Missing Middle Housing Program

Frequently Asked Questions (Updated 8/15/2022)

The following Frequently Asked Questions and Answers are for informational purposes only in order to enhance further discussion and collaboration during the development of the Missing Middle housing program. This document is not binding. Applicants should refer to the final Missing Middle Housing program plan and accompanying documents for final guidance.

1. Will partnerships between 501(c)(3) non-profit developers and for-profit developers be allowed?
   The language in the Missing Middle Housing statute reads that the developer must be a tax-exempt organization under section 501c3 of the Internal Revenue Code of 1986, 26 USC 501, authorized to do business in this state. Given that requirement, MSHDA believes that the Missing Middle funding will need to be granted to 501c3 non-profit developers. However, the question has been raised about whether partnerships between a 501c3 non-profit developer and a for-profit developer would meet the intent and language of the statute. MSHDA believes that there is the ability for a partnership between a 501c3 non-profit and a for-profit entity to exist and meet the intent of the statute. A possible structure that may meet this goal is one where the Missing Middle grant funds flow directly from MSHDA to the 501c3 non-profit entity and then the 501c3 non-profit entity passes the funding through to an ownership entity that will be the actual owner of the Missing Middle housing project. That ownership entity would be comprised of the 501c3 non-profit (or a wholly owned affiliate) and a for-profit entity. In order to meet the intent of the statute, the 501c3 non-profit (or wholly owned affiliate) would need to have at least a 51% ownership interest in the ownership entity. The 501c3 non-profit would also be required to demonstrate that they will have material participation in the ownership, development, and operation of the Missing Middle housing project during the ten-year compliance period. MSHDA believes that a structure similar to this would allow the opportunity for partnerships between a 501c3 non-profit and a for-profit entity.

2. The Missing Middle housing plan describes a requirement that the non-profit developer must have a record of completing multiple projects similar to the proposed project. How can a non-profit developer satisfy this requirement?
   The language in the Missing Middle Housing statute reads that the developer must demonstrate to the program administrator (MSHDA) that its mission or business model is consistent with the intent of this section, that it has a record of completing multiple projects similar to the proposed project, and that it has the ability to implement rent restrictions and purchaser restrictions for the term of the agreement for the project. The language goes on to say that the developer may contract with 1 or more entities that will provide materials or services to the developer for the development of the project.

   It is anticipated that this requirement will be met if the 501c3 non-profit has been involved in some way with either rental housing or for-sale housing (depending on the type of project being proposed). More guidance on this topic will be forthcoming.

3. The plan describes the income certification of Missing Middle households. How will that be administered?
MSHDA staff is considering the best way to approach income certification in order to achieve the desired goal of ensuring that the housing units are serving Missing Middle households, but also to ensure that the income certification process is streamlined and easy to administer. To that point, MSHDA is considering a process whereby Missing Middle households would be income certified only at the time of move-in or sale of the unit and then would be deemed eligible for the remainder of their tenancy in the unit regardless of whether their annual gross income increases or decreases. At the time of initial move-in, all unit occupants would be required to supply a copy of their most recent IRS Form 1040 (as applicable) and a brief income certification form that would simply assist with aggregating the income of the household. Nonprofit owners would use the IRS Form 1040 and tenant income certification form to compare to the published Missing Middle program income limits in order to determine if the occupants are eligible to occupy the unit. If the household is eligible, the income certification requirement would be met for the remainder of the time that the household occupies the unit regardless of whether their income increases or decreases in the future.

4. The Missing Middle housing plan describes MSHDA review for construction quality. Will there be design standards as part of the Missing Middle housing program?
The Missing Middle statutory language requires that a housing unit 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 sufficient to receive a certificate of occupancy.

   The Missing Middle housing program will not have detailed design standards that projects will need to follow. Since the Missing Middle program is gap funding and is not designed to be the primary source of funding for the project costs, most projects will have a senior lender that will already be ensuring that baseline design standards are being met. MSHDA is considering developing some very basic construction quality guidelines that would help ensure that Missing Middle funds are being used in developing housing that will benefit residents and communities for the long-term and to avoid situations where the housing is being constructed with substandard quality that will not serve the residents or community. Non-profit developers are encouraged to evaluate the type of housing that will best serve their community in the near-term and over the long-term in order to ensure that the Missing Middle resources have both an immediate and long-lasting impact including but not limited to offering accessible or barrier-free unit options.

5. Will Davis Bacon wage requirements be required under the Missing Middle Housing Program?
MSHDA has requested specific federal guidance on this topic but has not received complete guidance yet. At this point, applicants should anticipate that the Missing Middle funding may trigger Davis Bacon wage requirements. MSHDA will release further guidance and clarity on this topic as it becomes available.

6. Does the Missing Middle Housing program allow for rehabilitation of existing units?

Yes, the Missing Middle housing program allows for the rehabilitation of existing units. The statutory language defines substantial rehabilitation as the rehabilitation of a housing unit that becomes an energy efficient housing unit and that requires a financial investment of at least $25,000. Applicants should be aware of this requirement to ensure that the amount of necessary rehab being proposed meets this requirement. Further, developers will need to determine whether the existing residents would qualify under the income requirements of the Missing Middle program to ensure that the program requirements can be met for existing units and households.

7. Will households that are below 185% of Federal Poverty Guidelines (FPG) qualify for Missing Middle Housing?
   No, households that are below 185% of the FPG do not qualify under the Missing Middle housing program. In order to occupy a Missing Middle housing unit, a household needs to be income certified (at the time of initial occupancy) between 185% of FPG and 300% of FPG.

8. Will Missing Middle housing units be allowed to be rented or sold for less than 185% of the Federal Poverty Guidelines (FPG)?
   While Missing Middle housing units must be occupied by households that are between 185% of FPG and 300% of FPG, the rental rate or sale price maximum is statutorily set at 300% of FPG but no statutory minimum is provided. As a result, the actual rent or sale price of a Missing Middle housing unit may fall below 185% of FPG. MSHDA understands that setting a rental rate or sale price below 185% of FPG may be necessary in some areas throughout the state where the market rents or home prices are below 185% of FPG and would not support a higher rent or sale price.

9. Will market studies be required in for-sale Missing Middle housing projects?
   MSHDA has considered this question and is contemplating a process whereby there would be various alternatives that could potentially better fit different development types. Please see the Exhibit Checklist on the Missing Middle webpage for detail pertaining to the market study requirements. https://www.michigan.gov/mshda/developers/missing-middle

10. Will the list of due diligence items listed in the plan be required for all projects or will MSHDA establish different or abbreviated lists for those smaller rental projects or for-sale projects?
    MSHDA recognizes that projects eligible for Missing Middle funding will be vastly different in terms of their size, complexity, and execution. For that reason, MSHDA has developed different checklist options that will apply to different housing projects ranging from larger scale to smaller scale and from rental to for-sale.

11. A 10-year compliance period seems like a long time to maintain compliance on for-sale units. MSHDA should consider a 5-year compliance period on for-sale units. Alternatively, MSHDA should consider allowing the grant recapture to burn off over a 5-year period while continuing to restrict the units for 10-years to meet the intent of the statute.
    A 10-year compliance period is required per the language in the Missing Middle program legislation. MSHDA is considering a structure whereby the grant recapture amount would be reduced by 1/10th per year over the 10-year period. This would allow for the homeowner to choose whether to sell the home to a Missing Middle household at a Missing Middle price or to repay

what remains on the grant recapture in order to be able to sell the house at whatever price they choose without regard to the income of the household that is purchasing the unit.

12. MSHDA should consider allowing the grant to be forgiven 1/10 per year over a 10-year period rather than the entire grant be forgiven after year 10.
    See response above. MSHDA is planning to allow a 1/10th per year reduction of the grant recapture amount.

13. Using Federal Poverty Guidelines (FPG) seems to be an added hurdle. Would suggest using Area Median Income (AMI) for consistency with other programs.
    Using the Federal Poverty Guidelines as a measure of income is written into the Missing Middle program legislation and is not something that can be changed at a programmatic level.

14. What is an Affirmative Fair Housing Marketing Plan (AHFMP)?
    An Affirmative Fair Housing Marketing Plan (AFHMP) outlines the target population within the project area, the outreach efforts, the methods, the budget, and the experience of the project team with marketing a project. The goal of the plan is to ensure that continuous outreach efforts are made to establish a balanced wait list in order to ensure equal access to housing and combat housing discrimination. More detailing guidance on this will be made available.

15. The underlying grant sizing parameters, project size/types, and most of the application documentation seems fine, but without some flexibility built in, I am concerned that the program will only being used by large non-profit housing corporations that have the compliance staffing infrastructure in place. There appears to be a lot of restrictions built into this program.
    MSHDA is approaching the Missing Middle housing program with the goal of creating a program that is open to access for groups with varying capacities, size of community, size of project, or type of project. MSHDA is developing tenant income certification criteria whereby certifications will occur only at the time of move-in for each household and will be conducted using only the household's IRS Form 1040 documentation and a basic tenant income certification that will assist with determining household income. MSHDA believes that this approach will prove achievable to administer for organizations regardless of whether they have compliance staffing infrastructure in place or not.

16. Why is only $15 million being allocated in the first funding round?
    The amount that has been designated in the first round serves two purposes. The first purpose is to allow non-profits and communities the time to get familiar with the program and ramp-up their efforts to assemble a viable project prior to funding being exhausted. The second purpose is to put the dollars to work as soon as possible to begin creating Missing Middle Housing units for the projects that are ready to go now. MSHDA believes that allocating $15 million to the first round will provide the correct balance to achieve both of these goals.

17. What will the quarterly progress reports entail?

Quarterly reports will consist of brief status updates throughout the construction process in order to inform MSHDA staff of project progress and to allow staff to prepare for final reviews that will accompany the funding of the Missing Middle grant dollars.

18. Will MSHDA collect Diversity, Equity, and Inclusion (DEI) information?
    Diversity, Equity, and Inclusion is a big priority for MSHDA and therefore data will be collected in order to inform future program changes. MSHDA is still in the process of determining which data will be collected at which points in the process.

19. What will the construction standards entail?
    More guidance will be forthcoming in this area.

    The Missing Middle statutory language requires that a housing unit 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 sufficient to receive a certificate of occupancy.

    MSHDA is not anticipating that projects would be subject to full MSHDA design standards or a full MSHDA design review. It is anticipated that the majority of projects that will be submitted under the Missing Middle program will be securing a bank loan and it is anticipated that the bank will be doing their own design review. The Missing Middle legislation requires that the construction quality, design, and location of the project be appropriate for the area in which the project will be developed. MSHDA is anticipating that its review in this area will consist of determining whether there is sufficient market to support the development and that the overall construction quality and housing type is appropriate and consistent with that which already exists in the community in which it is going to be located. This will not require a detailed design review, but rather a more general approach to ensuring that the housing will be of a quality that will serve the community and the tenants well over the long-term.

20. What will the financial capacity and creditworthiness review entail?
    Generally, the financial capacity review requires that the developer have liquidity equal to 3% of the permanent loan amount on the project and that the general contractor has liquidity equal to 3% of the construction contract amount. Historically, this requirement has not been difficult for developers or general contractors to meet and has provided a baseline to ensure that a developer and general contractor has enough financial capacity to overcome unforeseen issues in the construction process if and when they arise in order to ensure that the project continues to move forward. Developers and general contractors would be allowed to secure a letter of credit to assist with meeting the financial capacity requirement as well.

    Credit reports and background checks will be run on the developer, general contractor, and management company (as applicable) to ensure that the entities/individuals involved with the transaction do not have serious outstanding violations.

21. What is a tenant relocation plan?
A tenant relocation plan is only applicable for a project that is rehabilitating existing occupied units in which the tenants will be relocated in conjunction with the renovation of the units. Generally, the tenant relocation plan is a document that is assembled that covers the process whereby the tenants will be relocated to other short-term housing while their unit is being renovated. This may include relocation for a day, a week, or longer, but is generally designed to ensure that the existing tenant is impacted in the least amount possible by the relocation and the tenant is being sufficiently compensated for the inconvenience so that the relocation is not a burden on the tenant. More detailed guidance will be made available on this.

22. What will tenant income certification entail?
MSHDA is designing the tenant income certification process to be as streamlined and straight-forward as possible.

Households would be required to certify their income only at the time of rental move-in or sale of the unit (in the case of homeownership). Annual income certification of the household would not be required after the initial move-in. Therefore, if the household's income goes up or down, it will not impact whether the unit continues to qualify as a Missing Middle housing unit. If the household vacates the unit (or sells the unit) and the unit is then occupied by another household, that new household will need to be income certified to ensure that they qualify as a Missing Middle household. This process would take place for the 10-year compliance period at which time tenant income certifications would cease to be required.

23. Will projects be allowed to break ground prior to applying for funding? A delay in starting could cost us another year of progress because of the shortened construction season.
If projects can begin construction prior to receiving approval for Missing Middle funding, that may be allowable under the program depending on the specifics of the situation. However, developers should know that they are doing this at their own risk and that there is no guarantee that the Missing Middle housing application will be approved until it is fully reviewed and receives all necessary sign-offs.

24. Will the Missing Middle funds be disbursed on a reimbursement basis at the end of construction, or will periodic draws of the funding be allowed throughout the construction period?
The Missing Middle housing program legislation is clear that grant funds cannot be disbursed until a Certificate of Occupancy is obtained for the housing. Therefore, funding will be disbursed on a reimbursement basis at the time of Certificate of Occupancy. Please note that projects with multiple buildings may be eligible for multiple draws of Missing Middle funds based on when each building is completed and receives a Certificate of Occupancy. Additionally, MSHDA is determining whether there would be flexibility in this area for projects that will consist of the rehabilitation of an existing occupied building, which will not be receiving a new Certificate of Occupancy at the time of completion of the renovation work. MSHDA may perform periodic construction inspections during the construction of the units in order to be kept aware of how construction is progressing prior to receiving a request for disbursement of Missing Middle funding.

25. We are concerned that the requirements for local support will restrict where developments can be sited. Some communities would be very supportive of a development but do not have the ability to provide the local support that is required by the program and would potentially exclude those areas from participating in the program.

MSHDA has added the option of a municipality submitting a Letter of Support or a Resolution detailing how the project contributes to addressing the housing needs in the community as a way of satisfying this requirement.

26. The rural designation of 30% seems high. We would suggest the percentage be in-line with the state's population in rural areas, which is less than 30%.
The Missing Middle housing legislation specifically states that at least 30% of the dollar awards under the program must be allocated to projects in rural communities.

27. Will there be a limit to how much Missing Middle funding a particular developer can receive?
In the interest of ensuring that the funds are not only equitably distributed to regions throughout the state, but also equitably distributed to developers, MSHDA has created a developer limit of $7.5 million total of Missing Middle housing funds per developer. The developer limit would be calculated pro-rata based on the percentage of ownership that the developer has in the project and would be cumulative across projects. Please see the Missing Middle Housing Plan document for more details on this area.

28. It would be ideal if the MSHDA Missing Middle dollars could flow through the City and be counted as matching funds for the City's annual HOME request that is submitted to HUD. Typically, the City can use their CDBG dollars that are earmarked for housing initiatives as match for their HOME request; but there are few other "federal dollars" that can be counted as match. Since the ARP money will be flowing through MSHDA, there's a chance it could be used as part of the City's match for their HOME app (if MSHDA's Missing Middle funds are channeled through the City). While the program staff at MSHDA might not know the answer to the "matching funds" question, it would be good for MSHDA to be discussing these sorts of questions with local entitlement communities/PJs (if they haven't done so already). We encourage you to loop-in some PJs to help fine-tune how the dollars might flow into projects in order to maximize the amount of funds flowing to Michigan communities (and to keep things as simple as possible for the non-profit project sponsors).
Given the language in the Missing Middle program legislation MSHDA believes it would be difficult or impossible to have the funding flow through a municipality and also meet the intent of the legislation.

29. Although we understand that it is not a MSHDA imposed restriction, the limitation of these funds being available only to nonprofits is concerning to our membership. Land Banks have been leaders in this space and the inability to access this program, other than in a partnership capacity, is troubling. Land Banks have been active across the state in urban and rural communities and bring a unique set of tools to the housing arena. Our membership is eager to continue creating assets like attainable housing for those who need it most. However, the exclusivity of these funds means

that Land Banks are not directly eligible and smaller communities who may not have active nonprofit developers could also miss out. We provide this comment with the understanding that it will have no impact on the current program but hope that if additional funding is appropriated, Land Banks and others will be included as eligible applicants.
We believe that some of the land banks throughout the state have a 501c3 non-profit entity that they could use in order to access these funds. As the comment mentions, other Land Banks may need to partner with a 501c3 non-profit entity in order to access the funding.

30. As a region, the Upper Peninsula struggles to attract and retain developers. By limiting funding to non-profit developers, this program further exacerbates our region's ability to provide investors an opportunity to develop missing middle housing. Additionally, our Task Force works closely with the County Land Bank Authority. In such a rural community, our Land Bank Authority is a vital asset, and deeming them ineligible for this funding opportunity limits their ability to contribute to accessible housing solutions across the County. We commend that the Missing Middle Housing Program has a Rural Community Target, but we ask for future programs to consider the barriers that rural communities often face when it comes to attracting developers and broadening the options outside of non-profit organizations.
See responses to questions/comments above.

31. I would suggest increasing the $10,000/unit boost to qualifying areas if all units are between 185% of the Federal Poverty Guidelines (FPG) and 225% of the FPG. I would need to raise additional capital if I restricted all units to 225% of the FPG with only the $10,000 per unit boost.
MSHDA understands this comment and agrees that this may likely be the case with some deals. The subsidy language that is being referenced above is written into the Missing Middle housing legislation and cannot be changed at a programmatic level.

32. If I am in a county where the countywide area median income is 80% or less than the statewide median income and I receive the 25% boost, does that impact who I target the Missing Middle housing units to?
No, the Missing Middle housing units will still be required to be targeted to households between 185% of Federal Poverty Guidelines (FPG) and 300% of FPG regardless of whether you are in an area that is eligible for the 25% boost.

33. Is there any stipulation regarding the unit mix of the project or can all of the units be targeted to households at 300% of Federal Poverty Guidelines (FPG)?
MSHDA is not imposing additional requirements relating to targeting of units. If further information warrants changes to this area in the future, MSHDA will consider making changes at that time.

34. Will any MSHDA permanent debt be offered to Missing Middle housing projects?
Missing Middle housing projects will be allowed to secure their own permanent debt through any lender or organization that they choose. If projects would like MSHDA to be the permanent lender on the Missing Middle housing development, MSHDA would be happy to review the project and consider making a separate loan to that development, likely at the current MSHDA interest rate and terms.

35. Is Community Engagement and Equal Employment Opportunity (EEO) Plan required by ARP? Again, why add additional requirements to an already complicated process.
Community engagement is required as a part of ARP reporting requirements. EEO is not required by the Missing Middle legislation.

36. Reduce the minimum project size to two units – either one duplex or two single family homes. In rural communities it can be easier to coordinate and move forward a small duplex or two single-family homes than to search for and secure additional property to meet the proposed minimum project size. Your desire for processing efficiencies will eliminate applications for needed housing in rural areas. We are working on a 2-unit project and a 3-unit project and another 2-unit project in three different rural communities that cannot be combined into one application.
MSHDA understands this comment and has eliminated the minimum project size requirement.

37. It would be helpful to increase the maximum grant amounts for multifamily units as rehabilitation costs continue to rise and some cities have a high amount of vacant buildings/Naturally Occurring Affordable Housing (NOAHs) that can be rehabbed but costs are often times higher.
The per-unit subsidy amounts and multipliers are written into the legislation and are not items that can be adjusted through program administration.

38. The program requires developer experience with the project type so newer developers may not be a good fit, but first-come first-serve may make it more difficult for developers who are not well capitalized.
See answer to question 2 above.

39. Applicant financial capacity: I assume this will be proportionate to project size, and not based on Low-Income Housing Tax Credit (LIHTC) or other established guidelines for large projects.
MSHDA is considering the best approach to evaluating financial capacity based on project size. MSHDA's goal in this area to is ensure that groups who are accessing Missing Middle funding have some liquidity on-hand to see the project through, but MSHDA does not intend for this requirement to be a significant barrier to accessing the funding.

40. Construction Standards Design Review. Is a design review process being proposed as part of the review? If the project is approved by the local zoning code and building codes then additional design review is not needed. Why add an additional layer of review to an already complicated process?
More guidance will be forthcoming in this area. MSHDA is not anticipating that projects would be subject to full MSHDA design standards or full MSHDA design review. It is anticipated that the majority of projects that will be submitted under the Missing Middle program will be securing a bank loan and it is anticipated that the bank will be doing their own design review. The Missing Middle legislation requires that the construction quality, design, and location of the project be appropriate for the area in which the project will be developed. MSHDA is anticipating that its review in this area will consist of determining whether there is sufficient market to support the development and that the overall construction quality and housing type is appropriate and consistent with that which already exists in the community in which it is going to be located. This will not require a detailed design review, but rather a more general approach to ensuring that the housing will be of a quality that will serve the community and the tenants well over the long-term.

501c3 developers should consider the inclusion of accessible or barrier free units as part of ensuring that the needs of the local community are being met.

41. Eliminate Market Studies. It is an unnecessary expense and project delay. Every community that we work in needs all types of housing for households in the income range this program serves.
See answers above and the Exhibit checklist on the Missing Middle webpage for more detailed information regarding what may be required from a market study perspective. MSHDA is approaching market studies by trying to acknowledge the documentation that a Missing Middle project will already have (due to it being required by a lender or just a function of the market research that a non-profit developer would do before setting a rent or sale price) to avoid adding more time and expense to the process. In short, MSHDA is seeking to request marketing documentation that a developer should already have readily available or would be very easy and not time consuming to assemble for submission. MSHDA believes that there is value in reviewing a market study or relevant market area statistics/documents in order to show that the housing that is being developed is going to be priced in a way that will be successful and acceptable to the market area where the project will be located.

42. Will I be able to combine the Missing Middle resources with other state or local resources in order to assist with making my project financially feasible?
MSHDA strongly encourages developers to seek out local subsidies in order to assist with allowing the Missing Middle resources to be leveraged to increase their impact in producing more housing throughout the state. In doing so, it is important to note that the Missing Middle resources must be kept separate from other funding sources and must maintain adherence to state and federal requirements.

    If a project seeks to combine Missing Middle resources with other state-level resources, MSHDA will review it on a case-by-case basis to ensure that the combination of resources is necessary and that it furthers the goals of both of the state-level programs being combined. For example, the Missing Middle program has a goal of creating more attainable housing throughout the state. Combining the Missing Middle program with other resources that are designed to create more housing throughout the state as well could enhance the effectiveness of each program and further the shared goals of each program. On the contrary, as another example, combining the Missing Middle program with a program that is designed to achieve a different purpose may prove to diminish the impact of the other program and its effectiveness in serving the needs of existing homeowners. These are items that will need to be considered when determining whether to combine non-local funding sources.

43. Most cities, villages, and townships already have a solid supply of single-family, detached homes with 3 or more bedrooms. Where there is a significant mismatch is typically smaller homes, townhomes, apartments, and condominiums. While it is slightly more expensive to build a larger home, it doesn't make sense for the financial incentives to skew in favor of 3+ bedrooms. For many builders, it only costs $10,000 more to add a third bedroom if the number of kitchens and baths remains the same. So, the current subsidy structure would provide a near 100% subsidy for that third bedroom and create a strong incentive for larger homes. It would be preferable for the subsidy structure skew in the opposite direction, with additional financial incentives specifically

for smaller homeownership opportunities in one and two-bedroom formats that are attached and constructed in higher density patterns of development.
The per-unit subsidy amounts and multipliers are written into the legislation and are not items that can be adjusted through program administration.

44. Will the Missing Middle housing program have any scoring metrics associated with it? For example, will developers be incentivized to be efficient with the resource because they can score higher for being more efficient?
The Missing Middle housing legislation is clear that applications for award must be reviewed in the order that they are received and that MSHDA must approve or deny an application within 30 days of receipt. This process and timeline would make conducting a competitive funding round with detailed scoring criteria very difficult to administer and still be in compliance with the language in the legislation. MSHDA desires to achieve efficiency of the resources and believes that the per unit subsidy limits that are required by the program in combination with the review that MSHDA staff will conduct prior to approval of a grant award will help ensure that projects are not over-subsidized and are leveraging an appropriate amount of other funding sources.

45. What type of legal security documents is MSHDA planning to require for a Missing Middle housing project?
The security documentation required may vary based on the development type and the ownership structure. Below are some initial thoughts:

For a transaction where a 501c3 non-profit is the sole owner of a rental housing development:
- *Grant agreement from MSHDA to the 501c3 non-profit owner/developer*
- *Restrictive covenant/Regulatory Agreement document that runs with the property and outlines the number of Missing Middle housing units and the associated income certification/compliance requirements*

For a transaction where a 501c3 non-profit is partnering with another non-profit or for-profit organization on a rental housing development:

- *Grant agreement from MSHDA to the 501c3 non-profit developer*
- *Restrictive covenant/Regulatory Agreement document that runs with the property and outlines the number of Missing Middle housing units and the associated income certification/compliance requirements*
- *Assignment of any security interests associated with the contribution of Missing Middle funding from the 501c3 non-profit to the project ownership entity. Since MSHDA will be subject to recapture of the funding in the event of non-compliance with State and Local Fiscal Recovery Funding (SLFRF) requirements, MSHDA may need these documents to assist with enforcing compliance, if necessary.*

For a for-sale transaction that will be sold to a homeowner:
- *Grant agreement from MSHDA to the 501c3 non-profit developer*
- *Requirement that a deed restriction (or similar alternative restriction) be included in the sale documents in order to ensure that the 501c3 non-profit is put on notice of future*

sales and has the ability to ensure that future sales of the unit are in compliance with program requirements over the 10-year compliance period.

46. The subsidy per unit will not make a big difference with the cost of construction today. The cost per unit needs to be more.
    The per-unit subsidy amounts and multipliers are written into the legislation and are not items that can be adjusted through program administration.