

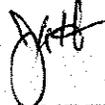


STATE OF MICHIGAN

GRETCHEN WHITMER  
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

GARY HEIDEL  
ACTING EXECUTIVE DIRECTOR

**DATE:** February 3, 2020  
**TO:** Interested Parties  
**FROM:** John A. Hundt, Housing Development Manager   
**SUBJECT:** Changes to the HOME/Mortgage Resource Fund (MRF) Gap Financing Program and the Notice of Funding Availability (NOFA) for Round 12 and Future Rounds

This message is intended to provide notice to interested parties of the changes to the Authority's twelfth and future rounds for the HOME/Mortgage Resource Fund (MRF) Gap Financing Program Notice of Funding Availability (NOFA).

**Changes to the 12<sup>th</sup> & 13<sup>th</sup> Rounds - HOME/MRF Gap Financing NOFA:**

The twelfth round beginning February 14, 2020, will no longer include the standard competitive funding round for proposals with a soft to hard debt ratio of greater than 20%. Only proposals with a soft to hard debt ratio of less than 20% will be accepted on or before the due date.

Due to the overwhelming demand of proposals with a soft to hard debt ratio of 20% or less, and the limited gap funding sources available, the Authority will be capping the amount of gap funding per round to \$20 million. We currently have a number of proposals in our pipeline that are considered Round 12 proposals with projections below the 20% ratio. Because these proposals have a soft to hard debt ratio projected of less than 20% and have a gap need exceeding \$20 million, we will not have gap funding for proposals with a soft to hard debt ratio greater than 20%.

Note however, because the proposals came in prior to this notice, we will commit to exceed the \$20 million cap for these and any proposals submitted on or before February 14<sup>th</sup>, as long as they can achieve and maintain a 20% or less soft to hard debt ratio. However, anything greater than \$20 million will reduce the \$20 million cap to be made available for Round 13. Any proposals that come in after February 14<sup>th</sup> will be considered a part of the Round 13 that begins on or about August 14<sup>th</sup>.

**Changes to Future HOME/MRF Gap Financing NOFA Rounds:**

The Authority will no longer automatically have a competitive funding for up to \$18 million annually, along with committing to fund any transaction with a soft to hard debt ratio of 20% or less, as was done in previous rounds.

Instead, each funding round will be limited to a \$20 million cap. If the number of proposals with a soft to hard debt ratio of 20% or less have gap funding needs of greater than \$20 million, there will be no gap funding available for those over a 20% ratio in that round. The proposals with a 20% or less ratio will be competing against each other based on the "Evaluation Criteria" in Section V below. Proposals that are not able to maintain a 20% or less soft to hard debt ratio will be placed into the current or next funding round, where it will compete for funding with other NOFA proposals.

If the number of proposals with a soft to hard debt ratio of 20% or less have a gap funding need of less than \$20 million, the difference between the \$20 million and that need will be made available to proposals based on the "Evaluation Criteria" in Section V below.

Proposals submitted on or before a funding round due date will be considered part of that funding round and the associated \$20 million cap. Proposals submitted after the funding round due date will be considered a part of the next scheduled funding round and its associated \$20 million cap.

It is anticipated the funding rounds will continue to be held in February and August of each year. This funding is being made available exclusively for MSHDA's Tax Exempt - 4% Low Income Housing Tax Credit direct lending transactions.

**Updated HOME/MRF Gap Financing Program:**

Attached is a copy of the updated Program Statement, which is also available on our website at [http://www.michigan.gov/mshda/0,4641,7-141-5587\\_5589---,00.html](http://www.michigan.gov/mshda/0,4641,7-141-5587_5589---,00.html).

**Questions:** Any questions about this notice and update may be directed to:

John Hundt, Housing Development Manager  
Rental Development Division  
Michigan State Housing Development Authority  
735 East Michigan Avenue, PO Box 30044  
Lansing, Michigan 48909  
[hundtj1@michigan.gov](mailto:hundtj1@michigan.gov)  
517-241-7207 (voice)

**Please submit all hand-delivered application packages to:**

**MSHDA's Lansing Office:**

MSHDA  
Rental Development, 2nd Floor  
735 East Michigan Ave, 2nd Floor  
Lansing, MI 48912

**MSHDA's Detroit Office:**

MSHDA  
3028 W. Grand Boulevard, Suite 4-600  
Detroit, MI 48202