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Chad Benson  
Michigan State Housing Development Authority  
P.O. Box 30044  
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Mr. Benson:

The Community Economic Development Association of Michigan (CEDAM), on behalf of our members across the state, wishes to present several items for consideration as you update the Qualified Allocation Plan (QAP). We appreciate your effort in engaging stakeholders and your openness and willingness to take comments on potential QAP changes.

We have surveyed a diverse set of organizations, both non-profit and for-profit, from communities large and small, all with direct experience with the current QAP. On their behalf, we have collected the following recommendations:

**Increase opportunities for stakeholder engagement**

We recognize the efforts of MSHDA staff, but many potentially important stakeholders have felt left out of the focus group process. MSHDA should consider how it can create a broader community engagement effort for the next QAP, with a focus on feedback from renters most impacted by housing instability and unaffordability and other underrepresented groups. In light of the COVID crisis, MSHDA should also identify community-based partners, such as renter advocates, district council members, legal aid services, and others to help promote the next QAP engagement process, with clear timelines and deadlines for input. CEDAM stands ready to assist in any way we can.

**Establish clear policy goals regarding distribution of credits in terms of geography, project types, and social equity.**

There is great demand for tax credit development across the state, in communities of all types. Many communities feel underrepresented or disadvantaged in the current QAP distribution. This feeling is likely to continue as long as demand is high and supply is constrained. Further, we have seen an increased attention dedicated to challenging systemic racial inequities across the state, including declarations of racism as a health crisis from Governor Whitmer and it is imperative that housing is included as a focus in this effort. MSHDA cannot change those circumstances, but what it can control is the clarity of the policy choices behind the current system, so that all stakeholders can fairly evaluate whether

the next iteration of the QAP is achieving the state's objectives. If it is not, we can intentionally work together in future years to identify better ways to meet those objectives.

To that end, we encourage MSHDA to work with stakeholders and other state leaders to clearly articulate **what types of projects are of the highest priority and goals for the preferred geographic distribution of credits** in future allocation rounds. These goals should articulate a more equitable distribution of credits geographically and by community size. Community types that currently feel left behind – such as urban neighborhoods outside of downtown cores and rural hub communities – should be provided a clear path by which to access tax credit development.

Additionally, MSHDA should **adopt goals to advance diversity, equity, and inclusion** as part of the QAP. For example, the Oregon Housing and Community Services (OHCS) 2019 QAP reflects the priorities, goals and strategies in the Oregon Statewide Housing Plan, which includes equity and racial justice with the following strategies:

- “Adopt an approach to advancing equity and racial justice, informed by national promising practices and lived experience of communities of color.
- Improve OHCS’s ability to track, analyze, and measure performance and progress towards equity goals through standardization of data collection and enhancing data analysis of program utilization.
- Provide statewide leadership by using OHCS’s Internal Diversity, Equity and Inclusion Committee to solicit and adopt a Diversity, Equity and Inclusion framework as a piece of the core value system of the agency and to serve as a model for the state.”

### **Make more information about past projects – both successful and unsuccessful – available to the public**

Once goals are established, MSHDA should provide the tools needed for state officials and other stakeholders to evaluate progress against those goals. This includes publishing, on the MSHDA website, increased information about projects that are submitted and scored, their geographic distribution, the types of projects, and other key details.

### **Support organizations that provide essential community services and connections**

Housing providers that go beyond simply providing affordable housing, but can also demonstrate a track record of utilizing LIHTC to advance the economic interests of low-income households, thus reducing the demand for future affordable housing, provide added support for the State's goals. Given the challenges associated with tax credit development in many communities, such as lack of community political support and low capacity to provide services to residents, MSHDA should increase points for organizations that meet those challenges in the next QAP.

## **Encourage environmental sustainability**

CEDAM echoes the recommendations of the Michigan Energy Efficiency for All (MEEFA) network, which are to a) make achieving third-party green building certification a threshold requirement and b) create incentives for higher levels of sustainability commitment.

## **Simplify the QAP and associated documents and processes**

In addition to each of the areas listed above, we encourage MSHDA to take a fresh look at places to simplify and/or streamline the QAP, by eliminating or consolidating redundant point categories and categories that are currently functionally threshold requirements for having a competitive project. CEDAM members would welcome the opportunity to participate in separate focus group conversations with that goal in mind. Some specific examples include:

- Simplify the Addendum III process
- Eliminate or deprioritize 4%/9% developments and shift focus to credit efficiency
- Simplify or eliminate the market differential system
- Eliminate or deprioritize experience points, which currently require many non-profit organizations to form complex partnerships in order to be competitive.

Again, on behalf of CEDAM's members, I thank you for the continued open process surrounding the upcoming QAP.

Please feel free to contact me with any questions.

Sincerely,



Jessica AcMoody  
Policy Director