MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Investing in People. Investing in Places.

MEMORANDUM

TO: Governor Rick Snyder
Representative Poleski
Representative Callton
Senator Brandenburg
Senator Pappageorge

FROM: Wayne Workman
Acting Executive Director

DATE: September 30, 2014

RE: FY 2014 Housing Production Goals Report

Section 32(14) of P.A. 346 of 1966, as amended, requires the Michigan State Housing Development Authority (MSHDA) to provide the Governor and the appropriate legislative committees with an annual housing production goals report for housing projects financed by the Authority with bonds and notes. The following represents an assessment of FY 2014 production and the Authority's goals for FY 2015. The Authority's 2014 fiscal year ran from July 1, 2013 through June 30, 2014.

Section 32(16)(a) requires the Authority to report whether the production goals for the previous fiscal year have been met, and, if not, why. The Authority met its overall goal to finance $230.7 million in new or rehabilitated housing units in FY 2014. However, it missed its goal of producing 3,278 units, producing instead 3,143 units; the Authority was 135 units, or 4.1 percent, shy of meeting this goal. (See Exhibit 1.) However, the Authority did exceed its goal of making 979 mortgages for single-family homes, producing instead 1,292 loans to homebuyers. The sections below provide production data for each program financed with bonds and notes and, for those programs that missed a goal, discuss the reasons why.

In addition to its lending activity, the Authority also distributed $14.8 million in community development grants to local governments and nonprofit organizations in FY 2014. MSHDA also administered the Low Income Housing Tax Credit program for the state, which helped to create or preserve 2,336 units of affordable rental housing in 30 developments statewide. In addition, the Authority administered the federal Housing Choice Voucher Program (formerly known as Section 8), and in FY 2014, 27,376 families participated in this program.

In FY 2014, MSHDA also administered $89.6 million in funds under the auspices of three federal stimulus packages. During the fiscal year, the Authority committed or allocated $1.4 million from the Housing and Economic Recovery Act of 2008, $86.5 million from the Emergency Economic Stabilization Act of 2008, and $1.8 million from the American Recovery and Reinvestment Act of 2009. The specific programs for which the stimulus funds were allocated are described throughout this document under the general program category (multifamily, supportive housing, etc.) to which they pertain. Also, the dollars allocated under the stimulus packages are summarized in Exhibit 2.

EXHIBIT I SUMMARIZES FY 2014 GOALS AND PRODUCTION AND PRESENTS ITS FY 2015 GOALS. EXHIBIT 2 SUMMARIZES MSHDA'S FEDERAL STIMULUS FUNDS.

Multifamily Loan Programs

Taxable and Tax-Exempt Direct Lending Programs

These programs represent the Authority's response to localized housing and reinvestment needs by financing rental housing. Funding comes from the issuance of taxable and tax-exempt bonds to investors, the proceeds of which are then loaned for the acquisition, construction or rehabilitation, and long term financing of affordable rental housing units. Typically, at least 40% of the units in each development must be occupied by households with low incomes, defined as less than or equal to 60% of the Area Median Income. The tax-exempt lending programs operated in FY 2014 with a fixed interest rate of 5.875%, while the Taxable Bond lending programs operated with a fixed interest rate of 8.0%. In addition, the Authority provided Preservation Fund Loans as permanent gap funding sources.

In FY 2014, the multifamily lending program financed $66.2 million in loans, representing ten developments containing a total of 843 housing units. The program did not achieve its FY 2014 goal of making $74.1 million in loans and producing 1,049 in units, because four large proposals that had been expected to close before the end of FY 2014 did not do so. Three of these transactions are expected to close early in FY 2015, and will generate an additional $30 million in additional financing and add 519 more units. The fourth transaction found funding elsewhere.

Gap Financing Program

In FY 2014, MSHDA's Gap Financing Program was implemented in conjunction with the Authority's Tax-Exempt Bond Program to competitively distribute $18 million in gap funding among applicants for multifamily loans; $17 million was part of the $66.2 million in loans mentioned above. Another $13.5 million makes up the HOME gap funding that closed in FY 2014.

Equity Bridge Loan (EBL) Program

The Authority did not make any Equity Bridge Loans in FY 2014. There are a few transactions in process that are expecting a MSHDA EBL that should close in FY 2015.

Supportive Housing and Homeless Initiatives

Homeless Housing Development Programs

In FY 2014 MSHDA did not close any rental development supportive housing HOME Loans for the families that are homeless or with special needs. This program represents the Authority's investments into new construction or acquisition/rehabilitation of projects for supportive housing. Funding under this initiative comes from the HOME program and many of the developments receive Low Income Tax Credits. Units are made available to the tenants earning 30% or below of Area Median Income. Loans are structured as a three percent simple interest and are non-amortizing repayable loans.

Homeless Grants
Under this category $4.1 million in MSHDA funding was allocated for FY 2014 to match and supplement HUD's Emergency Solutions Grant (ESG) Program. The ESG program offers financial assistance to public and non-profit organizations that are responding to the needs of homeless populations through a Continuum of Care process. ESG funds can be used for shelter operation, essential services, prevention, and rapid re-housing leasing assistance. In FY 2014, 67 ESG grants totaling $7.7 million in federal and MSHDA funds were allocated.

Pass-Through Short Term Bond Pilot Program

This program permits the Authority to issue limited obligation bonds on behalf of developers. Sixty percent of the units must be for renters at 60% of area median income or below. The Authority's primary responsibility is to evaluate the degree to which the borrower's credit security is sufficient to ensure repayment of the bonds. The primary function of the program is to enable the Authority authorize the issuance of short term bonds that would have a term not to exceed 36 months at which time the bonds would be refinanced following the issuance of bonds through a Federal Housing Administration (FHA) insured Ginnie Mae (GNMA) mortgage. Under the Pilot Program, the Authority set aside $75 million in volume cap which must have been allocated within 24 months from the program's inception date.

During FY 2014, eight applications requesting approximately $64.2 million in volume cap were received under this program, of which five had closed as of the end of the fiscal year. These five projects were issued over $37.5 million in volume cap, which will help create or preserve 678 units of affordable housing. The FY 2014 goal of this program was to enable $58.8 million in pass-through loans to close, creating 900 units. The FY 2014 goal for the Short-Term Bond Pass-Through Program was not met due to timing delays occurring for three specific projects. While the bond cap was issued for these projects, there were specific delays related to the financing of each of the projects that will cause their actual closing to occur after the close of FY 2014.

The Authority extended the program in FY 2014 for a period of 12 months by making available up to $35 million in additional volume cap. The only significant change made to the program was that applicants will now be required to first submit their projects for consideration under the Authority's Gap Financing program. The FY 2015 goal of the reinstated pass-through program is to enable $35 million in pass-through loans to close, creating 500 housing units.

Single Family Mortgage Loan Program

This program allows the Authority to finance low and moderate-income mortgages for people meeting income and purchase price limits. The loans are fixed-rate, level payment, 30-year mortgages. Borrowers must have acceptable credit and the ability to repay the loan

In FY 2014, this program financed 1,292 single-family units, representing a total investment of $113 million. The average purchaser of an existing home was 32 years of age, with a household size of 2 and an average income of approximately $43,206. The average loan amount was $81,192. The Authority exceeded its FY 2014 goal of financing 979 single family homes.

In late 2013, MSHDA began offering a loan program designed specifically for the repeat homebuyer. The MI Next Home program allows the seasoned homebuyer to purchase a home with an FHA, RD or VA mortgage while foregoing some of the more restrictive aspects of the MI First Home program. Additionally, MI Next Home customers can still use our popular Down Payment Assistance with either the FHA or RD product. As of June 30, 2014, 12 loans have been committed totaling $1.2 million and 0 loans have been purchased.
In addition to mortgage lending, the Homeownership Division provided counseling funded via Federal funds and general operating income. Counseling was provided in the following areas: Homebuyer Education—2,932 households; Foreclosure Prevention—2,544 households; Family Self-Sufficiency—228 households; Key to Own—22 households; and Specialty programs—1,042 households.

Federal Stimulus Funding
MSHDA expended $281,670 in National Foreclosure Mitigation Counseling (NFMC) program funds and served 1,297 borrowers. The NFMC program, (sometimes called the "Neighborworks" program, as it is administered by NeighborWorks® America) is funded in part by the Housing and Economic Recovery Act of 2008, and uses a network of housing counselors to help families at risk of foreclosure via loss mitigation counseling.

MSHDA also administered the Help for Hardest Hit Programs. These federally-funded programs are being used to help homeowners who have a high risk of default or foreclosure and our newest program is blight elimination in five cities. MSHDA disbursed $86.5 million in FY 2014 for these programs.

Michigan Mortgage Credit Certificate Program

This program, authorized by Congress in 1984, reduces the amount of federal income tax a homebuyer pays, thus giving the person more available income to qualify for a conventional mortgage and make house payments. Potential homebuyers must meet income and purchase price limits. The lender sets loan terms. The Authority has to turn in a portion of its allocated mortgage revenue bond authority to the U.S. Treasury to utilize the Mortgage Credit Certificates.

In FY 2014, the program assisted the financing of 273 single-family homes. The total investment was $18.4 million. The average age of a MCC recipient purchasing an existing home was 30; the average family size was 2. The Authority did not meet its goal of producing 280 certificates primarily due to market rates that were competitively low, thus reducing homeowner need for credit.

Property Improvement Loan Program

This program helps preserve older, existing housing by offering loans to homeowners that meet income limits. In FY 2014, this program made 53 loans, totaling $560,119. Of these loans, 47.2% were made to borrowers over 55 years of age. Approximately 81.1% of the loans went to improve homes that were 40 years of age or older.

The Authority missed its FY 2014 goal of providing at least 70 PIP loans totaling $800,000 due to weakness in the housing market; many homeowners were "upside down" on their mortgages and therefore could not qualify for a PIP loan. Many who did qualify chose alternate lenders who offered lower interest rates.

Social and Economic Benefits

Section 32(16)(b)(c)(d)(e) and (f) requires the Authority to report on the social and economic benefits of MSHDA's housing projects to the immediate neighborhoods and the cities in which they have been constructed, the extent of direct and indirect displacement of lower income persons, and the extent of additional reinvestment activities attributable to the Authority's financing of these projects.

The obvious short-term benefits are the increased availability of quality, affordable housing for low and moderate income people, increased construction contracts and sales for builders and realtors, and increased Community Reinvestment Act production for local lenders. Further, the multifamily developments financed by the Authority employ people who receive salaries and expend dollars for vendor services.

Developments also provide common space designed to enhance the community. Within these spaces many developments allow local senior citizen groups to provide meal service, medical examinations, and classes of various kinds. In other developments, there are police mini-stations, food cooperatives, book exchanges, craft shows, neighborhood watch programs, senior pal programs, and youth work programs.

The Authority requires, as part of the underwriting process, that relocation planning be performed and implemented in any situation where a MSHDA loan would result in the displacement of lower income people. As a matter of policy, the Authority avoids approval of loans where such displacement cannot be adequately addressed.

Demographic Information

Section 32(16)(g) requires the Authority to report on the age, race, family size, and average income of the tenants in housing projects.

Information on the demographics of program beneficiaries is contained throughout the report. Demographic information for the Single Family, Michigan Mortgage Credit Certificate, and PIP Programs are found in the exhibits, and information for the Housing Choice Voucher program is found in the text on page 8.

Demographic information for multifamily projects that were financed in FY 2014 is unavailable because most of these developments were still under construction during the fiscal year, so their impact is not yet known. However, the following estimates provide an indication of the demographics of tenants in existing multifamily developments as of August, 2014: 53.3% of tenants who reported their race were white, and 46.7% were non-white. The average age of the Head of Household was 52 years, the average family size was 1.8 persons, and the average income was $16,390.

EXHIBITS 3, 4, AND 5 DETAIL DEMOGRAPHIC INFORMATION FOR THE SINGLE FAMILY, MICHIGAN MORTGAGE CREDIT CERTIFICATE, AND PIP PROGRAMS.

Construction Jobs Created, Wages and Taxes Paid

Section 32(16)(h) requires the Authority to estimate economic impact of its development projects, including the number of construction jobs created, wages paid, and taxes and payments in lieu of taxes paid.

Authority-financed housing created approximately 786 jobs, paid approximately $52.3 million in wages, and resulted in approximately $18.2 million in federal and state taxes being collected.

EXHIBIT 6 ESTIMATES THE NUMBER OF CONSTRUCTION JOBS CREATED, WAGES PAID, AND TAXES PAID IN FY 2014.

Grants Made to Local Units of Government and Non-Profit Organizations

MSHDA makes grants to local units of government and non-profit housing organizations for the prevention of homelessness and community development. In FY 2014, 61 grants were made to local units of government and non-profit housing and service providers, for a total grant expenditure of $14.8 million.

EXHIBIT 7 DETAILS THE GRANTS MADE TO LOCAL UNITS OF GOVERNMENT AND NON-PROFIT HOUSING AND SERVICE PROVIDERS.

Mobile Home Parks, Non-Profit Housing Projects, and Cooperative Programs

Section 32(16)(i) requires the Authority to report on the progress in developing mobile home parks and mobile home condominium projects, constructing or rehabilitating consumer housing cooperative projects, and in financing construction or rehabilitation of non-profit housing projects.

In FY 2014, no mobile home parks were financed under the Michigan Mortgage Credit Certificate Program or Single Family Program. No consumer housing cooperative projects were financed under Authority programs in FY 2014.

In FY 2014, the Authority financed 1,632 units of housing in non-profit housing projects, investing a total of $26.4 million in these projects. In addition, MSHDA granted $500,000 in pre-development loans to 3 nonprofits for the development of affordable housing.

Neighborhood Preservation Program

Section 32(16)(j) requires the Authority to report on the progress in developing the Neighborhood Preservation Program. The goals of the program were to positively impact the image, physical conditions, and market and neighborhood management of target neighborhoods. Each NPP produced housing units either through new construction, rehabilitation of space for rental units (usually above businesses downtown), or purchase/rehab for resale. In addition, each project included homeowner rehabilitation, beautification through banners, landscaping and/or neighborhood signs, and marketing activities to improve the image of the neighborhood. There were no funds available for the NPP program in FY 2014.

Prepayment of Federally and Authority Assisted Loans

Section 32(16)(k) requires the Authority to report on the status of federal programs that assist low income tenants displaced as a result of prepayment of federally or Authority assisted loans.

The Authority has preservation lending parameters for federally assisted and MSHDA-financed rental housing. This housing stock, which currently serves Michigan's lowest income citizens and was typically built between 1974 and 1985, is in need of rehabilitation and preservation.

The Authority offers tax-exempt and taxable preservation lending to extend the affordability, viability, and livability of this existing rental housing for a minimum of 35 years. A Preservation Fund loan may be available as additional gap financing for eligible developments in the event the Authority determines the transaction will not adequately address unmet physical needs. No tenants are displaced as a result of these transactions.

Low Income Housing Tax Credit (LIHTC)

Section 32(16)(l) requires the Authority to report on the status of the Low Income Housing Tax Credit (LIHTC) allocated under the Qualified Allocation Plan (QAP), including the amount of tax credits allocated, projects that have received tax credits, reasons why projects were denied tax credit, a geographical description of the distribution of tax credits, and a description of any amendments to the allocation plan made during the year.

During FY 2014, the Authority allocated approximately $25 million in 9% tax credits to 30 developments helping create or preserve 2,336 units of affordable housing. During the fiscal year, 35 distinct projects were denied credit for various reasons. The QAP was substantially amended during FY 2014.

EXHIBITS 8 AND 9 PROVIDE A GEOGRAPHIC DESCRIPTION OF CREDITS ALLOCATED AND A LIST OF PROJECTS DENIED CREDIT, WITH REASONS FOR DENIAL. EXHIBIT 10 ADDRESSES AMENDMENTS TO THE AUTHORITY'S ALLOCATION PLAN DURING FY 2014.

Education and Training Opportunities

Section 32(16)(m) requires the Authority to report on education and training opportunities provided by the Authority including the types of education and training and the amount of funding committed to these activities. Education and training opportunities provided by the Authority primarily include our Technical Assistance efforts. In FY 2014, the Authority provided Technical Assistance to nonprofit housing organizations throughout the state with 18 contracts made to 11 different Technical Assistance providers, at a total cost of $1,406,494.

EXHIBIT 11 DETAILS GRANTS MADE TO TECHNICAL ASSISTANCE PROVIDERS FOR FY 2014.

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program utilizes the private rental market to assist Michigan's extremely low income families to afford decent, safe, and sanitary housing. Residents live in single family or multifamily rental dwellings, paying between 30% and 40% of their gross income for rent.

In FY 2014, a total of 27,376 families participated in this program, which includes Project Based, Homeownership, Non-Elderly Disabled, Mainstream 5, and Veteran allocations. The average age for the head of household was 48 years of age, 43% of the voucher holders are disabled, and the average adjusted household income was

$10,254. The racial breakdown by head of household is as follows: 1.2% are classified as American Indian/Alaska Native, 0.4% are classified as Asian, 52.0% are classified as Black/African American, 0.2% are classified as Native Hawaiian/Other Pacific Islander, and 46.2% are classified as White. Of the 27,376 participating households, 3% are classified within Hispanic or Latino ethnicity.

Housing and Community Development Fund

Section 58b(6) requires the Authority to issue an annual report to the Legislature summarizing the expenditure of the Fund for the prior fiscal year, including a description of the eligible applicants who received funding, the number of housing units that were produced, the income levels of the households that were served, the number of homeless persons served, and the number of downtown areas and adjacent neighborhoods that received financing.

Unfunded since FY 2008, the Housing and Community Development Fund (HCDF) received a supplemental appropriation of $3,709,500 from the proceeds of the National Mortgage Settlement (PA 296 of 2012). A competitive grant process was completed in 2013 to distribute the funds according to statutory criteria. Specifically, MSHDA developed and published a Notice of Funding Availability, reviewed and scored 65 proposals, and selected 9 applicants to receive awards. At the time this report was written, four of these grantees began or completed grant expenditures while two grantees had completed their underwriting and grant expenditures are anticipated. Additionally, two grantees are currently seeking tax credits, and one grantee's award will be de-obligated and a new application round is anticipated to occur for these funds in FY 2015. Below is a description of the grantees that will or have received funding:

Ingham County Land Bank Fast Track
Project Name: Ash Street Mixed Use Development
Location: City of Mason, Ingham County
Awarded Amount: $500,000
Statutory Earmarks: 25% Rental Housing
Eligible Distressed Area
Ingham County LBFTA is currently developing 10 new residential apartments and 5,000 square feet of first-floor commercial space in downtown Mason. The set aside units are limited to households at or below 60% area median income. The project leverages $485,000 in conventional debt, $426,800 in CDBG, and $50,000 in funding from Mason's Downtown Development Authority.

Dwelling Place of Grand Rapids, Inc.
Project Name: Herkimer
Location: City of Grand Rapids, Kent County
Awarded Amount: $468,379
Statutory Earmark: 30% Extremely Low Income/Homeless/Permanent Supportive Housing
Eligible Distressed Area
Dwelling Place of Grand Rapids, Inc. acquired and has substantially rehabilitated the historic Herkimer Building. A total of 55 one-bedroom units, including 40 supportive housing units, are completed at the site. The project leverages $15.9 million in financing.

ICCF Nonprofit Housing Corporation
Project Name: La Grave Apartments at Tapestry Square
Location: City of Grand Rapids, Kent County
Recommended Amount: $475,000
Statutory Earmark: 25% Rental Housing
Eligible Distressed Area
ICCF Nonprofit Housing Corporation anticipates developing 19 residential units and 3,000 square feet of first floor commercial square in the southern part of downtown Grand Rapids. The developer plans $3.6 million in leveraged funding from a variety of public and private sources. ICCF applied for Low-Income Housing Tax Credits during spring of 2014, but was not awarded tax credits. It is anticipated that the developer will re-apply for Low-Income Housing Tax Credits in the fall 2014 round.

Uptown Reinvestment Corporation
Project Name: Capitol Theatre
Location: City of Flint, Genesee County
Recommended Amount: $500,000
Statutory Earmark: Eligible Distressed Area
Uptown Reinvestment Corporation anticipates rehabilitating the historic Capitol Theatre Building in downtown Flint. Additionally, this will include the restoration of the 2,000 seat theatre and 25,000 square feet of office and retail space. The $10 million project is seeking New Market and Federal Historic Tax Credits, and has secured a variety of other private and public funding sources.

LINC Community Revitalization, Inc.
Project Name: Southtown Square
Location: City of Grand Rapids, Kent County
Awarded Amount: $500,000
Statutory Earmark: 25% Rental Housing
Eligible Distressed Area
LINC Community Revitalization Inc. has developed 44-units of mixed-income housing comprised of 24 apartment units in a 4-story, mixed-use elevator building with 7,200 SQFT of commercial space and 16 townhome units in the Madison Square business district of Grand Rapids. This is Phase II of the Southtown Square development that has already received commitments from the following funding sources: 9% LIHTC, NSP2, NSP3, and City of Grand Rapids HOME funds.

Home Renewal Systems, LLC
Project Name: The Gateway, Fremont Senior Apartments
Location: City of Fremont, Newaygo County
Awarded Amount: $450,000
Statutory Earmark: $25% Rental Housing
Home Renewal Systems, LLC is in currently in the process of redeveloping a historically significant re-purposed high school building originally built in 1926 to create 38 affordable, energy-efficient, senior apartments, with walkable access to downtown Fremont. The project is leveraging a mix of 9% LIHTC, federal historic rehabilitation tax credits, and permanent debt from conventional sources to complete the transaction.

S. Dot Development, LLC
Project Name: The West Grand Apartments
Location: City of Detroit, Wayne County
De-obligated Amount: $224,850
Statutory Earmark: 25% Rental Housing
Eligible Distressed Area
S. Dot Development, LLC was an applicant for HCDF funding that planned to renovate 27 units of mixed-income housing (21 units restricted to < 60% AMI) in a 3-story historic building originally constructed in 1920 along West Grand Boulevard near the I-94 interchange in Detroit. The developer is not moving forward with the development and the Housing and Community Development funds will be de-obligated and re-administered with an approved biennial plan.

Bethel Tower LDHALP
Project Name: Bethel Tower Apartments
Location: City of Detroit, Wayne County
Awarded Amount: $200,000
Statutory Earmark: 30 % Extremely Low Income/Homeless/Permanent Supportive Housing
Physical & Mental Handicaps/Eligible Distressed Area
Bethel Tower LDHALP rehabilitated a 120-unit, 8-story, high rise elevator apartment building and 26 townhouse units located in the Midtown neighborhood of Detroit as part of a recapitalization project that included 9% LIHTC, HUD 221d(4) permanent financing and owner cash/equity. The project will provide permanent supportive housing for persons with physical, mental, and/or emotional impairments.

Detroit Rescue Mission Ministries
Project Name: Douglas Permanent Supportive Housing
Location: City of Highland Park, Wayne County
Awarded Amount: $467,271
Statutory Earmark: 30% Extremely Low Income/Homeless/Permanent Supportive Housing
Eligible Distressed Area
Detroit Rescue Mission Ministries is in the process of developing a 70 unit, 3-story building located in Highland Park to provide permanent supportive housing for 70 homeless men. Renovations will include washroom, common area, roof and window upgrades. A HUD Permanent Supportive Housing grant and owner equity provides leverage.

New Programs Funded by National Mortgage Settlement

In 2012, Michigan's Attorney General and other participating state Attorneys General entered into a settlement with the five leading bank mortgage servicers resulting in the National Mortgage Settlement. The settlement required servicers to provide monetary sanctions and relief and mandated comprehensive reforms in mortgage loan servicing. Michigan received $97.2 million from the settlement for the purpose of creating the Homeowner Protection Fund. A portion of these funds were appropriated by the Legislature to MSHDA for new/re-funded programs. These programs, which received their second fiscal year of funding from the National Mortgage Settlement in FY 2014, are briefly described below.

The Housing and Community Development Fund: This existing program, which had not been funded since FY 2008, received $3.7 million from the settlement for eligible housing and community development projects. See "**Housing and Community Development Fund**" section above for more detail.

Blight Elimination/Demolition consists of $25 million to be used in cooperation with the Department of Human Services in targeted demolition projects in Detroit ($10 million) and statewide ($15 million):

- ***Michigan Land Bank (MLB) Demolition in Detroit***. From the beginning of the program to August 28, 2014, $8.0 million of the $10 million grant was expended or committed. (The specific breakdown for FY 2014 was not available.) The MLB demolished 768 structures in the targeted areas during this period.

- ***Statewide Demolition Project***. From the beginning of the program to August 28, 2014, 97% of the $15 million was awarded, 34 of the grantees were operationally active, and 23 grants were completed. (The specific breakdown for FY 2014 was not available.) The project was exceeding projections, as 74% of the structures had been demolished.

Foreclosure counseling and legal aid consists of $15 million to increase foreclosure counseling efforts statewide. In FY 2014, $10.8 million had been expended under this program.

Home affordable refinance program grants ($5 million) are grants to homeowners attempting to refinance under the federal Home Affordable Refinance Program (HARP). In FY 2014, 980 homeowners statewide had received HARP refinance closing-cost assistance, with a total of $464,500 being funded in that fiscal year.

Assistance to homebuyers program ($15 million) to issue grants to homebuyers, with a preference given to disabled veterans. In FY 2014, 4,700 homebuyers statewide had purchased homes under this program, of which approximately 7% (293 homebuyers) were service members. All $14.3 million for this program has been expended.

Michigan State University Extension foreclosure counseling ($5 million) for funds to be distributed to MSU-Extension offices for the purpose foreclosure counseling. A first disbursement of $1.25 million had been made under this program in FY 2013 and MSU Extension staff members had provided counseling to 945 households facing foreclosure.

Sec. 44c Pass-Through Reporting Requirement

Sec. 44c(13) requires owners of certain housing projects financed under the Pass-Through program to submit data to MSHDA. For FY 2014, data was received from one property, Emerald Springs II in Detroit. It shows that the average income of tenants in this 48-unit project was $19,134 and that it benefited the community by bringing in many programs, including a free lunch program for children. It also shows that there was no displacement, as residents were relocated to newly constructed units at Emerald Springs 1A and 1B. In terms of reinvestment activities by private lenders, the development had a $31 million total development costs and financing originated from a multitude of public and private sources. The demographic data show that many of the tenants were children (54% of residents were under the age of 18) and predominantly minority (96.8% of residents were non-white), and that the average family size was 2.9 persons. An estimated 15 construction jobs were created as a result of constructing the development, resulting in approximately $1 million in wages for each year of construction.

Michigan Broadband Development Authority

Section 32(17) of MSHDA's enabling legislation requires the Authority to conduct an annual review of all loans and financial instruments that require repayment, or lines of credit with the Michigan Broadband Development Authority (MBDA).

Executive Order No. 2008-20, approved in October of 2008, abolishes the Broadband Authority and transfers any remaining functions to MSHDA. As of June 30, 2014 the Broadband portfolio had 1 outstanding loan, with a total outstanding principal balance of $62,248. All outstanding commitment amounts were either drawn down, or forfeited by the borrowers, so there are no longer any commitments outstanding.

State Historic Preservation Office

MSHDA's Authorizing Act does not require reporting for the State Historic Preservation Office (SHPO), which was transferred to the Authority under Executive Order 2009–36. However, the Authority would like to share the information below about this important office within the Authority.

In 1966, in response to growing public interest in historic preservation, Congress passed the National Historic Preservation Act (NHPA), which required that each state establish a SHPO and that the governor of each state appoint an officer to oversee the preservation activities. In Michigan the governor also appoints the State Historic Preservation Review Board, which reviews nominations to the National Register of Historic Places. Each year Michigan receives a Historic Preservation Fund (HPF) grant from the National Park Service to operate its programs. The Michigan SHPO identifies, evaluates, registers, protects and encourages reinvestment in the state's historic buildings and neighborhoods and the protection of archaeological resources.

Michigan's SHPO manages a number of federal and state programs including the National Register of Historic Places, Section 106 of the NHPA (review of federal undertakings for their impact on historic and archaeological resources), and Michigan's Local Historic District Act. The SHPO also administers incentives programs to encourage reinvestment in historic buildings and neighborhoods, including Federal Historic Preservation Tax Credits, pass-through grants available to Certified Local Governments, and the Michigan Lighthouse Assistance Program funded through the sale of specialty license plates.

Grants and Tax Credits

Certified Local Government Grants

During FY14 the SHPO announced $146,865 in Certified Local Government (CLG) grants. The SHPO awards 10 percent of its Historic Preservation Fund grant to CLGs. The four grants were:

Certified Local Government/Partner Organization	Amount of Grant	Amount of Match	Historic Resource
City of Allegan	$3,100	$2,430	Downtown Historic District

City of Detroit/Belle Isle Conservancy	$63,665	$0*	Belle Isle Aquarium
City of Holland	$56,100	$37,400	Holland Museum
City of Mount Clemens	$24,000	$16,000	Grand Trunk Western Rail Station

*The 2014 grant was added to an open 2013 grant of $59,447 for a total grant of $123,142.The grantees are contributing $39,652 match for the 2013 grant. No additional match is required for 2014.

Michigan Lighthouse Assistance Grants
During FY14, the SHPO announced nearly $135,000 in Michigan Lighthouse Assistance Program grants toward the rehabilitation of five historic lighthouses. Since 2000 the Michigan Lighthouse Assistance Program has awarded more than $1.5 million in grants for the preservation of lighthouses. The program is funded through the sale of the Save Our Lights specialty license plates. The five grant projects are:

Recipient Organization and Lighthouse	County	Amount of Grant	Amount of Match
Great Lakes Lighthouse Keepers Association Cheboygan River Front Range Light	Cheboygan	$28,000	$14,000
Keweenaw Land Trust Manitou Island Light Station	Keweenaw	$19,970	$9,985
County of Menominee Menominee North Pier Light Station	Menominee	$20,000	$10,000
Huron County Road Commission Pointe Aux Barques Light Station	Huron	$26,633	$13,317
Port Austin Reef Light Association Port Austin Reef Light Station	Sanilac	$40,000	$20,000

Federal Historic Preservation Tax Credits
Historic Preservation Tax Credits continue to be an important tool for spurring private investment in vacant or underutilized buildings in Michigan cities. In 2014, 13 projects were approved and are moving forward. When completed, these projects will represent an estimated $99 million in investment resulting in a $211.9 million impact and 2,445 jobs.

Project Name	City	County	Est. Private Investment	Est. Fed Credit	Est. State Credit	Est. Total Credit
108 South Linn Street	Bay City	Bay	$300,000	$60,000	$0	$60,000
140 East Second Street	Flint	Genesee	$12,000,000	$2,400,000	$0	$2,400,000
400 Ionia Street SW	Grand Rapids	Kent	$34,000,000	$6,800,000	$0	$6,800,000
220 Eastern Avenue SE	Grand Rapids	Kent	$404,661	$80,932	$0	$80,932
204 East Main Street	Fremont	Newaygo	$1,096,300	$219,260	$0	$219,260
8 Saginaw Street	Pontiac	Oakland	$3,921,696	$784,339	$0	$784,339
70 West Alexandrine	Detroit	Wayne	$23,600,000	$4,720,000	$0	$4,720,000

711 West Alexandrine	Detroit	Wayne	$6,000,000	$1,200,000	$0	$1,200,000
275 Merton Road	Detroit	Wayne	$7,000,000	$1,400,000	$0	$1,400,000
1214 Griswold	Detroit	Wayne	$6,000,000	$1,200,000	$0	$1,200,000
1701 Trumbull	Detroit	Wayne	$450,000	$90,000	$0	$90,000
678 Selden Avenue	Detroit	Wayne	$1,200,000	$240,000	$0	$240,000
1301 Broadway	Detroit	Wayne	$3,000,000	$600,000	$0	$600,000
Total Projects			**$98,972,657**	**$19,794,531**	**$0**	**$19,794,531**

Designation and Survey

Commercial Historic Districts Listed in the National Register of Historic Places

A minimum of three times a year the SHPO presents nominations of historic sites to the National Register of Historic Places to the governor-appointed State Historic Preservation Review Board. During FY14 the board considered 18 different nominations, including 3 for downtown commercial historic districts: Alma, Escanaba and Owosso. As a result 300 property owners within those districts will be eligible to apply for Federal Historic Preservation Tax Credits, an incentive for them to rehabilitate historic buildings in downtown areas. In addition, SHPO staff assisted the US Forest Service (USFS) in the preparation of nominations for seven archaeological sites in the Hiawatha National Forest. The USFS submitted the nominations directly to the National Park Service for listing in the register.

Survey of Detroit Branch Banks and Apartment Complexes

A reconnaissance survey of Detroit architecture by consultants Mead & Hunt revealed the presence of a number of architecturally significant branch banks throughout the city. These buildings are often neighborhood anchors architecturally. Mead & Hunt recommended that further research be done on these important structures. In addition, the SHPO has received multiple nominations for older apartment complexes in Detroit as developers who are rehabilitating the buildings seek the Federal Historic Preservation Tax Credits. In FY14 the SHPO put out an RFP for an architectural historian to conduct historical research on Detroit's branch banks and apartment complexes and to develop historic context statements for both. This will allow the SHPO to more easily evaluate these types of resources in the broader context of such development in Detroit. The contract with Quinn Evans Architects began July 1, 2014.

Education and Outreach

Archaeology Education

The State Historic Preservation Office archaeology staff collaborated with the Michigan Historical Museum, Department of Natural Resources, on a number of educational events: *Michigan Archaeology Day*, held at the Michigan Historical Center; *Archaeology Days at Walker Tavern* Historic Site in Cambridge Junction; and *Fayette Heritage Day* at Fayette Historic Town Site in the Upper Peninsula. The archaeologists also collaborated with museum staff in the first ever *Dig Camp*, a day camp for kids that taught the STEM curriculum through the skills and practices employed by archaeologists, and taught elementary students as part of the Big History Lesson, an intensive program during which time third and fourth graders spend full-days for a week at the museum.

Community Outreach and Technical Assistance
SHPO shares technical expertise and guides community leaders, developers, contractors, and residents. The team provides guidance on the Secretary of the Interior Standards for Rehabilitation as they apply to the rehabilitation of historic residential and nonresidential buildings and consults with colleagues at the MEDC and MSHDA on redevelopment and adaptive reuse projects. Collaboration has been particularly close on the revitalization efforts taking place in Detroit, with the Michigan Main Street program, and in strengthening our relationships with communities in the Upper Peninsula. In FY14 SHPO outreach specialists participated in the Pure Michigan MiPlace Regional Team Meetings, which were held in prosperity regions throughout the state.

Michigan Modern: Design that Shaped America Symposium and Exhibition
From June 19 to June 21, 2014, the SHPO held Michigan Modern: Design that Shaped America, a symposium at Kendall College of Art and Design. This second symposium devoted to the topic brought together nationally known experts on Modernism and design to talk about Michigan's role as the epicenter of Modern design. Participants came to Michigan from across the country from as far away as Palm Springs, Miami and New York. The SHPO collaborated with the Grand Rapids Art Museum to redesign and install the companion exhibition of the same name, which was open at the GRAM from May 18 through August 24, 2014.

Governor's Awards for Historic Preservation
In May during National Historic Preservation Month, the SHPO presented the 2014 Governor's Awards for Historic Preservation.

Recipients	Project	Location
Michigan DNR, Michigan DTMB, Cornerstone Architects and BCI Construction	Rehabilitation of the Lake Michigan Beach House	Ludington State Park
Dr. John Hand and the late Nancy Hand	Stewardship of the Frederick Kennedy Jr. Farm and the Hugh Richard House	Hanover Township and Jackson
Michigan State Trust for Railway Preservation, Inc.	Restoration of the Pere Marquette Railway Steam Locomotive No. 1225	Owosso
Lafayette Place Lofts, LLC. West Construction Services and TDG Architects	Rehabilitation of the H. V. Mutter Building	Pontiac
Wayne State University, Quinn Evans Architects and McCarthy & Smith Inc.	Restoration of the McGregor Pond and Sculpture Garden	Detroit

Michigan Mezzanine Program

The Michigan Mezzanine Investment Fund ("MMIF") is an entity that is separate from MSHDA and is designed to be a vehicle to raise investor funds and make investments in market-rate residential and mixed-use residential/commercial developments within the state of Michigan.

No funds have yet been invested by the MMIF, as the program is still in the initialization phase. Efforts so far have been focused on key areas such as organizing the MMIF, developing and refining processes for evaluating developments, developing a pipeline of potential investment opportunities, and establishing relationships with potential investors. The next steps include securing funding commitments from investors, closing the MMIF, and continuing to identify, evaluate, and close on potential investments for the MMIF.

MI Neighborhood Initiative

The MiNeighborhood Program encourages communities to complement a Main Street or traditional commercial district revitalization program with a near neighborhood revitalization program. The MiNeighborhood program will provide technical assistance as well as guidance to resources available to residential areas that are in proximity (within a ¼- ½ miles) to traditional commercial districts. This program will help to further enhance downtowns and to promote positive changes in image, marketability, physical condition and appearance of the neighborhood.

In FY 2014, four communities were selected to participate in the program. During the 2013 program year, $5,414 was expended on trainings. Trainings consisted of Work Plan Development and Michigan Historic Preservation Education.

Over 750 hours of volunteer service has been documented at 8 events organized by the two MiNeighborhood Communities. Three new events were organized as a result of the MiNeighborhood Program. Eight façade renovation projects have been completed. One community has seen a decrease in blighted properties going from 21 to 10.

Michigan Land Bank

In 2014 the Michigan Land Bank Fast Track Authority (The "Land Bank") was transferred to MSHDA pursuant to Executive Order 2014-8. The Land Bank's mission is to stimulate economic growth and community revitalization, in a strategic and progressive manner, by fostering creative partnerships and utilizing land bank tools in order to restore property to a productive use. The Land Bank continues to exist as an autonomous entity within MSHDA.

The Michigan Land Bank's authorizing act requires a biennial report to be submitted to the Legislature describing the activities of the Landbank (MCL 124.772). A report was due in 2014 and was submitted simultaneously via email with the Production Goals Report. It is also available upon request.

EXHIBIT 1
FY 2014 Production and FY 2015 Goals

Program	FY 2014 Goal		FY 2014 Production		FY 2015 Goal	
Multifamily Direct Loans	$74,087,295	1,049	$66,249,084	843	$77,400,200	1,180
*Modified Pass Through Loans	$58,780,000	900	$37,560,000	678	$0	0
Single Family Loans	$70,500,000	979	$113,219,735	1,292	$82,000,000	1,010
Michigan Credit Certificate Program	$26,564,720	280	$18,435,894	273	$20,000,000	202
Property Improvement Program (PIP)	$800,000	70	$644,263	57	$650,000	62
TOTAL	**$230,732,015**	**3,278**	**$236,108,976**	**3,143**	**$180,084,196**	**2,454**

*No production is anticipated in the Modified Pass-Through Program in FY 2015 due to the current interest rate environment.

EXHIBIT 2
FY 2014 Commitments/Allocations of Federal Stimulus Funds

Program/Activity Type	Federal Act	Funding Source	Purpose	Amount
Neighborhood Stabilization Program (NSP2)	ARRA	ARRA NSP2	Acquire abandoned, foreclosed, vacant or blighted properties to be preserved, sold, demolished or maintained	$1,761,115
Neighborhood Stabilization Program (NSP1)	HERA	HERA NSP Entitlement Cities	Rehabilitating abandoned foreclosed properties for resale, demolition of blighted, abandoned and vacant properties to promote opportunities for future redevelopment.	$1,073,994
Foreclosure Mitigation Counseling	HERA	National Foreclosure Mitigation Counseling	Foreclosure prevention program	$281,670
Help for Hardest Hit Programs	EESA	Troubled Assets Relief Program (TARP)	Foreclosure prevention programs	$86,496,320
Total				**$89,613,099**

NOTES:
"HERA" = Housing and Economic Recovery Act of 2008.
"EESA" = Emergency Economic Stabilization Act of 2008.
"NSP" = Neighborhood Stabilization Program.

EXHIBIT 3
FY 2014 Single Family Loans

	New Homes	Existing Homes
# Loans	25	1,264
$ Volume	$18,985,585	$101,806,352
Average Loan	$115,061	$80,543
Average Home Sale Price	$120,700	$82,500
Average Income of Borrower	$47,713	$43,140
Average Age of Borrower	34	32
Average Family Size	2	2
% Minority Buyers	16%	17%
% Female Headed Household	40%	45%
% Below 55% of Median Income	76%	88%

NOTE: The Average Family Size reflects the average for both new and existing loans.

EXHIBIT 4
FY 2014 Michigan Mortgage Credit Certificate

	New Homes	Existing Homes
# Loans	4	153
$ Volume	$481,412	$15,053,058
Average Loan	$120,353	$98,386
Average Home Sale Price	$148,600	$102,301
Average Income of Borrower	$45,397	$40,146
Average Age of Borrower	32	31
Average Family Size	3	2
% Minority Buyers	25%	6%
% Female Headed Household	50%	36%
% Below 55% of Median Income	25%	50%
% First Time Homebuyer	75%	93.4%

EXHIBIT 5 FY 2014 Property Improvement Loans	
# Loans	53
$ Volume	560,119
Average Loan Amount	10,568
Average Income Of Borrower	42,045
Average Interest Rate	6
Average Age Of Borrower	52
Average Family Size	2.3
% Female Borrowers	56.6
% Borrowers Over Age 55	47.2
% Minority Borrowers	13.2
% Homes 40+ Years Old	81.1

EXHIBIT 6
FY 2014 Estimated Construction Jobs, Wages, Taxes

Program/Project	Jobs	Wages	Taxes
Eastside Manor	22	$1,459,613	$517,068
Cadillac Shores	31	$2,041,601	$723,237
Elmwood Park	72	$4,820,558	$1,707,682
Genesis West	2	$108,143	$36,579
The Village at Appledorn II	88	$5,860,526	$1,982,323
Cass Plaza Apartments	61	$4,071,674	$1,377,244
Cedarshores Apartments	53	$3,518,228	$1,246,332
Centre Street Village	28	$1,876,757	$664,841
Vineyard Place	53	$3,503,018	$1,240,944
Phelps Square	2	$124,500	$42,112
Multifamily Loans Subtotal	**411**	**$27,384,617**	**$9,538,363**
Tivoli Manor	25	$1,668,750	$591,155
The Village of Redford	59	$3,930,000	$1,329,323
Lansing Manor	20	$1,312,500	$464,953
Canton Place Apartments	45	$3,000,000	$1,062,750
Milham Meadows	77	$5,156,250	$1,826,602
Pass-Through Loans Subtotal	**226**	**$15,067,500**	**$5,274,782**
****Single Family Loans***	**143**	**$9,492,793**	**$3,210,937**
****Mich. Mortgage Credit Cert.***	**4**	**$240,706**	**$81,419**
Property Improvement Loans	**2**	**$140,030**	**$58,007**
TOTAL	**786**	**$52,325,645**	**$18,163,508**

*Only loans for newly constructed homes are included.

EXHIBIT 7
FY 2014 Grants to Non-Profit Organizations and Local Governments

GRANTS TO PREVENT HOMELESSNESS

Emergency Solutions Grants (ESG)

Grantee Name	City	County	Grant Amount
Barry County United Way	Hastings	Barry	40,762
Bethany House Ministries/Community Encompass	Muskegon	Muskegon	60,000
Bethany Housing Ministries Inc.	Muskegon	Muskegon	76,314
Blue Water Center for Independent Living	Port Huron	St. Clair	122,263
Blue Water for Independent Living	Caro	Tuscola	25,000
Blue Water Safe Horizons	Port Huron	St. Clair	146,415
Capital Area Community Services	Lansing	Ingham	75,892
Capital Area Community Services	Lansing	Ingham	63,031
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	71,969
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	102,345
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	22,104
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	53,486
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	89,810
Child and Family Services of Upper Peninsula, Inc.	Marquette	Marquette	65,294
Chippewa-Luce-Mackinac Community Action Agency	Sault Ste. Marie	Chippewa	97,037
Community Action Agency	Jackson	Jackson	63,628
Community Action Agency	Jackson	Jackson	178,590
Community Action Agency	Jackson	Jackson	11,050
Eightcap, Incorporated	Greenville	Montcalm	131,007
Eightcap, Incorporated	Greenville	Montcalm	73,041
Eightcap, Incorporated	Greenville	Montcalm	41,768
Emergency Shelter Services, Inc.	Benton Harbor	Berrien	187,187
Every Woman's Place	Muskegon	Muskegon	11,000
Gogebic Ontonagon Community Action Agency	Bessemer	Gogebic	51,702
Goodwill Industries of West Michigan	Muskegon	Muskegon	108,005

Homeless Action Network of Detroit	Detroit	Wayne	426,169
Housing Resource Center of Allegan County	Allegan	Allegan	68,294
Housing Resource Center of Allegan County	Allegan	Allegan	134,054
Housing Resources, Inc.	Kalamazoo	Kalamazoo	25,000
Housing Resources, Inc.	Kalamazoo	Kalamazoo	249,170
Housing Services for Eaton Co.	Charlotte	Eaton	106,503
KeyStone Place, Inc.	Centreville	St. Joseph	107,882
KeyStone Place, Inc.	Centreville	St. Joseph	60,248
Lenawee Emergency and Affordable Housing Corp.	Adrian	Lenawee	128,238
Lighthouse of Oakland Co., Inc.	Pontiac	Oakland	303,918
Macomb Homeless Coalition		Macomb	3,834
Macomb Homeless Coalition	Fraser	Macomb	257,126
Metro Community Development	Flint	Genesee	25,000
Metro Community Development Inc.	Flint	Genesee	243,929
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	74,664
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	97,828
Mid Michigan Community Action Agency, Inc.	Farwell	Clare	58,503
Midland Area Homes, Inc.	Midland	Midland	47,871
Monroe County Opportunity Program	Monroe	Monroe	149,901
NE Michigan Community Service Agency, Inc.	Alpena	Alpena	34,219
NE Michigan Community Service Agency, Inc.	Alpena	Alpena	72,877
NE Michigan Community Service Agency, Inc.	Alpena	Alpena	84,481
NE Michigan Community Service Agency, Inc.	Alpena	Alpena	146,016
NW Michigan Community Action Agency	Traverse City	Grand Traverse	58,793
NW Michigan Community Action Agency	Traverse City	Grand Traverse	71,731
NW Michigan Community Action Agency	Traverse City	Grand Traverse	318,923
Oakland Livingston Human Service Agency	Howell	Oakland	111,423
Ottawa County	Holland	Ottawa	191,590
Pines Behavioral Health	Coldwater	Branch	116,949
Summit Pointe	Battle Creek	Calhoun	104,420
TrueNorth Community Services	Fremont	Newaygo	121,370
United Way	Grand Rapids	Kent	266,865
United Way of Bay County	Bay City	Bay	109,753

United Way of Lapeer County	Lapeer	Lapeer	111,184
United Way of Mason County	Ludington	Mason	138,182
United Way of Saginaw	Saginaw	Saginaw	25,000
United Way of Saginaw County	Saginaw	Saginaw	150,673
Volunteers of America of Michigan	Lansing	Ingham	95,000
Volunteers of America of Michigan	Southfield	Oakland	270,913
Washtenaw County	Ann Arbor	Washtenaw	274,792
Wayne Metropolitan Community Action Agency	Wyandotte	Wayne	291,522
West Michigan Therapy, Inc.	Muskegon	Muskegon	58,524
Total ESG Grants			**$7,762,032**
NOTE: These grants also include HUD funding allocated in addition to the $4.1 million allocated by MSHDA.			

Statewide Partnership (SP) and Homeless Assistance (HA) Special Grants

Grantee Name	City	County	Grant Amount
Catholic Social Services of Washtenaw County	Ann Arbor	Washtenaw	$70,000
Chippewa-Luce-Mackinac Community Action Agency	Sault Ste. Marie	Chippewa	$25,000
Corporation for Supportive Housing	Brighton	Livingston	$100,000
Michigan Coalition Against Homelessness	Lansing	Ingham	$3,500
Michigan Coalition Against Homelessness	Lansing	Ingham	$100,000
Mid-Michigan Community Action Agency	Farwell	Clare	$20,000
Northwest Michigan Community Action Agency	Traverse City	Grand Traverse	$20,000
United Way of Mason	Ludington	Mason	$15,000
TOTAL SP & HA GRANTS			**$353,500**

Homeless Management Information System (HMIS)

Grantee Name	City	County	Grant Amount
Michigan Coalition Against Homelessness	Lansing	Ingham	163,175
Michigan Coalition Against Homelessness	Lansing	Ingham	652,700
TOTAL HMIS GRANTS			**$815,875**
*****Total Homeless Grants*****			**$8,931,407**

COMMUNITY DEVELOPMENT (CD) GRANTS

Community Development Block Grants (CDBG)

Grantee Name	City	County	Grant Amount
Alcona County	Harrisville	Alcona	$150,000
Barry County	Hastings	Barry	$250,000
Berrien County	St. Joseph	Berrien	$300,000
Branch County	Coldwater	Branch	$275,000
Buena Vista Charter Twp.	Saginaw	Saginaw	$200,000
Calhoun County	Marshall	Calhoun	$300,000
Cass County	Cassopolis	Cass	$250,000
Cheboygan County	Cheboygan	Cheboygan	$175,000
City of Adrian	Adrian	Lenawee	$389,625
City of Boyne City	Boyne City	Charlevoix	$195,100
City of Coldwater	Coldwater	Branch	$597,500
City of Hancock	Hancock	Houghton	$511,700
City of Hillsdale	Hillsdale	Hillsdale	$292,682
City of Houghton	Houghton	Houghton	$85,300
City of Ironwood	Ironwood	Gogebic	$121,900
City of Milan	Milan	Washtenaw	$640,200
City of Morenci	Morenci	Lenawee	$82,300
City of Tecumseh	Tecumseh	Lenawee	$287,200
Delta County	Escanaba	Delta	$207,300
Dickinson County	Iron Mountain	Dickinson	$175,000
Emmet County	Petoskey	Emmet	$200,000
Gladwin County	Gladwin	Gladwin	$175,000
Grand Traverse County	Traverse City	Grand Traverse	$300,000
Hillsdale County	Hillsdale	Hillsdale	$225,000
Iron County	Crystal Falls	Iron	$150,000
Isabella County	Mt. Pleasant	Isabella	$275,000
Isabella County	Mt. Pleasant	Isabella	$275,000
Jackson County	Jackson	Jackson	$300,000
Kalamazoo County	Nazareth	Kalamazoo	$300,000
Kalkaska County	Kalkaska	Kalkaska	$150,000

Leelanau County	Suttons Bay	Leelanau	$250,000
Lenawee County	Adrian	Lenawee	$300,000
Luce County	Newberry	Luce	$125,000
Marine City, City of	Marine City	St. Clair	$123,520
Mason County	Ludington	Mason	$175,000
Mason, City of	Mason	Ingham	$426,800
Menominee County	Menominee	Menominee	$175,000
Midland County	Midland	Midland	$225,000
Muskegon County	Muskegon	Muskegon	$300,000
Oceana County	Hart	Oceana	$175,000
Ogemaw County	West Branch	Ogemaw	$487,800
Oscoda County	Mio	Oscoda	$346,700
Ottawa County	Holland	Ottawa	$300,000
Roscommon County	Roscommon	Roscommon	$175,000
St. Joseph County	Centreville	St. Joseph	$275,000
Van Buren County	Paw Paw	Van Buren	$300,000
Village of Elk Rapids	Elk Rapids	Antrim	$182,900
TOTAL CDBG Grants			**$12,178,527**

HOME Funds			
Grantee Name	**City**	**County**	**Grant Amount**
Bay Area Housing, Inc.	Bay City	Bay	$287,800
Bethany Housing Ministries, Inc.	Muskegon	Muskegon	$95,000
Chippewa-Luce-Mackinac Comm. Action Agency	Sault Ste. Marie	Chippewa	$30,000
City of Lapeer	Lapeer	Lapeer	$186,098
Gogebic Ontonagon Comm. Action Agency	Bessemer	Gogebic	$30,000
Habitat for Humanity of Michigan	Lansing	Ingham	$1,100,000
HomeStretch	Traverse City	Grand Traverse	$30,000
Hometown Housing Partnership Inc.	East Lansing	Ingham	$30,000
Hometown Housing Partnership Inc.	East Lansing	Ingham	$568,750
LINC Community Revitalization Inc.	Grand Rapids	Kent	$15,000
NCCS Center for Nonprofit Housing	Fremont	Newaygo	$15,000
Roscommon County	Roscommon	Roscommon	$213,300
Sturgis Neighborhood Program	Sturgis	St. Joseph	$30,000
Total HOME Fund Grants			***$2,630,948***

EXHIBIT 8

FY 2014 Low Income Housing Tax Credits Allocated

TOTAL GRANTS $14,809,475

Project Name	Location	Type	Units	Credit
20 Fulton Street East Apartments	Grand Rapids	Family	23	$1,036,415
20 Fulton Street East II Apartments	Grand Rapids	Family	22	$991,815
345 State Street Apartments	Grand Rapids	Family	34	$1,183,982
Berrien Homes	Benton Harbor	Family	160	$1,408,400
Carson Square Apartments	Traverse City	Family	36	$507,007
City Hall Artists Loft	Dearborn	Family	46	$792,101
Colony and Fisher Arms Apt.	Detroit	Family	161	$1,500,000
Edgewater Place Apartments	Three Rivers	Family	78	$450,745
Elaine Apartments	Jackson	Elderly	33	$864,222
Gardenview Estates Phase 4	Detroit	Family	37	$590,608
Grafton Townhomes	Eastpointe	Family	48	$1,008,402
Heritage Lane	Jonesville	Family	44	$664,408
Hiawatha Apartments	Iron River	Family	32	$294,678
Houghton Creek Apartments	Rose City	Elderly	16	$97,672
Jennings Senior Living	Detroit	Elderly	46	$719,059
Maple Tower	Ann Arbor	Family	135	$1,340,242
Maplewood Manor	Bay City	Elderly	158	$987,839
McDonnell Tower	Southfield	Elderly	162	$1,089,456
McKinstry Place	Detroit	Family	25	$581,173
Mill Creek Apartments	Standish	Family	24	$154,538
Parkview Apartments	Niles	Family	80	$542,000
River Park Place	Southfield	Family/Elderly	244	$1,495,473
River Run	Ann Arbor	Family	116	$1,006,185
Riverside Manor Apartments	Au Gres	Family	32	$193,394
Sheldon Place III	Gaylord	Elderly	28	$275,688
Strong Housing	Ypsilanti	Family	112	$1,499,850
Swayze Court Apartments	Flint	Family	36	$676,290
Teitel Apartments	Oak Park	Elderly	148	$1,022,998
Wade H. McCree Estates	Ecorse	Family	200	$1,500,000
Willow Haven II	Linden	Family	20	$410,534
Total: 30 Developments			**2,336**	**$24,885,174**

EXHIBIT 9. FY 2014 Low Income Housing Tax Credits Denied		
Project	**City**	**Reason**
435 LaGrave at Tapestry Square	Grand Rapids	Did Not Meet Threshold
Berkshire Paw Paw Senior Housing Community	Paw Paw	Did Not Meet Threshold
Bicentennial Tower	Detroit	Did Not Meet Threshold
Burton Commons	Ann Arbor	Did Not Meet Threshold
Cornerstone Gardens Apartments	Cadillac	Low Score
Decatur and Lawrence Downs	Decatur/Lawrence	Low Score
Enchanted Glen	Colon	Low Score
Grand Trunk Crossings	Detroit	Low Score
Heather Gardens	Kalamazoo	Low Score
Lake Harbor	Charlevoix	Low Score
Lakewood Square	Detroit	Did Not Meet Threshold
Liberty Village	Lansing	Low Score
Lincoln House	Owosso	Low Score
Lloyd House II	Menominee	Did Not Meet Threshold
Maple Heights Apartments	Saline	Low Score
Marsh Pointe Apartments	Haslett	Low Score
Mill Point Place	Spring Lake	Low Score
New Parkridge Homes	Ypsilanti	Low Score
Otsego Apartments	Jackson	Low Score
Passenger Arts Lofts	Detroit	Did Not Meet Threshold
Phoenix Veterans Apartments	Flint	Low Score
Prestwick Village Apartments	Holt	Low Score
Riverfront	Lansing	Low Score
Riverwoods	Newaygo	Did Not Meet Threshold
Ryan Court Apartments	Detroit	Low Score
Springview Square	Battle Creek	Did Not Meet Threshold
STHA St. Ignace Elder Complex	St. Ignace	Low Score
The Abigail	Lansing	Did Not Meet Threshold
The Village of Hillside	Harbor Springs	Did Not Meet Threshold
Unity Park Rentals II	Pontiac	Low Score
Village Manor	Sturgis	Did Not Meet Threshold
Wellington Square I	Detroit	Did Not Meet Threshold
Wellington Square II	Detroit	Did Not Meet Threshold
West Creek Terrace	McBain	Low Score
Winston Square	Detroit	Did Not Meet Threshold
Total: 35 Developments		

Exhibit 10
Changes to the Qualified Action Plan (QAP) made During FY 2014

The text below discusses the major changes made to MSHDA's QAP during FY 2014.

2015-2016 QUALIFIED ALLOCATION PLAN
STAFF REPORT

INTRODUCTION

In 2012, the 2013-2014 Qualified Allocation Plan (QAP) was adopted and represented the first significant re-write and overhaul of the QAP that had taken place in quite some time. Since that time, as with any policy document, it has become apparent that certain modifications need to be made to reflect shifting policy priorities, changes in market conditions, and lessons learned from the previous QAP. To accomplish these modifications, MSHDA has worked closely with stakeholders in various focus groups, meetings, and conversations. Based on these many discussions, MSHDA has determined that there should be three areas of focus for the redevelopment of the QAP for 2015-2016:

1) A strengthened focus on project location and placemaking concepts
2) Resource efficiency
3) Continued improvement and modification of policy objectives.

To accomplish these items, several changes have been made throughout the QAP, Scoring Criteria, and accompanying program documents. Following is a list of some of the more significant revisions to the 2015-2016 Qualified Allocation Plan, Scoring Criteria, and other related policies. This is not intended to be an all-encompassing list. Therefore, in addition to reviewing this list, stakeholders are encouraged to review all of the documents in their entirety to gain a full understanding of what is contained within them.

PLACEMAKING

"Placemaking" is centered around the concept that people choose to live in places that offer the amenities, resources, and opportunities to support thriving lifestyles. In an effort to revitalize communities across the state, the various funding programs that are available should take into account the types of places where workers, entrepreneurs, and businesses want to locate, invest and expand. Further, as it relates to affordable housing, these same characteristics of locations are often critical to the success of any housing development.

In the previous QAP, MSHDA took significant steps to incorporate much of the place-based criteria that are involved in strategic placemaking. In the 2015-2016 QAP, further improvements in this area were needed. Some of the more significant modifications are as follows:

LOCATION-BASED POINTS

Location is one of the primary components of placemaking. Because of this, the 2015-2016 QAP Scoring Criteria has a heavier weight on a project's location than has been the case in prior QAPs. To assess the strength of a project's location, the competitive scoring criteria will continue to use a project's walkscore to measure the amount and location of available amenities within close proximity of the site. To address stakeholder concerns about the accuracy of this assessment, MSHDA has agreed to a formal process with Walk Score that will allow applicants to contact Walk Score directly to get their project's walkscore corrected/updated if necessary. Walk Score will respond to applicants within a specified amount of time, which will allow applicants to be able to have an up-to-date score when they submit an application. Placing a greater emphasis on this scoring criterion should give priority to more connected and walkable sites and is a strategy that aligns with place-based development.

PROXIMITY TO TRANSPORTATION

The previous QAP introduced a provision awarding points to projects that are located within 1/10 of a mile of a public transit stop or for projects that have the ability to make some other form of regularly scheduled transportation available to the tenants. Since this criterion was incorporated into the QAP, it has become apparent that some of the other nonpublic transportation services that come directly to a site may not be able to provide the same level of service that public transit can provide. The 2015-2016 QAP now allows for two different scoring levels in this area. Projects that are located near public transit or that have the ability to provide a similar level of service directly to the site will receive full points, while those that are able to provide a lesser level of service will receive partial points. This assessment will primarily be made based on the accessibility, capacity, and reliability of the transportation being provided.

PLACE-BASED COMPETITIVE SCORING CRITERIA

To clearly demonstrate the emphasis that has been put on placemaking strategies and concepts, a Placed-Based Criteria section has been created within the 2015-2016 LIHTC Scoring Criteria. Many of the competitive scoring items that are contained within the Place-Based section are similar to what was contained within the previous QAP. However, this realignment places a clearer emphasis on MSHDA's focus on placemaking. Additionally, many of these place-based scoring items were revised to make the requirements clearer and to better align with the development outcomes that the QAP is seeking to achieve.

RESOURCE EFFICIENCY

One of the primary objectives, as identified by MSHDA and stakeholders, was the need for efficient use of the LIHTC. Given the decline in other available resources used for the development of affordable housing, it is particularly important that this scarce resource be utilized as efficiently as possible to assist with the unmet demand for affordable housing. Below are some of the revisions that were incorporated into the 2015-2016 QAP in an attempt to be more efficient with the limited 9% LIHTC resource:

PRESERVATION PROCESS AND STRATEGIES

In the past, there have been several preservation projects that have applied for and received an award of 9% LIHTC that could have potentially been completed using an affordable housing program that doesn't provide as much subsidy as the 9% LIHTC program provides. In an attempt to try to better align projects and the available resources, the 2015-2016 QAP includes a revision to the application process requiring any preservation project to first apply for consideration as part of MSHDA's Gap Financing Program before it would be determined to be eligible to submit an application for 9% LIHTC. MSHDA will conduct a preliminary assessment of the project's underwriting, location, market, and development team, and determine if the proposal would be suitable to proceed as a 4% LIHTC project, with a MSHDA tax-exempt loan, and gap financing. If the project does not appear that it could be completed using these sources of financing, the project would be eligible to apply for 9% LIHTC in the Preservation Category.

This modified process is specifically required for preservation transactions since they are traditionally better positioned to be financially viable absent the use of the 9% LIHTC. This revised process allows for the potential for greater resource efficiency because it should allow the 9% credit to go to projects that actually need it, while other projects may be able to be completed using a MSHDA tax-exempt loan, gap financing, and 4% LIHTC.

COST CONTAINMENT

A scoring factor to evaluate a project's total development costs was introduced in the prior version of the QAP. While the method that was put into place in the prior QAP (evaluating cost per-square-foot based on three different construction-types) will remain in place, some modification to it was necessary to allow for the metric to be more sensitive to the amount of costs a project has, which should have a greater impact on the score the project will ultimately receive. MSHDA believes this modification is necessary to encourage applicants to put a greater focus on the total overall costs of their projects, which in turn should help to make affordable housing resources as a whole go further.

CREDIT EFFICIENCY

In addition to measuring the overall cost of a project, stakeholders expressed an interest in placing a focus on the actual amount of LIHTC being used in a particular project. Accordingly, a scoring metric has been created to measure the credit efficiency of a development, in an effort to make the actual credit go further and to enable the completion of more projects. The credit efficiency metric is based on a credit-per-LIHTC unit approach in which projects of similar construction-type will be measured against each other. This analysis is somewhat similar to the cost containment metric discussed above, however, the credit-per-unit metric is weighted more heavily than that the cost per-square-foot metric. This metric is being added as an additional way to place more emphasis on being resource efficient, and to put additional focus on credit usage, as opposed to simply looking at a project's total costs.

DEVELOPER FEE

Several years ago, MSHDA worked closely with stakeholders to modify the developer fee calculation and limit that was in place at the time. The result of those conversations was a more liberal calculation of the amount of developer fee that could be earned per project, as well as an increase in the overall cap on the developer fee. As resources have become scarcer and the need to stretch available funding sources has increased, MSHDA believes the developer fee calculation and cap need to be modified to help ensure the LIHTC resource is being used efficiently.

Accordingly, in the 2015-2016 QAP, the developer fee cap and calculation method have both been modified. In the prior QAP, the developer fee was calculated based on 15% of total development costs, up to a maximum of $1,800,000 for 9% LIHTC projects. The 2015-2016 QAP now determines the developer fee using a calculation of 7.5% of acquisition costs and reserves, plus 15% of all other project costs, with a maximum fee of $1,500,000. This modification still allows the allowable fee to be at a competitive level when comparing Michigan to the policies that other, surrounding states have in this specific area. Additionally, the maximum developer fee that is available for projects using tax-exempt bond financing and 4% LIHTC has been reduced to $2,100,000.

ACHEIVEMENT OF POLICY OBJECTIVES

The primary purpose of the LIHTC program is to provide appropriate affordable housing for some of our neediest citizens, while also spurring economic development within our communities. In that context, the following modifications to certain policy objectives were incorporated in the QAP and/or its related documents:

PERMANENT SUPPORTIVE HOUSING (PSH)

The PSH category and scoring have been modified to iterate on the theme of the previous QAP, which was to focus more on the quality and type of supportive housing, as opposed to the quantity being provided. In an attempt to continue to accomplish this, more emphasis has been placed on the previous experience that the development team has in doing PSH developments, and on the coordination of services and service funding, among other things. Additionally, more points have been added to this section of the scoring criteria to place a greater emphasis on the PSH-related components of these projects when determining which PSH projects will ultimately receive an award of LIHTC.

LOW INCOME TARGETING

The low income targeting portion of the competitive scoring criteria was modified in a few different areas. The first modification will allow for 100% Permanent Supportive Housing (PSH) projects to be able to receive these points, which were previously unavailable to them. Points in this scoring criteria for PSH deals will now be achieved based on the number of PSH units in the project rather than the income level being served, since PSH tenants are typically extremely low income.

Secondly, a modification was made to reduce the total number of points available that a project can achieve for deeper income targeting of some of the units in the development. In the current LIHTC environment, particularly for developments that do not have rental assistance or are not using any form of gap financing, it has become increasingly more difficult to structure a development that will be financially feasible for at least the 15-year compliance period. This issue has become more prominent recently, and is largely due to the expiration of the fixed 9% credit rate and the fact that projects must now be underwriting using the floating 9% credit rate. Reducing the number of points and the overall weighting of this scoring criterion allows for applicants to incorporate fewer deeply targeted units so that they can have a viable project and also minimizes the negative impact on the project's overall scoring.

Because various proposals have been presented at the Federal level that would extend the rate lock for the 9% credit to allow it to be at a true 9% rate, language has been incorporated into the scoring criteria indicating that the points scoring factors related to low income targeting will be doubled, resulting a maximum point total of 20 points, should legislative changes be made to lock the credit rate at a true 9% in the future. This language is being incorporated to account for the concept that extension of the fixed 9% rate would allow for projects to remain financially viable while being able to do a greater level of deep income targeting.

Finally, the low income targeting scoring criterion was also modified to eliminate the additional points that a project with Project-Based Rental Assistance (PBRA) could receive, which were previously unavailable to other projects without PBRA. To be clear, there are still other points within other areas of the scoring criteria specifically for projects that are using Project Based Tenant Subsidies. In general, projects in all categories – Preservation, Open, and PSH – now have the ability to achieve the same maximum score of 10 points under the low income targeting criteria; they just achieve these points in different ways.

TAX ABATEMENT POINTS

MSHDA believes there is a benefit to a project having a Payment in Lieu of Taxes (PILOT), but not such a benefit that a project not be able to receive an award if it does not have one. If a project is able to proceed and be financially viable without the use of a PILOT, it should at least be able to have a competitive chance in the scoring and award process and not be forced to obtain an unnecessary PILOT, which in turn places unnecessary burden on the municipality. Therefore, the number of points that are available for a project having a PILOT have been significantly reduced.

NATIVE AMERICAN HOUSING

While a greater emphasis has been placed on a project's location in the 2015-2016 QAP, there are many American Indian Reservations which have a significant unmet need for affordable housing. Recognizing that there is indeed a serious demand in these unique locations, points were added to the scoring criteria for Native American Housing. To achieve these points, the project must be sponsored by a federally recognized tribe and be located within the jurisdiction and/or service area of that tribe or its Tribally Designated Housing Entity (TDHE), must leverage a significant amount of NAHASDA or other tribal funding, and must show significant need by demonstrating a significant waiting list for tenancy at the proposed housing development.

GENERAL PARTNER/OWNER EXPERIENCE POINTS

An area that continuously evolves with the modification of the QAP is how an owner's previous experience is evaluated. As market conditions change, it is often necessary for these criteria to be adjusted to provide for a more accurate analysis. In the 2015-2016 QAP, these points have been modified in a few different ways from the prior QAP. First, the total number of points available and the total number of projects needed to get the maximum points have been reduced. Additionally, only LIHTC projects that have been completed and placed in service within the last fifteen years will count toward an owner's experience points. Lastly, in an effort to make sure a partnership is real and credible in cases where there are co-general partners/members, an entity must be a guarantor for the equity investment and project financing in order for its experience to be counted for points.

MICHIGAN-BASED BUSINESS POINTS

For many years, the competitive scoring criteria has contained various point items intended to preference entities that are based in Michigan. While MSHDA believes it is important to support those companies that are based in Michigan, it is also important to have a process that is truly competitive, potentially creating an environment that is more likely to produce new ideas and practices in affordable housing. To continuing with these state-based preferences in place would serve as a barrier-to-entry for out-of-state developers/operators to be competitive. Therefore, the Michigan-based points related to the owner, management company, and development team members have been eliminated.

APPLICATION QUALITY

In recent years, there has been a significant decrease in the quality of applications that are being submitted for LIHTC. In response to the continued lack of quality in the applications that have been submitted, a new threshold requirement was created allowing MSHDA to deny an application for LIHTC if the application is materially inaccurate and/or inconsistent throughout. While there has always been a provision in the QAP that would allow MSHDA to deny an application for this reason, including this provision as one of the threshold criteria simply makes this requirement more prominent.

MARKET STUDY PROCESS

The timing of the market study process has been revised to require that an applicant has a completed market study at the time they submit an application, where in the past an applicant has simply been required to order the market study with the application. There is no change to the actual process for ordering and having a study completed, just a change in the timing of when the study must be done. This change allows for at least a couple of benefits: 1) quicker processing of applications that are submitted in the funding round, which means the round should be completed sooner; and 2) allows the developer and MSHDA to have the market data sooner so the applications can be submitted with rents that are supported by a market study.

EXHIBIT 11 FY 2014 Technical Assistance Spending			
Consultant	Organization Receiving TA	Type of TA	Contract Amount
Abraham & Gaffney PC	NEMAH (Forensic Auditing)	Capacity Building/Direct TA	$24,472
Linda Brockway (ECHO) Economic Consultants for Housing Opps.	MSHDA (Marketing & Property Assessment)	Capacity Building/Direct TA	$14,990
Harold Mast Consulting, LLC	Family Service Agency of Mid-Michigan	Capacity Building/Direct TA	$6,535
ETC Training Services Group	MSHDA (UPCS Training)	Capacity Building/Indirect TA	$24,750
Franke Consulting Group	MSHDA (Federal Regulations)	Capacity Building/Indirect TA	$21,500
Nonprofit Network	MSHDA (Habitat for Humanity)	Capacity Building, Indirect TA	$21,325
Jeremy Westcott, LLC dba ETC Training Services Group	MSHDA (UPCS Training)	Capacity Building, Indirect TA	$43,000
ETC Training Services Group	MSHDA (UPCS Training)	HOME - Capacity Building/Indirect TA	$24,250
Hager Consulting, LLC	Community Action Agency of Jackson (Grant Mgt)	CDBG - Capacity Building/Direct TA	$34,600
CoC Strategic Suppport,LLC	MSHDA (Continuum of Care)	Supportive Housing	$67,753
ETC Training Services Group	MSHDA (UPCS Training)	CHDO-Capacity Building/Indirect TA	$22,500
CEDAM	MSHDA (Comprehensive Training)	CHDO-Capacity Building/Indirect TA	$250,000
Capital Access	NSP2 Closeout and Proj. Mgt.	Capacity Bldg/Direct TA	$49,050
Capital Access	NSP2 Closeout	Capacity Bldg/Direct TA	$48,500
Capital Access	NSP2 Closeout and Proj. Mgt.	Capacity Bldg/Direct TA	$44,700
Capital Access	NSP2 Closeout and Proj. Mgt.	Capacity Bldg/Direct TA	$46,000
Capital Access	NSP2 Closeout and Proj. Mgt.	Capacity Bldg/Direct TA	$638,200
TOTAL			$1,406,494