



MEMORANDUM

DATE: June 26, 2024

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

FROM: John A. Hundt, Housing Development Manager *JAH*

SUBJECT: **UPDATE:** Round 18 Gap Financing Program – Notice of Intent to Apply Ranking Projections

Attached are **updated** initial rankings for the Notice of Intent stage of MSHDA's Gap Financing Program for Round 18. Of those, 63 proposals remain in the Round as two have withdrawn.

Since the original notice was made on June 14th, we have made two corrections to the ranking categories. We mistakenly included the El Morda Apartments proposal that is an adaptive reuse under the "Acquisition Rehab Transaction" category. It has now been moved under the "New Construction Urban Areas" category. Also, the Houghton Housing proposal was mistakenly included under the "New Construction / Rural Areas" category. It has now been moved under the "Acquisition Rehab Transactions" category. See attached updated rankings spreadsheet.

In addition, due to the late posting of the rankings, proposals will be given until July 31, 2024, to submit their request for their Market Studies, and the Capital Needs Assessments (CNA) where required. Applicants that need an extension of the September 2, 2024 deadline to submit the full Application should contact MSHDA staff and they will be given additional time.

These **updated** initial rankings are broken down into the following four areas MSHDA made the resources available:

1. Acquisition/Rehabilitation
2. New Construction / Rural Areas
2. New Construction / Urban Areas
3. Strategic Transactions

As the Round 18 program update stated, \$8 million will be available for Strategic Developments. This may include, but is not limited to, applications that demonstrate transformative neighborhood revitalization, and/or unique financial funding and leveraging opportunities, and/or the opportunity to promote significant job growth in proximity to such housing, and/or projects representing a new and strategic partnership supporting an emerging developer. Decisions on whether proposals will be funded from the strategic category will be made at a later date. Should MSHDA decide not to allocate all the funding in the Strategic Category, it may be distributed to the remaining three categories or carried forward to a future round.

\$31.9 million is available at this time for the non-strategic categories. Based on the attached projections, there are currently enough gap dollars to fund the shaded proposals within the first three tables. The sponsors of the unshaded proposals will need to decide if they will be able to get their MSHDA gap funding needs to a level where their proposal can be ranked competitively. The sponsors of the shaded proposals will need to work to maintain their positions. All applicants choosing to continue to compete for the \$31.9 million must submit a complete Application Submission Phase package to the Authority by September 2, 2024.

Applicants should be aware that development costs are expected to change as MSHDA begins processing the Application package due to more refined data/information concerning sources and uses, market study results, and Capital Needs Assessment outcomes. Therefore, the attached rankings are projections at this time and are subject to change as the complete application is submitted and processing continues.

If you have any questions regarding the above or about these initial projections, please contact John Hundt at (517) 388-6121.

Attachment

Table #1

Round 18 NOFA Pipeline - Notice of Intent to Apply Projections

Acquisition Rehab Transactions

Table with 10 columns: Project Name, City, Sponsor Contact, Projected Permanent Tax Exempt Loan, Projected Tax Exempt Construction Loan, Total Gap Funds Needed, Existing Reserves, Net Gap Funding to Hard Debt Ratio, MSHDA Projected Per Unit Gap Funding, Total Units.

Summary table for Table #1 showing Totals = \$71,173,668, Gap Funding Available = \$3,000,000, Shaded Proposals = \$19,538,315, Remaining Balance = \$541,225.

Table #2

Round 18 NOFA Pipeline - Notice of Intent to Apply Projections

New Construction / Rural Areas

Table with 10 columns: Project Name, City, Sponsor Contact, Projected Permanent Tax Exempt Loan, Projected Tax Exempt Construction Loan, Total Gap Funds Needed, Existing Reserves, Net Gap Funding to Hard Debt Ratio, MSHDA Projected Per Unit Gap Funding, Total Units.

Summary table for Table #2 showing Totals = \$65,907,417, Gap Funding Available = \$11,500,000, Shaded Proposals = \$25,270,591, Remaining Balance = \$1,750,200.

Table #3

Round 18 NOFA Pipeline - Notice of Intent to Apply Projections

New Construction / Urban Areas

Table with 10 columns: Project Name, City, Sponsor Contact, Projected Permanent Tax Exempt Loan, Projected Tax Exempt Construction Loan, Total Gap Funds Needed, Existing Reserves, Net Gap Funding to Hard Debt Ratio, MSHDA Projected Per Unit Gap Funding, Total Units.

Summary table for Table #3 showing Totals = \$159,512,057, Gap Funding Available = \$14,900,000, Shaded Proposals = \$28,787,097, Remaining Balance = \$67,482.

Overall summary table showing Overall Totals = \$367,823,816, Overall Gap Funding Available = \$29,968,677, Overall Gap of Shaded Proposals = \$27,041,093, Overall Remaining Balance = \$2,927,584.