



STATE OF MICHIGAN

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GRETCHEN WHITMER
GOVERNOR

GARY HEIDEL
ACTING EXECUTIVE DIRECTOR

MEMORANDUM

DATE: APRIL 16, 2020
TO: INTERESTED PARTIES
FROM: CHAD BENSON, LIHTC ALLOCATIONS MANAGER
SUBJECT: COVID-19 LIHTC PROGRAM UPDATES

This memo is intended to provide potential applicants and stakeholders interested in Michigan's Low-Income Housing Tax Credit ("LIHTC") program with updates relating to COVID-19.

SPRING LIHTC FUNDING ROUND TIMING

According to the 2019-2020 Qualified Allocation Plan ("QAP"), the next LIHTC funding round was scheduled to have an application deadline of April 1, 2020. In mid-March, in order to respond to COVID-19 challenges, the funding round deadline was rescheduled to May 1, 2020. On April 9th, Governor Whitmer extended and expanded the "Stay Home, Stay Safe" executive order until April 30, 2020 in order to slow the spread of COVID-19.

In order to encourage applicants and others involved with assembling LIHTC applications to continue complying with the extended executive order and staying safe during this time, MSHDA is extending the May 1, 2020 deadline until June 1, 2020. All LIHTC applications that were originally planned to be submitted on the May 1, 2020 Funding Round deadline will now be due no later than 5 p.m. on June 1, 2020. Application documentation that is dated after April 1, 2020 and no later than June 1, 2020 will continue to be accepted.

As with the previous deadline extension, MSHDA is aware that much of the documentation that is required to be submitted with the LIHTC application is date sensitive. In order to prevent this further postponement from causing additional timing concerns and burdens for applicants, MSHDA will continue to consider April 1, 2020 as the reference date for date-sensitive documentation. For example, documentation that is required to be dated within 30 days of the application due date will continue to be acceptable if it is dated within 30 days of April 1, 2020. This will also apply to documentation that must be dated within 180-days and one year of the application due date. Additionally, in order to meet threshold requirements, site control will continue to be required to be in place for at least 120 days from April 1, 2020. However, applicants should ensure that they have sufficient site control to address the fact that LIHTC awards will now be announced in August/September rather than in June/July as was previously planned.

APPLICATION SUBMISSION

Additionally, in order to allow applicants other safe options for application submission, MSHDA staff is working towards developing a way for applicants to submit their June 1, 2020 Funding Round application to MSHDA electronically. MSHDA staff will be working on this over the coming weeks in hopes of allowing this to be an option for applicants to begin utilizing by the end of April. More details will be released in the coming weeks to inform applicants about how to utilize this application submittal option.

Additionally, due to COVID-19 restrictions, the MSHDA offices in Lansing and Detroit are not accepting hand-delivered applications. All parties should submit applications to MSHDA via UPS, FedEx or USPS to: MSHDA – LIHTC, 735 E. Michigan Avenue, Lansing, MI 48912.

PROJECT DEADLINES

Owners of projects that are in the development process and that have received an allocation of LIHTC may face challenges with meeting certain project deadlines due to delays caused by COVID-19. The National Council of State Housing Agencies (“NCSHA”) has requested guidance from the Internal Revenue Service (“IRS”) and the Department of Treasury in order to provide relief for a number of project deadlines, which are becoming challenging to meet in light of COVID-19. Although the federal government has not provided comprehensive guidance, NCSHA says the IRS confirmed states that have been declared Major Disaster Areas can utilize the guidance issued in Revenue Procedures 2014-49 and 2014-50 in order to provide immediate relief of deadlines associated with the Ten Percent Test deadline and the Placed in Service deadline. Michigan was declared a Major Disaster Area on March 27, 2020 for an incident period of January 20, 2020 and continuing.

Therefore, projects whose Ten Percent Test deadline had not already expired prior to January 20, 2020 are now eligible to receive a six-month extension of their Ten Percent Test deadline. Additionally, projects that received a carryover allocation of LIHTC on or before January 20, 2020 are now eligible to receive a 12-month extension of their year-end Placed in Service deadline. Owners with projects that qualify for either of these extensions should contact MSHDA as soon as possible to prepare the appropriate documentation.

Interested parties should also see IRS Notice 2020-23 and IRS Revenue Procedure 2018-58 pertaining to other project deadlines. MSHDA is hopeful that further guidance will be released regarding other project deadlines not mentioned above. Applicants that have projects that are struggling to meet other deadlines due to COVID-19 are encouraged to contact MSHDA in order to help explore available options. MSHDA recognizes that the timeline flexibility listed above is just the first of what may be many items that will need to be considered in order to assist projects through this time. MSHDA is committed to determining the best ways to keep affordable housing developments moving forward.

Further, if and when additional guidance is released by the IRS to address other project deadlines, MSHDA will inform interested parties on how that guidance will be implemented in Michigan.

QUALIFIED ALLOCATION PLAN (“QAP”) AND FUTURE FUNDING ROUNDS

As many are aware, MSHDA had been in the process of drafting a new QAP prior to the COVID-19 challenges. In light of the rapid changes taking place and various uncertainties that accompany it, MSHDA has chosen to temporarily delay the QAP amendment while more data on the COVID-19

impact is gathered so that the amended QAP can incorporate the most appropriate policies going forward.

However, while the QAP amendment is delayed, MSHDA is still fully committed to continuing the production and development of affordable housing through the allocation of the 9% LIHTC as well as other development programs. For that reason, MSHDA is still planning to hold a Fall/Winter LIHTC Funding Round. Details regarding the timing of the Fall/Winter LIHTC Funding Round and the QAP which that round will be administered under will be determined and communicated in the coming weeks.

QUESTIONS

If you have any questions regarding any of the above items or general questions, please contact Chad Benson at bensonc@michigan.gov or (517) 582-2302.