MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
CADILLAC PLACE BUILDING, 4TH FLOOR SUITE 600
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MICHIGAN.GOV/MSHDA

M E M O R A N D U M

TO: Interested Parties

FROM: Tom McKee, Market Analyst

DATE: February 13, 2025

RE: Review of HUD's requirements regarding Areas of Minority Concentration

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Below is information regarding new requirements for market studies analyzing projects within Areas of Minority Concentration and contemplating HUD funding sources. Please review and reach out to us with any questions.

HUD prohibits placement of projects within Areas of Minority Concentration (AMC) when certain types of HUD funding is used. HUD provides several tools for determining if a proposed site is in such an area, depending on the tenant targeting; MSHDA has decided to adopt the following tools:

For non-senior-occupancy projects, use this tool:
https://www.huduser.gov/portal/maps/sec811/home.html

For senior-occupancy projects, use this tool:
https://www.huduser.gov/portal/maps/section202/home.html

For projects that are required to submit a market study along with an application for MSHDA funding *and* contemplating funding from the HUD sources noted below, the market study must include the data necessary to determine whether the project is eligible for an exception to HUD's rule. Exceptions are available only if (a) sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration or (b) the project is necessary to meet overriding housing needs that cannot be met in that housing market area. To be eligible for an exception under option (b), it must also be demonstrated that the project is in a revitalizing area.

MSHDA is not asking market analysts to opine on whether the project is eligible for an exception, but rather asking for the market study to include the data necessary to make that determination.

Market studies for new-construction and adaptive-reuse projects located within an AMC must include the following information if HUD funding sources, including MSHDA HOME, Housing Trust Fund, Housing Choice Vouchers administered by MSHDA, Section 811, Section 202, RAD, and other less common HUD sources, are contemplated:

1. A listing of comparable properties, as defined by HUD. HUD's definition of comparable properties is as follows: "Units may be considered to be comparable opportunities if they have the same household type (elderly or disabled, as applicable) and tenure type (owner/renter); require approximately the same total tenant payment; serve the same income group; are located in the same housing market; and are in standard condition."
2. The number of comparable units in the market area within Areas of Minority Concentration, using the tools noted above.
3. The number of comparable units in the market area outside of Areas of Minority Concentration, using the tools noted above.
4. The estimated penetration, capture, and saturation rates for the project and the total demand estimate.
5. Whether the project is in a revitalizing area, including data to support the analyst's conclusion. HUD will consider evidence that the site is in a revitalizing area if it is experiencing significant investment that is demonstrably improving the economic character of the area. Examples include low or declining poverty rates, low or declining violent crime rates, evidence of high or increased educational opportunity, high or increasing median household income, high or increasing homeownership rates, and high or increasing employment. Examples of public and private investment in the project's immediate area should be included where possible.

Market study analysts may provide this data by filling in the Excel form provided at the link below and pasting it as an appendix to the market study or formatting it in your firm's standard format and appending it to the market study, as long as all of the information is included.

Please contact Tom McKee at mckeet@michigan.gov with any questions.

Excel form for data presentation within market studies can be found here:
https://www.michigan.gov/mshda/developers/housing-market-research