THE SUMMIT GROUP

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MSHDA-Legal

September 6, 2007

Ms. Mary Levine, Acting Director of Legal Affairs
Michigan State Housing Development Authority
PO Box 30044
Lansing, MI 48909

Re: Draft Qualified Allocation Plan

Dear Ms. Levine:

As a housing tax credit syndicator in Michigan, we are deeply concerned by the recently released draft 2008-2009 Qualified Allocation Plan (QAP) released by the Michigan State Housing Development Authority (MSHDA). Since 1986, our company has syndicated 2,970 units of affordable housing using the low-income housing tax credit program in Michigan. We have always taken great pride in our mission and in our ability to partner with MSHDA to meet the housing needs of low-income Michigan households.

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. MSHDA responded with an untested model for allocating the housing credit that benefits financially risky projects.
- Affordable housing practitioners asked for a fair allocation of scarce resources. MSHDA responded by directing 50 percent of the housing credit to the city of Detroit while an additional 25 percent for projects in selected Michigan cities. This allocation will make it extremely difficult for the rest of the state.
- Affordable housing practitioners asked for increased incentives for the preservation of existing affordable housing developments. MSHDA eliminated preservation incentives holdback entirely. Further hampering the rural Michigan population.
- 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.

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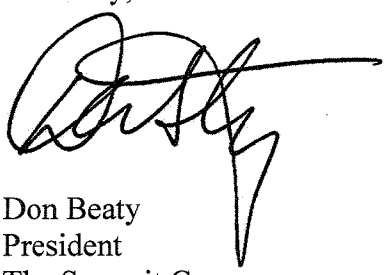
The draft QAP, if adopted, would push potential tax credit investors away. At a time when equity prices are dropping, Michigan cannot afford another failed policy initiative that will cripple the production of affordable housing in Michigan. The Draft QAP will strain MSHDA's financial and human resources, push tax credit investors and scarce federal resources to other states, and compound 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. We believe until an acceptable plan can be put forward, MSHDA should schedule an October tax credit round using the current QAP in order to continue serving its residents.

Sincerely,



Don Beaty
President
The Summit Group

CC: Honorable Jennifer M. Granholm
Bernie Glieberman, Chairman, MSHDA Board

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