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September 7, 2007

Ms. Mary Levine, Acting Director of Legal Affairs
Michigan State Housing Development Authority
735 E. Michigan Ave.
Lansing MI 48909

Re: Draft Qualified Allocation Plan

Dear Ms. Levine:

As an affordable housing practitioner, I am deeply concerned by the draft Qualified Allocation Plan (QAP) recently released by the Michigan State Housing Development Authority (MSHDA). MSHDA's apparent disregard of public input is evident in the draft QAP. At the "listening sessions", many people from Michigan's most experienced affordable housing community asked that certain principles be included in any new QAP. None of these has been incorporated into the recently published draft. Some of those items requested but not included are:

- Affordable housing practitioners asked for keeping consistency and making only minor changes in order to foster development of affordable housing. This proposed model will struggle because rents aren't going up and expenses and construction costs are, which in turn will leave too large of a gap in financing. Also, operating expenses of special need housing are higher than market housing. This will also increase the gap in financing this type of housing designed by this QAP.
- Affordable housing practitioners asked for recognition of past efforts in delivering thousands of affordable rental units to low-income Michigan households. Not to acknowledge the professionals who have been doing this for many years makes no sense.
- It is unfair that 50% of all credits are reserved for Detroit. Have Detroit compete like Flint and Grand Rapids has too.
- Affordable housing practitioners asked for increased incentives for the preservation of existing affordable housing developments. MSHDA eliminated preservation incentives holdback entirely. Preservation would probably work better for this proposed model than new construction. To eliminate it makes no sense.
- Affordable housing practitioners asked for a streamlined, 60 day approval process for tax credit applications. MSHDA responded with a cumbersome, 120 day approval process for tax credit applications.

- Before this QAP is approved in part or in whole a definition of special needs tenants, homeless, etc. must be determined. HUD, MSHDA and local providers do not agree. It makes no sense to tell a potential renter that they must be evicted from their current housing before we can rent to them. This now happens daily.

The draft QAP, if adopted, would push potential tax credit investors away and will be another in a series of failed policy initiatives that are crippling the production of affordable housing in Michigan, straining MSHDA's financial and human resources, pushing tax credit investors and scarce federal resources to other states, and compounding problems already faced by the Michigan economy and our construction industry.

The draft QAP should not be adopted by the MSHDA Board or approved by the Governor without significant revisions, and until an acceptable plan can be put forward, MSHDA must immediately schedule an October tax credit round using the current QAP.

Sincerely,

Robert L. Bessert
Piper Realty Company

CC: Honorable Jennifer M. Granholm
Bernie Glieberman, Chairman, MSHDA Board
Lee Gonzales-State Representative
Deborah Cherry-State Senator