

LIHTC [QAP Scoring](#) for [2019-2020 QAP](#) Criteria Comments and Recommendations for 2021-2022 Qualified Allocation Plan Submitted for QAP Information Hearing October 25, 2019

Across the State of Michigan, quality low-moderate and affordable income housing in emerging areas of opportunity is critical and below are recommended adjustments for the 2021-2022 QAP that are necessary for families in neighborhoods, and not just downtowns, to have access to quality affordable housing and can thrive.

AREAS OF OPPORTUNITY

Areas of Opportunity are those areas that give residents access to locational characteristics that will help them and their families thrive. The 2019-2020 QAP focuses on proximity to various amenities that are described by a location's Walk Score as well as proximity to other grouping of amenities that are very important to residents and which are not prominently included in a project's Walk Score. It does this by expanding location-based criteria to more fully assess the amenities in an area that enhances the quality of life for residents, such as Criteria A.2 and A.3 designed to indicate the strength of a particular location. And, developments that are located close to "Central Cities" are prioritized because of the perceived benefit of being located in a walkable area that has a sense of place (Scoring Criteria A.4).

However, while these location based criteria have significantly increased developments in and around downtowns, they neglect "emerging" corridors and neighborhoods of opportunity that are experiencing significant public and private investments – i.e., areas that are at the tipping point. Following are recommendations to ensure the availability of quality low income housing for residents in traditional neighborhoods and emerging neighborhood corridors as well as in and around downtowns.

Developments near Downtowns/Corridors

The 2019-2020 QAP awards either 5 points, 7 points, or 12 points for being located within the required distance of the walkable Downtown(s)/Corridor(s) of a particular municipality, but does not currently acknowledge and award points for developments in emerging corridors and neighborhoods that are within ½ mile of the highest Walk Score in a given municipality. An **"emerging" corridor and/or neighborhood** can be defined by total neighborhood investments that *significantly* surpass current neighborhood investment activity criteria thresholds (Scoring Criteria A.6) and are located in or around Opportunity Zones or Rising Tide Communities (Scoring Criteria A.8). Together, these criteria combine (A.5, A.6, A.8) as an indicator of an "emerging" corridor and/or neighborhood that is within ½ mile of a downtown/corridor.

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The 2021-2022 QAP should consider adding an option to award points for developments in “emerging” corridors/neighborhoods as follows:

½ MILE FROM A DOWNTOWN/CORRIDOR
OPTION D = x Points
 If the proposed development is not located within 1/3 mile of an area described in either OPTION A OR OPTION B, but is located within ½ mile of an “emerging” corridor based on significant neighborhood investment activity (A.6) and is located in or within ½ mile of an Opportunity Zone or Rising Tide Community (A.8), it will be eligible for x points.

This recommended addition will enable the QAP to focus more towards amenities that are occurring and/or are planned in neighborhoods that make an area vibrant, and can occur in many forms, rather than focusing on a specific built environment. This change will also ensure that low income housing is included, and not excluded from these emerging areas of opportunities that support a high quality life and thriving families.

Developments near Employment Center

There are many benefits from locating developments in areas that are proximate to employment centers. The 2019-2020 QAP recognizes that doing so provides residents with access to potential employment that otherwise may not be available in certain areas and potentially adds stability for the local economy. The Scoring Criteria A.5 prioritizes developments located within ½ mile of a single university (or college), single hospital, single governmental entity, or a single private company that has at least 240 year-round employees in one location for non-rural developments and at least 125 year-round employees in one location for rural developments. Our recommendation is that the ½ mile proximity should be modified as the distance to jobs has significantly increased over the last 19 years, and therefore developments within **1-2 miles** of not only existing employment centers, (and also future employment center locations) provides residents with access (shorter commute time) to jobs and stability for the local economy. We also recommend including future employment center investments supported by A.6.

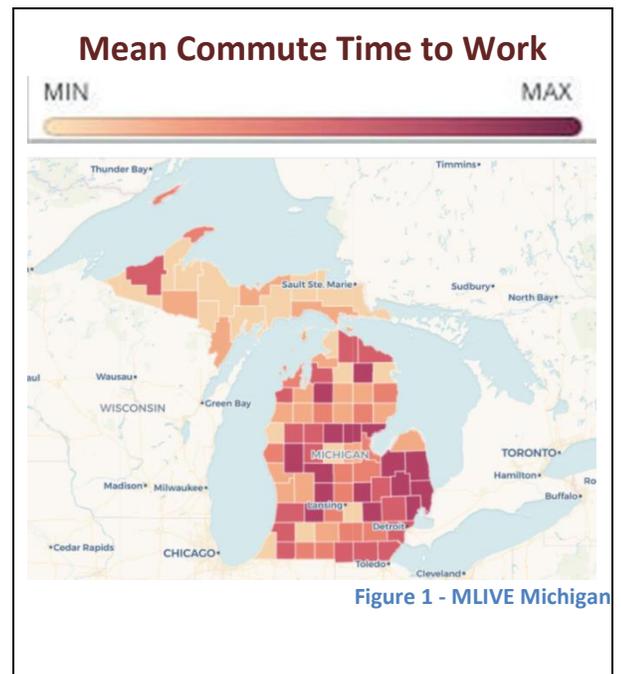


Figure 1 - MLIVE Michigan

The Detroit-Warren-Dearborn, MI metro area has experienced a significant decrease in the number of jobs near typical residents from 2000 to 2012 (-25.6%) based on an average commute time (distance). This increase in the average commute time is typical across the state and the country. Considering the fact that “for the typical resident in the nation’s largest metro areas, the number of nearby jobs fell by 7 percent” according to

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[Brookings](#). The current average commute time in Michigan is 24 minutes (see Fig. 1) according to [MLive Michigan](#), and the map illustrates that the increased proximity to employment center trend continues today. Therefore, the proximity to employment centers needs to increase from a mere ½ mile to at least 1-2 miles when compared to the fact that the average Michigander travels on average 24 miles to work (traveling 1 mile per minute). The proximity to jobs (especially for urban metro areas) is critical now in 2019, and in 2021-2022.

Further, employment center investments in progress with plans to have at least 250 year-round employees, that are part of a neighborhood investment activity area (Scoring Criteria A.6), should be considered as part of the employment center opportunity definition (A.5). In summary, a development located within a mere mile or two of an employment center, or future employment center reduces commute time that improves access to jobs for residents and adds stability for the local economy – increasing the proximity to employment center locations and planned employment centers is a strategic economic catalyst to reverse the growing distance (increased commute time) between people and jobs.

The 2021-2022 QAP should consider changing the criteria to award points for developments near employment centers as follows:

A development located within **2 miles** of a single university (or college), single hospital, single governmental entity, or a single private company that has, **or plans to have**, at least 240 year-round employees in one location for non-rural developments and at least 125 year-round employees in one location for rural developments. In order for a project to be considered for these points the project must meet all of the following criteria:

- a. Areas will be considered Rural if they meet the definition of Rural in the QAP.
- b. The project must meet MSHDA site selection criteria.
- c. The project must obtain a letter from either the employer, a third-party employment agency, or local unit of government stating the number of full-time year round employees that work at the location **or the planned location** is within a **2 mile** radius of the project.
- d. All 250 (or 125 for Rural communities) year-round employees must be in the same location (not multiple locations) that meets the criteria established above to receive points.

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Neighborhood Investment Activity Areas

The 2019-2020 QAP continues to recognize that the availability of affordable rental units provides a significant benefit in housing markets where the actual cost to rent market-rate units far exceeds the ability of lower-income tenants to pay those market rents, but fails to recognize the potential displacement of low income residents in emerging neighborhoods experiencing *significant* private and public investments.

First, clarity is needed. The 2019-2020 QAP defines the criteria developments must meet in order to achieve points for Neighborhood Investment Activity Area (A.6), however, clarification is needed.

The description and criteria for Neighborhood Investment Activity Areas needs to clearly define “total investments.” It is assumed that investments made over the last five years, plus any current and future investments are considered “total investments,” but the ambiguity must be addressed. This ambiguity of definition must also be clearer throughout each of the scenarios (e.g., 1.c.a-d) for the various size municipalities. For example, in 1.c.d it is not clear whether or not the “\$50 million of total investment located within 1 mile of the project within the last 5 years includes and that \$25 million of total investment is private” is not clear whether or not the \$50 million includes *public and/or private investments* for the past 5 years? Is the \$25 million *past and present* private investments? The term “total investment” is not ambiguous.

Secondly, neighborhood investments significantly above the current thresholds defined for A.6 that are located in Opportunity Zones and Rising Tide communities (A.8) should be recognized as “emerging” corridors that are within ½ mile of Developments near Downtowns/Corridor (Scoring Criteria A.5). An “**emerging**” corridor and/or neighborhood can be defined by total neighborhood investments that *significantly* surpass current neighborhood investment activity criteria thresholds (Scoring Criteria A.6) and are located in Opportunity Zones or Rising Tide Communities (Scoring Criteria A.8) that are within ½ mile of a downtown/corridor. Together, these criteria combine (A.5, A.6, A.8) as an indicator of an “emerging” corridor and/or neighborhood. Please see recommendation and rationale for [Developments near Downtowns/Corridors](#) for more information on “emerging” corridors and neighborhoods.

The 2021-2022 QAP should consider clarifying A.6.1.c.d as follows:

- d. For projects located in a municipality with a population over 50,000 people, demonstration that there have been at least \$50 million of total **public and/or private** investment located within 1 mile of the project within the last 5 years and that \$25 million of the total investment **within the last 5 years and/or currently under construction** is private investment. Projects must also demonstrate that there is at least \$10 million of total investment of **public and/or private investments** located within 1 mile of the project that is planned for the future. MSHDA reserves the right to determine which investments are considered significant in order to count towards the minimum investment requirements above.

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The 2021-2022 QAP should consider adding A.6.2 as follows:

2. Located in an emerging corridor and/or neighborhood where total private and/or public neighborhood investments significantly surpass current neighborhood investment activity area criteria thresholds (Scoring Criteria A.6.1) and are located in Opportunity Zones or Rising Tide Communities (Scoring Criteria A.8) that are within ½ mile of downtown/corridor (Scoring Criteria A.5).

Closing Remarks

In closing, QAP modifications in these three areas of opportunity (Downtown/Corridors, Employment Centers & Neighborhood Activity) are necessary to:

- improve access to quality low-moderate affordable housing in neighborhoods;
- help curtail potential displacement in emerging neighborhoods and corridors; and
- improve access to jobs by increasing the proximity to employment center locations (and planned employment centers) criteria for developments –decrease the distance between people and jobs!

Submitted to Michigan State Housing Development Authority (MSHDA), on October, 25, 2019, as our recommendation on modification of the Qualified Allocation Plan (QAP), by:

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