

Michigan State Housing Development Authority
Minutes of Regular Authority Meeting
December 16, 2021 – 10:00 a.m.

AUTHORITY MEMBERS PRESENT IN LANSING

Regina Bell
Susan Corbin
Carl English
Rachael Eubanks
Jennifer Grau
Deb Muchmore
Michele Wildman for Quenton L. Messer, Jr.

AUTHORITY MEMBERS ABSENT

Tyrone Hamilton

OTHERS PRESENT IN LANSING

Clarence Stone, Legal Affairs
Lisa Ward, Legal Affairs
Mary Cook, Operations
Chris Hall, Information Technology
Alyssa McMurtry, Gongwer News Service
Luke Forrest, CEDAM

OTHERS PRESENT VIA MICROSOFT TEAMS

Gary Heidel, Acting Executive Director
Michelle Locher, Executive
Mark Whitaker, Information Technology
Richard Norton, Legal Affairs
Geoffrey Ehnis-Clark, Legal Affairs
Katie Bach, Communications
Anna Vicari, Communications
Lori Fedewa, Human Resources
Jennifer Bowman, Executive
Dace Koenigskecht, Procurement/CERA
Jeff Sykes, Finance
Troy Thelen, Asset Management
Justin Wieber, Asset Management
Chad Benson, Rental Development
Charles Smith, Rental Development
Katy VanHouten, Rental Development
Tera Poag, Rental Development
Elizabeth Rademacher, Rental Development

Angela Detwiler, Rental Development
Mary Townley, Homeownership
Ann Grambau, Homeownership
Tiffany King, Office of Equity and Engagement
Daphne Wells, Operations
Jonathan Hilliker, Audit, Compliance and Fraud Investigation
Michael Shelden, Audit, Compliance and Fraud Investigation
Ron Pulaski, Audit, Compliance and Fraud Investigation
Kelly Rose, Rental Assistance and Homeless Solutions
Lisa Kemmis, Rental Assistance and Homeless Solutions
Tonya Young, Neighborhood Housing Initiatives
Ron Farnum, Office of Attorney General
Michael Fobbe, Office of Attorney General
John Millhouse, Office of Attorney General
Amy Patterson, Office of Attorney General

Eleven additional members of the public participated via the Conference Line: 248-509-0316, Conference ID: 829 223 932#¹. Chairperson Susan Corbin opened the meeting at 10:05 a.m. A quorum was established with the presence of Ms. Corbin, Carl English, Rachael Eubanks, Jennifer Grau, Deb Muchmore and Michele Wildman. Ms. Bell arrived at approximately 10:10 a.m. While Authority members were present in Lansing, presenters participated via Microsoft Teams. At Ms. Corbin's request, Jonathan Hilliker provided instructions for those participating remotely, including guidelines on how to provide public comment via the conference line.

Ms. Corbin requested public comments from participants. Luke Forrest from the Community Economic Development Association of Michigan (CEDAM) was present in Lansing and thanked the Authority for its consideration of the Housing Development Fund Grant in Tab K of the Board Docket. Mr. Forrest noted that CEDAM is currently helping to gather input from stakeholders and will use the funds to continue its support of Michigan's Statewide Housing Plan.

There being no additional public comment², Ms. Corbin provided an update on the Executive Director position. She noted that the State Ethics Board met on December 2, 2021, to determine whether proposed conflict walls would enable Amy Hovey to comply with the State Ethics Act. The conflict walls would be necessary because Ms. Hovey's spouse, Timothy Hovey, has existing MSHDA-financed developments and plans to continue seeking HOME loans and Project-Based Vouchers.

On December 15, 2021, the State Ethics Board issued an Advisory Opinion that held conflicts arising from Mr. Hovey's business with MSHDA would be continuous, recurring, but not pervasive. The Opinion also stated that the proposed conflict walls would sufficiently address the potential conflicts and would enable Ms. Hovey to comply with the State Ethics Act. The Authority must now seek from the Department of Housing and Urban Development (HUD) an exception under the HOME Program and a waiver under the Project-Based Voucher Program before Ms. Hovey

¹ Several participants reported problems accessing the meeting using the initial access code generated by Microsoft Teams. An alternate access code (138 299 473#) was provided and by approximately 10:15 a.m., both access codes were working and connected to the meeting.

² Due to earlier technical issues, public comment was reopened at 10:24 a.m. to ensure anyone who wished to comment had the opportunity to do so. There was no additional comment at that time.

can begin her term as Executive Director. It is expected this request will be made to HUD next week.

Following the Chair's update, Acting Executive Director Gary Heidel began the Executive Director's report by congratulating Mary Townley, Director of Homeownership, for being recently recognized by Crain's as one of its most notable women in banking. Mr. Heidel then asked Jeff Sykes, Chief Financial Officer, to provide an update on the Authority's most recent financial reports. Mr. Sykes proceeded to discuss the Quarterly Financial Report for the period ending June 30, 2021, and reviewed the documents as detailed in the November 18, 2021 Board Docket.

Following Mr. Sykes' report, Ms. Corbin announced that previous issues with the conference access code had been fixed. Several new participants had since joined the meeting; therefore, Ms. Corbin reopened it for public comment. There being none, the meeting proceeded.

Kelly Rose, Chief Housing Compliance Officer, provided Authority members with an update on the COVID Emergency Rental Assistance Program (CERA). She noted that the program has received about 160,000 applications to date and has approved about \$436 million in financial assistance. The CERA program also successfully reached the 65% obligation threshold, as required by the U.S. Department of Treasury ("Treasury"), allowing it to request \$300 million of additional Emergency Rental Assistance funds. Ms. Rose hopes the Authority receives at least \$50 million of this request. Additional information should be available in the first quarter of 2022.

Ms. Rose also announced that \$140 million of Emergency Rental Assistance II ("ERA II") funds were appropriated by the state legislature last Tuesday. She noted that this is about one-third of the funds available in this legislation. She further explained that due to boilerplate language included in the bill, some changes will now need to be made to the CERA program. As such, there will be a webinar with grantees next week to go through these changes; the application portal will also be updated accordingly. She further noted that the program needs to spend \$140 million in the first quarter to meet Treasury's funding deadlines. This benchmark must be met to receive the rest of the funding.

In response to Authority member questions, Ms. Rose confirmed that they do collect race-related data as required by the federal government. Additionally, Ms. Rose was asked to elaborate on the changes required by the boilerplate language. She explained that one change removes the option to allow self-attestation of income in most cases. There will also be a requirement that households be in rental arrears prior to the enactment date of the bill. This could potentially preclude some from qualifying for the program after the new year.

Ms. Rose was also asked whether additional support will be needed to ensure the requisite amount of funding is distributed in the first quarter. She assured Authority members that funds are being sized to ensure grantees are not given more money than they can spend. She expects the second half of grant allocations to be larger to make up for the initial smaller amount.

Following Ms. Rose's report, Mary Townley, Director of Homeownership, provided Authority members with an update on the Michigan Homeowner Assistance Fund ("MIHAF"). Ms. Townley reviewed the MIHAF Term Sheet as detailed in Tab 2 of the board docket. By way of background, Ms. Townley noted that Michigan was awarded \$242.8 million in April 2021; an official plan for the MIHAF program was then submitted to Treasury in August 2021. Since that time, Ms. Townley and her staff have had numerous conversations with Treasury and received the official program approval on December 7, 2021.

At this time, the computer system for MIHAF is set up and in use. Ten additional staff have been hired and are currently being trained; the goal is to eventually have about 40 staff operating the program. A marketing plan is also currently underway. Ms. Townley expects the program will be ready for public launch in January 2022 depending on staff training.

Following Ms. Townley's report, a public caller spoke out and announced concerns she had with the Key to Own program. Ms. Corbin told the caller that staff would take her number and contact her to discuss this further.

Tiffany King, Office of Equity and Engagement, followed with an update on the Michigan Housing Survey, which is one of the tools that will be used to create Michigan's Statewide Housing Plan. Ms. King noted several key data points in the report, which is currently available on the Authority's website. For example, 6,500 responses were received from landlords, homeowners, renters, and potential home buyers. Sixty-two percent of respondents were homeowners; Twenty-five percent were renters. Some of the main challenges for homeowners included property tax increases and repairs. Renters noted concerns with privacy and adequate living space. Additionally, key barriers to homeownership mentioned were down payment assistance, closing costs, and a lack of affordable housing stock. Ms. King explained that the results of the survey will be taken into consideration as the Statewide Housing Plan is developed.

Because sixty-two percent of respondents to the survey appear to be homeowners, Ms. King was asked whether there would be a connection to the MIHAF program, especially since property taxes are an area of concern. Ms. King confirmed there is a need for more education and guidance in this area. She noted that the plan is designed to first talk about goals and strategies and then focus on specific action steps. Therefore, specific services and options would be incorporated into the plan at a later date.

In response to an additional question, Ms. King stated that the survey did not help inform the amendment to the Qualified Allocation Plan (QAP). Mr. Heidel further noted that a different level of focused discussions took place concerning changes to the QAP.

Ms. Grau complimented the program and stated she has thoughts she would like to share once Ms. King and her staff are at the point of strategizing. In response to an additional question, Ms. King explained that while it was originally hoped the plan would be completed in January 2022, it will now likely be the end of April 2022. This timeframe ensures that a wider variety of individuals will be engaged. This includes veterans, LGBTQ+, older adults, as well as those with housing and/or food insecurities.

Following Ms. King's update, Dace Koenigs knecht, Procurement and Mark Whitaker, Information Technology reviewed the Contract Spreadsheet, as requested by Authority members. This document was included in the reports section of the November docket. Mr. Koenigs knecht explained that the spreadsheet keeps track of all current contracts, as well as what actions may need to be taken within the next year. Information Technology contracts are listed separately because those go directly through the Department of Technology Management and Budget. One item to note is the recent addition of the following categories at the request of Authority members – Minority Owned, Woman Owned and Disabled Veteran. While this information was not previously collected, it will now be collected going forward. The current expectation is that this spreadsheet will be available as a quarterly report to Authority members in board dockets.

Next, an update on the extension of the Housing Choice Voucher (HCV) Landlord Damages Program was provided by Lisa Kemmis, Director of Rental Assistance and Homeless Solutions.

Ms. Kemmis explained that \$500,000 of administration fees have been set aside to extend the program through 2022. The program allows a maximum payout is \$3,000 for damages to HCV program units that exceed normal wear and tear and are not covered by the security agreement. Additionally, Ms. Kemmis noted that only a fraction of funds available in 2021 was utilized; therefore, there is a plan to conduct additional outreach and marketing to reach a larger pool of landlords. While the plan is to extend the program beyond 2022, its impact on landlord retention will need to first be evaluated, as well as whether it is bringing new landlords to the HVC program. Ms. Kemmis also stated that there is a plan to survey 2021 participants to seek feedback on the damage claim submission process and whether marketing the program and/or availability of funds was a factor in the choice to participate.

For the last report, Tonya Young, Neighborhood Housing Initiatives, updated Authority members on the MSHDA Modular program. Ms. Young explained that the primary objective of the program is to enhance opportunities for economic development by providing new affordable single-family housing in areas with housing shortages and workforce housing needs. Ms. Young stated that \$2,172,000 has been disbursed to complete ten homes; two houses are also in progress. Ms. Young noted the program's success rate with 100% of the completed homes sold at an average cost of \$177,439. The return on investment is 90.1%.

Ms. Young was asked whether any communities have reached the maximum-allowed three houses. She responded that two communities have finished the second home and will start on the third home this spring. She noted that if they continue to return funds to the Authority, the money can then be recycled for additional houses; however, to do so, additional board approval will be needed.³

Approval of Agenda:

Jennifer Grau moved approval of **Tab A (Agenda)**. Michele Wildman supported. The agenda was approved.

Voting Items:

Consent Agenda (Tabs B through H). Deb Muchmore moved approval of the consent agenda. Michele Wildman supported. The Consent Agenda was approved.

The Consent Agenda included the following items:

- Tab B Minutes – November 18, 2021
- Tab C Resolution Amending the Resolution Authorizing Three-Year Principal Deferral Adopted on November 18, 2021, **American House North (A/K/A “Lockwood of Genesee”; F/K/A “Pine Gardens”)**, MSHDA Development No. 1016, Mt. Morris Township, Genesee County
- Tab D Amendment to Resolution Authorizing the Housing Development Fund Grant to Habitat for Humanity of Michigan

³ During the Executive Director's Report, Rachael Eubanks briefly left the meeting at 10:53 a.m. and returned at 10:55 a.m. Susan Corbin left the meeting at 10:56 a.m. and returned at 10:59 a.m. There were no votes during their absences.

- Tab E Amended and Restated Resolution Authorizing Signatories
- Tab F Inducement Resolution, **Bowin Place Apartments**, City of Detroit, Wayne County, **MSHDA No. 44c-188**
- Tab G Inducement Resolution, **North Hill Farms**, City of Pontiac, Oakland County, **MSHDA No. 44c-191**
- Tab H Resolution Authorizing Professional Services Contract With C4 Innovations, LLC

Regular Voting Items:

Chad Benson, Director of Rental Development, presented **Tab I**, Resolution Adopting Amendment to the 2022-2023 Qualified Allocation Plan for the Low-Income Housing Tax Credit Program. Mr. Benson reviewed the documents as detailed in the board docket.

Rachael Eubanks moved approval of **Tab I**. Deb Muchmore supported. The resolution was approved.

Tab J was temporarily skipped to allow the presenter, Justin Wieber of Asset Management, to resolve some technical issues.

Tiffany King, Office of Equity and Engagement, presented **Tab K**, Resolution Authorizing Housing Development Fund Grant to the Community Economic Development Association of Michigan, MSHDA HDF-410. Ms. King reviewed the documents as detailed in the board docket.

Regina Bell moved approval of **Tab K**. Jennifer Grau supported. The resolution was approved.

Authority members returned to **Tab J**, Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **Medical Center Village Senior, MSHDA Development No. 302-2**, City of Detroit, Wayne County. This was presented by Mr. Wieber, who reviewed the documents as detailed in the board docket.

Michele Wildman moved approval of **Tab J**. Jennifer Grau supported. The resolution was approved.

There being no additional discussion, Ms. Corbin noted the following reports were included in the docket for reference: **(Tab 1)** Landlord Damage Claims Payments for the Housing Choice Voucher (HCV) Program; **(Tab 2)** Michigan Homeowner Assistance Fund (MIHAF) Term Sheet; **(Tab 3)** Current and Historical Homeownership Data; **(Tab 4)** Homeownership Production Report; **(Tab 5)** MI 10K DPA Monthly Statistics (Map); **(Tab 6)** MI 10K DPA Weekly Statistics (Graph); and **(Tab 7)** 2022 Board Calendar.

Ms. Corbin requested a motion to adjourn the meeting. Racheal Eubanks moved to adjourn, and Regina Bell supported. The meeting adjourned at 11:24 a.m.

REVIEWED
By Lisa Ward at 12:28 pm, Dec 22, 2021

REVIEWED
By Clarence Stone at 1:30 pm, Dec 22, 2021