

2024-2025 QUALIFIED ALLOCATION PLAN

STAFF REPORT

INTRODUCTION

The Michigan State Housing Development Authority (“MSHDA”) is releasing the 2024-2025 Qualified Allocation Plan (“QAP”).

The key policy areas in previous QAPs were reflections of the priorities for affordable housing in the State of Michigan for the last several years. While many of these priorities are still relevant, MSHDA’s strategic direction for the 2024-2025 QAP includes pursuing equitable housing outcomes for underserved populations, increasing access to quality housing opportunities in both rural and urban neighborhoods, and other strategic initiatives. While collaborating with stakeholders in various public hearings, focus groups, meetings, and conversations held over the course of the last two years, MSHDA has determined key areas of focus as we continue to improve our QAP:

- 1) A continued commitment to further racial equity through the QAP.
- 2) A continued differentiation between Urban and Rural communities and priorities.
- 3) A creation of more accessible units around the State of Michigan.
- 4) An incentive for inclusive tenant selection plans.
- 5) An expansion of opportunities for emerging development teams and members.
- 6) Elimination of the Walk Score to focus on developments located near amenities and opportunities.

To address these focus areas, several changes have been implemented throughout the QAP, Scoring Criteria, and accompanying program documents. The following is a list of the more significant revisions to the 2024-2025 Qualified Allocation Plan, Scoring Criteria, and other related policies. This is not intended to be an all-encompassing list. Therefore, in addition to reviewing this list, stakeholders are encouraged to review all of the program documents in their entirety to gain a full understanding of the policies and program requirements contained within them.

A CONTINUED COMMITMENT TO DIVERSITY, EQUITY, AND INCLUSION

Over the last year and a half, MSHDA has committed to a Racial Equity Impact Assessment (“REIA”) of the QAP to better understand the impact of the QAP on racial equity in the State of Michigan. Several of the recommendations of the REIA have been incorporated into the 2024-2025 QAP, along with a continued focus on data collection and analysis as the LIHTC program continues to progress. Changes include an increased priority on supporting emerging development team members (see below), creating more accessible units, requiring internet access for tenants, and incentivizing tenant ownership and inclusive tenant selection plans in all developments. These are the next steps to understanding the issues that exist in this area in order to continue to develop targeted and intentional policies that will work to correct it.

A CONTINUED DIFFERENTIATION BETWEEN URBAN AND RURAL DEVELOPMENTS

There is a great need for affordable housing throughout the state and the 9% LIHTC resource is critical in addressing that need in urban and rural areas alike. The 2024-2025 QAP continues to recognize the inherent differences between urban and rural developments. This QAP includes a change to the rural definition, now relying on the USDA RD map. There is also a clear differentiation in the scoring criteria for projects located in rural areas.

THE CREATION OF MORE ACCESSIBLE UNITS AROUND THE STATE OF MICHIGAN

There is a sizable portion of households in Michigan that require or would benefit from having more accessible unit types. The 2024-2025 QAP includes changes to incorporate visitable units and increases the incentive to produce more barrier-free units, as well as clarifying the definition and requirements for those units.

A FOCUS ON INCLUSIVE TENANT SELECTION PLANS

To increase opportunity and transparency around background checks and align with one of the REIA recommendations, the 2024-2025 QAP includes an incentive for developments to adopt screening criteria and practices for all tenants that is not more restrictive than MSHDA Housing Choice Voucher requirements.

DEVELOPMENTS LOCATED NEAR AMENITIES AND OPPORTUNITIES

There is a continued shift in location priorities from those highly walkable areas to a focus on the essential nearby amenities that residents will need to live and thrive. Amenities that allow residents to live near food, healthcare, recreation, jobs, and other services are prioritized to ensure that housing provides the essential elements that residents will need in their daily lives. Additionally, Walk Score is no longer utilized in the 2024-2025 QAP.

CREATING OPPORTUNITIES FOR EMERGING DEVELOPMENT TEAMS AND MEMBERS

The 2024-2025 QAP includes a new category and increased developer fee for projects that include a meaningful partnership between experienced and emerging development teams. The QAP includes incentives for these partnerships as a way to introduce and support emerging developers. Additionally, the Tribal Housing Set-Aside has been expanded.

OTHER CHANGES

Other notable changes include the following:

- Recognizing the significant need that exists for affordable housing throughout the state, the credit awards are being accelerated for 2024 and the tax credits will be allocated through one funding round for the 2024 credit. The 2025 credit year will have two funding rounds and will follow the October 2024 and April 2025 timeline that has historically been utilized in the QAP.
- Scoring criteria has been included to recognize those communities throughout the state that have not recently received tax credit funding.
- New incentives exist to not only promote Project-Based Rental Subsidies, but also to further encourage projects to make their units available for tenants with Tenant-Based Rental Subsidies.

- Enhancements have been made to the On Site Tenant Services points to further incentivize projects to offer important services that will assist in providing greater opportunities for the tenants.
- The process for revising future QAPs has been expanded to include additional stakeholder voices.

These and other changes help make the QAP more accessible to our development partners and allow the QAP to address housing needs throughout the state.