

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Compliance Monitoring

POLICY STATEMENT

REQUIREMENTS FOR MISSING MIDDLE PROGRAM
 RENTAL UNITS

The Missing Middle Program is intended to help households that have incomes between 60% and 120% AMI. This statement is intended to document MSHDA’s expectations for rental units benefitting from the Missing Middle grant and relates to the 10-year compliance period which will start following distribution of funds.

Tenant Income Certifications

Move-in:

All Missing Middle household are required to verify income at move-in, using the households total income calculated from the prior year IRS 1040 as shown below. If the household submits more than one form to the IRS, each form must be added to the total household income. **Copies of the IRS 1040 must be kept on file as back-up documentation.** If a household does not file federal income tax returns, a form must be completed to document household income. MSHDA has provided a template form.

The image shows a screenshot of the IRS Form 1040 (2022) with several lines highlighted in red boxes. The highlighted lines are 1z, 2a, 3a, 4a, 5a, 6a, 7, and 8. The form includes instructions for each line and a 'Standard Deduction' section on the left. The bottom of the form includes the text 'For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.' and 'Cat. No. 113208 Form 1040 (2022)'.

Add lines 1z, 2a-6a, 7 and 8 and any child/spousal support and monetary gifts to get total household income.

If a household's circumstances have changed since the last tax form submission, complete an updated IRS 1040 using their current circumstances, to project annual income.

MSHDA will also accept income calculated in the manner of Section 8 which requires the Income and Asset Checklist along with third-party verification of all income and assets.

Tenant files must contain the Tenant Income Certification form, all backup for how income was calculated, and the lease agreement. These documents will be required during tenant file audits.

Recertifications:

All Missing Middle households are required to annually submit an updated Tenant Income Certification (TIC) to recertify using IRS 1040 to calculate income or Section 8 method.

Income Limits

The 60% AMI level is the floor income level for household at move-in and the 120% AMI is the ceiling. After the initial eligibility certification, all household income can increase or decrease without effecting eligibility.

Rent Limits

Gross rent limits cannot exceed 120% AMI based on County and number of bedrooms in unit.

Gross rent is tenant's paid rent, mandatory expenses (required fees to occupy a unit) and an allowance for utilities. Fees that are not required for a resident should be considered non-mandatory expenses (Ex. Pet Fees, Carport Fees).

Utility Allowances are based on costs the residents are required to pay using the MSHDA PHA charts. This chart is completed using unit type and appliance types (gas or electric) and are published annual by MSHDA.

Requirements

MSHDA requires that a copy of each move-in "Tenant Income Certification" form only be emailed to MSHDA Compliance at:

mshdacompli@michigan.gov

Subject: Property Name – Missing Middle TIC

Annually, MSHDA requires that the property owner/agent submits a Annual Owner Certification of Compliance along with a Rent and occupancy report detailing Tenant Income Certification showing the restricted units, household demographics, occupancy size, income, and rent, noting all certification dates or move-outs that occurred within the prior calendar year. Along with a certification and utility allowance chart calculations.

MSHDA will conduct physical inspections and tenant file audits starting the second year after construction is completed and once every three years thereafter to ensure compliance with program requirements and

physical condition standards of the property. All deficiencies noted must be corrected within defined timelines.

MSHDA physical Inspections will be based on HUD published standards.

Forms

All Missing Middle compliance forms can be located on our website here: [Compliance Forms \(michigan.gov\)](#)

Non-Compliance

Failure to maintain compliance with program requirements could result in any of the following penalties:

- Recapture of Funds
- Fines for Noncompliance
- Lawsuits
- Loss of any future funding from MSHDA