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Carol Thompson
Michigan State Housing Development Authority
735 E. Michigan Ave
Lansing, MI 48912

RE: Comments for MSHDA's 2022-2023 QAP

Dear Ms. Thompson:

The Sault Ste. Marie Tribe of Chippewa Indians (SSM) appreciates the opportunity to submit comments for MSHDA's 2022-2023 QAP. As MSHDA is well aware, SSM repeatedly applied for LIHTC funding in 2013 and 2014, but was unsuccessful due to MSHDA's urban focused QAP. Given that no tribal project has received LIHTC funding in more than 10 years because these urban-biased scoring criteria remain, significant changes need to be made to MSHDA's scoring criteria so that tribes have a more equitable chance at receiving LIHTC funding.

A.1 Proximity to Transportation.

It is common for tribes to operate dial-a-ride services because large-scale public transportation just isn't available in our extreme remote areas, but dial-a-ride only earns 3 points, not the full 5 points. We ask that MSHDA award the full five (5) points for tribal dial-a-ride/comparable transportation services, or add two (2) points to the Native American Housing criterion to make up for this difference.

A.2 Proximity to Amenities.

As with proximity to transportation, tribal projects are rarely within the 1-mile radius MSHDA requires to earn points for proximity to amenities. A radius of 5-miles to earn the maximum points is more appropriate for tribal projects.

A.3 Education, Health & Well-Being, Economic Security, and Jobs, Goods & Services (Opportunity 360)

Opportunity 360 measures things that tribal populations tend to measure much lower on due to the generational poverty and other problems that are virtually impossible to overcome. While we don't expect all projects to earn the full four points, awarding tribal projects a minimum of two (2) points in this category (or increasing the Native American Housing points by two (2) more points), would help recognize the centuries-long afflictions that prevent tribal communities from ranking favorably on these sorts of metrics.

A.4 Developments near Downtowns/Corridors & A.5 Developments near Employment Center

As with most tribal lands in Michigan, our location is very remote, so our housing generally isn't in walkable areas that would receive high Walkscores necessary to earn the Developments near Downtowns/Corridors points.

Additionally, under the Employment Center criterion, the ½ mile is simply unworkable in rural areas like ours where amenities are much farther away. Additionally, our community is small – Sault Ste. Marie’s population is only 13,552 – so 125 year-round employees is a high bar. Much more reasonable numbers for tribal projects is a 5-mile radius from an employment center with 75 year-round full-time employees.

A.6 Neighborhood Investment Activity Areas

MSHDA should not expect small, rural communities – especially those managed by non-profit tribes that have limited funding – to meet the same metrics as larger developers in more urban areas.

While we have the largest NAHASDA allocation of Michigan’s 12 federally recognized tribes, we also have the highest enrolled population. Moreover, we use that money for all of our housing operations, not just new housing development. NAHASDA funding has remained steady since its inception in 1996, despite rising construction costs and inflation. Awarding the full 10 points to tribal projects that can demonstrate \$2M invested within the last 5 years within 10-miles of the project and another \$500,000 planned within the next year are much more feasible numbers.

C.1. Previous Experience of GP/Member

Even though SSM has experience developing and managing 515 low-income housing units as far back as 1982, we would be unable to earn any points for this experience under MSHDA’s scoring criteria that only recognizes LIHTC-specific experience of projects with 12 or more units.

This is discriminatory and unfair – how can tribes receive this valuable financing when MSHDA only awards the financing to the same developers over and over who can meet these stringent requirements?

The expectation that tribes partner with another for-profit developer to earn these points is unreasonable given tribes’ sovereign status and the fact that any for-profit partner would seek to gain unnecessary control over a tribe’s project and take a majority of the tribe’s developer fee that we would use to reinvest in our community.

We understand that other states recognize tribes’ non-LIHTC development experience for points, and we ask that MSHDA do the same. Remove the 12-unit project minimum and recognize tribes’ past low-income housing development experience and current partnerships with LIHTC-experienced consultants.

C.2 Previous Experience of Management Agent

As with the previous experience of general partner points, we ask that MSHDA recognize tribes’ long-standing experience with managing low-income housing under other regulations similar to and every bit as complex as the LIHTC program. As discussed above, the tribe must manage all of the housing within the tribe’s boundaries. A third-party management agent wouldn’t know the first thing about managing low-income housing on tribal land and would only serve to charge fees that would further diminish our project’s ability to operate at breakeven.

We also ask that MSHDA remove the 12-unit minimum for tribes' past projects to count for points. Again, tribes' limited funding means their individual projects often have a smaller number of units.

D.4 Project-Based Tenant Subsidies

The tribe's existing low-income housing operates primarily under NAHASDA, which requires that tenants pay no more than 30% of their income in rent.¹ Therefore, the tribe subsidizes these units so that our tenants aren't rent burdened. However, such a subsidy is not eligible for the points because MSHDA prohibits owner/developer-supplied subsidies from counting for points. We therefore ask that MSHDA allow project-based tenant subsidies from tribal or tribal housing authority developers to their projects to count for the full Project-Based Tenant Subsidies points. If MSHDA declines to recognize a tribe's HAP commitment for these points, then the Native American Housing points need to be increased by 5 points to compensate.

D.5 Tax Abatement

Tribal trust land is exempt from real property taxes.² We therefore ask that MSHDA explicitly reference in its Scoring Criteria that this form of tax exemption for tribal trust land earns the full five (5) Tax Abatement points.

F.1 Cost Reasonableness with Credit Efficiency

We understand MSHDA's goal to allocate its LIHTC funding as conservatively as possible, however, the cost reasonableness with credit efficiency points essentially awards the funds to the developers most able to afford to buy their credits down, not to the populations most in need.

The cost to construct projects on tribal lands is more expensive because labor and materials must all travel longer distances to reach remote tribal lands. Moreover, there are usually fewer contractors bidding on tribal projects, so the contractor's pricing is less competitive with additional premiums charged because of the intricacies of operating on tribal trust land. Higher construction costs, coupled with our limited and diminishing buying power, means we cannot afford to cap our credits in exchange for points here.

Generally, to earn the credit efficiency points, tribes would have to cap their credits significantly and contribute 2 to 3 times the amount of money they could afford to. This just simply isn't possible.

We urge MSHDA to remove this category entirely, create a separate scoring metric for tribal projects, or automatically award tribal projects the maximum 5 points.

Separate Tribal Category

Instead of all of the above changes to each scoring criterion to give tribal projects an equitable chance at receiving the funding, we ask that MSHDA instead adopt and implement a separate tribal category. We understand that several other states

¹ 25 U.S.C. 4133(a)(2): <https://www.law.cornell.edu/uscode/text/25/4133>.

² The Kansas Indians, 72 U.S. 737 (1867); The New York Indians, 72 U.S. 761 (1867); McCurdy v. United States, 264 U.S. 484 (1924)

with large tribal populations like Michigan have done so (i.e. Arizona and California).

MSHDA has more than \$30M in annual LIHTC authority, so allocating \$1.5M (5%) to tribal projects is a small way for MSHDA to make a large impact for a repeatedly downtrodden population.

Tribal Consultation

We also invite MSHDA to meet personally with our tribal leaders, virtually at this point, to hear first-hand the housing challenges we face on a daily basis and how crucial LIHTC funding is to tribal communities' ability to combat the housing crisis in Indian Country.

In addition to these individual meetings with each tribe, we also invite MSHDA to hold a separate tribal QAP hearing for all 12 of Michigan's federally recognized tribes to voice their thoughts about MSHDA's current urban-biased scoring criteria and what changes can be made to allow tribes equal access to this unparalleled financial leveraging tool.

Thank you for being receptive to our comments and recommendations and we look forward to meeting virtually with MSHDA to discuss things further.

Respectfully,



Aaron A. Payment