

Thompson, Carol (MSHDA)

Subject: FW: Draft Second Amendment to 2022-2023 QAP - MVAH Comments

From: Nick Klein <Nick.Klein@mvahpartners.com>

Sent: Friday, May 6, 2022 1:18 PM

To: Rademacher, Elizabeth (MSHDA) <RademacherE3@michigan.gov>

Cc: Pete Schwiegeraht <Pete.S@mvahpartners.com>; Sean Beismann <sean.beismann@mvahpartners.com>; Nick Klein <Nick.Klein@mvahpartners.com>

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Elizabeth,

Good afternoon! Thank you again for the call the other day and for taking time to fill me in. With that said, I wanted to formally send over comments I and the MVAH team have to the recent extra credit program that we believe would greatly benefit both MSHDA and the developments affected by construction inflation.

While MVAH is greatly appreciative of the time and effort MSHDA has put into the proposed 5-12% extra credit program, and while this amount of credits will benefit developments, we are afraid that these extra resources will unfortunately not be enough. With that said, we would like to propose 2 changes/additions which we believe would add additional value and help developments closest to crossing the finish line.

1. MVAH would like to respectfully propose the increase of max extra credits to 20%. While we understand the desire to penalize points, we would like to respectfully propose the idea of limiting future applications and/or awards. This would align MSHDA with the other states we work, as other agencies are not reducing the competitiveness of future applications through negative points. While we strongly believe each development should be analyzed on a deal-by-deal basis, we believe a 20% extra credit max would be tremendously useful. Also, as MVAH is cognizant of how valuable MSHDA resources are, we would like to add a caveat that any excess credit be returned should the entire amount not be utilized.
2. MVAH would also propose having the program moved forward so developments nearest to closing can utilize these extra credit programs. It is unfortunate the construction inflation has gotten so out of hand, and with that, the more recent developments (2021) are being hit harder than the older credit round deals. Allowing the deals closest to crossing the finish line will allow them to be feasible and provide the much-needed housing as soon as possible.

Both I and MVAH are greatly appreciative not only for the extra credit program, but MSHDA allowing public input on the process. We understand this it is not easy for you and your team. We look forward to the final extra credit funding round and hopefully the sky-high construction inflation starts plateauing soon!

Thank you again for your time and effort!

Nick Klein

Financial Analyst



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9100 Centre Pointe Drive, Suite 210
West Chester, OH 45069
C (513) 763-9543