

## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 1. Introduction

The State of Michigan's Housing and Community Development Consolidated Plan is submitted pursuant to a U.S. Department of Housing and Urban Development (HUD) rule (24 CFR Part 91, 1/5/95) as a single submission covering the planning and application aspects of HUD's Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and the Housing Trust Fund (HTF) formula programs and the Recovery Housing Program (RHP). The purpose of the Consolidated Plan is to describe programs and activities that will be undertaken in conjunction with HUD programs by the state of Michigan within the next 5 years. Funding from these programs is awarded to the State by HUD and administered by the Michigan State Housing Development Authority, the Michigan Strategic Fund, and the Michigan Department of Health and Human Services. Each of the programs and activities that are proposed are described in detail within the following documents. The programs and activities to be provided in the five-year plan address the housing and community development needs and goals identified within the State of Michigan's Consolidated Plan. The Consolidated Plan references strategies developed to address the following goals of the programs that it covers during the five-year period July 1, 2020 through June 30, 2025. These goals are to: • Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low-income individuals and families; • Improve and preserve the existing affordable housing stock and neighborhoods; • Increase sustainable homeownership opportunities for individuals and families by reducing the costs of homeownership; • Make homeless assistance more effective and responsive to local need through local autonomy and through established continuums of care (CoC); • Develop linkages between the housing and service sectors to provide greater housing opportunities for households with special needs; • Establish a suitable living environment and expand economic opportunities for low and moderate-income people through economic and community infrastructure development; • Reduce incidences of spot and/or area blight to improve safety and revitalize downtown districts; • Respond to community's urgent needs or unique opportunities to support economic and community development; and • Support communities and businesses in job creation and business assistance. This consolidated annual action plan submission specifies the State of Michigan's plan to use federal funds to implement housing and community development activities under HUD-funded formula programs during FY24 which consists of July 1, 2024 through June 30, 2025.

## **2. Summarize the objectives and outcomes identified in the Plan**

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Housing programs authorized by the National Affordable Housing Act (NAHA) represent a significant source of funding through which states, like Michigan, may address their need for affordable housing. These programs include the: Community Development Block Grant (CDBG) program; HOME investment partnership program; Housing Trust Fund (HTF); HOPE program; Continuum of Care program; Supportive Housing for the Elderly (Section 211); Emergency Solutions Grants (ESG) program; Moderate Rehabilitation Single Room Occupancy program; Housing Opportunities for Persons With AIDS (HOPWA) program; Technical Assistance; Revitalization of Severely Distressed Public Housing program; the Low-Income Housing Preservation program; and the Recovery Housing Program (RHP). The state has identified job creation, public facilities, blight elimination, infrastructure assistance and responding to unique community development needs and opportunities as the desired outcomes. MSHDA endorses the objectives of the Housing and Economic Recovery Act of 2008 establishing the Housing Trust Fund to increase and preserve the supply of rental housing for extremely low-income families and thereby amends this plan to account for these priorities. Michigan expects to receive an additional HTF allocation in FY24 and expend all previous HTF allocations. Preliminary awards of HTF funding have been made to several developments that will fully utilize the amount of HTF funding the state has been awarded to date. It is the intention that the prescribed funding timelines will be met. The developments that have received initial awards have reached the committed stage and it is expected that all will meet the program's timing requirements. Future rounds will be held as needed and all of those will meet the required timelines as well.

## **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

Over the past program year several developments have informed the planning process for the State CDBG program. In FY24 the primary goal of the CDBG funding will be to facilitate housing activities within non-entitlement areas. In addition to the annual CDBG allocation there are also two other CDBG programs being administered by the State of Michigan which are the CARES Act CDBG funding and the Disaster Recovery Funding.

As the COVID-19 pandemic enters a new phase the program has focused on economic recovery, helping business employ and train low- and moderate-income individuals who were impacted by the pandemic. We plan to continue to support projects that help LMI people get back in the workforce, but also trained or into good and promising jobs.

Communities were also impacted by the pandemic, are seeking continued funding for public infrastructure and facilities to better retain and attract talent and provide amenities to the whole community. We have modeled the success of our infrastructure funding rounds to our community development initiatives to better meet community needs and effectively distribute funds.

Finally, as our team refocuses on economic and community development housing projects, we are streamlining our programs to be more flexible, efficient, and more agile in responding to new needs.

The State believes the activities and strategies funded through the Consolidated Plan are making an impact on identified needs. The demand for the programs funded under HOME, ESG, HOPWA and RHP remain greater than the funding available. Commitment and disbursement of funds are proceeding on a timely basis. Federal funding is being used to accomplish the major goals cited in the State of Michigan Consolidated Plan. The overall goals of providing affordable housing and a suitable living environment are being accomplished with our homeowner, homebuyer, and rental housing development programs. The overall goal of expanding economic opportunities for low and moderate-income persons is being met with the CDBG housing economic development program. The program year anticipated achievements are identified in this plan and the accomplishment data will be provided in the CAPER. HOPWA achievement data will be fully reported within its CAPER.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

The Michigan State Housing Development Authority (MSHDA), which is the lead agency responsible for preparing the Michigan Consolidated Plan solicited comments from the public regarding the plan through multiple methods. The formal public comment period covered the draft plan document. Notice for this period was published in the following newspapers:

- o Michigan Chronicle (Detroit)
- o Alpena News
- o Detroit Free Press
- o Grand Rapids Press and El Vocero Hispano
- o Lansing State Journal
- o Mining Journal (Marquette)
- o Traverse City Record Eagle
- o Bay City Times
- o Flint Journal
- o Saginaw News
- o Kalamazoo Gazette
- o Daily Press (Escanaba)

- o Jackson Citizen Patriot
- o Herald Palladium (St. Joseph/Benton Harbor)
  
- o The Times Herald (Port Huron)
- o Monroe News
- o Morning Sun (Mt. Pleasant)
- o Sault Ste. Marie News
- o Muskegon Chronicle
- o The Daily News (Iron Mountain)
- o The Daily Mining Gazette (Houghton)

Notice was also given via an email blast to 17,000+ stakeholders and others interested in the program. Two formal public hearings in the format of in person and also two virtual public hearings via Teams were held.

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

No comments were received during the written comment period and formal public hearings both in person and virtual.

## **6. Summary of comments or views not accepted and the reasons for not accepting them**

Not applicable.

The State of Michigan accepts all comments or views on an ongoing basis. For the stakeholders' meetings, regional grantee meetings, and any survey responses received, programs and policies are analyzed to ensure that we are providing programs that are tied to meeting the needs of our communities from a health, safety, housing, community, and economic development perspective. In addition, any written programmatic comments will be evaluated at the time that the program parameters are established.

## **7. Summary**

We post the Consolidated Plan on our website and will continue to accept comments and feedback on a continual basis. We continually encourage citizens to participate in the planning process. Everyone is encouraged to send in written comments on their experience with the current program procedures either via e-mail and/or letter.

**PR-05 Lead & Responsible Agencies - 91.300(b)**

**1. Agency/entity responsible for preparing/administering the Consolidated Plan**

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MICHIGAN	MSHDA - CDBG and MSF - CARES ACT and DR
HOPWA Administrator	MICHIGAN	MDHHS
HOME Administrator	MICHIGAN	MSHDA
ESG Administrator	MICHIGAN	MSHDA
	MICHIGAN	MSHDA

**Table 1 – Responsible Agencies**

**Narrative**

MSHDA is the CDBG Administrator and main point of contact for CDBG FY24 allocated funds and future fiscal years. The Michigan Strategic Fund will be the main point of contact for CDBG Disaster Recovery and CARES Act funds.

The RHP Administrator is Michigan State Housing Development Authority, MI (MSHDA).

**Consolidated Plan Public Contact Information**

Tonya Joy, Consolidated Plan Coordinator, MSHDA, 735 East Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909 or electronically via the Neighborhood Housing Initiatives Division mailbox e-mail address: [mshda-cdbg@michigan.gov](mailto:mshda-cdbg@michigan.gov)



## **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

### **1. Introduction**

The State supports the continuum concept by providing technical assistance for the development of local continua of care and the Balance of State (BOS) continuum. Additionally, applicants for the State's Emergency Solutions Grant Program must be part of a local continuum of care to be funded. It should be noted that the State submits a competitive application each year through the Balance of State Continuum of Care for competitive Homeless Assistance Grant (HAG) funds. These funds support the creation of new permanent supportive housing projects, as well as the ongoing operation of existing projects.

### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies**

Ending homelessness in Michigan is an achievable goal through well-planned, sustained (long-term) effort, with all partners working toward this common goal. To that end, the State of Michigan created a state Interagency Council on Homelessness (ICH) in January 2015. The Michigan ICH consists of directors from the Michigan departments of Military Affairs, Health and Human Services, Education, Natural Resources, MSHDA, Corrections, Management and Budget, Courts and five members representing the general public. In addition, Michigan has a state level plan to end homelessness. The state's plan: [MCTEH-Action-Plan-2023-25.pdf \(michigan.gov\)](#) is aligned with Home, together: the federal strategic plan to prevent and end homelessness adopted by the United States interagency council on homelessness.

### **Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

The Michigan State Housing Development Authority (MSHDA) and representatives from Michigan's 20 Continuums of Care (CoCs) including the Balance of State Continuum of Care (BOSCO) work diligently to foster collaborative relationships with private and public sector stakeholder groups and to recruit key personnel to serve. For the BOSCO, which serves the largest geographic area of the state, there are sixty-three (63) regular members representing both private and public stakeholders. State officials from the Michigan Department of Education, Veteran's Affairs, and the Michigan Department of Health and



Human Services participate and the Michigan ICH and work to meet the needs of chronically homeless, families with children, veterans, youth and survivors of domestic violence.

In addition, the Michigan ICH has a working committee consisting of staff members from the state departments listed above along with staff from the Michigan Coalition Against Homeless, the Michigan Municipal League, Veteran's Affairs, the United Way, and the Michigan Community Action Agency. Michigan has an annual summit on Ending Homelessness across the state. This event is sponsored in part by MSHDA.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

Annually, MSHDA provides training to the state's 20 Continuums of Care (CoC's) regarding the Bodies on fairness in funding for the ESG, not allowing applicants to be on the funding decision team, etc. CoC Bodies have to describe how they implemented fairness tactics to MSHDA annually when submitting their agency funding decisions to MSHDA. In addition, MSHDA and the Michigan Coalition Against Homelessness (MCAH) provide trainings to CoC Bodies throughout the year on interpreting HMIS data, program continuous quality improvement, and the requirement of submitting new policy and procedures when HUD implements changes or when HMIS data dictates changes to their policy.

**2. Agencies, groups, organizations and others who participated in the process and consultations**

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	All Michigan Continuums of Care (CoC)
	<b>Agency/Group/Organization Type</b>	Housing PHA Services - Housing Services-Children Services-Victims of Domestic Violence Services-homeless Services-Health Services-Employment Child Welfare Agency Other government - Federal Other government - State Other government - County Other government - Local McKinney-Vento School Liaisons
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homelessness Needs - Veterans Homelessness Strategy

<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>MSHDA staff regularly attend CoC meetings across the state to ensure effective dialogue and engagement regarding ESG allocations and outcomes. Additionally, MSHDA staff are available to provide technical assistance for the grant management of ESG and implementation of its components. MSHDA works collaboratively with CoCs to ensure that ESG funding is considered strategically for local needs in addition to other funds, such as HUD CoC Program and other state resources. The goal is to foster collaborative relationships with private and public sector stakeholder groups and to help recruit key personnel from those entities to serve within each CoC. This work is additionally supported by the Michigan ICH and its Homeless Policy Council, which consist of membership from state departments and staff from the Michigan Coalition Against Homeless, CSH, the Michigan Municipal League, Veteran Affairs, the United Way, and the Michigan Community Action Agency.</p>
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**Identify any Agency Types not consulted and provide rationale for not consulting**

The comment period is open to everyone statewide to provide their input therefore no particular agency types were excluded from the public comment process.

MSHDA has four Homeless Assistance Specialists that oversee specific regions of MSHDA. The Specialist provide on-going training to their CoC Bodies on fairness in funding and the use of HMIS data. MCAH provides on-going training via webinars on HUD’s CAPER, SPDAT, and other measures that are linked to the best use of ESG program dollars.

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	MSHDA	The goal of making homeless assistance more effective and responsive to local need through local autonomy and Continuum of Care is being achieved through the process outlined in the plan.

**Table 3 - Other local / regional / federal planning efforts**

**Narrative**

## **AP-12 Participation - 91.115, 91.300(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

The citizen participation comment process has been extended to include and encourage written and verbal interaction opportunities through formal public hearings being held via an in person meeting and remotely via Teams due to public social distancing preferences. The shift in hybrid engagement has required a high-level analysis of the program parameters and funding allocations being provided to the State including the Cares Act funding. Goal-setting has been impacted by ongoing product cost increases however continuous and ongoing program analysis and assistance has been a high priority for the State based on limited resources and high demand and need.

As part of the citizen participation process, there were two 15 day public comment periods held to meet the 30 day participation requirement. To encourage participation, two in person formal public hearings were held and two virtual public hearings via Teams were held.

The citizen participation plan was formally amended in FY21. A copy of the final adopted plan is located on the MSHDA website.

No verbal or written comments were received during the public comment period.

**Citizen Participation Outreach**

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Internet Outreach	Non-targeted/broad community All Michigan Residents	Unknown - available to be freely accessed	No comments received	Not applicable	
2	Public Hearing	Minorities Non-English Speaking - Specify other language: We offer interpreters on an as needed basis Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing All Michigan Residents	Four public hearings were held. Two public hearings were held in person and two public hearings were held virtually via Teams. All public hearings were held on May 20, 2024 and June 17, 2024.	No comments received.	Not applicable.	
3	E-mail Blast	Michigan Stakeholders/Interested Parties	Unknown	No comments received.	Not applicable	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
4	Newspaper Ad	All Michigan Residents	Unknown-posted in newspapers statewide	No comments received	Not applicable	

**Table 4 – Citizen Participation Outreach**

## Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

#### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	33,073,641	0	7,198,370	40,272,011	40,272,011	The remaining funds will be directed towards housing activities.



Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	16,028,445	0	0	16,028,445	16,028,445	
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	2,539,026	0	0	2,539,026	2,539,026	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	5,420,436	0	0	5,420,436	5,420,436	
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	4,162,030	0	0	4,162,030	4,162,030	

Table 5 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

For CDBG funds administered by MSHDA, local matching and/or private investment and collaboration are encouraged.

For CDBG funds administered by the MSF pre-FY23, local matching and/or private investment are often required.

For MSHDA HOME projects, local administrators are encouraged to leverage funds from other housing programs, such as federal weatherization funding, Rural Development, and MSHDA PIP, as well as to provide in-kind services and local housing funding. Leveraging targets and results will be a factor in determining funding awards. MSHDA will meet the 25% minimum HOME match requirement.

For ESG, MSHDA provides the required dollar for dollar matching funds each year from non-Federal Authority grant funds which is approximately \$5 million yearly. There is not a match required for the Cares Act funding.

For HTF projects, the HTF will be targeted toward rental projects, which also involve leveraging other sources such as local funding, tax-exempt bond funding, LIHTC funding, and others. Additionally, leveraging from other sources is a criteria in determining which projects will receive HTF funding.

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

MSF administered CDBG funds may be used for publicly held property. This is most likely in cases of infrastructure projects like streetscapes, parks, trails, public restrooms, parking facilities, and other infrastructure. Grant or loan-funded projects could also take place on publicly owned land or property in the case of blight elimination on property held by a community. FY24 funding will be utilized for housing activities.

**Discussion**

Note: Due to previous decreases in Michigan's HOME allocation, MSHDA has determined that using these funds for the development of additional affordable rental units across the state would produce a larger, more permanent public benefit. Therefore, no funds are being allocated to Tenant Based Rental Assistance (TBRA) or at this time. In addition, no specific funding is being allocated to the Rural Homelessness Grant Program. However, MSHDA makes ESG dollars available state, uses the BOSCOG Program in rural areas, and incentivizes scores to the Low Income Housing Tax Credit Program (LIHTC) for supportive housing and for areas of the state with a lack of affordable housing. Note: Recovery Housing Program is not identified on the table above as zero dollars were allocated in FY24.

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	CDBG - Housing Rehabilitation	2020	2024	Affordable Housing	Statewide	Affordable Housing	CDBG: \$33,073,641	Rental units rehabilitated: 25 Household Housing Unit Homeowner Housing Rehabilitated: 300 Household Housing Unit Other: 65 Other
2	CDBG - Planning, Technical Assistance, & Admin.	2020	2024	Community Development	Statewide	Affordable Housing	CDBG: \$1,000,000	Other: 1 Other
3	MSHDA HOME Rental	2020	2024	Affordable Housing	Statewide	Affordable Housing	HOME: \$16,028,445	Rental units rehabilitated: 150 Household Housing Unit Homeowner Housing Rehabilitated: 450 Household Housing Unit
5	ESG	2020	2024	Homeless	Statewide	Affordable Housing	ESG: \$5,420,436	Tenant-based rental assistance / Rapid Rehousing: 206 Households Assisted Homelessness Prevention: 413 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	HOPWA	2020	2024	Non-Homeless Special Needs	Statewide	Affordable Housing	HOPWA: \$2,539,026	Tenant-based rental assistance / Rapid Rehousing: 106 Households Assisted Homeless Person Overnight Shelter: 30 Persons Assisted Homelessness Prevention: 110 Persons Assisted Other: 44 Other
7	Housing Trust Fund	2020	2024	Affordable Housing	Statewide	Affordable Housing	HTF: \$4,162,030	Rental units constructed: 20 Household Housing Unit

**Table 6 – Goals Summary**

**Goal Descriptions**

1	<b>Goal Name</b>	CDBG - Housing Rehabilitation
	<b>Goal Description</b>	This goal includes both housing rehabilitation, demolition/reconstruction of housing and is limited to CDBG eligible housing activities.
2	<b>Goal Name</b>	CDBG - Planning, Technical Assistance, & Admin.
	<b>Goal Description</b>	Provide Administration, Technical Assistance, and Planning to Grantees and Communities.

3	<b>Goal Name</b>	MSHDA HOME Rental
	<b>Goal Description</b>	Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low-income individuals and families.
5	<b>Goal Name</b>	ESG
	<b>Goal Description</b>	Provide homeless assistance to address local need through a continuum of care approach.
6	<b>Goal Name</b>	HOPWA
	<b>Goal Description</b>	Short-term rent, mortgage, and utility assistance payments, tenant-based rental assistance, and transitional short-term housing facility units developed, leased, or operated with HOPWA funds.
7	<b>Goal Name</b>	Housing Trust Fund
	<b>Goal Description</b>	Expand the availability and supply of safe, decent, affordable and accessible rental housing for extremely low-income households.

## AP-25 Allocation Priorities – 91.320(d)

### Introduction:

Allocation Priorities are tied directly to the program funding allocation and state needs.

### Funding Allocation Priorities

	CDBG - Housing Rehabilitation (%)	CDBG - Planning, Technical Assistance, & Admin. (%)	MSHDA HOME Rental (%)	ESG (%)	HOPWA (%)	Housing Trust Fund (%)	Total (%)
CDBG	98	2	0	0	0	0	100
HOME	0	0	100	0	0	0	100
HOPWA	0	0	0	0	100	0	100
ESG	0	0	0	100	0	0	100
HTF	0	0	0	0	0	100	100

Table 7 – Funding Allocation Priorities

### Reason for Allocation Priorities

The AP-25 Allocation Priorities are reflective of how the initiatives will be allocated amongst funding categories.

### How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

HOME & HTF allocations are dedicated to multi-family to expand the availability and supply of safe, decent, affordable and accessible rental housing for low/extremely low-income households.

HOPWA allocation priorities have historically been tied to HIV rates, which also align with areas of housing instability.



For ESG, all Michigan communities are served based on poverty data and homeless statistics.

## AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

### Distribution Methods

Table 8 - Distribution Methods by State Program

<b>1</b>	<b>State Program Name:</b>	CDBG Housing Activities
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	A statewide competitive application method is focused on funding community needs for housing program initiatives that are eligible for competitive applications as described by MSHDA. In addition, direct funding awards may be utilized.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	All applications will be prioritized based on financial and program outcome need in each community via a formal competitive selection process. Detailed guidelines and criteria for each program initiative are being developed and posted on the MSHDA website.

<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>All CDBG criteria will be posted on the MSHDA website page which can be accessed via <a href="https://www.michigan.gov/mshda/neighborhoods">https://www.michigan.gov/mshda/neighborhoods</a> and is currently under development.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>Competitive applications will be evaluated to determine awards made to local units of government with an overall objective to facilitate the geographic regional distribution of the resources.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>As programmatic need and demand changes, the grant thresholds and sizes may vary. On average each competitive application program should have a minimum of \$50,000 per grant, and up to a maximum of \$500,000. Each year, as an application funding round is announced the threshold and grant size limit will be announced to eligible applicants as part of the formal statewide notice of funding availability documentation.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures are identified within the annual goals and objectives section of this report. The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.</p>

<b>2</b>	<b>State Program Name:</b>	CDBG Loan Fund Program
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The CDBG Loan Program (CLP) are funds described under this Method of Distribution are composed of program income held by or on behalf of local governments in revolving loan funds. These funds are subject to compliance with all applicable CDBG rules and regulations.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Applications are subject to compliance review.
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	Information will be posted on the MSHDA website for CDBG which is under development.

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>Funds described under this Method of Distribution will be restricted to CDBG eligible funding categories as outlined by the administering agency.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Under development.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	

<b>3</b>	<b>State Program Name:</b>	Housing and Community Development Programs - ESG
	<b>Funding Sources:</b>	ESG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State uses a combination of methods for distributing funds within ESG. Methods of distribution may include: competitive awards, need based awards, direct funded awards based on an RFP evaluation, NOFA(s) issued based on funding levels, and on-going open application windows per program parameters.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Applicant criteria is outlined within each program's program parameters as outlined in their program criteria.
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	



<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>MSHDA will publish and distribute a Notice of Funding Availability (NOFA) statewide, which describes the allocation process through which ESG funds may be awarded. Eligible CoCs will have to submit an Exhibit 1, application, and be in good standing with MSHDA to receive these funds. Funds will be awarded to the agencies who are recommended by the CoC via completion of the annual application. Exhibit 1 contains the following information:</p> <ul style="list-style-type: none"> <li>•Each community’s leaders in their effort to end homelessness;</li> <li>•List of all current funding sources in the community used to prevent and end homelessness;</li> <li>•Description of how the community makes funding decisions and prevents conflicts of interest;</li> <li>•Description of how the community monitors and evaluated project performance to ensure resources are being used effectively to address the needs of the community;</li> <li>•CoC process for building public support and political will for ending homelessness with city and county officials, businesses, and schools; and</li> <li>•Breakdown of ESG allocated amounts and populations to be targeted.</li> </ul> <p>Funds are awarded to agencies based upon prior applicant performance, applicant capacity, eligibility of project activities, and consistency with the criteria and standards discussed in the NOFA.</p>
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>Program guidelines are used to identify the methodology of applying for funding. Funding allocations are determined in each program's action plan. The dollar amounts and percentages in the action plan are estimates and variation is expected.</p> <p>MSHDA outlines ESG thresholds in the Notification of Funding Availability on the MSHDA website.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>All program criteria, including threshold factors and grant size limits, are identified within each program's action plan.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission and annual racial demographics reporting.</p>

<b>4</b>	<b>State Program Name:</b>	Housing and Community Development Programs - HOME
	<b>Funding Sources:</b>	HOME
	<b>Describe the state program addressed by the Method of Distribution.</b>	The State uses a combination of methods for distributing funds within HOME. Methods of distribution may include: competitive awards, need based awards, direct funded awards based on an RFP evaluation, NOFA(s) issued based on funding levels, and on-going open application windows per program parameters.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Applicant criteria is outlined within each program's program parameters as outlined in their program criteria.
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>Program guidelines are used to identify the methodology of applying for funding. Funding allocations are determined in each program's action plan. The dollar amounts and percentages in the action plan are estimates and variation is expected.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>All program criteria, including threshold factors and grant size limits, are identified within each program's action plan.</p>
<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.</p>

<b>5</b>	<b>State Program Name:</b>	Housing and Community Development Programs - HOPWA
	<b>Funding Sources:</b>	HOPWA
	<b>Describe the state program addressed by the Method of Distribution.</b>	In program year 2021, MDHHS completed a Request for Proposal used to distribute funding in the geographic area covered by MDHHS, which will be repeated in five years. During those five years, awarded sub-recipients will complete an annual application for continued funding.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Selection criteria includes the sponsor’s experience providing the same or a similar service; organizational capacity, both programmatically and fiscally, to provide the service; ability to work with HIV care organizations; and proposed work plan.
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	<p>In program year 2021, MDHHS completed a Request for Proposals that was open to all interested providers including grassroots and faith based, through MDHHS’s E-GrAMS bid system. Notification of the RFP was distributed through a press release issued by MDHHS and electronically through housing and HIV service provider networks. Rating was completed based on points scored. The review team consisted of state partners with experience in housing or HIV/AIDS (or both).</p>

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>Project sponsor submits estimates of the number of households to be served along with estimated dollar amounts for each funding category based on local community need and restrictions such as fair market rent. Amounts are tracked throughout the year and adjustments may be made between funding categories.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Grant size limits are determined based on the number of persons living with HIV within the catchment area and a minimum expectation of staffing coverage within a geographic area.</p>



	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measures for all HOPWA project sponsors align with national outcome measures for individuals living with HIV receiving HOPWA services.</p> <p>a. At least 100% of eligible individuals receiving services (not including Housing Information Services) will have a completed Housing Assessment and up-to-date Housing Plan (updated annually, as long as services are provided).</p> <p>b. At least 75% of individuals/households receiving TBRA funds will have stable housing.</p> <p>c. At least 50% of individuals/households receiving STRMU funds will have stable housing.</p> <p>d. At least 90% of all individuals receiving HOPWA housing subsidy (TBRA, STRMU, PHP, Emergency hotel voucher) will receive case management services.</p> <p>e. At least 80% of clients receiving HOPWA housing subsidy and/or case management services will be linked to a primary HIV medical care provider.</p> <p>f. At least 80% of clients receiving HOPWA housing subsidy and/or case management services will have health insurance.</p> <p>g. At least 80% of clients receiving HOPWA housing subsidy and/or case management services will have income (either earned or from benefits).</p>
6	<p><b>State Program Name:</b></p>	<p>Housing and Community Development Programs - HTF</p>
	<p><b>Funding Sources:</b></p>	<p>HTF</p>
	<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>MSHDA will distribute funds via a Notice of Funding Availability that will also include the availability of HOME funds or other federal or state resources that are available. Distribution will be made statewide. MSHDA will not determine set percentages to be used by region or within specific geographic types. This will be reevaluated and modified if necessary in subsequent years in consultation with partners and stakeholders.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Applications will be reviewed and selected with equal consideration being given in each of the following areas:</p> <ul style="list-style-type: none"> <li>(1) Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year;</li> <li>(2) Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities;</li> <li>(3) Capacity of the development team including those requirements identified in MSHDA’s Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA.;</li> <li>(4) Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).;</li> <li>(5) Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF.</li> </ul> <p>Other factors that will be considered include the inclusion of accessible and visitable units and alignment with nationally recognized sustainable development protocols such as USGBC's LEED platform, Home Innovations Lab National Green Building Standard or Enterprise Community Partner's Green Communities Criteria. 10% of the HTF allocated will be used towards planning and administrative costs associated with the program. Given the requirements of the program and the need for affordable rental housing to ELI households in the state, MSHDA will use HTF program funds to provide affordable rental housing to ELI households. It is anticipated that most units financed under this program will be integrated into general occupancy affordable housing properties serving family and elderly households, that are financed using MSHDA tax-exempt or taxable bond products, LIHTC, or federal historic tax credits.</p>
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<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	

<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>For HTF, all funding will be targeted toward the development or preservation of affordable rental housing.</p> <p>State Preferences: In an effort to produce the maximum amount of deeply targeted units in the broadest array of communities, given the scarcity of resources, projects otherwise having equal merit will be ranked according to the following:</p> <ol style="list-style-type: none"> <li>1. Ratio of gap financing to hard debt from MSHDA</li> <li>2. Level of per unit gap financing needed to complete the project</li> <li>3. Tax-exempt bond financing supported by the project</li> </ol> <p>In general, the highest consideration will be given to those projects needing the least amount of MSHDA gap financing and/or those that can support the greatest amount of tax-exempt bond financing.</p> <p><b>Eligible Developments</b></p> <p>Any new construction, adaptive re-use, or rehabilitation of a multifamily rental housing development in Michigan including existing affordable housing [HJ(1) rental developments are eligible to apply.</p> <p>Nursing homes, adult foster care homes, rooming houses, student housing, transient housing and single room occupancy developments are all considered ineligible.</p> <p><b>Eligible Costs</b></p> <p>Costs including property acquisition, site improvements, demolition, conversion, and operating reserves.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>For HTF, the funding limits will be based on the HOME program limits. To be eligible for funding, all developments will be required to meet the minimum threshold requirements found in MSHDA’s Direct Lending parameters and/or MSHDA’s Qualified Allocation Plan, as applicable.</p>

<b>What are the outcome measures expected as a result of the method of distribution?</b>	Outcome measures are identified within the Annual Goals and Objectives section of this report (AP-20). The objectives and outcomes for the programs funded under the Consolidated Plan formula funding are identified in this plan and outcomes will be provided as part of the CAPER submission.
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**Discussion:**

## AP-35 Projects – (Optional)

### Introduction:

Projects that are identified for CDBG will be provided within the CAPER.

#	Project Name

Table 9 – Project Information

### Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

For CDBG, all non-entitlement communities will be invited to submit letters of intent and then applications to serve areas throughout the State to assist low and moderate income households. HOME & HTF allocations are dedicated to multi-family to expand the availability and supply of safe, decent, affordable and accessible rental housing for low/extremely low-income households. HOPWA allocation priorities have historically been tied to HIV rates, which also align with areas of housing instability. For ESG, all Michigan communities are served based on poverty data and homeless statistics.

## AP-38 Project Summary

### Project Summary Information

Project Name	Target Area	Goals Supported	Needs Addressed	Funding	Description	Target Date	Esti and tha fro acti
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**AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

**Available Grant Amounts**

Not applicable at this time.

**Acceptance process of applications**

Not applicable at this time.

## **AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

No

### **State's Process and Criteria for approving local government revitalization strategies**

Michigan does not formally run and oversee a community revitalization strategy in the sense of the program outlined in 24 CFR 91.320. However, there are policies and programs in place that are very similar in intent. This includes some additional consideration given to projects that participate in our state's Redevelopment Ready Communities (RRC) program, Michigan Main Street program, and the regional implementation of the Statewide Housing Plan (SHP). In addition, the state maintains a team of people who work directly with communities to identify community projects. Michigan's policy for regional and local community development is organized on a "place" -based philosophy, known as placemaking". Placemaking's contribution to the State Economic Growth strategy is to demonstrate and promote the locational setting(s) for targeting sustained economic, social, and ecological vibrancy. The State economy consists of economic regions comprised of places ranging from natural to urban, cities and urban places are the key locations for prosperity because they provide the best proximity to knowledge and capital resources. Research data shows that investments in urban places in urban and rural communities have the best economic, social, and ecological return. A wider range of choice in housing, employment, and transportation, combined with mixing buildings, uses, incomes - known as the "form" of places -- is a critical element in determining its success in attracting talent with subsequent entrepreneurial activity benefit, as well as providing the highest opportunity for low/mod income households to benefit across most, if not all economic and social measures. The State has implemented steps to structure its process for investment into vibrant places which sustains long-term economic, social, and ecological prosperity: 1. Raise awareness that long-term, sustainable prosperity is place-based and placemaking is linked to economic development to achieve success; 2. Provide a platform for developing knowledge and practice of the Place-Based Economic Development; 3. Develop and promote place-based investment strategies and projects; and 4. Institutionalize place-based economic development as a principal State policy. These process steps, and the principles underlying them, have been recognized by the HUD Office of Resilience (formerly Sustainable Communities) as a state-level equivalent of the federal livability principles established by Federal E.O. 13514 & Executive Memorandum 10-21. In 2012 this standard was enhanced with a "Redevelopment Readiness" analysis/review/certification program. Communities who receive certification from the State are now placed at priority status for State project investments from resources. Michigan created the MI-place Partnership Initiative, a State/partner collaborative effort to help communities and neighborhoods develop and implement place-based planning, programming, and development strategies and projects. The State created the SHP to identify regional housing strategies that will increase the production of affordable and workforce housing. The strategies will be considered for funding from the Michigan Housing and Community Development Fund and the Small Cities CDBG program. The above initiatives

have induced several state departments to work together to align and reshape existing programs toward a targeted, place-based investment system. Partners joined in this effort include state agencies, regional organizations, state associations, and local units. The State has developed progress metrics for achieving the above steps via a cross-agency/discipline team.

## AP-50 Geographic Distribution – 91.320(f)

### Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The CDBG program distributes funds in non-entitlement communities throughout the State. The State has been broken down into housing partnership regions. In general, the State distributes the formula funds through a competitive process and cannot predict the ultimate geographic distribution of the assistance. That being said, many of the different programs being administered give some level of preference to the lowest income individuals or families and those in the most need. Additionally, consideration is given for the demographics of any given area and ensuring that resources are being directed to areas of opportunity for those receiving assistance. The method of distribution for the Emergency Solutions Grant Program is based on allocation to geographic areas. The ESG Program uses a formula provides assistance based on poverty, census and HMIS data. These factors do take into account minority concentration. All CoCs in Michigan receive ESG allocations. Agencies are selected for funding at the local level by the individuals that comprise the funding team. Selected agencies within a CoC must meet threshold criteria, i.e., audited financials, good standing with the state, etc.

### Geographic Distribution

Target Area	Percentage of Funds
Statewide	100

Table 10 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

In an effort to maintain/improve direct lending production, MSHDA is making available annually a majority of MSHDA HOME and HTF annual allocations and other MSHDA funds to its Rental Development division to be exclusively utilized in the Gap Financing Program. Participation in the Gap Financing Program requires the applicant to also obtain tax-exempt bond funded permanent financing from MSHDA. Both gap funding types will be made available to projects without regard to whether they are a new construction, adaptive reuse, acquisition/rehabilitation, or preservation transaction. For purposes of allocating these limited resources, MSHDA has determined that these funds can be best put to use through a public Notice of Funding Availability (NOFA). MSHDA has two funding rounds associated with the HOME/MRF Gap Financing Program, making approximately half of the allocation available per round. Two funding rounds occur annually on or about February 15th, and August 15th. The Housing Trust Fund (HTF) is a federal affordable housing production program that will complement existing state efforts to increase the supply of affordable housing for extremely low and very low-income households, including homeless families and individuals and persons with special needs. Congress established the HTF through the Housing and Economic Recovery Act of 2008 (HERA). Given the requirements of the program and the need for rental housing affordable to ELI households in the state, MSHDA will use HTF program funds to provide affordable rental housing to ELI households. It is

anticipated that most units financed under this program will be integrated into affordable housing properties serving family and/or elderly households, that are financed using MSHDA tax-exempt or taxable bond products, LIHTC, or federal historic tax credits. See Discussion below for HOPWA and ESG and Description above for CDBG rationale.

## **Discussion**

MSHDA's Emergency Solutions Grants (ESG) Program provides funds ESG funds to all Michigan Counties, specifically to each Continuum of Care Body. ESG funds are distributed based on the most recent census data as it relates to poverty and to information provided through the Homeless Management Information System. Again, all Michigan communities are served based on poverty data and homeless statistics. HOPWA funds are distributed by MDHHS to sub-recipient sponsors throughout Michigan in areas not covered by Detroit and Warren EMSA formula allocations. Sponsors, while typically located in urban areas where higher rates of HIV and housing instability are found, are still required to provide services to surrounding suburban and rural areas. Six of the seven sponsors are also providers of Ryan White services, which helps facilitate both access to housing and care. The seventh sponsor has a strong agreement with local Ryan White providers to help bridge access across programs. Sponsors are primarily located in communities where low-income and minority populations are living. Two sponsor programs maintain satellite offices where there are also elevated rates of HIV and housing instability. All sponsors are expected to go to the client when necessary and sponsor staff frequently travel to more rural communities to meet with their clients to ensure statewide access to safe and affordable housing.

## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction:

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	206
Special-Needs	250
Total	456

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	100
Rehab of Existing Units	350
Acquisition of Existing Units	0
Total	450

Table 12 - One Year Goals for Affordable Housing by Support Type

#### Discussion:

Michigan will use funds for 'Acquisition of Existing Units', however all acquired units will be produced or rehabilitated, so this field was left blank so as not to duplicate the unit count.

## **AP-60 Public Housing - 24 CFR 91.320(j)**

### **Introduction:**

The State does not own or operate public housing in Michigan; consequently, no initiatives are planned in this area.

### **Actions planned during the next year to address the needs to public housing**

Not applicable.

### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

Not applicable.

### **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable.

### **Discussion:**

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

**Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

**Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

MSHDA's Chief Housing Solutions Officer chairs the Michigan Interagency Council on Homelessness (MI ICH). This council consists of leaders from seven other state agencies and four other interested parties. In addition, a team of state and non-profit leaders meet monthly to further develop and strengthen the Campaign to End Homelessness in Michigan. The Campaign began in 2006 and several pilot programs and initiatives were developed, many of which have become common practice in the day-to-day work of ending homelessness. The Campaign also has multiple on-going statewide workgroups that address housing, communications, technology, and training needed to further our goal of ending homelessness.

**Addressing the emergency shelter and transitional housing needs of homeless persons**

Through the Emergency Solutions Grant Program (ESG) and the PATH Program CoC's provide outreach to people living in places not meant for human habitation and in shelters. MSHDA provides media/awareness and training on conducting a Point in Time account. MSHDA holds an annual Summit on Ending Homelessness.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

MSHDA's ESG program follows the HUD HEARTH regulations to make maximum amounts of ESG available to CoCs to support emergency shelters. MSHDA provides a Domestic Violence (DV) grant to the Michigan Department of Health and Human Services (MDHHS). These funds are awarded to DV shelters statewide. MSHDA also works closely with the MDHHS who has contracts with the Salvation Army to provide hotel/motel rooms when shelters are full. CoCs use a state-wide common assessment and prioritization tool to ensure resources are used efficiently and households are provided the most appropriate housing intervention

**Helping low-income individuals and families avoid becoming homeless, especially extremely**



**low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

MSHDA has aligned Michigan's Campaign to End Homelessness State Action Plan 2023-2025 with the United States Interagency Council on Homelessness (USICH) federal strategic plan on ending homelessness. In working to end homelessness, MSHDA preferences all of its Housing Choice Vouchers (approximately 28,000+) to people who are living in homelessness, i.e., people on the homeless preference waiting list are given a voucher before people on the regular (non-homeless preference) waiting list. Through the federal Low Income Housing Tax Credit (LIHTC) Program MSHDA creates housing for all homeless populations. MSHDA provides a dollar-for-dollar match to HUD's ESG funding. MSHDA mandates that CoCs use a percentage of their ESG for rapid re-housing. MSHDA works to keep ESG case management costs reasonable thereby enabling ESG dollars to reach the public in the form of prevention and rapid re-housing.

## **Discussion**

**AP-70 HOPWA Goals – 91.320(k)(4)**

<b>One year goals for the number of households to be provided housing through the use of HOPWA for:</b>	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	110
Tenant-based rental assistance	106
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	30
<b>Total</b>	<b>246</b>

## **AP-75 Barriers to affordable housing – 91.320(i)**

### **Introduction:**

The State created the Interagency Partnership Team as a means to target and coordinate the funding decisions of the State agencies to enhance community and housing development. State field staff serve as liaisons between local applicants and State departments to streamline and facilitate development approvals. The housing data within the Statewide Housing Plan, demonstrates the tremendous number of Michigan households with unmet housing needs. The housing needs of very low-, low- and moderate-income levels are widespread. The scarcity of affordable housing impacts the State as a whole from a geographical (urban, suburban, and rural) distribution/availability perspective which impacts all current and/or incoming residents. Michigan's first Statewide Housing Plan (Plan) was released in 2022 to address a broad array of intersecting challenges limiting access to safe, healthy, affordable, accessible, and attainable housing for all in a community of their choice. While housing is foundational to thriving communities and healthy families, research that led to the Plan found that historically, equity has not been at the forefront of housing policy and access. The comprehensive Plan lays out our state's challenges and offers a blueprint for how a statewide network of committed housing leaders and advocates can come together to address the goals and priorities and change Michigan's housing ecosystem for the future.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

The barriers to affordable housing are as multi-faceted as the State's population. Some of the major barriers facing affordable housing include: aging and insufficient infrastructure, a lack of regional housing strategy, negative public perception of affordable housing, and high project costs with limited rates of return. Local opposition to affordable housing sometimes makes it difficult and expensive to construct or renovate units, and undermines efforts to win political support for funding, zoning, and project approval. Some potential solutions that have been examined include: the creation of new funding sources (or at least maintaining current funding levels if possible, on the programs already in existence), changes in zoning to allow for flexibility and density, rent control, tax credit financing, action plans for underutilized properties, and the use key resources such as nonprofit organizations. Housing is a universal need for a community, at all income levels, and its availability and sustainability is key to preserving the quality of life and making sure that the "live, work and play" placemaking component is maintained within the neighborhoods. Regional partnership groups have been created to better identify statewide needs and priorities.

### **Discussion:**

## **AP-85 Other Actions – 91.320(j)**

### **Introduction:**

MSHDA has initiated the following activities and investments to affirmatively further fair housing to overcome the effects of fair housing impediments: Utilize an Assessment of Michigan’s Housing Stock: Michigan Statewide Housing Needs Assessment prepared by MSHDA to assist communities in identifying, developing, and implementing strategies to address local, regional and statewide housing needs. A Michigan Homeownership Study was also commissioned to analyze each Prosperity Region to understand the nuances of the for-sale housing market and the implications for for-sale housing. Fair Housing Workshops: Regularly sponsor fair housing events hosted by local fair housing centers to support and expand fair housing efforts in training, awareness, testing, etc. to tackle impediments to fair housing choice. Incorporate fair housing training into existing regional meetings, conferences, and workshops with housing partners. Fair Housing Information on MSHDA Website: Fair housing rights and complaint filing information on MSHDA’s website to connect users to local and national fair housing resources. Fair Housing Outreach: Local units of government, nonprofit organizations, and other organizations funded with state or federal resources through MSHDA prominently place fair housing posters and information for the public to view and are required to affirmatively further fair housing.

### **Actions planned to address obstacles to meeting underserved needs**

Affordable Housing Production: Affordable Housing Production: The Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) Program commits to adding data collection and analysis, including but not limited to a racial equity impact assessment, to its ongoing review processes, with the intent of using that data to make future changes to the QAP, Scoring Criteria, and other program documents to best grow racial equity within the state. This is an important and critical first step to understanding the issues that exist in this area in order to develop targeted and intentional policies in future QAPs. The 2022-2023 QAP also includes point incentives for developments located in close proximity to amenities such as grocery stores, pharmacies, Dr. Office, public schools, parks, public libraries, community organizations, job training centers, etc. Additionally, the QAP uses the Enterprise Opportunity 360 tool to give points to areas that rank high in Education, Health and Well-Being, and Economic Security. QAP point incentives are also available for developments providing affordable units in areas where residents are overburdened by their housing costs, developments that are creating additional tenant services in the community, developments that are located in close proximity to walkable areas, and developments that are located in an area that has received significant investment in the last 5 years and can demonstrate significant future investment is planned. The LIHTC Program offers a financial incentive to construct, rehabilitate, and operate rental housing for low-income tenants. Housing Choice Voucher (HCV) program: Assists 28,000 low-income families with rent subsidies through MSHDA’s HCV Program. The program includes a homeless preference and a disability preference to move individuals into safe, decent, and stable housing. The HUD VASH program administered by MSHDA combines the HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veteran Affairs (VA). The Mainstream Voucher Program provides rental

assistance to families that consist of a non-elderly person with disabilities. The voucher assistance provides the housing stability that many individuals desperately need, and the Department of Health and Human Services (DHHS) and the Housing Assessment and Resource Agencies (HARA) provide support services based on the individual's needs and affiliated program. The Family Unification Program (FUP) provides rental assistance to FUP-eligible families and youth. The rental assistance provides relief from housing barriers and the local Continuum of Care (CoC) and DHHS agencies provide supportive services to promote housing stability and self-sufficiency. The Emergency Housing Vouchers (EHVs) provide rental assistance for individuals and families who are homeless, at-risk of homelessness, recently homeless, and survivors of domestic violence, dating violence, sexual assault, stalking and human trafficking. The service funding that accompanies the EHVs is utilized by the COCs and Local Planning Bodies to identify and mitigate barriers that these families may face in the renting a unit with an EHV.

### **Actions planned to foster and maintain affordable housing**

Department of Health and Human Services (DHSS) and Community Mental Health to identify individuals eligible to participate in HUD's 811 Supportive Housing for Persons with Disabilities Program. The 811 Program administered by MSHDA is designed to provide individuals with a disability (ages 18 to 61) at 30% AMI or less with housing to live independently in the community. MSHDA's 811 Program will generate approximately 154 units of Project Rental Assistance. Enhance Access to Homeless Prevention Services: Maintains Michigan's Campaign to End Homelessness website (<https://www.michigan.gov/mcteh>) that provides pertinent information related to programming, workshops/training, and initiatives to assist organizations serving the homeless. Work closely with the Michigan Campaign to End Homelessness Partners to host a Summit on Ending Homelessness in the fall of each year which includes sessions on fair housing rights. Homeless Prevention Services: Partner with regional and community providers to support Street Outreach, Emergency Shelter, Homelessness Prevention and Rapid Re-housing activities to keep people in housing or to help people obtain housing. Annually awards approximately \$9,700,000 in Emergency Solutions Grants to 42 agencies to support statewide homeless prevention activities. Housing Counseling Services: MSHDA's Housing Education Program (HEP) partners with 35 Housing Counseling Agencies throughout MI which employs counselors and educators who hold HUD and other National Certifications to deliver individual counseling and educational classes in the following key areas: Homebuyer Education, Pre-Purchase Individual Counseling, Mortgage Default and Delinquency (Foreclosure) Counseling, Financial Literacy Group Education, Individual Budget and Credit Counseling, Rental Housing Education and Counseling, Disaster Relief Housing Counseling and Homeless Individual Counseling. Within each of these service types include Fair Housing training and individual client support with any Fair Housing concerns or possible violations. Housing Counselors are required to be HUD Certified and actively employed by a HUD approved 501c3 organization. Counselors are also required to receive ongoing professional development training to ensure they are delivering the most current information to the clients they serve, especially surrounding fair housing laws. MSHDA HEP has remained as one of HUD's top states in the delivery of comprehensive housing counseling services. MSHDA HEP is dedicated to Fair Housing and

both our team as well as our agencies have deep working relationships with the Fair Housing offices throughout Michigan in the delivery of AFFH trainings and client referrals. Annually, MSHDA HEP administers both state and Federal HUD funding to our agency network which has resulted in over 12,000 Michigan households receiving housing counseling and educational services between 7/1/19 – 6/30/21. Homeownership Mortgage and DPA: Invested \$464,174,432.00 in single family mortgage lending and \$22,732,179.00 in DPA loans. MSHDA first mortgage funding supported 4,123 households in achieving homeownership. 3,507 of those households took advantage of the MSHDA Down Payment Assistance (DPA) loan and 493 households received the Step Forward DPA loan. Homeownership Step Forward DPA: Invested \$7,340,428.08 in Step Forward DPA federally funded through the Michigan Homeowner Assistance Nonprofit Housing Corporation, to support 493 households in achieving homeownership

### **Actions planned to reduce lead-based paint hazards**

Funding is allocated to reduce lead-based paint hazards in the assisted homes and/or units. Additional attention is being given to align our services with those of other State agencies. Training opportunities for current, and to develop additional, lead-based paint certified contractors is ongoing and an important priority for MSHDA.

### **Actions planned to reduce the number of poverty-level families**

The State programs are designed to provide affordable housing to families and/or to provide additional economic opportunities through job creation. Enhance Access to Homeless Prevention Services: Employ the Coordinator for Michigan's Campaign to End Homelessness (MCTEH) and maintain the website (<https://www.michigan.gov/mcteh>) that provides pertinent information related to programming, workshops/training, and initiatives to assist regional and community providers in serving individuals and families experiencing homelessness and those at risk of homelessness. Work closely with the MCTEH partners to host an annual Summit on Ending Homelessness to create content that addresses the needs and interest of individuals and providers involved in various levels of policy, funding, and homeless service delivery development throughout the entire state. Develop and implement a 3-year statewide action plan to address following: increasing access to safe and affordable housing; ensuring system diversion and homelessness prevention; advancing cross-sector system alignment to impact social determinants of health; and improving the quality of the statewide service delivery system. Homeless Prevention Services: Partner with regional and community providers to support Street Outreach, Emergency Shelter, Homelessness Prevention and Rapid Re-housing activities to help individuals and families quickly obtain or maintain housing. Award approximately \$10,015,000 in annual Emergency Solutions Grants (ESG) to 37 agencies to support statewide homeless prevention activities. Prepare regional and community providers to receive approximately \$39,560,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act ESG funding to respond to and prevent the spread of the coronavirus (COVID-19) among individuals and families experiencing homelessness or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the

impacts created by COVID-19. Implement statewide eviction diversion programming through the State of Michigan allocation of \$60 million in Coronavirus Relief Funding. Expand eviction diversion programming through the federal and State of Michigan allocation of \$622 million in Emergency Rental Assistance.

### **Actions planned to develop institutional structure**

The Regional Prosperity Initiative is aligning services and programs offered by the State of Michigan to better serve the population. In addition, streamlining of policies, programs, and paperwork is a top priority. Increase Awareness of Fair Housing Rights: Disseminate fair housing rights materials including information related to sexual harassment to approximately 28,000 households receiving assistance through MSHDA's Housing Choice Voucher Program. Additionally, distributes fair housing materials to approximately 9,000 landlords participating in the HCV Program.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

As part of the ICC's comprehensive agenda, conducting assessments of local needs in conjunction with local leaders to create greater community prosperity is also planned. A major component of each assessment is working to identify programs and funding that will support initiative(s) of both the public and private sector on a regional basis.

### **Discussion:**

# Program Specific Requirements

## AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

### Introduction:

#### Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>0</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

#### HOME Investment Partnership Program (HOME) Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The Key to Own program has utilized HOME funds as a down payment assistance program, which can only be used by MSHDA Housing Choice Voucher Participants (Section 8) and is combined with a FHA or Conventional 97% first mortgage. The down payment assistance is provided in the form of a



second mortgage for a maximum amount of \$3,500 toward payment of the refinancing costs to allow the participant to get a better rate and term. In order to be eligible, the borrower must not have more than \$10,000 in liquid cash assets. This program is available to a borrower(s) whose income does not exceed 80% of the area median income, adjusted for family size, except where lower by state law. The sales price limits will be identical to those in effect for the regular MSHDA loan program. The second mortgage is a forgivable loan due on sale or transfer of the property, or when the property ceases to be the principal residence of the mortgagor, or when the mortgagor repays in full any mortgage loans encumbering the property that are senior to the debt.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

If applicable, the regulations stipulate that the initial homebuyer may sell the property during the term of affordability provided that the initial homebuyer repays the HOME subsidy upon resale (the "recapture" option). MSHDA will utilize the recapture option in its homebuyer programs. Under the recapture option, MSHDA will secure the amount of HOME-funded homebuyer subsidy provided to an eligible homebuyer with a forgivable mortgage pro-rated monthly for the affordability period. The term of the mortgage will depend upon the amount of HOME assistance provided to the buyer (5, 10, or 15 years). Repayment is required if any of the following actions take place within the affordability period: sale, transfer, or conveyance (voluntarily or involuntarily) through foreclosure or otherwise, or if the property ceases for any other reason to be the buyer's principal place of residence, or if they default on liens existing at the time of closing. Resale/Recapture does not apply to Rental Projects.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

If applicable, recapture provisions will be utilized for our homebuyer assistance programs. MSHDA allows HOME-assisted homebuyers to sell their unit at any time during the period of affordability to any willing buyer and at the price the market will bear. MSHDA imposes recapture provisions via a written agreement and recorded lien between MSHDA and the homebuyer. The lien could be in the format of a deferred, forgivable, or a partially deferred/partially forgivable lien based on the policy determinations outlined within either MSHDA or MSHDA's Grantee's program guidelines. The amount subject to recapture is limited to the direct subsidy amount which is the HOME investment that includes down payment assistance, closing costs, or other HOME assistance provided directly to the homebuyer) and/or the difference between the fair market value of the property and a reduced sales price attributable to HOME development assistance.

The amount subject to recapture is limited to the net proceeds available from the sale which are calculated based on: sales price minus repayment of senior loans (non-HOME funds) and customary

closing costs. The nature of the sale (voluntary, short sales, and/or involuntary sales including foreclosures) does not impact the calculation of net proceeds. Resale/Recapture does not apply to Rental Projects.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

In an effort to refinance and rehabilitate multifamily transactions with existing debt, MSHDA makes available annually a combined total of approximately \$18 million of MSHDA HOME and Preservation Funds exclusively in the Authority's Gap Financing Program. Participation in the Gap Financing Program requires the applicant to also obtain tax-exempt bond-funded permanent financing from MSHDA. Although both gap funding types will be made available to projects without regard to whether they are a new construction, adaptive reuse, acquisition/rehabilitation, or preservation transaction, most loans are preservation transactions. Overall, the new investment is being made to maintain and create additional affordable housing units. With the use of HOME funds comes an affordability period of 15 years for rehabilitation transactions, and 20 years for new construction transactions. Through the MSHDA lending products the HOME investment is available on a state-wide basis. Proposed management agent firms must meet MSHDA qualification requirements to become eligible to manage a MSHDA financed transaction. MSHDA provides ongoing asset management oversight of each development in its portfolio for as long as MSHDA's loans remain outstanding. The asset management oversight requires a review of the property management practices to demonstrate that disinvestment in the property has not occurred, that long-term needs of the project can be met, and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated. For purposes of allocating these limited resources, MSHDA has determined that these funds can be best put to use through a public Notice of Funding Availability (NOFA). The gap funds will be committed and closed over a 9-12 month period. The Gap Financing Program Guidelines describe what types of projects will be eligible and the allocation process through which these funds will be awarded. In addition, MSHDA may also make available a portion of the HOME funding for the purpose of creating permanent supportive housing transactions that may include refinancing and rehabilitating multi-family developments. The allocation of these funds is also handled through a NOFA similar to the Gap Financing Program Guidelines. Minimum Hard Construction Costs: Unless otherwise agreed to by MSHDA, all applications for loans for proposals utilizing the 9% LIHTC must indicate a need for at least \$20,000 per unit in hard rehab or construction costs (excluding allowable amounts for general requirements, builder overhead, builder profit, contingencies, etc.) and must include this amount in the construction budget. Projects not seeking 9% LIHTC will only need to meet the minimum rehabilitation requirements found in Section 42 of the Internal Revenue Code (IRC) or other applicable federal requirements, such as HOME.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

Not applicable

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

Not applicable

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

Not applicable

### **Emergency Solutions Grant (ESG) Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

Please go to [www.michigan.gov/mshda](http://www.michigan.gov/mshda), click on Homeless Program Funding, click on ESG for ESG policy and procedures.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Recipients of ESG are required to have a Housing Assessment and Resource Agency (HARA) for each CoC, as well as each local planning body of the BOSCO. A minimum of forty percent (40%) of each CoCs ESG funds are required to be given to the HARA from the CoC award. The HARA is the primary agency within the coordinated entry system, facilitating prioritization and referral. HARAs, and other agencies as identified by the CoC's coordinated entry policy, are required to use a standardized assessment to guide the household to the right support intervention and housing. HARAs, and any other agency providing rapid re-housing or homelessness prevention as determined by the CoC, are required to employ Housing Resource Specialists to build landlord relationships and ensure people living in homelessness are rapidly re-housed.

3. Identify the process for making sub-awards and describe how the ESG allocation available to

private nonprofit organizations (including community and faith-based organizations).

ESG funds are awarded state wide based upon poverty and homelessness data. Each CoC determines how to best fund agencies in their area to end homelessness. All ESG subrecipients are required to be non-profit agencies. In addition, CoCs must describe their fair funding process annually via the Exhibit 1 submitted to MSHDA.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

Each CoC in Michigan is required to have representation of those with lived expertise. In addition, MSHDA as an agency has a current or former HCV tenant on its Board. In 2015, Michigan's Governor Snyder created the Michigan Interagency Council on Homelessness which consists of staff from MSHDA, the Michigan Department of Health and Human Services, Michigan Department of Education, Veteran Affairs, Michigan Association of United Ways, the Michigan League for Public Policy, and Michigan Community Action Agency who represent people living in homelessness and poverty in Michigan. This committee, known as the Michigan ICH, meets quarterly to strategize and direct Michigan's Campaign to End Homelessness and the Michigan Homeless Policy Council.

5. Describe performance standards for evaluating ESG.

MSHDA ESG employs a Grants Compliance Analyst and Specialist who monitor ESG annually on a statewide basis. These roles ensure all applicable ESG program forms are completed in accordance with federal regulation. The Analyst reviews documentation of homelessness, household income limit, and habitability inspection completed by each funded subrecipient. In addition, MSHDA employs four Homeless Assistance Specialists who oversee Michigan's ten regions. The Homeless Specialists oversee ESG on a data-based grant management system known as MATT 2.0. and/or IGX Quarterly ESG draws, billing, and reporting are completed via MATT 2.0. and/or IGX Annual progress reports (known as CAPERs) are submitted to the Homeless Assistance Specialists. The progress reports identify length of shelter stay, increase in income, services provided, etc.

**Housing Trust Fund (HTF)**  
**Reference 24 CFR 91.320(k)(5)**

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

The Housing Trust Fund is a federal affordable housing production program that complements existing state efforts to increase the supply of affordable housing for extremely low and very low- income households, including homeless families and individuals and persons with special needs. Congress established the NHTF through the Housing and Economic Recovery Act of 2008 (HERA). On January 30, 2015, HUD published an Interim Rule which guides implementation of the HTF by states. In reference to Item #2, it is Not Applicable. The Michigan State Housing Development Authority (MSHDA) does not intend to use subgrantees. In years that total NHTF funding exceeds \$1 billion nationally, at least 75% of each state's allocation must benefit households at or below the federal extremely low income (ELI) level, which is 30% of area median income, or households with income below federal poverty level (whichever is greater). Up to 25% may be used to benefit very low income (VLI) households (those at or below 50% of area median income). However, in years when total national funding is less than \$1 billion, 100% of each state's allocation must benefit ELI households. In 2016, HUD made just over \$173 million available. Thus, it is likely that the program will serve 100% ELI households for the foreseeable future. The Governor has designated the Michigan State Housing Development Authority as the entity to administer the HTF in Michigan.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

MSHDA will distribute funds by selecting applications submitted by eligible recipients. Eligible recipients will include a non-profit or for-profit organization, or a public housing authority that will serve as the owner or developer of affordable rental housing.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicants for HTF funding must meet minimum qualifications and demonstrate the proficiency of the

development team. In their applications or before loan approval, eligible recipients must: •Certify to MSHDA that they will comply with all requirements of the program and that housing units assisted will comply with HTF requirements; •Provide a description of the eligible activities to be conducted with the HTF funds; •Demonstrate their financial capacity to undertake, comply with and manage the eligible activities, including compliance with the financial requirements and standards shown in MSHDA’s Direct Lending Parameters. No proposal will be accepted so long as any member of the sponsor's development team or any other party who, directly or indirectly, has the ability to control a member of the development team or exercise significant influence over a member of the development team in making financial and operating decisions: •Is in default or in material non-compliance with the Low-Income Housing Tax Credit (LIHTC) or any other MSHDA program; •Has outstanding flags in HUD’s national 2530 National Participation system; or •Has been debarred or suspended from any MSHDA, HUD, or Rural Housing programs. In addition, a history of defaults or material acts of non-compliance, even if none are currently outstanding, may preclude acceptance of a proposal until appropriate assurances of the development team member's ability to comply is given.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

MSHDA will distribute funds via a Notice of Funding Availability that will also include the availability of HOME funds or other federal or state resources that are available. Distribution will be made statewide. MSHDA will not determine set percentages to be used by region or within specific geographic types. This will be reevaluated and modified if necessary in subsequent years in consultation with partners and stakeholders. Applications will be reviewed and selected with equal consideration being given in each of the following areas: Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year; Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities; Capacity of the development team including those requirements identified in MSHDA’s Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA. ; Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).; Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF.

d. Describe the grantee’s required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Form of Assistance: Assistance to project will be made in the form of equity investments or loans to the project. Income Targeting All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

e. Describe the grantee’s required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Applications will be reviewed and selected with equal consideration being given in each of the following areas: Readiness to proceed including the ability to expend funds in a timely manner and achieve required expenditure benchmarks including the ability to proceed to Commitment within six months and loan closing within one year; Proximity to appropriate amenities including compliance with site selection criteria and state place based priorities; Capacity of the development team including those requirements identified in MSHDA’s Multifamily Direct Lending Parameters, as well as a review of the depth of experience by each member of the development team in past success in developing and managing affordable multifamily housing projects with MSHDA. ; Leveraging of non-federal sources (equity from federal tax credits will be considered federal for purposes of calculating leverage within this program).; Need for the funds to complete the development – including whether all other sources of subsidy have been sought, whether deferred developer fee and owner equity are being utilized and an analysis of whether the transaction can proceed without HTF.

f. Describe the grantee’s required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicants must commit to keeping HTF units affordable, including all applicable income and rent restrictions of a period of no less than 30 years from the point of Project Completion.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Form of Assistance Assistance to project will be made in the form of equity investments or loans to the project.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

MSHDA will solicit applications for funding through Notice of Funding Availability. Applications will be scored by a staff level review committee. In the event that MSHDA sources such as taxable or tax-exempt bond funding is also being requested projects will also be presented to the Authority Board for approval of those sources. All successful applicants must comply with MSHDA underwriting criteria and adhere to the requirements of other applicable MSHDA programs.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".



Yes

**6. Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

**7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.** Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area. If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above. The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area. If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above. MSHDA has elected to adopt the attached HOME per-unit subsidy limits for purposes of the Housing Trust Fund. The

state feels that consistency with the HOME program is critical for this program year. MSHDA knows from its fifty years of experience in financing affordable rental housing, that transactions with deeply targeted units require the blending of multiple funding streams in order to make them feasible. While we are not specifically prioritizing HOME funded projects, we anticipate that many, if not most, will be bringing HOME funds as part of the broader project. Additionally, based on data analysis that the agency conducted on the various projects within MSHDA's portfolio, which covers multi-family developments of all types across all portions of the state, the HOME per-unit subsidy limits should be sufficient in determining the maximum amount of Housing Trust Fund dollars that can be used. The HOME per-unit subsidy limits being used account for differences in bedroom size. Additionally, based on actual costs of developments in MSHDA's portfolio, and the geographic location of the projects that have been done around the state and that are likely to be done with HTF, these limits appear to be adequate.

**8. Rehabilitation Standards.** The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

All projects must comply with MSHDA's Multifamily Standards of Design, including completion of a Capital Needs Assessment when applicable for rehabilitation projects. All developments must also comply with Uniform Federal Accessibility Standards and property standards shown at 24 CFR 92.251. MSHDA STANDARDS OF DESIGN ([michigan.gov](http://michigan.gov))

**9. Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

**10. HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter “N/A”.

The grantee will use the HUD issued affordable homeownership limits.

**11. Grantee Limited Beneficiaries or Preferences.** Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter “N/A.”

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

Income Targeting: All HTF Units in Eligible Projects must be targeted at households with incomes at or below 30% of the Area Median Income (AMI).

**12. Refinancing of Existing Debt.** Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A All rehabilitation developments will be required to complete a Capital Needs Assessment (CNA) to determine the project scope. Included in the CNA will be an estimated useful life of each of the items that are included in both the scope of the rehab and also those that will be replaced in the future. A replacement reserve will be established to cover the costs of ongoing physical needs of all components of the property, including those items identified in the CNA that are not in the initial scope of work. Funding for the replacement reserve will be established based on a combination of an initial deposit and ongoing annual deposits, the size of which will

be based on the need of the development. More specific replacement reserve details are outlined in MSHDA's Lending Parameters. While these standards make reference to a 20- year term, is intended that replacement reserve funding levels will continuously be monitored on an ongoing basis to allow the development to operate successfully at least through the applicable period of affordability.

**Discussion:**

