BENCHMARKING AND RESEARCH REPORT

Lessons for Michigan State Housing Development Authority

May 2021

Public Policy Associates, Incorporated is a public policy research, development, and evaluation firm headquartered in Lansing, Michigan. We serve clients in the public, private, and nonprofit sectors at the national, state, and local levels by conducting research, analysis, and evaluation that supports informed strategic decision-making.

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EXECUTIVE SUMMARY

For the purposes of strategic planning, research offers an opportunity to consider how an organization sits in relationship to its peers and what options it should consider for its future given current trends, current needs, and other factors. This report was developed to support the strategic planning of the Michigan State Housing Development Authority (MSHDA) and help to inform the state's first statewide housing plan being led by MSHDA in strong collaboration with a variety of Michigan partner organizations. The Public Policy Associates, Inc. (PPA) team, which included consultants Mark Shelburne and Greg Zagorski, collected data about 16 state housing finance authorities (HFAs) and MSHDA; reviewed information about housing trends and innovations; and interviewed HFA leaders and national housing experts. This work focused on understanding the characteristics and programs of the HFAs under study, as well as several key topics in housing, including zoning, gentrification, reducing disparities, healthy housing, and supports for tenants and homeowners.

The 16 states selected by MSHDA for comparison to Michigan are shown in Figure 1. MSHDA chose these states' HFAs for their national reputations, regional location, or similarities to Michigan in one or more ways.
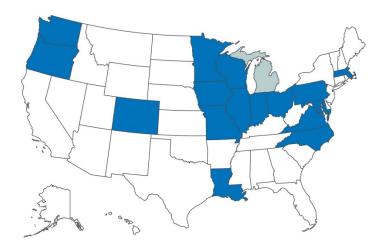

Figure 1. States Included in the Benchmarking Study

The benchmarking completed offers comparisons by topic, but given the many differences in HFA environments is not appropriate for any sort of ranking or definitive comparison measurement. Similarly, the other research offers possibilities for consideration, not a ready-made prescription for action. Different states, with differing circumstances, will naturally yield different solutions.

MSHDA was found to have a number of strengths with regard to its peers and national trends. It has conducted and used research to inform its work, it is working to increase its focus on racial equity, has a robust network of housing counselors, and willingly engaged partners and other stakeholders as it pursues its mission. MSHDA engages in many federal housing programs and

has quickly deployed resources to address the COVID-19 pandemic. Its Qualified Allocation Plan is similar in many ways to other HFAs', with the exception of its unique two-round approach and its uncommon preservation set-aside.

Common challenges across the HFAs were the impacts of COVID-19, lack of affordable housing, disparities, and funding limitations when compared to need. MSHDA shares these challenges. MSHDA has noted its limited connections to historically marginalized groups as an added challenge. This is especially of concern given disparities in homeownership, homelessness, and other housing in the state. Other difficulties for Michigan include an aging population, with a large rural presence; local zoning restrictions that affect housing development; competition from private lenders for MSHDA; and an overall lack of affordable housing stock.

Multiple options exist for MSHDA and other organizations as they consider how to shape a better housing future for the state. Potential areas for action include:

- Discussing the opportunities within MSHDA and among partner organizations to implement innovations, taking into consideration past efforts, Michigan's context, and barriers to be resolved.
- Increasing the overall housing supply in the state for households at various income levels through new development and rehabilitation.
- Promoting zoning practices that help bring more affordable housing into areas of high opportunity and open up more places for affordable units.
- Conducting research to support policy decisions, including exploration of the outcomes of different housing siting decisions and assessing progress on eliminating housing disparities.
- Facilitating partnerships and collaboration at the state, regional, and community levels.
- Actively reducing housing discrimination and inequities, including intentionally examining outcomes by race and ethnicity.
- Utilizing the Qualified Allocation Plan to leverage development toward priorities and reflecting on the value of a two-round approach as compared to a one-round approach.
- Targeting financial products and communications where greater impact is desired, such as increasing homeownership among certain populations or locations.
- Combining standard financing sources with new and leveraged resources in order to introduce greater flexibility and create more opportunities for housing, including a fully funded Michigan Housing and Community Development Fund..
- Addressing educational needs inside organizations and within the larger housing sector on various equity-focused topics.
- Improving housing stability through prioritization of investment and high-need populations.
- Targeting efforts to those access points where disconnections commonly occur in the housing system (e.g., lack of money for down payment preventing homeownership, shortage of minority and women-owned business enterprises qualified as vendors).
- Forming connections between housing and other systems that also impact quality of life, like food and health.
- Supporting the empowerment of residents to have a voice in housing decisions and consistently seeking stakeholder input about housing programs and services.
- Collaborating with other HFAs on the sharing of best practices and pursuit of common interests, particularly those HFAs that share similarities with MSHDA.

The full report contains many examples from other HFAs about how they are approaching serving marginalized communities, tax credits, housing assistance, geographic targeting, and outcomes measurement, among other issues.

Metrics recommended for MSHDA to examine as it proceeds in its work include:

- All program and initiative outputs (e.g., numbers served), but also at minimum, break down those data by customer race and ethnicity, customer gender, and county of activity.
- The characteristics of the developers funded by MSHDA, such as race/ethnicity and gender of owners and the development team.
- The geographic location and key characteristics of funded properties. In addition, capture whether or not these areas could be classified as high-opportunity areas based on access to amenities and other features and whether or not the properties' residents are reflective of the areas' demographics.
- The level of investment and the results of those investments based on strategic priorities.
- Michigan's overall rates of homeownership, rent burden, the equity impact of the QAP, and other indicators of impact by the HFA and its partners.

INTRODUCTION

Michigan is undertaking the development of its first statewide housing plan through the initiative of the state's housing finance authority (HFA) the Michigan State Housing Development Authority (MSHDA). As part of this process, MSHDA sought to understand how it compared to its peers in 16 states and how trends and innovations in the broader United States context could inform its work.

Trends and Innovations

In addition to gathering targeted information about MSHDA and other select HFAs, the research team conducted a review of the literature about national housing trends and innovations to add to insights about what Michigan should consider for future actions around housing. This research was complemented by interviews with housing experts.

Sources included a variety of articles, papers, and reports, as well as five interviews that were conducted with a total of seven experts who agreed to share their knowledge and perspectives. The interviewees held leadership positions at the following organizations:

- National Housing Conference
- National Council of State Housing Agencies
- Taubman College of Architecture and Urban Planning, University of Michigan
- Center on Budget and Policy Priorities
- Impresa/City Observatory

The topics of focus emerged from the research as important for strategic decision-making at the state level, as well from the concerns of MSHDA as it looked into the future. The topics included:

- Inclusionary zoning
- Gentrification
- Homeowner and tenant supports
- Community empowerment
- Healthy housing
- Broadband access

Benchmarking

The meaning of benchmarking in this case is an effort to seek a general comparison of what Michigan and other states are doing in important areas of housing, how well Michigan is reflecting trends, and the innovations that other states are doing from which Michigan might take inspiration as it looks ahead to the future. This is in contrast to a more quantitative type of benchmarking, where the performance of one is rated directly against that of others. That type of comparison is not meaningful here given the wide variety of factors that influence activities of the HFAs, such as demographics, funding streams, political climate, and housing markets. Thus, this report conveys the benchmarking results thematically.

The 16 states selected by MSHDA for comparison are shown below. MSHDA chose these state HFAs for their national reputations, regional location, or similarities to Michigan in one or more ways.

- Colorado Housing and Finance Authority
- Illinois Housing Development Authority
- Indiana Housing and Community Development Authority
- Iowa Finance Authority
- Louisiana Housing Corporation
- Maryland Department of Housing and Community Development
- MassHousing
- Minnesota Housing
- Missouri Housing Development Commission
- North Carolina Housing Finance Agency
- Ohio Housing Finance Agency
- Oregon Housing and Community Services
- Pennsylvania Housing Finance Agency
- Virginia Housing Development Authority
- Washington State Housing Finance Commission
- Wisconsin Housing and Economic Development Authority

To benchmark MSHDA against other state HFAs, Public Policy Associates (PPA) and consultants Mark Shelburne and Greg Zagorski undertook a multi-part approach to learn from publicly available information and interviews with the comparison HFAs' executive staff.

The research team compiled a data set of the HFAs key state demographics; agency structures and governance; vision, mission, and goals; and programs. A table of data elements is provided in Appendix A. MSHDA holds the complete electronic data set. Most data were found in the *State HFA Factbook* (Factbook) produced by the National Council of State Housing Agencies or through searches of HFA websites. Even so, it was not possible to get data on all elements for all states.

For the interviews, PPA spoke to representatives of 14 HFAs, and one HFA provided information via email. (The other HFA did not participate.) In the one-hour interviews, which included a MSHDA staff member in most cases, the HFAs were asked about their:

- Key successes
- Key challenges
- Addressing housing disparities for vulnerable and marginalized communities
- Working with contractors to meet equal employment opportunity guidelines
- Collaborating with stakeholder organizations
- Providing housing in high-opportunity areas
- HFA program staffing decisions
- Measuring and tracking success

These topics were based on MSHDA's interests and information not available in the Factbook or online. Additional information about MSHDA's activities was provided by division staff and has been incorporated into this section where relevant (orange boxes showing a Michigan map icon).

SWOT Analysis

Using the above data, PPA prepared a SWOT (strengths, weaknesses, opportunities, threats) analysis, offering a summary perspective on MSHDA's position overall.

Report Organization

This report includes the results of the benchmarking and other research. The trends and innovations results are presented first, followed by the benchmarking results, and finally by the SWOT and recommendations for strategic actions for the future and outcome measurement. This report serves as input into the strategic planning process, which also includes extensive stakeholder engagement.

HOUSING TRENDS AND INNOVATIONS

Through discussions with Michigan State Housing Development Authority (MSHDA) staff, several key topics were identified as important to investigate through the literature review and discussions with national housing experts. What follows is a summary of the opportunities and limitations of these trends in housing, with the resulting recommendations for consideration for Michigan.

Inclusionary Zoning

Inclusionary zoning, usually defined as requiring developers to set aside a percentage of new units as affordable housing in a market-rate residential development,[1] is of interest in the planning field for its potential to increase the supply of affordable housing by regulatory means. However, most states do not exercise control over local land-use decisions, limiting a Housing Finance Agency's (HFA) authority to change zoning in local communities.

Nationwide, inclusionary zoning policies tend to produce very few new housing units and can increase the cost of new development, resulting in fewer overall new units being developed.[2] For example, a study of these policies in California found that they did not significantly reduce the rate of single-family housing starts and led to increased single-family housing costs, but saw "marginally significant" increases in multifamily housing starts.[3] Another study in two California counties suggested that inclusionary zoning can contribute to affordable housing production with relatively few adverse effects, but is not a panacea and is best considered as one part of a more comprehensive housing strategy.[4] If they fail to meaningfully increase the housing supply at the pace of rent and property-value increases, such policies will benefit only the few low-income households placed in the new units while leaving the rest to struggle or be displaced.

Five interviewees suggested that zoning tools—including but not limited to inclusionary zoning--can contribute to efforts to increase the supply of affordable housing. Although HFAs do not have direct power over local zoning decisions, they can:

Award additional points or streamline approvals in communities that facilitate higher-density development in high-opportunity areas as well as areas targeted for economic recovery. By tying state road funds, revenue sharing, planning grants, or technical assistance to zoning policies that favor affordable housing, states can create an incentive for zoning reform.

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[1] Heather L. Schwartz, Liisa Ecola, Kristin J. Leuschner, and Aaron Kofner, *Is Inclusionary Zoning Inclusionary? A Guide for Practitioners. Technical Report* (Santa Monica, CA: RAND Corporation, 2012).

[2] "Inclusionary zoning has a scale problem," Daniel Hertz, City Observatory, November 2, 2016, accessed December 22, 2020, https://cityobservatory.org/inclusionary-zoning-has-a-scale-problem/.

[3] Antonio Bento, Scott Lowe, Gerrit-Jan Knaap, and Arnab Chakraborty, "Housing market effects of inclusionary zoning," Cityscape: A Journal of Policy Development and Research 11, no. 2 (2009): 7-26.

[4] Vinit Mukhija, Lara Regus, Sara Slovin, and Ashok Das, "Can inclusionary zoning be an effective and efficient housing policy? Evidence from Los Angeles and Orange Counties," *Journal of Urban Affairs* 32, no. 2 (2010): 229-252.

Award additional points for development projects in communities that relax restrictions on multiplex units or off-street parking requirements. The states of California, New Jersey, and Massachusetts have statewide mandates in place to promote inclusionary zoning and affordable housing in local communities,[5] and the state of Oregon recently capped local restrictions on off-street parking in urban areas.[6]

Addressing Impacts of Gentrification

Gentrification can have both positive and negative impacts on communities. If managed appropriately, it should provide economic growth and opportunity as well as quality of life for existing and new residents across socioeconomic strata. However, gentrification can also lead to direct and indirect displacement among established residents. Nationwide, gentrification is concentrated in large cities, but pockets of gentrification occur in smaller cities, usually in amenity-rich neighborhoods and business districts.[7] While low-income residents are no more likely than higher-income residents to move out of gentrifying neighborhoods, low-income families tend not to be replaced by other low-income residents when they move out of a gentrifying neighborhood.[8] To ensure that these populations are not left out of economic growth, revitalization plans should seek to eliminate barriers to investment and increase the housing supply while including intentional approaches to make communities accessible to both current and future low-income residents. Various approaches to accomplish this are discussed below.

Increase the supply of housing—particularly affordable housing. Earlier studies have suggested that new housing construction reduces demand pressure on housing in low- and middle-income areas[9] and that California communities with more new housing construction experienced slower rent inflation for low-income households.[10] A new study in Germany supports these findings, noting that increases in the supply of market-rate housing lead to reductions in rent costs for the entire housing market—including housing with both low and high rents—once the housing supply exceeds the level of demand.[11] However, there are many

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[5] Cited as examples by interviewees.

[6] "Oregon Just Ended Excessive Parking Mandates on Most Urban Lots," Michael Andersen, Sightline Institute, December 14, 2020, accessed December 22, 2020, https://www.sightline.org/2020/12/14/oregon-big-parking-reform/.

[7] Jason Richardson, Bruce Mitchell, and Juan Franco, *Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities* (Washington, DC: National Community Reinvestment Coalition, 2019), accessed September 08, 2020, https://ncrc.org/gentrification/.

[8] Lei Ding, Jackelyn Hwang, and Eileen Divringi, "Gentrification and Residential Mobility in Philadelphia," *Regional Science and Urban Economics* 61 (2016): 38-51.

[9] Evan Mast, "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market," *Upjohn Institute WP* (2019): 19-307.

[10] Brian Uhler, and Jason Sisney, *Perspectives on Helping Low-income Californians Afford Housing* (Sacramento, CA: Legislative Analyst's Office, 2016), accessed December 15, 2020, https://lao.ca.gov/Publications/Report/3345.

[11] Andreas Mense, "The Impact of New Housing Supply on the Distribution of Rents," Beiträge zur Jahrestagung des Vereins für Socialpolitik 2020: Gender Economics, ZBW - Leibniz Information Centre for Economics, Kiel, Hamburg, accessed December 22, 2020, https://www.econstor.eu/bitstream/10419/224569/1/vfs-2020-pid-39662.pdf.

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caveats to development strategies that focus mostly on market-rate housing. For example, the amount or percentage of new housing needed will vary from community to community based on demand, and rents will continue to rise if this threshold is not met. For the German cities in the study, most would need to increase housing production by 10 to 20 percent over current new-construction rates in order to prevent rent inflation. In addition, a study in the San Francisco Bay area found that both market-rate and subsidized housing helped reduce displacement pressure at the regional level, but subsidized housing had more than twice the impact on displacement vis-à-vis market rate units.[12] Taken together, these studies suggest that HFAs should work to increase the supply of affordable housing while supporting the reduction of barriers that make affordable housing construction and rehabilitation more difficult or expensive.

Guide and manage gentrification in an equitable manner at the community level. For example, city leaders in Chattanooga, Tennessee, developed and implemented a plan to engage private and public partnerships as well as citizens around a common community development goal with strategies for socioeconomic, urban, and housing development. Under the socioeconomic component, community organizations carry out entrepreneurship programs for underrepresented groups with mentorship, seed capital access, and technology training. The urban component uses placemaking plans to create places and events in the city that are interesting and welcoming. The housing component offers tax incentives to real-estate developers and nonprofits to develop affordable housing. To inform future planning and development, the city plans to use formative and summative evaluations of this work. [13]

Provide targeted policies and incentives to reduce the cost of housing for low-income residents. The interviewees offered numerous tactics to boost economic opportunity in targeted areas while mitigating its side effects for current or prospective residents with low incomes:

- Set aside a portion of tax increment financing funds to provide a dedicated source of funding for affordable housing without discouraging market-rate housing. This approach was used to great effect in Portland, Oregon.
- Adjust the state's Qualified Allocation Plan to provide tax credits for development in gentrifying areas that provide the most rent assistance.
- Support the development of local community land trusts or limited-equity co-op housing to provide for homeownership and preserve affordability in strategic areas of the state. A few of these exist in Michigan, but more could be created.
- Support community tax structures that protect existing residents from property tax increases by grandfathering them in at existing rates.
- Use proceeds from market-rate housing sales to subsidize the rehabilitation of affordable housing for existing residents.

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[12] Miriam Zuk and Karen Chapple, *Housing Production, Filtering and Displacement: Untangling the Relationships*, (Berkeley, CA: Institute of Governmental Studies, University of California, Berkeley, 2016) accessed December 15, 2020, https://escholarship.org/content/qt7bx938fx/qt7bx938fx.pdf.

[13] Arnault Morisson and Carmelina Bevilacqua, "Balancing Gentrification in the Knowledge Economy: The Case of Chattanooga's Innovation District," *Urban Research & Practice* 12, no. 4 (2019): 472-492, DOI: 10.1080/17535069.2018.1472799, accessed on September 08, 2020.

- Adjust low-income housing tax credit (LIHTC) allocation formulas to make it easier to obtain housing in communities that are experiencing rapid redevelopment.
- Support the passage of income discrimination laws that prevent landlords from refusing to rent to people with housing vouchers.
- Take advantage of recent changes in the authorizing statute for the Project Based Voucher program that raise the cap for the number of project-based voucher units in development projects in high-opportunity areas, helping to preserve affordable housing.
- Support employer-assisted housing programs that incentivize housing in areas targeted for growth and development.

A white paper published by the National Community Reinvestment Coalition offered several additional solutions for mitigating the impacts of gentrification. These include the following:[14]

- Cultivate partnerships between banks and community-based organizations to build housing developments for underserved populations in gentrifying areas.
- Incentivize low-income rental housing projects located in census tracts with high construction or land costs.
- Renew expiring use restrictions involving federal subsidies. The U.S. Department of Housing and Urban Development (HUD) offers refinance and rehabilitation loan programs and mortgage insurance to rental property owners; new affordability time periods will be needed to replace expired agreements for Section 8 and Section 202 housing subsidy contracts.
- Offer tenants the right of first refusal in the sale of housing. Support a state or local Tenant Opportunity to Purchase Act, which would enable tenants to buy properties before they are put on the market.
- Support local and state policies that increase taxes on land and decrease taxes on buildings to discourage speculation.[15]

Targeted Homeowner and Tenant Supports

There are various ways to provide supports that are tailored to homeowners and tenants. Homeowner supports can include counseling, down payment assistance, and grant or loan programs, as well as unconventional tools like shared-equity agreements.

Table 1. HUD Definitions of Household Income Level Limits for Federal Housing Programs, Fiscal Year 2021[16]

Extremely Low Income	Very Low Income	Low Income
Income does not exceed the higher of the federal poverty guidelines or 30% of the median family income for the area	Income does not exceed 50% of the median family income for the area	Income does not exceed 80% of the median family income for the area

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[14] Josh Silver, *The Community Reinvestment Act: How CRA Can Promote Integration and Prevent Displacement in Gentrifying Neighborhoods* (Washington, DC: National Community Reinvestment Coalition, 2016), accessed September 08, 2020.

[15] An interviewee noted that Baltimore, Maryland, has enacted a property taxation system that taxes the value of land, not the structures that sit on it. This helps prevent property speculators from stalling urban development and using land as a tax write-off in perpetuity. Such a tax could be used to great effect in Detroit.

[16] Income Limits," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "https://www.huduser.gov/portal/datasets/il.html#2021_query.

Table 2. Michigan Statewide Annual Income Limits for Family of Four, Using HUD Definitions, Fiscal Year 2021[17]

Extremely Low Income	Very Low Income	Low Income
$22,700	$37,650	$60,250

Homeowner Supports

Traditional homeowner supports generally include down payment assistance programs such as grants from government agencies or nonprofits, gifted funding from family and relatives, or seller-funded down payment assistance.[18] However, rises in the cost of living and flat wages often make these supports insufficient for first-time homebuyers and low- to moderate-level income families trying to buy a home.[19] Nonprofit organizations are responding by funding programs that help lower-income families purchase and retain homes. A notable example is equity programming, described below. In addition, funding repairs is a challenge for many homeowners.

Offer shared equity programming. Studies have found that shared-equity programming earned competitive returns while complying with long-term affordability restrictions;[20] had low delinquency and foreclosure rates;[21] were more likely to sustain long-term home ownership compared to buyers of unrestricted market-rate homes;[22] and resulted in recycled homebuyer subsidies, reducing the need for more funding over time.[23] In one example, funding from the Social Innovation Fund in the Corporation for National and Community Service was granted to the coalition for the development of the Cornerstone Homeownership Innovation Program (CHIP). CHIP identified nine sub-grantees to implement or expand on a "shared equity model" where the homebuyer and the funding organization share equity of the home to make the mortgage more affordable for low-income buyers. If the homebuyer later sells the home, they are able to have a share of the profit, but the home will continue to be affordable for other low-income homebuyers. Each of the sub grantees has different variations of the shared-equity program that also incorporate other programs such as deed restrictions, community land trusts (CLTs), and limited equity cooperatives.

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[17] Ibid.

[18] Christina Plerhoples Stacy, Brett Theodos, and Bing Bai, "How to prevent mortgage default without skin in the Game: Evidence from an Integrated Homeownership Support Nonprofit." *Journal of Housing Economics* 39 (2018): 17-24.

[19] Andrew Aurand, Dan Emmanuel, Dan Threet, Ikra Rafi, and Diane Yentel, *Out of Reach: The High Cost of Housing* (Washington, DC: The National Low Income Housing Coalition, 2020), accessed September 23, 2020, https://www.ncsha.org/wp-content/uploads/OOR_BOOK_2020.pdf.

[20] Kenneth Temkin, Brett Theodos, and David Price, "Sharing Equity with Future Generations: An Evaluation of Long-Term Affordable Homeownership Programs in the USA," *Housing Studies* 28, no. 4 (2013): 553–78.

[21] Ibid.

[22] Rick Jacobus and John Emmeus Davis, *The Asset Building Potential of Shared Equity Home Ownership* (Washington, DC: New American Foundation, 2010), accessed December 14, 2020, https://www.newamerica.org/asset-building/policy-papers/the-asset-building-potential-of-shared-equity-homeownership/.

[23] Brett Theodos, Kenneth Temkin, Rob Pitingolo, and Dina Emam, *Homeownership for a New Era* (Washington, DC: The Urban Institute, 2015).

The interviewees suggested several additional approaches to helping people become homeowners.

- **Help vulnerable residents buy and keep homes by providing wealth management training and individual development accounts (IDAs).** Wealth management training helps individuals to manage the task of buying a home, and then manage that investment in a way that increases their equity and helps them avoid predatory lenders. They could also offer—or support other agencies that offer—individual development accounts to help low-income residents build wealth and purchase homes.[24] According to one of the interviewees, no state HFA has done enough in this space to date.
- **Reduce the cost of smaller mortgages.** HFA influence could be used to lower the fixed costs of servicing and origination fees to reduce the overall costs of mortgages, making them more accessible to lower-income buyers. HFAs can do this by taking these functions in-house. Virginia's HFA is an example of best practices in this area.
- **Streamline access to housing rehabilitation loans.** HFAs could help low-income homeowners rehabilitate their homes by making it easier to access rehabilitation loans. Several HFAs have in recent years streamlined their home repair and rehabilitation programs, resulting in a surge of new lending. For example, Minnesota has a program called Home Repair that was recognized in 2018 as a streamlined program.[25] According to housing expert Greg Zagorski, HFAs could also look into how they can support federal rehabilitation lending programs, like Section 203(k) rehabilitation mortgage insurance. However, many lenders may still be reluctant to participate in Section 203(k) unless FHA reforms its program guidelines to make them simpler. By making participation less complicated, more contractors are likely to be willing to participate.

Tenant Supports

Affordable and available rental housing is a longstanding problem in every state.[26] The National Low Income Housing Coalition reports that for every 100 renter households, there are only 36 affordable and available rental homes. The affordable housing gap for low-income renting families and extremely-low-income families is wide.

Most often, support for low-income tenants can be found through federal assistance funding to State Housing Assistance programs that issue vouchers to subsidize the cost of rent. These programs include Section 8, HUD-funded Continuums of Care, Housing Opportunities for Persons With AIDS (HOPWA), Multi-Family Housing Rental Assistance (rural), LIHTC, and Support Services for Veteran Families. However, these subsidies are greatly underfunded,

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[24] "Individual Development Accounts: A Vehicle for Low-Income Asset Building and Homeownership," HUD Office of Policy Development & Research, Fall 2012, accessed December 9, 2020, https://www.huduser.gov/portal/periodicals/em/fall12/highlight2.html.

[25] NCSHA, Entry Form for Annual Awards for Program Excellence, June 2018, https://www.ncsha.org/wp-content/uploads/2018/08/Minnesota-Entry-Home-Improvement-and-Rehabilitation-2018.pdf.

[26] Andrew Aurand, Dan Emmanuel, Daniel Threet, Ikra Rafi, and Diane Yentel, *The Gap: A Shortage of Affordable Homes* (Washington, DC: National Low Income Housing Coalition, 2020), accessed September 23, 2020, https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf.

reaching about one out of every four eligible households.[27] Other typical tenant supports include fair housing enforcement, screening policy reforms, local partnerships, and more.

Interviewees offered several suggestions to rectify or mitigate the lack of sufficient and ongoing government funding for housing assistance. These include the following:

- **Support fair housing enforcement.** With the Biden administration, efforts to ramp up fair housing enforcement and roll back the previous administration's attempts to undermine enforcement occurred, and state HFAs should prepare to offer strong implementation support.
- **Increased role in emergency housing.** In relation to the COVID-19 pandemic, most of the nation's HFAs have mobilized significant efforts to address emergency housing needs of renters and homeowners. One expert expected this increased state role in emergency housing to continue beyond the pandemic.
- **Adjust criminal background screening policies for LIHTC.** Some states recognize that safe, affordable housing can be an important factor in preventing ex-offenders from reentering the criminal justice system. For example, the Ohio HFA awards additional points to developers who adjust their criminal background screening to fit best practices, helping to ensure that returning citizens do not face undue impediments to housing access.
- **Build local partnerships to fund projects.** Cleveland's local community development funding intermediary, Cleveland Neighborhood Progress, leverages Community Development Block Grant (CDBG) allocations with local philanthropic gifts to promote sustainable, equitable community development. Build affordable housing as rental at first, giving tenants a path to become owners of the properties. Offer financing and other supports to make it possible.

Community Empowerment

The literature review found few examples of widespread community empowerment initiatives around housing, as well as little rigorous evidence for specific approaches. Likewise, the interviewees indicated that community empowerment in housing is a nascent area of work with a need for more best-practice examples. However, the interviewees offered several suggestions for facilitating community empowerment.

Engage local residents in development projects that affect them. They should be brought into discussion in a manner that ensures they feel seen, heard, and respected while providing them with information that is tailored to their level of knowledge about development. Care should be taken in how community engagement is done. One the one hand, engagement designed only to inform is a form of tokenism and can erode trust over time. On the other hand, veto power in the hands of residents who are not educated on the specialized language of construction and development can lead to NIMBYism (not in my back yard), obstruct the creation of new housing in high-opportunity areas, and contribute to housing-cost inflation.

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[27] Aurand et al., *Out of Reach*; see also: Will Fischer and Barbara Sard, *Chart Book: Federal Housing Spending Is Poorly Matched to Need, Tilt Toward Well-Off Homeowners Leaves Struggling Low-Income Renters Without Help* (Washington, DC: Center on Budget and Policy Priorities, 2017), accessed September 23, 2020, https://www.cbpp.org/research/housing/chart-book-federal-housing-spending-is-poorly-matched-to-need.

Where advisory boards are formed for development projects, include members who have experienced homelessness or unstable housing. Individuals with these backgrounds can add valuable insights on such boards.

Support inclusive local political coalitions. Groups that make affordability, environmental, and equity arguments for allowing higher-density development in areas that are already developed (e.g., city and town centers and inner suburbs) will contribute to community empowerment in housing development decisions.

Establish community benefit agreements. The most salient example of a community-empowerment mechanism for housing is the use of community benefit agreements (CBA). Although the details will vary greatly from project to project, such agreements should generally create a balance of power between residents/tenants and developers, giving the former the "power to draw attention to problems and get them resolved."[28] A CBA should provide developers with clear parameters for development and incentivize development features that benefit the community (and removing incentives for features that do not). A recent case study of four CBAs in growing cities suggested that CBAs are more successful when they combine strong citizen coalitions with progressive and supportive government agencies, but indicated that further research is needed to understand key distinctions between developers who enthusiastically work with CBAs and those who do not.[29] Another case study of six CBAs in North America indicates that CBAs can lead to significant community reinvestment but require clearly defined targets, careful monitoring and evaluation, and intentional stakeholder engagement to succeed.[30]

Support creation of a state housing element policy. The state of California has adopted a "housing element" process to build local impetus for increasing the housing supply at the community level. The state requires cities to adopt a housing element—a state-approved plan for increasing the housing supply over the next several years—that provides local officials and community groups with a strong incentive to think about their housing supply from a holistic, regional perspective rather than the sort of piecemeal approach that often leads to denial of individual projects.[31]

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[28] Janes Saucedo, "Resident and Tenant Organizing," in Advocates' Guide, Chapter 2: Advocacy Resources, (Washington, DC: National Low Income Housing Coalition, 2016) 2-36 – 2-39.

[29] Purcell, Ines, "Measuring the Effectiveness of Community Benefit Agreements: What Factors make a Successful CBA?" Ph.D. dissertation, Bryn Mawr University, Bryn Mawr, 2020, accessed December 10, 2020, https://scholarship.tricolib.brynmawr.edu/bitstream/handle/10066/22747/2020PurcellI.pdf?sequence=1.

[30] Anastasia Abrazhevich, "Community Benefit Agreements: A Framework for Participatory Planning for Toronto's Future Development," Ph.D. dissertation, York University, Toronto, 2020, accessed December 10, 2020, https://www.researchgate.net/profile/Anastasia_Abrazhevich2/publication/343999120_Community_Benefit_Agreements_A_Framework_for_Participatory_Planning_for_Toronto's_Future_Development/links/5f4d3a79a6fdcc14c5fb7e88/Community-Benefit-Agreements-A-Framework-for-Participatory-Planning-for-Torontos-Future-Development.pdf.

[31] For more information on California's housing element policy, see Christopher S. Elmendorf, Eric Biber, Paavo Monkkonen, and Moira O'Neill, ""I Would, If Only I Could" How Cities Can Use California's Housing Element to Overcome Neighborhood Resistance to New Housing." (Los Angeles: UCLA Lewis Center For Regional Policy Studies, 2020), accessed December 10, 2020, https://escholarship.org/uc/item/45g8b2pv.

Healthy Housing

A growing body of literature supports the connection between housing quality and availability to health and well-being. Numerous studies indicate that housing can be considered a social determinant of health.[32] Often, low-income and extremely-low-income individuals struggle to find balance for essential needs and have to choose between paying for housing, healthy foods, and health care[33]. Housing and health care sector stakeholders recognize the overlap and states such as Arizona, California, Ohio, Oregon, New York, and Minnesota are developing cross-sector projects to address the gap.

Establish partnerships between health and community organizations focused on housing access and stability. A report from the Mercy Housing and The Low Income Investment Fund outlines nine case studies within these states that aim to address the lack of housing support for the most vulnerable populations affected.[34] These projects offer examples of how health care funds can be used to increase more permanent housing for vulnerable populations. Funding from the LIHTC and rental vouchers from HUD are being disbursed more effectively in order to foster housing for people whose health is conditioned on having a stable home.

In one of the above case studies, located in Arizona, UnitedHealthcare (UHC) partnered with Chicanos Por La Causa (CPLC) to address barriers in well-being that families face due to lack of stable housing. Recognizing an overlap between CPLC clients and UHC members, the organizations created a "Community Connection Center" that would provide social services as well as medical and behavioral health services and assistance with housing. The UHC also provided capital to CPLC to acquire and renovate 500 rental properties in the community. Twenty percent of the units will be offered to UHC clients at reduced rents and the remaining apartments will rent at market-rate in order to help subsidize the units and fund supportive health services. To overcome industry regulations on investments—a common challenge—the collaboration refrained from using any public funding.[35]

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[32] See, e.g., Carolyn B. Swope and Diana Hernández, "Housing as a Determinant of Health Equity: A Conceptual Model," *Social Science & Medicine* 243 (2019): 112571; Diana Hernández and Carolyn B. Swope, "Housing as a Platform for Health and Equity: Evidence and Future Directions," *American Journal of Public Health* 109, no. 10 (2019): 1363-1366; P. Braveman et al., *Housing and Health: An Examination of the Many Ways in Which Housing Can Influence Health and Strategies To Improve Health Through Emphasis on Healthier Homes* (Princeton, NJ: Robert Wood Johnson Foundation, 1 May 2011), https://www.rwjf.org/en/library/research/2011/05/housing-and-health.html; Rebecca Cohen, "The Positive Impacts of Affordable Housing on Health: A Research Summary," Center for Housing Policy and Enterprise Community Partners, 2007; Amy Clair and Amanda Hughes, "Housing and Health: New Evidence Using Biomarker Data," *Journal of Epidemiology and Community Health* 73, no. 3 (2019): 256-262; Anna Ziersch, Moira Walsh, Clemence Due, and Emily Duivesteyn, "Exploring the Relationship Between Housing and Health for Refugees and Asylum Seekers in South Australia: A Qualitative Study," *International Journal of Environmental Research and Public Health* 14, no. 9 (2017): 1036.

[33] Aurand et al., *The Gap*.

[34] Joshua Bamberger, Rachel Bluestein, Kim Latimer-Nelligan, Richard Samson, and Doug Shoemaker, "Innovative Models in Health and Housing," Mercy Housing and The Low Income Investment Fund, 2017, accessed September 23, 2020, https://www.mercyhousing.org/wp-content/uploads/2018/11/Mercy_Innovation-Models-in-Health-and-Housing-2017.pdf.

[35] Ibid.

The interviewees also offered several insights on how HFAs can facilitate healthy housing. These are described below.

- **Increase the housing supply and end homelessness.** Targeted rental assistance and transitional housing can help reduce negative health outcomes as well as the high costs they incur. The costs of such housing could be at least partially offset by savings in state budgets due to improved health outcomes. An example provided by one interviewee is the Conway Center in Washington, DC, which helps people transition from homelessness to permanent supportive housing. The center offers transitional shelter as well as single-room occupancy units, family units, an on-site health center, and job training.
- **Use subsidy programs to promote healthy housing.** State HFAs have varying degrees of ability to use the Qualified Allocation Plan (QAP) and other subsidy programs to encourage or require higher health standards in development projects. In addition, HFAs can partner with other agencies to provide healthy housing. According to one interviewee, the HFA in New Jersey helped to promote healthy housing by partnering with hospitals and health care systems to seek Medicaid waivers to offer affordable housing. Examples of health factors to consider could include chemical contamination and allergens as well as environmental factors such as rates of violent crime (due to the health impacts of stress); walkability/access to transit, social services, and lifestyle amenities (due to health impacts of inactivity); or accessibility for people living with disabilities.
- **Improve housing quality by advocating for the creation of rental registries.** One expert noted that creating registries at the city level (or for other established boundaries) would help to identify which property owners are landlords and ramp up code enforcement. Such a policy by itself could impede affordability, as landlords would pass any added costs on to tenants. However, if it were paired with a rehabilitation grant program for small landlords, it would help improve the quality of aging housing stock owned by the city's many small "mom and pop" landlords while mitigating rent increases. While HFAs have a role to play here, so do partner organizations as this kind of registry and enforcement extends beyond the state-level authority.
- **Medicaid/HFA partnership.** Some states allow flexibility in Medicaid funding to coordinate with state HFAs to help people with disabilities move out of care facilities and into housing in their communities that has the services they need.

Broadband Access

Broadband access is a nationwide problem affecting low-income households in both urban and rural areas,[36] as well as Black and Hispanic households.[37] In 2015, the National Housing Conference laid out several goals for broadband access in affordable housing, including setting national broadband goals for HUD, the U.S. Department of Agriculture, and the country as a whole; incorporating digital literacy and equipment supports in broadband plans; including broadband as an eligible expenditure in affordable rental housing; encouraging Federal Communications Commission action to make broadband more affordable; providing federal

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[36] Gwen Solomon, "Digital Equity: It's Not Just About Access Anymore," *Technology & Learning* 22, no. 9 (2002): 18-20, 22-24; Rakeen Mabud and Marybeth Seitz-Brown, *Wired: Connecting Equity to a Universal Broadband Strategy* (New York: The Roosevelt Institute, 2018), accessed December 10, 2020, https://rooseveltinstitute.org/wired-connecting-equity-universal-broadband-strategy/.

[37] Thom File and Camille Ryan, "Computer and Internet Use in the United States: 2013," U.S. Census Bureau, November 2014, accessed December 10, 2020, https://www.census.gov/history/pdf/acs-internet2013.pdf.

funds to support broadband in affordable housing; and using public funds to leverage private resources.[38]

HUD has implemented parts of these recommendations. HUD requires the installation of broadband infrastructure in most multifamily rental housing that receives HUD funding.[39] HUD also supports broadband efforts via ConnectHome, which supports partnerships between local housing authorities, municipal leaders, and private partners to provide Internet service, devices, and training. The program was piloted from 2015 to 2018, and then continued as the ConnectHomeUSA program, which still operates today.[40] Finally, HUD requires recipients of its community block grant funds to assess broadband availability for low-and moderate-income households as part of their consolidated plans.[41]

The interviews sought information on how an HFA can play a role in increasing broadband access for state residents. Several interviewees indicated that broadband was an issue related to economic development or basic infrastructure rather than housing, or that this topic was outside their area of expertise. However, several offered suggestions on how an HFA could help expand broadband access within the housing sphere.

- **Incentivize broadband development.** HFAs could encourage or require broadband development in the QAP, or incorporating broadband costs into the baseline operating costs of new LIHTC projects.
- **Include broadband costs in rental assistance.** Given that many rental-assistance programs provide subsidies intended to cover basic expenses in addition to rent, the cost of broadband could be included among these expenses.
- **Advocate to make broadband more affordable.** Support state regulatory initiatives to make broadband less expensive.
- **Partner to expand access.** HFAs could partner with state education agencies and broadband providers that are providing technological resources to students who have to attend school remotely due to the pandemic. HFAs could assist by identifying communities or demographic groups that have gaps in service.

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[38] National Housing Conference, "Broadband Connectivity in Affordable Housing: Policy Recommendations," April 2015, accessed December 30, 2020, https://nhc.org/broadband/.

[39] U.S. Department of Housing and Urban Development, "Narrowing the Digital Divide Through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily," *Federal Register,* 2016, accessed December 30, 2020, https://www.federalregister.gov/documents/2016/12/20/2016-30708/narrowing-the-digital-divide-through-installation-of-broadband-infrastructure-in-hud-funded-new.

[40] "ConnectHome is Internet Access, Training, Devices," U.S. Department of Housing and Urban Development, accessed December 30, 2020, https://connecthome.hud.gov/.

[41] U.S. Department of Housing and Urban Development, "Modernizing HUD's Consolidated Planning Process to Narrow the Digital Divide and Increase Resilience to Natural Hazards," *Federal Register,* 2016, accessed December 30, 2020, https://www.federalregister.gov/documents/2016/12/16/2016-30421/modernizing-huds-consolidated-planning-process-to-narrow-the-digital-divide-and-increase-resilience.

BENCHMARKING MICHIGAN'S HFA

This section summarizes the results of the data collection in order to compare Michigan generally with its peers in other states. Sources of information include HFA websites, the U.S. Census Bureau, the *State HFA Factbook* (2019), interviews with HFA leaders, and information provided by the Michigan State Housing Development Authority (MSHDA) about its work. Not all topics were explored with all sources. Also, it should be noted that this report is not exhaustive; although robust in its scope, details about state approaches and other items may require further research.

HFA Context

Each HFA exists in a different environment, with variations in population, political, governance, funding, economies, and other factors that influence its operations, priorities, and investments. MSHDA is unique as an entity, but it shares similarities with some of its peers, as discussed below.

State Demographics

Based on 2019 data from the U.S. Census American Community Survey, Michigan has nearly 10 million residents, making it one of the larger states in the comparison group. It is exceeded in population size by North Carolina, Ohio, Illinois, and Pennsylvania.

Table 3. Percentage of State Population by Racial/Ethnic Group

State	% Black or African American Alone	% American Indian and Alaska Native Alone	% Asian Alone	% Native Hawaiian and Other Pacific Islander Alone	% Two or More Races	% Hispanic or Latino	% White Alone, Not Hispanic or Latino
Colorado	5%	2%	4%	0%	3%	22%	68%
Illinois	15%	1%	6%	0%	2%	18%	61%
Indiana	10%	0%	3%	0%	2%	7%	78%
Iowa	4%	1%	3%	0%	2%	6%	85%
Louisiana	33%	1%	2%	0%	2%	5%	58%
Maryland	31%	1%	7%	0%	3%	11%	50%
Massachusetts	9%	1%	7%	0%	3%	12%	71%
Michigan	14%	1%	3%	*	3%	5%	75%
Minnesota	7%	1%	5%	0%	3%	6%	79%
Missouri	12%	1%	2%	0%	2%	4%	79%
North Carolina	22%	2%	3%	0%	2%	10%	63%
Ohio	13%	0%	3%	0%	2%	4%	78%
Oregon	2%	2%	5%	1%	4%	13%	75%
Pennsylvania	12%	0%	4%	0%	2%	8%	76%

State	% Black or African American Alone	% American Indian and Alaska Native Alone	% Asian Alone	% Native Hawaiian and Other Pacific Islander Alone	% Two or More Races	% Hispanic or Latino	% White Alone, Not Hispanic or Latino
Virginia	20%	1%	7%	0%	3%	10%	61%
Washington	4%	2%	10%	1%	5%	13%	68%
Wisconsin	7%	1%	3%	0%	2%	7%	81%

* Value greater than zero but less than half unit of measure shown

Michigan's median household income ($57,144) is lower than 11 of its peers in the comparison group. The number of housing units in Michigan runs roughly in the middle of the group at 3.9 million, which is closest to North Carolina's figure. Michigan has one of the higher percentages of owner-occupied units at 71%, similar to Minnesota, Iowa, and Indiana. Massachusetts and Oregon have the highest percentage of renter-occupied units at 38% each. The homelessness level across the HFAs is below 1% of their state populations, according to the U.S. Interagency Council on Homelessness.

Governance

The HFAs of nine of the comparison states and Michigan are public entities. Less common are a public-private partnership model (four HFAs) and a private entity structure (three HFAs). None of the HFAs are under the direct supervision of the state's governor.

All have a board of directors or trustees, ranging in size from 7 to 14 members with terms of 4 to 6 years, with the exception being North Carolina, where the terms are only two years. Michigan's specification of a federal housing program participant appears to be unique, although Illinois specifies that at least one member must be age 60 or older. In all but Maryland, the governor can appoint members to the board. In addition, in 10 of the HFAs, the legislatures also name appointees to the board. These appointment powers are not paired with a particular type of structure (e.g., funded through a governor's budget). In six of the HFAs, the governor appoints the agency's executive director.

Budget approval rests with the board of directors, with the exception of Maryland, Ohio, and Oregon, where that authority rests with the state legislature. HFA budget details were not collected through the scan.

Staffing

The staffing sizes of these HFAs range widely, from 77 employees in Washington to over 400 in Virginia and Maryland. Many HFAs had contractual staff, but those with 40 or more such positions were Maryland, Virginia, and North Carolina. Most HFA staff across the states are full-time employees. MSHDA had 268 employees in 2019 (with 245 working full time).

Four states touted the effectiveness or efficiency of their staff and boards in interviews. For example, Illinois has broken down internal silos by fostering a highly communicative culture across its departments where staff are encouraged to work together and build consensus around the implementation of well-researched, well-financed development deals. Key staffing factors discussed by other states include efficiency, creative thinking, strong external partner relationships, proactive diversity efforts, and investment in staff training.

The HFAs use a variety of considerations to inform their staffing decisions. These range from cost and efficiency considerations to investments in training, retention, and diversity.

- **Funding and cost sustainability.** Three HFAs noted the difficulty in hiring enough staff due to state restrictions; this has forced them to improve their efficiency. Four HFAs noted that they try to make their staffing cost-sustainable or self-supporting in terms of revenue generation, although they work carefully to balance this imperative with the need to fulfill their missions.
- **Staff efficiency.** Six HFAs noted that they focus on building the efficiency of their staff to improve productivity and overcome restrictions on hiring. For example, one HFA increased its efficiency and profitability by shifting its single-family servicing to an outside vendor, as servicing was difficult to do in a mission-driven organization.

> An asterisk in the examples tables indicates an HFA-identified key success.

Table 4. Examples of Approaches to Staffing and Contracting[42]

State	Example
Illinois	*The agency places emphasis on a non-siloed, collaborative culture within its organization, which extends to working with partners.
Indiana	Indiana uses Lean management practices, team structures, and frequent communication to build efficiency. This HFA also saw positive results from allowing part-time positions, which attracted highly skilled and diverse talent who wanted less than full-time work.
Louisiana	This agency developed a partnership with a university to teach a curriculum for small contractors and minority developers. Students then have the opportunity to work with contractors and developers locally as an apprentice. They are currently working on incentivizing companies who take a percentage of students who live in the communities being developed.
Massachusetts	The agency is connecting contractors and developers to subcontractors to make sure different opportunities are being accessed by different owners. It also aligns goals with lenders of the project and provides strong management.
Virginia	This agency works with a minority business advisory council to examine its business model, seek out opportunities to partner with minority businesses, and serve the needs of communities of color in all of its programs.

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[42] This table and the others like it include current or developing approaches that an HFA thought was a good practice or policy; these have not been verified as effective by data or other research. The information has been paraphrased from the interviews. Most of the information was broadly presented to the PPA team, so additional details would need to be gathered from an HFA to fully understand an approach. Not all states offered practices or policies on every topic.

State	Example
Wisconsin	WHEDA gave senior directors the task of reorganizing their teams based on the skills of their staff to help with efficiency and to better understand the capabilities of the team, with minimal staff additions.

MSHDA primarily utilizes internal staff for its operations. Contractors and/or grantees are used to help expand services ranging from housing counseling to architectural reviews.

Vision and Mission

Nine of the comparison HFAs had vision statements. The statements overall shared a focus on affordability, resident choice of community, quality housing, and prosperity, with varying degrees of emphasis. Not surprisingly, most HFAs note their mission as fostering housing opportunities, providing financing, and/or leading on housing policy.

While there were many similarities among the statements, nuanced differences exist. For instance, Colorado, Wisconsin, and Iowa call attention to their focus on community and economic development in their statements. Louisiana names energy efficiency as one of its priorities, and North Carolina's mission statement specifically excludes addressing market-rate housing. Only Michigan and Minnesota say that they are working with partners to accomplish their missions.

Figure 1. MSHDA's Mission, Vision, Guiding Principles, and Strategic Focus Areas

Strategic Approach

From the interviews, four states considered their strategic approach to housing as a key success. For example, Indiana takes a holistic view of housing as a key component of the state's broader infrastructure and quality of life, with a corresponding impact on communities. Thanks to this viewpoint, the agency is more open to engaging stakeholder groups that they might not otherwise consider relevant.

Stakeholder Collaboration

HFAs work with an array of outside organizations to fulfill their missions and serve common customers. These include direct and indirect engagement of communities and stakeholder organizations, as well as collaboration with other state HFAs. In several states, it also includes efforts to ensure cultural competency in collaborative work.

● **Communities, customers, and other stakeholders.** All of the HFAs engage with communities either directly or indirectly. Many of the HFAs hold listening sessions, roundtables, public meetings, or conferences to learn about community and developer interests and needs. For example, Louisiana holds stakeholder roundtables on a quarterly

basis and has begun hosting an annual affordable housing conference. Other HFAs engage communities indirectly via community action agencies, local nonprofits, or local developers. An example of indirect engagement is in Massachusetts, which is described in Table 5 below.

- **Other state HFAs.** Nearly all of the HFAs work with other state HFAs to varying degrees, and/or with the National Council of State Housing Agencies (NCSHA). For example, Indiana worked with the Kentucky HFA to share the costs of a training program for Habitat for Humanity organizations in the two states, and several HFAs cited NCSHA as a well-regarded voice for their common interests and a clearinghouse for information. The NCSHA hosts events that highlight program achievements and give HFAs the chance to discuss challenges and successes among themselves.[43] Four HFAs also participate in regional HFA partnerships to share common challenges and best practices.

Table 5. Examples of HFAs Connecting with Stakeholders

State	Example
Colorado	Colorado is focusing on transparency by forming advisory groups, i.e., tax credit, lender, realtors, etc., to share information and learn how to better connect with the homeowners. These groups also weigh in on program ideas and changes.
Illinois	The agency is informing new mayors about the IHDA, through a one-page document, explaining what the agency can do for communities.
Louisiana	*Louisiana grounds the momentum of the agency across the board, staff, and communities on creative thinking and building relationships. It invites partners to roundtables for open dialog conversations to lay out goals and differences that are then incorporated into policies.
Massachusetts	The agency has a department called Community Services to provide training and support to owners and management companies that represent borrowers. This department has an advisory group made up of residents, resident service coordinators, and property management staff to direct, review, and assess what is happening in communities regionally to provide advice for necessary programming.
Maryland	Maryland interacts with local jurisdictions through grants.
Missouri	MHDC relies on stakeholder feedback for all of the allocation plans they oversee to help grow homeownership opportunities. The agency uses trainings, focus groups, meetings, email blasts, conference calls, and webinars to broaden access to the planning process.
North Carolina	All efforts to connect stakeholders to the agency are done through local partners. NCHFA provides training and education about the agency to local governments. NCHFA shares resources with other HFAs and engages with other program groups through regional meetings and monthly calls.
Ohio	The agency has a new outreach and engagement office that will develop a specific outreach and engagement plan that will include more outreach to the municipal league and others who have not had significant engagement before.

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[43] In addition, the NCSHA conducted a survey of HFA single-family business development, including partner meetings that promote those activities, which may be of interest to and requested by MSHDA.

State	Example
Oregon	*The HFA engaged many stakeholders to create its statewide housing plan, which helped them to ensure that the principles and priorities resonated. Now, it is able to build off of those community and other engagements.
Pennsylvania	The agency meets with lenders quarterly to discuss what loans are helping homebuyers. Housing counselors have monthly meetings with the agency to review potential issues on the horizon. In addition, the agency sits in on housing councils regionally and hears from providers and users. The housing management service department meets with service providers to get ongoing feedback. Also, borrowers and people looking for homes in Pennsylvania can use the agency's customer solution center to provide feedback or get information about services.
Virginia	This agency has organized advisory groups in several categories, including rental housing, homeownership, permanent supportive housing, and minority business owners.

One of the prominent ways that MSHDA engages stakeholders is through the annual Building Michigan Communities Conference, which MSHDA hosts with numerous public and private partners. The use of annual housing conferences to engage stakeholders is common among the HFAs. Only four of the HFAs included in the comparison sample do not host an annual conference (see bulleted list below). There was no geographic, size, or other pattern as to which HFAs hosted an annual conference.

- Colorado
- Illinois
- Indiana
- Iowa
- Louisiana
- Michigan
- Missouri
- North Carolina
- Ohio
- Pennsylvania
- Virginia
- Washington
- Wisconsin

Michigan is spearheading its first statewide housing plan; creating a Partner Advisory Council and a State Agency Partner Group; conducting surveys of tenants, landlords, homeowners, and potential homebuyers; holding solutions workgroups and townhall meetings; and designing other input-collection instruments to create a comprehensive plan addressing statewide housing challenges. The timing of the statewide housing plan coincides with once-in-a-generation federal stimulus funding that provides an incredible opportunity to target resources based on the plan recommendations.

Programs and Services

Federal Programs

The state HFAs offer many of the same programs and services, although these are by no means universal, even where federally funded. Table 6 below summarizes key programs offered by the comparison HFAs. For details on which HFAs offer which programs, please refer to the complete data set.

Table 6. Programs and Services Offered by Comparison HFAs (Quantified)

Program	HFAs Participating
Capital Magnet Fund	4
Community Development Block Grant – Housing	3
Community Development Block Grant – Non-housing	1
Community Development Financial Institution	2
Hardest Hit	5
Housing Opportunities for Persons with AIDS	4
HUD Housing Counseling Program	6
Lead Hazard Control	1
Low-Income Housing Tax Credit	16
National Foreclosure Mitigation Counseling Program	8
National Housing Trust Fund	10
Neighborhood Stabilization Program	7
New Markets Tax Credits	3
Public Housing Capital, Modernization, or Operating Subsidies	0
Section 8 Housing Choice Vouchers	6

On the whole, MSHDA participates in slightly more of these programs than the comparison HFAs; only Pennsylvania and Indiana offer more of them.

Single Family Housing Assistance

Mortgages and Down-Payment Assistance

Because of variations in housing values state to state (and within states), it is not helpful to compare average mortgages and home values across HFAs. However, it can be said that like Michigan, most of the comparison HFAs have single-family mortgage borrowers who also receive down-payment assistance (DPA). Although, MSHDA's percentage of borrowers with DPA (82%) while high is still lower than eight other HFAs, several of whom have a DPA rate of 100%.

The down-payment assistance comes in several forms. Eight states use grants and deferrable second loans, seven amortize second loans, and four offer forgivable second loans (with some offering multiple options). Six HFAs, like Michigan, require some level of borrower contribution

toward the down payment when receiving assistance. This amount is generally 1% of the home price or $1,000.

The majority of loans are insured by the Federal Housing Administration or through private mortgage insurance; Michigan is not unusual in this regard.

Across the HFAs, of those customers helped with down-payment assistance, many are minorities, although there is a large range across states from 11% minority customers in Iowa to 53% minority customers in Louisiana. The percentage of minority participants is likely highly correlated with the characteristics of a state's population.

Down payment assistance to female heads of households falls below 50% of those customers for the profiled states, with some having as little as 1% (Louisiana), although in six comparison HFAs 40%-50% of their down payment customers were female heads of household. The average age of borrowers is in the 30s for all the HFAs, and the typical household size was two individuals. In nearly all of the HFAs, the average borrower income was under $65,300 annually, with the exception being Washington state, where it was $66,822.

Most of the HFAs are focusing their mortgage-lending efforts at the 60%-100%+ of median income ranges, with the majority of the loans going to those with incomes greater than 100% of the median. Louisiana was an exception, with 68% of its mortgages going to households with incomes less than 60% of the median.

Most of the HFAs do not target single-family resources toward special groups; like Michigan, 10 of the comparison HFAs offer no targeting. Ohio, however, targets new construction, graduates, police, firefighters, teachers, and veterans.

Actions being taken by HFAs, as shared in interviews, to support single-family housing include:

- **Flexible funding for mission-driven work.** Virginia uses internally generated revenue to fund its Resources Enabling Affordable Community Housing program (see Table 7 below for more information).
- **Single-family housing.** Four states discussed successes related to single-family housing production through stakeholder relations, marketing, and other actions.
- **Down payment assistance.** Two states discussed down payment assistance programs as being important to their success with single family housing.

Table 7. Examples of Single-Family Housing Support

State	Example
Colorado	*Colorado credited its single-family housing successes to operational improvements, outreach to millennials and Latinx populations, and the use of pass-through bonds and other financing mechanisms that did not require the use of a tax-exempt volume cap.
Maryland	Maryland reported more than double its usual single-family production thanks to good lender and realtor relations, strong marketing, efficient operations, and a competitive product.
Massachusetts	*Massachusetts sees success in its efforts to help working families with down payment assistance and is building off that success to start a homeowner production program.

State	Example
North Carolina	The state's general assembly created a workforce housing loan program to provide a 30-year deferred loan with a higher amount going to low- and moderate-income counties to help reduce the amount of rent and so participants have less to borrow. To reach more low-income areas with senior citizens, veterans, and people with disabilities, the agency has an Urgent Repair program as well as an Essential Rehab program to help rehabilitate homes and provide safety where there are immediate needs.
Pennsylvania	*Pennsylvania has a longstanding program—the Homeowners Emergency Mortgage Assistance Program—that assists homeowners struggling with major economic upheavals. Originally funded as a state appropriation, the program is now supported by the proceeds from a large settlement with Bank of America.
Virginia	*The Resources Enabling Affordable Community Housing (REACH) program, which is generated from internal revenue, subsidizes reduced interest rates, grants, and other expenses to meet affordable housing needs that fit the agency's mission.
Wisconsin	*Wisconsin used revenue from single-family housing sales to fund down payment assistance for first-time homebuyers.

MSHDA's Homeownership Division launched the MI 10K DPA Loan in 236 zip codes in order to provide equitable housing opportunities. The Neighborhood Housing Initiative Division's Neighborhood Enhancement Program financially assists high-impact innovative neighborhood housing-oriented activities that benefit low- and moderate-income neighborhoods and residents. They also offer the MSHDA MOD program as a solution for workforce housing and to address the costs of housing development through the use of non-traditional construction materials, processes, and housing type options that includes modular, modified technology components and 3D printing. Up to a $200,000 loan is available to construct a modular-built home that's used as a model to serve as a catalyst for additional modular home builds within the community.

Tax Credits

The federal low-income housing tax credit (LIHTC) is one of the largest programs MSHDA administers, and it draws comparatively even greater attention from outside partners. Michigan is very similar to its counterparts in most aspects.

Application Process

One of the main reasons for the extensive interest in tax credits is that the resource is awarded via a competitive process. Having a reasonable level of competition is crucial. Too much

indicates the criteria and process do not give developers adequate guidance on what to submit, whereas too little would mean the proposals are not striving enough to meet policy goals. As such, it is important to consider how the application-to-award ratio compares with others.

The best way to assess the 16 states is to add up all requests and divide it by their total LIHTCs. This calculation produces a quotient of 2.2, meaning somewhat more than half of applications do not receive an award. The same math for Michigan produces 2.4, meaning it is slightly more competitive but in line, on average, with the comparison states.

Two strategies stand out as differences among the HFAs:

- **Preliminary Applications**. Some agencies utilize an approach that can increase efficiencies: preliminary and full applications. Splitting up the work in this lets the agency check for certain eligibility criteria and gives developers an idea of their chances for an award before either entity invests in the more involved aspects of the development process (e.g., design drawings, third-party reports, zoning approvals).

- **Rounds.** Holding two annual rounds instead of one, as Michigan does, is unique; California may be the only other state to do so. The approach is popular with developers, but has side effects. By artificially capping the LIHTCs available in the first round, some good proposals do not get an award, unnecessarily forcing a repeat submission in the second. This results in more effort for both MSHDA and developers for the same result. In addition to the inefficiencies of this process, there is the potential for land options to expire, construction costs to increase, and housing-production delays.

Substantive Criteria

Internal Revenue Code Section 42(m) permits a great deal of flexibility in creating the Qualified Allocation Plans (QAPs), which govern LIHTCs. There are very few concepts beyond these federal expectations which make sense to incorporate in every state. These are:

- **Preservation Set-Aside.** Separating policies for rehabilitating occupied apartments from new construction (including adaptive re-use) is an option. The considerations for each are fundamentally different, which necessitates distinct rules. The QAP in Michigan addresses this reality through a preservation set-aside. Of the 16 comparison states, five have something similar.

- **Geographic Set-Aside.** Another broadly-applicable consideration, especially in larger states, is a geographic split of the resource. Such a divide serves multiple purposes, including: (1) allowing different treatment of metropolitan versus rural areas and (2) achieving a conscious, deliberate, and equitable distribution. The latter reflects the fact that states receive LIHTCs on a per-capita basis and the need for affordable housing exists everywhere (although it takes different forms). Six of the 16 comparison HFAs have some form of geography-based set-aside.

- **Special Consideration for Those with Disabilities**. How a state addresses the housing needs of persons with disabilities does involve federal law, although not the one governing QAPs. The Supreme Court's 1999 *Olmstead* decision interpreting the Americans with Disabilities Act mandates provision of services in the least restrictive setting possible. The application of this case to state-administered housing programs is complex and has led to several different policy responses across the country. Michigan has taken steps towards

meeting what is known as the integration mandate, such as participation in the Medicaid Innovation Accelerator Program. MSHDA may want to study whether there are other approaches to consider.

Weighing the value of the distribution of LIHTCs in one way or another is difficult due to a lack of data. For instance, gathering information on tenant outcomes would require a massive investment. An example of this phenomenon is the share of units serving elderly/senior households, as opposed to families. There is no single objective standard to indicate one type of housing is better than the other. At 58%, MSHDA created more of the former than the other 16 states. A demographically similar state, Pennsylvania, is at 57% elderly/senior, and the rest range from 9% to 48%. Awarding the least share to family properties may be cause for reflection, but does not itself indicate a problem or concern.

The same is true for LIHTCs allocated to new construction versus rehabilitation; both activities have value. For Michigan, the split was 74% to 26%, respectively, and the total of the others is 79% to 21% (calculated the same as the application ratio above). Being essentially the same as the others in itself does not mean the division of resources is inherently correct, but simply that this is the pattern of new construction allocations across the states.

A few states discussed successes in the tax-credit sphere during interviews, including how they use LIHTCs to better serve marginalized populations. These examples are shared below in Table 8.

Table 8. Examples to Tax-Credit Approaches

State	Example
Louisiana	In the QAP, developers have to set aside 5% of units for families at 30% or below AMI. Applicants have to underwrite to make 5% of their units available for someone who is earning 30% and below without a voucher.
Maryland	*Maryland has doubled its multifamily production after the governor and legislature created a rental housing program that funded up to $2.5 million in soft debt for 4% tax credit projects.
North Carolina	*North Carolina increased the use of tax-exempt bonds and 4% credits due to staff efforts to promote these products to local governments in order to obtain local leveraged funds. The agency also has a partnership with the state's department of health and human services for a Community Living Program where 10% in tax credits are set aside for persons with disabilities who are referred by the department and have federal assistance or a state voucher that are at or below 30% AMI, to receive rental housing units.
Ohio	*Ohio adjusted its QAP to incentivize production while also promoting data-driven needs such as permanent supportive housing. The agency uses a QAP set-aside for vulnerable populations such as people who have experienced opioid addiction and homeless foster youth in transition who are between the ages of 18 and 24.

State	Example
Pennsylvania	The agency's QAP is rigorous in awarding points for various priorities, such as projects in urban areas where there are more disadvantaged populations.

The Michigan QAP targets resources geographically by ensuring that there is access for urban communities and rural communities throughout the entire state. Each of the programs in Rental Development serves the entire state and the Direct Lending Program specifically operates on metrics that ensure that the resources are being allocated efficiently.

HOME Investment Partnership

HOME Investment Partnership allocations ranged among the HFAs from $10 million in Iowa to $57 million in Illinois, with Michigan placing on the higher end of the range. MSHDA runs in the middle of the pack at $9 million for committed HOME funds. Three states committed twice as much as Michigan, while other HFAs fell below Michigan in their level of committed dollars. North Carolina had the largest amount of committed dollars and highest number of units assisted.

Housing Choice Vouchers

Michigan is among nine states where the average price per unit is under $600/month, and the state's housing assistance payment averaged $598 monthly. The average tenant incomes, total tenant payments, and household size were relatively consistent across states. The comparison HFAs and Michigan have 20%-30% of their vouchers with elderly individuals, and 37%-51% of the vouchers go to families with children. The race/ethnicity of voucher holders varied widely by state. The appropriateness of the distribution by race/ethnicity would need to be examined by the share of population that meets Housing Choice Voucher eligibility by group; some may be over or underrepresented.

In an effort to retain and increase landlord participation in the Housing Choice Voucher (HCV) program, administrative fees were provided for a one-time incentive fee payment of $100 per unit to owners of rental properties for making decent, safe, and sanitary units available for rent for HCV program participants. In addition, administrative funds are being allocated to allow for landlords to receive reimbursements for damages caused by program participants that are identified upon move-out.

Housing Trust Funds

State housing trust funds are a popular and effective tool for gathering flexible funds to support a variety of affordable housing development. All 15 HFAs that were interviewed reported that they had some form of housing trust fund. The administration, sources, and uses of these funds varied considerably, with each HFA describing a unique configuration and funding mix. In addition, some were not strictly defined as trust funds (although they offered the same or a similar function). Two HFAs had trust funds that were not funded currently or consistently.

- **Administration.** Most trust funds are managed by the HFAs. One is administered by the state's community development agency with no HFA role other than underwriting the deals; another is run by the state's department of commerce in collaboration with the HFA.
- **Uses.** The funds are put to a variety of uses that would be difficult to fund in other ways. These include gap funding/financing, loan guarantees, multifamily development, workforce housing, permanent supportive housing, Low-Income Housing Tax Credit projects, down payment assistance, homeowner and rental counseling, home modifications for older adults, special needs and homeless housing, and community development/placemaking.
- **Funding sources.** Several trust funds are subject to legislative appropriation. Other funding sources include real estate transfer taxes/fees, HFA revenue, a governor's general obligation bond, utility public service charges, crowdfunding, a tax on non-smokeless tobacco, revenue from Fannie Mae and Freddie Mac, proceeds from shale oil drilling, document recording fees, and unplayed lottery tickets. [44]
- **Amounts.** Funding amounts vary significantly from state to state, ranging from $8 million to $125 million per year.

Community Land Trusts

Many of the HFAs recognize community land trusts as an area of interest for providing affordable housing in an equitable manner and helping provide a path to homeownership for low-income buyers in gentrifying communities. However, the majority of land trust efforts described by interviewees are locally driven, with minimal or modest HFA support, and few land trusts have been taken to large scale. Four HFAs indicated that they have no role in facilitating community land trusts in their state.

- **Locally driven with modest HFA support.** Eight HFAs provide modest support of land trusts driven and operated by local nonprofits. This support typically takes the form of providing funds (e.g., via loans or grants from a housing trust fund), or allowing land trusts to participate in competitive grant programs.
- **Researching land trust models.** The Pennsylvania HFA is supporting a policy fellowship to study the application of community land trusts nationally.

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[44] A complete list of revenue sources in the 47 states that operate housing trust funds is available via the Housing Trust Fund Project at https://housingtrustfundproject.org/wp-content/uploads/2021/04/State-htfund-revenue-sources-2021.pdf.

Table 9. Examples of Approaches to Housing Trust Funds and Land Trusts

State	Example
Colorado	Colorado uses its housing trust fund to provide cash collateral to land trusts to help them obtain more favorable loan terms when purchasing houses.
Washington	This HFA noted that while it is relatively simple to start a community land trust, long-term, self-sustaining stewardship can be much more challenging. This HFA indicated that land trusts are most self-sustaining when they operate at a larger scale (e.g., 2,000 units in this case).

> MSHDA's direct lending funding, Housing Bond, and Pass-Through Bond programs are more flexible than others, which allows it to uniquely fit within the capital stack of a project and allows more mission-driven projects to be completed.

Addressing Housing Disparities

By leveraging a variety of funding sources and approaches, HFAs have attempted to aid those most vulnerable to housing challenges, including those experiencing homelessness, trouble paying rent or a mortgage, and those returning to communities after incarceration. For instance, according to national data in the Annual Homeless Assessment Report, people who identify as Black made up 13% of the national population, but account for 40% of people experiencing homelessness. Michigan trends higher than the national average with 52% of its homeless population being Black. Table 10 provides a sampling of the types of strategies HFAs are using.

Table 10. Examples of High-Quality, Stable Housing Efforts for Marginalized Groups

State	Example
Colorado	This HFA has a Permanent Supportive Housing Toolkit for developers, nonprofits, and others about how to access Low Income Housing Tax Credit (LIHTC) for those who need permanent supportive housing allocations.
	Colorado formed a partnership with the Interfaith Alliance, who developed an Equity Tool, to find safe shelter within communities for homeless families as the first step to permanent housing.
Illinois	To provide returning citizens with stable housing after exiting the corrections system, the IHDA provides rental assistance for the first three years following reentry.
Minnesota	*This HFA combines various resources to substantially invest in supportive housing, senior housing, and preservation. Its funding includes a unique housing infrastructure and state allocation, in addition to tax credits. Just under 35% of its lending goes to households of color.

State	Example
Missouri	*MHDC collaborates and maintains an ongoing relationship with the Governor's Committee to End Homelessness. MHDC funded the state's first coordinated Entry pilot system, increasing equal access to housing opportunities and promoting success in permanent housing for the hardest-to-house individuals and families. MHDC has worked with communities throughout the state to organize Project Homeless Connect events, connecting at-risk and homeless individuals to services and resources as well as commissioning homeless studies every two years to identify trends, data, and strategies for housing the most vulnerable populations. Allocation plans in place for funding include incentives and or targets for vulnerable and marginalized populations. MHDC has also worked to coordinate its homelessness program with other state disaster groups and rental production funding. As a partner in the state's Consolidated Plan, MHDC recognizes the effects on housing stability caused by state and federally declared disasters in Missouri. They have worked to establish partnerships with other state agencies so that when disaster-recovery work begins, MHDC is a part of that process.
Pennsylvania	The agency has funding reserves for down payment and closing costs that are used for marginalized minorities. Units for rent are prioritized to low-income tenants.
Virginia	This agency operates a mixed-use/mixed-income housing program that is funded by taxable bonds, which allows for larger numbers of units. Most of the development consists of residential rental units, but it also includes commercial properties, senior housing, and some market-rate housing. Residents of public housing are allowed to use vouchers to move into these housing developments, which are helping to deconcentrate poverty. The agency has been working with the Manufactured Housing Association and a private company called IndieDwell to create a program that builds energy-efficient, affordable housing units using shipping containers. The agency provides grants to help the most vulnerable populations and provide in-house education on homeownership and rights and responsibilities for renters. This HFA also works with counseling networks to address community needs and works with DHHS to provide services for people with learning disorders and those with mental health issues.
Wisconsin	The agency has conversations with community entities and businesses of color and who employ people of color to help understand how to bring wealth into these communities. WHEDA has intentional internal procurement to increase spending with businesses of color throughout the state.

The 9% LIHTC Program, Direct Lending Program, and the Pass-Through Bond Program serve the entire state but focus on creating or rehabilitating affordable rental units in areas with high need. Each program has a market study requirement to ensure that the units being produced are in demand in the market they are going into, and the QAP process has location criteria that directs resources to areas of high need and high opportunity.

Through the utilization of Emergency Solutions Grant (ESG) funding awarded under the CARES Act, MSHDA is bringing together local and state partners to identify and implement a strategic plan for reducing racial disparity within homeless service outcomes and transforming systems of care that inherently disenfranchise people of color.

Through the utilization of Emergency Solutions Grant (ESG) funding awarded under the CARES Act, MSHDA is bringing together local and state partners to identify and implement a strategic plan for reducing racial disparity within homeless service outcomes and transforming systems of care that inherently disenfranchise people of color. In addition, MSHDA's Neighborhood Enhancement Program offers home rehabilitation support to owners and MSHDA Mod funds new construction. Both programs are designed to take place in low- and moderate-income areas.

Financial Literacy Programs

Most HFAs support or fund financial literacy, homeownership counseling, or renter counseling programs delivered by networks of partner agencies. Like MSHDA, six of the comparison HFAs are HUD Counseling Intermediaries, so they not only distribute funds but also oversee the counseling agencies. Two HFAs have taken counseling and financial literacy programming in-house. A change in approach to financial literacy programming, such as taking counseling in-house at MSHDA, would need to be made based on cost and efficiencies analyses.

- **Supporting programs run by partner agencies.** Twelve HFAs use this program model. Some HFAs provide funding via HUD, their housing trust funds, or other sources, while in other states, the partner agencies secure program funding on their own. Some HFAs require that first-time homeowners participate in this counseling as a condition of working with their programs (particularly those that provide down payment assistance). Often, these programs are closely tied with foreclosure prevention, credit repair, or renter-counseling efforts. The Maryland HFA noted that certain readiness parameters are useful when deciding who should participate in what type of program. For example, homeownership counseling is optimal if an individual plans to buy a home within the next 60-90 days, while a more generalized financial literacy course is more appropriate if they are planning a home purchase in the next year or two.
- **In-house counseling programs.** The Louisiana HFA is a HUD counseling agency that offers financial literacy and post-closing counseling, and Massachusetts manages a borrower counseling program for disabled persons.

- **Research on counseling effectiveness.** The Ohio HFA recently conducted a control group study with 600 buyers, which found that first-time homebuyers who received financial coaching were more successful in purchasing and keeping their homes.

Table 11. Examples of Financial Literacy Programming

State	Example
Ohio	Ohio requires homebuyer education on all loans that use down payment assistance through either a HUD certification training or the agency website. The website process is incentivized if the borrower is coached along the process. This process was evaluated and found that those who received coaching had better outcomes. The goal of the program is to empower and educate borrowers on the expectations of homeownership.
Washington	Borrowers getting assistance from the agency have to go through a homebuyer program. The agency also has a foreclosure prevention program that involves other state agencies and nonprofits.

> MSHDA partners with Housing Counselors and nonprofits across Michigan by providing funding (from MSHDA and HUD grant funds) to promote financial literacy classes for Michigan residents. The Rental Assistance Housing Solutions Division offers the Key to Own homeownership program assisting MSHDA Housing Choice Voucher families with transferring their rental voucher into a homeownership voucher.

Homeownership for Marginalized Groups

All HFAs are seeking to rectify disparities in homeownership among people of color in various ways, although several recognize that this work is in early stages. These include examining their lending policies through a racial equity lens, conducting research and outreach targeted to communities of color, operating programs to smooth the path to homeownership for disadvantaged buyers, and more.

- **Studying policies through an equity lens.** Ten states have examined their policies and practices to understand their effect on homeownership among people of color. This includes analyzing current program uptake by different racial and ethnic groups and identifying ways to make programs more accessible. It can also include the use of advisory groups who examine HFA business models and recommend program adjustments. Wisconsin is beginning a study to understand the characteristics of mortgage-ready buyers
- **Research and outreach.** Seven states conduct direct outreach to communities of color to increase awareness of available resources. Often, this takes the form of engaging community-based organizations that are known and trusted. It can also include updating websites with target communities in mind, or engaging culturally aware marketing consultants. Wisconsin is embarking on a research study of different manifestations of mortgage readiness in its communities so that practitioners can broaden their understanding of what mortgage readiness means.
- **Smoothing the path to homeownership.** Eight states are adjusting their programs to ensure that they serve those who need them most. This includes seeking greater control of down payment assistance structures, administering individual development accounts,

shifting credit score requirements or income limits, working with banks to create a bond program to support small down payments, and more. Louisiana is piloting a program that works with a smaller bank to allow borrowers to have a lower credit score or no credit score by showing that they have kept up with rent payments or otherwise managed their bills. The HFA underwrites part of the loan to make up the difference in what the bank is willing to offer. In Ohio, the multifamily division manages a lease-purchase program where long-term renters can transition to homeownership after 15 years.

Table 12. Examples of Efforts to Increase Homeownership for Marginalized Groups

State	Example
Colorado	Colorado is diversifying housing communication by providing a separate website in Spanish and targeting areas with information that is meaningful to populations.
Illinois	Illinois' state HFA has a down payment assistance program begun in December 2020, that while not limited to people of color, is targeted to certain communities through marketing and outreach. The program pays off student loan debt in order to help individuals and families afford to purchase a home. The loans get sold to Fannie Mae.
Massachusetts	The agency is working with a marketing consultant to market the agency to people of color in culturally responsive ways, including applying understanding of cultural differences as they pertain to accessing information and services.
Ohio	The agency is working in the state with realtors, bankers, and other HFAs to increase their touch through education and outreach. It also partners with employers in the community to gather data on ways to increase employment in the community so people can transition into housing in that area.
Oregon	The agency tracks long-term data measures to do program evaluation on outputs, outcomes, and impacts. Outputs and outcomes measure the rate of increase of homeownership in communities of color. Strategies for increasing this rate are planned annually. All of the work for this is tied to their statewide housing plan.
Washington	*The agency invested resources in the development of their website and have intentionally made connections with real estate professionals to bridge to potential homebuyers of color.

Over the past few years, MSHDA's Homeownership Division has marketed specifically to marginalized communities and will be working with fair housing service providers to affirmatively further fair housing with MSHDA projects. Fair housing rights education and awareness will be increased statewide. In addition, the QAP has incentives built in to foster rent-to-own structures whereby the tenants can decide if they want to purchase the unit at the end of the LIHTC Compliance period.

Research Through a Structural Racism Lens

Relatively few HFAs have made significant headway in researching housing patterns through a structural racism lens, but many have made this a priority going forward. Across the HFAs, this is a nascent area of research with much room for innovation and discovery.

- **Research carried out.** Five HFAs have already conducted research (or, more commonly, supported and utilized research conducted by universities, nonprofits, philanthropic organizations, or other partners). This research looks at historical patterns, current trends and buying patterns by housing type and demographic, and implications for programming. In at least one case, the research was not explicitly intended to highlight racial issues, but it revealed stark disparities in homeownership along racial lines.
- **Research as a priority for the future.** Five HFAs have taken steps to prioritize research with an equity lens going forward by establishing internal workgroups, hiring research staff, or partnering with other entities.

Table 13. Examples of Structural Racism Research at HFAs

State	Example
Illinois	The IHDA is in the process of conducting a racial equity analysis of its QAP/LIHTC programming, as well as applying an equity lens to its other programs.
Indiana	Indiana has established a public-private partnership to develop a publicly available, web-based system that will allow public officials, developers, and others to access data by zip code, census tract, and other community boundaries. These increase the ability of organizations and the public to identify and monitor disparities.
Oregon	The Oregon HFA has established an internal data equity workgroup to identify consistent data standards by which to analyze its programs.

Staff Diversity and Partnerships

In the interviews, some of the HFAs discussed how staffing and partnerships contributed to their ability to reduce inequities.

- **Diversity, equity, and inclusion.** Five HFAs discussed the importance of working proactively to maintain a diverse staff whose demographics match those of the communities they serve. This includes developing existing staff through training on how to center equity throughout their work; examining hiring pipelines to learn where diverse applicants tend to be shut out of the hiring process; and incorporating diversity, equity, and inclusion principles throughout their leadership and strategic planning.
- **Cultural competency.** Three HFAs mentioned efforts to ensure cultural competency in their dealings with outside organizations. For example, Minnesota has intentionally cultivated relationships with indigenous communities by maintaining a division of tribal relations and engaging a tribal liaison who advocates on behalf of the tribes. They view this relationship as a government-to-government partnership that respects tribal sovereignty and helps to ensure that state housing programs benefit the tribes. This engagement has led to the provision of housing services ranging from single-family homes to supportive housing and homelessness prevention in eight of the state's 11 tribal nations.

MSHDA has worked with the Michigan Department of Civil Rights creating the Diversity, Equity, and Inclusion (DEI) Core Team comprised of close to 20% of MSHDA staff who are undergoing extensive DEI training. The DEI Core Team is responsible for helping MSHDA advance efforts to operationalize equity internally and throughout programs, policies, and services.

Equal Employment Opportunity

All HFAs adhere to federal equal employment opportunity (EEO) guidelines for their work with contractors, as well as additional rules that vary by state and locality. However, several also take more proactive steps to incentivize—and cultivate the next generation of—women, minority, and small contractors.

- **Influencing partners.** Six HFAs use their influence to ensure that development and property management vendors partner with local minority- and women-owned businesses. As one HFA noted, this is easier on the property management side because there is an ongoing need to maintain and update multifamily properties. Others promote EEO through scoring categories in the selection of contractors, developers, and the like. Enforcement is a challenge, as some contractors seek to adhere to the letter of the requirements without providing meaningful opportunities.
- **Proactive strategies.** Faced with a dearth of minority contractors, eight HFAs have taken EEO efforts to a higher level by working to help minority vendors succeed, or working with partners to establish training programs for the next generation of minority contractors.

Table 14. Examples of Approaches to Equal Employment Opportunity Promotion

HFA	Action Description
Louisiana	Louisiana worked with a university to teach a class as part of a curriculum aimed at training minority students for work in affordable housing or community development.
Oregon	Oregon recently began implementing a performance-based contracting framework for homeownership counseling centers in the state, which provides for the eventual withdrawal of state funding from centers that do not meet EEO guidelines. At the time of the interview, the state had recently finalized development of a similar strategy for its multifamily development contractors, as well as a program analysis to guide implementation.
Virginia	This agency sets intentional goals to make sure small businesses are included in procurement.
Wisconsin	Wisconsin is addressing EEO by giving additional points to applicants who give minority developers an equity percentage of ownership in deals. Wisconsin saw a 155% increase in work with businesses of color by training staff to seek out minority businesses and work with them to become qualified to seek business at the HFA.

Targeting Resources Geographically

When they were asked in what ways they targeted resources to particular geographic areas, most HFAs indicated that they sought an equitable distribution of resources that balanced urban and metropolitan needs with those of smaller cities and rural communities.

- **Balanced distribution.** Seven HFAs aim for a balanced geographic distribution of programming and resources. In several states, this balanced distribution is a statutory obligation. It is also conditioned by recognition of other funding sources that communities are able to access. To aid in fund allocation, several states classify geographic areas into regions or categories and base the distribution of resources on analysis of relative need and demand. Some states also build geographic distribution into their QAPs; for example, North Carolina allocates 35% of available credits to the Raleigh-Durham metro, which accounts for 35% of the population. North Carolina also balances the geographic distribution of projects by not allowing more than one new construction per county in a particular cycle.
- **Rural areas and small towns.** Six HFAs noted the challenges in spurring development in economically depressed rural areas. In many of these cases, HFAs had products available that were not being utilized, and made inroads by making direct connections within the communities and encouraging them to participate. In Colorado, this is done by employing community relationship managers who live in the regions they serve.
- **Communities of color.** Two HFAs noted that communities of color have been traditionally underinvested and have made efforts to target resources in formerly redlined communities. In Wisconsin, this began with educating internal staff about the history of redlining, as well as its lasting impacts that continue to affect communities today.
- **Targeting by zip code.** The Pennsylvania HFA has begun to target underserved areas by zip code rather than in larger geographic increments. At this time, they are using this lens for projects supported by their housing trust fund, which allows a more flexible use of resources than the QAP or tax credits.

Table 15. Examples of How HFAs are Targeting Resources Geographically

State	Example
Colorado	Colorado housing agents are stationed in different locations of the state and live in these communities. By doing this it has "opened [their] eyes" to the real needs of people in communities and has allowed for new investments and partnerships that approach housing holistically in order to address barriers to stable housing.
Louisiana	This HFA is creating a housing strategy for rehabilitation, relief funds, new units etc. to lay out where and what is happening in the state.
	Distribution is also built into the QAP, awarding more points to developers who want to place new units for low-income families in high-opportunity areas.
	Implemented policies are focused to undo redlining from the past by establishing good management through tax incentives. QAP and funding creates relationships with local governments who work with the agency for agreement on strategic goals.
Maryland	A state bonus-point system is used in Maryland to allow programs to enter rural communities since there are no geographic requirements in Maryland's QAP.
North Carolina	Credits for new construction are divided into four major regions and

	allocated based on the population of the region.
Oregon	Pursuant to the state's House Bills 2001 and 2003, passed in 2019, the HFA has begun implementing a regional housing needs analysis that will assess housing need by income level, housing type, and geography. Cities with over 10,000 residents are required to study their future housing needs and to develop strategies that encourage the production of housing in line with those research results. Oregon's three main housing-stability programs all focus on geographic distribution through a formula allocation that pivots resources by region. Competitive resources have set-aside funding.
Pennsylvania	Zip codes are used to target disadvantaged neighborhoods for projects that are supported through the housing trust fund.

Through a collaborative effort with local units of government, financial institutions, housing counseling networks, faith-based organizations, and others, MSHDA's Outreach Team geographically targets various communities by hosting in-person and virtual Housing Fairs (attracting over 1,000 attendees at a single event) throughout the year. The Housing Fairs include resources about financial education, credit repair, down payment assistance, homeless assistance, and other valuable housing-related services.

High-Opportunity Areas

The HFAs offered many insights on their efforts to increase affordable housing access in high-opportunity areas—places with career opportunities, transportation, high-quality schools, and other desirable amenities. These included various strategies and incentives as well as regulatory tools. In addition, the HFAs shared information on their sources of funding and financing for affordable housing projects.

- **Defining high opportunity.** The Missouri HFA uses data on school district performance, wages, existing housing stock, percentage of the population in relation to unemployment, and crime statistics to identify high-opportunity communities for its projects. At the same time, they recognize that a dataset that might be problematic in one community is not necessarily so in another, so they review all applications on a case-by-case basis.
- **Qualified Allocation Plans.** Nearly all HFAs described the use of QAP points to incentivize affordable housing in high-opportunity areas, with points awarded for adding affordable units, or showing that a development is part of a comprehensive community plan; develops supportive or special-needs housing; provides housing in targeted geographic areas; is located near transit or quality education; and more. Three HFAs noted that they adjust their QAPs periodically (e.g., on an annual basis) based on data on community needs and project deals. For example, Ohio uses direct public engagement from resident organizations, housing councils, disability rights organizations, trade associations, and others to inform policy adjustments to its QAP.

- **Balancing investment.** Seven HFAs discussed the need to balance investment between high-opportunity communities and those that are underinvested. A few also offered insights on how to set this balance. For example, Louisiana seeks to build new affordable housing in high-opportunity areas and rehabilitate existing affordable housing in distressed areas.
- **Laws, policies, and zoning.** Only Illinois, Massachusetts, and Oregon have statutes in place to require affordable housing. Most HFAs indicated that their states have home-rule statutes, with affordable housing policies limited to the discretion of large metro areas and much affordable development hampered by exclusionary zoning. A few local communities have enacted inclusionary zoning policies, property tax levies, relaxed parking requirements, or policies supporting duplexes and accessory dwelling units. However, these have not been sufficient to overcome the continuing inflation in housing prices.
- **Funding sources for single-family development.** Most HFAs use either mortgage revenue bonds or a mix of mortgage revenue bonds and to-be-announced (TBA) bonds to finance their single-family projects. A few have become secondary market providers, purchasing loans from the original lenders and selling them in the secondary market to increase revenue.
- **Financing tools.** Most HFAs use conduit financing for most or all of their lending. Only the Massachusetts HFA uses mostly direct lending.

Table 16. Examples of HFA Approaches to Housing in High-Opportunity Areas

State	Example
Indiana	*The HFA has been pleased with the level of conversation it has had recently about housing in the context of communities. Meaning, it is now having policy discussions that include discussing how housing contributes to quality of life, such as its connection to education and work.
Missouri	MHDC staff use data on school district performance, wages, existing housing stock, percentage of population in relation to unemployment as well as crime statistics to ascertain what an opportunity area looks like.
Ohio	In Ohio, the HFA's research findings led to the creation of an opportunity-mapping tool and change index. This informs the siting of new projects, helping to place housing in areas with more amenities and improve the equity of access.[45]
Oregon	The state of Oregon has an unusually strong policy focus on affordable and missing-middle housing. The state legislature has restricted rent increases and no-cost evictions while relaxing restrictions on higher-density residential uses in single-family-zoned properties.
	One of this state's key legislative performance measures is the percentage of multifamily housing units that are located in high-opportunity areas.
	The Oregon HFA incentivizes the development of affordable multifamily units through a tiered multifamily scoring system that adjusts per-unit costs by geographic area, with higher caps in high-opportunity areas.

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[45] "Opportunity Mapping Tool," Ohio Housing Finance Authority, https://ohiohome.org/ppd/opportunitymap.aspx.

> For the 2022-2023 QAP, MSHDA has committed to adding data collection and analysis including but not limited to, a racial equity impact assessment that will be utilized to fund more equitable housing projects, including affordable housing in high-opportunity areas.

COVID-19 Response

When asked to describe the most important challenges facing their HFAs, the interviewees most often described the difficulty of making judicious use of COVID-19 relief funds within the ambitious timeline required by the federal government.

- **Spending down federal funds.** Six states talked about how difficult it was to spend down their federal relief funds in an effective manner while also keeping up with their usual business. They took various approaches to meet this challenge. For example, Louisiana strengthened its online communications infrastructure and built capacity to make its business more mobile and virtual. Indiana is working to improve its data management to streamline and speed up data availability to inform decision-making. Virginia set up a new website called Stay Home Virginia, intended as an information and resource clearinghouse for homeowners, renters, financial institutions, local officials, and others.
- **Equity.** Three states talked about how the pandemic brought underlying racial and socioeconomic inequities to the forefront. In Pennsylvania, this resulted in an increased strategic focus on housing for vulnerable populations as well as the connection between housing and health.

Other challenges discussed by individual HFAs included slowdowns or interruptions in the supply chain for developers, the complex logistics of carrying out day-to-day business from home, and the ominous growth of rent arrearages in their states.

Two states discussed the success of their COVID-19 responses. Observing the stark inequities that were brought into focus by the pandemic, Oregon made the largest investments in its history, with a strong focus on equity and racial justice.

> Shortly after COVID-19 became a global pandemic, MSHDA worked with partners to develop the *MSHDA COVID-19 Response and Recovery Plan* that includes immediate-, medium-, and long-term actions. The plan was created to respond strategically to the immediate and future consequences of the pandemic, including the many racial disparities that have been amplified. For more information, visit MSHDA's website.

Ongoing Challenges

The HFAs share several obstacles that preceded the pandemic and continue to challenge them, which include the following:

- **Housing supply.** The affordable housing supply was the most common non-COVID challenge, discussed by five states. Associated issues include low single-family and rental inventory, high construction costs, wealth gaps along racial lines, and significant market pressure in large metro areas over the past two to five years. These problems are worsened by constraints on development in many communities, including policy issues (e.g., exclusionary zoning) as well as NIMBY (not in my backyard) pushback by existing residents.
- **Resource availability and restrictions.** Resources were another frequent challenge, cited by four states. This includes not just the availability of funding, but also the restrictions placed on funding and the complexity of assembling a capital stack to bring a housing development or program to fruition. These issues make it more difficult for HFAs to respond quickly to housing demand, so HFAs continue to seek out flexible funding sources through advocacy at the state and national levels.
- Individual HFAs discussed several additional challenges. These included **competition with private lenders to offer attractive loan products, limited partner capacity, and lack of staff diversity** to match that of the communities they serve.

Table 17. Examples of Approaches to Overcoming Overarching Challenges

State	Example
Massachusetts	This agency noted it tries to understand the needs of borrowers and their pipelines, and places emphasis on thinking of non-traditional ways of inserting the agency within the pipeline to support borrowers.
Maryland	The agency is trying to be transparent and is developing an accessible way for partners to find and use housing information important for planning. Maryland publishes housing data and all products on its website in a way that partners know where to go for information.

Recent MSHDA studies, the Statewide Housing Needs Assessment, and the Michigan Homeownership Study confirmed many of these same challenges identified by their peers. MSHDA will be learning of more housing needs throughout the Michigan Statewide Housing Plan process and looks to participants, its partners, and other HFAs for solutions. See MSHDA's website for copies of these reports.

Measuring Success

The HFAs described an array of metrics they consider most useful for tracking progress, demonstrating success, and informing program improvements.

- **Production and performance metrics.** Eleven HFAs named a variety of metrics they use to monitor production and performance. Examples include:
  - Number, value, units, affordability, and geographic distribution of projects
  - Units and revenue to expenses per staff
  - Rates of expenditure of federal aid dollars
  - Numbers of loans per underwriter, per attorney, etc.
  - Loan approval rates
  - Closing costs and timelines
  - Foreclosure and delinquency rates

- **Populations served.** Seven HFAs described metrics to track populations served, with targets for specific demographic groups as well as program performance for these groups (e.g., percentages of first-time homebuyers who are people of color).

Table 18. Examples of HFA Approaches to Success Measurement

State	Example
Colorado	There are seven indicators that are measured and tracked continuously throughout the year in four categories by Colorado: Customer, Financial, Interoperations, and People. Each division of CHFA (i.e., single family, multi family, etc.) tracks their own key indicators that are important as well. All are tracked visually on a dashboard.
Illinois	Measurements in Illinois are based on expenditure rates and policies align with federal guidance.
Louisiana	The agency aligns measures according to federal funding to make sure money is not going unspent.
Massachusetts	In this agency, measurements start at the highest level of total dollars and number of loans and work down to more nuanced areas such as people of color and regions, and then have measures for different departments.
Oregon	Oregon measures the percentage of units in high-opportunity areas and reports these data to the legislature. This information is also built into scoring for multifamily housing.
Virginia	This agency conducted a study of the economic impact of its housing deals for the state. Typically, housing and economic development are studied separately, but the availability of workforce housing can be a key decision point for companies looking to locate in a particular area.

To gauge its progress within strategic focus areas, MSHDA measures the results of its housing efforts regularly. Divisions within the authority use this feedback to adjust their existing programs or create new ones as needed. For example, by measuring the intake of various programs—everything from requests for LIHTC, mortgages for single-family dwellings, and point-in-time counts of the homeless population—decisions can be made about resource use, marketing, and other program parameters. Other aspects of program administration, including the effects they have on the end-user of the housing MSHDA helps produce, also contain valuable information that could be used to adjust the Authority's activities. In this way, the Authority's engagement in its strategic focus areas (building equitable pathways to housing programs and services, supporting access to homeownership opportunities, rehabilitating Michigan's aging housing stock, investing in Michigan's communities based on need, collaborating to address housing needs in Michigan, providing innovative rental housing solutions, and reducing homelessness) can be more proactively managed.

SWOT ANALYSIS

MSHDA compares favorably with its peer HFAs in offering a variety of programs, pursuing innovations, giving attention to diversity, equity, and inclusion within the organization, using data to inform decisions, and working with partners on housing issues. To provide for continuous improvement, the following analysis highlights strengths, weaknesses, opportunities, and threats (SWOT) for MSHDA.

This SWOT is based on the benchmarking and other research summarized above, as well as the COVID-19 Response and Recovery Plan, and studies conducted by MSHDA over the past several years.

Table 19. MSHDA's Key Strengths, Weaknesses, Opportunities, and Threats

Strengths	Weaknesses
- Actions taken to engage stakeholders in housing solutions and a mission statement that includes partners - Ability and willingness to conduct research in support of planning and outcome measurement - Working on including racial equity in its strategic efforts - Diverse menu of services and programs - Existing network of housing counselors	- Restricted or inconsistent funding resources that are insufficient to meet needs (e.g., rental assistance) - Limited connections to historically marginalized groups
Opportunities	**Threats**
- Expanded measurement of key state housing outcomes - Ongoing engagement of stakeholders for feedback and advising - Fully funded Michigan Housing and Community Development Fund to provide more flexible resources to address areas of need - QAP scoring aligned with priorities (e.g., targeting development to high-opportunity areas, improving access to broadband, and a racial equity impact assessment) - Community empowerment support - Partnering for increased healthy housing - Collaboration with other state HFAs in pursuit of common needs - Funding or in-kind support for local community land trusts - Streamlined path to homeownership, including program adjustments	- Disparities on housing measures (e.g., homelessness, homeownership) by race/ethnicity and disability status - An aging population, particularly in rural areas - Lack of affordable housing to meet demand - Local zoning restrictions that inhibit creative housing solutions and efforts to increase housing supply - Competition on mortgages from private lenders - Potential difficulty in having sufficient capacity to manage the distribution of federal stimulus funding according to schedule

CONCLUSION

With the benchmarking information, MSHDA can be reassured that its programs and services are operating along similar lines to other HFAs. Overall, Michigan sits comfortably in comparison to other states. It is not an outlier and is not lagging other HFAs in any significant ways; in a few areas, it is more active, such as federal program participation. There is, however, always the opportunity to consider adjustments to improve and deliver positive outcomes.

Strategic Opportunities

Many opportunities to consider for Michigan came up during the research. Thematically, the research highlighted the potential of focusing on promoting affordability, equitable access to quality housing in various forms, and balancing resources across the state's needs. The bulleted list below includes key opportunities to strengthen the housing situation in Michigan. Some of these may be possible for MSHDA to pursue on its own, but in many cases, these would require collaboration with others to maximize impact. These opportunities should also be considered as part of developing the goals and strategies of the statewide housing plan.

- Hold discussions within MSHDA and among partner organizations about implementing innovations, taking into consideration past efforts, Michigan's context, and barriers to be resolved.
- Increase the overall housing supply in the state for households at various income levels through new development and rehabilitation.
- Promote zoning practices that help bring more affordable housing into areas of high opportunity and open up more places for affordable units.
- Conduct research to support policy decisions, including exploration of the outcomes of different housing siting decisions and assessing progress on eliminating housing disparities.
- Facilitate partnerships and collaboration at the state, regional, and community levels.
- Actively reduce housing discrimination and inequities through legislation and other actions, including intentionally examining outcomes by race and ethnicity.
- Utilize the Qualified Allocation Plan to leverage development toward priorities (such as those established in the statewide housing plan) and reflect on the value of a two-round approach as compared to a one-round approach.
- Target financial products and communications where greater impact is desired, such as increasing homeownership among certain populations or in certain locations.
- Combine standard financing sources with new and leveraged resources in order to introduce greater flexibility and create more opportunities for housing, including a fully funded Michigan Housing and Community Development Fund.
- Address educational needs inside organizations and within the larger housing sector on topics such as implicit bias, fair housing, cultural responsiveness, and hiring and maintaining diverse staffing.
- Improve housing stability through investment in permanent supportive housing, working more intentionally with communities of color, studying trends, and prioritizing access to subsidized units, among other approaches.
- Target efforts to those access points where disconnections commonly occur in the housing system (e.g., lack of money for down payment preventing homeownership, shortage of minority and women-owned business enterprises qualified as vendors).

- Form or enhance connections between housing and other systems that also impact quality of life, like food and health.
- Support the empowerment of residents to have a voice in housing decisions and consistently seek stakeholder input about housing programs and services.
- Collaborate with other HFAs on the sharing of best practices and pursuit of common interests, particularly those HFAs that share similarities with MSHDA.

The possibilities to implement these opportunities take the form of five main types of action, which could be deployed alone or in combination to address specific housing issues:

1. Policy changes (e.g., legislation, program rules)

2. Incentives (e.g., to encourage changes in zoning, broadband access to residents)

3. Targeted investments (e.g., partnership-building, increasing availability of subsidies)

4. New programs and supports (e.g., to increase homeownership, building connections between Medicaid and housing)

5. Outreach and education (e.g., forming partnerships around shared concerns, networking to reach deeper into communities)

Metrics to Consider

Benchmarking provides a baseline for considering how to measure the impacts of strategic actions. Internally, MSHDA can use the following as it sets out to understand who it is reaching through its programs and services, but these types of measures can also be applied to the statewide housing plan, as appropriate to the strategies it contains. New reporting requirements may be necessary to collect these data. To gauge progress toward greater equity and overall effectiveness of policies and efforts, it is useful to set annual targets and report progress on those targets quarterly.

- Capture all program and initiative outputs (e.g., numbers served), but also, at minimum, break down those data by customer race and ethnicity, customer gender, and county of activity.
- Track the characteristics of the developers funded by MSHDA, such as race/ethnicity and gender of owners and the development team.
- Collect and report the geographic location and key characteristics of funded properties. In addition, capture whether or not these areas could be classified as high-opportunity areas based on access to amenities and other features and whether or not the properties' residents are reflective of the areas' demographics.
- Gauge level of investment and the results of those investments based on strategic priorities.
- Continue to examine Michigan's overall rates of homeownership, rent burden, the equity of the QAP impact, and other indicators of impact by the HFA and its partners.

As MSHDA proceeds with its work and participates with partners in defining strategies for the forthcoming statewide housing plan, it should leverage its assets into a powerful set of strategies and develop aligned performance measures.

Advice for MSHDA from Its Peers

At the close of the interviews, several HFAs offered advice for MSHDA on how to use metrics, expand the impact of its work, or conceptualize its statewide housing plan.

- **Be ready to pivot when targets shift.** "I'm a believer in goals, but I also think you have to assess where you are . . . set goals, but also know that change is hard and some stuff will not happen as fast as you want it to. Understand where you start from and figure out what are your priorities."

- **Balance the big picture with the details.** "I think you have to celebrate the big picture but make sure your ratios stay the same or get better. If you measure the top line, make sure the intermediate and bottom lines keep pace."

- **Use metrics for problem-solving**. "It's important for the state needs assessment to be very clear to evaluate existing programs and best practices. But you also need room on the back end for practitioners to figure out how to solve problems. A lot of plans are too specific—you must create this program to accomplish this goal—and that can be too restrictive."

- **Think and plan holistically.** "MSHDA should think as broadly as possible as we move into the post-COVID world. What are the impacts on Black and Brown households, extremely low income, elderly, and the connection between health and housing, transportation, access to jobs, and access to opportunity."

- **Get legislative support.** "If I did [a statewide housing plan] here, I would want to make sure it was something the legislature was bought into. One of the ways that we focused on this was not to have the whole legislature everywhere, but . . . we got the Black and Latino caucus interested. They are more interested than maybe others. Think about who your partners are and make sure that whatever the plan says, it's something that is aggressive yet achievable."

- **Partner with other HFAs in the Great Lakes region.** "We share a lot of similar issues in the Midwest . . . there are a lot of things we share. Where is there a missed opportunity for regional partnership and collaboration?"

- **Consider establishing a foundation.** "You might want to think about that. We put about half a million dollars a year into [our foundation]. It has funded 40 organizations that house the housing unstable . . . we want to attract philanthropy and matching funds and leverage grant dollars."

APPENDIX A: DATA ELEMENTS TABLE

Table A-1. HFA Benchmarking Data Elements

Domain	Data Elements

State Context	• Total state population
	• Income distribution
	• Housing profile
	  ▪ Percentage of population who are renters
	  ▪ Percentage of population who are homeowners
	  ▪ Median housing costs
	  ▪ Number of homeless individuals

Organizational Structure	• Is the HFA public, private, or public-private partnership?
	• Is the agency a statewide HFA?
	• Is the HFA under the Governor's direct supervision?
	  ▪ Is funding for the HFA included in the Governor's budget?
	• Is the HFA an independent authority?
	• Is the HFA overseen by a board of directors/trustees?
	  ▪ What is the number of board members?
	  ▪ What is the length of board member terms?
	  ▪ Are board members appointed by the Governor?
	  ▪ Are board members appointed/approved by state legislature?
	• Does the HFA have an executive director (or equivalent) who is responsible for day-to-day operation?
	  ▪ Is the ED appointed by the governor? By the agency board? By the state legislature?
	  ▪ Does the ED serve for a specified term?
	    ➤ What is the length of term?
	• Who has budget approval authority for the HFA? (Board, Governor, State Legislature, Executive Director)
	• What is the total number of agency staff?
	  ▪ How many are full-time employees?
	  ▪ How many are part-time employees?
	  ▪ How many are contractual employees?
	• Does the HFA host an annual conference?

Vision, Mission, and Goals	• What is the HFA's vision? • What is the HFA's mission statement? • Does the agency have any specific strategies for achieving equal employment opportunity goals for federal and federally-assisted construction contracts? • How has the agency engaged in specific efforts to broaden the pool of qualified construction contractor candidates to include minorities and women? • Does the agency have a statewide housing plan? • Does the agency have any goals or plans specifically targeting diversity, equity, and inclusion?
Programs and Services	• Which of the following federal programs are operated by the HFA? ▪ Capital Magnet Fund

Domain	Data Elements
	- Community Development Block Grant (CDBG) – Housing - CDBG – Non-housing - Community Development Financial Institution - Hardest Hit - Housing Opportunities for Persons with AIDS (HOPWA) - HUD Housing Counseling Program - Lead Hazard Control - Low-Income Housing Tax Credit - National Foreclosure Mitigation Counseling Program - National Housing Trust Fund - Neighborhood Stabilization Program - New Markets Tax Credits - Public Housing Capital, Modernization, or Operating Subsidies - Section 8 Housing Choice Vouchers - For each HFA program: - Program name - Target population(s) - Service category (emergency shelter, supportive housing, tenant-based assistance rental housing, owner-occupied housing) - Program description - Service volume data, by year, 2013-2018: - Money spent on program - Number of individuals served by race/ethnicity
	- Single-family Mortgage Data for 2018 - HFA single-family mortgage and borrower characteristics (Mortgage Review Board and Non-Mortgage Review Board Loans) - Average mortgage amount - Average purchase price - Average amount of down payment assistance - Which of the following forms of down payment assistance are provided? - Grants - Amortizing second loans - Forgivable second loans - Deferred second loans - Are borrowers who receive down payment assistance required to provide a minimum contribution? If yes, what amount (dollar value or percentage) is required? % of loans to minorities % of loans to female heads of household - Average age of head of household - Average household size - Average borrower income - Median borrower income - Proportion of HFA loans receiving mortgage insurance, by type: - Insured by FHA

Domain	Data Elements
	♦ Insured by USDA Rural Development
	♦ Insured by VA
	♦ Self-insured
	♦ State
	♦ PMI
	♦ Guaranteed by Fannie Mae
	♦ Guaranteed by Freddie Mac
	♦ Not insured/guaranteed by federal program
	▪ HFA mortgage distribution by income range
	▪ Does HFA target single-family funds to any of the following special groups?
	♦ New construction
	♦ Minorities
	♦ Female head of household
	♦ Elderly
	♦ Disabled
	♦ Police
	♦ Firefighters
	♦ Teachers
	♦ Veterans/service members
	♦ Rural borrowers
	♦ Other (specify)
	• Low Income Housing Tax Credit data for 2018
	▪ Total dollar amount of housing credit authority
	♦ Per capita credits
	♦ Returned credits
	♦ Carryforward credits
	♦ National pool credits
	♦ Disaster credits
	▪ Total dollar value of housing credit allocation requests
	♦ Request/allocation ratio
	▪ Total dollar value of housing credit allocations
	♦ Allocations for new construction
	♦ Allocations for rehabilitation
	▪ Number of developments receiving allocations
	♦ Units per development
	♦ Total number of housing credit qualified units
	♦ Resyndication percentage
	• Units receiving allocations in 2018
	• Units in developments originally receiving allocation prior to 2018
	♦ Total market rate units
	• Units receiving allocations in 2018
	• Units in developments originally receiving allocation prior to 2018
	▪ Percentage of housing credit units receiving other funding subsidies, by subsidy type:
	♦ Rural Housing Service (RHS) programs
	♦ FHA insurance
	♦ FHA risk-sharing

Domain	Data Elements
	♦ Tax-exempt bond financing ♦ Taxable bond financing ♦ Project-based Section 8 ♦ McKinney-Vento Homeless ♦ Historic Rehab ♦ CDBG ♦ HOME ♦ HOPE VI ♦ Federal Home Loan Bank (FHLB) Affordable Housing Program ♦ Native American Housing Assistance and Self Determination Act (NAHASDA) ♦ Neighborhood Stabilization Program (NSP) ♦ Housing Trust Fund ♦ Section 202 ♦ Section 811 ♦ Veterans Affairs Supportive Housing (VASH) ♦ Credits only ▪ Percentage of housing credit units for specific populations, by population group: ♦ Homeless ♦ Elderly ♦ Persons with disabilities ♦ Persons w/AIDS ♦ Migrant workers ♦ Rural ♦ Family ♦ Veterans ♦ Native Americans ▪ Identify Low Income Housing Tax Credit set-asides, and percentage set aside for each (up to three) ▪ Is Low Income Housing Tax Credit compliance monitoring conducted in-house, by contract, or combination of both?
	▪ Are affordable housing projects tied to Opportunity Zone funds? ▪ What tools are used to identify high-opportunity areas?
	• Multifamily Bonds data ▪ Total number of multifamily bonds issued: ♦ Tax-exempt new money ♦ Tax-exempt refunding ♦ Government purpose ♦ 501(c)(3) ♦ Taxable ▪ Total dollar value of multifamily bonds issued: ♦ Tax-exempt new money ♦ Tax-exempt refunding ♦ Government purpose ♦ 501(c)(3) ♦ Taxable ▪ Number of housing credits allocated to tax-exempt bond-

Domain	Data Elements

	financed developments
	▪ Number of bonds allocated to tax-exempt bond-financed developments
	▪ Number of developments with tax-exempt bond units receiving allocations
	    ♦ Total number of housing credit qualified units
	    ♦ Total number of market rate units
	▪ Total number of expected units from multifamily bonds issued
	▪ Percentage of multifamily bonds receiving other funding subsidies, by subsidy type
	    ♦ Rural Housing Service (RHS) programs
	    ♦ FHA insurance
	    ♦ FHA risk-sharing
	    ♦ Tax-exempt bond financing
	    ♦ Taxable bond financing
	    ♦ Project-based Section 8
	    ♦ McKinney-Vento Homeless
	    ♦ Historic Rehab
	    ♦ CDBG
	    ♦ HOME
	    ♦ HOPE VI
	    ♦ Federal Home Loan Bank (FHLB) Affordable Housing Program
	    ♦ Native American Housing Assistance and Self Determination Act (NAHASDA)
	    ♦ Neighborhood Stabilization Program (NSP)
	    ♦ Housing Trust Fund
	    ♦ Section 202
	    ♦ Section 811
	    ♦ Veterans Affairs Supportive Housing (VASH)
	    ♦ Credits only
	▪ Percentage of multifamily bond units for specific populations, by population group:
	    ♦ Homeless
	    ♦ Elderly
	    ♦ Persons with disabilities
	    ♦ Persons w/AIDS
	    ♦ Migrant workers
	    ♦ Rural
	    ♦ Family
	    ♦ Veterans
	    ♦ Native Americans
	    ♦ Other

	• HOME Investment Partnerships data
	    ▪ Total HOME funds allocated
	    ▪ Total dollars committed for single family
	    ▪ Total single-family units assisted
	    ▪ Total dollars committed for multi-family
	    ▪ Total dollars committed for tenant-based rental assistance

Domain	Data Elements

	▪ Total units assisted through tenant-based rental assistance
	▪ Dollar value of HOME funds for specific populations
	  ♦ Homeless
	  ♦ Single room occupancy (SROs)
	  ♦ Transitional
	  ♦ Elderly
	  ♦ Assisted living
	  ♦ Persons w/disabilities
	  ♦ Persons w/AIDS
	  ♦ Migrant workers
	  ♦ Rural
	  ♦ Family
	  ♦ Veterans
	  ♦ Native Americans
	▪ Percentage of multifamily bonds receiving other funding subsidies, by subsidy type
	  ♦ Rural Housing Service (RHS) programs
	  ♦ FHA insurance
	  ♦ FHA risk-sharing
	  ♦ Tax-exempt bond financing
	  ♦ Taxable bond financing
	  ♦ Project-based Section 8
	  ♦ McKinney-Vento Homeless
	  ♦ Historic Rehab
	  ♦ CDBG
	  ♦ HOME
	  ♦ HOPE VI
	  ♦ Federal Home Loan Bank (FHLB) Affordable Housing Program
	  ♦ Native American Housing Assistance and Self Determination Act (NAHASDA)
	  ♦ Neighborhood Stabilization Program (NSP)
	  ♦ Housing Trust Fund
	  ♦ Section 202
	  ♦ Section 811
	  ♦ Veterans Affairs Supportive Housing (VASH)
	  ♦ Credits only

	• Housing Choice Voucher (HCV) Program data
	▪ Total budget authority (HAP and admin funding)
	▪ Total number of Family Unification Vouchers (FUP)
	▪ Total number of Non-Elderly/Disabled Vouchers (NED)
	▪ Total number of Mainstream Vouchers (MS5)
	▪ Total number of Veterans Affairs Supportive Housing (VASH) vouchers
	▪ Average monthly housing assistance payment (HAP)
	▪ Average monthly per unit cost (PUC)
	▪ Participant data
	  ♦ Average household size
	  ♦ Average household income
	  ♦ Average Total Tenant Payment (TTP)

Domain	Data Elements
	♦ % of elderly families ♦ % of disabled families ♦ % of families with children ♦ % of veterans ▪ HCV homeownership program ▪ Total number of voucher recipients by race/ethnicity

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