



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

KEITH MOLIN
EXECUTIVE DIRECTOR

MEMORANDUM

TO: INTERESTED PARTIES
FROM: NORMAN HARROD
SUBJECT: APPLICATION PROCESSING UPDATES
DATE: FEBRUARY 10, 2010

Timing Relief for Certain Third Party Reports: On January 29, 2010, the Authority posted a memorandum regarding the possible extension of the Federal Tax Credit Exchange Program, which is currently being considered in Congress. Although there is no certainty that the program will be extended at this time, the Authority is confident that it will be. As a result, the Authority intends to accept Notices of Intent to Apply for 9% Equity Support Program funding simultaneously with applications for 9% Low Income Housing Tax Credits during the March 1, 2010 general funding round.

Given the timing challenges associated, the Authority will provide the following options to provide increased flexibility for applicants submitting applications in the upcoming March 1, 2010 General Funding Round.

Environmental Studies: Environmental Studies must be submitted no later than April 1, 2010. Applicants choosing to utilize this option must submit evidence in their March 1, 2010 9% tax credit application that the Environmental Study has been contracted for and will be submitted to the Authority no later than April 1, 2010. Environmental studies submitted after this date will not be accepted. Additionally, applicants who are also requesting 9% Equity Support Program funding should make their environmental consultants aware that a NEPA review may be required in the event a 9% Equity Support award is made with federal funding.

Capital Needs Assessments:

Applicants Requesting ONLY tax credit awards: The QAP does not fundamentally require a Capital Needs Assessment (CNA) at the time of initial application for any given rehabilitation project. In practice, however, most applicants seeking credit awards for preservation projects provide a CNA in an effort to qualify for the points available in Section F, items #4, #6 and #7, of the Scoring Summary. To receive those points, applicants must provide a Capital Needs Assessment prepared by an architect or engineer licensed in the State of Michigan.

Applicants seeking these points must submit evidence in their March 1, 2010 application that the CNA has been contracted for and will be submitted to the Authority no later than April 1, 2010. Capital Needs Assessments submitted after this date will not be considered for points under the Scoring Summary.



Finally, if an applicant is not seeking the points, the CNA is not required for preservation projects until the time of Tax Credit Commitment.

Applicants Requesting 9% Equity Support Program Funding: The 9% Equity Support Program is subject to the Authority's Direct Lending Parameters, as a result, all 9% Equity Support applications involving the rehabilitation of residential housing will be required to submit a Capital Needs Assessment for underwriting purposes. There are two possibilities—projects that have already ordered a CNA and those that have not.

- Applicants who have already obtained a CNA from another provider may submit those reports with their application on March 1st. Acceptance of CNA reports from other providers is at the Authority's sole discretion and will be based on an Authority review of the CNA submitted by the applicant.

Applicants for 9% Equity Support Program funding who have already ordered their CNA must submit evidence with their March 1st application demonstrating that the CNA has been contracted for and will be delivered to the Authority no later than April 1, 2010.

- Applicants for 9% Equity Support that have not yet ordered a CNA will be required to obtain their CNA contracted by the Authority through MSHDA's CNA provider.

If intending to apply for the applicable preservation points under the QAP, applicants should submit evidence with their March 1, 2010 application that the CNA has been contracted and is in progress. ***Applicants seeking points are encouraged to order a CNA as soon as possible to expedite the process and ensure that the CNA arrives by April 1, 2010.***

If no preservation points are desired, applicants must only submit the requisite CNA fee with their March 1, 2010 application. For projects that are not requesting the applicable preservation points, sponsors should note that, we do not intend to order Capital Needs Assessments without consulting with project sponsors after project self-scores from the March general round have been published.

Applicants should contact John Hundt to identify the requisite fee and to order the CNA.

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- Applicants requesting 9% Equity Support Program funding who have not yet ordered a CNA must submit their March 1 application using a “safe harbor” assumption that up-front Replacement Reserve funding of \$4,000 per unit will be required. Upon completion of the CNA, this figure will be revised based upon the results, and sponsors will be provided an opportunity to adjust their sources and uses budgets accordingly. Failure to provide adequate funding for the replacement reserve may result in a determination that a project is not economically feasible.

- Points available for preservation projects based on the scope of work will not be awarded for projects that use the safe harbor figure but do not obtain a CNA prior to April 1.
- As we did in the 2009 general round, the Authority intends to release a summary of applications received and self-scores. We also intend to allow applicants who determine their projects are not likely to be funded to voluntarily withdraw their application prior to MSHDA ordering market studies or capital needs assessments.

Please note that these one-time flexible options are considered necessary given the uncertain timing and changing environment for the March 1, 2010 General Funding Round and are not to be construed as a standard practice going forward.

Questions or Comments: Any questions or comments about this notice may be directed to:

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