MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Labor and Economic Opportunity

SUMMARY OF PUBLIC HEARINGS AND COMMENTS

I, Chad Benson, Director of Development of the Michigan State Housing Development Authority (the "Authority"), certify that virtual public hearings were held on the State of Michigan's 2026-2027 Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) program using Microsoft Teams and allowing participants to join by telephone for two different sessions on April 14 and 16, 2025. An in-person public hearing was held on the same QAP on April 15, 2025, at the Authority's Lansing office. The public hearings were held in compliance with the requirements of Section 22(b)(4) of P.A. 346 of 1966, as amended.

Further, official notice of these hearings was published in the Gaylord Herald Times, Marquette's Mining Journal, the Traverse City Record-Eagle, the Lansing State Journal, the Grand Rapids Press, and the Detroit Free Press. Copies of the official notices are on file at the Authority's offices in Lansing, Michigan.

I certify that 113 members of the general public attended the hearings. Oral comments were heard from 30 individuals in total, and 49 written comments were received during the public comment period. As per the QAP, "Comments received shall be taken into consideration, and a written summary of such comments shall be provided to the Governor together with the request for approval of the QAP." The following summarizes both verbal and written comments and MSHDA's response to those comments.

Accessible Units

Many commenters felt that the increase from 15% Type A to 20% Type A dwelling units seems unnecessary given their occupancy data. According to them, fewer than half of the existing accessible units are occupied by households who need the accessible design features of those units. A suggested approach was for MSHDA to require a lease addendum for all households occupying an accessible unit when no household member requires the accessibility features. This addendum would require that the household relocate to a non-accessible unit if a qualified household in need of those features applies, and no other accessible units are available on the property.

Commenters recommended that MSHDA require a minimum of 5% Type A accessible units in all projects as a threshold and incentivize additional units through an increase in developer fee. This developer fee incentive should be for projects committing a minimum of 10% Type A accessible units *plus* committing all units with first floor entry or with elevator access to be designed as Type B adaptable units.

Commenters also suggested MSHDA prioritize the production of more Type B accessible units rather than mandating additional Type A units. Type B units are specifically designed to be adaptable to households requiring accessibility features, offering long-term flexibility without imposing unnecessary upfront costs. In contrast, Type A units are significantly more expensive to construct and are often harder to market due to design elements that carry a visible stigma — such as open sink bases, grab bars, specialty tubs/showers, and countertop microwaves. A focus on adaptable Type B units would better balance true accessibility, cost-effectiveness, and long-term marketability.

Some commenters stated that MSHDA could include unit-match requirements to ensure the existing sparse stock of accessible units are properly allocated to a resident who needs the accessibility features. This could include the Fair Housing affirmative marketing requirements, as well minimum hold-times for accessible units (30-60 days).

One commenter provided specific information and descriptions to be used to update the Accessible Units definitions within the QAP. In summary, the recommendation was to change accessible (type A dwelling units) to Readily Adaptable (Type A Dwelling Units). Also, change Visitable (type B dwelling units) to FHA (Type B dwelling units).

One commenter noted their belief that Michigan has underinvested in developing community-based integrated housing for disabled people that meet the Americans with Disabilities Act Title II mandate for community integration. They commented that without a combination of increased mandates and incentives, developers will not prioritize the construction of units that meets the needs of the growing populations of disabled people and elders. They recommended that MSHDA:

1. Codify existing federal housing requirements and protections.
2. Require all projects to build a minimum of 15% of the total units as accessible (Type A).
3. Incentivize projects that build units beyond the minimum accessibility requirements by providing competitive scoring points for projects that build 20% or more Type A accessible units and/or projects designing their accessible units using demonstrated models like The Kelsey Inclusive Design Standards.
4. Permit and/or incentivize the creation of a rental subsidy fund for accessible units.
5. Encourage income averaging.
6. Increase affordability periods.
7. Create a tax-credit allocation pool for Accessible Supportive Housing (ASH).
8. Add disabled people who use supportive services as a distinct category for point criteria.
9. Require that all lease-up documents are in plain language.
10. Include unit-match requirements for all accessible units.

Response: After review, MSHDA is adopting an approach that incentivizes projects to build 10% of the units in the development as Accessible (Type A) dwelling units. All remaining units in the development that are accessible with first floor entry or by an elevator must be Visitable (Type C) dwelling units. MSHDA will continue to monitor this approach to ensure that statewide accessibility needs are being met. It is important to note that as MSHDA has been implementing new programs outside of the LIHTC program, accessibility requirements have been included in those programs as well in order to expand the accessible housing options throughout the state.

Affordability Requirements / Income Targeting

Some commenters highlighted the need for more deeply affordable units, citing that even when accessible units are available, many disabled residents turn the units down for being too expensive. In Detroit, we need more units at 30% area median income (AMI) and lower.

Some commenters also recommended that MSHDA adjust the targeting calculation to allow the same number of targeting points for subsidized units as are awarded for deeply targeted unsubsidized units. For example, if 20 units at 20% AMI would provide maximum points, and there are 20 subsidized units which this deep income targeting is applied to under the regulatory agreement, the project should receive maximum points without having to deeply target additional units. This will increase the cash flow and permanent debt size for the property, reducing the credit need per unit.

Some commenters suggested that MSHDA enable units to “float up” to LIHTC maximums (potentially up to 80% AMI) as necessary to maintain financial feasibility while ensuring that a portion of units remain dedicated to PSH through cross-subsidization.

One commenter noted that the limits on deep targeting are too severe and that more points should be awarded for each year of the restricted use commitment beyond 30 years.

Response: MSHDA appreciates these comments. The QAP continues to award projects for each year of the restricted use commitment period beyond 30 years, up to 45 years. The current QAP also maintains incentives to create more lower income targeted units, including those units at 30% AMI.

Basis Boost

Some commenters requested consideration for a basis boost for projects in northern Michigan due to high construction costs in those areas.

Other commenters supported MSHDA’s inclusion of Energy Efficient Building criteria for boost, as it helps address the cost impact of achieving the criteria.

Response: The QAP continues to allow a basis boost for projects located in Rural municipalities, which are determined per the USDA RD Multifamily Mapping Tool. This includes all of northern Michigan’s communities.

The QAP also continues to allow a basis boost for Energy Efficient Building criteria and other costly but important criteria.

Community Supported Initiatives

Several commenters supported incentivizing developments with local units of government support but asked for more clarification and more detail as to which community supported initiatives will be eligible for these points.

Some commenters were not in favor of place-based developers receiving an additional point in this category and instead believe that any development with eligible community supported initiatives should receive the same points regardless of location of the developer. Furthermore, the commenters believe a developer which has a long-standing and proven track record of developing and managing a LIHTC development should not be penalized competitively just because they don't live in a particular municipality, MSA, or county.

One commenter felt that the 18 month look back period was too short given the lifecycles of many community planning initiatives. They recommended a 24 month look back.

Response: MSHDA heard these comments and provided additional clarity and information related to the Community Supported Initiatives point criterion in the most recent draft of the QAP. The draft QAP maintains the incentives for placed-based developers, as we continue to support emerging developers and teams located within the state. We also amended the criteria to allow the longer 24 month lookback period.

Communities without Recent Awards

Some commenters requested a higher point value assigned to this scoring criteria, to better distribute funding across the state. Another suggestion from commenters was to award additional points to rural communities that had not received a recent award of credit.

Response: The updated scoring does include a higher point value, doubling it from the last QAP. Rural communities that have not received a recent award of credit will also receive this point increase.

Credit Efficiency

Some commenters requested an adjustment to the credit efficiency scoring criteria to allow senior housing, which typically have smaller units, or areas with markets that need smaller units to be incentivized. Other commenters encouraged MSHDA to remove or increase the cap on credit efficiency points to allow and incentivize developers to leverage additional funding resources. Some commenters appreciated the return of credit efficiency in the current QAP to the maximum of 5 points. This is consistent with earlier QAPs. And with the ten point swing, this remains a heavily weighted category, while enabling developments furthering other MSHDA priorities to retain a level of competitiveness. One commenter requested that Credit Efficiency points be valued at least 25 points.

Other commenters recommended that MSHDA create a separate efficiency factor for preservation of properties which qualify for historic tax credits, similar to the factor available for adaptive reuse for the non-preservation categories.

Response: MSHDA appreciates these comments. After reviewing the point criteria and weighting across the board, as well as considering the state of the current LIHTC economic markets, MSHDA has decided it is prudent and reasonable to maintain the credit efficiency scoring. We will continue to review as the market and environment evolve.

Credit Caps

One commenter requested a 15% increase in the per-project credit cap for all Categories, to allow larger projects to be funded in a market with weak equity and high interest rates. They also noted the impact of the new tariffs. They further recommend the increase for PSH projects due to labor and service fees needed to manage and serve the population.

Response: After an increase to the credit cap in the last QAP, and with an intent to continue to fund as many projects as possible, MSHDA did not increase the credit caps in the current QAP. We will continue to review as the market and environment evolve.

Data Reporting

Some commenters appreciated MSHDA's commitment to data collection and analysis to continue using the data to make future changes to programs but also suggested that MSHDA publicly report out the findings and analytics. They also suggested that MSHDA provide the tools needed for state officials and other stakeholders to evaluate progress. This includes publishing, on the MSHDA website, increased information about projects that are submitted and scored, their geographic distribution, the types of projects, and other key details.

Response: The information requested in this comment is regularly posted on the LIHTC website. MSHDA believes that data-driven decisions are critical to any program and is committed to continued improvement of data collection and analysis.

Developer Fee

Some commenters offered information on Colorado's QAP, which uses a similar but different approach to an increase in developer fee to incentivize PSH units.

Some commenters believe the minimum developer fee should be $1,500,000 or $1,800,000, while still allowing increases for adjustors. Others had questions about how the emerging developer partner adjustor works if the project is not funded out of strategic. Some requested that all projects with emerging developer partners receive the full adjustor. Others asked for more clarity on how the additional fee for adjustors would be addressed in the event that the project did not meet the requirements.

One commenter recommended removing the ‘menu’ approach to Developer Fee proposed in this QAP and reverting to the simple fee calculation method from the previous QAP. The current economic and federal environment has only served to increase risk and cost challenges associated with housing construction. Developer fee is a key mechanism to help mitigate these risks within a project and increasing constraints and adding adjustors to this could result in harm both to project viability, but also the financial health of affordable housing developers working in the state.

One commenter believes the 12 month close criteria is a great idea, it demonstrates a developer's readiness to proceed. A suggestion is that we specify 12 months from the date of the Allocation Letter.

One commenter requested that MSHDA use a base fee of at least 15%, to match the federal maximum.

One commenter requested that MSHDA also adjust other professional fees and create a scoring system to incentivize lower fees.

Response: After review, it was determined to revert to the former calculation of developer fee and remove the ‘menu’ approach. The calculation is clear, straightforward, and known to the industry. The total limit has been increased to $1,800,000.

Emerging Developers

Some commenters advocated for the creation of a set-aside for emerging developers, reserving a portion of credit for new development teams to level the playing field and allow emerging developers to secure project funding and gain critical experience. Commenters encouraged MSHDA to move this criterion out of the Strategic category.

Some commenters recommend increasing the number of prior awarded applications that an emerging developer could have and still remain in that category, to better align it with the developer experience points. Similarly, they would recommend that projects for emerging developers be counted at time of 8609, rather than allocation, again better aligning with how developer experience points are assessed. In addition, the commenter suggested more flexibility so emerging developers do not need to only partner with developers who receive the maximum experience points.

One commenter recommended that Emerging Developers who are certified minority-, veteran-, or women-owned businesses through the SBA or other recognized entities receive additional scoring consideration—such as extra point(s)—in the QAP. This would further MSHDA’s commitment to inclusive economic development and support the growth of historically underrepresented developers in the affordable housing space.

Other commenters encouraged MSHDA to think about the intended outcomes of the “meaningful” mentoring partnerships, whether it be skills gained, increased knowledge, guidance/accountability, or something else. Also, equal attention should be paid to the established developer, to make sure they are qualified and committed to the partnership being productive. Suggestions include:

- MSHDA to host a convening of LIHTC emerging developers to hear from them as to what worked, what didn't work, what were the barriers, and what changes they would make. Are they aware and fully understand the long-term commitment of a LIHTC deal?
- Separately, host a convening of the experienced "mentor" developers to hear from them and perhaps include financial institutions. Feedback was offered that MSHDA's QAP criteria for an emerging developer may not satisfy debt and equity investors.
- The financial requirement for audits and interim statements is challenging. More thought is needed on what an emerging developer has to demonstrate as their financial capacity.

One commenter suggested a companion to recognizing emerging developers should be a robust community engagement process threshold requirement under which all LIHTC applicants must connect with community members and organizations in the vicinity of a contemplated project so that their views, aspirations and priorities inform and influence the project application.

Some commenters also suggested that the criteria for an emerging developer include a more in-depth review of the partnership to ensure the inexperienced partner meets the criteria laid out. Some suggestions for that more in-depth review include: (1) participation in a MSHDA-sponsored grant program, (2) active registration and good standing with Michigan's Department of Licensing and Regulatory Affairs (LARA) and (3) the ability to submit at least two years of federal tax returns to demonstrate financial responsibility and operational readiness.

Other commenters recommended further consideration of the new sub-definition of emerging developer requiring they be a "community-based development team that is working primarily in one localized market within Michigan." This definition may be unintentionally limiting to some developers who would otherwise be considered an emerging developer. It may be possible for MSHDA to achieve the intended outcome of this definition by relying on the scoring criteria of community supported initiatives.

Response: MSHDA agrees that it is important to further build capacity and lower barriers to entry for emerging developers. MSHDA plans to do so by creating pathways for funding meaningful mentorship opportunities between experienced developers and emerging developers through the strategic investment category and also through a new Emerging Developer 10% Set-Aside. MSHDA is also making improvements outside of the QAP process that will allow Emerging Developers better access to information in order to properly evaluate the development partners they are choosing to work with to better promote positive partnerships.

Energy Efficient Buildings Policy

Some commenters were concerned about the costs incurred to meet the green scoring criterion, including additional costs of green consultants and the long-term costs of electric utilities compared to natural gas equipment. Other commenters supported increasing the scoring or adding additional bonus incentives for projects that meet third-party green standards in high need areas.

Other commenters suggested that MSHDA require new construction projects to be at least electrification-ready and award points for electrification; encourage greater overall affordability of all units through reduced utility costs by giving increased weight to optional Green Policy scoring points and/or adopting additional tiers, creating clearer incentives for projects to aim for higher performance goals; and incentivize on-site and community solar/renewables that allow tenants of MSHDA-supported developments to directly benefit from the clean energy transition.

Some commenters recommended that MSHDA awards points to adaptive reuse, or historic preservation projects if they are able to meet the threshold standard (i.e. LEED Silver or equivalent).

Some commenters congratulated MSHDA on the forward-looking efficiency criteria in the Energy Efficient Building Policy and offered additional suggestions for enhancement. In this instance, commenters recommended that MSHDA add additional third-party green standards as options, including federal certification programs such as those available from the EPA and DOE. They note these options have no fee and can open the gateway to additional funding sources, such as 45L tax credits as well as additional incentives and financing options.

One commenter requested that MSHDA revert back to the lower-tier standards from previous QAPs as threshold requirements, due to cost concerns.

One comment strongly encouraged MSHDA to require or incentivize through the scoring criteria a designation from IBHS's FORTIFIED™ program for all projects seeking LIHTC funding in Michigan. The commenter stated that doing so will advance the survivability and insurability of affordable housing in Michigan.

One commenter recommended MSHDA provide guidance on how to capture the benefits of green building certifications to energy costs and operational expenses. For example, Green Certifications with Passive House receive a maximum of 4 points; while this green certification type does increase the cost of the project, it should in theory reduce the future energy costs and operational expenses. There is currently no clear guidance on how to utilize these underwriting benefits to offset the otherwise hard cost increases needed for this higher point criteria.

One commenter requested more weight for energy efficient building standards.

Response: The QAP maintains thresholds and incentives that encourage the inclusion and usage of energy efficient standards and measures in developments. MSHDA believes that the combination of items already included in the QAP provide incentive to development teams to include energy efficiency standards without the need for additional point incentives.

EV Chargers

Some commenters requested and agreed with the change to eliminate the points for installing EV Chargers at affordable housing sites. Some believe the threshold requirement for EV chargers is a significant cost burden which will directly limit the number of units that can be built in the current environment of higher material and labor costs and believe this requirement is onerous and impractical in the northern rural areas of the state where EV's are rarely used. They believe that the requirement should be elective. Others suggested MSHDA consider waivers for developments that are within an appropriate distance from accessible level III chargers.

Response: In the draft QAP, MSHDA has added a requirement for projects located in an urban area to install the infrastructure for EV chargers, based on at least enough Level 2 chargers to meet the demand for 5% of the project units. This should lower costs, remove the incentive to purchase Level 2 or 3 chargers immediately, and still allow flexibility and the ability to provide electric power when necessary.

Experience Points

Some commenters recommended for MSHDA to increase points for organizations that demonstrate a track record of obtaining community political support and capacity to provide services that meet tenant needs and/or to award points to a Michigan based, nonprofit housing developer demonstrating a track record of providing essential community services and connections.

Some commenters suggested a requirement that the experienced partner must hold at least a 25% interest (50% would work as well) in the partnership to qualify for points. This requirement would mirror the 25% minimum ownership requirement for inexperienced partners in the successful partnership category (mentioned above) as well.

One commenter suggested when considering applications for an award of LIHTCs, MSHDA should use its knowledge of any person or entity involved in the proposed LIHTC partnership or project having failed to meet the obligation under Michigan law to keep a rental property (and particularly a LIHTC property) in good and reasonable repair, or otherwise having a record of LIHTC noncompliance, as a disqualifying factor in awarding LIHTCs. To help ensure physical conditions at LIHTC properties in compliance with state and local law, MSHDA should require that owners maintain adequate capital needs and repair reserve or demand a bond in MSHDA's favor to ensure satisfactory physical conditions at a LIHTC property.

One commenter suggested MSHDA should have more requirements on General Contractors who undoubtedly financially benefit in participating in LIHTC projects and are critical to the projects long term and short term success including recommendations to protect many interested parties in the LIHTC developments including investors, lenders, MSHDA, HUD, owners and developers:

1. General Contracts are not allowed file liens against the projects if investors and/or lenders determine that construction defects are present
2. General Contracts are not allowed to file liens against the property with more than the amount that projects actually owe.
3. Should be barred/ awarded negative points in MSHDA future projects if above occurred and have not been cured or cured but with significant damages to lenders, investors and owners.

One commenter recommended criteria focused on project outcomes and evaluating the reasonableness and justification for changes and their impact on the overall project when reviewing or assessing negative points.

Response: The current QAP includes a 10% Set-Aside to encourage successful partnerships between new and experienced owners in order to allow opportunities for new developers to learn and gain experience in the affordable housing industry while encouraging meaningful and substantial mentorship opportunities. Changes have also been made to the Previous Experience of GP/Member criteria to recognize non-LIHTC Economic Development experience utilizing Government Funding. Additionally, the 2026-2027 QAP includes criteria that recognized Community-Supported projects that are utilizing Place-Based developers.

Financial Leverage/Other Funding

Some commenters suggested MSHDA consider points for projects leveraging additional or other funding to complete LIHTC projects.

Some commenters also asked MSHDA to consider other options for gap funding and housing funding. They specifically mentioned having MSHDA provide below market rate loans to be repaid in place of grants which would not be repaid.

Some commenters suggested that MSHDA consider awarding additional points for a project that receives municipal funding from an approved millage increase/bond issuance in support of affordable housing. This would provide an incentive for municipalities to initiate such measures.

Some commenters felt that the path for emerging developers to gain experience must be through the 4% LIHTC program. In order to address issues, they proposed that MSHDA implement a 4% NOFA set-aside specifically for emerging developers.

Response: MSHDA supports projects leveraging other resources and believes it is necessary in the current economic climate. Projects that successfully leverage additional resources will receive points under the Cost Reasonableness with Credit Efficiency scoring criteria. In the Round 19 Gap Funding 4% LIHTC NOFA, MSHDA included a Strategic Category in which Emerging Developer projects is one of the potential ways of qualifying for funding.

Household Overburden

Some commenters requested a change in this scoring criterion, to allow rural and smaller communities to compete. They suggested a change based on regional housing costs or broader measures.

Response: MSHDA will continue to review the various criteria in future reviews. In the current QAP, smaller and more rural communities do compete in their own category, reducing the need for a change to this criterion.

Inclusive Design Requirements

Some commenters stated the QAP should strategically require and/or incentivize inclusive design, modelling other states and cities across the country.

Response: The 2026-2027 QAP continues to incentivize the production of accessible and visitable housing units. It should be noted that many new non-LIHTC programs that MSHDA has continued to offer have included requirements related to increasing the number of accessible units as well.

Inclusive Tenant Selection Plan

Some commenters felt that MSHDA should remove this scoring criterion. The commenters believe that MSHDA should not incentivize developers to use screening criteria and practices that are designed to house vulnerable populations with supportive services at properties without these services. Commenters further noted that HUD published a similar proposed rule in 2024, which was later withdrawn in 2025.

Some commenters appreciated the shift of the inclusive tenant selection plan to the general round under the current QAP. In addition, they also suggested that for supportive housing-specific scoring, there be points added for having an even more inclusive tenant selection plan (perhaps one no more restrictive than HUD).

One commenter noted that MSHDA deserves credit for the strong content on this issue in its LIHTC Compliance Manual and recommended Good Cause Tenancy Addendum. They suggested that MSHDA should mandate use of this Addendum or its equivalent in any lease at a LIHTC property.

Additionally, a commenter wrote that MSHDA should require that any applicant agree to recognize a right of tenants to organize and to not interfere with or in any way retaliate against tenant organizing efforts or deny access to community space to any fledgling or established tenants’ group, association or organization.

Response: Based on a review of the feedback, other MSHDA policies, and aligning with current federal guidance, MSHDA has removed the incentive for projects to implement the same Inclusive Tenant Selection Plan as required for projects with Housing Choice Vouchers. Those projects requesting Housing Choice Vouchers and with services provided at the site will still be required to follow the Inclusive Tenant Selection Plan. This should allow those individuals and households who most need the services to have access to housing and services. MSHDA will continue to review efforts and guidance needed to ensure all tenants have inclusive access to housing.

Job Growth Opportunities

A commenter strongly urged (MSHDA) to include the Palisades Nuclear Plant in its list of significant economic development projects eligible for inclusion under the Job Growth Opportunities category, as it is one of the most significant economic developments in the 38th District region and represents a coordinated and high impact investment of state and federal resources.

Some commenters requested that MSHDA publish the list of priority communities as soon as it is available, preferably several months prior to each funding round. Some suggested other metrics or tools that could be used to establish the list.

One commenter felt that the point weight was too high and would be the primary determinant of which projects are awarded.

Response: MSHDA will continue reviewing the Job Growth Opportunities list to ensure that it is reflective of the intent of the criteria and that it does not exclude Job Growth Areas that should be on the list. If stakeholders identify areas that they believe should be considered for adding to the list, MSHDA will review the specific area and determine whether it qualifies to be added to the list.

Miscellaneous Comments

One commenter noted their understanding that there is only a 14-day comment period for the proposed plan. A 14-day comment period is unnecessarily short; it's hard to see a good policy justification for it.

One commenter suggested the VAWA content should be edited to refer to the VAWA 2022 congressional reauthorization which enhanced the housing protections VAWA offers (including a prohibition against retaliation against anyone exercising VAWA rights, a right to report and seek law enforcement for anyone in need of assistance, and a broadened definition of "domestic violence").

At least one commenter noted the deletion of the Commitment to DEI is distressing at several levels, especially in light of the huge investment MSHDA and many others made in establishing that commitment, and Michigan's longstanding (and ongoing) shameful history of unlawful housing discrimination and segregation.

One commenter would like to see either: an expanded definition of the Historic point item to include buildings within historic districts that aren't listed on the on the National State Register and don't use the Historic Tax Credit for 1 point or keep the existing language but increase the points to 3.

Some commenters emphasized the state of the existing equity market and economic pressures on affordable housing developments. There continue to be significant headwinds in the equity market that may keep equity pricing lower than in recent years. With liquidity issues for some CRA investors and alternative tax credit investment options for economic investors, they expect equity pricing to remain lower than in recent years. They are also monitoring the policy decisions in Washington, D.C. and their impact on construction and labor costs. These factors together will continue to make the development of affordable housing challenging. With this in mind, they encourage MSHDA to review policies in the QAP that add costs to developments and take steps to reduce them.

One commenter requested that MSHDA award five points for the use of 4%/9% Hybrid transactions.

Response: The QAP outreach and ongoing communication on the various key topics and changes have been continuously occurring since prior to October 2024. The discussions start as soon as the QAP is approved and continue throughout the year. MSHDA did update the VAWA language. MSHDA continues to work to create an inclusive, equitable program that meets the needs of each and all stakeholders. As the 4%/9% hybrid projects are currently already incentivized through the Credit Efficiency criteria, and because MSHDA has seen a significant number of 4%/9% transactions applying in previous rounds, MSHDA did not believe there was a need to further incentivize 4%/9% projects through an additional specific scoring criteria. With the current state of the market and economic and federal pressures, it is important for MSHDA to have the flexibility to adapt to the needs of the LIHTC market. MSHDA continues to review policies and procedures to best address any developments in the market.

Michigan Products and Workforce

Some commenters suggested that MSHDA add clarity and a quantitative threshold for developers to meet to abide by the local sourcing requirement or incentivize "Buy Michigan" by offering additional points for using state-based building materials. They suggested this could be encouraged by creating a database of Michigan-made building products that will inform developers of locally made materials and determine if an affordable housing project meets MSHDA's "Michigan Products" requirement as cited in section XXII.

One commenter requested additional incentives for utilizing at least 50% of products from Michigan based manufacturers, graduates of MSHDA Contractor Assistance Programs, and projects using entities that are certified by MSHDA's MBE Certification process.

Response: The Michigan Made Products requirement has been maintained in the current QAP with no changes. MSHDA believes that this is correct approach given the current economic environment and the housing shortage that exists throughout the state.

MSHDA Project-Based Vouchers

Some commenters requested that points be made available for projects using MSHDA-allocated Project Based Vouchers. They feel that these are critical in securing housing for the most vulnerable and that scoring consideration should be given for existing contracts. Commenters also requested consideration for projects with less than 15% of units having vouchers.

Other commenters proposed that MSHDA make MSHDA-allocated Project Based Vouchers specifically available for 50% of the units created through emerging developer set-asides.

Response: Because the MSHDA Project Based Vouchers rely upon the QAP as the competitive criteria for awards, the QAP cannot give points for those projects planning to apply for MSHDA vouchers. MSHDA can give points for other non-MSHDA project based voucher contracts and continues to do so in the QAP.

Native American Housing

Some commenters provided suggestions for changes to points to allow Tribal deals to more easily qualify or compete. These suggestions included larger distances for amenities, different documentation from tribal governments, automatic points for tribal projects, and expanded definitions.

Some commenters requested a separate set-aside for developments with a Native American partner and removing the related point category. They noted that only 25% of the state is within a tribal area, which disadvantages the remaining areas of the state.

Other commenters expressed strong support for the continuation of Native American housing points within the scoring criteria, as they provide meaningful benefits not only to the Tribe but also to the broader community. Historically, Native American housing points have encouraged productive partnerships between Tribes and reputable development companies. These collaborations have resulted in high-quality housing solutions that address critical shortages in Tribal communities. They also supported funding that is awarded to Tribes for Tribal-led projects.

Response: MSHDA participated in a formal consultation with tribes to discuss concerns and potential solutions to how Tribal Housing projects are considered under the QAP. Over the last several months, MSHDA representatives, the governor’s office, and tribal representatives have worked together to go over various challenges and changes that can be made to the QAP to better adapt and incentivize the needs of the tribes. In response to this feedback, the 2026-2027 QAP includes a Tribal Housing set-aside of up to $3.3 million or a minimum of two projects per year. The 2026-2027 QAP also revises the definition Tribal Housing to, among other things, incentivize projects that have a greater percentage of Tribal participation and those projects that are located on lands held by the tribe, TDHE, or tribally-owned entity in fee or restricted fee or lands held in trust by the United States of America for the benefit of the tribe. The 2026-2027 scoring criteria also includes changes that recognize the unique aspects of LIHTC projects that are located in these areas and allows alternative ways for tribes to qualify for certain points because of it. These changes are directly responsive to feedback that MSHDA received from the tribes.

Nonprofit Points

Some commenters would like MSHDA to consider bringing back points and/or increase the set-aside for non-profit mission-driven developers, particularly for supportive housing developments. This should further solidify commitments to and achievement of on-going affordability. It should further refine this set-aside by reserving it for genuine (not masquerade) Non-Profits ("NPs") with a proven history of authenticity and a mission driven commitment to low-income housing and keeping their properties in the LIHTC program for their entire restricted use period, if not beyond.

Response: While the 2026-2027 QAP does not include points that are specific to non-profit organizations, it does include points that are awarded to place-based development organizations that are responding to a community supported initiative or RFP. Often, non-profit organizations are place-based, and we believe this criterion will promote community supported projects that are being undertaken by place-based developers.

On-Site Tenant Services

Some commenters requested a change to this scoring criterion, removing the requirement for an MOU at time of application to remove burden on the development teams and service organizations. They suggested a simpler checkbox system instead, with MOUs being required at later stages of development, such as at 8609 request.

Some commenters felt that the behavioral health and similar services may be better positioned within supportive housing through partnerships with service providers that can deliver on these more intensive on-site services. Other general tenant services for the general category might include financial counseling, employment, education, health and wellness services, etc.

Other commenters requested flexibility and modifications to service obligations to align with funding availability and program sustainability, especially when there was no fault of the developer and only to the extent necessary to preserve financial feasibility and ensure services are a core component.

Response: In the current QAP, the On-Site Tenant Services criteria has been split into two, with some items still available in the general LIHTC scoring and others incentivized with the PSH scoring sections. This should allow flexibility and targeted services to be made available to meet the needs of the tenants.

Other Project Amenities

Some commenters were concerned about the additional costs of this scoring criterion. Other commenters requested more specific language regarding the amenities to be incorporated.

One commenter suggested additional clarification regarding C14, Targeted Amenities. The wording for Targeted Amenities is not fully clear on how many of the listed amenities are needed to obtain one point. They suggested the following:

- This category is up to 3 points, with one point for each listed amenity that is in the project
- Change balconies to “balconies/patios” to ensure there is no scoring confusion regarding ground floor units.
- Add back in units of at least 650sq ft for 1br; 850 sq ft for 2br and 1050 sq ft for 3br.
- Remove the listing of at least 2:1 parking ratio. While non-designated units do not include elderly, it would include general non-elderly one-bedroom units and a 2:1 parking ratio seems to be incentivizing land use focusing too heavily on parking with potential negative impact on the number of affordable housing units that could be developed.

Response: MSHDA has removed the Other Project/Targeted Amenities point criterion from the current QAP. Instead, we have created a requirement for any new construction and adaptive reuse projects that are creating units smaller than 500 square feet must provide a narrative that explains how the design, layout of the units, and amenities within the project will ensure that units are marketable and functional within the project’s specific market.

Proximity to Amenities

Some commenters recommended expanding the rural radius from two miles to five miles for full points, as most rural sites are not walkable.

Some commenters also supported reviewing the list of amenities and distinguishing the population of residents being served.

One commenter wrote that MSHDA’s LIHTC project siting objectives and patterns must be more balanced – a commitment to urban revitalization should remain a highest priority, but it should be joined by a serious, points-based commitment (and inclusion in the Strategic Investment category) to having more LIHTC projects in high opportunity areas. To be so, its definition must include low poverty, i.e., areas (census tracts/zip code areas, etc.) where the poverty rate is 10% (maybe 15%) or lower. Given the barriers to developing LIHTC properties in these areas, MSHDA should encourage and incent applicants to propose projects in them, and give applications significant points for doing so, if not a state-designated basis boost for developments proposed there.

One commenter noted that points should not be rounded down, as it nullifies the benefit of earning a half point on some of the amenities.

Response: MSHDA continues to believe that necessary amenities are important for residents living in affordable housing units. However, the 2026-2027 QAP also includes scoring criteria that takes into account local housing policies as evidenced by community supported initiatives and RFPs. The inclusion of this new criteria takes some of the emphasis off of the proximity to amenities and recognizes the initiatives and housing plans that local municipalities have for certain areas within the community.

PSH Compliance Monitoring

Some commenters recommended the inclusion of post-completion monitoring, particularly within PSH, to help ensure targeting commitments continue to be met throughout the compliance period.

Response: MSHDA agrees and has started the process of conducting PSH-specific compliance review. We added additional language to the documents to highlight the ongoing expectation.

PSH Experience

Some commenters suggested that MSHDA require or highly incentivize PSH developers to receive the CSH Quality Endorsement or participate in the CSH Supportive Housing Institute.

One commenter proposed adding points in a new category E11, Accreditation, for lead agencies accredited under either: Council on Accreditation (COA)/Social Current or Commission on Accreditation of Rehabilitation Facilities (CARF). This would incentivize supportive housing programs done to fidelity, with compliance to standards confirmed by recognized third party oversight entities.

Response: MSHDA continues to review best practices in peer states to determine appropriate ways to build Permanent Supportive Housing capacity. MSHDA will continue to review those available training courses and endorsements in the future but is not currently requiring development teams to use a single accreditation source.

PSH Funding

Some commenters were concerned that the allocation of PSH is proposed to decrease again, in conflict with goals outlined in the Michigan Campaign to End Homelessness Action Plan and the Statewide Housing Plan. They encouraged MSHDA to continue to prioritize PSH and set the standard for other states by adjusting the allocation up to 25%.

Response: With the current state of the market and economic pressures, it is important for MSHDA to have the flexibility to adapt to the needs of the LIHTC market. MSHDA continues to review policies and procedures to best address any changes in the market.

PSH High Need Area

Some commenters suggested using the percentage of the population in the defined area that is homeless for this point criterion, instead of the number of literally homeless, to remove a bias toward urban communities and to level the playing field for less dense areas of the state, while still recognizing areas of significant need and homeless populations. Rural communities face greater barriers to recording all individuals experiencing homelessness and thus counts may be lower.

One commenter supported the opportunity for an additional point if the percentage of homeless people in the county is greater than 5% of the county's general population. This supports areas of the state with a lower population but a large demand for permanent supportive housing relative to their total population. Others felt like the 5% requirement was too high.

Response: MSHDA has updated the QAP to include a point incentive for those projects located in counties where the percentage of homeless households in the county is greater than 5% of the county's general population. The QAP also maintains incentives for those counties with the highest amounts of literally homeless to continue to create permanent supportive housing in areas with the highest need.

PSH On-Site Staffing

Some commenters suggested MSHDA consider using case management ratios for PSH scoring considerations and having budgets align with the case management ratios. Other commenters were supportive of the change from hours on site to case management ratio and thought the 1:25 threshold was fantastic. Other commenters recommended that MSHDA revert back to the former scoring to avoid an increase in requirements and funding. Some commenters requested that MSHDA rework the formula, to use a one client per bedroom ratio as opposed to the 1.25 ratio in the draft.

One commenter thought the language was quite vague and did not specify enough to be consistent. When reviewing the change, they noted that it would potentially mean an increase in staffing up to four times the amount needed previously. During a time of great uncertainty surrounding federal grant funding for nonprofits and social services organizations, it will be difficult (if not impossible) for developers and Lead Service Providers to absorb a cost increase of this magnitude.

Response: The new QAP includes the case management ratios being incentivized within the scoring criteria.

PSH Service Funding Commitments

One commenter proposed adding a third funding tier in Section E2. Service Funding Commitments, targeting a minimum of $8,000 per PSH unit for supportive services at 6 points, to better align funding with Supportive Service Coordination and case management ratios.

Response: MSHDA agrees and has made this a third tier in the scoring criteria.

PSH Successful Developments

Some commenters encouraged MSHDA to consider bringing back the successful Supportive Housing development points. Tracking the length of tenancy remains an important metric in understanding the success of supportive housing programs and the impact it can have on households.

Response: MSHDA continues to develop ways to identify those providers who have had successful outcomes. The reality of the existing criteria was that it was complex and was not an accurate measurement of outcomes. As the existing criteria did not accurately measure the outcomes, MSHDA did not feel it was appropriate to again utilize it.

PSH Target Populations

Some commenters recommended adding children who are aging out of foster care to the eligible populations options by reason of being a most vulnerable population.

Other commenters suggested allowing a shift in the designated target population to ensure sustainable occupancy levels in response to evolving housing needs.

Response: MSHDA has amended the QAP to include individuals aging out of foster care as an eligible PSH population. MSHDA continues to allow flexibility to developments who may need to shift populations, including in part by offering incentives for setting aside units for households in the top 10% of local prioritized lists.

PSH Tiebreakers

Some commenters suggested that when there is a tie in scoring between PSH developments, that the highest score received within the PSH category be used as the initial tiebreaker.

Response: MSHDA agreed and added a criterion that utilizes the highest score in the PSH scoring criteria as a tiebreaker for PSH projects.

Other PSH Recommendations

Some commenters recommended adding defined just-cause or good cause eviction requirements, as well as limits or caps on annual rent increases. Commenters stated that research indicates it is more beneficial and cost-effective to keep tenants housed rather than evicting them and requiring them to find affordable housing.

Some commenters suggested that in the PSH service requirement section, that while services are voluntary for the tenants it should be noted that services are free or based on ability to pay/or sliding scale fees.

Some commenters recommended that MSHDA remove the Medicaid Billing scoring criteria, as they believe the goals of this scoring category can be met in Section 7. Medicaid Experience.

One commenter suggested that Recovery Housing should move to the general project characteristics scoring. It's a specific housing model that contradicts several of the mandatory PSH criteria including a commitment to Housing First, voluntary services, and coordinated entry.

Response: Some of these items are already outlined or better suited for the long-term compliance requirements. Those are updated regularly apart from the QAP. MSHDA agrees that services should be affordable and has outlined that within the Addendum I. After thorough review of the Recovery Housing intent and priority, MSHDA believes this criteria is best positioned within the PSH category and is allowed waivers of certain requirements while still being required to maintain similar service levels.

Preservation

MSHDA heard from some commenters that they would like to see additional funding opportunities made available to projects preserving or recapitalizing existing affordable housing around the state. This was approached in a few ways, with suggestions to increase the amount of funding to the preservation category, increasing the number of funding rounds where preservation funding is available, and reducing the amount of preservation funding that is set-aside first for projects in rural areas.

One commenter suggested that MSHDA include a plan for any temporary displacement that a project might require that ensures adequate relocation assistance and a right to return for any tenant.

Some commenters requested that preservation be made available in both annual funding rounds and with enough funding to allow at least one maximum award per found. They suggested this could be achieved by reducing Strategic or Undesignated categories.

Some commenters have asked for additional nuance between location points and scoring criteria for preservation projects and new or adaptive reuse builds to allow preservation to remain competitive.

One recommendation from commenters was to consider restructuring the pointing system for 9% preservation applications to more closely match other states and favor preservation of properties with the following characteristics:

- High levels of rental subsidy
- At-risk of losing rental subsidy
- Recent loss of affordability restrictions running with the property/financing
- At-risk of losing affordability due to upcoming loss of restrictions running with the property/financing
- With severe physical needs and a lack of reserves / access to capital, which were not caused by the applicant's mismanagement

- In gentrifying areas, or those with market rents well-above tax credit rents

Favoring the above criteria would de-emphasize other location-based characteristics such as access to amenities. These criteria could be removed from the scoring entirely, or the associated points could be reduced so their weight is not as impactful on the overall score. The goal is to preserve the projects which need it most, those which would create the most adverse impact if their affordability were lost.

Commenters encouraged MSHDA to find another avenue to allow preservation projects to use income-averaging rather than using the Qualified Contract process. There is a growing national trend of Investor Limited Partners using predatory tactics to wrestle control from LIHTC developers and extract additional profit at the expense of our mission and the people we serve, and they were concerned that Qualified Contract process would further open the door for those tactics here in Michigan.

One comment suggested that for proposed projects seeking LIHTCs during or after a HUD RAD conversion (incl Faircloth to RAD/Restore-Rebuild), MSHDA should condition the award of LIHTCs on the property/project remaining publicly owned.

Response: MSHDA agrees that Preservation is a critical part of ensuring that residents throughout the state continue to have access to good, quality affordable housing. In recent years, MSHDA has expanded the Pass-Through program to contribute to MSHDA's ability to preserve and produce affordable housing units throughout the state. However, MSHDA also understands that some preservation projects will not work as a 4% LIHTC/Tax Exempt Bond transaction and has therefore still reserved 10% of the total 9% LIHTC ceiling for Preservation projects. MSHDA is also exploring additional avenues outside of the 9% LIHTC program to preserve public housing and rural properties that are in need of rehabilitation in order to remain affordable.

Project-Based Rental Subsidy Points

Some commenters recommended the points available for project-based subsidy be tiered based upon the percentage of subsidy available. In addition, they recommended that a property with 100% project-based subsidy obtain tenant-based subsidy points, as it would not otherwise be eligible for them.

Response: In the 2026-2027 QAP, MSHDA has elected to remove the points related to Tenant-Based subsidies and retain the points related to Project-Based subsidies. The interaction between these two criteria in the prior QAP created the opportunity for wrong incentives and this revision will correct for that.

Promise Zones

Some commenters supported maintaining and expanding points for projects located in Promise Zones that provide extensive educational opportunities.

Response: MSHDA agrees that prioritizing locations need education is beneficial to tenants, which is why we maintained the proximity to amenities criteria in the QAP. However, the 2026-2027 QAP does not prioritize promise zones.

Public Housing

Some commenters recommended removing the project-based subsidy and public housing conversion scoring criteria or establishing a dedicated public housing authority set-aside. They felt these points provide an unfair advantage for communities with public housing authorities.

Other commenters recommended maintaining the five points available for this category under the current QAP to promote preservation of projects serving residents who benefit from Federal rental subsidies.

One commenter recommended that the Vouchers and Public Housing section should include a prohibition of discrimination against HCV holders and a limit on their "rent to owners" set at the applicable HCV Payment Standard.

One commenter requested that MSHDA reconsider adding a Memorandum of Understanding on vouchers and public housing to the threshold requirements. They have heard from multiple PHAs that they view us as competitive, and don't want to provide referrals when they have vacancies at their own properties. Requiring an MOU signed by the local PHA as a threshold item effectively gives those PHAs the power to inhibit new LIHTC developments in their area. The current QAP includes a Certification to Include Section 8 Existing Rental Allowance Program Certificate and Vouchers, which must be signed by the owner. Adding the Management Company to this existing certification would allow MSHDA to hold the development team accountable for this requirement without requiring sign-off from a (potentially hostile) third party.

Response: MSHDA believes that housing is best handled with partnerships and leveraging resources from a variety of sources. After review, MSHDA maintained the public housing scoring criterion in the scoring criteria with some additional clarifying language, to continue to incentivize those projects working with local partners to provide housing options to local households.

Rent Affordability

Some commenters requested removing the Rent Affordability criteria to avoid unnecessary financial strain on projects that are already providing affordable units through the LIHTC program. They were concerned about rising operating costs and lower rents threatening long-term sustainability.

Other commenters were on board for keeping the points but amending them to allow for projects with an odd number of units that are following the incentives to have at least 50% of the units as deeply targeted supportive housing (with PBRAs) to also have an incentive to restrict the non-PBRA unit to lower rents under C3.

Some commenters also suggested increasing the rent affordability benchmark from 5% under the rent limits to 10% under the rent limits for points.

An additional commenter wrote that MSHDA should limit rent increases to 5% per year (or the rate of inflation/CPI) for the entirety of a restricted use period and should prohibit mid-term rent increases (rent increases only permissible at lease renewal/tenant “anniversary” date).

Response: The Rent Affordability criterion was removed from the 2026-2027 QAP. This change is being made to take into account the current economic challenges and the additional administrative burden of implementing this new criteria.

Right of First Refusal (ROFR) Protections

A commenter proposed that MSHDA should adopt strong measures to guard against this risk which undermines the purposes of the LIHTC program, such as:

- a prohibition against future participation in the program by investors or entities who have interfered with the ROFR process.
- requiring a letter of intent of the transfer of investor interest and MSHDA approval of a transfer.
- in furtherance of the low-income housing purposes of the program, clarification of the interpretation of ROFRs, calculation of the ROFR purchase price and the triggering of a ROFR, to facilitate transfers to non-profits.

Response: MSHDA agrees with the importance of protecting against these measures. MSHDA’s procedures and requirements are included in the current Addendum I and are reviewed outside of the LIHTC department.

Rural Housing

Some commenters requested consideration of points for rural housing, including being the result of a cooperation between local units of government and the private sector; being prioritized in local master plans; and eliminating the need for public water and sewer access for small projects in rural areas.

Some commenters requested that MSHDA add back the five points for USDA Rural Development Section 515 developments. The USDA Rural Development Section 515 Developments portfolio includes many underserved communities and regions. The developments have significant modernization and rehab needs with limited access to funding. Removing these points puts already challenging developments at a major disadvantage, especially considering Public Housing Conversions would still receive 5 points. It is unclear the reason for the distinction between Rural Development and Public Housing Developments both being supported with federal funds, where an advantage would be given to Public Housing developments for these 5 points.

Some commenters recommended MSHDA maintain the rural set-aside for the preservation category at 40%. Rural projects typically are already at a disadvantage in the QAP process when compared with urban projects. The set-aside is important to make sure the rural portfolio has opportunities to obtain funds needed to maintain its aging portfolio. While a 5% decrease seems small on the surface, it could mean the difference between a project getting funding and not getting funding. Furthermore it could indicate rural projects becoming less of priority.

Response: After reviewing the previous QAP's preservation awards, it was found that the RD 515 projects were already being incentivized through the rural housing set-aside requirement in the preservation category. That set-aside is being maintained in the 2026-2027 QAP at 35%. In an effort to streamline the scoring and remove redundancies, the points for RD 515 projects are not in the current QAP.

Site Plan Approval

Some commenters appreciated the removal of site plan approval from the scoring criteria but disagreed with it being included as a threshold item. They recommended that it be neither a scoring criterion nor threshold item. Every municipality has a different process for site plan approval with varying requirements. This can cause major fluctuations in timelines and pre-development costs. The elimination of these points will ultimately remove a barrier to entry for areas of the state that have a high need for affordable housing.

Other commenters requested that it go back to a points item rather than a threshold requirement. This adds another cost for the developer and can be time consuming. Additionally, some cities are unwilling to do a site plan approval until they are reasonably sure a project is moving forward.

Response: In the QAP, the site plan approval and zoning points are being maintained, which aligns with the prevailing request of commenters.

Smoke-Free Policies

Some commenters wrote that smoke-free policies ensure that everyone can live in a home with clean air and improve access to healthy housing for all. Implementing more smoke-free policies would reduce high rates of secondhand smoke and aerosol exposure at home and would be particularly beneficial for the low-income Michigan residents who are disproportionately harmed by secondhand smoke from tobacco. Additionally, commenters believe that smoke-free housing policies must be implemented in a way that maintains access to housing. These policies should not be punitive or lead to eviction or housing instability. Instead, enforcement should be restorative, coupled with access to culturally competent and comprehensive tobacco cessation services, so that residents are supported—not penalized—on their journey to better health. They urged MSHDA to revise the QAP to include clear incentives—or preferably, a requirement—for all LIHTC-funded developments to adopt 100% smoke-free policies.

Response: Over the course of the last several QAPs, they have been comments asking MSHDA to review the requirements of the current QAP and compliance as well as project information for non-smoking and related policies. MSHDA has found that the majority of projects are already incentivized to certify that they will be a non-smoking building through the third-party energy efficient buildings policy. We continue to review our long-term compliance requirements and records to ensure compliance is being maintained.

Strategic Investment

Some commenters believe that the increase to the Strategic category to 20% of the total funding available is too high, because the category is ambiguous and open to MSHDA's interpretation. They prefer transparency. The recommendation is to reduce the Strategic category to 10%.

Some commenters believe MSHDA should not include the Emerging Developer criteria in the Strategic Investment Category. A "Strategic" project may include an Emerging Developer component, but being an Emerging Developer is not reason alone to qualify as a "Strategic" project nor should a "Strategic" project need to have an Emerging Developer to qualify as "Strategic."

Response: The Strategic category has been maintained at 15% in the current QAP. This amount was chosen to ensure the amount of strategic funding would be available to fully fund strategic developments. Strategic developments may include an Emerging Developer component; however, that is not the only criteria in the Strategic Category that MSHDA considers when selecting Strategic projects.

Statewide Housing Plan

Some commenters recommended that MSHDA continue to align the QAP with the goals and objectives found in the Statewide Housing Plan (SHP). One commenter expressed concern that MSHDA was violating the SHP, including concerns about funding available for new developments.

Response: MSHDA has maintained its alignment with the SHP. The current draft of the QAP has not lowered the amount of LIHTC allocated to the Open categories. It has maintained the funding levels for most categories. Additionally, the older draft did allocate additional funds to the Strategic category, which typically funds Open projects. The QAP includes several other changes that are aligned with the Statewide Housing Plan. MSHDA plans to continue to align the various policies and programs.

Successful Partnerships

MSHDA heard from some commenters that they agreed with the removal of Successful Partnerships points, while still keeping the priority on emerging developers within the Strategic Investment Category. Some commenters also mentioned that the points had led to more experienced partners being passed over in favor of new emerging developers in order to score the points. Some commenters believe that this concept makes much more sense for a new construction project as the development partners can see a project from conception to completion to fully engage in the development process.

Response: While we agree that it is important to further build capacity and lower barriers to entry for emerging developers, the new QAP plans to do so by creating a set-aside for funding of meaningful mentorship opportunities between experienced developers and emerging developers. MSHDA will continue to review these partnerships to ensure that the partnerships are meaningful and have a positive long-term impact.

Temporary Point Reduction

Some commenters recommend that MSHDA establish clear criteria to distinguish between responsible project management and patterns of poor performance. They worry that the proposed language introduces a high degree of subjectivity and risk for development teams navigating increasingly complex and volatile financing environments. In particular, discretionary enforcement—without defined thresholds or clear guidance—may penalize well-intentioned projects facing legitimate external pressures. MSHDA should continue to foster a cooperative, solutions-oriented environment where developers feel supported in addressing challenges proactively—especially when those challenges stem from external circumstances. A fair and transparent review process, grounded in objective standards, will best support both program integrity and the successful delivery of affordable housing across Michigan.

Response: MSHDA agrees and continues to foster a cooperative, solutions-oriented environment where developers feel supported in addressing challenges proactively—especially when those challenges stem from external circumstances. This criterion is intended to supplement that goal. The language has been amended to provide more clarity and understanding of the process(es) that could lead to negative points.

Tenant-Based Rental Subsidies

Some commenters were pleased to see the inclusion of tenant-based rental subsidies in the prior QAP and felt this was an encouraging addition by incentivizing deeper income affordability for a portion of the units through a preference for tenant-based vouchers. It would be important to also confirm that syndicators would underwrite these units at the project voucher rents, which would seem consistent with a development making this commitment.

Response: The QAP has long had a requirement for all projects to give priority to persons who are being served by public housing commissions, authorities, or tribally designated housing entities and to partner with those entities to take referrals and market the relevant project information to persons on their waiting lists. The 2026-2027 QAP maintains that requirement while also streamlining the scoring process.