



Missing Middle Housing Program

Introduction

The Missing Middle Housing Program (“MMHP”) is a housing production program designed to address the general lack of attainable housing and the housing challenges underscored by the COVID-19 pandemic by increasing the supply of housing stock to support the growth and economic mobility of employees by providing cost defrayment to developers investing in, constructing, or substantially rehabbing properties targeted to Missing Middle households. Details about the income ranges of qualifying households is included in the fourth attachment highlighted below. MMHP is funded by State appropriated American Rescue Plan (ARP) Funds from the U.S. Department of the Treasury. \$50 million of ARP funding was initially dedicated to the MMHP in March of 2022 and in January 2023, an additional \$50 million of ARP funding was dedicated.

The following information is organized into four sections:

1. An introductory general narrative of the program;
2. The Summary Term Sheet including key program highlights in an easy-to-read format for quick reference;
3. The Missing Middle Housing Plan which is the official governing document of the Missing Middle Housing Program. In the event of any discrepancies between the Introduction, Summary Term Sheet, or the Missing Middle Housing Plan, the Missing Middle Housing Plan will be the controlling document; and
4. A map to assist applicants in identifying their region and applying the program requirements to their specific Missing Middle development.

The Michigan State Housing Development Authority (MSHDA) will hold two funding rounds for the allocation of Missing Middle funding. Missing Middle Funding will be awarded with the primary goals of allowing developments to be processed as they are ready to move forward and also to ensure an equitable geographic distribution of resources. The first funding round will be awarded on a first-come-first-served basis. The second funding round will have applicants reviewed on a first-come-first-served basis but will likely have additional considerations that applicants will need to adhere to in order for MSHDA to ensure that all program requirements and targets are met in seeking to achieve an equitable geographical distribution of the resource throughout the state.

Eligible developments must comply with the following:

1. New construction or substantial rehabilitation (or combination thereof) of 1 or more housing units.
2. Substantial rehabilitation means rehabilitation of a housing unit that requires a financial investment of at least \$25,000.
3. Rental housing or for-sale housing (or combination thereof)
4. Qualifying unit(s) must be a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis that has a permanent foundation, electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen and sleeping spaces all of which meet building code requirements to achieve a certificate of occupancy.

Missing Middle funding awards to projects will be made in the form of subordinate grant funding.

All Missing Middle housing units must be attainable to and occupied by Missing Middle households as determined by MSHDA's Executive Director (this is further detailed in the fourth attachment to this document). MSHDA will publish program income/rent limits on its website to assist applicants with meeting these requirements.

Applicants must commit to maintaining affordability of the Missing Middle housing units in accordance with Missing Middle Housing Program requirements for a period of no less than 10 years for rental units and 5 years on for-sale units beginning with the disbursement of Missing Middle grant funding.

Funding will be targeted to the various Housing Partnership Regions in order to ensure appropriate geographical distribution throughout the state. Additionally, at least 30% of the total funding must be allocated to rural areas throughout the state including the Upper Peninsula. Parameters will be established to ensure the development of accessible units.

Missing Middle Housing Program - Summary Term Sheet

Program Overview	The Missing Middle Housing Program is a housing production program designed to address the general lack of attainable housing and housing challenges underscored by the COVID-19 pandemic by increasing the supply of housing stock to support the growth and economic mobility of employees by providing cost defrayment to developers invest in, constructing, or substantially rehabbing properties targeted to Missing Middle households. Additionally, the rents charged or the sale price of the units must be considered attainable for a Missing Middle households. The Missing Middle Housing Program is funded by State appropriated American Rescue Plan (ARP) Fund from the U.S. Department of the Treasury with \$100 million of ARP funding dedicated to the Missing Middle Housing Program.																																																																			
Program Goal	To provide gap funding to qualified real estate developers to assist with funding the construction costs rental and for-sale housing targeted to eligible Missing Middle households.																																																																			
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Small Project Target	At least 10% of the total funding available must be allocated to projects that are composed of less than 12 total units (i.e. 11 units or less).																																																																			
Eligible Developments	<p>Eligible developments must comply with the following:</p> <ol style="list-style-type: none"> 1. Project must consist of new construction or substantial rehabilitation (or a combination of both) of 1 or more housing units made available at a price or lease rate that is attainable to a missing middle household. 2. Substantial rehabilitation means rehabilitation of a housing unit that requires a financial investment of at least \$25,000. 3. Rental housing or for-sale housing (or combination thereof) 4. Qualifying unit(s) must be a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis that has a permanent foundation, electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen and sleeping spaces all of which meet building code requirements to achieve a certificate of occupancy. 																																																																			
Accessibility	MSHDA recognizes the need for more accessible and adaptable housing and will identify ways to ensure Missing Middle funds help increase accessibility. Parameters shall be determined by MSHDA staff and approved by the MSHDA Executive Director																																																																			

Grant Term	The Missing Middle Housing Program Grant will have compliance requirements as follows: <ul style="list-style-type: none"> • 10-year compliance period for rental units with the amount of potential recapture reduced by 1/10th per year over the 10 years • 5- year compliance for for-sale units with the amount of potential recapture reduced by 1/5th per year over the 5 years After a period of 10 years for rental/5 years for for-sale of demonstrated compliance with program requirements, the grant will be fully forgiven.
Maximum Grant Award	The maximum grant amount to any one project may not exceed \$5 million.
Developer Limit	The maximum Missing Middle funding awards to any one developer (including related party entities) will be limited to \$10,000,000. This limit is to achieve equity within the program among eligible development companies. Should MSHDA determine that this limit is an impediment to achieving geographic distribution of the resources, it reserves the right to waive this limit by posting notice on the MSHDA website. If a developer partners with another developer or project, the amount of Missing Middle funding that will count towards the developer's cap will be pro-rated based the percentage of ownership that the developer has in the project.
Project Grant Limits	<p>GRANT AMOUNT: MSHDA will develop grant limits based on what is appropriate to administer the program. These limits will be established by MSHDA staff and are subject to the approval of the Executive Director.</p> <p>Eligible Costs The grant amount is limited to the actual labor and material cost of the construction or rehabilitation.</p>
Targeted Population of Households	MSHDA will develop household income limits based on what is appropriate to administer the program. This will be developed by MSHDA staff and is subject to the approval of the Executive Director. Households must prove eligibility at the time of initial occupancy. If a tenant vacates the unit and new tenant moves in the new tenant must demonstrate that their income meets program guidelines prior to occupying the unit.
Eligible Applicants	Applicants for Missing Middle Housing Program are statutorily required to meet the following requirements: <ol style="list-style-type: none"> 1. A landbank, local government, or nonprofit or for-profit developer 2. Developer must be a qualified real estate developer and: 3. Pass a criminal and civil background check of key employees 4. Must not be under debarment with the U.S. Government 5. Demonstrate to the program administrator that it has the capacity to complete the project and the ability to implement rent and purchaser restrictions for the terms that will be specified in the agreement for a project.
Local Support	Projects must demonstrate local support. This may be shown as any one or combination of the following: <ol style="list-style-type: none"> 1. Financial contributions or grants of at least \$5,000 2. Tax Abatement 3. Tax Increment Financing 4. Land Transfer from the local government at a cost of not more than \$1,000 per unit 5. Letter of support or Resolution from the local unit of government detailing how the project contributes to addressing the housing needs in the community.
Low-Income Housing Tax Credit Financing	Projects that are intending to utilize Missing Middle funding must agree that it is not utilizing and will not utilize Low Income Housing Tax Credit (LIHTC) funding as part of the financing of the development.
Project Compliance	Following disbursement of funds to the developer, each Missing Middle housing unit, identified in the grant agreement and other applicable program documentation, will be required to demonstrate compliance with program requirements at initial occupancy of the unit or when a unit is vacated and a new household moves in. The period of compliance is 10 years for rental units and 5 years for for-sale units. This will include demonstrating that the Missing Middle units are occupied by households that meet income requirements of the Missing Middle Program and the rents being charged on an annual basis or the sale price of the unit is considered attainable to a Missing Middle household.

Project Timeline	<p><u>Pre-Closing Deadlines:</u></p> <ul style="list-style-type: none"> • Projects that are approved and awarded a Missing Middle Housing program grant will be required to close on project financing and begin construction within three (3) months of receiving the Missing Middle Housing grant approval letter. This deadline will be extended on a case-by-case basis in MSHDA's sole discretion. This requirement is intended to ensure that applications are ready to proceed when submitting an application for Missing Middle funding and to ensure that the Missing Middle funding is awarded to developments that will utilize it in a timely fashion to ensure that the State of Michigan meets the federal State and Local Fiscal Recovery Funding (SLFRF) deadlines related to obligations and expenditures. <p><u>Post-Closing Deadlines:</u></p> <p>Projects must secure a Certificate of Occupancy within 24 months from execution of the Missing Middle grant agreement.</p> <ul style="list-style-type: none"> • The developer may seek an extension from the program administrator • Under no circumstances can an extension(s) exceed a total development time frame of 36 months <p>Extensions of these deadlines may be granted at the sole discretion of MSHDA. In the event that an extension of a deadline is granted, a fee equal to 1% of the Missing Middle funding amount may be charged.</p> <p>Projects will be required to submit quarterly progress reports in order to track the quarterly progress of developments and ensure that projects are proceeding on schedule.</p>
Funding Disbursement	<p>Missing Middle housing program funding will be disbursed to projects on a reimbursement basis upon the demonstration the project has completed construction and has received a Certificate of Occupancy* as detailed in the Post Close Deadlines below. This will require projects to develop a strategy to financially bridge the Missing Middle housing grant funding during the construction period of the project with the understanding that the Missing Middle funding will not disburse to the project until a Certificate of Occupancy is received.</p> <p>*Rehabs may require other documentation in lieu of Certificate of Occupancy such as a letter from the municipality inspector and/or a MSHDA inspection to confirm completion.</p>



AMENDED MISSING MIDDLE HOUSING PLAN

As of February 16, 2023

The Missing Middle Housing Program (“MMHP”) is a housing production program designed to address the general lack of attainable housing and housing challenges underscored by the COVID-19 pandemic by increasing the supply of housing stock to support the growth and economic mobility of employees by providing cost defrayment to developers investing in, constructing, or substantially rehabbing properties targeted to Missing Middle households. The MMHP is funded by State appropriated American Rescue Plan (ARP) Funds from the U.S. Department of the Treasury. \$50 million of ARP funding was initially dedicated to the Missing Middle Housing Program in March of 2022. An additional \$50 million of ARP funding was dedicated to the MMHP in January of 2023 for a grand total of \$100 million.

LIMITS AND TARGETS

GEOGRAPHIC LIMITS:

CITY/VILLAGE/TOWNSHIP: The maximum funding to support projects located in any single City, Village, or Township is limited to 15% of the total awards made under the MMHP. This is a legislative requirement that cannot be waived or exceeded.

DEVELOPER LIMIT: The maximum Missing Middle funding awards to any one developer (including related party entities) will be limited to \$10,000,000. This limit is to achieve equity within the program among eligible development companies. Should MSHDA determine that this limit is an impediment to achieving geographic distribution of the resources, it reserves the right to waive this limit by posting notice on the MSHDA website. If a developer partners with another developer on a project, the amount of Missing Middle funding that will count towards the developer’s cap will be pro-rated based on the percentage of ownership that the developer has in the project.

GEOGRAPHIC TARGETS:

Please note, if a project counts towards more than one of the Project or Geographic Targets below it may be counted towards and used in the achievement of each of those multiple targets.

PARTNERSHIP REGIONS: Each geographic partnership region throughout the state will receive a minimum amount of funding as highlighted in the chart below. As eligible developments are submitted in these various geographic regions, they will be counted towards meeting the geographic target for that region. Please note that these are minimums per region in order to ensure geographic distribution of resources and 5% of the total has been removed from the calculation to account for program administrative expenses.

GEOGRAPHIC DISTRIBUTION TABLE:

Partnership Regions	Committed Funding Amount
A, B & C	\$2,337,700
D	\$2,657,400
E	\$2,013,300
F	\$13,174,400
G	\$4,412,300
H	\$8,081,800
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M	\$7,174,000
N & O	\$12,643,000
Allocated Round 1	\$15,000,000
5% Administrative	\$5,000,000
Grand Total	\$100,000,000

RURAL COMMUNITIES: At least 30% of the total funding available must be allocated to projects in rural communities. For these purposes, a rural community is any geography designated by the United States Department of Agriculture – Rural Development as rural for purposes of its single family-housing guaranteed loan program. [USDA - RD Eligibility](#)

PROJECT TARGETS:

SMALL PROJECTS: At least 10% of the total funding available must be allocated to projects that are composed of less than 12 total units. A larger project cannot be split into multiple smaller projects in order to fulfill this target.

FUNDING AVAILABILITY

The Michigan State Housing Development Authority (MSHDA) will hold funding rounds for the allocation of Missing Middle funding. Funding will be awarded with the two primary goals of allowing developments to be processed as they are ready to move forward and also to ensure an equitable geographic distribution of resources. Funding round due dates will be established as outlined below.

FUNDING ROUNDS:

The Funding Round due dates are listed below:

Funding Round	Round Opening Date	Round Closing Date	Approximate Funding Available
Round 1	Monday, September 19, 2022	CLOSED	\$ 15,000,000
Round 2	Monday, March 20, 2023	Monday, September 30, 2024	\$ 80,000,000

Round 1 Funding Round is Closed (September 19, 2022 – December 30, 2022):

Round 1 operated on a first-come-first-served rolling basis with applications reviewed and considered in the order that they were received. All applications received by MSHDA prior to 4:00pm on the same day were considered “received” at the same time. Applications received on the same day before 4:00pm were ranked least to most grant amount requested per unit and those requesting the least amount per unit were reviewed first. Only *complete* applications received by 5 p.m. December 30, 2022 were considered for an award. Any funding that is still available from Round 1 will automatically be rolled into and included in the Round 2 funding round.

As applications for funding are received, MSHDA staff will maintain a public list on its website showing at a minimum the project name, location, developer name, funding requested/awarded, and Prosperity Region. This list will be maintained so that future applicants may know important data regarding how much funding is still available and which of the limits or targets described above have been met:

Prior to Round 2 Funding Round, MSHDA will determine:

1. If at least 30% of the total funding has been allocated in Rural Communities
2. If at least 10% of the total funding has been allocated to Small Projects of 12 units or less
3. If the minimum targets have been met for each Prosperity Region

If less than the required amount has been allocated to any of those targeted areas, then a portion of the total funding available in Round 2 equal to the amount needed to meet the targets (as determined by MSHDA) will be separated out and reserved for projects that qualify for the targets.

Round 2 Funding Round (est. March 20, 2023 – September 30, 2024):

To the extent necessary, Round 2 funding will be held back and reserved in an amount necessary to ensure that the Project and Geographic Targets will be met, as described above. The reserved funding will be available on a first-come-first-served basis within the applicable Project and Geographic Targets. Any remaining funding will be available to all other projects regardless of location on a first-come-first-served basis (subject to the City/Village/Township limit described above). By September 1, 2023, if any amounts of funding that were originally reserved for a particular Prosperity Region or Small Projects is still uncommitted, those funds will become available to any eligible development regardless of location or size in order to ensure that the funding does not remain unutilized. These uncommitted funds will be disbursed in the original first-come, first-served order.

Subject to the requirements noted above, Round 2 will operate on a first-come-first-served rolling basis and complete applications will be reviewed and considered in the order that they are received with the following parameters:

- All complete applications that are received by MSHDA prior to 4:00pm on the same day will be considered “received” at the same time.
- Complete applications received on the same day before 4:00pm will be ranked according to the amount of Missing Middle Funding requested per Missing Middle unit

- Complete applications received the same day before 4:00p.m. will be reviewed in order from least amount of per unit Missing Middle Funding requested to highest amount per unit.
- Complete applications submitted prior to the funding round opening date will be considered as submitted on the opening date. Applications will continue to be accepted for processing until the round funding is exhausted or closing date, whichever occurs first.

GENERAL ELIGIBILITY & FUNDING CONSIDERATIONS

The following requirements will need to be met as part of MSHDA's review of Missing Middle Funding applications.

Eligible Developments

Eligible developments must comply with the following:

1. Project must consist of new construction or substantial rehabilitation. Substantial rehabilitation is defined as rehabilitation of a housing unit that requires financial investment of at least \$25,000.
2. Rental housing or for-sale housing (or combination thereof)
3. Qualifying unit(s) must be a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis that has a permanent foundation, electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen and sleeping spaces all of which meet building code requirements to achieve a certificate of occupancy.
4. Follow parameters related to accessibility as established by MSHDA's Executive Director

Eligible Costs

The maximum amount that may be awarded is limited to the actual labor and material cost of construction or substantial rehabilitation of the housing unit.

Grant Amount

The grant limits will be determined by MSHDA staff, approved by the Executive Director, and posted on the Missing Middle website.

MSHDA reserves the right to update these figures as necessary to account for annual economic inflation, changes in market conditions, or to ensure the overall success of the program. In doing so, MSHDA will post updates to these figures on its website.

Form of Assistance

Missing Middle funding awards to projects will be made in the form of subordinate grant funding.

Grant Term

Each grant recipient shall have their grant terms defined in the Missing Middle Housing Grant Agreement including, but not limited to, terms related to compliance period, amount of potential recapture in the event of noncompliance and grant forgiveness.

Income Targeting

Following disbursement of funds to the project, each Missing Middle housing unit, identified in the grant agreement and other applicable program documentation, will be required to demonstrate compliance with program requirements at initial occupancy of the unit or when a unit is vacated and a new household moves in. The period of compliance is 10 years for rental units and 5 years for for-sale units.

Missing Middle Housing Units

The amount of Missing Middle funding that a project qualifies for will be based on the number of Missing Middle housing units that a project commits to developing. There is not a minimum number of Missing Middle units that will be required in a project.

Income/Rent/For-Sale Price Limits

Income limits, rent limits, and for-sale price limits for Missing Middle Housing units will be established by MSHDA staff, approved by the MSHDA Executive Director and posted on the MSHDA website.

Displacement of Existing Low-Income Tenants

MSHDA reserves the right to disqualify projects from Missing Middle funding should they become aware that any projects are displacing existing low-income households in an effort to qualify for Missing Middle funding.

Affordability Period

RENTAL UNITS:

Applicants must commit to restricting the Missing Middle rental housing units in accordance with Missing Middle Housing Program requirements for a period of no less than ten years following the disbursement of funding. The amount of potential recapture in the event of noncompliance will be reduced by 1/10th per year over the period of 10 years. After 10 years of demonstrated compliance with program requirements, the compliance period shall terminate.

FOR-SALE UNITS:

Applicants must commit to restricting the Missing Middle for-sale housing units in accordance with Missing Middle Housing Program requirements for a period of no less than five years following funding disbursement. The amount of potential recapture in the event of noncompliance will be reduced by 1/5th per year over the period of 5 years. After 5 years of demonstrated compliance with program requirements, the compliance period shall terminate.

Construction Standards

At MSHDA's discretion, projects must demonstrate appropriate construction quality and design based on the location that the project will be located.

All Missing Middle Housing Program (Missing Middle) subrecipients working on the job site are required to comply with ensuring that contractors and/or subcontractors undertaking construction and/or substantial rehabilitation in excess of \$2,000 pay at least the applicable prevailing wage amounts. Prevailing wages, including fringe benefits, must be paid on all hours worked at the job site and is based entirely as cash wages or cash wages and employer-provided bona fide fringe benefits.

All other Davis-Bacon and/or related requirements are **not** in effect for Missing Middle, including but not limited to, formal postings/notifications on-site; documents including executive orders, clauses, related acts, and formal provisions within the contracts/bids including mandatory pre-construction conferences, submission of certified weekly payroll reports, weekly payments, apprenticeship provisions, and conducting of employee interviews.

Prevailing wage classification rate tables will be established by MSHDA and posted on the Missing Middle website. For additional information about Davis-Bacon/Prevailing wages, refer to the Missing Middle Housing Program Prevailing Wage Requirements/Davis-Bacon Compliance Policy which can be found on the Missing Middle web page.

Accessibility

MSHDA staff will develop requirements/guidelines pertaining to the incorporation of accessibility features in Missing Middle housing units. The criteria will be subject to approval by the Executive Director and posted on the MSHDA website.

Low-Income Housing Tax Credit (LIHTC) Financing

Projects that are intending to utilize Missing Middle funding must agree that it is **not** utilizing and will not utilize LIHTC funding as part of the financing of the development.

Local Support

Projects must demonstrate local support. This may be shown as any one or combination of the following:

1. Financial contributions of at least \$5,000
2. Tax Abatement
3. Tax Increment Financing
4. Land Transfer from the local government for a sales price of not more than \$1,000 per unit
5. Letter of support or Resolution from the local unit of government detailing how the project contributes to addressing the housing needs in the community.

Funding Disbursement

Missing Middle housing funding will be disbursed to projects on a reimbursement basis upon the demonstration that a project has completed construction and has received a Certificate of Occupancy (or otherwise deemed complete) as detailed in the Post Closing Deadlines below. This will require projects to develop a strategy to financially bridge the Missing Middle

housing grant funding during the construction period of the project with the understanding that the Missing Middle funding will not be disbursed to the project until a Certificate of Occupancy is received. If a project already holds a certificate of occupancy (i.e. rehab project), MSHDA will deem a project complete using methods including but not limited to inspections by MSHDA Construction Division, documentation from the municipality and/or documentation from the developer and/or contractor.

ELIGIBLE RECIPIENTS

Applicants for Missing Middle Housing funding are statutorily required to meet the following requirements:

1. A landbank, local government, or nonprofit or for-profit developer
2. Developer must be a qualified real estate developer and
3. Pass a criminal and civil background check of key employees
4. Must not be under debarment with the U.S. Government
5. Demonstrate to the program administrator that it has the capacity to complete the construction of the project, and that it has the ability to implement rent restrictions and purchaser restrictions to remain in compliance for the terms specified in the grant agreement. The developer may contract with 1 or more entities that will provide materials or services in order to assist in meeting the capacity thresholds described in this subdivision.

REVIEW CRITERIA

The following items must be submitted for MSHDA staff review as part of the Missing Middle Funding application:

Applicants for Missing Middle Funding will be required to complete the Missing Middle Funding Due Diligence Exhibit Checklist. This checklist will detail the items that must be submitted as part of the Missing Middle Funding application. The checklist will include some or all of the following depending on the type of project being proposed:

1. Executive Summary
2. Missing Middle Program Application
3. Missing Middle Funding Pro-Forma
4. Financial Sources (i.e. supporting documentation)
5. Scope of Work
6. Trade Payment Breakdown
7. Construction Funding Schedule
8. Articles of Incorporation
9. Certificate of Good Standing/able to do business in the State of Michigan
10. Joint Venture (if applicable)
11. Community Engagement
12. Site Control
13. Title Insurance Commitment
14. Zoning Documents
15. Site Plan Approval
16. Site Utility Availability
17. Proposed Site Layout
18. Architectural Floor Plan(s)
19. Property Tax Documentation (if applicable)

20. Market Study
21. Environmental Study
22. Affirmative Fair Housing Marketing Plan (AFHMP)
23. Equal Employment Opportunity (EEO) Plan
24. Tenant Relocation documentation (if applicable)
25. American Rescue Plan (ARP) reporting documentation

In order to retain a development's placement in the priority list, all required exhibits must be submitted and determined substantially complete. Should MSHDA staff determine that the application is substantially incomplete, the applicant will be notified that the application will not be further processed or added to the processing pipeline until it is complete. Once an application is deemed substantially complete, MSHDA staff will begin review the application and may ask clarifying questions and accept additional information in order to verify or substantiate aspects of the project that are not apparent based on the initial documentation submitted.

PROJECT TIMELINE

The following deadlines will need to be met for projects that are awarded Missing Middle funding:

Pre-Closing Deadlines:

- Projects that are approved and awarded a Missing Middle Housing grant will be required to close on project financing and begin construction within three (3) months of receiving the Missing Middle Housing grant approval letter. This deadline will be extended on a case-by-case basis in MSHDA's sole discretion. This requirement is intended to ensure that applications are ready to proceed when submitting an application for Missing Middle funding and to ensure that the Missing Middle funding is awarded to developments that will utilize it in a timely fashion to ensure that the State of Michigan meets the federal State and Local Fiscal Recovery Funding (SLFRF) deadlines related to obligations and expenditures.

Post-Closing Deadlines:

Projects must secure a Certificate of Occupancy within 24 months from execution of the Missing Middle grant agreement.

Extensions of these deadlines (up to a maximum of 36 months) may be granted at the sole discretion of MSHDA. In the event that an extension of a deadline is granted, a fee equal to 1% of the Missing Middle funding amount may be charged.

Projects will be required to submit quarterly progress reports in order to track the progress of developments and ensure that projects are proceeding on schedule.

PROGRAM COMPLIANCE

RENTAL UNITS:

For a period of **ten** years following disbursement of funds to the developer, each Missing Middle housing unit, as identified in the grant agreement and other applicable program documentation, will be required to demonstrate compliance with program requirements at initial occupancy of the unit or when a unit is vacated and a new household moves in. This

will include demonstrating that the Missing Middle units are initially occupied by households that meet the income requirements of the MMHP at initial occupancy and that the rents being charged on an annual basis is considered attainable to a Missing Middle household. MSHDA will publish program income/rent limits on its website to assist applicants with meeting these requirements.

FOR-SALE UNITS:

For a period of **five** years following disbursement of funds to the developer, each for-sale Missing Middle housing unit, as identified in the grant agreement and other applicable program documentation, will be required to demonstrate compliance with program requirements. This will include:

- Demonstrating the Missing Middle units are initially occupied by households that meet the Missing Middle income requirements at initial occupancy and that the unit sale price is considered attainable to a Missing Middle household.
- In the event a home is re-sold during the 5-year compliance period, the incoming household income will be reviewed as will the sale price to ensure both remain within the MMHP parameters
- The amount of potential recapture of grant funds shall be reduced at a rate of 1/5th per year of satisfactory compliance. Therefore, if a home is re-sold to a non-qualifying household, the Missing Middle grant may be recaptured at the same rate for any years not remaining in compliance. For example, if home has a \$50,000 grant agreement in place but after 3 years of full compliance is sold to a non-eligible household, 2 years' worth will be recaptured (2/5ths of the \$50,000 award or \$20,000).
- MSHDA will publish program income/rent limits on its Compliance website to assist applicants with meeting these requirements.

PROJECT REPORTING

At the time when the Certificate of Occupancy is secured, projects will be required to report the following items to MSHDA staff:

1. Total number of units developed within project
2. Number of units qualifying for the grant
3. Total square footage of project and square footage of each unit type
4. Total project costs. More guidance will be forthcoming regarding how projects will be required to verify the total project costs, such as with a third-party CPA Cost Certification.
5. Total project costs not covered under the grant

MSHDA may choose to collect information related to Diversity, Equity, and Inclusion in order to inform potential future changes to the program.

Additionally, projects will be required to report the following on an annual basis:

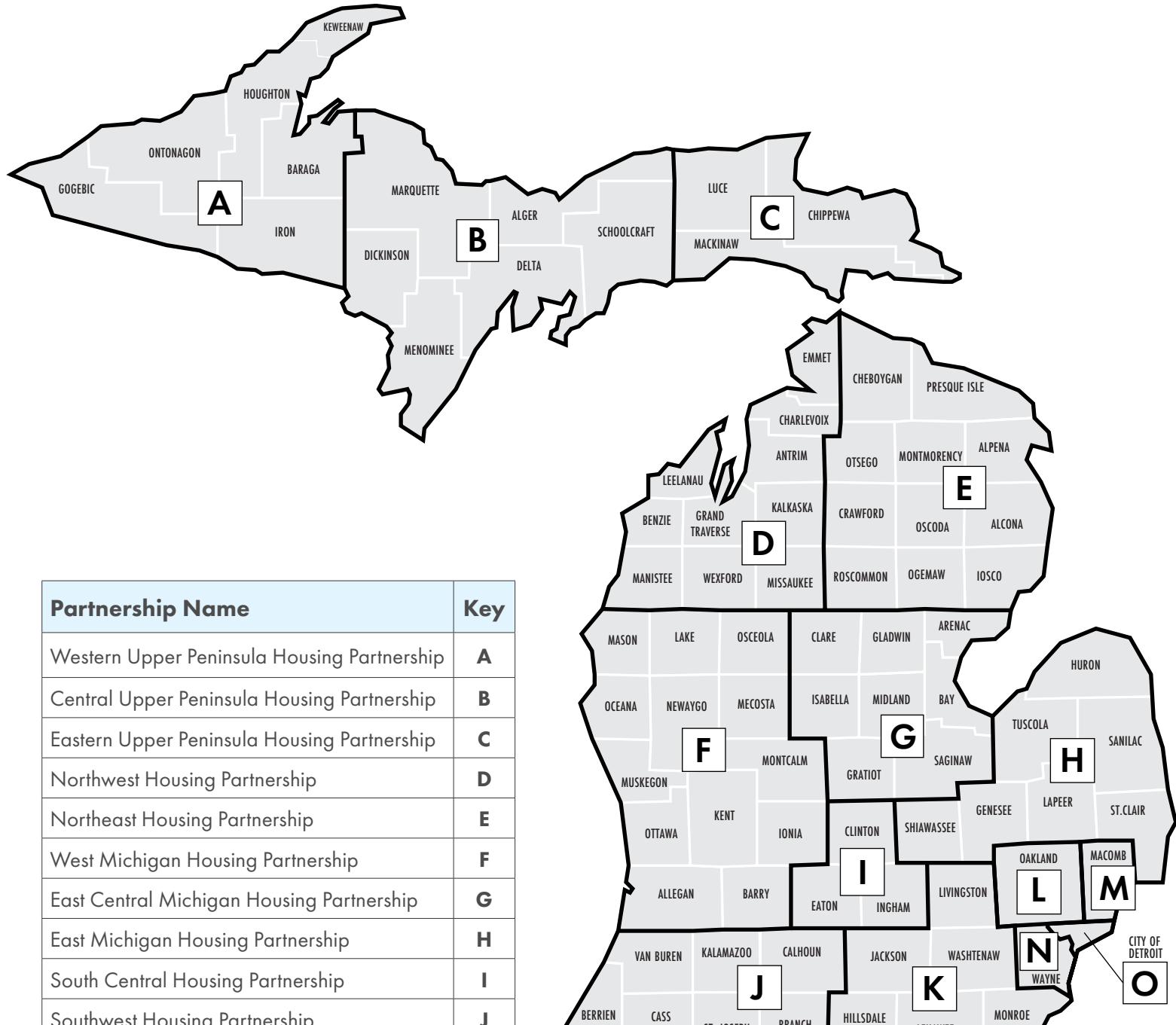
For-Sale Units:

- The price of each unit that is sold during the reporting year as well as tenant income verifications as may be required in order to comply with ARP guidelines
- Other documentation as required by MSHDA in order to determine compliance with Missing Middle program requirements as will be detailed in further guidance.

Rental Units:

- A statement of the rental rate of each housing unit for rent within the project during the reporting year
- A statement of the income stated on the tenant applications for the project during the reporting year
- A statement of the occupancy rate of the project during the reporting year
- Other documentation as required by MSHDA in order to determine compliance with Missing Middle program requirements.

Housing Partnerships



Partnership Name	Key
Western Upper Peninsula Housing Partnership	A
Central Upper Peninsula Housing Partnership	B
Eastern Upper Peninsula Housing Partnership	C
Northwest Housing Partnership	D
Northeast Housing Partnership	E
West Michigan Housing Partnership	F
East Central Michigan Housing Partnership	G
East Michigan Housing Partnership	H
South Central Housing Partnership	I
Southwest Housing Partnership	J
Southeast Housing Partnership	K
Oakland Housing Partnership	L
Macomb Housing Partnership	M
Wayne Housing Partnership including Hamtramck and Highland Park	N
Detroit Housing Partnership	O