



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

SCOTT WOOSLEY, CFA
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: JANUARY 11, 2013
TO: INTERESTED PARTIES
FROM: ANDREW MARTIN, LIHTC ALLOCATIONS MANAGER
SUBJECT: LIHTC PROGRAM UPDATES & FEBRUARY 2013 ROUND CREDIT AVAILABILITY

This memo is intended to provide potential applicants and stakeholders interested in Michigan's Low Income Housing Tax Credit (LIHTC) program with updates to required application materials, to identify the amount of 9% LIHTC available for the February 2013 funding round, and to clarify the credit rate that should be used for future competitive application submissions.

APPLICATION MATERIAL UPDATES

ADDENDUM I & EXHIBIT CHECKLIST UPDATES:

Several updates have been made to the Addendum I and Exhibit Checklist to provide clarifications determined necessary after having completed the first round of application reviews under the 2013-2014 Qualified Allocation Plan (QAP). These updates include:

- Wording added to encourage applicants to provide a narrative description preceding each exhibit explaining how the submitted document satisfies the requirements, particularly for those exhibits that involve unusual or complex elements.
- Exhibit 3 – Zoning: Language added to identify timeframe in which documentation must be dated to be given consideration
- Exhibit 4 – Utilities: Language added to identify timeframe in which documentation must be dated to be given consideration
- Exhibit 8D – Federal, State, or Local Financing – Clarified what must be submitted for MEDC CRP funding.
- Exhibit 16 – Proximity to Transportation: Added clarification language to better identify what should be submitted to receive points
- Exhibit 17 – Site Amenities: Added clarification that applicants should use/submit a project's classic Walk Score and not a project's Street Smart Walk Score
- Exhibit 19 – Community Revitalization Plan – 1) Requirement added for applicant to identify how it believes the project satisfies all of the requirements to receive points; 2) Language added to identify timeframe in which documentation must be dated to be given consideration; and 3) Clarification provided for what may alternatively be submitted for Rural set-aside projects.

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- Exhibit 20 – Site Plan Approval: Language added to identify timeframe in which documentation must be dated to be given consideration
- Exhibit 21 – Community Space: Clarifications added for requirements/considerations to receive points
- Exhibit 23 – Historic Rehabilitation Projects: Clarified where a project must be in the Historic process to receive consideration
- General Partner/Member Experience Certification: Clarified requirement that number of successful properties must be identified to receive points

TAX CREDIT APPLICATION UPDATES:

On January 7, 2013, the Authority released an updated version of the application to its website, which should be used for application submissions in the February 15, 2013 funding round. The updated application can also be viewed using the following link: [January 2013 LIHTC Program Application Update](#) or by going to the Combined Application section of MSHDA’s website. The update was necessary to make the following adjustments:

- Incorporated the updated HUD Income and Rent Limits released on 12/11/12 into Section I of the application.
- Added a “Credit Requested” box on the cover page of the application.
- Added a “Job Creation” section in Section E of the application.
- Added additional comment boxes in various areas of the application.
- Various formatting and calculation adjustments were made.
- Added additional clarification notes.
- Made an adjustment to the “Rental Assistance” drop down menu in the “Distribution of Rents” chart in Section I of the application. The drop down menu will now require the applicant to select the specific type of rental assistance applicable to the corresponding units in that row.
- Added a question pertaining to “floating” rental assistance in Section I of the application.

Additionally, as specified in the Instructions section of the application, please ensure that when printing out a completed application for submission, to print the application as a “Workbook” to ensure that the page numbers are ordered correctly.

LIHTC POINTS SCORE DATABASE UPDATE

The [LIHTC Points Score](#) database located on MSHDA’s website will be updated soon to include the Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs). Prior to it being updated, those interested can access the new QCT and DDA information in Tab J of MSHDA’s Combined Application, which can be found at the following link: [Tab J - QCTs and DDAs](#)

ADDENDUM III UPDATES

Several modifications have been made to the Addendum III, which is required for projects applying under the Permanent Supportive Housing (PSH) Category, to provide clarifications determined necessary after having completed the first round of application reviews under the

2013-2014 QAP. In addition to minor modifications made throughout the document, the primary updates include:

- Section II.5 – Service Coordination Plan: Clarification that the number of units applies to the number of Permanent Supportive Housing units in the project, not the total number of units
- Page III-8 – Community/Supportive Service Room: Clarification that the number of units required is based on the total number of LIHTC units
- Page III-8 – Targeted Supportive Housing Populations: Added provision requiring details of the referral and service delivery, if the populations are targeted
- Page III-9 – Developing in a High Need Area: Added provision requiring submission of HMIS data to receive points
- Page III-9 – Proposed Rents: Added clarifications regarding the income levels that may be targeted and the rents that may be charged
- Page III-11 – Clarification that the number of units applies to the number of Permanent Supportive Housing units in the project, not the total number of units

FEBRUARY 15, 2013 FUNDING ROUND CREDIT AVAILABILITY

The February 15, 2013 funding round will make approximately \$15.5 million in annual LIHTC available to eligible applications. Applicants are encouraged to review the 2013-2014 QAP for a description of the allocation process to be followed in awarding the credit from the February round. Following is a breakdown of credit availability by Category:

Preservation Category	\$ 2,481,127
PSH Category	\$ 4,176,471
Open Category	\$ 2,098,110
Strategic Investment Category	\$ 2,731,403
Undesignated Category	\$ 4,097,104
 Total Credit Available	 \$ 15,584,214

Additionally, as outlined in the 2013-2014 QAP, allocations made from the Categories in the August 2012 funding round also counted toward fulfillment of a Statutory Set-Aside. While the Nonprofit set-aside was satisfied for the 2013 allocation year out of the allocations of 2013 credit made from the August 2012 funding round, the Rural, Elderly, and Eligible Distressed Areas set-aside requirements remain unmet and will need to be satisfied using credit available to the Categories listed above. If these set-asides are not otherwise fulfilled from the allocations made from the Preservation, PSH, Open, or Strategic Investment Categories, they will be given priority for any allocations made from the Undesignated Category until the minimum amount required to fulfill the set-aside is satisfied. Below is a breakdown of the minimum amount of credit that will need to be allocated to projects that qualify for the Rural, Elderly, and Eligible Distressed Areas set-asides out of the February 2013 Funding Round:

Rural	\$ 1,751,550
Elderly	\$ 2,222,142
Distressed	\$ 3,758,431

9% CREDIT RATE

On January 1, 2013, Congress approved H.R. 8, the American Taxpayer Relief Act of 2012, which in part extended the fixed 9 percent LIHTC rate to make it available to projects receiving an allocation of credit prior to January 1, 2014. This modifies significantly the previous requirement for a project to be placed in service no later than December 30, 2013 to be able to use the 9% credit rate.

With regard to the credit rate, the 2013-2014 Qualified Allocation Plan (QAP) indicates that MSHDA will use the greater of 3.4% (used for acquisition costs and for tax-exempt bond financing transactions) and/or a 7.6% credit rate (used for rehabilitation or new construction costs), or the floating monthly credit rate published as of the time of application submission in its determination of the amount of credit to award. With the approval of the American Taxpayer Relief Act of 2012, the monthly credit rate of 9% for allocations made prior to 2014 now exceeds the credit rate outlined in the QAP to be used for non-federally-subsidized rehabilitation/new construction costs, and, therefore, is the credit rate that applicants should use when submitting an application and determining the amount of credit a project will qualify for.

QUESTIONS

If you have any questions regarding any of the above items or general questions related to the February 2013 funding round, please contact LIHTC staff at (517) 373-6007.