

PROGRAM OUTLINE

| Overview | <p>The Employer-Assisted Housing Fund, administered by the Michigan State Housing Development Authority (MSHDA), is a housing development investment tool that will bring employers, local units of government, housing development professionals, and the State of Michigan together to produce much needed housing solutions for income-eligible households. Utilizing MSHDA's Missing Middle program infrastructure (underwriting standards, online portal, staffing, and income targets of up to 120% of Area Median Income (AMI) this program will incentivize employers to address the housing needs of their employees and others who meet income eligibility by matching their own investment with resources that only the State of Michigan can provide.</p> | | | | | | | | | | | |
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| Goal | <p>To incentivize employers to participate in the creation of housing opportunities for the local workforce.</p> | | | | | | | | | | | |
| Size of Program | <p>Initial allocation of \$10,000,000.</p> | | | | | | | | | | | |
| Funding Pool Timing | <table border="1"> <thead> <tr> <th data-bbox="440 1037 789 1100">Funding Pool</th> <th data-bbox="789 1037 1127 1100">Pool Opening Date</th> <th data-bbox="1127 1037 1474 1100">Funding Available</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1100 789 1199">Large Businesses (≥100 employees)</td> <td data-bbox="789 1100 1127 1199">Monday, February 24, 2025</td> <td data-bbox="1127 1100 1474 1199">Up to \$8,000,000</td> </tr> <tr> <td data-bbox="440 1199 789 1297">Small Businesses (<99 employees)</td> <td data-bbox="789 1199 1127 1297">Monday, February 24, 2025</td> <td data-bbox="1127 1199 1474 1297">At least \$2,000,000</td> </tr> </tbody> </table> | Funding Pool | Pool Opening Date | Funding Available | Large Businesses (≥100 employees) | Monday, February 24, 2025 | Up to \$8,000,000 | Small Businesses (<99 employees) | Monday, February 24, 2025 | At least \$2,000,000 | | |
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| Large Businesses (≥100 employees) | Monday, February 24, 2025 | Up to \$8,000,000 | | | | | | | | | | |
| Small Businesses (<99 employees) | Monday, February 24, 2025 | At least \$2,000,000 | | | | | | | | | | |
| City/Village/Township Limit | <p>Only one grant will be made within a single city, village, or township during the pilot phase of this program, regardless of the number of eligible applicants within that municipality.</p> | | | | | | | | | | | |
| Regional Housing Partnerships | <p>The proposed project must be consistent with a priority in the corresponding regional action plan. Specific regional targets that correspond to the Statewide Housing Plan may be considered if future funding is secured.</p> | | | | | | | | | | | |

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| <p>Rural Community Target</p> | <p>No rural targeting, but only during this pilot initiative. Rural projects are eligible to apply during the pilot. Future funding may include a target of the total funding available to be allocated to projects in rural communities. For these purposes, a rural community is any geography designated by the U.S. Department of Agriculture – Rural Development as rural for purposes of its single-family housing guaranteed loan program.</p> |
| <p>Eligible Real Estate Developments</p> | <p>Eligible real estate developments must comply with the following:</p> <ol style="list-style-type: none"> 1. Project must consist of new construction or substantial rehabilitation (or a combination of both) of one or more housing units made available at a price or lease rate that is attainable to a household at or below 120% AMI. 2. Substantial rehabilitation means rehabilitation of a housing unit that requires a financial investment of at least \$25,000. 3. Rental housing or for-sale housing (or combination thereof). <p>Qualifying unit(s) must be a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis, and that is/has been placed on a permanent foundation, with electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen and sleeping spaces - all of which meet building code requirements to achieve a certificate of occupancy.</p> |
| <p>Eligible Programs</p> | <p>Down Payment Assistance (DPA) Programs targeting up to 120% AMI.</p> |
| <p>Accessibility</p> | <p>MSHDA recognizes the need for more accessible and adaptable housing and will identify ways to ensure Employer-Assisted Housing Funds help increase accessibility. When MSHDA refers to “building accessibility,” this refers to the Michigan Building Code, International Code Council, Fair Housing Act, and the Uniform Federal Accessibility Standard as the source for three levels of accessibility. The construction industry uses the terms Type A, Type B, and Type C units from the building code. For Type C units, MSHDA reserves the right to allow for exceptions. The minimum percentage of each unit type that is required with EAH Funding can be found in the EAH Administrative Plan.</p> |

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| <p>Grant Term</p> | <p>The Employer-Assisted Housing Fund will have at a minimum, compliance requirements as follows:</p> <ol style="list-style-type: none"> 1. Ten-year compliance period for rental units with the amount of potential recapture reduced by 1/10th per year over the 10 years. 2. Five-year compliance for primary residence "for-sale units" and DPA transactions from the date of purchase of the qualified property or the completion of the substantial rehabilitation, with the amount of potential recapture equal to 50% of the net gain from the date of the sale of the qualified property, reduced by 10 percentage points for each year during the first 5 years that the eligible applicant lives in the home. <p>After the compliance period, the grant will be fully forgiven.</p> |
| <p>Size of Grant Award</p> | <p>The maximum grant amount to a single development project is \$2 million.</p> <p>The maximum grant amount to a single program is \$500,000.</p> <p>The minimum grant amount to any single development project or single program is \$50,000.</p> |
| <p>Applicant Limit</p> | <p>For purposes of this pilot fund, an applicant may submit one application. Should MSHDA determine that this limit is an impediment to achieving the distributions of the resources, it reserves the right to waive this limit.</p> <p>If a developer partners with another developer, that joint application would count as each partner's only submission during this pilot.</p> |
| <p>Eligible Expenses</p> | <p>For real estate development projects, the grant amount may not exceed \$100,000 per affordable unit.</p> <p>For Down Payment Assistance (DPA), the assistance may not exceed the lesser of the employer's contribution to the transaction or \$50,000.</p> |
| <p>Income Targeting</p> | <p>The Employer-Assisted Housing Fund is intended to serve households with incomes at or below 120% of the area median, as posted on MSHDA's website.</p> |

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| <p>Eligible Applicants</p> | <p>Applicants for the EAH Fund are required to meet the following:</p> <ol style="list-style-type: none"> 1. Be organized as a landbank, local unit of government, for-profit corporation, or nonprofit organization. Housing development organizations that develop and/or manage real estate are ineligible applicants. 2. An applicant must: <ol style="list-style-type: none"> a. Pass a criminal and civil background check of key employees; and b. Not be under debarment with the U.S. Government; and c. Not be part of a housing development organization. <p>Demonstrate to the program administrator that it has the capacity to complete the project, either with or without a development partner, and the ability to implement rent and purchaser restrictions under the terms specified in the agreement for a project.</p> |
| <p>Local Support</p> | <p>Development projects must demonstrate local support. This may be shown as one, or a combination, of the following:</p> <ol style="list-style-type: none"> 1. Financial contributions 2. Tax abatement 3. Tax Increment Financing 4. Land transfer from the local government at a cost of not more than \$1,000 per unit 5. Letter of support or resolution from the local unit of government detailing how the project contributes to addressing the housing needs in the community. |
| <p>Employer Match</p> | <p>MSHDA will match an employer contribution on a one-to-one ratio, up to the maximum grant amount. Employer match may include cash investments, the value of a land donation, a below-market interest loan, or some combination thereof. Developer equity with repayment terms will not be considered an employer contribution.</p> |
| <p>Low-Income Housing Tax Credit Financing</p> | <p>Projects applying for Employer-Assisted Housing Funds must agree that they are not using and will not use the Low-Income Housing Tax Credit (LIHTC) as part of the financing of the development.</p> |

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| <p>Project Compliance</p> | <p>Following disbursement of funds, the applicant will be required to demonstrate compliance with program requirements at initial occupancy of the unit or when a unit is vacated and a new household moves in.</p> <p>The period of compliance is 10 years for rental units and five years for for-sale units. This includes demonstrating the Employer-Assisted Housing Fund units meet the rent and income requirements, or the sale price of the unit is considered attainable to an eligible household.</p> |
| <p>Project Timeline</p> | <p>Projects must be ready to proceed prior to application, defined as having site control, site plan approval, and full financing of the entire capital stack (as evidenced through financial commitment letters from all applicable sources) to be considered ready to proceed.</p> <p>Additionally, the following deadlines apply:</p> <p>Pre-Closing Deadline: Projects that are awarded an Employer-Assisted Housing Fund grant are required to close on project financing and begin construction within three months of receiving the grant approval letter. This deadline may be extended on a case-by-case basis at MSHDA's sole discretion.</p> <p>Post-Closing Deadline: Projects must secure a Certificate of Occupancy within 24 months from execution of the EAH Fund grant agreement; however:</p> <p>The developer may seek an extension from the fund administrator that cannot exceed 36 months. Extensions of these deadlines may be granted at the sole discretion of MSHDA. In the event an extension of a deadline is granted, a fee equal to 1% of the grant will be charged.</p> <p>Projects are required to submit quarterly progress reports.</p> |
| <p>Funding Disbursements</p> | <p>Employer-Assisted Housing Funds will be available for disbursement to real estate projects at the project's closing once a MSHDA grant agreement, and a use restriction to be recorded against the property securing affordability for a term of years, has been executed.</p> <p>For down payment assistance, Employer-Assisted Housing Funds will be available for disbursement after a MSHDA grant agreement has been executed.</p> |