

# MSHDA Mod 2023 – Round II APPLICATION INSTRUCTIONS

**Applications Due  
April 21, 2023, 4:00 p.m. EST**

**Link to Apply:** [www.michigan.gov/mshdamod](http://www.michigan.gov/mshdamod)

The MSHDA Mod Program is accepting funding submissions from eligible communities to utilize modular products in critical need areas where adequate workforce housing is not currently available. This opportunity is to promote construction of modular or modified construction technology for single-family housing for resale in areas that are primarily residential.

Funding will not be awarded directly to the builders or suppliers of modular or modified construction technology housing; instead MSHDA will partner with entities providing housing services to Michigan rural and urban communities. To be eligible to apply, you must be either a 1) Non-Profit Organization with 501(c)(3) status, 2) Local Unit of Government, or 3) For-Profit Entity requesting Limited Dividend Housing Association (LDHA) designation. Refer to Organization Description (page six) for further description and instructions. Each agency is eligible for a MSHDA Mod award for construction and development costs limited to unit acquisition, delivery, taxes, site preparation, finishing, and related construction costs up to \$224,500 per unit.

Within Component A, exciting programmatic changes to MSHDA Mod's permanent program are announced:

## **Component A – One Single-Family Unit**

- Component A – Consists of funding in the amount of \$1.3 million for the continuation of the permanent MSHDA Mod initiative.
- The maximum grant for one standalone single-family modular or modified construction technology house is up to \$224,500.
- *Component A restricts eligibility to communities in which at least 51% of the households are at or below 80% of AMI OR a homebuyer restriction will be imposed on the sale to a qualified buyer who has an income limit at or below 120% of AMI. (refer to page three).*
- Formal leveraging is required in the amount of \$25,500 (cash match or in kind) for modified construction technology. Leveraging is encouraged but not required for modular construction.
- It is the intent of this component to finance the initial unit with a potential re-utilization of funds to facilitate a second home, dependent upon successful completion and sale of one unit and repayment of sale proceeds.

Within Component B, a pilot for multiple modular builds is introduced:

## **Component B – Multiple Single-Family Units**

- Component B - Launches a new \$1 million pilot initiative called MSHDA Multiple Modulares (or M3) that are **restricted to rural areas** (with a population less than 10,000) to finance the construction of four standalone single-family modular or modified construction technology homes simultaneously. The new component will be structured as a repayable grant to a single community. By building four homes at once, the agency will be able to implement the grant quicker, shorten the building timeline, and place four homebuyers in new homes in a reduced period.

- *Component B (M3) restricts eligibility to communities in which at least 51% of the households are at or below 80% of AMI **AND** a homebuyer restriction will be imposed on the sale to a qualified buyer who has an income limit at or below 120% of AMI. (refer to page three).*
- Formal leveraging for this component is required in the amount of \$25,500 (cash match or in kind per home for both modular and modified construction technology homes.
- Five percent (5%) administrative (admin) fee can be requested for this component only. This includes reimbursement for general management, oversight, and coordination of the housing program, including reasonable costs of overall program management, marketing, monitoring, and evaluation (not address specific). Admin fees are reimbursed with supporting documentation.
- The maximum funding request for all project costs (including admin) cannot exceed \$1 million. The budget cannot exceed \$224,500 per home.

**Applicants may only apply for either Component A or Component B in this funding round.**

**TIMELINE:** All program questions should be emailed to [MSHDA-NHID-Research@michigan.gov](mailto:MSHDA-NHID-Research@michigan.gov) with Subject Line: MSHDA Mod 2023 – Round II Questions, by **March 21, 2023, by noon.**

<b>MSHDA Mod 2023 Round II Anticipated Timeline</b>	<b>Date/Time</b>
Program Q&A Review via Teams: <a href="#">Click here to join the meeting</a> Meeting ID: 239 067 868 629 Passcode: XxWD6y <b>OR</b> <b>Call in (audio only)</b> +1 248-509-0316 Phone Conference ID: 830 963 647#	3/22/2023 @2:00 p.m. EST
Profiles and Application Due in IGX Communities Present Proposal (by virtual invitation) and Announcement of Selected Communities	4/21/2023 @ 4:00 p.m. EST  May 2023
Written Agreement Issued	Start: 6/1/2023 End: 5/30/2025

## DEFINITIONS

### WHAT IS MODULAR HOUSING?

Most modular homes are built in sections in a climate-controlled home building facility, then transported to the project location where the sections are assembled and installed. Modular homes can be built efficiently, consolidating labor and material cost, to accommodate immediate workforce housing needs. Modular housing typically offers the ability to construct new homes in a contained environment year’ round, minimal waste, and a streamlined product built to fit into the neighborhood.

### WHAT IS MODIFIED CONSTRUCTION TECHNOLOGY HOUSING?

Modified construction technology housing is an alternative method of housing construction that is neither solely stick-built nor 100% modular construction and can include panelized components. MSHDA will consider any construction methodology other than traditional stick-built homes. A minimum of \$25,500 (cash match or in kind) leveraging for this type of construction technique is required.

### WHERE ARE RESOURCES AVAILABLE REGARDING MODULAR MANUFACTURERS?

1. State of MI Resource Guide to Modular Manufacturers: [Approved Manufacturers Listings](#)
2. Modular Manufacturers Previously Utilized in MSHDA Mod Communities: [Manufacturers Contacts List](#)

## WHAT IS VISIT-ABILITY?

Both Components are encouraged to have “visit-ability” and green/energy efficient features. Visit-ability is a movement to change home construction practices so that 50% of new homes — not merely those custom-built for occupants who currently have disabilities — offer a few specific features making the home easier for mobility-impaired people, to live in and visit. Three essential features of homes with visit-ability (1) include at least one entrance with zero steps; (2) incorporate 32 inches or more of clear passage space through all interior doors and hallways, including bathrooms; and (3) have at least one-half bathroom on the main floor.

## WHAT ARE ELIGIBLE ORGANIZATION TYPES?

- Non-Profit Organization {501(c)(3)}: A non-profit organization that is currently servicing a community/neighborhood within the State of Michigan. The applicant’s name and address must be the same as the 501(c)(3) IRS Letter on file with the Michigan Department of Licensing and Regulatory Affairs. The applicant must have at least one full-time paid employee; cannot be operating the agency via their principal residence and must have an operating budget exceeding \$30,000 per year, not including MSHDA funded projects.
  
- Local Unit of Government (LUG): An agency that is in a rural community with a population of 10,000 or less, or a non-rural community with a population of 10,001 or more, not to exceed 49,999, and which is not a direct recipient of U.S. Department of Housing and Urban Development funding exceeding \$500,000 annually in total allocations of CDBG and/or HOME combined, not including special allocations.
  
- For-Profit Entity: A for-profit limited liability company or limited partnership company must request, post submission, designation as a Limited Dividend Housing Association (LDHA). Please refer to [Limited Dividend Housing Association Agency Designation Instructions](#) to determine eligibility. This will be completed, post award, with MSHDA’s Office of Legal Affairs.

## HOW IS ELIGIBILITY DETERMINED?

### All Components:

- All applicants must complete an [Eligibility Methodology Form](#).
- To determine if your community is eligible, refer to this link: [HUD 51% Low/Mod Community Chart](#)  
Upper Peninsula only: If your community is located in the Upper Peninsula and does not meet the community eligibility criteria, you may only apply for Component A with the requirement that a homebuyer restriction will be imposed on the sale to an eligible buyer. Block Groups cannot be considered as eligible community criteria for Component B.
- To view homebuyers’ income limits, refer to this link: [HUD 120% AMI Income Limits by County](#)

## HOW IS LEVERAGE DEFINED?

- MSHDA encourages the formation of partnerships to increase investment from public and private sources to supplement the project cost and reduce the need for grant funding. Leveraging is a factor within the competitive evaluation process.
- Leveraging can include documented local initiatives/donations/land contributions/property acquisition and/or demolition costs/materials, labor, and subsidy. Cash subsidy must be placed in escrow account prior to disbursement of any funds.
- Salaries may be included as in-kind match if the applicant can demonstrate that the time and salaries included are directly spent to support the project seeking funding. All in-kind funds must be formally documented and incurred after the written agreement effective date.
- Developer fee, demolition, and/or land costs are not reimbursable program eligible expenses but can be counted as leverage.

## 2023 PROGRAM PARAMETERS:

- The intent of the program is to initiate standalone single-family modular/modified construction within communities where this is not currently a prevalent practice. Statewide distribution of funding is a priority of MSHDA Mod.
- **All units must fit into the existing neighborhood and be designed in a style compatible with surrounding homes. Home design and size should be based on a market data showing need for the proposed area. An option is to use the [Statewide Housing Plan](#) to document the local housing need or reference local market data.**
- This is a new construction only opportunity – it is restricted to vacant sites that are previously owned and/or acquired by the applicant post award.
- Phase I environmental assessments are required for each site prior to construction. Previous assessments are acceptable. Phase I costs are not covered under MSHDA Mod funding.
- Utilization of land bank-owned/controlled property where structures have been previously demolished and are currently vacant lots with existing infrastructure is encouraged. Infill sites are recommended. List of land bank sites for sale: <https://www.michigan.gov/leo/bureaus-agencies/landbank>
- A selected manufacturer and/or model at time of application is not required.
- The unit should be in area location with high visibility to serve as a catalyst for other home builds of this type within the community.
- All units must have a minimum 4/12 roof pitch.
- The front entrance must have a gable roof that covers a porch.
- Visit-ability and green/energy efficient features are encouraged.
- To maintain neighborhood continuity, a full basement or garage (detached or attached) is required, or with pre-approval, an alternative storage unit, such as a shed, may be authorized.
- Foundation must be concrete/concrete masonry unit unless pre-approved for alternative equivalent.
- Driveway must be made of poured concrete unless pre-approval is given for alternate material.
- Reasonable amenities, including appliances and landscaping is required and included in the budget.
- The maximum funding request and sales price per single family home cannot exceed \$224,500.
- The repayable grant is structured as a 2-year written agreement between the grantee and MSHDA.
- MSHDA Mod funding is structured as a repayable grant. The grant is repayable to the extent of the net sale proceeds generated by the sale of the unit to a buyer and will include interest at the rate of 3% per annum, from the date of each advance. MSHDA expects a full return on its investment, however, MSHDA recognizes that the net proceeds of sale may be less than MSHDA Mod Program investment in the modular/modified technology home, and that some portion of the repayable grant may need to be forgiven, resulting in subsidy attrition. This grant is a 100% repayable grant based on sale proceeds. The intent is to receive full reimbursement upon sale. This is a cost reimbursement program, and the applicant must conduct this program on a reimbursement basis, supported by paid invoices. No advance funds will be provided, except for the unit down payment (not to exceed 50% of base unit) which will be advanced when supported by a signed contract and detailed invoice.
- No costs incurred prior to approval and execution of a written grant agreement will be reimbursed.
- Grants must be evidenced by a promissory note and secured by a recorded mortgage on the home. A title policy insuring MSHDA's interest will be required, and the cost should be included in the budget.
- If selected, MSHDA will require ongoing progress reports, photographs, written program guidelines, approval of design/construction parameters, and final completion program report and surveys. Use of MSHDA's database for reimbursement (invoices and source documents) will be required.

## **EVALUATION CRITERIA:**

Final award determinations will be made based on geographical distribution, workforce housing need, community/employer support, timing feasibility, leveraging, capacity, public/private partnerships, and demonstrated creative use of funding including visit-ability, green and energy efficiency components. Agencies must be able to mobilize quickly to manage and facilitate the project. All funding reservations are at MSHDA's discretion and will be determined by a competitive selection process.

## **HOW DOES MY AGENCY APPLY?**

**NHID is pleased to announce the launch of the new MSHDA Grants System called IGX. Applicants will use the system to first create their Annual Profile Review (APR), formerly known as a Partnership Profile, and the Mod Application. Both documents can be worked on simultaneously, however, the APR must be submitted in the system first. No paper copies accepted. Applicants are highly encouraged to prepare all narratives, letters, maps, photos and forms required in the Application prior to beginning the forms upload. Incomplete submissions will not be reviewed. All submissions are considered public information and are subject to discovery under the Freedom of Information Act (FOIA). MSHDA staff is available to address any technical questions prior to submission. [MSHDA-NHID-Research@michigan.gov](mailto:MSHDA-NHID-Research@michigan.gov)**

### **[IGX System Link](#)**

There are three parts to applying: Requesting access to the IGX Portal, completion of the Annual Profile Review (APR) and completion of the Mod Application.

- Part I: To access IGX; 1). All Authorized Officials (AO) must request access through the new user link on the login screen. If your agency had access to MATT 2.0 in the past, select the request type of "New Agency Authorized Official". If your agency is new to MSHDA programs, please select a request type of "New Organization and Authorized Official". 2). In registration, system type is "NHID". For further guidance, click [New User Access](#). 3). Once complete, click the register button. Allow two days for a new user to be approved. Once approved, the Authorized Official (AO) will receive an email with their username and password. If, after checking the inbox and spam folders and no email is received, please email [MSHDA-NHID-Research@michigan.gov](mailto:MSHDA-NHID-Research@michigan.gov). Once approved, the AO can add additional staff using the Grantee System Access that is available under the "My Opportunities" section. Keep in mind that Administrators can create and edit documents within the system, however, the Authorized Official must review, approve, and submit all documents.
- Part II: Now that you have access, login and under the "My Opportunities" box, click on the Annual Profile Review. Complete the seven sections under Annual Forms. Once complete, the AO must submit the APR under the Status Options.
- Part III: Once the APR is submitted, return to the IGX Home page, then click on the MSHDA Mod 2023 Application under "My Opportunities". From there, complete the six sections under Forms (including answering all questions and uploading all documentation). **The six sections are outlined below and include an overview of the questions and forms required for uploads.** Once complete, the AO must submit the Application/Uploads under Status Options.

## **SECTION I & II - ORGANIZATION DESCRIPTION & COMMUNITY ELIGIBILITY:**

The Agency Information requires you to check the appropriate agency type. Agency Attachments will require upload of the appropriate agency verification. Determine your appropriate agency type prior to completing Agency Information. The [Eligibility Methodology Form](#) must be uploaded in the Community Eligibility Section.

- Non-Profit Organization {501(c)(3)}: The organization uploads agency contact information on letterhead and IRS issued 501(c)(3) Letter.
- Local Unit of Government (LUG): The LUG agency uploads agency contact information on letterhead.
- For-Profit Entity: The for-profit uploads agency contact information on letterhead.

## **SECTION III - PROJECT DESCRIPTION:**

Provide a clear description of the proposed project. If you are applying for M3, make sure you reference that you are applying for multiple sites. Provide clear photos of the proposed site, both close and aerial views. Provide labeled photos of the neighboring houses and area amenities (stores, hospitals, schools, etc.) noting distance from the proposed site. An alternative is to provide this information in an uploaded video of the neighborhood (no longer than five minutes) in addition to responding to the narrative items below.

1. What type of construction are you proposing? Modular or Modified Technology/Panelized? If you are applying for M3, select Modified Technology/Panelized even if you are applying for modular builds and continue with the questions below.
2. Do you have a site identified? Yes or no. If yes, list legal ownership, infill or new construction, zoning, and infrastructure status (road conditions, water/sewer on site). If no, how do you anticipate identifying a suitable site and securing ownership? Provide a timeline of selection process. Have you considered State and Local Land Bank properties for sale in your area?
3. Provide the following confirmed or anticipated site detail, if applicable. List lot acreage, lot dimensions, tree covered, or lot cleared and graded, municipal water and sewer, infrastructure connected to site, road conditions (public, private, recently resurfaced, etc.). Is the previous use of this site known? Has there been an environment assessment done on the site? Is the proposed site in a flood plain? If a site is not selected, what type of site are you seeking? If you are applying for M3, make sure you reference that you are applying for multiple sites and whether they are on one parcel, contiguous parcels, or individual infill sites.
4. Has your organization solicited proposals from modular home manufacturers? If so, what parameters are you putting in place to ensure cost reasonableness? What modular home manufacturers have you contacted and what was the outcome?
5. List details on anticipated modular/modified construction technology home- square footage, # of bedrooms, # of bathrooms, crawlspace or cement slab foundation, garage vs. full basement or both, cost per square footage.
6. What is your design criteria (including visit-ability features) and approval process for final plans?
7. What is your strategy to market and sell the home, once complete? Do you have a realtor as a partner?
8. Provide your anticipated timeline for implementing the program within a 2-year grant term? Include proposed dates for research, ordering, unit delivery/set, on-site finishing, house listing, marketing, and closing timeline.

**SECTION IV - COMMUNITY NEED:**

Provide a focused and well-defined narrative detailing the specific goals and outcomes that will be accomplished and benefit the community.

1. What are the specific projected outcomes for the community? How will those outcomes be measured and what kind of catalyst effect is anticipated?
2. How will the project address current and/or future workforce housing needs of the community? Provide a list of employers in the area that have a workforce housing need.
3. Will the project be sustainable after the agreement period?
4. What is the short-term and long-term impact of the project?
5. How will the project provide a regional benefit?
6. Will the project lead to capacity building and/or partnerships? Who are your identified partners?
7. Neighborhood Composition: describe percentage of rentals vs. homeowner, percentage of vacant lots, age of housing stock, type of housing stock (2-bedroom, 3-bedroom, one-story, cape cods, etc.) and average housing stock amenities (garages, basements, sheds, front porches, cement drives, narrow lots), and area amenities (schools, shopping, health care, etc.). The descriptions should be reflected in attached photos of the area and individual site (if determined).

**SECTION V - PROJECT BUDGET:**

Prepare a projected budget listing all funding required for the project by line item, as shown in the modular/modified construction technology home template referenced below. Sources of leverage can be specific entities or local/state/federal funding, however, only formally committed sources should be included.

If you are applying for M3 make sure you reference that you are applying for multiple sites in your narrative. If you choose to utilize the administration dollars offered for M3, please account for these dollars in the contingency line item and provide a breakdown of what that line item entails under source of leverage. The average anticipated budget per home should be reflected for M3, with only one budget submitted in IGX.

<b>SAMPLE BUDGET TEMPLATE</b>			
<b>Activity</b>	<b>MSHDA</b>	<b>Leverage Funds</b>	<b>Source of Leverage</b>
Land			
Base unit, taxes, delivery, or modified technology materials			
Excavation			
Infrastructure			
Foundation			
Basement/Crawl Space			
Subcontractors Finishing on Site			
Utility Installation (Plumbing, Elec. Mechanicals)			
Appliances			
Exterior Construction/Garage/Porch/Deck			
Driveway/Walkway to Driveway			
Landscaping			
Contingency (10% max) Title Policy, Permits, (pre-approved)			
Maximum Total (less may be requested)	<b>\$ 224,500</b>	<b>\$</b>	

**SECTION VI - LETTER(S) OF SUPPORT AND ATTACHMENTS:**

All requested documents should be uploaded under the Letters of Support and Attachments Section. Please follow the instructions below for your agency type to determine the designated place to upload documents. M3 Applications will not be considered unless there is at least one support letter from a local employer under #1 and preference will be given to all Applications that include a local employer contribution under #3.

**NOTE: All Applicants** - As a part of your agency’s support letter, include an additional summary that outlines the proposal, breaking down the total of MSHDA amount requested, total non-MSHDA leveraging amount, total project costs, total amount per unit and total number of units. In addition, provide an overview of workforce housing needs as it relates to job creation and population in your community. Multiple letters can be uploaded in all IGX sections by clicking on the plus button located next to “Drag Files Here”.

**#1 Letter(s) of Support from Employer(s) Regarding Workforce Housing Need** – upload here

**#2 Authorizing Resolution (not required) and Letter of Support from the Local Unit of Government (LUG only):**

- Non-Profit Organization {501(c)(3)}: Only requirement is a statement on letterhead signed by the applicant’s Executive Director/President showing support for the project.
- Local Unit of Government (LUG): Only requirement is a statement on letterhead from the governing body showing local project support.
- For-Profit Entity: Only requirement is a statement on letterhead signed by the applicant’s General Partner/Manager/Authorized Member showing support, in addition to the signed [LDHA Form](#).

**#3 Letter(s) of Support from Stakeholders/Partnerships/Committed Leverage Funds:**

Within this Section, letters of support are accepted from any established partnerships within the community, i.e., area businesses, neighborhood organizations, surrounding area non-profits. If leverage funds are listed in the Project Budget, commitment letters (signed and dated within 120 days) must be uploaded here.

In conjunction with this application, NHID is releasing a program entitled “MSHDA Investing in Community Housing (MICH)”. Mod Component A applicants are encouraged to apply for MICH Component C, “New Infill Construction Encouragement (NICE)” for up to \$65,500 per unit to cover buyer’s closing costs, prepaids, \$10,000 in down payment assistance (DPA) and project contingencies. Funds will be awarded based on need, at MSHDA’s discretion. Application deadline for Mod and MICH is April 21, 2023.