

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

April 18, 2024 – 10:00 a.m.

735 East Michigan Avenue, Lansing, Michigan 48912

Cadillac Place, 3028 West Grand River, Room 4-602, Detroit, MI 48202

State Office Building, 701 South Elmwood Avenue, Traverse City, MI 49684

Microsoft Teams Conference Line: 248-509-0316 | Conference ID: 221 650 508#

Roll Call:

Public Comments:

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

Consent Agenda (***Tabs B through F are Consent Agenda items. They are considered routine and are to be voted on as a single item by the Authority. There will be no separate discussion of these Tabs; any Authority member, however, may remove any Tab or Tabs from the Consent Agenda prior to the vote by notifying the Chair. The remaining Tabs will then be considered on the Consent Agenda. Tabs removed from the Consent Agenda will be discussed individually.***)

Tab B Minutes – March 21, 2024 Board Meeting

Tab C Resolution Authorizing Amendments for Second One-Year Extensions Professional Services Contracts for Design Review

Tab D Inducement Resolution, **Lee Plaza**, City of Detroit, Wayne County, **MSHDA No. 44c-212**

Tab E Amended and Restated Resolution Authorizing Signatories

Tab F Resolution Authorizing Grants from the Michigan Housing and Community Development Fund

REGULAR VOTING ITEMS

Tab G Michigan State Housing Development Authority Resolution Authorizing Issuance and Sale of Michigan State Housing Development Authority Multifamily Housing Revenue

Bonds, Series 2024 (**The Flats at Carriage Commons Phase I Project**) to Finance a Loan to The Flats Phase I Limited Dividend Housing Association, LLC, so as to Enable the Borrower to Acquire, Construct and Equip a Certain Multifamily Rental Housing Facility, Authorizing the Execution of the Bond Purchase Agreement, the Loan Agreement, the Trust Indenture Securing the Bonds, the Governmental Note, the Project Loan Agreement and the Funding Loan Agreement Securing the Governmental Note and Determining and Authorizing Other Matters Relative Thereto

Resolution Authorizing Loan, **The Flats at Carriage Commons, MSHDA No. 44c-211**, Garfield Township, Grand Traverse County

Tab H Resolution Authorizing a Mortgage Loan Modification and Loan from the Michigan Housing and Community Development Fund for the Emergency Rehabilitation of **Riverview Terrace, MSHDA Development No. 134-P**, City of Adrian, Lenawee County

Tab I Resolution Determining Mortgage Loan Feasibility, **Buersmeyer Manor, MSHDA Development No. 2355-2**, City of Detroit, Wayne County

Resolution Authorizing Mortgage Loan, **Buersmeyer Manor, MSHDA Development No. 2355-2**, City of Detroit, Wayne County

Tab J Resolution Determining Mortgage Loan Feasibility, **Union at A2, MSHDA Development No. 4082**, Ann Arbor, Washtenaw County

Resolution Authorizing Mortgage Loan, **Union at A2, MSHDA Development No. 4082**, Ann Arbor, Washtenaw County

Closed Session

None.

Discussion Issues:

None.

Remarks:

Chairperson

Executive Director

Reports:

Tab 1 Delegated Action Reports

Tab 2 Current and Historical Homeownership Data

Tab 3 Monthly Homeownership Production Report

Tab 4 MI 10K DPA Monthly Statistics (Map)

Tab 5 2024 Board Calendar

DRAFT

**Michigan State Housing Development Authority
Minutes of Regular Authority Meeting
March 21, 2024 – 10:00 a.m.**

**AUTHORITY MEMBER(S) PRESENT IN
LANSING**

Jonathan Bradford
Rachael Eubanks
Tyrone Hamilton
Susan Corbin
Jennifer Grau
Michele Wildman for Quentin Messer

**AUTHORITY MEMBER(S) PRESENT IN
DETROIT**

Regina Bell

AUTHORITY MEMBER(S) ABSENT

Warren Call

ATTENDEES IN LANSING

Clarence Stone, Legal Affairs
Lisa Ward, Executive
Tonya Joy, Neighborhood Housing Initiatives
Mark Garcia, Partnerships and Engagement
Diedre Butterworth, RAHS
Josh Pugh, Partnerships and Engagement
Matt Bergeon, Asset Management
Jennifer Bowman, Strategy and Engagement
Chad Benson, Rental Development
Lisa Kemmis, RAHS
John Hundt, Rental Development
Mary Cook, Operations
Geoffrey Ehnis-Clark, Legal Affairs
Chris Hall, Information Technology
Chris Shultz, Information Technology
Tim Klont, Partnerships and Engagement
Michael Binegar, Information Technology
Mark Whitaker, Information Technology
Andrew Minegar, MIRS

ATTENDEES IN DETROIT

Amy Hovey, Executive
Sherry Hicks, Operations
Natasha Wildt, Information Technology
Matt Smith, Information Technology
Charlotte, Johnson, Legal Affairs
Bernie Glieberman

ATTENDEES IN TRAVERSE CITY

Tony Lentych, Rental Development

ATTENDEES ON MICROSOFT TEAMS

Katie Bach, Communications
Drew Brown, Rental Development
Michael Vollick, Rental Development
Zachary Herrmann, Rental Development
Cisco Potts, Finance
Mason Crozier, Rental Development
Anna Vicari, Communications
Damon Pline, Rental Development
Trenton Mitchell, Rental Development
Kevin Louis, Rental Development
Tonya Coon, Homeownership
Camillia Crowell, Asset Management
Jim Davis, NHID
Kathy Evans, Rental Development

ATTENDEES ON MICROSOFT TEAMS

(Continued)

Pierre-Denise, Gilliam, NHID	Laurie Kelly, Legal Affairs
Karen Gagnon, Partnerships and Engagement	Jennifer McNeeley, RAHS
Jonathan Hilliker, ACFI	Megan Spitz, Partnerships and Engagement
Tyler Hull, Rental Development	Jeffrey Sykes,, Finance
Kelly Rose, Executive	Christina Thelen, Asset Management
Elizabeth Rademacher, Rental Development	Ashley Kreiner, Rental Development
Katy Van Houten, Rental Development	Frank Mostek, ACFI
Marcel Jackson, Partnerships and Engagement	Debra Andrew, Asset Management
Laura King, Legal Affairs	John Milhouse, Office of Attorney General
Amber McCray, Asset Management	Alexis Harrington, Hawkins, Delafield and Wood
Christine Miller, RAHS	Amy Patterson, Office of Attorney General
Sandra Kimball, Rental Development	Michael Fobbe, Office of Attorney General
Jayde Pettigrew, Asset Management	John Renken, Hawkins, Delafield and Wood
Benjamin Honeyford, Partnerships and Engagement	Hilary Vigil, Office of Attorney General

Four additional members of the public participated via the Conference Line: 248-509-0316, Conference ID: 221 650 508#. Chairperson Susan Corbin opened the meeting at 10:03am. A quorum was established with the presence of Ms. Corbin, Regina Bell, Rachael Eubanks, Jennifer Grau, Tyrone Hamilton and Michele Wildman for Quenton Messer. Members were physically present in Lansing and Detroit. Ms. Corbin proceeded to request public comments from participants both in-person and via Teams. No public comments were received.

Meeting Announcements:

Ms. Corbin noted there were goldenrods for Tab H, which included edits to (1) the Board Memorandum, (2) the Modified Housing and Community Development Fund Biennial Plan, and (3) the Resolution Authorizing Modification of HCDF Biennial Plan.

Approval of Agenda:

Rachael Eubanks moved approval of **Tab A (Agenda)**. Jennifer Grau supported. The agenda was approved.

Voting Items:

Consent Agenda (Tabs B –D):

Jonathan Bradford moved approval of the Consent Agenda. Rachael Eubanks supported. The Consent Agenda was approved.

The Consent Agenda included the following items:

Tab B Minutes – February 15, 2024 Board Meeting

Tab C Resolution Approving Annual PHA Plan and Amendments to Administrative Plan for the Housing Choice Voucher Program

Tab D Resolution Authorizing Professional Services Contract with Optimal Blue, LLC

Regular Voting Items:

Clarence Stone, Director of Legal Affairs, and Alexis Harrington, Bond Counsel with Hawkins, Delafield and Wood, presented **Tab E**, Resolution Extending Lapse Date for Sale and Issuance of Multifamily Housing Revenue Bonds, Series 2024 for HoM Flats at 24 East Project. Mr. Stone and Ms. Harrington reviewed the resolution as detailed in the board docket.

John Millhouse of the Attorney General's Office confirmed that the documents in **Tab E** were acceptable for the Board's action.

Clarence Stone, Director of Legal Affairs, confirmed that the documents in **Tab E** were acceptable for the Board's action.

Jennifer Grau moved to approve **Tab E**. Michele Wildman supported. The following Roll Call was taken for **Tab E**:

Regina Bell	Yes	Jennifer Grau	Yes
Jonathan Bradford	Yes	Tyrone Hamilton	Yes
Warren Call	Absent	Rachael Eubanks	Yes
Susan Corbin	Yes	Michele Wildman	Yes

There were 7 "yes" votes. The resolution was approved.

Chad Benson, Director of Development, presented **Tab F**, Resolution Authorizing Mortgage Loan Increase, **Union at Oak Grove, MSHDA Development No. 3937**, Township of Howell, Livingston County. Mr. Benson reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab F**. Tyrone Hamilton supported. The resolution was approved.

Matt Bergeon, Director of Asset Management presented **Tab G**, Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **8330 On the River, MSHDA Development No. 386**, City of Detroit, Wayne County. Mr. Bergeon reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab G**. Michele Wildman supported. The resolution was approved.

Charlotte Johnson, Staff Attorney, Legal Affairs, presented **Tab H**, Resolution Authorizing Housing & Community Development Fund Allocation Plan of March 29, 2023, Modification. Ms. Johnson reviewed the documents as detailed in the goldenrod memo and resolution in the board docket.

Tyrone Hamilton moved approval of **Tab H**. Jennifer Grau supported. The resolution was approved.

Mark Whitaker, Director of Information Technology, presented **Tab I**, Resolution Authorizing the Michigan Department of Technology, Management and Budget to Enter into a Professional Services Contract for Software Services on Behalf of the Authority. Mr. Whitaker reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab I**. Tyrone Hamilton supported. The resolution was approved.

Chair's Report:

Ms. Corbin gave a brief overview of the following reports from the Department of Labor and Economic Opportunity: (1) Women in the Workforce Report and (2) The State Workforce Plan.

Executive Director's Report:

Ms. Hovey noted that the Governor's office declared the first week in April "Housing Week." As such, there will be press releases highlighting several MSHDA programs.

After the Executive Director's update, Ms. Corbin announced the following reports were included in the docket: **(Tab 1)** Financial Report: Quarter and Year to Date Ended December 31, 2023; **(Tab 2)** Current and Historical Homeownership Data; **(Tab 3)** Monthly Homeownership Production Report; **(Tab 4)** MI 10K DPA Monthly Statistics (Map); and **(Tab 5)** 2024 Board Calendar.

Ms. Corbin noted that the next regular board meeting would be April 18, 2024. She then requested a motion to adjourn the meeting. Rachael Eubanks moved to adjourn, and Jennifer Grau supported. The meeting adjourned at 10:32am.

REVIEWED

By Clarence L. Stone, Jr. at 7:39 am, Mar 25, 2024

REVIEWED

By Lisa Ward at 8:43 am, Mar 25, 2024



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Anthony Lentych, Chief Housing Investment Officer
Anthony Lentych

DATE: April 18, 2024

RE: Resolution Authorizing Second One-Year Extension of Professional Services Contracts for Design Review

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution authorizing a second one-year extension and related required contract amendments for architectural and landscape design review professional service contracts with the two contractors listed below, for an amount not to exceed \$60,000 per contract annually. The original contracts were approved by the Authority on May 21, 2020, and the original contract contemplated possible extensions. This service has been preauthorized by Civil Service.

CONTRACT SUMMARY:

Name of Contractors:

Architectural Review Contractors:

- The Design Forum Inc.

Landscape Architecture Review Contractors:

- Site Design Solutions, LLC (DBA: VIRIDIS Design Group)

Amount of Each Contract: \$60,000 per contract annually

Length of Each Contract: 3 Years

Extension Options: 2 one-year extension options

Request for Proposal Date: April 14, 2020

Number of Bids Received:

- **Architectural Review:** 10 Bids Received
- **Landscape Architecture Review:** 6 Bids Received

Authority Division Requesting the Contract: Rental Development

EXECUTIVE SUMMARY:

The Authority currently contracts with architectural and landscape architectural review consultants to verify that applications submitted under the 4% and 9% tax credit programs and the Authority's multifamily lending underwriting process meet the Authority's Standards of Design. The current consultant contracts expire on May 31, 2024.

The contracts provide the professional services of licensed firms to review construction documents for new and preservation multifamily developments. The firms will provide architectural and landscape architectural services, when needed, to assist the Authority's Chief Architect in the review of construction documents. These contracts give the Authority the ability to conduct reviews during high volume periods to facilitate closing affordable apartment developments in a timely manner.

The identified contractors' work will be reviewed on a quarterly basis for the following deliverables:

- Quality of review
- Timeliness of required reports
- Accuracy
- Timeliness and accuracy of invoices

The Authority has previous experience with The Design Forum and VIRIDIS Design Group. These firms have provided quality services and met or exceeded the listed deliverables. Authority staff foresee no risk with the use of these contractors.

ADVANCING THE AUTHORITY'S MISSION AND COMMUNITY IMPACT/SUPPORT:

The use of licensed design review consultants allows the Authority to partner with developers to rehabilitate Michigan's aging housing stock and increase the housing opportunities throughout Michigan. This results in Michigan residents having access to safe and affordable housing.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING
AMENDMENTS FOR SECOND ONE-YEAR EXTENSIONS
PROFESSIONAL SERVICES CONTRACTS
FOR DESIGN REVIEW**

April 18, 2024

WHEREAS, on May 21, 2020, the Michigan State Housing Development Authority (the "Authority") authorized professional services contracts to retain architectural and landscape architectural review consultants to facilitate design review services (i.e., design architectural, engineering, and landscape architectural reviews) of Authority-financed housing developments as required by the Authority's multifamily loan underwriting process; ("Design Services Contracts"); and

WHEREAS, on May 21, 2020, the Authority-authorized Design Services Contracts were approved as fee-based contracts for an amount not to exceed \$60,000 annually, per contract, with original three-year terms and two optional one-year extensions; and

WHEREAS, on May 18, 2023, the Authority authorized amendments to extend the Design Services Contracts by exercising the first optional one-year extension; and

WHEREAS, the current Design Services Contracts expire on May 31, 2024; and

WHEREAS, the Chief Housing Investment Officer recommends that the Authority authorize extension of the Design Services Contracts by exercising the second optional one-year extension in an amount not to exceed \$60,000 per contract, annually, as described in the accompanying memorandum; and

WHEREAS, Civil Service has preauthorized the request; and

WHEREAS, the Authority concurs with the recommendations of the Chief Housing Investment Officer.

NOW, THEREFORE, Be it Resolved by the Michigan State Housing Development Authority that the Chief Housing Investment Officer, the Director of Rental Development, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Director of Finance, or any person duly authorized to act in any of the foregoing capacities, are hereby authorized to execute, on behalf of the authority, amendments to extend the Design Services Contracts for the second one-year extension as described in the accompanying memorandum.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: April 18, 2024

RE: Lee Plaza, Development No. 44c-212

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt an inducement resolution with respect to the project described in the attached report.

PROJECT SUMMARY:

MSHDA No.:	44c-212
Development Name:	Lee Plaza
Development Location:	City of Detroit, Wayne County
Sponsor:	The Roxbury Group and Ethos Development Partners
Borrower:	Lee Plaza II Limited Dividend Housing Association Limited Partnership
Number of Units:	65 elderly units
No. of Accessible Units:	4 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	\$ 3,875,851
Total Development Cost:	\$43,181,798
Aggregate Basis:	\$43,178,795
Total Loan Amount:	\$24,000,000 (58.09% of aggregate basis)
Credit Enhancement:	Cash Collateral from 221 (d)(4) FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation; loans and grants from the City of Detroit and MSHDA; tax credit equity bridge loan from Carlisle Tax Credit Advisors; and equity and/or loans from Sponsor.

EXECUTIVE SUMMARY:

The Roxbury Group and Ethos Development Partners (collectively, the "Sponsor") proposes to acquire and rehabilitate the Development, which consists of 65 affordable housing units located in the City of Detroit, Wayne County, Michigan. The Development will be acquired and rehabilitated using a construction loan financed with the proceeds of a single issue of bonds issued pursuant to Section 44c of the Authority's enabling act. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds will be reasonably secure based on cash collateral intended to secure such repayment and held by the trustee for the bonds. The cash collateral will be sourced through the following: Commitment from the U.S. Department of Housing and Urban Development ("HUD") for an FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation; loans and grants from the City of Detroit and MSHDA; tax credit equity bridge loan from Carlisle Tax Credit Advisors; and equity and/or loans from Sponsor.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- 65 units of elderly housing will be provided in the City of Detroit community.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION:

- Approving an inducement resolution will allow this proposal to incur costs necessary for acquiring and substantially rehabilitating the Development, which is currently vacant.
- All of the units will be reserved for tenants at 60% of Area Median Income. Of those units, ten percent (10%) must be targeted to households whose income is at or below 40% of Area Median Income.
- Additional details are provided on page 2 of the Staff Report.
- Affordable housing in the City of Detroit community/area will be added.

MUNICIPAL SUPPORT:

- The City of Detroit intends to provide a 4% PILOT.
- The City of Detroit is providing American Rescue Plan Act ("ARPA") funds in the amount of \$8,043,866 to the project.

COMMUNITY IMPACT:

- It is anticipated that the rehabilitation of the Development will create 4 permanent jobs and 335 temporary jobs.

RESIDENT IMPACT:

- Not applicable—the Development is vacant and requires substantial rehabilitation.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.



AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

April 18, 2024

RECOMMENDATION:

Adopt an inducement resolution with respect to the project described in this report.

PROJECT SUMMARY:

MSHDA No.:	44c-212
Development Name:	Lee Plaza
Development Location:	City of Detroit, Wayne County
Sponsor:	The Roxbury Group and Ethos Development Partners
Borrower:	Lee Plaza II Limited Dividend Housing Association Limited Partnership
Number of Units:	65 elderly units
No. of Accessible Units:	4 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	\$ 3,875,851
Total Development Cost:	\$43,181,798 (estimated)
Aggregate Basis:	\$43,178,795
Total Loan Amount:	\$24,000,000 (58.09% of aggregate basis)
Credit Enhancement:	Cash collateral through FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation; loans and grants from the City of Detroit and MSHDA; tax credit equity bridge loan from Carlisle Tax Credit Advisors; and equity and/or loans from Sponsor.

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes or bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to \$300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least ten percent (10%) of the Development's units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

The Borrower proposes to acquire and rehabilitate 65 elderly apartment units on a site in City of Detroit. All of the units in the development will be targeted to households with incomes at or below 60% of area median income, utilizing the new MTSP income limits. At least ten percent (10%) of these units (7 units) must be more restricted to households with incomes at or below 40% of area median income, using the MTSP limits.

CONDITIONS:

1. Income Limits:

The Borrower must enter into a Regulatory Agreement with the Authority requiring that 100% of the units in the Development (60 one-bedroom and 5 two-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 60% income limit for Multifamily Tax Subsidy Projects as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"), adjusted for family size. Of these units, 7 units in the Development must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the Low-Income Housing Tax Credit ("LIHTC") Regulatory Agreement or the period required by Section 142(d) of the Code.

The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 100% of the units in the Development may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. In addition, the Total Housing Expense for the more deeply targeted units in the Development (7 units) may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority Bonds (as defined below) remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement, known as the Extended Use Period (the "EUP").

For purposes of determining whether or not the rents paid by the tenants of the Development are within the required limits set forth in this Section 2, the amount of any Section 8 rental subsidy paid on behalf of a tenant with respect to any unit shall not be considered as rent paid by the tenant.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations to be issued to finance the loan (the "Bonds"). This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50 percent of the residential units in the project are occupied, the first day on which no Bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the "Qualified Project Period"). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least forty percent (40%) of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12 percent for the first 12-month period following substantial completion of the Development, with annual one percent increases thereafter, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Bond and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Loan Agreement and a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's Director of Legal Affairs, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At closing, the Borrower must enter into a Loan Agreement with the Authority. In the Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Bonds and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Bonds. The form and substance of the Loan Agreement must be acceptable to the Authority's Director of Legal Affairs.

7. **Closing and Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Director of Legal Affairs.

8. **Credit Enhancement:**

Prior to the authorization of a commitment for issuance of the Bonds, the Borrower must submit definitive commitments that the credit enhancement will be provided. The proposed credit enhancement instruments and any other additional security offered to the Authority must be acceptable to the Chief Financial Officer and the Director of Legal Affairs.

9. **Financing Participants:**

Prior to the authorization of a commitment for issuance of the Bonds, the Chief Financial Officer and the Director of Legal Affairs must have determined that the proposed development team members are acceptable.

10. **Equal Employment Opportunity:**

At Bond closing, the Borrower and the general contractor must include the Authority's form Appendix to Construction Contract with the Construction Contract that is acceptable to the Authority's Director of Legal Affairs.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1. **Sponsor:** The Roxbury Group and Ethos Development Partners

Contact: James Van Dyke
Phone: (313)530-7880
2. **Borrower:** Lee Plaza II Limited Dividend Housing Association, Limited Partnership

Credit Enhancement:

The Sponsor proposes cash collateral through FHA-insured Section 221 (d)(4) mortgage loan provided by Gershman Investment Corporation; loans and grants from the City of Detroit; tax credit equity bridge loan from Carlisle Tax Credit Advisors; and equity and/or loans from Sponsor.

Bond Underwriter:

The Sturges Company
Mike Sturges
Michael@TheSturgesCompany.com

Bond Counsel:

Dickinson Wright, PLLC
Craig W. Hammond
CHammond@dickinsonwright.com

Bond Trustee:

The Huntington National Bank
John Alexander
John.D.Alexander@huntington.com

Credit Enhancement Provider:

Gershman Investment Corporation (TBD)
City of Detroit (TBD)
MSHDA
Carlisle Tax Credit Advisors
Sponsor (James Van Dyke)

Other Members of the Development Team:

**Inducement Resolution Staff Report
#44c-212, Lee Plaza
City of Detroit, Wayne County
April 18, 2024**

Equity Partner:	National Affordable Housing Trust (Christina Tracy)
Borrower's Counsel:	Baker Hostetler (Tracey Lackman)
Borrower's Accountant:	Regency Consulting (Joanne Candela)
Contractor:	Sachse Construction & Development Co LLC (Jay McKee)
Property Management:	KMG Prestige (Karen Mead)
Architect:	Fusco, Shaffer & Pappas, Inc. (James T. Pappas)
Rating Agency:	Moody's Investors Service (Timothy Mone)

Sources of Funds:

HUD 221(d)4	\$3,061,795
City of Detroit ARPA	\$8,043,866
Sponsor Contribution	\$1,021,655
City of Detroit NSP	\$1,500,000
MEDC Enhancement Grant	\$3,000,000
MSHDA PA5/Passthrough Gap	\$3,875,851
LIHTC Equity	\$15,350,713
FHTC Equity	\$6,680,738
DDF	\$655,852

Total Sources of Funds	\$43,190,470
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Uses of Funds:

Land	\$57,750
Building Acquisition	\$173,250
Site Work	\$401,726
Construction Costs	\$31,620,475
Professional Fees	\$1,065,525
Interim Construction Costs	\$3,030,788
Permanent Financing	\$33,680
Other Costs	\$515,028
Syndication Costs	\$307,154
Developer Fee	\$5,591,686
Project Reserves	\$393,408

Total Uses of Funds	\$43,190,470
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APPROVALS:

<u>Chad A. Benson</u>	4/9/2024
Chad Benson, Director of Development	Date

<u>Jeffrey J. Sykes</u>	4-10-24
Jeffrey Sykes, Chief Financial Officer	Date

<u>Clarence L. Stone, Jr.</u>	4/10/2024
Clarence L. Stone, Jr., Director of Legal Affairs	Date

<u>Amy Hovey</u>	04/11/2024
Amy Hovey, Chief Executive Officer and Executive Director	Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**INDUCEMENT RESOLUTION
LEE PLAZA
CITY OF DETROIT, WAYNE COUNTY
MSHDA No. 44c-212**

April 18, 2024

WHEREAS, The Roxbury Group and Ethos Development Partners (collectively, the "Applicant"), desire to acquire and substantially rehabilitate an elderly housing facility (the "Project") in the City of Detroit, Wayne County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Twenty-Four Million Dollars (\$24,000,000) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to Lee Plaza II Limited Dividend Housing Association Limited Partnership or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Forty-Three Million One Hundred Eighty-One Thousand Seven Hundred Ninety-Eight Dollars (\$43,181,798); and

WHEREAS, the Act authorizes the Authority to loan monies to limited dividend housing associations for the construction and long-term financing of multifamily housing projects and to obtain the monies for such loans by the issuance of bonds in compliance with and pursuant to the terms and provisions of the Act; and

WHEREAS, it is necessary to assure the Applicant that the Authority intends to issue bonds (the "Bonds") upon meeting the requirements of the Act and the terms and conditions of this Resolution, it being the intent and purpose of the Authority in adopting this Resolution to provide the necessary official action with respect to the Bonds as will meet the requirements of the Internal Revenue Code and the regulations promulgated in connection therewith.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that:

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:
 - (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;
 - (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no

event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

- (c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;
 - (d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and
 - (e) The maximum amount of the Loan to the Borrower shall not exceed Twenty-Four Million Dollars (\$24,000,000).
- 2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.
 - 3. The Borrower shall submit a commitment from each proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.
 - 4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
 - 5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.
 - 6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.
 - 7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Twenty-Four Million Dollars (\$24,000,000) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.
 - 8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be

necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.
10. The Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the Director of Legal Affairs, the Deputy Director of Legal Affairs and or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.
11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.
12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.
13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.
14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.
15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.
16. This Resolution shall take effect immediately.




MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director 

DATE: April 18, 2024

RE: Amended and Restated Resolution Authorizing Signatories

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt the attached Amended and Restated Resolution Authorizing Signatories ("Signatory Resolution").

EXECUTIVE SUMMARY:

The Signatory Resolution designates the Authority officers who are authorized to sign documents on behalf of the Authority. This amendment reflects a change in the Authority's Finance division by replacing the Deputy Director of Finance with the Director of Finance as an Authorized Signatory for the Authority.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**AMENDED AND RESTATED
RESOLUTION AUTHORIZING SIGNATORIES**

~~December 14, 2023~~ April 18, 2024

WHEREAS, Section 21 of Public Act No. 346 of the Public Acts of 1966, as amended (the "Act"), provides that the Michigan State Housing Development Authority (the "Authority") may delegate to one or more agents or employees those powers or duties as the Authority considers proper; and

WHEREAS, the Authority has from time to time adopted resolutions authorizing certain officers and employees to execute documents on behalf of the Authority (hereafter "Signatory Resolutions"); and

WHEREAS, the Executive Director has recommended that the "Amended and Restated Resolution Authorizing Signatories, adopted by the Authority on ~~November 16, 2023~~ December 14, 2023, be further amended; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. Authorized Officers. The Chief Executive Officer and Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Operating Officer, Chief Financial Officer (formerly, the Director of Finance), ~~Deputy~~ Director of Finance (formerly, the Deputy Director of Finance), Director of Legal Affairs, Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, or any of them, are designated Authorized Officers of the Authority. Any one of the Authorized Officers shall have the power and right to approve, give notice of or act on behalf of the Authority in accordance with the provisions of mortgages, notes, contracts, agreements, certificates, exhibits and other documents and amendments thereto executed on behalf of the Authority.

2. Multi-Family Developments.

(a) The Authorized Officers, the Director of Development, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with Authority-authorized Multi-Family mortgage loans.

(b) Pursuant to Rule 143 of the Authority's General Rules, the Authorized Officers, or any one of them, be and they are hereby authorized to execute mortgage loan commitments on behalf of the Authority.

3. Low Income Housing Tax Credits. The Authorized Officers, the Director of Development, the Director of Asset Management, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, extended low income housing commitments, land use restriction agreements, and amendments or modifications thereto, or releases or discharges therefrom, in whole or in part, which from time to time may be necessary or required or determined to be appropriate by any such Officer to administer the Authority's Low Income Housing Tax Credit Program.

4. Single-Family Programs; Property Improvement.

(a) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the programs administered by the Authority's Homeownership Division including, but not limited to, the Single-Family Loan Program, Mortgage-backed Security Program and Mortgage Credit Certificate Program.

(b) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager - Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are authorized to approve or consent to modifications of Authority mortgages for single family mortgage loans, or agreements related to such mortgage loans, and to execute any and all documents necessary to effectuate such modifications or agreements, in situations where they individually determine that such modification shall not detrimentally affect the Bondholders, or in other situations, provided that the mortgagor shall remain obligated to repay the mortgage loan in sufficient amounts to comply with the provisions of the applicable Bond Resolution.

(c) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager – Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver documents including, but not limited to, deeds, land contracts, and discharges of mortgages relative to the assignment, pay off, termination, or foreclosure of single family mortgages, or to the disposition of single family houses acquired by the Authority.

(d) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager - Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are authorized to approve agreements with lenders and servicers to originate or service single family mortgage loans, or both.

(e) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them are hereby authorized to

execute and deliver on behalf of the authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the Authority's property improvement program.

(f) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's property improvement program.

5. Land Acquisition and Development Fund. The Authorized Officers, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all agreements, contracts, certificates, exhibits and other documents and amendments thereto, which from time to time may be necessary or required in connection with authorized uses of the land acquisition and development fund.

6. Housing Development Fund; State and Federal Funds; Emergency Solutions Grants.

(a) The Authorized Officers, the Chief Strategy and Engagement Officer and the Director of Housing Initiatives, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto, which from time to time may be necessary or required in connection with Authority development fund loans, development fund grants, and federal and state funded grants and loans.

(b) The Authorized Officers, together with any person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the Authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's Revitalife Program.

(c) The Authorized Officers, the Director of Rental Assistance and Homeless Solutions, the Homeless Programs Manager, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto, which from time to time may be necessary or required in connection with emergency solutions grants, funds authorized by the McKinney-Vento Homeless Assistance Act, and the HOME program.

7. Contract Administration Program. The Authorized Officers, the Director of Asset Management, the Manager, Federal Contract Administration, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents which from time to time may be necessary or required by the US Department of Housing and Urban Development ("HUD") in connection with the Contract Administration programs.

8. Multi-Family Loan Commitments Under \$250,000. Pursuant to Rule 143 of the Authority's General Rules, the Executive Director is authorized to issue the Authority's mortgage loan commitments for mortgage loans having principal amounts less than \$250,000. In addition, the Authorized Officers, or any one of them, are authorized to issue on behalf of the Authority, without further Authority action, mortgage loan commitments for such loans. Provided, however, that the Executive Director or other Authorized Officer determines that each applicant is an eligible applicant and that each application is consistent with applicable Authority processing and underwriting procedures and guidelines. Each mortgage loan commitment shall contain such terms, conditions and requirements as may be deemed appropriate by an Authorized Officer.

9. Approval of Documents of Organization. Pursuant to Rule 123 of the Authority's General Rules which empowers the Authority to authorize by resolution Authority employees in addition to the Executive Director to consent to or approve proposed corporate and partnership qualification documents, the Authority hereby authorizes the Director of Legal Affairs or Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, to consent to or approve on behalf of the Authority proposed Articles of Incorporation, Amendments thereto, Articles of Organization, Operating Agreements, Certificates of Partnership, Partnership Agreements, and Amendments to any of the preceding, provided that they fully comply with the requirements of the Act.

10. Financial Matters. The Authorized Officers, or any one of them, are hereby individually authorized:

(a) to release from safekeeping, deliver, sell, redeem, exchange or otherwise dispose of, securities held by financial institutions on behalf of the Authority as collateral to secure investments of the Authority when the Authority's interest in the particular collateral is terminated or modified;

(b) to execute drafts or payment vouchers on letters of credit;

(c) to execute and deliver any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto which from time to time may be necessary or required in connection with the sale, delivery, purchase, redemption, and ongoing administration of the Authority's notes and bonds; and

(d) to authorize a paying agent of an Authority obligation to make payment of matured interest coupons lost, destroyed, or wrongfully taken upon the receipt of indemnification satisfactory to the paying agent.

11. Environmental Review. The Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Housing Solutions Officer, Chief Financial Officer, Director of Legal Affairs and the Director of Development are each authorized to prepare and execute all documents related to the Environmental Review Record and to certify compliance with the National Environmental Policy Act and other requisite environmental Federal Laws, including, but not limited to, any environmental requirements set forth by the United States Department of Housing and Urban Development ("HUD"). The foregoing delegation of authority is intended to include any authority that is specifically delegated to the Executive Director by HUD.

12. Authorization Accorded Various Positions. The following members of the Authority Staff named or holding the positions noted hereafter, together with any person duly appointed and acting in such capacity, or their supervisor(s) are individually authorized to execute on behalf of the Authority the following documents or communications:

Director of Development

Chief Architect

- Change Orders

Chief Architect

Staff Architect

- Approval of Plans and Specifications
- Permission To Occupy

Physical Portfolio Manager

Costing Engineer

Chief Architect

- Trade Payment Breakdown

Chief Construction Manager

- Approval of Draw Request (as to percent of work completed)
- Approval or Rejection of Contractor's Equal Employment Opportunity Plans
- Letters of Approval or Rejection of Subcontractors on the Basis of Equal Opportunity Performance

Construction Specialist

- Punchlist

Equal Opportunity Officer

- Approval or Rejection of Affirmative Fair Housing Marketing Plans

Director of Rental Assistance and Homeless Solutions, or Rental Assistance and Homeless Solution Operations Manager

- Agreements and Certificates required by HUD in connection with Federal Programs administered by the Authority's Office of Rental Assistance and Homeless Solutions
- All agreements and certifications required in connection with the administration of the Housing Choice Voucher Program

Director of Asset Management

- Agreements and Certificates required by HUD in connection with the management of housing developments financed under the Section 8 New Construction Housing Program
- Management Agreements and Marketing Agreements
- Management Agent Qualification Approvals

Asset Management Transaction Manager

Asset Management Core Properties and Intake Manager

- Identity of Interest Disclosures
- Management Agreements, including Fee Addendums to the Management Agreements and Marketing Agreements

Single Family Underwriter

- Single Family Mortgage Loan Commitments

13. The Authorized Officers and any person authorized to execute any document by this resolution may execute any such document electronically if electronic signature of such document shall otherwise be valid.

14. This Resolution amends and restates the Authority's ~~November 16, 2023~~ December 14, 2023 Resolution entitled "Amended and Restated Resolution Authorizing Signatories." All other resolutions specifically authorizing signatories which have not been previously repealed, superseded, or modified remain in full force and effect. This Resolution shall take immediate effect.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**AMENDED AND RESTATED
RESOLUTION AUTHORIZING SIGNATORIES**

April 18, 2024

WHEREAS, Section 21 of Public Act No. 346 of the Public Acts of 1966, as amended (the "Act"), provides that the Michigan State Housing Development Authority (the "Authority") may delegate to one or more agents or employees those powers or duties as the Authority considers proper; and

WHEREAS, the Authority has from time to time adopted resolutions authorizing certain officers and employees to execute documents on behalf of the Authority (hereafter "Signatory Resolutions"); and

WHEREAS, the Executive Director has recommended that the "Amended and Restated Resolution Authorizing Signatories, adopted by the Authority on December 14, 2023, be further amended; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. Authorized Officers. The Chief Executive Officer and Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Operating Officer, Chief Financial Officer (formerly, the Director of Finance), Director of Finance (formerly, the Deputy Director of Finance), Director of Legal Affairs, Deputy Director of Legal Affairs, together with any person duly appointed and acting in such capacity, or any of them, are designated Authorized Officers of the Authority. Any one of the Authorized Officers shall have the power and right to approve, give notice of or act on behalf of the Authority in accordance with the provisions of mortgages, notes, contracts, agreements, certificates, exhibits and other documents and amendments thereto executed on behalf of the Authority.

2. Multi-Family Developments.

(a) The Authorized Officers, the Director of Development, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, and amendments or modifications thereto, or releases or discharges therefrom, which from time to time may be necessary or required in connection with Authority-authorized Multi-Family mortgage loans.

(b) Pursuant to Rule 143 of the Authority's General Rules, the Authorized Officers, or any one of them, be and they are hereby authorized to execute mortgage loan commitments on behalf of the Authority.

3. Low Income Housing Tax Credits. The Authorized Officers, the Director of Development, the Director of Asset Management, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents, extended low income housing commitments, land use restriction agreements, and amendments or modifications thereto, or releases or discharges therefrom, in whole or in part, which from time to time may be necessary or required or determined to be appropriate by any such Officer to administer the Authority's Low Income Housing Tax Credit Program.

4. Single-Family Programs; Property Improvement.

(a) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all commitments, contracts, certificates, agreements, exhibits, and other documents, and amendments thereto, which from time to time may be necessary or required in connection with the programs administered by the Authority's Homeownership Division including, but not limited to, the Single-Family Loan Program, Mortgage-backed Security Program and Mortgage Credit Certificate Program.

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(c) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, the Manager of Homeownership Operation, the Manager – Audit, Single Family and Multi-Family Mortgage Servicing, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver documents including, but not limited to, deeds, land contracts, and discharges of mortgages relative to the assignment, pay off, termination, or foreclosure of single family mortgages, or to the disposition of single family houses acquired by the Authority.

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(f) The Authorized Officers, the Director of Homeownership, the Marketing Manager of Homeownership, and the Manager of Homeownership Operation, together with any person duly appointed and acting in such capacity, or any one of them, are hereby individually authorized to execute on behalf of the authority any and all agreements, claims, discharges, assignments, certificates, modifications and other documents which from time to time may be necessary or required in connection with the servicing of the Authority's property improvement program.

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7. Contract Administration Program. The Authorized Officers, the Director of Asset Management, the Manager, Federal Contract Administration, together with any person duly appointed and acting in such capacity, or any one of them, are hereby authorized to execute and deliver on behalf of the Authority any and all contracts, agreements, certificates, exhibits and other documents which from time to time may be necessary or required by the US Department of Housing and Urban Development ("HUD") in connection with the Contract Administration programs.

8. Multi-Family Loan Commitments Under \$250,000. Pursuant to Rule 143 of the Authority's General Rules, the Executive Director is authorized to issue the Authority's mortgage loan commitments for mortgage loans having principal amounts less than \$250,000. In addition, the Authorized Officers, or any one of them, are authorized to issue on behalf of the Authority, without further Authority action, mortgage loan commitments for such loans. Provided, however, that the Executive Director or other Authorized Officer determines that each applicant is an eligible applicant and that each application is consistent with applicable Authority processing and underwriting procedures and guidelines. Each mortgage loan commitment shall contain such terms, conditions and requirements as may be deemed appropriate by an Authorized Officer.

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(a) to release from safekeeping, deliver, sell, redeem, exchange or otherwise dispose of, securities held by financial institutions on behalf of the Authority as collateral to secure investments of the Authority when the Authority's interest in the particular collateral is terminated or modified;

(b) to execute drafts or payment vouchers on letters of credit;

(c) to execute and deliver any and all contracts, agreements, certificates, exhibits, and other documents and amendments thereto which from time to time may be necessary or required in connection with the sale, delivery, purchase, redemption, and ongoing administration of the Authority's notes and bonds; and

(d) to authorize a paying agent of an Authority obligation to make payment of matured interest coupons lost, destroyed, or wrongfully taken upon the receipt of indemnification satisfactory to the paying agent.

11. Environmental Review. The Executive Director, Chief of Staff, Chief Housing Investment Officer, Chief Housing Solutions Officer, Chief Financial Officer, Director of Legal Affairs and the Director of Development are each authorized to prepare and execute all documents related to the Environmental Review Record and to certify compliance with the National Environmental Policy Act and other requisite environmental Federal Laws, including, but not limited to, any environmental requirements set forth by the United States Department of Housing and Urban Development ("HUD"). The foregoing delegation of authority is intended to include any authority that is specifically delegated to the Executive Director by HUD.

12. Authorization Accorded Various Positions. The following members of the Authority Staff named or holding the positions noted hereafter, together with any person duly appointed and acting in such capacity, or their supervisor(s) are individually authorized to execute on behalf of the Authority the following documents or communications:

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Chief Architect

Staff Architect

- Approval of Plans and Specifications
- Permission To Occupy

Physical Portfolio Manager

Costing Engineer

Chief Architect

- Trade Payment Breakdown

Chief Construction Manager

- Approval of Draw Request (as to percent of work completed)
- Approval or Rejection of Contractor's Equal Employment Opportunity Plans
- Letters of Approval or Rejection of Subcontractors on the Basis of Equal Opportunity Performance

Construction Specialist

- Punchlist

Equal Opportunity Officer

- Approval or Rejection of Affirmative Fair Housing Marketing Plans

Director of Rental Assistance and Homeless Solutions, or Rental Assistance and Homeless Solution Operations Manager

- Agreements and Certificates required by HUD in connection with Federal Programs administered by the Authority's Office of Rental Assistance and Homeless Solutions
- All agreements and certifications required in connection with the administration of the Housing Choice Voucher Program

Director of Asset Management

- Agreements and Certificates required by HUD in connection with the management of housing developments financed under the Section 8 New Construction Housing Program
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- Single Family Mortgage Loan Commitments

13. The Authorized Officers and any person authorized to execute any document by this resolution may execute any such document electronically if electronic signature of such document shall otherwise be valid.

14. This Resolution amends and restates the Authority's December 14, 2023 Resolution entitled "Amended and Restated Resolution Authorizing Signatories." All other resolutions specifically authorizing signatories which have not been previously repealed, superseded, or modified remain in full force and effect. This Resolution shall take immediate effect.




MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director 

DATE: April 18, 2024

RE: Housing and Community Development Fund Grants

- *Asylum Seekers Emergency Shelter Program*
- *Implementation of Statewide Housing Plan*

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution that authorizes grant dollars in the total maximum amount of \$1,350,000, funded from the Michigan Housing and Community Development Fund ("HCDF Fund"). Two grants will be authorized from the total funding:

- i. a maximum of One Million and No/100 Dollars (\$1,000,000) to the Detroit Rescue Mission Ministries in support of the Authority's Asylum Seekers Emergency Shelter Program; and
- ii. a maximum of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000) to the Corporation for Supportive Housing in support of the implementation of the Statewide Housing Plan and in support of the Campaign to End Homelessness.

The grant proposals have been evaluated by Authority staff and found to be in accordance with the Authority's HCDF guidelines and have been recommended for approval by committees of Authority management staff.

PROJECT SUMMARIES:

1. Asylum Seekers Emergency Shelter Program – The Detroit Rescue Mission Ministries ("DRMM")

The shortage of emergency housing in the City of Detroit was exacerbated by the Coronavirus Disease 2019 ("COVID-19") straining the City of Detroit's ability to provide emergency housing accommodations for asylum seekers that suffered a negative impact from COVID-19. To alleviate this capacity strain and provide safe and decent housing accommodations for the asylum seekers, the City of Detroit is partnering with the DRMM to provide a 50-bed emergency shelter site located at 11037 Mack Avenue, Detroit, Michigan 48214 ("Emergency Shelter Site"). The asylum seekers eligible for housing accommodations at the Emergency Shelter Site

will be extremely low-income City of Detroit residents who are experiencing homelessness. The Authority's grant will support program costs and shelter operations as permitted by HCDF requirements.

2. Statewide Housing Plan Implementation – The Corporation for Supportive Housing (“CSH”)

CSH will work with the Authority, the Michigan Interagency Council on Homelessness (“ICH”), Regional Housing Partnership (“RHP”) partners, and other statewide partners to create high-quality permanent housing solutions for those who are homeless and most in need and to help ensure supportive housing quality across new and existing projects. include ongoing implementation of pandemic learnings. CSH will support RHPs to implement strategies within their Regional Housing Plans that relate to Preventing and Ending Homelessness and support the ICH's development of innovative program models. The Authority's grant will support program and staffing costs as permitted by HCDF requirements.

EXECUTIVE SUMMARY:

The State Housing Development Authority Act of 1966, Public Act 346 of 1966, Part 125.1458 et seq., as amended, charges the Authority with creating and implementing the HCDF Program for the purposes of developing and coordinating public and private resources to meet the affordable housing needs of low income, very low income, and extremely low-income households and to revitalize downtown areas and adjacent neighborhoods in the State of Michigan. Effective March 30, 2022, the HCDF Program was federally funded utilizing the United States Department of Treasury (“Treasury”) American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds (“ARP-SLFRF”), which were awarded to the State of Michigan on May 13, 2021, by federal award number SLFRP0127, and the Michigan Legislature appropriated to the Authority pursuant to the Public Act 53 of 2022, as amended (the “Act”). Pursuant to Section 352 of the Act, the Authority must use the HCDF Program funds to expand access to affordable and attainable housing for populations or regions disproportionately impacted by the Coronavirus Disease 2019 (“COVID-19”) pandemic.

In 2022, the Michigan legislature appropriated \$50 million in funding for the MHCD Fund, which is administered by the Authority under Section 58 of the Authority's Act (Act 346 of the Public Acts of 1966, as amended). These funds are available for the construction, rehabilitation and preservation of affordable housing projects serving low income, very low-income and extremely low-income families.

The grants recommended herein have been reviewed by the State of Michigan compliance contractor Accenture to help ensure compliance with ARP-SLFRF requirements and have been evaluated by Authority staff for compliance with HCDF requirements, which evaluation has been reviewed and approved by committees of Authority supervisory staff.

ADVANCING THE AUTHORITY'S MISSION:

The proposed grants will serve to address ongoing housing hardships created and exacerbated by the Covid-19 crisis, will serve to support the implementation of the Statewide Housing Plan, and will serve to support the Campaign to End Homelessness.

MUNICIPAL SUPPORT:

The City of Detroit and various Regional Housing Partners have expressed support for the issuance of the grants.

RESIDENT IMPACT:

None.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Upon approval by the Authority of the recommendation, grant agreements reflecting the required ARP-SLFRF and HCDF guideline requirements, and appropriate monitoring metrics, will be executed prior to grant fund disbursement.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING GRANTS FROM THE MICHIGAN HOUSING AND
COMMUNITY DEVELOPMENT FUND**

April 18, 2024

WHEREAS, Section 58a of Public Act 346 of 1966, as amended (the "Act") creates and establishes the Michigan housing and community development fund (the "HCDF Fund") under the jurisdiction and control of the Michigan State Housing Development Authority (the "Authority"); and

WHEREAS, Section 58b(3) of the Act provides that the Authority may use the monies held in the HCDF Fund to make loans or grants ("HCDF Grants") to eligible applicants as defined in Section 58(2)(d), in any amounts as the Authority determines, to finance the acquisition, construction, rehabilitation, or preservation of housing for low income, very low income and extremely low income households; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the following grant proposals and recommend that the Authority adopt a resolution authorizing:

- i. a maximum of One Million and No/100 Dollars (\$1,000,000) to the Detroit Rescue Mission Ministries in support of the Authority's Asylum Seekers Emergency Shelter Program; and
- ii. a maximum of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000) to the Corporation for Supportive Housing in support of the implementation of the Statewide Housing Plan and in support of the Campaign to End Homelessness.

as set forth in the accompanying memorandum; and

WHEREAS, the Authority concurs in the recommendation.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. That the Authority hereby determines that:
 - b. the HCDF Grants shall be expended for one or more of the activities outlined in the Authority's Act and permitted under Rule 125.190 of the Authority's General Rules; and
 - c. in the event that housing units are created or improved with grant proceeds, at least twenty percent (20%) of the units in the housing project to be acquired, constructed, rehabilitated or preserved with HCDF Grant funds are set aside for Low Income Households, as defined by the Act and Rule 191 of the Authority's General Rules.
2. That an HCDF Grant not to exceed One Million and No/100 Dollars (\$1,000,000) be and

hereby is authorized to be used for the purposes set forth in the accompanying memorandum, subject to the conditions contained therein and to the execution of a Grant Agreement between the Authority and the Detroit Rescue Mission Ministries, including the following:

- a. a provision pursuant to which the owner and manager agree not to evict a tenant without just cause, as defined in MCL 125.694a;
 - b. a provision providing for the recapture or de-obligation of some or all of the HCDF Grant for any the reasons specified in Rule 125.196(4) of the Authority's General Rules; and
 - c. performance metrics and reporting requirements a required by HCDF guidelines.
3. That an HCDF Grant not to exceed Three Hundred Fifty Thousand and No/100 Dollars (\$350,000) be and hereby is authorized to be used for the purposes set forth in the accompanying memorandum, subject to the conditions contained therein and to the execution of a Grant Agreement between the Authority and the Corporation for Supportive Housing, including the following:
 - a. a provision pursuant to which the owner and manager agree not to evict a tenant without just cause, as defined in MCL 125.694a;
 - b. a provision providing for the recapture or de-obligation of some or all of the HCDF Grant for any the reasons specified in Rule 125.196(4) of the Authority's General Rules; and
 - c. performance metrics and reporting requirements as required by HCDF guidelines.
4. That, if an advance or any portion of any HCDF Grant (the "Grant") is not used for the intended purpose due to conditions that make it impossible to use as stated herein, or if the grantee fails to use all or any portion of the Grant, any unused Grant proceeds that have been disbursed will be returned to the Authority immediately. All Grant proceeds that have not been used for approved Grant purposes within two (2) years of the date of this Resolution will be recaptured by the Authority and returned to the Authority's HCDF Fund.
5. That the Chief Executive Officer and Executive Director, the Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Legal Affairs, the Director of Finance, or any person duly appointed and acting in that capacity (each an Authorized Officer) is authorized to modify the terms of the Grant or take such action as, in the discretion of the Authorized Officer, may be necessary to assure the administration of the Grant is in compliance with the Consolidated Act, the Act and the General Rules of the Authority, and to effectuate the proposals set forth in the accompanying memorandum.



M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director *Amy Hovey*

DATE: April 18, 2024

RE: The Flats at Carriage Commons; MSHDA Development No. 44c-211

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") 1) adopt a resolution authorizing the issuance of a loan (the "Loan") with respect to the project described in the attached report; and 2) adopt a resolution authorizing the issuance of bonds, the proceeds of which will finance the Loan.

PROJECT SUMMARY:

MSHDA No.:	44c-211
Development Name:	The Flats at Carriage Commons
Development Location:	Garfield Township, Grand Traverse County
Eligible Distressed Area:	No
Sponsor:	SHAG Flats Phase I Developer, LLC and The Traverse City Housing Commission
Borrower:	The Flats Phase I Limited Dividend Housing Association, LLC
Number of Units:	48 family units
Number of Accessible Units:	16 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds and Notes issued under Section 44c
Pass-Through Gap PA 5:	\$1,920,000
Total Development Cost:	\$23,073,848 (estimated)
Total Loan Amount:	Not to exceed \$12,000,000 (57.00% of aggregate basis)
Credit Enhancement:	Cash Collateral from construction financing provided by Fifth Third Bank during construction loan term; Standby Credit Enhancement Agreement during the permanent loan term.

EXECUTIVE SUMMARY:

SHAG Flats Phase I Developer, LLC ("Sponsor") proposes to construct forty-eight (48) affordable housing units located in Garfield Township, Grand Traverse County, Michigan (the

“Development”). The Development will be built using a construction loan financed with the proceeds of bonds issued pursuant to Section 44c of the Authority’s enabling act. Upon completion of construction and certain other conditions of conversion, the Bonds will be subject to mandatory tender, purchase, partial payment and conversion to a tax-exempt note to provide permanent financing for the Development. In connection therewith, the Federal Home Loan Mortgage Corporation (“Freddie Mac”) will enter into a Standby Credit Enhancement Agreement to serve as credit enhancement. The Development, as proposed, meets the requirements of Section 44c, and repayment of the bonds and notes will be reasonably secure based on the following: (a) cash collateral during the construction loan term, intended to secure such repayment and held by the trustee for the bonds; and (b) a Freddie Mac Standby Credit Enhancement Agreement during the permanent loan term.

I am recommending Board approval for the following reasons:

- The Sponsor’s application satisfies the requirements for the issuance of commitment resolution under Section 44c of the Authority’s Act and the Amended and Restated Pass-Through Bond Program statement.
- Forty-Eight (48) units of family housing will be created in the Garfield Township community.
- The repayment of the limited obligation bonds and tax-exempt note will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY’S MISSION:

- 43.75% of the units (21 units) will be reserved for tenants at or below 70% of Area Median Income (“AMI”); 39.6% of the units (19 units) will be reserved for tenants at or below 60% of AMI; and 16.65% of the units (8 units) will be reserved for tenants at or below 30% of AMI.
- Additional details are provided on page 2 of the Staff Report.
- New affordable housing in the Garfield Township community/area will be created.

MUNICIPAL SUPPORT:

- The Development has been granted a tax exemption and payment in lieu of taxes under the Act.

COMMUNITY ENGAGEMENT/IMPACT:

- It is anticipated that the construction of the Development will create 1.5 permanent jobs and 114 temporary jobs.
- The community will be invited to engage in a public hearing (TEFRA Hearing) regarding the bond funding preceded by a public notice.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

- None



AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

LOAN COMMITMENT STAFF REPORT

April 18, 2024

RECOMMENDATION:

Adopt a resolution authorizing the issuance of a loan commitment with respect to the project described in this report.

PROJECT SUMMARY

MSHDA No.:	44c-211
Development Name:	Flats at Carriage Commons
Development Location:	Garfield Township, Grand Traverse County
Eligible Distressed Area:	No
Sponsor:	SHAG Flats Phase I Developer, LLC and the Traverse City Housing Commission
Borrower:	The Flats Phase I Limited Dividend Housing Association, LLC
Number of Units:	48 Family Units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds and Notes issued under Section 44c
Pass-Through Gap PA 5:	\$1,920,000
Total Development Cost:	\$23,073,848 (estimated)
Aggregate Basis:	\$21,053,593
Total Loan Amount:	Not to exceed \$12,000,000 (57.00% of aggregate basis)
Credit Enhancement:	Cash Collateral from Construction Financing provided by Fifth Third Bank during construction loan term; Standby Credit Enhancement Agreement during the permanent loan term.
Commitment Fee:	2.0% of the Loan Amount

The material contained in this staff report is submitted to the Authority for information only. The Authority does not underwrite Pass-Through Bond loans. To the extent that any information contained herein conflicts with the documents relating to the sale of the notes or bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

Section 44c of Public Act 346 of 1966, as amended (the "Act"), authorizes the Authority to issue notes and bonds that are not general obligations of the Authority and are not backed by the moral obligation of the State. The bonds and notes are "limited obligations" of the Authority with the security limited to the assets of the borrower, the project itself, if applicable, and the credit enhancement arranged by the borrower. These are generally referred to as "Pass-Through" bonds.

On July 20, 2023, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to \$300 million in tax-exempt bond volume cap. This program imposes rent and income targeting requirements of either 40% at 60% of area median income or 20% at 50% of area median income and limits the bond allocation available per project and per sponsor. At least ten percent (10%) of these units must be more deeply targeted to households whose income is at or below 40% of area median income. It also requires limited market and environmental reviews.

PROPOSAL SUMMARY:

The Flats Phase I Limited Dividend Housing Association, LLC (the "Borrower") proposes to construct 48 family units on a site on the corner of Lafranier Road and West Hammond Road in Garfield Township. 43.75% of the units (21 units) in the development will be targeted to households with incomes at or below 70% of area median income ("AMI"), utilizing the new Multifamily Tax Subsidy Projects ("MTSP") income limits; 39.6% of the units (19 units) will be targeted to households with incomes at or below 60% of AMI; and 16.65% of the units (8 units) will be targeted to households with incomes at or below 30% of AMI.

Authority staff has received and reviewed commitments for the proposed credit enhancements and has determined that, if the proposed credit enhancements are delivered as set forth in the commitments, repayment of the Authority's notes or bonds will be reasonably secure.

CONDITIONS:

1. Income Limits:

The Borrower must enter into a Regulatory Agreement with the Authority requiring that 27 units must be rented or available for rental by tenants whose income does not exceed the 60% income limit for Multifamily Tax Subsidy Projects as determined by HUD with respect to projects financed pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), as further amended by the Housing and Economic Recovery Act of 2008 (P.L. 110-289) ("MTSP Limits"), adjusted for family size. Of those units, (a) 8 units in the Development must be rented or available for rental by tenants whose income does not exceed the 30% MTSP Limit, adjusted for family size, and (b) 19 units in the Development must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size. In addition, 21 units in the Development must be rented or available for rental by tenants whose income does not exceed the 70% MTSP Limit, adjusted for family size. These occupancy restrictions shall be contained in a covenant running with the land and shall remain in effect for the period that the Authority obligations to be issued to finance the Development (the "Government

Obligations”) remain outstanding, but in no event for less than the period of time required by the terms of the Low Income Housing Tax Credit (“LIHTC”) Regulatory Agreement or the period required by Section 142(d) of the Code (known as the Extended Use Period, or the “EUP”).

The income of the individuals and the area gross median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of Treasury publishes its requirements, income of individuals shall be determined in accordance with the Section 8 regulations.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 8 units in the Development may not exceed 30% of 1/12 of the 30% MTSP Limit, assuming occupancy by one and one-half persons per bedroom; 19 units in the Development may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. In addition, 21 units in the Development may not exceed 30% of 1/12 of the 70% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. These limitations on rental rates shall be contained in a covenant running with the land and shall remain in effect for the period that the Governmental Obligations remain outstanding, but in no event for less than the period of time required by the terms of the LIHTC Regulatory Agreement, known as the EUP.

For purposes of determining whether or not the rents paid by the tenants of the Development are within the required limits set forth in this Section 2, the amount of any Section 8 rental subsidy paid on behalf of a tenant with respect to any unit shall not be considered as rent paid by the tenant.

3. **Covenant Running with the Land:**

The Borrower must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the Government Obligations. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after 50% of the residential units in the project are occupied, the first day on which no Government Obligations are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates (the “Qualified Project Period”). Additionally, during the Qualified Project Period, the minimum set-aside requirements of the Code must be maintained, namely, at least 40% of the units in the Development must be occupied or held available for occupancy by individuals whose income is lower than the MTSP Limits 60% income limit, adjusted for family size. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes

its requirements, income of the individuals shall be determined in accordance with Section 8 regulations.

4. **Limitation on Return on Equity:**

The Borrower must agree that its return on equity will be limited to 12 percent for the first 12-month period following substantial completion of the Development, with annual one percent increases thereafter until a cap of 25% is reached, and to submit an annual financial statement evidencing its eligibility for return no later than 90 days after the close of the Borrower's fiscal year. The Borrower's return is fully cumulative. The amount of the Borrower's equity will be determined by the Authority.

5. **Government Obligations and Tax Credit Requirements:**

At the Bond closing, the Borrower must enter into a Trust Indenture that provides all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and will be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by the Borrower's accountants and/or such other evidence, as determined by the Authority's Director of Legal Affairs, that respectively confirm that the structure of the transaction will permit the Borrower to claim the LIHTC 4% credit. Upon completion of construction and certain other conditions of conversion, the Bonds will be subject to mandatory tender, purchase, and conversion to a tax-exempt note to provide permanent financing for the Development. In connection therewith, the Authority will enter into a Funding Loan Agreement, a Project Loan Agreement, and related documents upon conversion of the Bonds to the tax-exempt note. Also in connection therewith, the Federal Home Loan Mortgage Corporation will enter into a Standby Credit Enhancement Agreement to serve as credit enhancement.

6. **Loan Agreement; Indemnification; Compliance Monitoring and Reporting Requirements:**

At the Bond closing, the Borrower must also enter into a Loan Agreement with the Authority, which Loan Agreement will be superseded by a Project Loan Agreement upon satisfaction of certain conditions to conversion. In the Loan Agreement and Project Loan Agreement, the Borrower must agree to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of the financing, construction, ownership, or operation of the Development, or from the violation of any environmental laws. The Borrower must also agree to provide the Authority on or before September 1 of each year, commencing in 2025, with a report in a form acceptable to the Authority, including such information as is required by Section 44c of the Act. The Borrower must also agree to participate in compliance monitoring activities relative to the Governmental Obligations and the tax credits allocated to the Development, as required by the Authority's Compliance Monitoring staff, and to pay an annual compliance monitoring fee not to exceed 0.25% of the outstanding principal amount of the Governmental Obligations. The

form and substance of the Loan Agreement and Project Loan Agreement must be acceptable to the Authority's Director of Legal Affairs.

7. Closing and Organizational Documents:

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the limited obligation bonds and notes and the making of the loan, including title and survey matters, and its organizational documents. All documents must be in compliance with the Authority's Act and acceptable to the Michigan Attorney General, the Authority's Bond counsel and the Authority's Director of Legal Affairs.

8. Equal Employment Opportunity:

At Bond closing, the Borrower and the general contractor must include the Authority's form Appendix to Construction Contract with the Construction Contract that is acceptable to the Authority's Director of Legal Affairs.

9. LIHTC Regulatory Agreement:

Following the Placed in Service Date, the Borrower must enter into an LIHTC Regulatory Agreement in a form required by the Authority.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

- 1. Sponsor:** SHAG Flats Phase I Developer, LLC
1100 NW 4th Ave.
Delray Beach, FL 33444

Contact: Darren Smith and Timothy Henzy
Phone: (561) 859-8520
Email: dsmith@smithhenzy.com
- 2. Sponsor:** The Traverse City Housing Commission
150 Pine Street
Traverse City, MI 49684

Contact: Karl Fulmer
Phone: (231) 922-4915
Email: kfulmer@tchousing.org
- 3. Borrower:** The Flats Phase I Limited Dividend Housing Association, LLC

Credit Enhancement:

The credit enhancement shall be cash collateral during the construction term and a Standby Credit Enhancement Agreement during the permanent loan term.

**Loan Commitment Staff Report
#44c-211, Flats at Carriage Commons
Garfield Township, Grand Traverse County
April 18, 2024**

Bond Underwriter: Raymond James

Bond Counsel: Miller Canfield (Kris Nied)

Bond Trustee: The Bank of New York Mellon Trust Company, N.A.

Other Members of the Development Team:

Equity Partner:	Raymond James
Borrower's Counsel:	Shutts & Bowen (Robert Cheng)
Borrower's Accountant:	Tidwell Group (Joshua Northcut)
Project Attorney:	Clark Hill (Ted Rozeboom)
Contractor:	Wolverine Building Group (Jamerson Ries)
Construction Manager:	Smith & Henzy Affordable Group, Inc., or its affiliate
Property Management:	American Preferred Management Co., Inc. (John Murphy)
Architect:	Progressive AE (Choli Aronson)
Rating Agency:	Moody's

Sources and Uses of Funds:

Tax-Exempt Loan	\$ 3,700,000
MSHDA Grant	1,920,000
MEDC Grant	6,000,000
Bond Interest Revenue	888,000
Seller Note	720,000
LIHTC Equity	9,396,079
Deferred Developer Fee	449,769

Total Sources of Funds **\$ 23,073,848**

Land	\$ 550,000
Site Work	1,286,720
Construction	11,634,871
Professional Fees	926,500
Interim Construction Costs	3,122,333
Financing Costs	140,000
Other Costs	1,059,561
Syndication Costs	447,300
Developer Fees	3,774,604
Project Reserves	<u>131,959</u>

Total Uses of Funds **\$ 23,073,848**

Loan Commitment Staff Report
#44c-211, Flats at Carriage Commons
Garfield Township, Grand Traverse County
April 18, 2024

APPROVALS:

<i>Chad A. Benson</i>	4/9/2024
Chad Benson, Director of Development	Date
<i>Jeffrey J Sykes</i>	4-10-24
Jeffrey Sykes, Chief Financial Officer	Date
<i>Clarence L. Stone, Jr.</i>	4/10/2024
Clarence L. Stone, Jr., Director of Legal Affairs	Date
<i>Amy Hovey</i>	04/11/2024
Amy Hovey, Chief Executive Officer and Executive Director	Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY RESOLUTION
AUTHORIZING ISSUANCE AND SALE OF MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS,
SERIES 2024 (THE FLATS AT CARRIAGE COMMONS PHASE I PROJECT) TO
FINANCE A LOAN TO THE FLATS PHASE I LIMITED DIVIDEND HOUSING
ASSOCIATION, LLC, SO AS TO ENABLE THE BORROWER TO ACQUIRE,
CONSTRUCT AND EQUIP A CERTAIN MULTIFAMILY RENTAL HOUSING
FACILITY, AUTHORIZING THE EXECUTION OF THE BOND PURCHASE
AGREEMENT, THE LOAN AGREEMENT, THE TRUST INDENTURE SECURING
THE BONDS, THE GOVERNMENTAL NOTE, THE PROJECT LOAN AGREEMENT
AND THE FUNDING LOAN AGREEMENT SECURING THE GOVERNMENTAL
NOTE AND DETERMINING AND
AUTHORIZING OTHER MATTERS RELATIVE THERETO

April 18, 2024

WHEREAS, the Michigan State Housing Development Authority (the “Authority”) is authorized by Act 346, Michigan Public Acts, 1966, as amended (the “Act”), to issue notes and bonds for the purpose of making loans to limited dividend housing associations (as defined in the Act) to provide long-term financing for multifamily housing projects (as defined in the Act); and

WHEREAS, The Flats Phase I Limited Dividend Housing Association, LLC, a limited liability company duly organized and validly existing under the laws of the State of Michigan (the “Borrower”), is a limited dividend housing association limited liability company (as defined in the Act); and

WHEREAS, the Borrower has applied to the Authority for a loan in a maximum amount of \$12,000,000 to finance the costs of acquiring, constructing and equipping a certain multifamily housing development, known as The Flats at Carriage Commons Phase I, located in the Township of Garfield, Grand Traverse County, Michigan (the “Project”); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2024 (The Flats at Carriage Commons Phase I Project), in an aggregate principal amount not to exceed \$12,000,000 (the “Bonds”) pursuant to this Resolution and the Trust Indenture, dated as of May 1, 2024 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), to obtain funds to lend to the Borrower, pursuant to a Loan Agreement, dated as of May 1, 2024 (the “Loan Agreement”), between the Authority and the Borrower to finance the costs of acquisition, construction, and equipping of the Project, as evidenced by a promissory note (the “Note”) from the Borrower to the Authority, and assigned by the Authority to the Trustee, during the construction phase of the project (the “Loan”);

WHEREAS, Fifth Third Bank, National Association (the “Mortgage Lender”) has agreed to provide a construction loan (the “Mortgage Loan”) to the Borrower, the proceeds of which shall provide financing for the Project and credit enhancement for the Bonds;

WHEREAS, the Loan will convert to permanent financing upon certain conditions being met, as set forth in the Indenture and the Construction Phase Financing Agreement (defined below) (the “Conversion”);

WHEREAS, prior to the issuance of the Bonds, the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise (“Freddie Mac”), will deliver a commitment to Berkadia Commercial Mortgage LLC (the “Funding Lender”), whereby Freddie Mac agrees to purchase the Funding Loan (defined below) upon satisfaction of the conditions to Conversion;

WHEREAS, Freddie Mac, the Mortgage Lender, the Funding Lender and the Borrower will enter into a Construction Phase Financing Agreement, dated as of May 1, 2024 (the “Construction Phase Financing Agreement”), whereby the Funding Lender commits, subject to the satisfaction on or before an outside conversion date of the conditions to Conversion set forth in the Construction Phase Financing Agreement, to facilitate the financing of the Project in the permanent phase (the “Funding Loan”) and provide credit enhancement for the Funding Loan pursuant to a Standby Credit Enhancement Agreement (the “Permanent Phase Credit Enhancement”) between Freddie Mac and the Fiscal Agent (as defined below);

WHEREAS, if the conditions to Conversion are satisfied as set forth in the Indenture and the Construction Phase Financing Agreement, Conversion will occur and on such date: (i) the Bonds will be subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds will be paid with amounts on deposit under the Indenture, (iii) a portion of the principal amount of the Bonds will be cancelled, if necessary, to reflect the actual amount of the Funding Loan, (iv) the Bonds will be removed from the book-entry system and converted to a physical note of the Authority (in the form attached to the Funding Loan Agreement, as defined below) (the “Governmental Note”), which will be executed, delivered and become effective on the Conversion Date, and be purchased by the Funding Lender, (v) the Funding Loan Agreement (attached as APPENDIX E to the Indenture), to be dated the first day of the month in which Conversion occurs (the “Funding Loan Agreement”), among the Authority, the Funding Lender and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”) and the Project Loan Agreement (attached as APPENDIX F to the Indenture), to be dated the first day of the month in which Conversion occurs (the “Project Loan Agreement”), between the Authority and the Borrower, will be executed and delivered by the respective parties and become effective and shall supersede the Indenture and the Loan Agreement, respectively, (vi) the proceeds of the Funding Loan, along with other funds of the Borrower, will be deposited into a designated fund under the Indenture, (vii) the Mortgage Loan will be paid in full with amounts on deposit under the Indenture and all security related to the Mortgage Loan will be released or assigned to secure the Funding Loan, (viii) the Borrower will execute a note (the “Project Note”) to evidence its obligations under the Project Loan Agreement and to secure repayment of the loan offered under the Project Loan Agreement (the “Project Loan”), which Project Note the Authority will assign to the Fiscal Agent to secure the Governmental Note, (ix) the Borrower will execute a Multifamily Mortgage (the “Security Instrument”) in favor of the Authority with respect to the Project to secure the Borrower’s obligations under the Project Loan Agreement, which Security Instrument the Authority will assign to the Fiscal Agent pursuant to an Assignment of Multifamily Mortgage (the “Assignment”) to further secure the Governmental Note, and (x) Freddie Mac will execute the Standby Credit Enhancement Agreement and deliver it to the Fiscal Agent;

WHEREAS, the Authority has determined that making the Loan requested by the Borrower, issuing and selling the Bonds and delivering the Governmental Note at Conversion, as hereinafter provided, will promote and serve the intended purposes of, and in all respects will conform to the provisions and requirements of, the Act and the rules of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Deputy Director of Finance, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or the Vice Chairperson of the Authority or any person duly authorized to act in such capacity (each hereinafter individually referred to as an “Authorized Officer”) the power to determine certain terms and conditions of the Bonds, subject to the limitations established herein.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority, as follows:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the Loan requested by the Borrower to assist in the financing of the acquisition, construction, and equipping of the Project, the issuance of the Bonds in an aggregate principal amount not to exceed \$12,000,000 is authorized.

The Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (The Flats at Carriage Commons Phase I Project)*,” shall be issuable only in fully registered form, substantially as set forth in the Indenture; shall be numbered in such manner as determined by the Trustee in order to distinguish each Bond from any other Bond; shall be in Authorized Denominations (as defined in the Indenture); shall be dated the date of delivery; and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date.

The terms for optional and mandatory redemption of the Bonds and the tender, transfer, conversion and registration provisions for the Bonds shall be as provided in the Indenture and the form of the Bonds attached to the Indenture, with such modifications as may be approved by an Authorized Officer.

The Bonds shall be issued pursuant to this Resolution and the Indenture in substantially the form on file with the Executive Director, with such changes as may be acceptable to an Authorized Officer of the Authority.

The Bonds and the interest obligation on the Bonds shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Loan Agreement, the Note and otherwise as provided in the Indenture including moneys and investments on deposit in the Special Funds therein (collectively, the “Construction Phase Credit Enhancement”). The Authority approves the Construction Phase

Credit Enhancement and determines that repayment of the Bonds thereby will be reasonably secure.

SECTION 2. Application of Proceeds of Bonds. Immediately upon receipt, the proceeds of the sale of the Bonds shall be deposited in the applicable funds and accounts created pursuant to the Indenture as provided in the Indenture.

SECTION 3. No Capital Reserve Requirement. The Bonds and Governmental Note shall not be secured by the capital reserve capital account of the Authority.

SECTION 4. Form of the Bonds. The form of the Bonds shall be substantially in the form attached to the Indenture, with such appropriate changes, omissions and insertions as are permitted or required by the Indenture or by subsequent action of an Authorized Officer.

SECTION 5. Execution of the Bonds. The Bonds shall bear the facsimile signature of the Chairperson or Executive Director of the Authority and an imprint of the official seal of the Authority (or a facsimile of such seal), and shall be authenticated by the manual signature of an authorized signer of the Trustee.

SECTION 6. Approval of Loan Agreement and Indenture. The form of the Loan Agreement and the form of the Indenture on file with the Executive Director and on which an Authorized Officer has endorsed on the date of adoption of this Resolution, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, are approved.

SECTION 7. Approval of the Note and Regulatory Agreement. The form of the Note and the Regulatory Agreement, dated as of May 1, 2024 (the “Regulatory Agreement”), between the Authority and the Borrower, each on file with the Executive Director and on which the date of adoption of this Resolution has been endorsed, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, are approved.

SECTION 8. Delivery of Governmental Note on Conversion Date; Limited Obligation. On the Conversion Date and subject to the conditions for Conversion in the Indenture, the Construction Phase Financing Agreement and the Funding Loan Agreement, the delivery of the Governmental Note in exchange for the Bonds is authorized.

The Governmental Note shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Note Series 2024 (The Flats at Carriage Commons Phase I TEL)*,” shall be issuable only in fully registered form, substantially as set forth in the Funding Loan Agreement; shall be dated the date of its delivery; and shall bear interest from the most recent date to which interest has been paid or duly provided for.

The terms for optional and mandatory prepayment of the Governmental Note and the exchange, transfer and registration provisions for the Governmental Note shall be as provided in the Funding Loan Agreement and the form of the Governmental Note attached to the Funding Loan Agreement, with such modifications as may be approved by an Authorized Officer.

The Governmental Note and the interest obligation on the Governmental Note shall never constitute a debt or general obligation of the State of Michigan or the Authority within the meaning of any constitutional or statutory provision or limitation, and shall never constitute nor give rise to a charge against the general credit or taxing powers of the State of Michigan or the general funds or assets of the Authority (including funds relating to other Authority loans or activities) but shall be a limited obligation, and not a general obligation, of the Authority payable solely from those certain revenues derived from the Project Loan Agreement, the Project Note, the Security Instrument, the Permanent Phase Credit Enhancement and otherwise as provided in the Funding Loan Agreement. The Authority approves the Permanent Phase Credit Enhancement and determines that repayment of the Governmental Note thereby will be reasonably secure.

SECTION 9. Form of the Governmental Note. The form of the Governmental Note shall be substantially in the form attached to the Funding Loan Agreement, with such appropriate changes, omissions and insertions as are permitted or required by the Funding Loan Agreement or by subsequent action of an Authorized Officer.

SECTION 10. Execution of the Governmental Note. The Governmental Note shall bear the facsimile signature of the Chairperson or Executive Director of the Authority and an imprint of the official seal of the Authority (or a facsimile of such seal), and shall be authenticated by the manual signature of an authorized signer of the Fiscal Agent.

SECTION 11. Approval of Funding Loan Agreement and Project Loan Agreement. The form of the Funding Loan Agreement and the form of the Project Loan Agreement, as attached to the Indenture and on file with the Executive Director and on which an Authorized Officer has endorsed on the date of adoption of this Resolution, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, are approved.

SECTION 12. Approval of the Project Note. The form of the Project Note, a form of which is attached to the Project Loan Agreement as EXHIBIT A, by the Borrower in favor of the Authority, on file with the Executive Director and on which the date of adoption of this Resolution has been endorsed, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, is approved.

SECTION 13. Bond Purchase Agreement. Each Authorized Officer is severally authorized to negotiate, execute and deliver, on behalf of the Authority, a Bond Purchase Agreement with Raymond James & Associates, Inc. (the "Underwriter") and the Borrower, in substantially the form on file with the Executive Director and on which the date of adoption of this Resolution has been endorsed, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority, together with such exhibits or appendices in the Bond Purchase Agreement as are deemed necessary or desirable by such Authorized Officer and are permitted or required by the Act and otherwise by law.

SECTION 14. Preliminary Official Statement. The Preliminary Official Statement of the Authority with respect to the offering of the Bonds, substantially in the form presented to this

meeting, is approved and the distribution of the Preliminary Official Statement by the Underwriter is authorized, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate.

SECTION 15. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate, and such final Official Statement is approved for distribution by the Underwriter.

SECTION 16. Execution and/or Delivery of Loan Agreement, the Note, the Indenture, the Funding Loan Agreement, the Project Loan Agreement, the Project Note, the Bond Purchase Agreement and the Regulatory Agreement and Changes in Such Documents. Each Authorized Officer is severally authorized to execute, seal in his or her discretion, deliver, and/or accept delivery, as appropriate, of the Loan Agreement, the Note (and the endorsement of the Note), the Indenture, the Funding Loan Agreement, the Project Loan Agreement, the Project Note (and the endorsement of the Project Note), the Bond Purchase Agreement and the Regulatory Agreement in substantially the forms approved, with such changes as may be necessary or desirable, permitted by the Act or otherwise by law, and as any Authorized Officer deems are not materially adverse to the Authority.

SECTION 17. Sale and Delivery of the Bonds. The Authority shall sell the Bonds to the Underwriter pursuant to the Bond Purchase Agreement subject to the following conditions:

- a) The maximum principal amount of the Bonds shall not exceed \$12,000,000.
- b) The initial interest rate on the Bonds shall not exceed 8.00% per annum.
- c) The maximum interest rate on the Bonds shall not exceed 12% per annum.
- d) The maximum principal amount coming due on the Bonds in any calendar year shall not exceed \$12,000,000.
- e) The Bonds shall have stated maturities that are not later than May 1, 2044.
- f) The terms for optional and mandatory redemption of the Bonds and for tender, purchase and remarketing shall be as set forth in the form of Indenture on file with the Executive Director.
- g) Prior to the delivery of the Bonds, the Authority shall have received all fees provided in Section 44c of the Act.

The Bonds shall be delivered to the Underwriter as provided in the Indenture upon receipt of payment for the Bonds and upon delivery to the Trustee of each of the following:

- A. A certified copy of this Resolution.
- B. An executed counterpart of the Loan Agreement.

C. An executed counterpart of the Indenture together with the forms of the Funding Loan Agreement, Governmental Note, Project Loan Agreement and Project Note attached to the Indenture.

D. An executed counterpart of the Bond Purchase Agreement.

E. An executed counterpart of the Note.

F. An executed counterpart of the Regulatory Agreement.

G. An executed copy of the Construction Phase Financing Agreement, with the form of the Standby Credit Enhancement Agreement attached.

H. An opinion or opinions of Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the Authority (“Bond Counsel”), dated as of the date of issuance of the Bonds, in form acceptable to the Director of Legal Affairs and the Attorney General of the State of Michigan (the “Attorney General”).

I. An opinion or opinions of the Attorney General dated as of the date of the issuance of the Bonds, in form acceptable to the Director of Legal Affairs.

J. An opinion or opinions of legal counsel for the Borrower, dated as of the date of issuance of the Bonds, in form acceptable to the Director of Legal Affairs, Bond Counsel and the Attorney General.

K. A certificate dated the date of the issuance of the Bonds made by the Authority, based upon a certificate of similar import from the Borrower and upon certain use and occupancy restrictions relating to the Project in recordable form, to the effect that the Bond proceeds will be used, and the Project will be operated, in a manner consistent with the requirements of the Internal Revenue Code of 1986, as amended, and the arbitrage regulations of the United States Department of Treasury.

L. Such additional certificates, instruments, opinions of counsel and other documents as the Underwriter, the Trustee, Bond Counsel or the Attorney General may reasonably deem necessary or desirable to evidence the truth and accuracy on the date of issuance of the Bonds, of the representations and warranties set forth in the Loan Agreement, the Indenture or the Bond Purchase Agreement, and such other matters as the Underwriter, Bond Counsel, the Borrower or the Attorney General may reasonably request.

SECTION 18. Execution and Delivery of the Governmental Note.

The Authority shall execute the Governmental Note and deliver it to the Funding Lender on the Conversion Date upon receipt by the Fiscal Agent of the Funding Loan and satisfaction of the requirements to Conversion in the Indenture, the Construction Phase Financing Agreement and the Funding Loan Agreement, subject to the following conditions:

- a) The maximum principal amount of the Governmental Note shall not exceed the outstanding aggregate principal amount of the Bonds at Conversion accounting for

any cancellation of a portion of the Bonds to reflect the actual amount of the Funding Loan.

- b) The initial interest rate on the Governmental Note shall not exceed 8.00% per annum.
- c) The maximum interest rate on the Governmental Note shall not exceed the maximum interest rate permitted by law.
- d) The maximum principal amount coming due on the Governmental Note in any calendar year shall not exceed the original principal amount of the Governmental Note.
- e) The Governmental Note shall have a stated maturity not later than May 1, 2044.
- f) The terms for optional and mandatory prepayment of the Governmental Note shall be as set forth in the form of Funding Loan Agreement on file with the Executive Director.

SECTION 19. Approval of Filings and Submissions with Other Governmental Agents. Each Authorized Officer is severally authorized on behalf of the Authority to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency in order that the Bonds may be validly issued and the interest on the Bonds and the Governmental Note may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are ratified and confirmed.

SECTION 20. Authorization of Other Documents and Actions. An Authorized Officer, as well as counsel to the Authority, and each of them, are authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers and to take such other actions as may be required by the Loan Agreement, the Indenture, the Funding Loan Agreement, the Project Loan Agreement or the Bond Purchase Agreement, or as may be necessary or convenient to effectuate (i) the sale and delivery of the Bonds and the closing of the Loan or (ii) the delivery of the Governmental Note and the closing of the Funding Loan and the Project Loan at Conversion.

SECTION 21. Appointment of Trustee/Fiscal Agent. The Bank of New York Mellon Trust Company, N.A. is appointed Trustee under the Indenture and Fiscal Agent under the Funding Loan Agreement.

SECTION 22. Appointment of Servicer. Berkadia Commercial Mortgage LLC is appointed Servicer during the permanent phase as described in the Funding Loan Agreement.

SECTION 23. Conflict. All resolutions and parts of resolutions or other proceedings of the Authority in conflict herewith are repealed to the extent of such conflict.

SECTION 24. Effectiveness. This Resolution shall become effective upon adoption. If the Bonds are not sold and delivered on or before June 30, 2024, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than May 31, 2024, all

references to May 1, 2024 in this Resolution may be permissibly changed to the first of the month preceding the sale of such Bonds.

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DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING LOAN
THE FLATS AT CARRIAGE COMMONS, MSHDA No. 44c-211
GARFIELD TOWNSHIP, GRAND TRAVERSE COUNTY**

April 18, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, limited dividend housing associations, mobile home park corporations, and certain public bodies or agencies; and

WHEREAS, an application (the "Application") has been filed with the Authority by SHAG Flats Phase I Developer, LLC and the Traverse City Housing Commission (collectively the "Applicant") for a loan in an amount not to exceed Twelve Million Dollars (\$12,000,000) (the "Loan") for the acquisition, construction and equipping of a housing project having an estimated Total Development Cost of Twenty-Three Million Eighty-Six Thousand Five Hundred Ninety-Seven Dollars (\$23,086,597), to be known as The Flats at Carriage Commons Phase I (the "Development"), located in Garfield Township, Grand Traverse County, Michigan and to be owned by The Flats Phase I Limited Dividend Housing Association, LLC (the "Borrower"); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Executive Director and, on the basis of the Application and such recommendation, has made determinations that:

- (a) The Borrower is an eligible applicant;
- (b) The proposed housing project is eligible for financing under Section 44c of the Act;
- (c) The Borrower has submitted evidence of a commitment to issue a credit enhancement in a form and amount sufficient to assure the Authority that its loan to the Borrower is reasonably secure;
- (d) The Borrower has agreed to compensate, as it considers appropriate and at no cost to the Authority, any underwriters, trustees, counsel, and other professionals as are necessary to complete the financing of the proposed housing project;
- (e) The Borrower has paid to the Authority its nonrefundable application fee;
- (f) The amount of the loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation of loan amount; and
- (g) Use of the bond authority from the State uniform volume cap for the project will not impair the ability of the Authority to carry out programs or finance housing developments or housing units which are targeted to lower income persons.

WHEREAS, Sections 82 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in a housing project.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority and the Loan Commitment Staff Report dated April 18, 2024 and attached hereto (the "Commitment Report").

2. A loan (the "Loan") be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the Director of Legal Affairs and the Deputy Director of Legal Affairs, or any person duly authorized to act in such capacity (each an "Authorized Officer"), or any one of them acting alone, are authorized to issue to the Applicant and the Borrower the Authority's loan commitment (the "Commitment") for the construction and permanent financing of the proposed housing project, with the Loan to have an initial principal amount not to exceed Twelve Million Dollars (\$12,000,000), to have a term not to exceed twenty (20) years, and to bear interest at a rate not to exceed twelve percent (12%) per annum. Any Authorized Officer is authorized to modify or waive any condition or provision contained in the Commitment.

3. This Resolution and issuance of the Commitment are based on the information obtained from the Applicant. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or changes in any materially adverse respect, this Resolution, together with the Commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

4. Notwithstanding passage of this Resolution or execution of any documents in anticipation of the closing of the proposed Loan, no contractual rights to receive the Loan authorized herein shall arise unless and until an Authorized Officer shall have issued the Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

5. Availability of funds for financing the construction and permanent loan of the proposed housing project is subject to the Authority's ability to sell its limited obligation notes or bonds in the amount and at a rate or rates of interest and at a sufficient length of maturity, as determined by the Executive Director, necessary to make the Loan.

6. In accordance with Sections 93(b) and 44c(12) of the Act, the maximum reasonable and proper rate of return on the investment in the Development be and it hereby is determined to be 12 percent for the first 12 months of operation of the Development following substantial completion. The allowable rate of return shall be increased by 1 percent for each 12-month period after the first 12 months, up to a maximum of 25 percent per annum. Any return less than the allowable rate in any preceding period may be received in any subsequent period on a cumulative basis.

7. The Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Commitment Report attached hereto, which conditions are hereby incorporated by reference as if fully set forth herein.




MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director 

DATE: April 18, 2024

RE: Asset Management – Riverview Terrace Apartments MSHDA # 134-P

RECOMMENDATION:

I recommend approval of a loan from the Michigan Housing and Community Development Fund (“HCDF”) to Adrian Riverview Terrace Limited Dividend Housing Association Limited Partnership in the amount of Eight Hundred Thousand and No/100 Dollars (\$800,000) to pay for the costs of rehabilitation of Riverview Terrace. I also recommend approval of an extension of the existing principal and interest deferral. My recommendation is based upon the February 28, 2024, recommendation of the Authority’s Asset Review Committee, which was in turned based upon the evaluation and recommendation of Authority Staff.

EXECUTIVE SUMMARY:

Riverview Terrace (the “Development”) is a 163-unit senior community located in Adrian. The development is comprised of a single twelve-story high-rise building containing 19 studio units, 143 one-bedroom units, and 1 two-bedroom manager’s unit. The Development was originally constructed and financed under the Section 236 preservation program in 1973. In 2003, the current owner completed a preservation transaction in which the Authority provided new financing for the development through a tax-exempt bond mortgage loan and a loan from excess project reserves in conjunction with the 4% Low-Income Housing Tax Credit (LIHTC).

On July 25, 2022, Asset Management staff were notified that a structural defect in the building foundation had been discovered that led to the local building authorities issuing a condemnation order and the immediate relocation of all tenants into temporary housing to ensure their safety.

In February 2023, the Authority adopted resolutions that authorized grant dollars in the total amount of \$6,600,000 million to the Development. The grant was funded through a combination of \$6,000,000 in Covid Emergency Rental Assistance (CERA2) funding and \$600,000 from the HCDF . Additionally, the Authority approved a deferral of principal and interest payments as to the Development’s existing Authority loans, effective August 1, 2022, through December 31, 2023.

On January 22, 2024, Ownership informed the Authority of additional expenses incurred due to unforeseen events, causing the cost of the repairs to exceed the amount of the funds granted.

Ownership is requesting a new loan in the amount of \$800,000 to cover these additional costs. The loan will be sourced from the HCDF using funds appropriated by the Michigan legislature from the American Rescue Plan Act – State and Local Fiscal Recovery Fund (ARP_SLFRF). The loan will bear an interest rate of 7.00% and be repayable through 50% of surplus cash.

The Development is still vacant and under construction. It is not expected that the units will be available to lease until April of 2024. Ownership is therefore requesting the existing principal and interest deferral to be extended through the earlier of the date the Development is leased at 80% capacity (130 units) or December 31, 2024.

At a meeting held February 28, 2024, the Authority's Asset Review Committee considered Authority's Staff's evaluation of this proposal,

ADVANCING THE AUTHORITY'S MISSION:

The loan and deferral will allow the Development to complete construction and stabilize needed housing for seniors in Adrian.

MUNICIPAL SUPPORT:

Municipal support has not been requested as part of the modification request.

COMMUNITY ENGAGEMENT/IMPACT:

The community will be impacted through the preservation of affordable housing units. The units will remain affordable until December 31, 2038.

RESIDENT IMPACT:

Building is currently vacant. Management is marketing to previous and prospective tenants.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.



ACTION REPORT

DATE:	April 18, 2024
ASSET MANAGER:	Shaun Prince
MSHDA #:	134-P
DEVELOPMENT NAME:	Riverview Terrace Apartments
LOCATION:	400 S. College Avenue Adrian, MI 49221
CUT-OFF DATE:	October 1, 2003
ASSIGNED ATTORNEY:	John Swift
MANAGEMENT AGENT:	Medallion Management
MANAGING GENERAL PARTNER (S):	MDV Management LLC
LIMITED PARTNERS:	MDV Properties GP LLC

RECOMMENDATION:

I recommend approval of a loan from the Michigan Housing and Community Development Fund ("HCDF") to Adrian Riverview Terrace Limited Dividend Housing Association Limited Partnership in the amount of Eight Hundred Thousand and No/100 Dollars (\$800,000) to pay for the costs of rehabilitation of Riverview Terrace. I also recommend approval of an extension of the existing principal and interest deferral. This staff evaluation was presented to and approved by the Authority's Asset Review Committee at a meeting held February 28, 2024.

I. BACKGROUND:

Riverview Terrace (the "Development") is a 163-unit senior community located in Adrian. The development is comprised of a single twelve-story high-rise building containing 19 studio units, 143 one-bedroom units, and 1 two-bedroom manager's unit. The Development was originally constructed and financed under the Section 236 preservation program in 1973. In 2003, the current owner completed a preservation transaction in which the Authority provided new financing for the development through a tax-exempt bond mortgage loan and a loan from excess project reserves in conjunction with the 4% Low-Income Housing Tax Credit ("LIHTC").

On July 25, 2022, Asset Management staff were notified that a structural defect in the building foundation had been discovered that led to the local building authorities issuing a condemnation order and the immediate relocation of all tenants into temporary housing to ensure their safety.

In February 2023, the Authority adopted resolutions that authorized grant dollars in the total amount of \$6,600,000 to the Development. The grant was funded through a combination of \$6,000,000 in Covid Emergency Rental Assistance ("CERA2") funding and \$600,000 from the HCDF. Additionally, the Authority approved a deferral of principal and interest payments as to the Development's existing Authority loans, effective August 1, 2022, through December 31, 2023.

On January 22, 2024, Ownership informed the Authority of additional expenses incurred due to unforeseen events, causing the cost of the repairs to exceed the amount of the

funds granted. Ownership is requesting a new loan in the amount of \$800,000 to cover these additional costs. The loan will be sourced from the HCDF using funds appropriated by the Michigan legislature from the American Rescue Plan Act – State and Local Fiscal Recovery Fund (ARP_SLFRF). The loan will bear an interest rate of 7.00% and be repayable through 50% of surplus cash.

The Development is still vacant and under construction. It is not expected that the units will be available to lease until April of 2024. Ownership is therefore requesting the existing principal and interest deferral to be extended through the earlier of the date the Development is leased at 80% capacity (130 units) or December 31, 2024.

II. CURRENT FINANCIAL CONDITION

- A. The Development currently has 163 vacant units (100%) with an economic vacancy of 100%.
- B. Liquidity has increased from (\$86,561) in December 2022 to (\$67,816) in December 2023.
- C. The Development currently has \$4,026 in receivables.
- D. The Development currently has \$116,184 in payables.

III. SUMMARY OF PROPOSAL:

- A. The Authority will make a loan from the HCDF for Eight Hundred Thousand and No/100 Dollars (\$800,000) to Riverview Terrace Apartments. The loan proceeds will be used for additional incurred costs related to the repair and rehabilitation of the building.
- B. The loan shall bear interest at a rate of 7.00% and be secured by a mortgage on the Development.
- C. The loan will be repaid from 50% of Surplus Cash. Surplus Cash is defined as Total Income minus Operating Expenses, Escrow Payments, Capital Expenditures, and net of Payables/Receivables. Payments will be applied first to accrued interest and any remaining cash flow to be applied to principal. The remaining 50% will be available for payment of limited dividends.
- D. Surplus Cash payments will be determined annually through a certified audit, or third party prepared financial statement and due to the Authority no later than April 30th.
- E. The balance of the loan will be due as a balloon payment at the earlier of the mortgage maturity, refinancing, sale, or resyndication of the Development, except that any balloon payment will only be due and payable in compliance with applicable ARP-SLFRF Regulations.
- F. The loan amount will be deposited into an Authority-held escrow account. Draw requests from the escrow will be approved by the assigned asset manager with the consent of the assigned construction specialist.
- G. The existing principal and interest deferral will be extended through the earlier of the date the Development is leased at 80% capacity (130 units) or December 31, 2024.
- H. The deferred principal and interest will remain due as a balloon payment at the earlier of the mortgage maturity, refinancing, sale, or resyndication of the Development.
- I. Existing reserves will remain in place and will continue with the same terms and requirements as previously agreed.
- J. Any past loan or future advances from the Owner or its partners will be subordinate to all Authority debt.
- K. All current income and rent restrictions will remain in place.

- L. Authority staff has verified that no open conditions exist, related to this development, beyond those matters described herein, for either the owner or agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	LIHTC
Original Mortgage Amount:	\$5,516,630
Current Mortgage Balance:	\$3,920,683
Payment Status:	Current
Current Interest Rate:	6.25%
Deferred Interest:	\$390,752
Res Loan:	\$494,772
Interest Rate:	0%
LIHTC Initial Compliance End Date:	December 31, 2018
LIHTC Ext. Use Comp. End Date:	December 31, 2038

Vacancy: 163 Units are Vacant or 100%

Economic Vacancy 100%

Reserve and Escrow Balances as of February 21, 2024:

Replacement Reserve:	\$ 229,780
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Financial Status:

Liquidity:	\$ (67,816)
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One Month's Rent Potential:	\$ 120,198
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Prior Authority Action:

- March 5, 2003: Resolution determining mortgage loan feasibility and authorizing mortgage loan.
- May 20, 2009: Resolution authorizing modification to first mortgage loan, deferring principal for one year.
- June 23, 2010: Resolution authorizing modification to mortgage loan deferring principal for one additional year.
- June 7, 2017: Resolution authorizing sale of approximately 1.02 acres and partial release of Authority's mortgages and regulatory agreements.
- February 16, 2023: Resolution authorizing a mortgage loan modification and grants from the Michigan Housing and Community Development Fund and under the Covid Emergency Rental Assistance Program for Emergency Rehabilitation.

V. RENT SCHEDULES:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
Eff	8	8	\$689	
Studio	11	11	\$689	
1 BR	126	126	\$749	
1 BR	17	17	\$749	
MGR	1	1		
TOTAL	163	163		

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

- A. The Mortgagor must enter into agreements to evidence and secure the HCDF loan and modifications of current loan documents as deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.
- B. The Mortgagor must deliver attorney opinions, title policies, endorsements and any other items required by the Directory of Legal Affairs to document and support the HCDF loan.

APPROVED:

Matt Bergeon
Matt Bergeon
Director of Asset Management

4/11/2024
Date

Jeffrey J. Sykes
Jeffrey J. Sykes
Chief Financial Officer

4-11-24
Date

Clarence L. Stone, Jr.
Clarence L. Stone, Jr.
Director of Legal Affairs

4/11/2024
Date

Amy Hovey
Amy Hovey
Chief Executive Officer and Executive Director

04/11/2024
Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING A MORTGAGE LOAN MODIFICATION AND LOAN FROM
THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT FUND
FOR THE EMERGENCY REHABILITATION OF
RIVERVIEW TERRACE, MSHDA DEVELOPMENT NO. 134-P
CITY OF ADRIAN, LENAWEE COUNTY**

April 18, 2024

WHEREAS, Section 58a of Public Act 346 of 1966, as amended (the "Act") creates and establishes the Michigan Housing and Community Development Fund (the "HCDF") under the jurisdiction and control of the Michigan State Housing Development Authority (the "Authority"); and

WHEREAS, Section 58b(3) of the Act provides that the Authority may use the monies held in the HCDF to make loans or grants to eligible applicants as defined in Section 58(2)(d), in any amounts as the Authority determines, to finance the acquisition, construction, rehabilitation, or preservation of housing for low income, very low income and extremely low income households; and

WHEREAS, the Authority has made mortgage loans (the "Mortgage Loans") to Adrian Riverview Terrace Limited Dividend Housing Association Limited Partnership (the "Mortgagor") for the acquisition and rehabilitation of Riverview Terrace, MSHDA Development No. 134-P (the "Development"); and

WHEREAS, structural defects were discovered in the foundations of the Development, which was constructed in 1972, and the Development has been condemned by the local building authorities, forcing the relocation of tenants to alternate housing; and

WHEREAS, the Mortgagor has requested emergency funding from the Authority to assist in repairing the structural defects so that the Development may once again be occupied by its tenants; and

WHEREAS, due to the temporary relocation of all the residents, the Development has encountered financial difficulties that have caused it to become delinquent in the payments due under the Mortgage Loans and other payments owed to the Authority; and

WHEREAS, on February 16, 2023, the Authority approved assistance to the Development in the form of (1) a forgivable grant from the COVID Emergency Rental Assistance Program (CERA2) in the amount of Six Million and No/100 Dollars (\$6,000,000); (2) a grant from the HCDF in the amount of Six Hundred Thousand and No/100 Dollars (\$600,000); and (3) a deferral of all principal and interest payments on the Mortgage Loans from August 1, 2022 until December 31, 2023; and

WHEREAS, due to an unforeseen increase in the cost of the structural repairs, the Development has requested additional funding from the Authority in the form of (1) an extension to the aforementioned deferral of principal and interest payments until the earlier of the Development achieving 80% occupancy or December 31, 2024; and (2) a loan from the HCDF in the amount of Eight Hundred Thousand and No/100 Dollars (\$800,000); and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed

the Mortgagor's request and recommend that the Authority adopt a resolution authorizing (1) a modification of the Mortgage Loans on the terms set forth in the accompanying memorandum, and (2) loan from the HCDF in the amount of Eight Hundred Thousand and No/100 Dollars (\$800,000) (the "HCDF Loan"), as set forth in the accompanying memorandum; and

WHEREAS, the Authority concurs in the recommendation.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. That the Authority hereby determines that:
 - a. the Mortgagor is an eligible applicant as defined in Section 58 of the Act;
 - b. the HCDF Loan shall be expended for one or more of the activities outlined in the Authority's Act and permitted under Rule 125.190 of the Authority's General Rules; and
 - c. at least twenty percent (20%) of the units in the housing project to be acquired, constructed, rehabilitated or preserved with HCDF Loan are set aside for Low Income Households, as defined by the Act and Rule 191 of the Authority's General Rules.
2. That a HCDF Loan not to exceed Eight Hundred Thousand and No/100 Dollars (\$800,000) be and is hereby authorized to be used for the purposes set forth in the accompanying memorandum, subject to the conditions contained therein.
3. That, if an advance or any portion of the HCDF Loan is not used for the intended purpose due to conditions that make it impossible to use as stated herein, or if the Mortgagor fails to use all or any portion of the HCDF Loan, any unused proceeds that have been disbursed will be returned to the Authority immediately. All HCDF Loan proceeds that have not been used for approved purposes within two (2) years of the date of this Resolution will be recaptured by the Authority and returned to the Authority's HCDF.
4. That the Mortgage Loans be modified, effective as of January 1, 2023, to defer all principal and interest payments that are due under the terms of the Mortgage Loan documents until the earlier of the Development achieving 80% occupancy or through December 31, 2024, and that the outstanding payment defaults be waived, as described in the accompanying memorandum.
5. That the Chief Executive Officer and Executive Director, the Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Legal Affairs, the Director of Finance, or any person duly appointed and acting in that capacity (each an Authorized Officer) is authorized to modify the terms of the Mortgage Loans or the HCDF Loan or take such action as, in the discretion of the Authorized Officer, may be necessary to assure the administration of the HCDF Loan is in compliance with the Consolidated Act, the Act and the General Rules of the Authority, and to effectuate the proposals set forth in the accompanying memorandum.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: April 18, 2024

RE: Buersmeyer Manor, Development No. 2355-2

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond mortgage loans in the amounts set forth in this report, 3) authorize a waiver of the Multifamily Direct Lending Parameters ("Parameters") regarding the payment in lieu of taxes ("PILOT"), 4) authorize four design waivers described below, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No:	2355-2
Development Name:	Buersmeyer Manor
Development Location:	City of Detroit, Wayne County
Sponsor:	COTS
Mortgagor:	Buersmeyer Limited Dividend Housing Association LLC
Number of Units (Affordable and Market Rate):	35 family units
Number of Units Designated for Accessible Use:	2 accessible units
Occupancy Rate:	94%
Total Development Cost:	\$11,230,700
TE Bond Construction Loan:	\$6,066,342
TE Bond Permanent Loan:	\$87,142
MSHDA CERA Loan:	\$3,305,335
City of Detroit HOME Loan	\$3,000,000
Other Funds:	\$4,207,439 LIHTC Equity, \$49,116 Income from Operations, \$581,668 Deferred Developer fee

EXECUTIVE SUMMARY:

Buersmeyer Manor is an acquisition/rehabilitation development of an existing seven-building apartment complex. The development was originally developed by COTS utilizing 9% LIHTC and last placed in service in 2004. Now that the initial tax credit compliance period has expired, the Sponsor, COTS, seeks financing utilizing tax-exempt bonds, low-income housing tax credits and gap funding under the Authority's Permanent Supportive Housing ("PSH") Gap Program to undertake needed rehabilitation and continue providing deeply targeted housing to vulnerable populations.

The Buersmeyer Manor development will not involve any changes to the site or the lot boundaries. The buildings are one- and two-stories with no elevators. The development contains 4 studio units, 10 one-bedroom units, 9 two-bedroom units, and 12 three-bedroom units. The development also offers a common laundry area and community space located primarily at 8520 Wyoming Street.

The development will include 23 PSH set-aside units. Households with the highest vulnerabilities that are experiencing literal homelessness are provided a preference for the PSH units. The remainder of the units will be affordable to households that meet LIHTC income limits.

The Sponsor is a non-profit 501(c)(3) entity that has been in operation for more than 41 years providing housing services to the community.

The Sponsor requests tax-exempt and CERA Loans from the Authority under the PSH Gap Financing Round. Other sources of financing include low-income housing tax credit equity, City of Detroit HOME funding, income from operations, and deferred developer fee.

I am recommending the Board approval because the acquisition/rehabilitation:

- Allows 35 affordable family housing units in the Detroit Area to remain affordable.
- Provides long-term affordability for low- and moderate-income families.
- Rehabilitates units providing tenants with updated amenities, fixtures, finishings and repairs to maintain the integrity and livability of the units.

ADVANCING THE AUTHORITY'S MISSION:

Buersmeyer Manor is located within Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Goal 1.3--Increase the amount of housing that is accessible, safe, and healthy regardless of age, disability, or family size across all neighborhoods and communities.

MUNICIPAL SUPPORT:

- The City of Detroit intends to provide a 4% PILOT.
- The City of Detroit is providing Local HOME funds of \$3,000,000 to the project.

COMMUNITY ENGAGEMENT/IMPACT:

- This project is designed to refurbish the affordable housing buildings without requiring residents to relocate during construction, other than during the day their units are being worked on. As such, the impact on existing residents is expected to be minimal, as they

will be able to remain in their units during the renovation process. The surrounding community is not expected to be impacted significantly by this project.

- As an established nonprofit organization in Detroit with deep roots in the community, COTS has committed to engaging with the community and making an effort to ensure that residents and community members can participate and provide input on the proposed project. COTS believes that engaging with the community is essential to creating a project that meets the needs and desires of all stakeholders involved.

RESIDENT IMPACT:

- The Sponsor, the Management Agent, Contractor, and Relocation Manager have prepared a Construction Transition Plan to mitigate and reduce the impact of the project on existing residents. The Construction Transition Plan will inform and provide additional resources for the residents during construction as follows:
 - The Construction Transition Plan will focus on temporarily relocated tenants during the day.
 - When a unit is being rehabbed, the affected tenants will be able to use the Community Center as a “home away from home.”
 - The affected tenants will be provided boxed meals for breakfast, lunch, and dinner.
 - Residents will be encouraged but not required to assist in the packing and/or moving of their household items before work commences in their units.
 - Residents will be required to take responsibility for their personal belongings.
- Retention of the current residents is the goal of all parties in the rehabilitation of the development .

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Development will require a waiver of the following Parameters (Section VI I 2.) conditioned on the PILOT being found acceptable prior to the Authority’s disbursement of any funds.

- Proposals that do not include an approved PILOT arrangement will be underwritten based on the ad valorem taxes applicable to the property.
- For a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority Board consideration.

The Development has requested and will be provided four waivers of the Authority’s Standards of Design. The first waiver allows for existing first floor units to be renovated below MSHDA’s accessible standards due to size. The second waiver allows for existing second floor units to be renovated below MSHDA’s accessibility standards due to size. The third waiver reduces the accessible units from 20% to 5% because making 20% of the units accessible is not financially feasible within the existing building configuration. The fourth waiver eliminates the installation of dishwashers in all six units located at 8500 Wyoming Street and 1 unit of 8534 Wyoming Street to provide adequate storage for tenants.

The City of Detroit currently has a HOME Loan on the development with a principal balance of \$1,479,600.00. The existing City of Detroit HOME Loan of \$1,479,600 will be repaid, and the City will make a new HOME investment of \$3,000,000.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

April 18, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond loan in the amounts set forth in this report, 3) authorize a waiver of the Multifamily Direct Lending Parameters ("Parameters") regarding the payment in lieu of taxes ("PILOT"), 4) authorize four design waivers described below, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	2355-2
<u>Development Name:</u>	Buersmeyer Manor
<u>Development Location:</u>	City of Detroit, Wayne County
<u>Sponsor:</u>	COTS
<u>Mortgagor:</u>	Buersmeyer Limited Dividend Housing Association
<u>TE Bond Construction Loan:</u>	LLC \$6,066,342 (53.57% of TDC)
<u>TE Bond Permanent Loan:</u>	\$87,142
<u>MSHDA Permanent CERA Loan:</u>	\$3,305,335
<u>Total Development Cost:</u>	\$11,230,700
<u>Mortgage Amortization and Term:</u>	40 years for the tax-exempt bond loan; 50 years for the CERA Loan
<u>Interest Rate:</u>	6.625% for the tax-exempt bond loan; 1% simple interest for the CERA
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	35 family/elderly units of rehabilitation.
<u>Accessible Units:</u>	2 accessible units
<u>Unit Configuration:</u>	4 Studio units, 10 one-bedroom unit, 9 two-bedroom units, 12 three-bedroom units, in 7 one- and two-story buildings
<u>Builder:</u>	Fisher Construction Co.
<u>Syndicator:</u>	Alliant Capital
<u>Date Application Received:</u>	4/1/23
<u>HDO:</u>	Drew Brown

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

The Development will require a waiver of the following Parameters (Section VI I 2.) conditioned on the PILOT being found acceptable prior to the Authority's disbursement of any funds. See

Special Condition No. 2.

- Proposals that do not include an approved PILOT arrangement will be underwritten based on the ad valorem taxes applicable to the property.
- For a proposal to be underwritten on the basis of a PILOT, the PILOT must be approved prior to Authority Board consideration.

The City of Detroit currently has a HOME Investment Partnerships Program (“HOME”) Loan on the development with a principal balance of \$1,479,600.00. The existing City of Detroit HOME Loan of \$1,479,600 will be repaid, and the city will make a new HOME loan of \$3,000,000.

The sponsor has requested and been provided four waivers of the Authority’s Standards of Design. The first waiver allows for existing first floor units to be renovated below MSHDA’s accessible standards due to size. The second waiver allows for existing second floor units to be renovated below MSHDA’s accessibility standards due to size. The third waiver reduces the accessible units from 20% to 5% because making 20% of the units accessible is not financially feasible within the existing building configuration. The fourth waiver eliminates the installation of dishwashers in all six units located at 8500 Wyoming Street and 1 unit of 8534 Wyoming Street to provide adequate storage for tenants.

EXECUTIVE SUMMARY:

Buersmeyer Manor is an acquisition/rehabilitation development of an existing seven-building apartment complex. The development was originally developed by COTS utilizing 9% LIHTC and last placed in service in 2004. Now that the initial tax credit compliance period has expired, the sponsor, COTS, seeks financing utilizing tax-exempt bonds, low-income housing tax credits and gap funding under the Authority’s Permanent Supportive Housing (“PSH”) Gap Program to undertake needed rehabilitation and continue the provision of deeply targeted housing to vulnerable populations.

The Buersmeyer Manor development will not involve any changes to the site or the lot boundaries. The buildings are one- and two-story buildings with no elevators. The property contains 4 studio units, 10 one-bedroom units, 9 two-bedroom units, and 12 three-bedroom units. The development also offers a common laundry area and community space located primarily at 8520 Wyoming Steet.

The development will include 23 PSH set-aside units. Households with the highest vulnerabilities that are experiencing literal homelessness are provided a preference for the PSH units. The remaining units will be affordable to households that meet LIHTC income limits.

The Sponsor is a non-profit 501(c)(3) entity that has been in operation for more than 41 years providing housing services to the community.

The Sponsor requests tax-exempt and CERA Loans from the Authority under the PSH Gap Financing Round. Other sources of financing include low-income housing tax credit equity, City of Detroit HOME funding, income from operations, and deferred developer fee.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

Mortgage Loan Feasibility/Commitment Staff Report
Buersmeyer, MSHDA No. 2355-2
City of Detroit, Wayne County
April 18, 2024

- A tax-exempt bond construction loan will be provided by the Authority in the amount of \$6,066,342 at 6.625% interest with a 15-month term (a 15-month construction term), which will be used to bridge an extended equity pay-in period. Payments of interest only will be required during the construction loan. The principal balance of the construction loan will be reduced to the permanent loan amount due on the first day of the month following the month in which the 15-month construction loan term expires or such later date as established by an Authorized Officer of the Authority (the “Permanent Financing Date”).
- A permanent Mortgage Loan will be provided by the Authority in the amount of \$87,142. The permanent loan amount is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 12.77 debt service coverage ratio, an annual interest rate of 6.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.
- A permanent subordinate loan using Authority CERA Funds (the “CERA Loan”) in the amount of \$3,305,335 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Second Position**.
- The City of Detroit will provide a HOME Loan in the amount of \$3,000,000. This loan will be in **Third Position**. See Special Condition No. 3.
- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of \$4,207,439.
- The Authority is providing twenty-three (23) project-based vouchers from the Authority’s Housing Choice Voucher program. The Housing Assistance Payment (“HAP”) contract will be for an initial term of 15 years with up to three 5-year extensions possible.
- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the construction period in the amount of \$49,116.
- The Sponsor has agreed to defer \$581,668 of the developer fee to fill the remaining funding gap.
- An amount equal to one month’s gross rent potential will be funded in the Development’s operating account.
- An operating assurance reserve (“OAR”) will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development’s unanticipated operating needs. This reserve will be held by the Authority.
- A syndicator reserve in the amount of \$53,468 is required by the equity investor for additional operational needs. This reserve will be deposited in the Authority-held OAR upon conversion to the permanent loan. See Special Condition No. 5.

- Due to its small size, the operating deficit reserve (“ODR”) has been combined with the OAR and the condition for a separate ODR has been intentionally omitted.
- The Development will be renovated, and a new replacement reserve requirement will be imposed, based upon a capital needs assessment (“CNA”), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

- Reseal and repair cracking and potentially damaged parking and alley way asphalt.
- Replace stockade fencing along east alleyway.
- Replace dumpster enclosure.
- Replace water heater in community building 8520 Wyoming Street.
- Upgrade common area air conditioning.
- Upgrade security system and fire alarm systems in units and common areas.
- Repair exterior brick and vinyl walls.
- Replace windows.
- Repair metal stairs.
- Replace canopies and awnings.
- Replace building mounted lighting.
- Paint Common areas and office.
- Replace flooring in units.
- Repaint unit interiors.
- Reflooring unit interiors.
- Replace unit countertops.
- Replace unit refrigerators.
- Replace unit bath and showers.
- Replace unit heating and cooling systems.

Affordability Requirements:

The Authority’s tax-exempt bond regulatory agreement will require that all the dwelling units in the property remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project (“MTSP”) income limit, adjusted for family size. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units. 23 units will be further restricted to the income limits required by the HAP Contract.

Protections for Existing Residents:

The preservation and renovation of the Development will not result in a rent increase for the existing tenants. There will be no tenant displacement as a result of this transaction.

Site Selection:

The two project sites have been reviewed by Authority Staff and the Authority's Manager of the Office of Market Research has indicated that the sites meet the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Manager of the Office of Market Research.

Valuation of the Property:

An appraisal dated May 19, 2023, estimates the value of the building at \$2,400,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$4,207,439). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority gap funds are included in the development sources the Limited Dividend Payments are capped at 12% per annum, while those loans remain outstanding. If there are no Authority gap loan outstanding, then Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for 35 units of this proposal are as follows:

- a. 11 units (1 studio-bedroom unit, 9 one-bedroom units and 1 three-bedroom unit) have been designated as CERA units and during the Period of Affordability required under the CERA program (20) years must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

- b. 23 units (3 studio-bedroom units, 5 one-bedroom units, 8 two-bedroom units and 7 three-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the HAP Contract for so long as the HAP Contract between the Mortgagor and the Authority is in effect (including extensions and renewals), or for such longer period as determined by HUD.
- c. 6 units (1 studio unit, 4 one-bedroom units, and 1 two-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. 2 units (1 two-bedroom unit, and 1 three-bedroom unit) must be available for occupancy by households whose incomes do not exceed the MTSP 40% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- e. 27 units (3 studio units, 6 one-bedroom units, 8 two-bedroom units, and 10 three-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

18 units have been designated as Low-HOME units by the City of Detroit, and for the remainder of the Period of Affordability required under the HOME program must be available for occupancy by households whose incomes do not exceed the Low HOME Income Limit (50% of AMI), published annually by HUD, adjusted for family size. The Authority is not responsible for the HOME compliance monitoring or oversight of the occupancy or the regulations applicable to these HOME units.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 35 units is subject to the following limitations:

Mortgage Loan Feasibility/Commitment Staff Report
Buersmeyer, MSHDA No. 2355-2
City of Detroit, Wayne County
April 18, 2024

- a. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for 11 CERA units (1 studio unit, 9 one-bedroom units, and 1 two-bedroom units), may not exceed one-twelfth (1/12th) of 30% of 50% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- b. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents ("Contract Rents") for all HAP-assisted units (3 studio-bedroom units, 5 one-bedroom units, 8 two-bedroom units and 7 three-bedroom units) that comply with the rent levels established by the HAP Contract and that do not exceed the rent levels approved by HUD.
- c. The Total Housing Expense for six units (1 studio bedroom unit, 4 one-bedroom units, and 1 three-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 50% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. The Total Housing Expense for 2 units (1 two-bedroom and 1 three-bedroom unit), may not exceed one-twelfth (1/12th) of 30% of the 40% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- e. The Total Housing Expense for 27 units (3 studio units, 6 one-bedroom units, 8 two-bedroom units, and 10 three-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the 60% MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

The Total Housing Expense for the 18 Low HOME units may not exceed the "Low HOME Rent Limit" for the unit established and published annually by HUD. The Authority is not responsible for the compliance monitoring or oversight of the HOME rents charged for or the regulations applicable to these units.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units that do not receive assistance under the HAP Contract will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent-restricted unit in the Development the initial rent may not exceed 105% of the rent approved in this Mortgage

Loan Feasibility/Commitment Staff Report. While rental increases for all units may be permitted from time to time as HUD publishes updated median income limits rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to these limitations may be granted by MSHDA's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually by the Authority's Division of Asset Management. Requests for increases in rents relating to PBV-assisted units must also be submitted to the assigned PBV Specialist per guidance outlined on the MSHDA/PBV website.

4. Covenant Running with the Land:

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the development, or the date on which assistance provided to the development under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. Restriction on Prepayment and Subsequent Use:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

- a. 1% of the balance being prepaid;
- b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
- c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and

participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be \$146,581). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$14,295 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$300 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. One Month's Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential (\$34,470) into the Development's operating account.

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent CERA Loan. The CERA Loan will be secured by a subordinate mortgage and will bear simple interest at 1% with a 50-year term. No payments on the CERA Loan will be required until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or

(b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on the CERA loan until it is paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, in lieu of repayment of the CERA Loan, payments of fifty percent (50%) of any surplus cash available for distribution shall be deposited into an CERA Subsidy Reserve and will be used to repay the CERA Loan periodically, if the amount of funds accumulated in the reserve warrant it, or at the end of the loan term, or otherwise used to assist the Development if needed. If reserve funds are used toward loan repayment, they shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale of the Development or refinancing of the Mortgage Loan, at which time the CERA Loan shall be due in full. If the CERA Loan is still outstanding, then following repayment of the Mortgage Loan and continuing on the first day of every month thereafter, the Mortgagor shall make monthly payments of principal and interest equal to the monthly payments that were required on the Mortgage Loan on the first day of every month until the CERA Loan is paid in full, sale of the Development or the date that is 50 years from date of Initial Closing, whichever occurs first. There is no prohibition on prepayment of the CERA Loan.

10. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

11. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown for each of the two projects acceptable to the Authority's Design and Construction Manager.

13. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide a copy of the contractor's "Section 3 Hiring Plan" approved by the City of Detroit, if requested by the Authority. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the City of Detroit. The Authority is not responsible for Section 3 compliance, monitoring, or oversight, which will be performed by the City of Detroit.

14. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent must provide a copy of the Affirmative Fair Housing Marketing Plan approved by the City of Detroit, if requested by the Authority.

In addition, prior to Mortgage Loan Commitment the general contractor must provide a copy of the contractor's "Equal Opportunity Plan" approved by the City of Detroit, if requested by the Authority.

15. Davis-Bacon and Cross-cutting Federal Requirements:

The general contractor will be required to comply with all federal prevailing wage requirements, the requirements of the Davis-Bacon and Related Acts, and other applicable federal regulations as required under the terms of the City's HOME Program, and the Detroit Housing Commission's Housing Choice Voucher Program, however, all necessary documentation and all monitoring and oversight will be handled by the City of Detroit.

16. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

17. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

18. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment insuring the two projects, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey of the two projects certified to the 2021 minimum standards, and that appropriately reflects all easements, rights of way,

and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

19. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

20. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

21. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

- a. Management Agreement
- b. Marketing/Construction Transition Plan

22. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

23. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

24. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve

project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

25. Ownership of Development Reserves:

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. This agreement must be acceptable to the Authority's Director of Legal Affairs.

26. HAP Extension:

At Initial Closing, the Mortgagor must enter into an agreement to apply for and accept any HAP or other HUD subsidy extensions available in the future, subject to Authority approval.

27. AHAP Contract:

Prior to Initial Closing, the Authority and the Mortgagor must enter into an Agreement to enter into a Housing Assistance Payment (AHAP) contract. The AHAP must be acceptable to the Authority's Director of Development. Once construction is complete, and the Authority's and Owner's final completion signoffs have been accepted, and the units pass HUD's Housing Quality Standards inspection, a Housing Assistance Payments (HAP) Contract will be prepared and executed.

28. Services for Residents:

23 of the units in the Development will be designated as Permanent Supportive Housing (PSH) units and must be marketed to individuals experiencing homelessness as defined in the Authority's Addendum III. At or prior to Initial Closing, the Mortgagor must enter into an MOU with local service providers and a Supportive Services Agreement to provide support services as described in Addendum III for these tenants for so long as the Mortgagor receives assistance under the HAP contract. The agreement must be acceptable to the Director of Legal Affairs. The cost of these services must be paid from other than loan proceeds, Development operating income and residual receipts.

29. HUD Authority to Use Grant Funds:

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed HOME Loan from the City or confirmation that the Development is categorically excluded from NEPA review.

30. HUD Subsidy Layering Review:

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

31. Application for Disbursement:

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development. The mortgagor's Application for Disbursement must demonstrate that each of the two projects is to receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its acquisition cost.

32. Uniform Relocation Act Compliance:

If the Development is occupied at Initial Closing and any occupants of the Development will be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. Legal Requirements:

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Director of Legal Affairs for the items listed below:

- Provide documentation that 10 tenants receive continuum of care vouchers, and 8 tenants receive shelter plus care vouchers from the State.
- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. PILOT Obtained Post-Commitment:

The Development has been underwritten with a 4% PILOT indicating support from the municipality. Before Initial Closing, an amended PILOT ordinance acceptable in language, form and substance to the Authority's Director of Legal Affairs must be provided. If the Development does not obtain a PILOT as described above, the Development must be re-underwritten and if feasible, presented to the Board. If the Development obtains a PILOT representing a lower PILOT payment amount, any savings generated by the PILOT may be applied, at the sole discretion of an Authorized Officer of the Authority, to reduce one or all of the Authority's subordinate loans or be applied against any other obligation that the Mortgagor owes the Authority with any remainder deposited in the Development's Operating Reserve Cash account.

3. Local HOME Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Detroit's HOME Loan and a funding schedule acceptable to the Authority's Director of Legal Affairs and Director of Development. At or prior to Initial Closing, the final, executed City of Detroit HOME Loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

4. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of \$53,468 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Buersmeyer Limited Dividend Housing Association LLC

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: COTS
Address: 26 Peterboro Suite 100
Detroit, MI 48201

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: COTS
Address: 26 Peterboro, Suite 100
Detroit, MI 48201

Individuals Assigned: Adrew Gilroy
Telephone: 313-576-0234
E-mail: agilroy@cotsdetroit.com

1. **Experience:** The Sponsor has experience working on Authority-financed developments.

2. **Interest in the Mortgagor and Members:** Buersmeyer MM LLC – GP 0.01% -- Limited Partner 99.99%

B. **Architect:**

Name: Fusco Schaffer & Pappas
Address: 550 East Nine Mile Rd
Ferndale, MI 48220

Mortgage Loan Feasibility/Commitment Staff Report
Buersmeyer, MSHDA No. 2355-2
City of Detroit, Wayne County
April 18, 2024

Individual Assigned: James Pappas
Telephone: 248-543-4100
E-Mail: jpappas@fpsarch.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301029064, exp. 4/1/2025.

C. Attorney:

Name: Dykema
Address: 400 Renaissance Center
Detroit, MI 48243

Individual Assigned: Rochelle Lento
Telephone: 313-568-5322
E-Mail: rlento@dykema.com

1. **Experience:** This firm has experience in closing Authority-financed developments.

D. Builder:

Name: Fisher Construction Co. G
Address: 3131 Northwestern Highway, Suite 206
Farmington Hills, MI 48334

Individual Assigned: Alex Ajemian
Telephone: 248-855-3500
E-mail: alex@gfisherconst.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2102076330, with an expiration date of 5/31/2026.

E. Management and Marketing Agent:

Name: KMG Prestige, Inc.
Address: 23332 Orchard Lake Rd, Suite F
Farmington Hills, MI 48336

Individual Assigned: Calvin Jackson
Telephone: 248-228-8801
E-mail: cjackson@kmgprestige.com

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. Development Team Recommendation: Acceptable.

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase Agreement between CPTS Limited Dividend Housing Association Limited Partnership ("Seller") and Buermeyer Limited Dividend Housing Association LLC ("Buyer") dated April 27, 2023.

B. Site Location:
The development is located along the southwest corner of Wyoming Avenue and MacKenzie St at 8500 - 8600 Wyoming Avenue in the City of Detroit

C. Size of Site:
1.2 +/- acres

D. Density:
Appropriate to the current use

E. Physical Description:

1. Present Use: Multi-family residential
2. Existing Structures: 2 one story buildings and 5 two story buildings
3. Relocation Requirements: None

F. Zoning:
R2 (Two-Family/Residential)

G. Contiguous Land Use:

1. North: Commercial
2. South: Residential
3. East: Residential
4. West: Residential

H. Tax Information:
The development has a PILOT from the City of Detroit and is seeking a new 45-year 4% PILOT to continue with the new mortgagor.

I. Utilities:
Gas: DTE Energy
Water & Sewer: City of Detroit
Electric: DTE Energy

J. Community Facilities:

1. Shopping:
Multiple retail, banking, restaurants, and specialty shops are located within walking distance throughout downtown Detroit.
2. Recreation:
Several Parks are in the vicinity, with two of these approximately .5 miles away, the PAL Recreation Center (Boysville) is 2.4 miles away.
3. Public Transportation:
The Detroit Department of Transportation offers bus service throughout the Greater Detroit area with a stop located at 8500 Wyoming Avenue and provides ADA Paratransit services.
4. Road Systems
Wyoming Steet is a main thoroughfare in downtown Detroit; US 12 is 2 miles to the south, and US 96 is approximately 3 miles to the north and US 94 is approximately 3 miles to the southeast.
5. Medical Services and other Nearby Amenities:
Henry Ford Hospital is located approximately four miles to the west on West Grand Blvd, Other medical clinics are located along Wyoming Avenue and West Warren Avenue to the south of the site. HMC Urgent Care Dearborn is located .7 miles to the south, and the Detroit Community Health Connection is location 2 miles away.
6. Description of Surrounding Neighborhood:
The surrounding neighborhoods is a mix of multi-family residential and commercial.
7. Local Community Expenditures Apparent:
Normal roadway and public infrastructure maintenance.
8. Indication of Local Support:
The City of Detroit has made a commitment of HOME funds.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority and has been reviewed by the Authority's Environmental Manager. (See Standard Condition No. 17).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Manager of the Office of Market Research and found to be acceptable. The Authority's Manager of the Office of Market Research has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Design and Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application-level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	5/15/2024
B. Initial Closing and Disbursement:	6/1/2024
C. Construction Completion:	9/31/2025

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

<i>Chad A. Benson</i>	4/11/2024
Chad Benson	Date
Director of Development	

<i>Anthony Lentych</i>	4/11/2024
Anthony Lentych	Date
Chief Housing Investment Officer	

<i>Clarence L. Stone, Jr.</i>	4/11/2024
Clarence L. Stone, Jr.	Date
Director of Legal Affairs	

<i>Amy Hovey</i>	04/11/2024
Amy Hovey	Date
Chief Executive Officer and Executive Director	

Development	Buermeyer Manor
Financing	Tax Exempt
MSHDA No.	2355-2
Step	Commitment
Date	04/18/2024
Type	Acquisition/Rehab

Debt Coverage Ratio

Debt Coverage Ratio	12.77
Mortgage Interest Rate	6.625%
Pay Rate	6.625%
Mortgage Term	40 years
Income from Operations	Yes

Instructions

Total Development Income Potential

Annual Rental Income	11,818	413,640
Annual Non-Rental Income	29	1,000
Total Project Revenue	11,847	414,640

Total Development Expenses

Vacancy Loss	6.00%	of annual rent potential	709	24,818
Management Fee	634	per unit per year	634	22,190
Administration			2,580	90,287
Project-paid Fuel			568	19,864
Common Electricity			772	27,032
Water and Sewer			1,143	40,000
Operating and Maintenance			1,857	65,000
Real Estate Taxes			0	
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units	345	12,077
Insurance			600	21,000
Replacement Reserve	300	per unit per year	300	10,500
Other: City of Detroit Loan Repayment			71	2,500
Other:			0	

% of
Revenue

Total Expenses	80.86%	9,579	335,268	
Base Net Operating Income		2,268	79,372	Override
Part A Mortgage Payment	1.50%	178	6,215	
Part A Mortgage		2,490	87,142	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	17.64%	2,090	73,156	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
	Future Vacancy	
	6	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	6	3.0%
4.0%	6	3.0%
5.0%	6	5.0%
3.0%	1	3.0%
5.0%	1	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

Development Buersmeyer Manor
Financing Tax Exempt
MSHDA No. 2355-2
Step Commitment
Date #####
Type Acquisition/Rehab

Instructions

Income Limits for

Wayne County

(Effective May 15,2023)

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	19,890	22,740	25,590	28,410	30,690	32,970
40% of area median	26,520	30,320	34,120	37,880	40,920	43,960
50% of area median	33,150	37,900	42,650	47,350	51,150	54,950
60% of area median	39,780	45,480	51,180	56,820	61,380	65,940

Rental Income

								Total		Current				% of Total	TC Units		Max Allowed
Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Housing Expense	Gross Rent	Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	Square Feet	Unit Type	Housing Expense
50% Family	Area Median Income Units Occupancy																
E	1	Apartment	0	1.0	502	430	92	522	5,160		1.2%	2.9%	502	1.6%	502	CERA	828
F	4	Apartment	1	1.0	658	444	105	549	21,312		5.2%	11.4%	2,632	8.2%	2,632	CERA	888
H	1	Apartment	3	2.0	1,296	602	156	758	7,224		1.7%	2.9%	1,296	4.0%	1,296	CERA	1,231
									33,696	0	8.1%	17.1%	4,430	13.7%	4,430		
40% Family	Area Median Income Units Occupancy																
G	1	Apartment	2	1.0	906	636	130	766	7,632	0	1.8%	2.9%	906	2.8%	906		853
H	1	Apartment	3	2.0	1,296	705	156	861	8,460	0	2.0%	2.9%	1,296	4.0%	1,296		985
									16,092	0	3.9%	5.7%	2,202	6.8%	2,202		
60% Family	Area Median Income Units Occupancy																
F	1	Apartment	1	1.0	658	673	105	778	8,076	0	2.0%	2.9%	658	2.0%	658		1,065
H	3	Apartment	3	2.0	1,296	783	156	939	28,188	0	6.8%	8.6%	3,888	12.0%	3,888		1,477
									36,264	0	8.8%	11.4%	4,546	14.1%	4,546		
60% 30% Yes Family	Area Median Income Units Tenant AMI Restriction (if different from rent restriction) MSHDA Project Based Voucher Units Occupancy																
A	3	Apartment	0	1.0	502	940	0	940	33,840	0	8.2%	8.6%	1,506	4.7%	1,506	Low HOME	994
B	5	Apartment	1	1.0	658	1,007	0	1,007	60,420	0	14.6%	14.3%	3,290	10.2%	3,290	CERA	1,065
C	8	Apartment	2	1.0	906	1,209	0	1,209	116,064	0	28.1%	22.9%	7,248	22.4%	7,248	Low HOME	1,279
D	7	Apartment	3	2.0	1,296	1,396	0	1,396	117,264	0	28.3%	20.0%	9,072	28.1%	9,072	Low HOME	1,477
									327,588	0	79.2%	65.7%	21,116	65.4%	21,116		
													32,294		32,294		

Total Revenue Units **35**
Manager Units **0**
Income Average 57.14%
Set Aside 100.00%

Gross Rent Potential **413,640**

HOME Units SF/Total Units SF 55.2%

Within Range

Average Monthly Rent **985**
Gross Square Footage **32,294**

HOME Units/# Total Units 51.4%

Within Range

Utility Allowances

Tenant-Paid Tenant-Paid Tenant-Paid Owner-Paid Owner-Paid

Annual Non-Rental Income

Misc. and Interest 1,000
Laundry
Carports
Other:
Other: 1,000

	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	
B						0	
C						0	
D						0	
E	43.00		49.00			92	
F	49.00		56.00			105	
G	65.00		65.00			130	
H	81.00		75.00			156	

Total Income	Annual	Monthly
Rental Income	413,640	34,470
Non-Rental Income	1,000	83
Total Project Revenue	414,640	34,553

Instructions

TOTAL DEVELOPMENT COSTS																									
		Per Unit	Total	% In Basis	Included in Tax Credit Basis	Included in Historic TC Basis			Per Unit	Total	% In Basis	Included in Tax Credit Basis	Included in Historic TC Basis												
Acquisition										Project Reserves										OAR					
Land										Operating Assurance Reserve										Funded Yr 1 4 Month OAR					
Existing Buildings										Replacement Reserve										113,828 113,828					
Other: 5% of Appraised Value										Operating Deficit Reserve															
Subtotal										Rent Subsidy Reserve															
Construction/Rehabilitation										Syndicator Held Reserve															
Off Site Improvements										Rent Lag Escrow															
On-site Improvements										Tax and Insurance Escrows															
Landscaping and Irrigation										Other: Services Reserve															
Structures										Other:															
Community Building and/or Maintenance Facility										Subtotal															
Construction not in Tax Credit basis (i.e.Carpports and Commercial Space)										Total Acquisition Costs															
General Requirements % of Contract 6.00% Within Range										Total Construction Hard Costs															
Builder Overhead % of Contract 2.00% Within Range										Total Non-Construction ("Soft") Costs															
Builder Profit % of Contract 6.00% Within Range										Developer Overhead and Fee															
Bond Premium, Tap Fees, Cost Cert.										Maximum 1,551,449															
Other:										7.5% of Acquisition/Project Reserves															
Subtotal										20% of All Other Development Costs															
15% of acquisition and \$15,000/unit test: met										Total Development Cost															
Professional Fees										TOTAL DEVELOPMENT SOURCES															
Design Architect Fees										MSHDA Permanent Mortgage															
Supervisory Architect Fees										Conventional/Other Mortgage															
Engineering/Survey										Equity Contribution From Tax Credit Syndication															
Legal Fees										MSHDA NSP Funds															
Subtotal										MSHDA HOME															
Interim Construction Costs										MSHDA Mortgage Resource Funds															
Property & Casualty Insurance										MSHDA TCAP															
Construction Loan Interest										MSHDA Housing Trust Funds															
Title Work										MSHDA CERA															
Construction Taxes										MSHDA HOME-ARP															
Permits										MSHDA HCDF															
Subtotal										Local HOME															
Permanent Financing										Income from Operations															
Loan Commitment Fee to MSHDA										Other Equity															
Other:										Transferred Reserves:															
Subtotal										Other: Sponsor Loan															
Other Costs (In Basis)										Other:															
Application Fee										Deferred Developer Fee															
Market Study										Total Permanent Sources															
Environmental Studies										Sources Equal Uses?															
Cost Certification										Surplus/(Gap)															
Equipment and Furnishings										MSHDA Construction Loan															
Temporary Tenant Relocation										Construction Loan Rate															
Construction Contingency										Repaid from equity prior to final closing															
Appraisal and C.N.A.										Eligible Basis for LIHTC/TCAP															
Other: Green Consulting, Accounting & City of Detroit Legal										Acquisition 2,460,000															
Subtotal										Construction 9,916,058															
Oth Start-up and Organization										Acquisition Credit % 4.00%															
Tax Credit Fees (based on 2022 QAP)										Rehab/New Const Credit % 4.00%															
Compliance Monitoring Fee (based on 2022 QAP)										Qualified Percentage 100.00%															
Marketing Expense										QCT/DDA Basis Boost 130%															
Syndication Legal Fees										Historic?															
Rent Up Allowance										Value of LIHTC/TCAP															
Other:										Acquisition 98,400															
Subtotal										Construction 396,642															
Subtotal										Total Yr Credit 495,042															
Subtotal										Equity Price \$0.8500															
Subtotal										Equity Effective Price \$0.8500															
Subtotal										Equity Contribution 4,207,439															
Summary of Acquisition Price										Existing Reserve Analysis															
As of February 28, 2022										DCE Interest: Current Owner's Reserves: 0															
City of Detroit Home										Insurance: Reserves Transferred in to Project 0															
Sponsor Loan										Taxes: Tax/Ins Escrows transferred to project 0															
Subordinate Mortgage(s)										Rep. Reserve:															
Subordinate Mortgage(s)										ORC:															
Premium/(Deficit) vs Existing Debt										DCE Principal:															
Other:										Other:															
Subtotal										Initial Owner's Equity Calculation															
Subtotal										Equity Contribution from Tax Credit Syndication 4,207,439															
Subtotal										Brownfield Equity															
Subtotal										Historic Tax Credit Equity															
Subtotal										General Partner Capital Contributions															
Subtotal										Other Equity Sources															
Subtotal										New Owner's Equity															
Subtotal										4,207,439															

Development		Financing		Tax Exempt		MSHDA No.		Step		Commitment		Date		Type		Acquisition/Rehab		Pay-In Schedule																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
BUERSMEYER MANOR, MSHDA DEVELOPMENT NO. 2355-2
CITY OF DETROIT, WAYNE COUNTY**

April 18, 2024

WHEREAS, COTS Limited Dividend Housing Association Limited Partnership (the "Seller") is the owner of a development for low and moderate income persons located in the City of Detroit, Wayne County, Michigan, known as Buersmeyer Manor, MSHDA Development No. 2355-2 (the "housing project"); and

WHEREAS, the housing project receives federal project-based rental assistance under the Section 8 program; and

WHEREAS, COTS (the "Applicant") desires to purchase and rehabilitate the housing project for an estimated total development cost of Eleven Million Two Hundred Thirty Thousand Seven Hundred Dollars (\$11,230,700); and

WHEREAS, the Applicant has filed an Application for Mortgage Loan Feasibility with the Authority for a new tax exempt mortgage loan in the maximum amount of Six Million Sixty-Six Thousand Three Hundred Forty-Two Dollars (\$6,066,342) and a CERA Loan in the amount of Three Million Three Hundred Five Thousand Three Hundred Thirty-Five Dollars (\$3,305,335) (hereinafter referred to as the "Application") to finance the acquisition and rehabilitation of the housing project, as described in the attached Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024 (the "Staff Report"); and

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, a housing association to be formed by the Applicant (the "Mortgagor") may become eligible to receive a Mortgage Loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:

- a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.
- b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
- c. The proposed housing project will meet a social need in the area in which it is to be located.
- d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.
- e. The proposed housing project is a feasible housing project.
- f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Seven Million One Hundred Sixty Thousand Dollars (\$7,160,000).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Staff Report presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Mortgagor.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in

the Staff Report, which conditions are hereby incorporated by reference as if fully set forth herein.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOANS
BUERSMEYER MANOR, MSHDA DEVELOPMENT NO. 2355-2
CITY OF DETROIT, WAYNE COUNTY**

April 18, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by COTS (the "Applicant") for a mortgage loan in the amount of Six Million Sixty-Six Thousand Three Hundred Forty-Two Dollars (\$6,066,342) (the "Mortgage Loan") for the acquisition, rehabilitation and permanent financing of a multi-family housing project having an estimated total development cost of Eleven Million Two Hundred Thirty Thousand Seven Hundred Dollars (\$11,230,700), to be known as Buersmeyer Manor (the "housing project"), located in the City of Detroit, Wayne County, Michigan, and to be owned by Buersmeyer Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a CERA Loan in the estimated amount of Three Million Three Hundred Five Thousand Three Hundred Thirty-Five Dollars (\$3,305,335) (the "CERA Loan", and together with the Mortgage Loan, the "Mortgage Loans"); and

WHEREAS, the Chief Executive Officer and Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Chief Executive Officer and Executive Director and, on the basis of the Application and recommendation, has made determinations that:

- (a) The Mortgagor is an eligible applicant;
- (b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;
- (c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;
- (d) The proposed housing project will meet a social need in the area in which it is to be located;
- (e) The proposed housing project may reasonably be expected to be marketed

successfully;

- (f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;
- (g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and
- (h) In light of the estimated total project cost of the proposed housing project, the amount of the Mortgage Loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and the Mortgage Loan commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor a commitment for a Mortgage Loan for the acquisition and rehabilitation financing of the proposed housing project in an amount not to exceed Six Million Sixty Six Thousand Three Hundred Forty-Two Dollars (\$6,066,342), and permanent financing in an amount not to exceed Eighty Seven Thousand One Hundred Forty-Two Dollars (\$87,142), and to have a term of forty (40) years after amortization of principal commences. The Mortgage Loan will bear interest at a rate of six and 625/100 percent (6.625%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Seven Million One Hundred Sixty Thousand Dollars (\$7,160,000).

3. The CERA Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for a CERA Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of Three Million Three Hundred Five Thousand Three Hundred Thirty-Five Dollars (\$3,305,335), and to have a term not to exceed fifty (50) years and to bear interest at a rate of one percent (1%) per annum.

4. This mortgage loan commitment resolution and issuance of the Mortgage Loan

Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed housing project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the Mortgage Loan Commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded. Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment. Any Authorized Officer is also hereby authorized to substitute alternate funding sources for or adjust the amounts of any of the subordinate loans described above, provided the total subordinate funding that is authorized herein does not increase.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loans authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Chief Executive Officer and Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be as follows:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$4,249,015). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority gap funds are included in the development sources the Limited Dividend Payments are capped at 12% per annum, while those loans remain outstanding. If there are no Authority gap loans outstanding, then Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

8. The Mortgage Loans shall be subject to, and the Mortgage Loan Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives Section II.A.6 of the Multifamily Standards of Design provided in the Staff Report. Direct Lending Parameters adopted on June 28, 2017, requiring minimum design standards for accessibility and dishwasher installation, as described in the Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024.

10. The Authority hereby waives Section VI.I.2 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring approval by the City of Detroit of a payment in lieu of taxes for the Development prior to the adoption of this resolution.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: April 18, 2024

RE: Union at A2, Development No. 4082

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of the Multifamily Direct Lending Parameters ("Parameters") regarding underwritten rents, 4) authorize a number of design waivers described in the Issues Policy Considerations and Related Actions section, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

PROJECT SUMMARY:

MSHDA No:	4082
Development Name:	Union at A2
Development Location:	City of Ann Arbor, Washtenaw County
Sponsor:	Union Development Holdings, LLC
Mortgagor:	Union at A2 Limited Dividend Housing Association Limited Partnership
Number of Units (Affordable and Market Rate):	250 Affordable Units
Number of Units Designated for Accessible Use:	26
Occupancy Rate:	N/A
Total Development Cost:	\$74,166,219
TE Bond Construction Loan:	\$46,779,861
TE Bond Permanent Loan:	\$35,195,863
MSHDA Permanent MRF Loan:	\$2,121,625
PA5 Permanent Loan:	\$4,453,621
MSHDA Permanent HTF Loan:	\$9,141,051
Other Funds:	\$20,590,231 LIHTC Equity; \$983,728 Income from Operations; \$100 General

Partner Capital Contribution; \$1,680,000
Deferred Developer Fee

EXECUTIVE SUMMARY:

Union at A2 is the proposed new construction of 250 family units in one 5-story building on a 3.8-acre site located at 2050 Commerce Boulevard, on the west side of the City of Ann Arbor, Washtenaw County. The development will offer 151 one-bedroom apartments, 68 two-bedroom apartments, and 31 three-bedroom apartments to families with a broad array of incomes ranging from 30% Area Median Income (“AMI”) to 80% AMI in a tight housing market with a dearth of affordable housing. Planned development amenities include community space, an on-site management & leasing office, mailroom, a playground, picnic & grilling area, bike storage, fitness room, and a rooftop community area with an outdoor terrace. The development will be built to Energy Star standards.

The sponsor has one development, Union at Oak Grove, currently under construction and requests Authority financing under the Round 16 Gap Funding NOFA for Union at A2. I am recommending Board approval in order to:

- Finance the construction of 250 new affordable family units.
- Create an earning asset in the Authority’s portfolio.
- Provide long-term affordability for low- and moderate-income families in a high-cost area.

ADVANCING THE AUTHORITY’S MISSION:

Union at A2 is located in Region K of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals contained in the Plan:

- Goal 4.1--Increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 4.3 C.--Encourage healthier alternatives to natural gas and propane use where feasible.
- Goal 6.3--Increase the quality of rental housing.

The project will create 250 affordable housing units for families and establish \$62.4 million in new Authority loans.

MUNICIPAL SUPPORT:

- The City of Ann Arbor has awarded a PILOT equal to \$1 per unit per year.

COMMUNITY ENGAGEMENT/IMPACT:

- The development team has been in regular communication with the Ann Arbor Housing Commission to connect with stakeholders and non-profits.
- The development team hired a local design consultant to ensure the project meets community standards and expectations.
- The community has supported the proposed development due to the quality of the design and the high need for affordable housing units; this development will replace a blighted structure and provide 250 affordable housing units.
- The development team engaged residents through a citizen participation meeting on August 10, 2022, to discuss project plans. Most attendees were residents of a neighboring

condominium development, and they requested visual buffering along the western edge of the property. Plans call for planting evergreen trees along that property line and orienting the parking area so that headlights do not shine into the neighboring development. Neighboring residents were supportive of the development.

- The development team will stay in contact with the neighboring condominium board and community.
- The development team has also identified several area nonprofits to provide services to future residents including the Ann Arbor Community Foundation, The NEW Center, the United Way of Washtenaw County, Ann Arbor Women's Group, The Salvation Army, Peace Neighborhood Center, and the National Alliance on Mental Illness of Washtenaw County.

RESIDENT IMPACT:

- This is a new construction proposal so no current residents will be impacted.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

It is recommended that a waiver be granted of the Parameter requiring for underwriting purposes, on all new construction or acquisition-rehab transactions, that as to the units restricted to the Multifamily Tax Subsidy Projects ("MTSP") 60% AMI limit, underwritten rents will be limited to 95% of 30% of the MTSP 60% AMI.

Several design waivers were requested. Approved design waivers include electric heat in lieu of gas heat, which is preferred for new developments in Ann Arbor; one tot lot instead of the required two tot lots; the general tenant storage requirement was waived due to some units exceeding the requirement and providing smaller units not meeting the requirement with additional storage space outside of the unit; 3-bedroom units will be located throughout the building rather than all at grade; water softener requirement is waived pending a water hardness test; clearance between kitchen countertops was approved at 3' 6" rather than 4' to allow for a central island while also meeting accessibility requirements; side by side washers and dryers will be installed in accessible units while all other units will have stackable equipment; use of 'luxury vinyl tile' ("LVT") to be used instead of carpeting in living and bedrooms was approved; the waiver to allow for up to 1/3 of the parking spaces to be sized for compact vehicles was approved; finally, the waiver requesting a reduction in the number of patios/balconies allowing for 54.4% of the units to include a patio/balcony rather than 100% was approved.

The waiver to eliminate emergency generator back-up was denied thereby allowing mobility-limited tenants to exit the building in the event of a power outage; and the waiver to greatly reduce the number of parking spaces was denied. A minimum parking ratio of 1.2:1 is required.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

April 18, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, 3) authorize a waiver of the Multifamily Direct Lending Parameters ("Parameters") regarding underwritten rents, 4) authorize a number of design waivers described in the Issues Policy Considerations and Related Actions section, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	4082
<u>Development Name:</u>	Union at A2
<u>Development Location:</u>	City of Ann Arbor, Washtenaw County
<u>Sponsor:</u>	Union Development Holdings, LLC
<u>Mortgagor:</u>	Union at A2 Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$46,779,861 (63.07% of TDC)
<u>TE Bond Permanent Loan:</u>	\$35,195,863
<u>PA5 Permanent Loan:</u>	\$4,453,621
<u>MSHDA Permanent HTF Loan:</u>	\$9,141,051
<u>MSHDA Permanent MRF Loan:</u>	\$2,121,625
<u>Total Development Cost:</u>	\$74,166,219
<u>Mortgage Amortization and Term:</u>	40 years for the tax-exempt bond loan; 50 years for the PA5 loan; 50 years for the MRF loan; and 50 years for the HTF loan.
<u>Interest Rate:</u>	6.625% for the tax-exempt bond loan; 1% simple interest for the PA5 loan; 3% simple interest for the MRF loan; and 1% simple interest for the HTF loan
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs Round 16 NOFA.
<u>Number of Units:</u>	250 family units of new construction.
<u>Accessible Units:</u>	26 accessible units.
<u>Unit Configuration:</u>	151 one-bedroom one-bathroom apartments, 68 two-bedroom two-bath apartments, and 31 three-bedroom two-bathroom apartments in one 5-story building with elevator service.
<u>Builder:</u>	Annex Construction, LLC
<u>Syndicator:</u>	NDC Housing and Economic Development Corporation
<u>Date Application Received:</u>	January 6, 2023
<u>HDO:</u>	JT Johnston

Mortgage Loan Feasibility/Commitment Staff Report
Union at A2, MSHDA No. 4082
City of Ann Arbor, Washtenaw County
April 18, 2024

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

It is recommended that a waiver be granted of the Parameter requiring for underwriting purposes on all new construction or acquisition-rehab transactions, that as to the units restricted to the Multifamily Tax Subsidy Projects ("MTSP") 60% Area Median Income ("AMI") limit, underwritten rents will be limited to 95% of 30% of the MTSP 60% AMI.

Several design waivers were requested. Approved design waivers include electric heat in lieu of gas heat, which is preferred for new developments in Ann Arbor; one tot lot instead of the required two tot lots; the general tenant storage requirement was waived due to some units exceeding the requirement and providing smaller units not meeting the requirement with additional storage space outside of the unit; 3-bedroom units will be located throughout the building rather than all at grade; water softener requirement is waived pending a water hardness test; clearance between kitchen countertops was approved at 3' 6" rather than 4' to allow for a central island while also meeting accessibility requirements; side by side washers and dryers will be installed in accessible units while all other units will have stackable equipment; use of 'luxury vinyl tile' ("LVT") to be used instead of carpeting in living and bedrooms was approved; the waiver to allow for up to 1/3 of the parking spaces to be sized for compact vehicles was approved, and finally, the waiver requesting a reduction in the number of patios/balconies allowing for 54.4% of the units to include a patio/balcony rather than 100% was approved.

The request to waive the emergency generator back-up was denied thereby allowing mobility-limited tenants to exit the building in the event of a power outage, and the request to to greatly reduce the number of parking spaces was denied. A minimum parking ratio of 1.2:1 is required.

EXECUTIVE SUMMARY:

Union at A2 is the proposed new construction of 250 family units in one 5-story building on a 3.8-acre site located at 2050 Commerce Boulevard, on the west side of the City of Ann Arbor, Washtenaw County. The development will offer 151 one-bedroom apartments, 68 two-bedroom apartments, and 31 three-bedroom apartments to families with a broad array of incomes ranging from 30% AMI to 80% AMI in a tight housing market with a dearth of affordable housing. Planned development amenities include community space, on-site management & leasing office, mailroom, a playground, picnic & grilling area, bike storage, fitness room, and a rooftop community area with an outdoor terrace. The development will be built to Energy Star standards.

The sponsor has one development, Union at Oak Grove, currently under construction, and requests Authority financing under the Round 16 Gap Funding NOFA for Union at A2.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to new construction transactions:

- A tax-exempt bond construction loan will be provided by the Authority in the amount of \$46,779,861 at 6.625% interest with a 37-month term (a 24-month construction term and a

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13-month rent-up period), which will be used to bridge an extended equity pay-in period. Payments of interest only will be required during the construction loan. The principal balance of the construction loan will be reduced to the permanent loan amount due on the first day of the month following the month in which the 37-month construction loan term expires or such later date as established by an Authorized Officer of the Authority (the "Permanent Financing Date").

- A permanent Mortgage Loan will be provided by the Authority in the amount of \$35,195,863. The permanent loan amount is based upon the rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 1.15 debt service coverage ratio, an annual interest rate of 6.625%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will begin to amortize on the Permanent Financing Date and will be in **First Position**.
- A permanent subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of \$2,121,625 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A permanent subordinate loan using an Authority Public Act 5 Loan (the "PA5 Loan") in the amount of \$4,453,621 will be provided at 1% simple interest with payments initially deferred. The PA5 Loan will be in **Third Position**.
- A permanent subordinate loan using an Authority Housing Trust Fund Loan (the "HTF Loan") in the amount of \$9,141,051 will be provided at 1% simple interest with payments initially deferred. The HTF Loan will be in **Fourth Position**.
- The general partner will make a capital contribution in the amount of \$100.
- Equity support comes from an investment related to the 4% LIHTC in the estimate amount of \$20,590,231.
- Income from operations will be used as a source of funding to make the interest only payments and the tax and insurance payments during the construction period in the amount of \$983,728.
- The Sponsor has agreed to defer \$1,680,000 of the developer fee to help fill the remaining funding gap.
- A thirteen (13) month rent-up allowance in the amount identified in the attached proforma will be required to support interest payments between construction completion and the Mortgage Cut-Off Date, as determined by the Authority.
- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The reserve will be capitalized at initial closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.

Site Selection:

The site has been vetted by Authority Staff and the Authority's Manager of the Office of Market Research has indicated that the site meets the Authority's current site selection criteria.

Market Evaluation:

The unit mix as well as the amenities package and rent levels have been approved by the Manager of the Office of Market Research.

Valuation of the Property:

An appraisal dated December 17, 2022, estimates the value at \$6,175,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$20,590,331). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the MRF Loan, the PA5 Loan, and the HTF Loan have been repaid. Thereafter, Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for 250 units of this proposal are as follows:

- a. 45 units (33 one-bedroom, one-bath units; 10 two-bedroom, two-bath units, and 2 three-bedroom, two-bath units) have been designated as HTF units and during the Period of Affordability required under the HTF program (30 years) must be available for occupancy by Extremely Low-income households whose incomes do not exceed 30% of AMI, as determined by HUD, adjusted for family size, or families whose adjusted gross income is at or below the poverty line (as defined in Section 673 of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902), whichever is greater.

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- b. 45 units (33 one-bedroom, one-bath units; 10 two-bedroom, two-bath units; and 2 three-bedroom, two-bath units) must be available for occupancy by households whose incomes do not exceed the MTSP 30% income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- c. 73 units (73 one-bedroom, one-bath units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. 132 of the units (45 one-bedroom, one-bath units; 58 two-bedroom, two-bath units; and 29 three-bedroom, two-bath units) must be available for occupancy by households whose incomes do not exceed 70% of AMI and will allow the Development to achieve and maintain the average household income of the affordable units in the project at the 60% MTSP limit or less based upon the MTSP limits, adjusted for family size as determined by HUD, until the latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. Limitations on Rental Rates:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 250 units is subject to the following limitations:

- a. During the Period of Affordability required under the HTF program (30 years), the Total Housing Expense for the 45 HTF units (33 one-bedroom units; 10 two-bedroom units; and 2 three-bedroom units), may not exceed the Housing Trust Fund rent limit for the unit established and published annually by HUD and based upon an imputed occupancy of one and one-half persons per bedroom.
- b. The Total Housing Expense for 45 units (33 one-bedroom units; 10 two-bedroom units; and 2 three-bedroom units), may not exceed one-twelfth (1/12th) of 30% of 30% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

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- c. The Total Housing Expense for 73 units (73 one-bedroom units), may not exceed one-twelfth ($1/12^{\text{th}}$) of 30% of 60% of the MTSP limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. The Total Housing Expense for 132 units (45 one-bedroom units; 58 two-bedroom units; and 29 three-bedroom units), may not exceed up to one-twelfth ($1/12^{\text{th}}$) of 30% of 70% of the MTSP income limit as long as the average AMI level of the affordable units in the project is 60% of AMI or less, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

For the initial lease term of the first household occupying each rent restricted unit in the Development the initial rent may not exceed 105% of the rent approved in this Mortgage Loan Feasibility/Commitment Staff Report. Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually by the Authority's Division of Asset Management.

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. Covenant Running with the Land:

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the

Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. Restriction on Prepayment and Subsequent Use:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

- a. 1% of the balance being prepaid;
- b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
- c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be \$1,386,073). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

The Mortgagor must agree to establish a replacement reserve fund ("Replacement Reserve") by making annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$350 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior

year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into written agreements relating to the permanent MRF Loan, the PA5 Loan, and the permanent HTF Loan. The MRF Loan, the PA5 Loan, and the HTF Loan will each be secured by a subordinate mortgage. The HTF Loan will bear simple interest at 1% with a 50-year term, the PA5 Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on the MRF Loan, the PA5 Loan, or the HTF Loan, until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the MRF Loan, the PA5 Loan, and the HTF Loan, will commence according to the following:

- So long as both of the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF Loan.
- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the PA5 Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF Loan.
- Upon payment in full of the Mortgage Loan, if the MRF Loan, the PA5 Loan, and the HTF Loan remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the PA5 Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal, and no payments will be required on the HTF Loan.
- Upon payment in full of both the Mortgage Loan and the MRF Loan, the outstanding balance of the PA5 Loan, including accrued interest, will become the new first

mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HTF Loan will commence and be made from fifty (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.

- Upon payment in full of the Mortgage Loan, the MRF Loan, and the PA5 Loan, the outstanding balance of the HTF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.
- The entire principal balance and any accrued interest of the MRF Loan, the PA5 Loan, and the HTF Loan, will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the MRF Loan, the PA5 Loan, and the HTF Loan, will be due and payable at that time.

9. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

10. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

11. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Design and Construction Manager.

12. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide a copy of the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to follow-up reporting requirements as established by the Authority.

13. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

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In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

14. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

15. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

16. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursement, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide a surveyor's certificate of facts together with an ALTA survey certified to the 2021 minimum standards, and that appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

17. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

18. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate

subordinate funding sources.

19. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

- a. Management Agreement
- b. Marketing Addendum

20. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HTF recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

21. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

22. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

23. Ownership of Development Reserves:

At the Initial Closing, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. This agreement must be acceptable to the Authority's Director of Legal Affairs.

24. HUD Subsidy Layering Review:

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

25. Application for Disbursement:

Prior to Initial Closing, the Mortgagor must submit an “Application for Disbursement” along with supporting documentation, which must be found acceptable to the Authority’s Director of Development.

Special Conditions:

1. Legal Requirements:

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority’s Director of Legal Affairs for the items listed below:

- At initial disbursement, no tax-exempt funding is to be applied to acquisition costs as the purchase occurred more than sixty (60) days ago, making such costs ineligible for bond funding.
- Prior to Initial Closing, submit an acceptable, executed Development Agreement between the Mortgagor and the City of Ann Arbor.
- Prior to Initial Closing, the Michigan Attorney General’s Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Union at A2 Limited Dividend Housing Association Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Kyle Bach
Address: 400 Massachusetts Avenue, Suite 300
Indianapolis, IN 46204

B. Guarantor #2:

Name: Annex Construction, LLC
Address: 400 Massachusetts Avenue, Suite 300
Indianapolis, IN 46204

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

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Name: Union Development Holdings
Address: 400 Massachusetts Avenue, Suite 300
Indianapolis, IN 46204

Individuals Assigned: Kyle Bach
Telephone: 317-607-4835
Fax: --
E-mail: tknox@theannexgrp.com

1. **Experience:** The Sponsor has experience with one previous Authority-financed development.
2. **Interest in the Mortgagor and Members:** Union at A2 GP, LLC – General Partner 51%

Union Development Holdings, LLS – Limited Partner 49%

B. Architect:

Name: BKV Group
Address: 209 South LaSalle Street
Chicago, IL 60604

Individual Assigned: Mark Harris
Telephone: 312-279-0823
Fax: ---
E-Mail: mharris@bkvgroup.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301067045, exp. 04/06/2025, Mark Harris.

C. Attorney:

Name: Fraser Trebilcock
Address: 124 W. Allegan Street, Suite 1000
Lansing, MI 48933

Individual Assigned: Mary P. Levine
Telephone: 517-482-5800
Fax: ---
E-Mail: mplevine@fraserlawfirm.com

1. **Experience:** This firm has experience in closing Authority-financed

developments.

D. Builder:

Name: Annex Construction, LLC
Address: 409 Massachusetts Avenue, Suite 300
Indianapolis, IN 46204

Individual Assigned: Tom Tomaszewski
Telephone: 708-960-0356
Fax: ---
E-mail: tom@theannexgrp.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 262100165, with an expiration date of 05/31/2024, Thomas R Tomaszewski, Qualifying Officer.

E. Management and Marketing Agent:

Name: Sterling Group
Address: 3900 Edison Lakes Parkway, Suite 201
Mishawaka, IN 46545

Individual Assigned: Andrea Vinstra
Telephone: 574-243-8547
Fax: ---
E-mail: avinstra@thesterlinggrp.com

1. **Experience:** This firm is an Authority-approved management agent but has no experience managing Authority financed developments.

F. Development Team Recommendation: Acceptable.

IV. SITE DATA:

- A. Land Control/Purchase Price:**
Covenant Deed dated March 16, 2023, conveyed to Union at A2 Limited Dividend Housing Association Limited Partnership, and recorded in Washtenaw County on 04/11/2023 for parcel ID 09-09-31-209-026.
- B. Site Location:**
Site is located at 2050 Commerce Boulevard, east of South Maple Road, west of West Stadium Boulevard, south of West Liberty Street, and north of St. Charles Drive in the City of Ann Arbor, Washtenaw County.

- C.** Size of Site:
3.84 +/- acres
- D.** Density:
Appears appropriate to the proposed multi-family construction.
- E.** Physical Description:
1. Present Use: Vacant; empty pole barn to be removed.
 2. Existing Structures: One 12,114 SF commercial building to be demolished.
 3. Relocation Requirements: None
- F.** Zoning:
TC1, Transit Corridor District which allows for affordable housing.
- G.** Contiguous Land Use:
1. North: Commercial
 2. South: Multi-family residential
 3. East: Commercial
 4. West: Multi-family residential
- H.** Tax Information:
The development is eligible for a PILOT from the City of Ann Arbor equal to \$1.00 per affordable unit developed with Authority financing or a federally aided mortgage.
- I.** Utilities:
Gas: Consumers Energy
Electric: DTE Energy
Water & Sewer: City of Ann Arbor
- J.** Community Facilities:
1. Shopping:
Multiple grocery, pharmacy, banking, and retail are located along Stadium Boulevard and surrounding roadways.
 2. Recreation:
The City of Ann Arbor has multiple natural areas and parks, the immediate area surrounding the site offers various restaurants; Veterans Memorial Park Pool & Ice Arena is located less than 2 miles to the north, the University of Michigan has an art museum, a museum of natural history, and an archeology museum. Various entertainment venues are located throughout the City of Ann Arbor as well as on campus.
 3. Public Transportation:
The Ann Arbor Area Transportation Authority provides bus service known as

The Ride throughout the greater Ann Arbor area including the City of Ypsilanti and some surrounding townships. Michigan Flyer provides bus service to Detroit Metro Airport, Amtrak and Greyhound offer regional transportation options, and the University of Michigan has MagicBus, its own bus system.

4. Road Systems

I-94 is located just west of the site and M-14 is located to the north. Stadium, Maple, and Liberty are main thoroughfares within the city.

5. Medical Services and other Nearby Amenities:

The University of Michigan medical system is located in Ann Arbor and has additional clinics and offices in the area. Advance Urgent Care & Walk-In Clinic is located approximately 1 mile to the southeast.

6. Description of Surrounding Neighborhood:

Mixed-use with commercial and residential.

7. Local Community Expenditures Apparent:

None.

8. Indication of Local Support:

The City of Ann Arbor provides for a PILOT in the amount of \$1.00 per year for each affordable housing unit financed with the Authority or federally aided mortgage loan.

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority and has been reviewed by the Authority's Environmental Manager. (See Standard Condition No. 15).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HTF requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Chief Market Analyst and found to be acceptable. The Authority's Chief Market Analyst has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Design and Construction Manager prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been approved.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application-level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	April 2024
B. Initial Closing and Disbursement:	July 2024
C. Construction Completion:	July 2026
D. Cut-Off Date:	August 2027

XII. ATTACHMENTS:

- A. Development Proforma**

Mortgage Loan Feasibility/Commitment Staff Report
Union at A2, MSHDA No. 4082
City of Ann Arbor, Washtenaw County
April 18, 2024

APPROVALS:

Chad A. Benson

4/9/2024

Chad Benson
Director of Development

Date

Anthony Lentych

4/9/2024

Anthony Lentych
Chief Housing Investment Officer

Date

Clarence L. Stone, Jr.

4/10/2024

Clarence L. Stone, Jr.
Director of Legal Affairs

Date

Amy Hovey

04/10/2024

Amy Hovey
Chief Executive Officer and Executive Director

Date

Development Unit at A2
Financing Tax Exempt
MSHDA No. 4082
Step Commitment
Date 04/18/2024
Type New Construction

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% In Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition					
Land	24,000	6,000,000	0%	0	0
Existing Buildings	0		100%	0	0
Other: Carrying costs (taxes, interest, fees)	3,029	757,288	0%	0	0
Subtotal	27,029	6,757,288			

Construction/Rehabilitation					
Off Site Improvements	1,000	250,000	100%	250,000	0
On-site Improvements	12,281	3,070,304	100%	3,070,304	0
Landscaping and Irrigation	962	240,540	100%	240,540	240,540
Structures	150,563	37,640,628	100%	37,640,628	37,640,628
Community Building and/or Maintenance Facility	0		100%	0	0
Construction not in Tax Credit basis (i.e.Carpports and Commercial Space)	0		0%	0	0
General Requirements % of Contract 6.00%	9,888	2,472,088	100%	2,472,088	2,472,088
Builder Overhead % of Contract 2.00%	3,494	873,471	100%	873,471	873,471
Builder Profit % of Contract 6.00%	10,691	2,672,822	100%	2,672,822	2,672,822
Bond Premium, Tap Fees, Cost Cert.	64	16,000	100%	16,000	16,000
Other:	0		100%	0	0
Subtotal	188,943	47,235,853			

15% of acquisition and \$15,000/unit test: met

Professional Fees					
Design Architect Fees	3,535	883,782	100%	883,782	883,782
Supervisory Architect Fees	1,112	278,000	100%	278,000	278,000
Engineering/Survey	400	100,000	100%	100,000	100,000
Legal Fees	761	190,259	100%	190,259	190,259
Subtotal	5,808	1,452,041			

Interim Construction Costs					
Property & Casualty Insurance	1,207	301,867	100%	301,867	301,867
Construction Loan Interest	13,654	3,413,491	65%	2,214,156	2,214,156
Title Work	200	50,000	100%	50,000	0
Construction Taxes	3	771	100%	771	771
Permits and Utility Impact Fees	13,737	3,434,128	100%	3,434,128	3,434,128
Subtotal	28,801	7,200,257			

Permanent Financing					
Loan Commitment Fee to MSHDA	2%	5,000	1,249,923	0%	0
Other:		0		0%	0
Subtotal		5,000	1,249,923		

Other Costs (In Basis)					
Application Fee	8	2,000	100%	2,000	2,000
Market Study	26	6,500	100%	6,500	6,500
Environmental Studies	418	104,555	100%	104,555	104,555
Cost Certification	64	16,000	100%	16,000	16,000
Equipment and Furnishings	316	79,000	100%	79,000	0
Temporary Tenant Relocation	0	0	100%	0	0
Construction Contingency	14,171	3,542,689	100%	3,542,689	3,542,689
Appraisal and C.N.A.	24	6,000	100%	6,000	6,000
Other: Design Consultant	80	20,000	100%	20,000	20,000
Subtotal	15,107	3,776,744			

Oth Start-up and Organization					
Tax Credit Fees (based on 2022 QAP)	159,970	Within Range	640	159,970	0
Compliance Monitoring Fee (based on 2022 QAP)			475	118,750	0
Marketing Expense			144	35,947	0
Syndication Legal Fees			280	70,000	0
Rent Up Allowance	13.0 months		10,493	2,623,374	0
Other:			0		0
Subtotal			12,032	3,008,041	0

Summary of Acquisition Price	As of	Construction Loan Term	Months
Attributed to Land	6,000,000	1st Mortgage Balance	24
Attributed to Existing Structure:	0	Subordinate Mortgage(s)	13
Other: Carrying costs (taxes, in	757,288	Subordinate Mortgage(s)	37
Fixed Price to Seller	6,757,288		
		Premium/(Deficit) vs Existing Debt	6,757,288

Appraised Value	Value As of:	12/17/2022	6,175,000	308,750	6,757,288	Out of Range	(273,538)
"Encumbered As-Is" value as determined by appraisal:							
Plus 5% of Appraised Value:							
LESS Fixed Price to the Seller:							
Surplus/(Gap)							

Project Reserves

Operating Assurance Reserv	4.0 months	Funded in Cas	5,544	1,386,073	0%	0	0
Replacement Reserve		Not Required	0	0	0%	0	0
Operating Deficit Reserve			0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0	0	0%	0	0
Other:			0	0	0%	0	0
Subtotal			5,544	1,386,073			

Miscellaneous

Deposit to Development Operating Account (1MGRF Not Required)	0	0	0%	0	0
Other (Not in Basis):	0	0	0%	0	0
Other (In Basis):	0	0	100%	0	0
Other (In Basis):	0	0	100%	0	0
Subtotal	0	0			

Total Acquisition Costs	27,029	6,757,288
Total Construction Hard Costs	188,943	47,235,853
Total Non-Construction ("Soft") Costs	72,292	18,073,078

Developer Overhead and Fee

Maximum	10,199,181	8,400	2,100,000	100%	2,100,000	2,100,000
7.5% of Acquisition/Project Reserves		Override	5% Attribution Test			
15% of All Other Development Costs		2,100,000	met			

Total Development Cost	296,665	74,166,219
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TOTAL DEVELOPMENT SOURCES

MSHDA Permanent Mortgage	47.46%	140,783	35,195,863
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution From Tax Credit Syndication	27.76%	82,361	20,590,231
MSHDA NSP Funds	0.00%	0	0
MSHDA HOME	0.00%	0	0
MSHDA Mortgage Resource Funds	2.86%	8,487	2,121,625
MSHDA PAS Loan	6.00%	17,814	4,453,621
MSHDA Housing Trust Funds	12.33%	36,564	9,141,051
MSHDA CERA	0.00%	0	0
MSHDA HOME-ARP	0.00%	0	0
MSHDA HCDF	0.00%	0	0
Local HOME	0.00%	0	0
Income from Operations	1.33%	3,935	983,728
Other Equity GP Capital Contribution	0.00%	0	100
Transferred Reserves:	0.00%	0	0
Other:	0.00%	0	0
Other:	0.00%	0	0
Deferred Developer Fee	2.27%	6,720	1,680,000
Total Permanent Sources			74,166,219

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	63.07%	187,119	46,779,861
Construction Loan Rate	6.625%		
Repaid from equity prior to final closing			11,583,998

Eligible Basis for LIHTC/TCAP	Value of LIHTC/TCAP
Acquisition	0
Construction	60,565,560
Acquisition Credit %	4.00%
Rehab/New Const Credit %	4.00%
Qualified Percentage	100.00%
QCT/DDA Basis Boost	100%
Historic?	No

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	20,590,231
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	100
Other Equity Sources	
New Owner's Equity	20,590,331

OAR					
Funded Yr 1	1,386,073	1,386,073			
4 Month OAR					

0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0
0%	0	0	0	0	0

0%	0	0	0	0	0
0%	0	0	0	0	0
100%	0	0	0	0	0
100%	0	0	0	0	0

LIHTC Basis	Historic Basis	Aggregate Basis
60,565,560	57,116,256	66,565,560

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	44.65%	0	0 One Bedroom	30 One Bedroom, 1 Bath
0.00		HTF Subsidy Limit	0 Two Bedroom	11 Two Bedroom, 2 Bath
		9372081.6	0 Three Bedroc	4 Three Bedroom, 2 Bath

Deferred Dev Fee	80.00%
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Existing Reserve Analysis				
DCE Interest:		Current Owner's Reserves:		0
Insurance:		Reserves Transferred in to Project		0
Taxes:		Tax/Ins Escrows transferred to project		0
Rep. Reserve:				
ORC:				
DCE Principal:				
Other:				

Development Union at A2
Financing Tax Exempt
MSHDA No. 4082
Step Commitment
Date #####
Type New Construction

Instructions

Income Limits for	Washtenaw County						(Effective May 15,2023)
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	
80% of area median	26,040	29,760	33,480	37,200	40,200	43,170	
40% of area median	34,720	39,680	44,640	49,600	53,600	57,560	
50% of area median	43,400	49,600	55,800	62,000	67,000	71,950	
60% of area median	52,080	59,520	66,960	74,400	80,400	86,340	

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current Section 8 Contract Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	
30% Family	Area Median Income Units Occupancy																	
A	33	Apartment	1	1.0	710	649	48	697	257,004		5.7%	13.2%	23,430	11.4%	23,430	HTF	697	
B	10	Apartment	2	2.0	900	773	64	837	92,760		2.1%	4.0%	9,000	4.4%	9,000	HTF	837	
C	2	Apartment	3	2.0	1,200	886	81	967	21,264		0.5%	0.8%	2,400	1.2%	2,400	HTF	967	
									371,028	0	8.3%	18.0%	34,830	16.9%	34,830			
60% Family	Area Median Income Units Occupancy																	
A	73	Apartment	1	1.0	710	1,347	48	1,395	1,179,972	0	26.4%	29.2%	51,830	25.2%	51,830		1,395	
									1,179,972	0	26.4%	29.2%	51,830	25.2%	51,830			
70% Family	Area Median Income Units Occupancy																	
A	45	Apartment	1	1.0	710	1,579	48	1,627	852,660	0	19.1%	18.0%	31,950	15.5%	31,950		1,627	
B	58	Apartment	2	2.0	900	1,889	64	1,953	1,314,744	0	29.4%	23.2%	52,200	25.4%	52,200		1,953	
C	29	Apartment	3	2.0	1,200	2,176	81	2,257	757,248	0	16.9%	11.6%	34,800	16.9%	34,800		2,257	
									2,924,652	0	65.3%	52.8%	118,950	57.9%	118,950			
Mgrs									0	0	0.0%	0.0%	0	0.0%	0			
													205,610		205,610			
Total Revenue Units	250							Gross Rent Potential		4,475,652	HOME Units SF/Total Units SF				0.0%	Within Range		
Manager Units	0							Average Monthly Rent		1,492	# HOME Units/# Total Units				0.0%	Within Range		
Income Average	59.88%							Gross Square Footage		205,610								
Set Aside	100.00%																	

Development Union at A2
Financing Tax Exempt
MSHDA No. 4082
Step Commitment
Date 04/18/2024
Type New Construction

Mortgage Assumptions:
Debt Coverage Ratio 1.15
Mortgage Interest Rate 6.625%
Pay Rate 6.625%
Mortgage Term 40 years
Income from Operations No

Instructions

Total Development Income Potential

	Per Unit	Total
Annual Rental Income	17,903	4,475,652
Annual Non-Rental Income	237	59,125
Total Project Revenue	18,139	4,534,777

Total Development Expenses

Vacancy Loss	8.00% of annual rent potential	1,432	358,052
Management Fee	634 per unit per year	634	158,500
Administration		1,600	400,000
Project-paid Fuel		0	0
Common Electricity		202	50,432
Water and Sewer		314	78,500
Operating and Maintenance		1,700	425,000
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	0.00% Applied to: All Units	1	250
Insurance		358	89,600
Replacement Reserve	350 per unit per year	350	87,500
Other:		0	
Other:		0	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
Future Vacancy		
	6	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	6	3.0%
4.0%	6	3.0%
5.0%	6	5.0%
3.0%	1	3.0%
5.0%	1	5.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

Total Expenses	36.34%	6,591	1,647,834
Base Net Operating Income		11,548	2,886,943
Part A Mortgage Payment	55.36%	10,042	2,510,385
Part A Mortgage		140,783	35,195,863
Non MSHDA Financing Mortgage Payment		0	
Non MSHDA Financing Type:		0	
Base Project Cash Flow (excludes ODR)	8.30%	1,506	376,558

Override

Cash Flow Projections

Development	Union at A2
Financing	Tax Exempt
MSHDA No.	4082
Step	Commitment
Date	04/18/2024
Type	New Construction

			Initial Investor		Starting in Yr		Future Investor		Type New Construction																			
									2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20						
Income																												
Annual Rental Income			1.0%	6	2.0%	4,475,652	4,520,409	4,565,613	4,611,269	4,657,381	4,750,529	4,845,540	4,942,450	5,041,299	5,142,125	5,244,968	5,349,867	5,456,865	5,566,002	5,677,322	5,790,868	5,906,686	6,024,819	6,145,316	6,268,222			
Annual Non-Rental Income			1.0%	6	2.0%	59,125	59,716	60,313	60,917	61,526	62,756	64,011	65,292	66,597	67,929	69,288	70,674	72,087	73,529	74,999	76,499	78,029	79,590	81,182	82,806			
Total Project Revenue			4,534,777 4,580,125 4,626,926 4,672,186 4,718,907 4,813,285 4,909,551 5,007,742 5,107,897 5,210,055 5,314,256 5,420,541 5,526,952 5,638,531 5,752,321 5,867,368 5,984,715 6,104,410 6,226,498 6,351,028																									
Expenses																												
Vacancy Loss			8.0%	6	5.0%	358,052	361,633	365,249	368,901	372,591	372,526	242,277	247,123	252,065	257,106	262,248	267,493	272,843	278,300	283,866	289,543	295,334	301,241	307,266	313,41			
Management Fee			3.0%	1	3.0%	158,500	163,255	168,153	173,197	178,393	183,745	189,257	194,935	200,783	206,807	213,011	219,401	225,983	232,763	239,745	246,938	254,346	261,976	269,836	277,931			
Administration			3.0%	1	3.0%	400,000	412,000	424,360	437,091	450,204	463,710	477,621	491,950	506,708	521,909	537,567	553,694	570,304	587,413	605,036	623,167	641,883	661,139	680,973	701,402			
Project-paid Fuel			3.0%	6	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Common Electricity			4.0%	6	3.0%	50,432	52,449	54,547	56,729	58,998	60,768	62,591	64,469	66,403	68,395	70,447	72,560	74,737	76,979	79,289	81,667	84,117	86,641	89,240	91,917			
Water and Sewer			5.0%	6	5.0%	78,500	82,425	86,546	90,874	95,417	100,188	105,198	110,457	115,980	121,779	127,868	134,262	140,975	148,023	155,425	163,196	171,356	179,923	188,920	198,366			
Operating and Maintenance			3.0%	1	3.0%	425,000	437,750	450,883	464,408	478,341	492,691	507,472	522,696	538,377	554,529	571,164	588,299	605,948	624,127	642,851	662,136	682,000	702,460	723,534	745,240			
Real Estate Taxes			5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Payment in Lieu of Taxes (PILOT)			3.0%	1	3.0%	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Insurance			3.0%	1	3.0%	89,600	92,288	95,057	97,908	100,846	103,871	106,987	110,197	113,503	116,908	120,415	124,027	127,748	131,581	135,528	139,594	143,782	148,095	152,538	157,114			
Replacement Reserve			3.0%	1	3.0%	87,500	90,125	92,829	95,614	98,482	101,436	104,480	107,614	110,842	114,168	117,593	121,120	124,754	128,497	132,352	136,322	140,412	144,624	148,963	153,432			
Other:			3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Other:			3.0%	1	3.0%																							

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
UNION AT A2, MSHDA DEVELOPMENT NO. 4082
ANN ARBOR, WASHTENAW COUNTY**

April 18, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Union Development Holdings, LLC (the "Applicant") for a multifamily housing project to be located in the City of Ann Arbor, Washtenaw County, Michigan, having an estimated total development cost of Seventy-Four Million One Hundred Sixty-Six Thousand Two Hundred Nineteen Dollars (\$74,166,219), a total estimated maximum mortgage loan amount of Forty-Six Million Seven Hundred Seventy-Nine Thousand Eight Hundred Sixty-One Dollars (\$46,779,861) and a Mortgage Resource Fund loan in the amount of Two Million One Hundred Twenty-One Thousand Six Hundred Twenty-Five Dollars (\$2,121,625) (hereinafter referred to as the "Application"); and

WHEREAS, a housing association to be formed by the Applicant may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:
 - a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.
 - b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
 - c. The proposed housing project will meet a social need in the area in which it is to be located.

- d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to provide financing for the proposed housing project.
- e. The proposed housing project is a feasible housing project.
- f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Fifty-Five Million Two Hundred Five Thousand Dollars (\$55,205,000).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION DETERMINING MORTGAGE LOAN
UNION AT A2, MSHDA DEVELOPMENT NO. 4082
ANN ARBOR, WASHTENAW COUNTY**

April 18, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Union Development Holdings, LLC (the "Applicant") for a construction mortgage loan in the amount of Forty-Six Million Seven Hundred Seventy-Nine Thousand Eight Hundred Sixty-One Dollars (\$46,779,861), and a permanent mortgage loan in the amount of Thirty-Five Million One Hundred Ninety-Five Thousand Eight Hundred Sixty-Three Dollars (\$35,195,863), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Seventy-Four Million One Hundred Sixty-Six Thousand Two Hundred Nineteen Dollars (\$74,166,219), to be known as Union at A2, located in the City of Ann Arbor, Washtenaw County, Michigan, and to be owned by Union at A2 Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund ("MRF") loan in the estimated amount of Two Million One Hundred Twenty-One Thousand Six Hundred Twenty-Five Dollars (\$2,121,625) (the "MRF Loan"); and

WHEREAS, the Executive Director has forwarded to the Authority her analysis of the Application and her recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Executive Director and, on the basis of the Application and recommendation, has made determinations that:

- (a) The Mortgagor is an eligible applicant;
- (b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;
- (c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;
- (d) The proposed housing project will meet a social need in the area in which it is to

be located;

- (e) The proposed housing project may reasonably be expected to be marketed successfully;
- (f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;
- (g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and
- (h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction financing of the proposed housing project in an amount not to exceed Forty-Six Million Seven Hundred Seventy-Nine Thousand Eight Hundred Sixty-One Dollars (\$46,779,861), and permanent financing in an amount not to exceed Thirty-Five Million One Hundred Ninety-Five Thousand Eight Hundred Sixty-Three Dollars (\$35,195,863), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of six and 625/100 percent (6.625%) per annum. The amount of proceeds of tax-exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Fifty-Five Million Two Hundred Five Thousand Dollars (\$55,205,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for an MRF Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated

amount of Two Million One Hundred Twenty-One Thousand Six Hundred Twenty-Five Dollars (\$2,121,625), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. Following the payment in full of the MRF Loan and additional subordinate loans, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

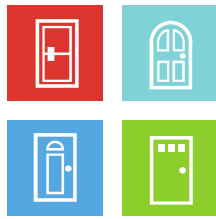
8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives Section VI.E.1. of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring underwritten rents for all units restricted to the MTSP 60% AMI limit be limited to 95% of 30% of the MTSP 60% AMI limit.

10. The Authority hereby waives Section II.A.6 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring minimum design standards/site selection criteria for the parking and balconies, as described in the Mortgage Loan Feasibility/Commitment Staff Report dated April 18, 2024.

Delegated Action Report(s)

Homeownership



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: April 18, 2024

RE: Homeownership Summary of Delegated Actions
for the Period January 1, 2024 to March 31, 2024

From time to time, the Authority has delegated certain actions to the Executive Director. Typically, the delegated actions include a reporting requirement. The following is a listing of the delegated actions activity undertaken by the Homeownership Division during the above time period. If activity is indicated, a report on that delegated action is attached.

I. Loan Activity

- A. Moderate Rehabilitation Loans
- B. Mortgage Loan Increases
- C. Mortgage Loans for MI HOME and CSH
- D. Small Size and High Security Loans
- E. Development Fund Loans Under \$250,000
- F. Pre-Development Loans
- G. HOME Funds for MSHDA-Financed Project
- H. Asset Management
- I. Homeless Initiatives
- J. Neighborhood Stabilization Program (NSP) Loans
- K. Waiver of Prepayment Prohibition

II. Professional Services Contracts

- A. Contracts Under \$25,000
- B. Homeownership Counseling
- C. Technical Assistance Contracts
- D. Environmental Consulting Contracts

See attached report

III. Work-out for 80/20 Developments

IV. Grant Activity

- A. Application for State or Federal Funds
- B. HOME Grants
- C. CDBG Grants

Period January 1, 2024 to March 31, 2024

- D. Development Fund Grants Under \$250,000
 - E. Homeless Initiatives
 - F. Neighborhood Stabilization Program (NSP) Grants
 - G. Housing Education Program (HEP) Grant
 - H. HUD Housing Counseling Grant
 - I. American Rescue Plan-Housing Stability Counseling Program (HSCP) Grant
 - J. MIHAF Counseling & Legal Aid Grants
- V. Michigan Affordable Housing Fund Activity
- VI. Disposition of Bankruptcy Lien Stripping Cases
- VII. Acceptance and Approval of HUD Housing Choice Vouchers (HCV)
- See attached report
no activity
- no activity
See attached report

REPORT ON DELEGATED ACTIONS

For the period January 1, 2024 to March 31, 2024

Date: April 18, 2024

DELEGATED ACTION

Housing Education Program (HEP)

On **July 20th, 2023**, the Authority approved the continuation of MSHDA's Housing Education Program by approving the budgeted amount of \$750,000 for the fiscal year 2023/2024 and delegating to authorize signatories for the Homeownership Division the authority to enter into or renew existing contracts.

ACTIVITY

A listing of all contract expenditures during the reporting period is attached.

The purpose of the Michigan State Housing Development Authority's (MSHDA or Authority) Housing Education Program (HEP) is to facilitate education for clients seeking to purchase or retain a home. MSHDA's Housing Education Program ("HEP") partners with agencies to ensure that every Michigan citizen has access to accurate, non-biased assistance to help make informed choices about housing and homeownership. Through our partner agencies, MSHDA's HEP services are provided to all 83 Michigan counties at little to no cost to the consumer; they are offered in a variety of formats to maximize accessibility.

Services include Homebuyer Education, Disaster Preparedness, Pre-Purchase Individual services, Financial Capability services, Rental services, Homeless services, and Foreclosure services.

Agencies that receive funds through this opportunity will provide assistance to first-time and repeat homebuyers by providing education on the many facets of the home purchase process to clients seeking to purchase their home with the intent of utilizing a MSHDA mortgage product.

Additionally, the agency may provide assistance to current homeowners or renters who are in need of foreclosure counseling, rental counseling and other related housing counseling.

MSHDA Housing Education Program (HEP) Counseling Agency Contracts FY 2023/24 - July 1, 2023 to June 30, 2024	EIN #	Contract Amount
Abayomi Community Dev. Corp.	38-3407865	\$30,000.00
Blue Water Community Action Agency	38-2284121	\$20,000.00
Capital Area Housing Partnership	38-2926892	\$35,000.00
Community Action Agency	38-1803599	\$25,000.00
Community Action House	23-7120670	\$20,000.00
Community Housing Network	38-3372734	\$25,000.00
Genesee County Habitat	38-2899387	\$18,000.00
H.O.M.E. of Mackinac County	38-3142455	\$20,000.00
Habitat for Humanity Michigan	38-2874694	\$45,000.00
Home Repair Services of Kent County	38-2263817	\$20,000.00
Inner City Christian	38-1903026	\$30,000.00
Gesher (JVS)	38-1358013	\$30,000.00
Kalamazoo Neighborhood Housing	38-2391442	\$45,000.00
Matrix Human Services	38-2056236	\$30,000.00
Michigan State University Extension Office	38-1813239	\$35,000.00
Mid Michigan CAA	38-6005984	\$18,000.00
Monroe County Opportunity Program	38-3302761	\$25,000.00
National Faith	38-3164047	\$19,000.00
NCCS Center for Nonprofit Housing	38-1818068	\$20,000.00
Northeast Michigan Community Service Agency, Inc.	38-3395829	\$25,000.00
Northern Homes Community Development Corporation	38-2027389	\$25,000.00
Northwest Michigan Community Action Agency	38-6004876	\$25,000.00
Oakland Livingston County	38-2324335	\$25,000.00
Southwest Economic Solutions	38-2415106	\$20,000.00
Telamon	56-1022483	\$24,000.00
Wayne Metropolitan Community Action Agency	38-1976979	\$40,000.00

REPORT ON DELEGATED ACTIONS

For the period January 1, 2024, to March 31, 2024

Date: April 18, 2024

DELEGATED ACTION

Homeowner Assistance Fund (HAF)

The Homeowner Assistance Fund was established under section 3206 of the American Rescue Plan Act of 2021 (the ARP) to mitigate hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosure, loss of utilities or home energy services and displacements of homeowners experiencing financial hardship on or after January 21, 2020 or for those homeowners who experience a coronavirus pandemic financial hardship that began before January 21, 2020 but continued after that date.

The U.S. Department of the Treasury notified MSHDA on April 14, 2021 that it will allocate \$242,812,277 to the State of Michigan. This number was based on unemployed individuals and the number of mortgagors with delinquent mortgage payments.

Governor Gretchen Whitmer has designated the Michigan State Housing Development Authority (the Authority or MSHDA) as the operating agency to set up the Michigan Homeowner Assistance Fund (MIHAF) program in accordance with the guidance provided by the Treasury.

A portion of the federal funds received for the Michigan Homeowners Assistance Fund have been earmarked for MSHDA's network of HUD Housing Counseling Agencies and Legal Aid Offices.

ACTIVITY

The Grantee (MSHDA) was selected to distribute and monitor the HAF funds. A portion of the HAF funds were allocated to HUD approved housing counseling agencies within MSHDA's Housing Education Program (HEP) and Legal Aid, through the Michigan Advocacy Program dba Michigan Foreclosure Prevention Project.

MSHDA utilizes HAF Housing Counseling Grant funds to support the following services:

The Grantee may provide MIHAF application assistance and counseling services to eligible homeowners. Applicants may receive MIHAF application assistance and or counseling by MSHDA HUD approved counseling agencies. Grant-funded reimbursements will be made, on a first-come, first-served basis. The amount that may be reimbursed by the Authority to the Grantee is \$150 per MIHAF application assistance (once per household) and \$150 per MIHAF for housing counseling services not to exceed \$300 per household.

Eligible counseling services include:

ONE-ON-ONE COUNSELING

- Foreclosure Prevention
- Homeless Assistance
- Financial Management for Homeowners (Non-delinquency Post-Purchase)
- Resolving or Preventing Mortgage Delinquency or Default

GROUP EDUCATION

- Financial literacy workshop, including home affordability and budgeting
- Predatory lending, loan scam or other fraud prevention workshop
- Fair housing workshop
- Homelessness prevention workshop
- Financial management for homeowners
- Resolving or preventing mortgage delinquency workshop

MSHDA also utilizes MIHAF grant funds to support the following Legal Aid services:

LEGAL AID PROCESS & GUIDELINES FOR ASSISTING WITH MIHAF APPLICATIONS

- Funds will be reimbursed at \$500.00 for legal services assistance (once per household, in total).
- Assist the homeowner with the completion of the application. The attorney may complete the data fields in the TPA but STOP at the signature line. Due to liability concerns, our Legal Aid attorneys and HEP agencies/counselors are NOT allowed to sign the MIHAF application on behalf of the client.
- Help the homeowner identify the documents they need to submit with their application.
- If the application assistance is completed virtually (i.e., phone, Skype, etc.), the Legal Aid representative should download the application and either email or print the documents and send to the client for their signature.
- Signatures may be electronic. If clients have the ability to log in to the portal, they may provide a signature on the application itself.
- If clients do not have the ability to log in to the portal, hard copies must be mailed to them for their "wet" signature.
- The client should then mail documents over to MSHDA MIHAF office or send via email.
- The attorney should send an email to the MIHAF staff indicating a paper application will be sent to their office. Include the client's name and MIHAF application number in your email. This will alert the MIHAF processing team to be looking out for it as it may take time for the application to arrive due to mailing delays.

MIHAF - HUD Approved Agencies & Legal Aid Services

HEP MIHAF Grant Award Amount: \$1,456,873.00
Legal Aid MIHAF Grant Award Amount: \$971,250.00
Total Grant Award Allocation \$2,428,123.00

Abayomi Community Development Corporation

Amandla Community Development Corporation

Blue Water Community Action Agency

Capital Area Housing Partnership

Community Action Agency

Community Action House

Community Housing Network

Genesee County Habitat

H.O.M.E. of Mackinac County

Habitat for Humanity Michigan

Habitat for Humanity of Huron Valley

Habitat for Humanity Monroe

Home Repair Services of Kent County

Jewish Vocational Services

Kalamazoo Neighborhood Housing

Matrix Human Services

Michigan State University Extension Office

Mid Michigan CAA

Monroe County Opportunity Program

National Faith

NCCS Center for Nonprofit Housing

Neighborhood Legal Services of Michigan

Northeast Michigan Community Service Agency, Inc.

Northern Homes Community Development Corporation

Northwest Michigan Community Action Agency

Oakland County

Oakland Livingston County

Southwest Economic Solutions

Telamon

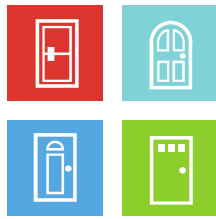
U-SNAP-BAC

Wayne Metropolitan Community Action Agency

LEGAL AID - Michigan Advocacy Program, DBA -
Michigan Foreclosure Prevention Project

Delegated Action
Report(s)

Partnerships and
Engagement




MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director 

DATE: April 18, 2024

RE: Division of Partnerships and Engagement Summary of Delegated Actions
for the Period January 1, 2024, to March 31, 2024

From time to time, the Authority has delegated certain actions to the Executive Director. Typically, the delegated actions include a reporting requirement. The following is a listing of the delegated actions activity undertaken by the Division of Partnerships and Engagement during the above time period. If activity is indicated, a report on that delegated action is attached.

I. Loan Activity

- A. Moderate Rehabilitation Loans
- B. Mortgage Loan Increases
- C. Mortgage Loans for MI HOME and CSH
- D. Small Size and High Security Loans
- E. Development Fund Loans Under \$250,000

See Attached HDF Report
No Activity for HCDF

- F. Pre-Development Loans
- G. HOME Funds for MSHDA-Financed Project
- H. Asset Management
- I. Homeless Initiatives
- J. Neighborhood Stabilization Program (NSP) Loans
- K. Waiver of Prepayment Prohibition
- L. Housing Readiness Incentive Grant

See Attached Report

II. Professional Services Contracts

- A. Contracts Under \$25,000
- B. Homeownership Counseling
- C. Technical Assistance Contracts
- D. Environmental Consulting Contracts

III. Work-out for 80/20 Developments

IV. Grant Activity

- A. Application for State or Federal Funds
- B. HOME Grants

for the Period January 1, 2024, to March 31, 2024

- C. CDBG Grants
- D. Development Fund Grants Under \$250,000
- E. Homeless Initiatives
- F. Neighborhood Stabilization Program (NSP) Grants

V. Michigan Affordable Housing Fund Activity

VI. Disposition of Bankruptcy Lien Stripping Cases

VII. Acceptance and Approval of HUD Housing Choice Vouchers (HCV)



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

AMY HOVEY
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

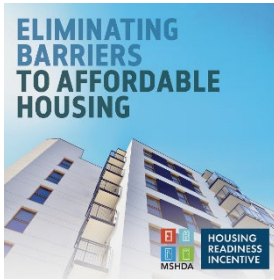
Michigan State Housing Development Authority Grants
Awarded January 1, 2024, to March 31, 2024

Funding Source: Housing Development Fund (HDF)

Program Category: Development Fund Grants

Prepared April 4, 2024

County	Grant Number	Organization Name & Address	Grant Amount
Statewide	Memorandum of Understanding (MOU)	Office of Rural Prosperity, Michigan Department of Labor and Economic Opportunity, 105 W. Allegan Street Lansing, Michigan 48910	\$249,000
Statewide	HDF-2024-10534-COL-02	Community Economic Development Association of Michigan (CEDAM) 1118 S. Washington Avenue Lansing, Michigan 48910	\$172,350



Housing Readiness Initiative (HRI) Grant Activity Report

Prepared April 3, 2024

Program Description

The Housing Readiness Incentive Grant Program provides funding to eligible applicants to implement actions that encourage increasing housing supply and affordability. The program is authorized pursuant to Section 1028 of the State of Michigan’s Fiscal Year 2024 Budget.

Eligible activities include costs associated with the adoption of land use policies, master plan updates, zoning text amendments, and similar actions to encourage increasing housing supply and affordability.

The HRI program has \$5,000,000 allocated; approximately \$3,000,000 is available in Category A and approximately \$2,000,000 is available in Category B.

Eligible applicants in Category A are cities, villages, and townships that do not have an Engaged, Essentials, and/or Certified designation from the Michigan Economic Development Corporation’s “Redevelopment Ready Communities” program.

Eligible applicants in Category B are cities, villages, and townships that have an Engaged, Essentials, and/or Certified designation from the Michigan Economic Development Corporation’s “Redevelopment Ready Communities” program.

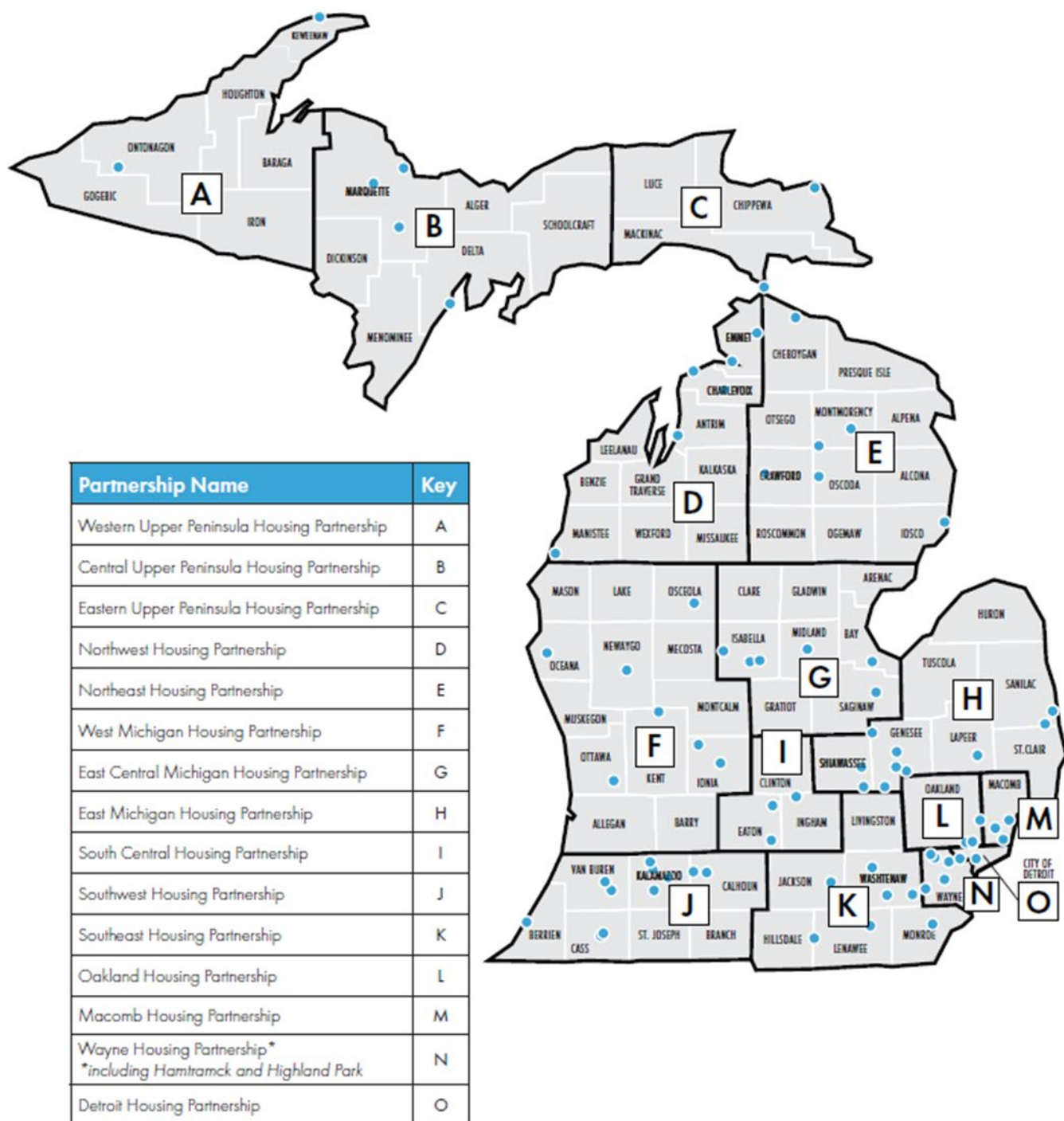
Program Activity

The HRI program launched on January 16, 2024.

Activity	January 2024	February 2024	March 2024	Program-to-Date
Applications Submitted	58	35	19	100
Applications Approved	45	25	8	78
Average Amount Requested	\$44,100	\$39,563	\$41,701	\$41,112

As of March 31, 2024, the HRI program had \$3,206,723.00 allocated to approved applicants.

HRI Grant Category	Amount Approved for Grants	Remaining Program Amount
Category A	\$1,113,137	\$1,793,277
Category B	\$2,073,586	\$0
Total (\$5 million)	\$3,206,723	\$1,793,277



The table below details approved applications and their grant amounts.

Municipality	MSHDA RHP Region	Grant Category	Grant Amount
Albert Township	E	A	\$50,000
Augusta Charter Township	K	A	\$33,500
Avery Township	E	A	\$50,000
Battle Creek, City of	J	B	\$50,000
Bay City	G	B	\$50,000
Belding, City of	F	A	\$35,000
Bergland Township	A	A	\$40,000
Boyne City	D	B	\$15,546
Bridgeport Charter Township	G	B	\$44,000
Byron, Village of	H	B	\$35,000
Cassopolis, Village of	J	B	\$50,000
Charlevoix, City of	D	B	\$50,000
Cheboygan, City of	E	A	\$50,000
Comstock Charter Township	J	B	\$50,000
Dearborn, City of	N	B	\$50,000
Delta Charter Township	I	A	\$50,000
Detroit, City of	O	B	\$50,000
Dexter, City of	K	A	\$50,000
Durand, City of	H	B	\$27,500
Eagle Harbor Township	A	A	\$20,000
East Lansing, City of	I	B	\$48,600
Eastpointe, City of	M	B	\$50,000
Eaton Rapids, City of	I	B	\$50,000
Elk Rapids, Village of	D	B	\$50,000
Escanaba, City of	B	B	\$50,000
Evart, City of	F	B	\$29,000
Farmington, City of	L	B	\$50,000
Flint, City of	H	B	\$50,000
Forsyth Township	B	A	\$50,000
Garden City	N	A	\$45,000
Grand Blanc, City of	H	B	\$50,000
Grass Lake, Village of	K	B	\$30,000
Grayling, City of	E	B	\$45,000
Greenwood Township	E	A	\$20,132
Harper Woods, City of	N	B	\$50,000
Harrison Charter Township	M	A	\$25,000
Hazel Park, City of	L	B	\$12,000
Hudson, City of	K	A	\$9,000
Hudsonville, City of	F	B	\$50,000
Imlay Township	H	A	\$30,220
Inkster, City of	N	B	\$50,000
Ionia, City of	F	B	\$28,000

Ishpeming, City of	B	B	\$50,000
Kalamazoo Township	J	A	\$20,000
Kalamazoo, City of	J	B	\$50,000
Lake Isabella, Village of	G	B	\$45,000
Lexington, Village of	H	B	\$34,340
Lincoln Charter Township	J	A	\$30,800
Linden, City of	H	B	\$27,800
Mackinac Island, City of	C	A	\$22,800
Manistee, City of	D	B	\$33,000
Marquette Charter Township	B	A	\$50,000
Monroe, City of	K	B	\$50,000
Montrose, City of	H	A	\$40,000
Mt. Pleasant, City of	G	B	\$50,000
Mundy Charter Township	H	B	\$50,000
Oscoda Township	E	B	\$50,000
Paw Paw Township	J	A	\$44,000
Paw Paw, Village of	J	B	\$44,000
Pellston, Village of	D	A	\$30,000
Petoskey, City of	D	B	\$50,000
Plymouth, City of	N	B	\$50,000
Portage, City of	J	B	\$50,000
Royal Oak Charter Township	L	A	\$50,000
Royal Oak, City of	L	A	\$50,000
Saline, City of	K	B	\$41,200
Sand Lake, Village of	F	A	\$15,000
Sanford, Village of	G	A	\$50,000
Sault Ste. Marie, City of	C	B	\$50,000
Shelby Township	F	A	\$33,000
Springfield, City of	J	A	\$16,000
Sterling Heights, City of	M	B	\$50,000
Tecumseh, City of	K	B	\$43,600
Township of Calvin	J	A	\$48,685
Union Charter Township	G	A	\$50,000
Van Buren Charter Township	N	B	\$45,000
White Cloud, City of	F	B	\$45,000
Worth Township	H	A	\$25,000

Delegated Action Report(s)

Rental Assistance and Homeless Solutions



M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director *Amy Hovey*

DATE: April 18, 2024

RE: Rental Assistance and Homeless Solutions Summary of Delegated Actions for the Period January 1, 2024 – March 31, 2024

From time to time, the Authority has delegated certain actions to the Executive Director. Typically, the delegated actions include a reporting requirement. The following is a listing of the delegated actions activity undertaken by the Rental Assistance and Homeless Solutions Division during the above time. If activity is indicated, a report on that delegated action is attached.

I. Loan Activity

- A. Moderate Rehabilitation Loans
- B. Mortgage Loan Increases
- C. Mortgage Loans for MI HOME and CSH
- D. Small Size and High Security Loans
- E. Development Fund Loans Under \$250,000
- F. Pre-Development Loans
- G. HOME Funds for MSHDA-Financed Project
- H. Asset Management
- I. Homeless Initiatives
- J. Neighborhood Stabilization Program (NSP) Loans
- K. Waiver of Prepayment Prohibition

II. Professional Services Contracts

- A. Contracts Under \$25,000
- B. Homeownership Counseling
- C. Technical Assistance Contracts
- D. Environmental Consulting Contracts

III. Work-out for 80/20 Developments

IV. Grant Activity

- A. Application for State or Federal Funds
- B. HOME Grants
- C. CDBG Grants
- D. Development Fund Grants Under \$250,000
- E. Homeless Initiatives
- F. Neighborhood Stabilization Program (NSP) Grants

See Attached Report

V. Michigan Affordable Housing Fund Activity

VI. Disposition of Bankruptcy Lien Stripping Cases

VII. Acceptance and Approval of HUD Housing Choice
Vouchers (HCV)

Michigan State Housing Development Authority
Grants Awarded 01/01/2024 thru 03/31/2024

<u>County</u>	<u>Grant Number</u>	<u>Organization Name & Address</u>	<u>Grant Amount</u>
Ingham 02/01/2024	HML-2024-5682-SP-02	Michigan Coalition Against Homelessness 15851 S. Old US 27, BLDG 30 Suite 315 Lansing, MI 48906-5657	\$163,175
Macomb 03/19/2024	HML-2024-386-HNP	County of Macomb 21885 Dunham Rd, Suite 15 Clinton Township, MI 48036	\$210,000
Macomb 03/19/2024	HML-2024-386-HPP	County of Macomb 21885 Dunham Rd, Suite 15 Clinton Township, MI 48036	\$343,881
	Total Grants	3	\$717,056.00

CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

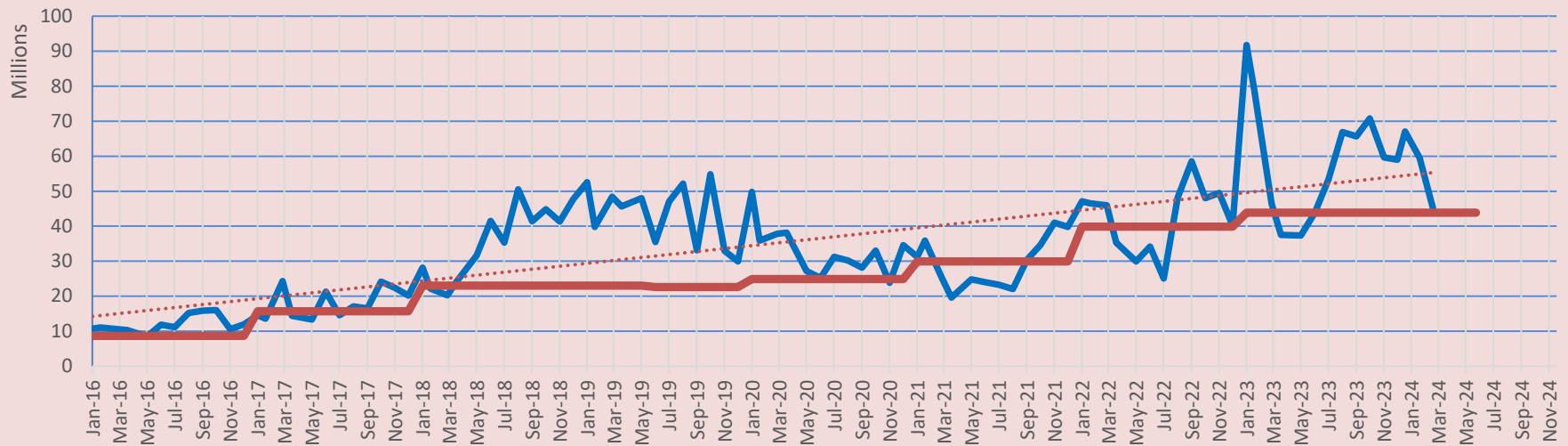
MARCH 2024



MSHDA's Homeownership Division delivers responsive homeownership products, education and technical assistance that empower our customers and strengthen and sustain Michigan communities. We work with our partners to provide creative solutions that maximize existing resources and preserve homeownership opportunities for future generations.

SINGLE FAMILY MORTGAGES

— GOAL — PURCHASED



Monthly Homeownership Production Report: MARCH 2024

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS				APPLICATIONS RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		Reinstatements Net		Transfers IN or Adjustment		Transfers OUT or Adjustment		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA		#	PURCHASED		1st + DPA TO DATE	NEWEST ALLOCATED	
		Prior Total	NEW Total																										
031	Mar-24	0	\$	-	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	031	\$ 32,837,184.00	\$ 32,837,184.00	\$ 34,689,829.00	\$ 10,000,000.00
	Feb-24	0	\$	-	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	101	\$ 1,852,645.00	\$ 1,852,645.00	remaining:	\$ (24,689,829.00)
065	Mar-24	0	\$	-	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	065	\$ 247,977,786.00	\$ 247,977,786.00	\$ 263,156,308.00	\$ 300,000,000.00
5/19/2023	Feb-24	0	\$	-	0	\$0.00	4	\$438,350.00	0	\$0.00	1	\$121,307.00	0	\$0.00	-5	-\$559,657.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	165	\$ 15,178,522.00	\$ 15,178,522.00	remaining:	\$ 36,843,692.00
066	Mar-24	516	\$74,403,854.00	452	\$65,056,721.00	366	\$52,711,304.00	394	\$56,204,685.00	-5	-\$577,596.00	1	\$115,738.00	0	\$0.00	440	\$63,473,655.00	316	\$44,980,476.00	298	\$2,812,823.00	066	\$ 235,679,970.00	\$ 280,660,446.00	\$ 297,977,528.00	\$ 400,000,000.00			
9/5/2023	Feb-24	464	\$66,519,423.00	277	\$39,698,606.00	477	\$66,721,571.00	313	\$45,631,092.00	-5	-\$672,670.00	5	\$556,666.00	0	\$2,991.00	366	\$52,711,304.00	424	\$59,528,346.00	412	\$3,899,907.00	166	\$ 14,504,259.00	\$ 17,317,082.00	remaining:	\$ 102,022,472.00			
TOTAL	Mar-24	516	\$74,403,854.00	452	\$65,056,721.00	366	\$52,711,304.00	394	\$56,204,685.00	-5	-\$577,596.00	1	\$115,738.00	0	\$0.00	440	\$63,473,655.00	316	\$44,980,476.00	298	\$2,812,823.00								

MCC	RESERVATIONS			APPS RECEIVED		COMMITMENTS		CERTIFICATES	
213 MCC	Mar-24	8	\$ 1,084,975.00	11	\$ 1,597,621.00	10	\$ 1,505,471.00	10	\$ 1,602,618.00
12/7/2022	Feb-24	16	\$ 2,531,746.00	10	\$ 1,646,066.00	11	\$ 1,855,066.00	8	\$ 1,331,084.00

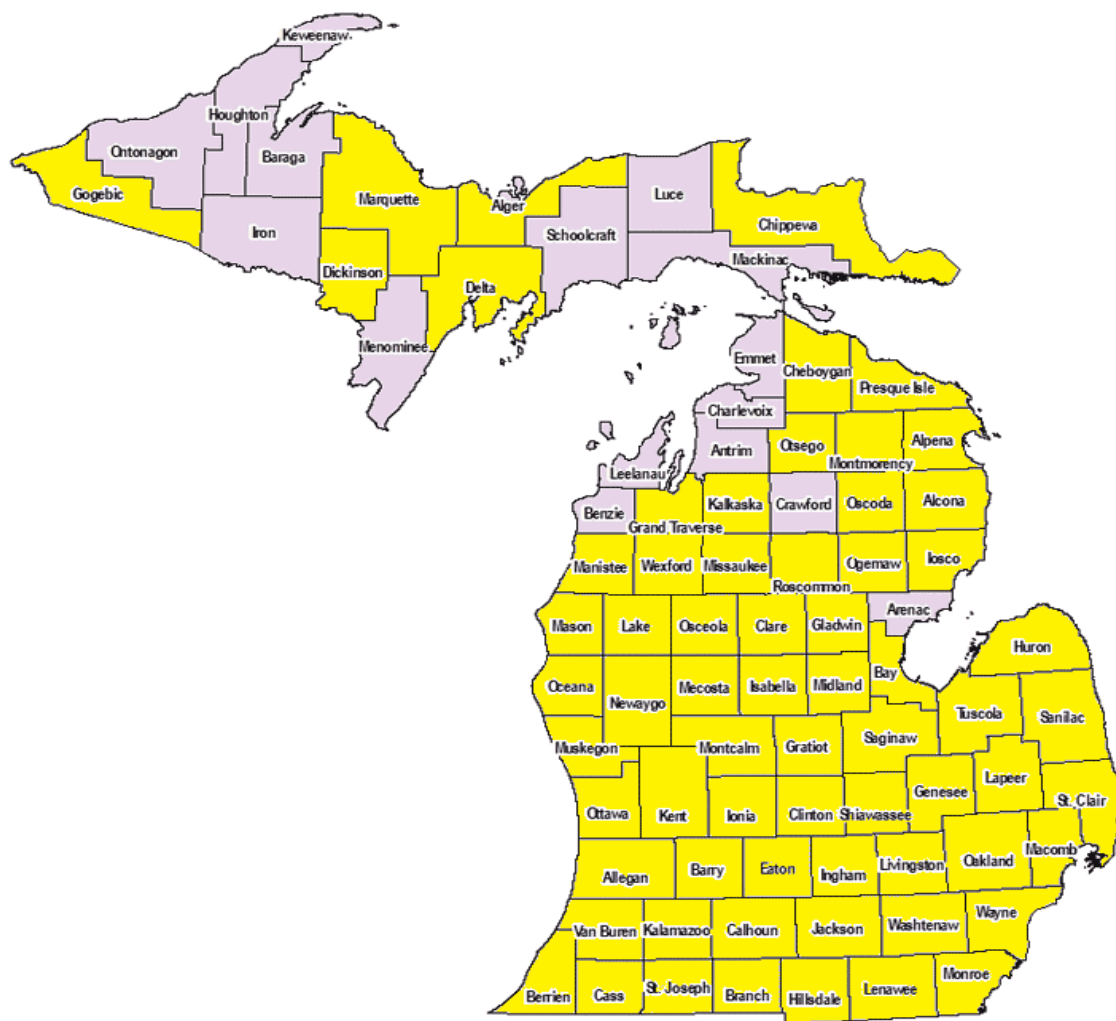
MI 10K DOWN PAYMENT ASSISTANCE PROGRAM

The MI 10K DPA Loan program is a \$10,000 down payment assistance program available throughout the state. The MI 10K DPA Loan must be combined with a MI Home Loan.

MARCH 2024

Loans in 2024		New this month		
County	#	Loan Amt	DPA Amt	Total \$
Alcona	1	\$ 132,890	\$ 9,638	\$ 142,528
Alger				\$ -
Allegan	5	\$ 851,904	\$ 48,137	\$ 900,041
Alpena	1	\$ 92,250	\$ 8,975	\$ 101,225
Antrim				\$ -
Arenac				\$ -
Baraga				\$ -
Barry	3	\$ 541,833	\$ 29,934	\$ 571,767
Bay	6	\$ 662,728	\$ 58,306	\$ 721,034
Benzie				\$ -
Berrien	5	\$ 701,441	\$ 47,285	\$ 748,726
Branch				\$ -
Calhoun	8	\$ 974,722	\$ 64,365	\$ 1,039,087
Cass	1	\$ 212,800	\$ 10,000	\$ 222,800
Charlevoix				\$ -
Cheboygan				\$ -
Chippewa	2	\$ 354,665	\$ 20,000	\$ 374,665
Clare	1	\$ 69,500	\$ 10,000	\$ 79,500
Clinton	1	\$ 196,377	\$ 10,000	\$ 206,377
Crawford				\$ -
Delta	1	\$ 84,500	\$ 10,000	\$ 94,500
Dickinson				\$ -
Eaton	1	\$ 210,005	\$ 10,000	\$ 220,005
Emmet				\$ -
Genesee	28	\$ 3,230,197	\$ 269,732	\$ 3,499,929
Gladwin				\$ -
Gogebic				\$ -
Grand Traverse				\$ -
Gratiot	2	\$ 319,322	\$ 18,700	\$ 338,022
Hillsdale	1	\$ 218,960	\$ 10,000	\$ 228,960
Houghton				\$ -
Huron	2	\$ 285,320	\$ 14,358	\$ 299,678
Ingham	17	\$ 2,302,588	\$ 158,562	\$ 2,461,150
Ionia	7	\$ 1,053,847	\$ 69,767	\$ 1,123,614
Iosco	1	\$ 166,920	\$ 10,000	\$ 176,920
Iron				\$ -
Isabella	3	\$ 396,601	\$ 26,311	\$ 422,912
Jackson	6	\$ 878,762	\$ 55,439	\$ 934,201
Kalamazoo	8	\$ 1,206,954	\$ 78,739	\$ 1,285,693
Kalkaska	1	\$ 194,000	\$ 9,723	\$ 203,723
Kent	15	\$ 2,713,173	\$ 146,725	\$ 2,859,898
Keweenaw				\$ -
Lake	1	\$ 101,495	\$ 9,893	\$ 111,388
Lapeer	4	\$ 562,516	\$ 36,635	\$ 599,151
Leelanau				\$ -
Lenawee	3	\$ 313,805	\$ 29,265	\$ 343,070
Livingston	2	\$ 365,820	\$ 20,000	\$ 385,820
Luce				\$ -
Mackinac				\$ -
Macomb	23	\$ 3,574,595	\$ 220,534	\$ 3,795,129
Manistee				\$ -

Marquette				\$	-
Mason				\$	-
Mecosta	5	\$ 646,179	\$ 43,113	\$	689,292
Menominee				\$	-
Midland	5	\$ 624,501	\$ 40,591	\$	665,092
Missaukee	1	\$ 157,102	\$ 10,000	\$	167,102
Monroe	3	\$ 428,473	\$ 30,000	\$	458,473
Montcalm	2	\$ 301,130	\$ 20,000	\$	321,130
Montmorency				\$	-
Muskegon	8	\$ 1,297,329	\$ 72,555	\$	1,369,884
Newaygo	2	\$ 369,679	\$ 19,895	\$	389,574
Oakland	14	\$ 2,409,663	\$ 137,009	\$	2,546,672
Oceana	2	\$ 256,410	\$ 19,891	\$	276,301
Ogemaw				\$	-
Ontonagon				\$	-
Osceola	1	\$ 163,930	\$ 10,000	\$	173,930
Oscoda				\$	-
Otsego				\$	-
Ottawa				\$	-
Presque Isle				\$	-
Roscommon	1	\$ 153,693	\$ 7,972	\$	161,665
Saginaw	8	\$ 772,734	\$ 68,653	\$	841,387
Saint Clair	6	\$ 1,037,767	\$ 60,000	\$	1,097,767
Saint Joseph	3	\$ 405,430	\$ 28,042	\$	433,472
Sanilac				\$	-
Schoolcraft				\$	-
Shiawassee	4	\$ 489,630	\$ 37,834	\$	527,464
Tuscola	2	\$ 268,898	\$ 16,310	\$	285,208
Van Buren	2	\$ 398,154	\$ 19,558	\$	417,712
Washtenaw	4	\$ 555,970	\$ 38,783	\$	594,753
Wayne	64	\$ 8,259,181	\$ 601,600	\$	8,860,781
Wexford	1	\$ 194,097	\$ 9,994	\$	204,091
TOTAL	298	\$ 42,160,440	\$ 2,812,823	\$	44,973,263
Total Purchases	316	44,980,476.00	2,812,823.00	\$	47,793,299
Percentage that used DPA	94%	94%	100%		94%



2024 BOARD CALENDAR

JANUARY
VOTING ITEMS:
<ul style="list-style-type: none">Intent to Reimburse Resolution
<ul style="list-style-type: none">Short-term Warehouse Borrowing Resolution
DISCUSSION ITEMS:
<ul style="list-style-type: none">SFRB 2024 Series A (Fixed Rate, Non AMT)
<ul style="list-style-type: none">SFRB 2024 Series B (Fixed Rate, Taxable)

FEBRUARY
VOTING ITEMS:
<ul style="list-style-type: none">SFRB 2024 Series A (Fixed Rate, Non AMT)
<ul style="list-style-type: none">SFRB 2024 Series B (Fixed Rate, Taxable)
DISCUSSION ITEMS:
<ul style="list-style-type: none">FY 2023-2024 PHA Plan
<ul style="list-style-type: none">Multifamily Bond Deal

MARCH
VOTING ITEMS:
<ul style="list-style-type: none">FY 2023-2024 PHA Plan
DISCUSSION ITEMS:
<ul style="list-style-type: none">Quarterly Financials

APRIL
VOTING ITEMS:
<ul style="list-style-type: none">
DISCUSSION ITEMS:

MAY
VOTING ITEMS:
DISCUSSION ITEMS:
<ul style="list-style-type: none">2024-25 Budget
<ul style="list-style-type: none">Multi-Family Bond Deal

JUNE
VOTING ITEMS:
<ul style="list-style-type: none">2024-25 Budget
<ul style="list-style-type: none">Multi-Family Bond Deal
DISCUSSION ITEMS:
<ul style="list-style-type: none">Pass-Through Program
<ul style="list-style-type: none">Quarterly Financials

JULY
VOTING ITEMS:
<ul style="list-style-type: none">Pass-Through Program
DISCUSSION ITEMS:
<ul style="list-style-type: none">Single-Family Bond Deal

AUGUST
VOTING ITEMS:
<ul style="list-style-type: none">Single-Family Bond Deal
DISCUSSION ITEMS:

SEPTEMBER
VOTING ITEMS:
DISCUSSION ITEMS:

OCTOBER
VOTING ITEMS:
DISCUSSION ITEMS:
<ul style="list-style-type: none"> Board Meeting Schedule for 2025

NOVEMBER
VOTING ITEMS:
<ul style="list-style-type: none"> Approval of Board Meeting Schedule for 2025
DISCUSSION ITEMS:
<ul style="list-style-type: none"> Audited Year-End 6/30/2024 Financials

DECEMBER
VOTING ITEMS:
DISCUSSION ITEMS: