



MEMORANDUM

DATE: September 19, 2018

TO: All interested parties of the MSHDA's Gap Financing Program

FROM: John A. Hundt
Housing Development Manager

SUBJECT: Round 9 Gap Financing Program – Notice of Intent to Apply Projections

Enclosed are the preliminary rankings for the Notice of Intent stage of MSHDA's Gap Financing Program for Round 9. As shown in the attached rankings, over \$46 million in gap funding was requested from twelve proposals submitted under the 9th Round of the Gap Financing Program. Because each project meets the minimum criteria to be able to move to the next phase of the process, all twelve of the proposals will be invited to the Application Submission Phase. Based on the initial rankings, those proposals currently shown in the shaded area fit within the funding available at this time.

Additionally, as identified within MSHDA's guidelines for the Gap Funding Program, for proposals that can achieve and maintain a soft to hard debt ratio of less than 20% throughout the lending process, and that meet all other underwriting requirements, MSHDA will commit to funding the proposal outside of the NOFA funding round. Therefore, in addition to providing approximately \$16.7 million in funding from the NOFA to the projects ranking the highest, MSHDA would also provide additional resources to those projects with a ratio of less than 20%. Applicants of the unshaded proposals or that have a soft to hard debt ratio of greater than 20% shown in the attached preliminary list would need to see if they are able to reconfigure the structure of the transaction in a way to achieve and maintain a soft to hard debt ratio to a level where their proposal is ranked as one of the highest and be able to fit within the \$16.7 million of funding available under this NOFA.

Applicants should be aware that development costs are expected to change as MSHDA processes the application based on the Application package to be submitted to MSHDA by the December 3, 2018 deadline. Rankings could change considerably between now and the end of the Application submission process based on changes to things like sources and uses, market study results, and Capital Needs Assessment outcomes. Therefore, although a proposal may not currently rank at the top, the applicant will have the opportunity to improve the position of the application in the rankings.

If you have any questions regarding the above or about Preliminary Assessment Projections, please contact John Hundt at (517) 241-7207.

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Attachment