

MSHDA Small-Scale Housing Rental Pilot Program

2022 RFP Q & A

1. Q: If the applicant is building more than 12 units but some of the units are not rental and will be paid by another funding source are they counted in the total unit count?
A: No, units outside of the rental scope are not included in the total unit count. Complete the application with the number you are going to build out of rental units only. Include the others in the leverage section.
2. Q: Can it be for single family rental units (houses)?
A: We do not have any restrictions on that though this would be considered Component B.
3. Q: If the applicant is doing a project in phases would they still be eligible?
A: If the phases are standalone then yes.
4. Q: Does the applicant have to own the land before the application is submitted?
A: No, applicants will be given points for having land already, but it is not required. A potential site should be identified at the time of application.
5. Q: Can you do a tiny home village?
A: No, tiny homes are not eligible for this program.
6. Q: Do we have a definition for tiny home?
A: MSHDA does not fund projects less than 850 square ft at this time.
7. Q: Does MSHDA offer permanent financing?
A: We are only offering the grant dollars for the construction costs at this point.
8. Q: Will you be looking at the Proforma?
A: The Proforma will be very cursory as this is a gap financing program.
9. Q: Are you open to public and or private water and sewer?
A: Yes.
10. Q: How will operating reserves be determined and who will retain them?
A: There will be reserves retained at MSHDA for the 10-year timeframe. Each one will be determined by asset management. MSHDA will retain reserves at the end of the 10 years.
11. Q: Can we say operating reserves would be for 4 months?
A: We are not going to stipulate the time frame; the applicant will decide that in conjunction with asset management.
12. Q: This will be competitive in nature, what's the criteria for what will be approved?
A: Component A will get priority over B. We will evaluate A together and the remaining funds will go towards B. There will be geographic distribution of the funding.

Final award determinations will be made based on regional distribution, timing feasibility, capacity, public/private partnerships, and demonstrated creative use of funding in partnership with other stakeholder financing. 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 scoring process.

13. Q: Can this program be used for rehab?

A: This would be under Component B, but the unit cannot have been used for housing in the past. All projects must result in new rental housing units being created but can consist of either new construction or the repurposing of existing buildings

14. Q: What is the stipulation for working with developers, what are the requirements for what the partnership should look like?

A: The partnership can be a signed and dated statement by all entities saying you are working together. The nonprofit would have to have oversight over the 10-year timeframe. The nonprofit would need to ensure that the units remain affordable over the 10 years.

15. Q: Could you talk a little bit about the expectation for the modified construction technology piece? Is there a percentage required?

A: The SHRP program encourages but does not require the use of modular/modified technologies. We prefer the houses be energy efficient.

16. Q: What if there are partnerships that reduce the construction cost, but it's stick-built?

A: We allow stick-built homes.

17. Q: Should the priority region submit all of their projects or just 1.

A: We encourage you to submit anything you have in the pipeline so we can look at it when we are developing the next phase. You may want to send a separate email letting us know which project is your number 1 priority.

18. Q: How many awards will be issued?

A: We don't know yet. This is a new program, so we are testing it out to see how many people apply and identify statewide need.

19. Q: Do you require the use of Payment In Lieu Of Taxes (PILOT).

A: It's not required for nonprofits. MSHDA requires that a for-profit organization must be a Limited Dividend Housing Association (MSHDA LDHA)

20. Q: Is this a 10-year affordable housing program, will you give preference for properties that go beyond the 10 years?

A: This is an affordable housing program; however, we will not be monitoring beyond the 10 years so we will not give preference for a program that is planning on going beyond that.

21. Q: Will you be doing an annual certification of tenant income?
A: The plan will be to check with initial occupant but not after that.
22. Q: What will the resident criteria be?
A: That's up to the applicant, we will want to see that they are income eligible (at or below 120% area median income).
23. Q: Will this webinar be recorded?
A: No, we cannot share TEAMS recording outside the state of Michigan.
24. Q: Can the nonprofit be the developer and contractor, or must we partner with one?
A: If the nonprofit has the expertise to do it on their own then they can, if not we encourage them to work with someone who does.
25. Q: What is the difference between an authorizing resolution and a letter of support?
A: The supporting letter usually comes from the Executive Director of the agency, but the authorizing resolution is from the Board or Directors.
26. Q: The project budget doesn't have any administration or developer fees and is this eligible for CHDO operating expenses and capacity building costs?
A: Admin and developer fees are not eligible. This is not CHDO funding so that is not applicable. Leverage dollars can cover these costs.
27. Q: Who will own the Rent Up and Operating Reserves upon sale/maturity? Does the property keep them, or does MSHDA take them?
A: MSHDA retains all reserves, if MSHDA doesn't use them they will be put back into the pot for future projects.
28. Q: Can we get some clarification on units and buildings. I am wondering if a unit is one building or one building can have 12 units and its 200,000 per unit?
A: This program will only pay for ½ of the total cost or up to \$200,000 per property whichever is less. Therefore, if you have 7 proposed units the maximum number of units that we could assist is 3 (rounded down). Based on a total cost at \$200,000 per unit the total cost is anticipated to be \$1.4 million which would be a maximum of \$700,000 (½). But since the cap is 3 assisted units at \$200,000 each the maximum amount of the request should be \$600,000. Keep in mind that this is gap financing, so we are looking for projects that have the least gap possible.
29. Q: Can you share the data from the housing study?
A: You can get the housing study on our website. [Michigan Homeownership Study – March 2019](#)
30. Q: Looking at the housing study on the website it's from 2019, is there an update?
A: There is something coming out in May, but it hasn't been published yet. If you don't think the housing data reflects your area need include that explanation in your narrative questions.

31. Q: Are scattered sites permitted?
A: Not in this round, but we can look at it for the future.
32. Q: Is there an ID number that we should use on the application? I don't see one on the pre-application printout.
A: No, you only need to include your agency name and the name of your project. You would receive a grant award number in the future if awarded funds.
33. Q: The deal has to be basically done right, what if you still need design review approval?
A: Just put the restriction in your application along with your anticipated approval date.
34. Q: Do you give preference for how efficient we are with the funds, for instance if we can build more units because we have other funds.
A: No, though we do give preference for leverage and encourage efficiency.
35. Q: Do you have to be a nonprofit.
A: No, agencies are limited to Nonprofit 501(c)3 and For-Profit Developers structured as Limited Dividend Housing Associations (MSHDA LDHA). Note: It has been determined that Land Bank entities can apply for funding and should select the LDHA option.
36. Q: Would townhomes (connected) be eligible?
A: Yes.
37. Q: The grant period looks like 3 years (36 months), so does that require all tenants to be in place by the end of that period?
A: Yes, occupancy is part of the timeline of 36 months.
38. Q: The Phase I and Phase II studies were completed by the City with Brownfield money, so would MSHDA accept those studies if they are longer than a year to build start? (They were just completed a couple months ago but want to know if MSHDA considers there a "redo" timeframe.)
A: Yes, within 12 months is acceptable. But this is federal funding so the environmental review process will be required.
39. Q: Is there any money for administration, or is the grant money just built for the developer?
A: No, the funding is only for construction. However, leveraged funds can be used for that purpose.
40. Q: Are you looking for pictures of amenities or just a list of surrounding amenities, please?
A: We are looking for both.

41. Q: Would you please clarify the limited partnership agreement and organizational document? Is this an agreement set up prior to the letter of intent, or one as part of the grant if awarded? How does this affect an LLC that has multiple properties included as part of it, not all of which are housing?

A: If the applicant is a for-profit entity, they do not have to have the LDHA designation at the time of application but will need to have this prior to grant award.

42. Q: The NSP guidelines were mentioned on page 3 of your instructions, but I don't see any guide for specific rent requirements. Should one assume that HUD guidelines for affordable rent are part of the program?

A: The rent structure will be determined as part of the underwriting.