**Down Payment Assistance Program Term Sheet**

Program Overview:The Michigan Housing and Community Development Fund (HCDF) will utilize United States Department of the Treasury American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds (ARP-SLFRF) as a grant mechanism within the Authority Neighborhood Housing Initiatives Division for Down Payment Assistance. The utilization of funding for down payment assistance will be restricted to an entity that facilitates and/or directly provides financial assistance to homebuyers for the purchase of homes.

Program Goal:Down Payment Assistance funds will be targeted to families/individuals purchasing homes for permanent occupancy.The property must be the homebuyers’ principal, permanent year-round residence. No portion of the property may be rented.

Funding Allocated:The Authority will utilize up to $1,000,000 in HCDF to support down payment assistance activities statewide. Funds are anticipated to be allocated to via subrecipient agreements to statewide housing mission-driven organization(s).

Targeted Population: The program assistance would be primarily targeted for households at or below 185% of FPG. All program assistance would be restricted to households under 40% AMI that need financial assistance to secure homeownership.

# Eligible Grantees:

This funding will be allocated via a subrecipient agreement. Subrecipients can consist of nonprofit agencies, governmental entities, and/or land banks undertaking housing activities.

# Eligible Activities:

Down payment, prepaid expenses, reasonable closing costs, and principal reduction up to $12,000 + up to $350 pre-purchase homebuyer education counseling through a HUD- approved counseling agency per property address. DPA amounts $10,000 and over will be secured by a lien that must be second only to the first lien. The DPA funds will be secured for a period of five (5) years with 100% forgiven at the end of the 5th year (no prorated forgiveness).Continued owner-occupancy must be maintained throughout the 5-year affordability period, which begins on the date the Homebuyer Assistance Program 2nd mortgage and note documents are executed.

# Program Timeline:

The program is anticipated to begin January 1, 2023 and be fully expended by December 31, 2024.

# Diversity, Equity, and Inclusion (DEI) Requirements:

The DEI requirements include Fair Housing, DEI training, inclusive design to meet disability needs, racial equity program planning, and translation publication and services. Guidance for implementation of requirements will be provided by the Authority’s Office of Equity and Engagement.

# Statewide Housing Plan:

Goal 1.1: Collect, analyze, and utilize housing and related data to identify the broad spectrum of systemic inequities for BIPOC, immigrants, refugees, migrants, people with disabilities, LGBTQ+, those with low incomes, and other marginalized populations.

Goal 1.2: Identify and advocate for modifications to policies and practices to remove barriers across the housing continuum for BIPOC, immigrants, migrants, refugees, people with disabilities, LGBTQ+, those with low incomes, and other marginalized populations.

Goal 7.2: Increase homeownership among households with low to moderate income.

Goal7.3: Increase access to education, products, and services that help more Michiganders achieve homeownership.