1,000,000
Description		This project will contain all the activities associated and generate by the CDBG Loan Fund through the 105(a)15 fund managers or local RLFs.

	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Loans for Small Businesses to create or retain Jobs.
7	Project Name	CDBG - 2021 - Local Housing Emergency Repairs
	Target Area	
	Goals Supported	CDBG - Housing Rehabilitation
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$1,000,000
	Description	Project for all activities funded with Locally retained Program Income for Housing Activities.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
8	Project Name	CDBG - 2021 - Planning, Technical Assistance, & Admin.
	Target Area	
	Goals Supported	CDBG - Planning, Technical Assistance, & Admin.
	Needs Addressed	Non-housing Community Development
	Funding	CDBG: \$2,000,000

Description	
Target Date	
Estimate the number and type of families that will benefit from the proposed activities	
Location Description	
Planned Activities	

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not Applicable.

Acceptance process of applications

Not Applicable.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

The State of Michigan does not formally run and oversee a community revitalization strategy in the sense of the program outlined in 24 CFR 91.320. However, there are policies and programs in place that are very similar in intent. This includes some additional consideration given to projects that participate in our state's Redevelopment Ready Communities (RRC) program, Michigan Main Street program and the Rising Tide Program. In addition, the state maintains a team of people who work directly with communities to identify CDBG and other community projects. Michigan's policy for regional and local community development is organized on a "place" -based philosophy, known as placemaking". Placemaking's contribution to the State Economic Growth strategy is to demonstrate and promote the locational setting(s) for targeting sustained economic, social, and ecological vibrancy. The State economy consists of economic regions comprised of places ranging from natural to urban, cities and urban places are the key locations for prosperity because they provide the best proximity to knowledge and capital resources. Research data shows that investments in urban places have the best economic, social, and ecological return. A wider range of choice in housing, employment and transportation, combined with mixing buildings, uses, incomes - known as the "form" of places -- is a critical element in determining its success in attracting talent with subsequent entrepreneurial activity benefit, as well as providing the highest opportunity for low/mod income households to benefit across most, if not all economic and social measures. The State has implemented steps to structure its process for investment into vibrant places which sustains long-term economic, social, and ecological prosperity: 1. Raise awareness that long-term, sustainable prosperity is place-based and placemaking is linked to economic development to achieve success; 2. Provide a platform for developing knowledge and practice of the Place-Based Economic Development; 3. Develop and promote place-based investment strategies and projects; and 4. Institutionalize place-based economic development as a principal State policy. These process steps, and the principles underlying them, have been recognized by the HUD Office of Resilience (formerly Sustainable Communities) as a state-level equivalent of the federal livability principles established by Federal E.O. 13514 & Executive Memorandum 10-21. Previously the State has required local units to demonstrate their revitalization strategies were principal elements contained within their community master plans as prerequisite for use of CDBG funds. In 2012 this standard was enhanced with a "Redevelopment Readiness" analysis/review/certification program. Communities who receive certification from the State are now placed at priority status for State project investments from resources including the Michigan Small Cities CDBG program. Michigan has created the MI-place Partnership Initiative, a State/partner collaborative effort to help communities and neighborhoods develop and implement place-based planning, programming, and development strategies and projects. This has induced several state departments to work together to align and reshape existing programs for

housing, economic development, transportation, brownfield redevelopment, environmental best practices, greenspace, and local food systems toward a targeted, place-based investment system. Partners joined in this effort include state agencies, a Sense of Place Council, regional organizations, state associations, and local units. The State has developed progress metrics for achieving the above steps via a cross-agency/discipline team.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The CDBG program distributes funds in non-entitlement communities throughout the State. Additional consideration is given to Geographically Disadvantaged Business Areas
https://www.michigan.gov/whitmer/0,9309,7-387-90499_90704-486613--,00.html.

The State has been broken down into prosperity regions. In general, the State distributes the formula funds through a competitive process and cannot predict the ultimate geographic distribution of the assistance. That being said, many of the different programs being administered give some level of preference to the lowest income individuals or families and those in the most need. Additionally, consideration is given for the demographics of any given area and ensuring that resources are being directed to areas of opportunity for those receiving assistance. The method of distribution for the Emergency Solutions Grant Program is based on allocation to geographic areas.

The ESG Program uses a formula provides assistance based on poverty, census and HMIS data. These factors do take into account minority concentration.

All CoCs in Michigan receive ESG allocations. Agencies are selected for funding at the local level by the individuals that comprise the funding team. Selected agencies within a CoC must meet threshold criteria, i.e., audited financials, good standing with the state, etc.

Geographic Distribution

Target Area	Percentage of Funds
Statewide	100

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

In an effort to maintain/improve direct lending production, MSHDA is making available annually a combined total of approximately \$18 million of MSHDA HOME and Mortgage Resource Funds (MRF) to its Rental Development division to be exclusively utilized in the HOME/MRF Gap Financing Program. Participation in the HOME/MRF Gap Financing Program requires the applicant to also obtain tax-exempt bond funded permanent financing from MSHDA. Both gap funding types will be made available to projects without regard to whether they are a new construction, adaptive reuse,

acquisition/rehabilitation, or preservation transaction.

For purposes of allocating these limited resources, MSHDA has determined that these funds can be best put to use through a public Notice of Funding Availability (NOFA). MSHDA has two funding rounds associated with the HOME/MRF Gap Financing Program, making approximately \$9 million available per round. The two funding rounds occur on or about February 15th, and August 15th of each year.

The Housing Trust Fund (HTF) is a federal affordable housing production program that will complement existing state efforts to increase the supply of affordable housing for extremely low and very low income households, including homeless families and individuals and persons with special needs. Congress established the HTF through the Housing and Economic Recovery Act of 2008 (HERA). Given the requirements of the program and the need for rental housing affordable to ELI households in the state, MSHDA will use HTF program funds to provide affordable rental housing to ELI households. It is anticipated that most units financed under this program will be integrated into affordable housing properties serving family and/or elderly households, that are financed using MSHDA tax-exempt or taxable bond products, LIHTC, or federal historic tax credits.

See Discussion below for HOPWA and ESG and Description above for CDBG rationale.

Discussion

MSHDA's Emergency Solutions Grants (ESG) Program provides funds ESG funds to all Michigan Counties, specifically to each Continuum of Care Body. ESG funds are distributed based on the most recent census data as it relates to poverty and to information provided through the Homeless Management Information System. Again, all Michigan communities are served based on poverty data and homeless statistics.

HOPWA funds are distributed by MDHHS to sub-recipient sponsors throughout Michigan in areas not covered by Detroit and Warren EMSA formula allocations. Sponsors, while typically located in urban areas where higher rates of HIV and housing instability are found, are still required to provide services to surrounding suburban and rural areas. Six of the seven sponsors are also providers of Ryan White services, which helps facilitate both access to housing and care. The seventh sponsor has a strong agreement with local Ryan White providers to help bridge access across programs. Sponsors are primarily located in communities where low-income and minority populations are living. Two sponsor programs maintain satellite offices where there are also elevated rates of HIV and housing instability. All sponsors are expected to go to the client when necessary and sponsor staff frequently travel to more

rural communities to meet with their clients to ensure statewide access to safe and affordable housing.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	206
Special-Needs	250
Total	456

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	100
Rehab of Existing Units	350
Acquisition of Existing Units	0
Total	450

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

Michigan will use funds for 'Acquisition of Existing Units', however all acquired units will be produced or rehabilitated, so this field was left blank so as not to duplicate the unit count.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

The State does not own or operate public housing in Michigan; consequently, no initiatives are planned in this area.

Actions planned during the next year to address the needs to public housing

Not applicable.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Not applicable.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable.

Discussion:

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

MSHDA's Chief Housing Solutions Officer chairs the Michigan Interagency Council on Homelessness (MICH). This council consists of leaders from seven other state agencies and four other interested parties. In addition, a team of state and non-profit leaders meet monthly to further develop and strengthen the Campaign to End Homelessness in Michigan. The Campaign began in 2006 and several pilot programs and initiatives were developed, many of which have become common practice in the day-to-day work of ending homelessness. The Campaign also has four on-going statewide workgroups that address housing, communications, technology, and training needed to further our goal of ending homelessness.

Addressing the emergency shelter and transitional housing needs of homeless persons

Through the Emergency Solutions Grant Program (ESG) and the PATH Program CoC's provide outreach to people living on the streets and in shelters. MSHDA provides media/awareness and training on conducting a Point in Time account. MSHDA holds an annual Summit on Ending Homelessness.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

MSHDA's ESG follow the HUD HEARTH regulations in making maximum amounts of ESG available to CoC Bodies to provide to shelters. MSHDA provides a Domestic Violence (DV) grant to the Michigan Department of Health and Human Services (MDHHS). These funds are awarded to DV shelters

statewide. MSHDA works closely with the MDHHS who has contracts with the Salvation Army to provide hotel/motel rooms when shelters are full. CoCs use a state-wide common assessment and prioritization tool to ensure resources are used efficiently and households are provided the most appropriate housing intervention.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

MSHDA has aligned our Michigan's Campaign to End Homelessness State Action Plan 2020-2022 with HUD's Plan on ending homelessness. In working to end homelessness, MSHDA preferences all of our Housing Choice Vouchers (approximately 28,000+) to people who are living in homelessness, i.e., people on the homeless preference waiting list are given a voucher before people on the regular (non-homeless preference) waiting list. Through the federal Low Income Housing Tax Credit (LIHTC) Program MSHDA creates housing for all homeless populations. MSHDA provides a dollar-for-dollar match to HUD's ESG funding. MSHDA mandates that CoCs use a percentage of their ESG for rapid re-housing. MSHDA works to keep ESG case management costs reasonable thereby enabling ESG dollars to reach the public in the form of prevention and rapid re-housing.

Discussion

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	110
Tenant-based rental assistance	100
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	30
Total	240

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The State created the Interagency Partnership Team as a means to target and coordinate the funding decisions of the State agencies to enhance community and housing development. State field staff serve as liaisons between local applicants and State departments to streamline and facilitate development approvals.

The housing data within this Consolidated Plan, demonstrates the tremendous number of Michigan households with unmet housing needs. The housing needs of very low, low and moderate income levels are widespread. The scarcity of affordable housing impacts the State as a whole from a geographical (urban, suburban, and rural) distribution/availability perspective which impacts all current and/or incoming residents.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The barriers to affordable housing are as multi-faceted as the State's population. Some of the major barriers facing affordable housing include: aging and insufficient infrastructure, a lack of regional housing strategy, negative public perception of affordable housing, and high project costs with limited rates of return. Local opposition to affordable housing sometimes makes it difficult and expensive to construct or renovate units, and undermines efforts to win political support for funding, zoning, and project approval. Some potential solutions that have been examined include: the creation of new funding sources (or at least maintaining current funding levels if possible on the programs already in existence), changes in zoning to allow for flexibility and density, rent control, tax credit financing, action plans for underutilized properties, and the use key resources such as nonprofit organizations. Housing is a universal need for a community, at all income levels, and its availability and sustainability is key to preserving the quality of life and making sure that the "live, work and play" placemaking component is maintained within the neighborhoods.

Discussion:

AP-85 Other Actions – 91.320(j)

Introduction:

MSHDA initiated the following activities and investments to affirmatively further fair housing for the period of July 1, 2015 thru May 15, 2019 to overcome the effects of fair housing impediments:

Assessment of Michigan’s Housing Stock: Michigan Statewide Housing Needs Assessment prepared by MSHDA to assist communities in identifying, developing, and implementing strategies to address local, regional and statewide housing needs. A Michigan Homeownership Study was also commissioned to analyze each Prosperity Region to understand the nuances of the for-sale housing market and the implications for for-sale housing.

Fair Housing Workshops: Regularly sponsor fair housing events hosted by local fair housing centers to support and expand fair housing efforts in training, awareness, testing, etc. to tackle impediments to fair housing choice. Incorporate fair housing training into existing regional meetings, conferences, and workshops with housing partners.

Enhance Fair Housing Information on Website: Strengthen fair housing information on MSHDA’s website to connect users to local and national fair housing resources.

Actions planned to address obstacles to meeting underserved needs

Improve Access to Affordable Housing: Maintains Michigan Housing Locator website (www.MichiganHousingLocator.com) to assist residents in finding affordable housing and provides property owners a marketing tool for their entire rental portfolio. The website is free to both renters and landlords and available 24 hours a day, 7 days a week.

Affordable Housing Production: The 2019-2020 Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) Program includes point incentives for developments located in close proximity to amenities such as grocery stores, pharmacies, Dr. Office, public schools, parks, and senior centers. Additionally, the QAP uses the Enterprise Opportunity 360 tool to give points to areas that rank high in Education, Health and Well-Being, Economic Security, and Jobs, Goods, and Services. QAP point incentives are also available for developments that are located in close proximity to walkable areas and employment centers, developments that are located in an area that has received significant investment

in the last 5 years and can demonstrate significant future investment is planned, and locations where the market-rate rental units are not affordable to an individual earning 60% of Area Median Income (AMI) and below. The QAP also provides scoring incentives for developments located in Opportunity Zones and Rising Tide Communities. MSHDA has awarded approximately \$100 million in LIHTC that will result in approximately 7,100 affordable housing units. The LIHTC Program offers a financial incentive to construct, rehabilitate, and operate rental housing for low-income tenants.

Housing Choice Voucher (HCV) program: Assist 28,000 low-income families with rent subsidies through MSHDA's HCV Program. The program includes a homeless preference to move homeless individuals into safe, decent, and stable housing. The HUD VASH program administered by MSHDA combines the HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veteran Affairs (VA).

Actions planned to foster and maintain affordable housing

Department of Health and Human Services (DHSS) and Community Mental Health to identify individuals eligible to participate in HUD's 811 **Supportive Housing for Persons with Disabilities Program**. The 811 Program administered by MSHDA is designed to provide individuals with a disability (ages 18 to 61) at 30% AMI or less with housing to live independently in the community. MSHDA's 811 Program will generate approximately 154 units of Project Rental Assistance.

Enhance Access to Homeless Prevention Services: Maintains Michigan's Campaign to End Homelessness website (<https://www.michigan.gov/mcteh>) that provides pertinent information related to programming, workshops/training, and initiatives to assist organizations serving the homeless. Work closely with the Michigan Campaign to End Homelessness Partners to host a Summit on Ending Homelessness in the fall of each year which includes sessions on fair housing rights.

Homeless Prevention Services: Partner with regional and community providers to support Street Outreach, Emergency Shelter, Homelessness Prevention and Rapid Re-housing activities to keep people in housing or to help people obtain housing. Annually awards approximately \$9,700,000 in Emergency

Solutions Grants to 42 agencies to support statewide homeless prevention activities.

Housing Counseling Services: MSHDA's Housing Education Program (HEP) provides homebuyers with a good understanding of their mortgage loan, the closing process, budgeting, recapture taxes, fair housing rights, avoiding predatory lending and foreclosure. There are currently 34 HEP housing counseling agencies funded through MSHDA's Housing Education Program throughout the state of Michigan. MSHDA's HEP Counselors are required to receive ongoing professional development training to ensure they are only delivering the most current information to clients especially surrounding lending and housing laws. Approximately 9,610 households received housing education counseling through HEP in 2020.

Homeownership Mortgage and Down Payment Assistance: Invested in 2020, **\$395.2 million** in single family mortgage lending and **\$20.2 million** in Down Payment Assistance (DPA) loans, MSHDA funding supported **3,379** households in achieving homeownership.

Homeownership Down Payment Assistance Grant: Invested **\$29 million** in Step Forward Down Payment Assistance (DPA) federally funded through the Michigan Homeowner Assistance Nonprofit Housing Corporation, to support **1,952** households in achieving homeownership.

Actions planned to reduce lead-based paint hazards

Funding is allocated to reduce lead-based paint hazards in the assisted homes and/or units. Additional attention is being given to align our services with those of other State agencies. Training opportunities for current, and to develop additional, lead-based paint certified contractors is ongoing and an

important priority for MSHDA.

Actions planned to reduce the number of poverty-level families

The State programs are designed to provide affordable housing to families and/or to provide additional economic opportunities through job creation.

Actions planned to develop institutional structure

The Regional Prosperity Initiative is aligning services and programs offered by the State of Michigan to better serve the population. In addition, streamlining of policies, programs, and paperwork is a top priority.

Increase Awareness of Fair Housing Rights: Disseminate fair housing rights materials including information related to sexual harassment to approximately 28,000 households receiving assistance through MSHDA's Housing Choice Voucher Program. Additionally, distributes fair housing materials to approximately 11,500 landlords participating in the HCV Program.

Actions planned to enhance coordination between public and private housing and social service agencies

As part of the ICC's comprehensive agenda, conducting assessments of local needs in conjunction with local leaders to create greater community prosperity is also planned. A major component of each assessment is working to identify programs and funding that will support initiative(s) of both the public

and private sector on a regional basis.

Discussion:

Fair Housing Month Celebration: In 2019, the State of Michigan in partnership with state legislators celebrated “April 2019 as Fair Housing Month” to bring awareness to fair housing laws and promote a renewed community commitment to fair housing. The celebration included a “April 2019 as Fair Housing Month” State of Michigan proclamation signed by Governor Whitmer and news releases; redlining panel display of “We don’t want them” exhibit at the State Capital and Building Michigan Communities Conference in Lansing for viewing by thousands of residents and/or conference attendees; distribution of fair housing posters, brochures, flyers, and video created by MSHDA to partners, customers, and community stakeholders; and social media announcements.

Increase Access to Workforce Housing: Launched in 2018, the MSHDA Mod Pilot Program uses modular home products to help communities address workforce housing shortages due to economic growth. MSHDA has financed ten pilot models so potential buyers (up to 120% AMI) can see and learn more about this efficient and cost-effective housing option. In addition, this funding will continue to allow additional homes to be constructed over a five year period. In 2021, the MSHDA Mod Program was established permanently and an annual allocation of \$2 million was approved.

Fair Housing Outreach: Local units of government, nonprofit organizations, and other organizations funded through MSHDA with federal U.S. Department of Housing & Urban Development programs prominently place fair housing posters and information for the public to view and are required to affirmatively further fair housing in providing services.

Enhancement of Neighborhoods and Homes: Launched in mid-2017, the Neighborhood Enhancement Program (NEP) was designed to fund tangible, housing-oriented activities that are implementation ready; highly visible; impactful to the neighborhood and residents’ quality of life; community focused, and demonstrably supported within the neighborhood and community. The program has implemented over \$7 million dollars of homeowner rehabilitation at the local level. NEP awards total approximately \$2,000,000 annually. MSHDA NEP funding is utilized to support homeowner rehabilitation and neighborhood improvements within low-moderate income neighborhoods and assists individuals at or below 120% AMI.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The Key to Own program has utilized HOME funds as a down payment assistance program, which can only be used by MSHDA Housing Choice Voucher Participants (Section 8) and is combined with a FHA or Conventional 97% first mortgage. The down payment assistance is provided in the form of a

Annual Action Plan 84
2021

second mortgage for a maximum amount of \$3,500 toward payment of the refinancing costs to allow the participant to get a better rate and term. In order to be eligible, the borrower must not have more than \$10,000 in liquid cash assets. This program is available to a borrower(s) whose income does not exceed 80% of the area median income, adjusted for family size, except where lower by state law. The sales price limits will be identical to those in effect for the regular MSHDA loan program. The second mortgage is a forgivable loan due on sale or transfer of the property, or when the property ceases to be the principal residence of the mortgagor, or when the mortgagor repays in full any mortgage loans encumbering the property that are senior to the debt.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

If applicable, the regulations stipulate that the initial homebuyer may sell the property during the term of affordability provided that the initial homebuyer repays the HOME subsidy upon resale (the "recapture" option). MSHDA will utilize the recapture option in its homebuyer programs. Under the recapture option, MSHDA will secure the amount of HOME-funded homebuyer subsidy provided to an eligible homebuyer with a forgivable mortgage pro-rated monthly for the affordability period. The term of the mortgage will depend upon the amount of HOME assistance provided to the buyer (5, 10, or 15 years). Repayment is required if any of the following actions take place within the affordability period: sale, transfer, or conveyance (voluntarily or involuntarily) through foreclosure or otherwise, or if the property ceases for any other reason to be the buyer's principal place of residence, or if they default on liens existing at the time of closing.

Resale/Recapture does not apply to Rental Projects.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

If applicable, recapture provisions will be utilized for our homebuyer assistance programs.

MSHDA allows HOME-assisted homebuyers to sell their unit at any time during the period of affordability to any willing buyer and at the price the market will bear. MSHDA imposes recapture provisions via a written agreement and recorded lien between MSHDA and the homebuyer.

The lien could be in the format of a deferred, forgivable, or a partially deferred/partially forgivable lien based on the policy determinations outlined within either MSHDA or MSHDA's Grantee's program guidelines.

The amount subject to recapture is limited to the direct subsidy amount which is the HOME investment that includes down payment assistance, closing costs, or other HOME assistance provided directly to the homebuyer) and/or the difference between the fair market value of the property and a reduced sales price attributable to HOME development assistance.

The amount subject to recapture is limited to the net proceeds available from the sale which are calculated based on: sales price minus repayment of senior loans (non-HOME funds) and customary closing costs. The nature of the sale (voluntary, short sales, and/or involuntary sales including foreclosures) does not impact the calculation of net proceeds.

Resale/Recapture does not apply to Rental Projects.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

In an effort to refinance and rehabilitate multifamily transactions with existing debt, MSHDA makes available annually a combined total of approximately \$18 million of MSHDA HOME and Preservation Funds exclusively in the Authority's Gap Financing Program. Participation in the Gap Financing Program requires the applicant to also obtain tax-exempt bond-funded permanent financing from MSHDA. Although both gap funding types will be made available to projects without regard to whether they are a new construction, adaptive reuse, acquisition/rehabilitation, or preservation transaction, most loans are preservation transactions.

Overall, the new investment is being made to maintain and create additional affordable housing units. With the use of HOME funds comes an affordability period of 15 years for rehabilitation transactions, and 20 years for new construction transactions. Through the MSHDA lending products the HOME investment is available on a state-wide basis.

Proposed management agent firms must meet MSHDA qualification requirements to become eligible to manage a MSHDA financed transaction. MSHDA provides ongoing asset management oversight of each development in its portfolio for as long as MSHDA's loans remain outstanding. The asset management oversight requires a review of the property management practices to demonstrate that disinvestment in the property has not occurred, that long-term needs of the project can be met, and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.

For purposes of allocating these limited resources, MSHDA has determined that these funds can be best put to use through a public Notice of Funding Availability (NOFA). The gap funds will be

committed and closed over a 9-12 month period. The Gap Financing Program Guidelines describe what types of projects will be eligible and the allocation process through which these funds will be awarded.

In addition, MSHDA may also make available a portion of the HOME funding for the purpose of creating permanent supportive housing transactions that may include refinancing and rehabilitating multi-family developments. The allocation of these funds is also handled through a NOFA similar to the Gap Financing Program Guidelines.

Emergency Solutions Grant (ESG) Reference 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

Please go to www.michigan.gov/mshda, click on Homeless Program Funding, click on ESG for ESG policy and procedures.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Recipients of BOS ESG are required to have a Housing Assessment and Resource Agency (HARA) for each CoC. A minimum of forty percent (40%) of each CoCs ESG funds are required to be given to the HARA from the CoC award. The HARA is the centralized point of intake. HARAs are required to use the Service Prioritization Decision Assistance Tool (SPDAT) to guide the household to the right support intervention and housing. HARAs are the only agencies providing ESG prevention and rapid re-housing funds within the CoCs. Each HARA is required to employ a Housing Resource Specialist to ensure that landlord relationships exist and people living in homelessness are rapidly re-housed.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

ESG funds are awarded statewide based upon poverty and homelessness data. Each CoC body determines how to best fund agencies in their area to end homelessness. All ESG recipients are required to be non-profit agencies. In addition, CoC and Local Planning Bodies (LPB) must describe their fair funding process annually and that plan is required to be submitted to MSHDA.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The CoC for the Michigan Balance of State is known as the Balance of State Continuum of Care (BOSCO). BOSCO has an individual that was homeless and sex trafficked, and she sits on bi-monthly BOSCO meetings. In addition, MSHDA as an agency has a current or former HCV tenant on its Board. Each Local Planning Body and CoC Body is advised to have a person that formerly lived in homelessness attending their local planning meetings. Michigan's governor has created the Michigan Interagency Council on Ending Homelessness which consists of staff from MSHDA, the Michigan Department of Health and Human Services, Michigan Department of Education, Veteran Affairs, Michigan Association of United Ways, the Michigan League for Public Policy, and Michigan Community Action Agency who represent people living in homelessness and poverty in Michigan. This committee, known as the Michigan ICH, meets bi-monthly to strategize and direct the Campaign to End Homelessness in Michigan.

5. Describe performance standards for evaluating ESG.

MSHDA ESG employs a Housing Compliance Specialist who monitors ESG annually on a statewide basis. This Specialist conducts an annual financial audit which includes accounting and record keeping. The Housing Compliance Specialist insures all applicable ESG program forms are submitted. This position reviews documentation of homelessness, household income limit, and habitability inspection. In addition, MSHDA employs four Homeless Assistance Specialists who oversee Michigan's ten regions. The Homeless Specialist oversees ESG on a data-based grant management system known as MATT 2.0. Quarterly ESG draws, billing, and reporting are completed via MATT 2.0. Quarterly Progress Reports (known as CAPERs) are submitted to the Homeless Assistance Specialist. The progress reports identify length of shelter stay, increase in income, services provided, etc.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

The Housing Trust Fund is a federal affordable housing production program that complements existing state efforts to increase the supply of affordable housing for extremely low and very low- income households, including homeless families and individuals and persons with special needs.

Congress established the NHTF through the Housing and Economic Recovery Act of 2008 (HERA). On January 30, 2015, HUD published an Interim Rule which guides implementation of the HTF by states.

In years that total NHTF funding exceeds \$1 billion nationally, at least 75% of each state's allocation must benefit households at or below the federal extremely low income (ELI) level, which is 30% of area median income, or households with income below federal poverty level (whichever is greater). Up to 25% may be used to benefit very low income (VLI) households (those at or below 50% of area median income). However, in years when total national funding is less than \$1 billion, 100% of each state's allocation must benefit ELI households. In 2016, HUD made just over \$173 million available. Thus, it is likely that the program will serve 100% ELI households for the foreseeable future.

The Governor has designated the Michigan State Housing Development Authority as the entity to administer the HTF in Michigan.

In reference to Item #2, it is Not Applicable. The Michigan State Housing Development Authority (MSHDA) does not intend to use subgrantees.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,
- a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

MSHDA will distribute funds by selecting applications submitted by eligible recipients. Eligible recipients will include a non-profit or for-profit organization, or a public housing authority that will serve as the owner or developer of affordable rental housing.

- b. Describe the grantee’s application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Applicants for HTF funding must meet minimum qualifications and demonstrate the proficiency of the development team. In their applications or before loan approval, eligible recipients must:

- Certify to MSHDA that they will comply with all requirements of the program and that housing units assisted will comply with HTF requirements;
- Provide a description of the eligible activities to be conducted with the HTF funds;
- Demonstrate their financial capacity to undertake, comply with and manage the eligible activities, including compliance with the financial requirements and standards shown in MSHDA’s Direct Lending Parameters.

No proposal will be accepted so long as any member of the sponsor's development team or any other party who, directly or indirectly, has the ability to control a member of the development team or exercise significant influence over a member of the development team in making financial and operating decisions:

- Is in default or in material non-compliance with the Low-Income Housing Tax Credit (LIHTC) or any other MSHDA program;
- Has outstanding flags in HUD’s national 2530 National Participation system; or
- Has been debarred or suspended from any MSHDA, HUD, or Rural Housing programs.

In addition, a history of defaults or material acts of non-compliance, even if none are currently outstanding, may preclude acceptance of a proposal until appropriate assurances of the development

team member's ability to comply is given.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

MSHDA will distribute funds via a Notice of Funding Availability that will also include the availability of HOME funds or other federal or state resources that are available. Distribution will be made statewide. MSHDA will not determine set percentages to be used by region or within specific geographic types. This will be reevaluated and modified if necessary in subsequent years in consultation with partners and stakeholders.

Applications will be reviewed and selected with equal consideration being given in each of the following areas:

1. Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year;
2. Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities;
3. Capacity of the development team including those requirements identified in MSHDA's Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA. ;
4. Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).;
5. Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Form of Assistance: Assistance to project will be made in the form of equity investments or loans to the project.

Income Targeting

All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applications will be reviewed and selected with equal consideration being given in each of the following areas:

1. Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year;
2. Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities;
3. Capacity of the development team including those requirements identified in MSHDA's Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA. ;
4. Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).;
5. Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF.

f. Describe the grantee’s required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

g. Describe the grantee’s required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Applicants must commit to keeping HTF units affordable, including all applicable income and rent restrictions of a period of no less than 30 years from the point of Project Completion.

h. Describe the grantee’s required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Form of Assistance

Assistance to project will be made in the form of equity investments or loans to the project.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

MSHDA will solicit applications for funding through Notice of Funding Availability. Applications will be scored by a staff level review committee. In the event that MSHDA sources such as taxable or tax-exempt bond funding is also being requested projects will also be presented to the Authority Board for approval of those sources. All successful applicants must comply with MSHDA underwriting criteria and adhere to the requirements of other applicable MSHDA programs.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

MSHDA has elected to adopt the attached HOME per-unit subsidy limits for purposes of the Housing Trust Fund. The current limits to be used are attached as Exhibit 6. The state feels that consistency with the HOME program is critical for this second year of this program. MSHDA knows from its fifty years of experience in financing affordable rental housing, that transactions with deeply targeted units require the blending of multiple funding streams in order to make them feasible. While we are not specifically prioritizing HOME funded projects, we anticipate that many, if not most, will be bringing HOME funds as part of the broader project. Additionally, based on data analysis that the agency conducted on the various projects within MSHDA's portfolio, which covers multi-family developments of all types across all portions of the state, the HOME per-unit subsidy limits should be sufficient in determining the maximum amount of Housing Trust Fund dollars that can be used. The HOME per-unit subsidy limits being used account for differences in bedroom size (as shown in Exhibit 6). Additionally, based on actual costs of developments in MSHDA's portfolio, and the geographic location of the projects that have been done around the state and that are likely to be done with HTF, these limits appear to be adequate.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee’s description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

The grantee will use the HUD issued affordable homeownership limits.

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter “N/A.”

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

Income Targeting

All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

12. Refinancing of Existing Debt. Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A

All rehabilitation developments will be required to complete a Capital Needs Assessment (CNA) to determine the project scope. Included in the CNA will be an estimated useful life of each of the items that are included in both the scope of the rehab and also those that will be replaced in the future. A replacement reserve will be established to cover the costs of ongoing physical needs of all components of the property, including those items identified in the CNA that are not in the initial scope of work. Funding for the replacement reserve will be established based on a combination of an initial deposit and ongoing annual deposits, the size of which will be based on the need of the development. More specific replacement reserve details are outlined in MSHDA’s Lending Parameters. While these standards make reference to a 20- year term, is intended that replacement reserve funding levels will continuously be monitored on an ongoing basis to allow the development to operate successfully at least through the applicable period of affordability.

Discussion:

HOPWA §91.320 (k)(4)

HOPWA Specific: Does the action plan identify the method for selecting project sponsors (including providing full access to grassroots faith-based and other community organizations)?

Response: The State's HOPWA awards are direct funded based on RFP evaluation.

Upcoming HOPWA application procedures will entail a bid process that will continue to disburse funding based on HIV rates and housing instability/homelessness rates. Sponsor applications will be required to address the following criteria in order of importance:

- Proven ability to link and provide the full array of services (i.e. TBRA, STRMU, PHP, emergency housing, and Supportive Services) to vulnerable persons living with HIV/AIDS within the entire service area, including those who are literally homeless and/or not virally suppressed.
- Strong working partnerships to HIV care organizations, including co-location and/or written referral agreements with a focus on assisting clients in achieving viral suppression.
- Connections to other housing and homeless service providers through active participation in local Continuum's of Care and other housing/service coalitions and partnerships.
- Strong fiscal stewardship of funds that meet the requirements of 2 CFR 200

Substantial Amendment Consolidated Plan HOPWA Language: Direct Housing Assistance

Includes rent, mortgage payments and utility assistance in rental arrangements or mortgage assistance in a home that the person owns. MDHHS may support facility based housing operations and supportive services depending on available funding. New construction and renovation of existing facilities are not a part of the MDHHS program at this time.