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STATE OF MICHIGAN
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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ACTING-EXECUTIVE DIRECTOR

MEMORANDUM

DATE: FEBRUARY 19, 2015
TO: INTERESTED PARTIES
FROM: ANDREW MARTIN, LIHTC ALLOCATIONS MANAGER
SUBJECT: LIHTC PROGRAM UPDATES & APRIL 2015 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 application materials and to identify the amount of 9% LIHTC available for the April 1, 2015 funding round.

APPLICATION MATERIAL UPDATES

ARCHITECT'S CERTIFICATION REGARDING PROJECT SQUARE FOOTAGE:

As more focus has been placed on cost containment in recent years, various questions arise from applicants as applications are assembled and applicants look to optimize the amount of points they can achieve in any way possible. Additionally, as MSHDA evaluates the many applications that have been submitted since a cost containment scoring factor was introduced into the LIHTC process, it has become clear that there are many different approaches being taken by applicants in how they complete their applications, particularly in the costs and square footage portions. These varying approaches not only have an impact on the points that ultimately get awarded on a specific application, but also have an impact on the overall cost metrics that are used to assess applications going forward.

In an attempt to provide some clarity and uniformity around how this portion of the Scoring Criteria will be considered, so that there is more consistency and fairness in the application review process, the Architect Certification related to Project Square Footage (found in Addendum I) has been updated to provide clarification as to what square footage will be allowable for points. Specifically, a sentence has been added to the bottom of the certification providing examples to applicants and architects of some of the items whose square footage is not includable in the cost containment scoring calculation. Examples of things that should be excluded from the square footage calculation for cost containment include, but are not limited to, basements, garages, carports, parking lots, parking structures, and sidewalks. While the square footage for these items would not be included in the calculation of points, any costs associated with the items would be included in the total development costs if they are planned to be a part of the proposed project.

TAX CREDIT APPLICATION UPDATES

Being posted to MSHDA's website concurrently with the issuance of this memo is also an updated version of the LIHTC Program Application, which should be used for application submission in the April 1, 2015 funding round. The update made the following adjustments:

- Comments have been updated throughout the application to provide clarification as to how to fill out the application or indicate how the function included in specific cells is calculating the data.
- The Pay-In Schedule was moved to print after the Credit Calculation page.
- The Pay-In Schedule, Tab O, has been updated to allow additional flexibility for the applicant to list the sources.

Additionally, please note that comments on how to improve this application to make it more user-friendly are welcomed and will be considered in future application updates.

ADDENDUM III UPDATES

Addendum III has been updated in various sections throughout to provide clarification of the following:

- Number of on-site service hours required to meet the requirement for Supportive Service Coordination, and to receive additional points (see Section G of the Addendum III for more information);
- Documentation that needs to be submitted to receive points for Experienced Supportive Housing Development Team;
- Documentation required to demonstrate Successful PSH Outcomes; and
- Timing for when certain documentation must be dated to meet minimum requirements.

SCORING CRITERIA

As outlined in Section G.1. and Section G.2. of the Scoring Criteria, the data used to determine the safe harbors within the Cost Containment and Credit Efficiency sections of the Scoring Criteria has been updated to reflect the rolling total of the previous five years, as new data is now available following completion of the October 2014 funding round.

APRIL 1, 2015 FUNDING ROUND CREDIT AVAILABILITY

The April 1, 2015 funding round will make approximately \$14.1 million in annual LIHTC available to eligible applicants. All applicants are encouraged to review the 2015-2016 QAP for a description of the allocation process to be followed in awarding the credit from the April round. The following is a breakdown of credit available by Category:

Preservation Category	\$ 3,393,195
PSH Category	\$ 2,477,912
Open Category	\$ 2,542,032
Strategic Investment Category	\$ 2,293,746
Undesignated Category	\$ 3,440,618
 Total Credit Available	 \$ 14,147,503

Additionally, as outlined in the 2015-2016 QAP, allocations made from the Categories in the October 2014 funding round also counted towards the fulfillment of a Statutory Set-Aside. Based on the allocations made from the October 2014 funding round, the Set-Aside requirements for the Rural and Elderly Set-Asides have been met. The Nonprofit and Distressed Set-Asides are unmet at this time. If these Set-Asides are not otherwise fulfilled from the allocations made from the Preservation Category, PSH Category, Open Category, and Strategic Investment Category (if applicable) mentioned above, the Set-Asides will be given priority for any allocations made from the Undesignated Category until the minimum amount required is satisfied. Below is a breakdown of the minimum amount of credit that will be needed to fulfill the Nonprofit and Distressed Set-Asides:

Nonprofit	\$ 227,004
Distressed	\$ 5,941,979

PSH PROJECTS SEEKING MSHDA HOME FUNDING

Applicants planning to submit a Permanent Supportive Housing (PSH) project for consideration in the PSH Category, and that are also contemplating the use of HOME funding from MSHDA for gap financing, should be aware that there will be no MSHDA HOME funding available for the April 2015 funding round. The total amount of annual HOME funding that MSHDA makes available for PSH transactions will be fully utilized by PSH projects that received an award from the October 2014 funding round. MSHDA's allocation of HOME funding for PSH projects was over-subscribed in the last funding round. Therefore, at this time, there are no longer any HOME funds available for additional PSH projects from the April 2015 funding round. Any questions regarding MSHDA's HOME funding should be directed to:

John Hundt
Housing Development Manager
Phone: (517) 241-7207
Email: hundtj1@michigan.gov

QUESTIONS

If you have any questions regarding any of the above items or general questions related to the April 2015 funding round, please contact LIHTC staff at (517) 373-6007.