

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Compliance Monitoring

POLICY STATEMENT

REQUIREMENTS FOR MISSING MIDDLE PROGRAM
 FOR SALE 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 on for-sale units that benefit from Missing Middle and must comply for a 5-year compliance period which will start following distribution of funds.

Owner Income Certifications

Move-in:

All Missing Middle households are required to verify income at time of purchase and prior to 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. If there is a resale within 5-year compliance period, a new owner income certification must be completed by the incoming family prior to sale to confirm that incoming household is income qualified.

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 section for 'Standard Deduction for' with options for single or married filing separately, married filing jointly, or head of household. The form also includes a section for 'Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.' and a section for 'Attach Sch. B if required.'

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

Requirements

MSHDA requires that annually the property owner/agent submits an Owner Income Certification showing the household demographics, occupancy size, and income, and noting all certification dates or move-outs that occurred within the prior calendar year. Mortgage payments must include principal, interest, taxes, insurance, private mortgage insurance, association fees or lease payments, or fees related to participation in a community land trust in accordance with financing assumptions consistent with market conditions. Mortgage statements or other official document showing current mortgage payment breakdown must be included with the Owner Income Certification annually.

MSHDA will conduct physical inspections and tenant file audits if there is a resale within the 5-year compliance period 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 \(michigan.gov\)](https://www.michigan.gov/compliance-forms)

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