

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

October 17, 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 – September 19, 2024, Board Meeting

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

Tab D Resolution Authorizing Eighth Amendment to Amended and Restated Contract by The Department of Attorney General, the Michigan State Housing Development Authority and Holland & Knight, LLP to Extend and Increase the Contract to Retain Designated Holland & Knight Attorneys as Special Assistant Attorneys General

Tab E Resolution Authorizing Amendment to Extend Contract with Nan McKay and Associates, Inc.

Tab F Resolution Authorizing Professional Services Contract with Corporation for Supportive Housing

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 (**4401 Rosa Parks Apartments Project**) To Finance A Loan To 4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership, So As To Enable The Borrower To Acquire, Construct And Equip A Certain Multi-Family Rental Housing Facility, Authorizing The Execution Of The Bond Purchase Agreement, The Loan Agreement And The Trust Indenture Securing The Bonds, And Determining And Authorizing Other Matters Relative Thereto

Resolution Authorizing Loan, **4401 Rosa Parks, MSHDA No. 44c-215**, City of Detroit, Wayne County

Tab H Michigan State Housing Development Authority Resolution Authorizing Issuance And Sale Of Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (**Cambridge Towers Apartments Project**) To Finance A Loan To Cambridge Towers Preservation Limited Dividend Housing Association, LLC So As To Enable The Borrower To Acquire, Construct, Rehabilitate And Equip A Certain Multi-Family Rental Housing Facility, Authorizing The Execution Of The Bond Purchase Agreement, The Loan Agreement And The Trust Indenture Securing The Bonds, And Determining And Authorizing Other Matters Relative Thereto

Resolution Authorizing Loan, **Cambridge Towers, MSHDA No. 44c-213**, City of Detroit, Wayne County

Tab I Michigan State Housing Development Authority Resolution Authorizing Issuance And Sale Of Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (**Midblock Apartments Project**) To Finance A Loan To Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C. So As To Enable The Borrower To Acquire, Construct And Equip A Certain Multi-Family Rental Housing Facility, Authorizing The Execution Of The Bond Purchase Agreement, The Loan Agreement And The Trust Indenture Securing The Bonds, And Determining And Authorizing Other Matters Relative Thereto

Resolution Authorizing Loan, **Midblock Apartments, MSHDA No. 44c-208**, City of Detroit, Wayne County

Tab J Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **Meadowbrook Senior (FKA Escanaba Senior), MSHDA Development No. 1062**, City of Escanaba, Delta County

Tab K Resolution Determining Mortgage Loan Feasibility, **The Legacy: Senior Housing 4%, MSHDA Development No. 4171**, City of Kalamazoo, Kalamazoo County

Resolution Authorizing Mortgage Loan, **The Legacy: Senior Housing 4%, MSHDA Development No. 4171**, City of Kalamazoo, Kalamazoo County

Tab L Resolution Determining Mortgage Loan Feasibility, **Lawton Apartments, MSHDA Development No. 4145**, City of Detroit, Wayne County

Resolution Authorizing Mortgage Loan, **Lawton Apartments, MSHDA Development No. 4145**, City of Detroit, Wayne County

Tab M Resolution Determining Mortgage Loan Feasibility, **Grand Vista Place, MSHDA Development No. 4135**, City of Lansing, Ingham County

Resolution Authorizing Mortgage Loan, **Grand Vista Place, MSHDA Development No. 4135**, City of Lansing, Ingham County

Tab N Resolution Authorizing Mortgage Loan, **Beacon Place, MSHDA Development No. 4119**, City of Pontiac, Oakland 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

Tab 6 2025 Authority Meeting Schedule (Draft)

DRAFT
Michigan State Housing Development Authority
Minutes of Regular Authority Meeting
September 19, 2024 – 10:00 a.m.

AUTHORITY MEMBER PRESENT: TRAVERSE CITY

Warren Call

AUTHORITY MEMBER ABSENT:

Jonathan Bradford

AUTHORITY MEMBER(S) PRESENT: LANSING

John Groen for Susan Corbin

Amiee Evans for Quentin Messer

Regina Bell

John Barton for Rachel Eubanks

Jennifer Grau

ATTENDEES IN DETROIT

Sherry Hicks, MSHDA

Stephanie Latos, MSHDA

Amy Hovey, MSHDA

Charlotte Johnson, MSHDA

Jeff Campbell, GLHS

Taura Brown, Detroit Eviction Defense

Richard DeVries

ATTENDEES IN TRAVERSE CITY

Tony Lentych, MSHDA

Isaac Oswalt, 1983 Company

ATTENDEES IN LANSING

Mark Whitaker, MSHDA

Anthony Amoroso, MSHDA

Chris Lussier, MSHDA

Christopher Hall, MSHDA

Daphne Wells, MSHDA

Geoffrey Ehnis-Clark, MSHDA

Chad Benson, MSHDA

Jarrold Smith, Dykema

Jim Davis, MSHDA

Jodie Mackie, MSHDA

John Hundt, MSHDA

Megan Spitz, MSHDA

Justin Wieber, MSHDA

Karen Waite, MSHDA

Lisa Ward, MSHDA

Jeff Sykes, MSHDA

Joshua Pugh, MSHDA

Matthew Bergeon, MSHDA

Joseph Kelly, MSHDA

Diana Bitely, MSHDA

Mary Cook, MSHDA

Clarence Stone, MSHDA

Tim Klont, MSHDA

Tonya Joy, MSHDA

Laura King, MSHDA

Andrew Minegar, MIRS

Dawn Everett, MHT Housing

David Burg, PIRHL

Jason Hubbard, Stifel Public Finance

Eric O'Leary, LC Consultants

ATTENDEES ON MICROSOFT TEAMS

Jacob Albert, MSHDA
Jeremy Allen, MSHDA
Jolene Archibald, MSHDA
Katie Bach, MSHDA
Michael Binegar, MSHDA
Jennifer Bowman, MSHDA
Drew Brown, MSHDA
Joshua Campbell, MSHDA
Megan Castro, MSHDA
Latasha Cole, MSHDA
Tonya Coon, MSHDA
Andrea Cottrell, MSHDA
Camellia Crowell, MSHDA
Amanda Curler, MSHDA
Danielle Embry, MSHDA
Kathryn Evans, MSHDA
Antonette Feldpausch, MSHDA
Michael Fobbe, AG
Katherine French, MSHDA
Mark Garcia, MSHDA
Pierre-Denise Gilliam, MSHDA
Christopher Hall, MSHDA
Kara Hart-Negrich, MSHDA
Dawn Hengesbach, MSHDA
Sherry Hicks, MSHDA
Jonathan Hilliker, MSHDA
Benjamin Honeyford, MSHDA
Tyler Hull, MSHDA
John Renken, Hawkins
Burney Johnson, MSHDA
Laurie Kelly, MSHDA
Sandra Kimball, MSHDA
Scott Kindinger, MSHDA
Ashley Kreiner, MSHDA

Daniel Lince, MSHDA
Kevin Louis, MSHDA
Amber Martin, MSHDA
Amber McCray, MSHDA
Kendra McCullar, MSHDA
Jennifer McNeely, MSHDA
Margaret Meyers, MSHDA
Michael Appel
John Millhouse, AG
Tiffany Mitchell, MSHDA
Frank Mostek, MSHDA
Ange Muhire, MSHDA
Kristin E. Nied, Miller Canfield
Amy Patterson, AG
Damon Pline, MSHDA
Cisco Potts, MSHDA
Shaun Prince, MSHDA
Karmen Robinson, MSHDA
Matthew Schoenherr, MSHDA
Nicholas Shattuck, MSHDA
Catherine Sheets, MSHDA
Michael Shelden, MSHDA
Christopher Shultz, MSHDA
Brandi Smith, MSHDA
Matthew Smith, MSHDA
Christina Soulard, MSHDA
John Swift, MSHDA
Sherry Thelen, MSHDA
Ki'ara Torrens, MSHDA
Katy VanHouten, MSHDA
Anna Vicari, MSHDA
Hilary Vigil, AG
Michael Vollick, MSHDA
Likwa Williams, MSHDA

Eleven additional members of the public participated via the Conference Line: 248-509-0316, Conference ID: 221 650 508#. Chairperson John Groen opened the meeting at 10:00 am. A quorum was established with the presence of Jennifer Grau, Warren Call, Regina Bell, John Barton, and Amiee Evans. Members were physically present in Lansing, Detroit and Traverse City. Mr. Groen proceeded to request public comments from participants both in-person and via teams. No public comments were received.

Meeting Announcements:

Mr. Groen noted three goldenrods: **Tab E** (Inducement Resolution, North Hill Farms, City of Pontiac, Oakland County, MSHDA No. 44c-191); **Tab G** (Resolution Authorizing Approval of the FY2025 & FY2026 Allocation Plan for the Housing and Community Development Fund); and **Tab T** (Michigan State Housing Development Authority Resolution Approving Certain Swap Termination Related to Rental Housing Revenue Bonds).

Approval of Agenda:

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

Voting Items:

Consent Agenda (Tabs B–O):

Jennifer Grau moved approval of the Consent Agenda. Regina Bell supported. The Consent Agenda was approved.

The Consent Agenda included the following items:

Tab B Minutes – August 15, 2024, Board Meeting

Tab C Resolution Approving Amendments to the Missing Middle Housing Program

Tab D Inducement Resolution, **Countryside Townhouses**, City of Kentwood, Kent County, **MSHDA No. 44c-218**

Tab E Inducement Resolution, **North Hill Farms**, City of Pontiac, Oakland County, **MSHDA No. 44c-191**

Tab F Resolution Authorizing Delegated Authority to Issue and Modify Loan Commitments Using CERA Funds and Reaffirming Delegated Authority to Issue and Modify Loan Commitments Using Federal Funding Sources

Tab G Resolution Authorizing Approval of the FY2025 & FY2026 Allocation Plan for the Housing and Community Development Fund

Tab H Resolution Approving and Adopting the State of Michigan 2024 Citizen Participation Plan for the Consolidated Plan for the U.S. Department of Housing and Urban Development Community Planning and Development Programs

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

Tab J Resolution Authorizing Chief Executive Officer and Executive Director to Accept and Approve Transfers of Housing Choice Voucher Program Vouchers to Michigan State Housing Development Authority

Tab K Resolution Authorizing Chief Executive Officer and Executive Director to Accept and Approve Transfers of HUD-Veterans Affairs Supportive Housing Vouchers to Michigan State Housing Development Authority

Tab L Resolution Authorizing a Housing Development Fund Grant to the Michigan Department of Health and Human Services

Tab M Resolution Authorizing Professional Services Contract with Perich + Partners, LTD.

Tab N Resolution Authorizing One-Year Extension of Professional Services Contract with Water Hill Creative, Inc.

Tab O Resolution Authorizing Funding Allocation to Fund Renewal Options of IT Software Contract

Regular Voting Items:

Jeffrey Sykes, Chief Financial Officer, and Jarrod Smith of Dykema, Bond Counsel, presented **Tabs P, Q & R**: Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2024 **Series D** in an Amount Not to Exceed \$430,000,000; Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2024 **Series E** (Federally Taxable) in an Amount Not to Exceed \$225,000,000; Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2024 **Series F** (Federally Taxable) in an Amount Not to Exceed \$55,000,000. Mr. Sykes and Mr. Smith reviewed the resolutions as detailed in the board docket.

Michael Fobbe of the Attorney General's Office confirmed that the documents in **Tabs P, Q & R** were acceptable for the Board's action.

Kristen Nied of Miler Canfield, co-Bond Counsel, confirmed that the documents in **Tabs P, Q & R** were acceptable for the Board's action.

Clarence Stone, Chief Legal Affairs Officer, confirmed that the documents in **Tabs P, Q & R** were acceptable for the Board's action.

John Barton moved to approve **Tab P**. Jennifer Grau supported. The following Roll Call was taken for **Tab P**:

Regina Bell	Yes
Jonathan Bradford	Absent
Warren Call	Yes
Jennifer Grau	Yes
John Barton	Yes
John Groen	Yes
Amiee Evans	Yes

There were six “yes” votes. The resolution was approved.

Amiee Evans moved to approve **Tab Q**. Regina Bell supported. The following Roll Call was taken for **Tab Q**:

Regina Bell	Yes
Jonathan Bradford	Absent
Warren Call	Yes
Jennifer Grau	Yes
John Barton	Yes
John Groen	Yes
Amiee Evans	Yes

There were six “yes” votes. The resolution was approved.

Jennifer Grau moved to approve **Tab R**. Amiee Evans supported. The following Roll Call was taken for **Tab R**:

Regina Bell	Yes
Jonathan Bradford	Absent
Warren Call	Yes
Jennifer Grau	Yes
John Barton	Yes
John Groen	Yes
Amiee Evans	Yes

There were six “yes” votes. The resolution was approved.

Jeffrey Sykes, Chief Financial Officer, and Jarrod Smith of Dykema, Bond Counsel, presented **Tab S**, Michigan State Housing Development Authority Resolution Authorizing Amendment to Standby Bond Purchase Agreement with Royal Bank of Canada (Single-Family Program) Dated as Of October 1, 2019. Mr. Sykes and Mr. Smith reviewed the resolution as detailed in the board docket.

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

Kristen Nied of Miler Canfield, co-Bond Counsel, confirmed that the documents in **Tabs P, Q & R** were acceptable for the Board's action.

Clarence Stone, Chief Legal Affairs Officer, confirmed that the documents in **Tab S** were acceptable for the Board's action.

Jennifer Grau moved to approve **Tab S**. Amiee Evans supported. The following Roll Call was taken for **Tab S**:

Regina Bell	Yes
Jonathan Bradford	Absent
Warren Call	Yes
Jennifer Grau	Yes
John Barton	Yes
John Groen	Yes
Amiee Evans	Yes

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

Jeffrey Sykes, Chief Financial Officer, presented **Tab T**, Michigan State Housing Development Authority Resolution Approving Certain Swap Termination Related to Rental Housing Revenue Bonds. Mr. Sykes reviewed the resolution as detailed in the board docket.

Jennifer Grau moved to approve **Tab T**. Amiee Evans supported. The resolution was approved.

Charlotte Johnson, State Administrative Manager in Legal Affairs, presented **Tab U**, Resolution Authorizing Housing Tax Increment Financing Loan from the Mortgage Resource Fund, **Bellaire Lofts, MSHDA Development No. HTIF-24-002(B)**, Village of Bellaire, Antrim County. Ms. Johnson reviewed the documents as detailed in the board docket.

Amiee Evans moved approval of **Tab U**. Regina Bell supported. The resolution was approved.

Chad Benson, Director of Development, presented **Tab V**, Resolution Determining Mortgage Loan Feasibility, **1309 Madison Apartments, MSHDA Development No. 4136**, City of Grand Rapids, Kent County and Resolution Authorizing Mortgage Loan, **1309 Madison Apartments, MSHDA Development No. 4136**, City of Grand Rapids, Kent County. Mr. Benson reviewed the documents as detailed in the board docket.

Amiee Evans moved approval of **Tab V**. Regina Bell supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab W**, Resolution Determining Mortgage Loan Feasibility, **Linwood Apartments, MSHDA Development No. 4156**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Linwood Apartments, MSHDA**

Development No. 4156, City of Detroit, Wayne County. Mr. Benson reviewed the documents as detailed in the board docket.

Warren Call moved approval of **Tab W**. Regina Bell supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab X**, Resolution Determining Mortgage Loan Feasibility, **Royal Oak Cottages, MSHDA Development No. 4139**, Township of Royal Oak, Oakland County and Resolution Authorizing Mortgage Loan, **Royal Oak Cottages, MSHDA Development No. 4139**, Township of Royal Oak, Oakland County. Mr. Benson reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab X**. Amiee Evans supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab Y**, Resolution Determining Mortgage Loan Feasibility, **Mystic View Apartments, MSHDA Development No. 1439-2**, Township of Lee, Allegan County and Resolution Authorizing Mortgage Loan, **Mystic View Apartments, MSHDA Development No. 1439-2**, Township of Lee, Allegan County. Mr. Benson reviewed the documents as detailed in the board docket.

Amiee Evans moved approval of **Tab Y**. Jennifer Grau supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab Z**, Resolution Determining Mortgage Loan Feasibility, **Russell Woods 4% Senior Living Community, MSHDA Development No. 4129**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Russell Woods 4% Senior Living Community, MSHDA Development No. 4129**, City of Detroit, Wayne County. Mr. Benson reviewed the documents as detailed in the board docket.

Warren Call moved approval of **Tab Z**. Regina Bell supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab AA**, Resolution Determining Mortgage Loan Feasibility, **Russell Woods 9% Senior Living Community, MSHDA Development No. 4149**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Russell Woods 9% Senior Living Community, MSHDA Development No. 4149**, City of Detroit, Wayne County. Mr. Benson reviewed the documents as detailed in the board docket.

Amiee Evans moved approval of **Tab AA**. John Groen supported. The resolutions were approved.

Matt Bergeon, Director of Asset Management, presented **Tab AB**, Resolution Authorizing Modification to Mortgage Terms, **Lockwood of Lyon, MSHDA Development No. 3850**, Lyon Township, Oakland County. Mr. Bergeon reviewed the documents as detailed in the board docket.

Amiee Evans moved approval of **Tab AB**. Regina Bell supported. The resolutions were approved.

Chair's Report:

None.

Executive Director's Report:

Ms. Hovey greeted the group virtually from the Detroit office. She expressed gratitude for the patience shown by the Board for reviewing such a large docket this month and complimented Authority staff for their hard work.

After the Executive Director's update, Mr. Groen announced the following reports were included in the docket: **(Tab 1)** Current and Historical Homeownership Data; **(Tab 2)** Monthly Homeownership Production Report; **(Tab 3)** MI 10K DPA Monthly Statistics (Map); and **(Tab 4)** 2024 Board Calendar.

Mr. Groen noted that the next regular board meeting would be October 17, 2024. He then requested a motion to adjourn the meeting. Amiee Evans moved to adjourn, and Regina Bell supported. The meeting adjourned at 11:13 am.

REVIEWED

By Clarence L. Stone, Jr. at 10:12 pm, Sep 25, 2024

REVIEWED

By Laura J. King at 9:53 am, Sep 26, 2024



TO: Authority Members

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

DATE: October 17, 2024

RE: Housing and Community Development Fund—Approval of Grants Listed in Schedule A and Schedule B

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the “Authority”) adopt a resolution that authorizes the approval of the following grants funded by the Michigan Housing and Community Development Fund (“HCDF”):

- The HCDF funded MI Neighborhood Program grants (“MI Neighborhood Grant(s)”) listed in Schedule A of this Memorandum.
- The 2023 Public Act 4 HCDF unprogrammed funds funded grants (“Unprogrammed Funds Grants”) listed in Schedule B of this Memorandum. (The MI Neighborhood Grants and Unprogrammed Funds Grants are collectively referred to as the “HCDF Grants”).

If approved by the Authority, the total amounts of HCDF proceeds used to fund the HCDF Grants listed in the attached schedules are as follows:

- Schedule A identified MI Neighborhood Grants will not exceed \$427,000.
- Schedule B identified Unprogrammed Funds Grants will not exceed \$500,000.

EXECUTIVE SUMMARY:

Public Act 346 of 1966, Part 125.1458a, charges the Authority with administering the Michigan Housing and Community Development Fund (“HCDF”) for the purpose 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 Michigan.

Effective March 30, 2022, the Michigan Legislature pursuant to Public Act 53 of 2022, as amended, (the “2022 PA 53”) appropriated \$50 million dollars of United States Department of Treasury ARPA-SLFRF to the Authority’s HCDF Program to expand access to affordable and attainable housing for populations or regions disproportionately impacted by the COVID-19 pandemic.

Effective February 13, 2024, the Michigan Legislature appropriated to the Authority, pursuant to Public Act 4 of 2023 (“2023 PA 4”)¹, beginning with the 2022-2023 state fiscal year through the 2024-2025 state fiscal year, up to \$50 million, if available, to the HCDF Program. On September 19, 2024, the Authority approved the FY2025 - FY2026 HCDF Allocation Plan in order to program the use of HCDF funds.

If approved, the MI Neighborhood Grants identified in Schedule A and the Unprogrammed Funds Grants identified in Schedule B will be funded under the HCDF Program from the 2023 PA 4 appropriation from FY24 funds. The HCDF Grants have been evaluated by Authority staff for compliance with the HCDF Allocation Plan and requirements, which evaluations have been reviewed and approved by review committees comprised of Authority supervisory staff. The proposed HCDF Grants have been found to be acceptable for Authority approval and will be subject to the terms and conditions required for (a) HCDF funds as appropriate and (b) the execution of grant agreements and disbursement of the HCDF Grants.

ADVANCING THE AUTHORITY’S MISSION:

The proposed HCDF Grants will serve to expand access to affordable and attainable housing, address ongoing housing hardships of Michigan residents and support Michigan’s Statewide Housing Plan (“SHP”) implementation and priorities that address the housing needs of Michigan residents and Michigan’s SHP Goal 8.3 to enhance awareness about fair housing rights and to increase housing education, promotion, testing, obligation, and enforcement.

REGIONAL HOUSING PARTNERSHIPS:

The proposed HCDF Grants support the goals of the regional housing partnerships.

RESIDENT IMPACT:

None.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

¹ 2023 PA 4 amended Public Act 281 of 1967, at MCL 206.695(1) et. seq.,

SCHEDULE A MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF) MI NEIGHBORHOOD PROGRAM October 17, 2024 GRANTEE LIST								
NAME OF GRANTEE	AMOUNT OF HCDF GRANT	STATEWIDE HOUSING PLANREGION	LOCATION FOR SCOPE OF WORK	SCOPE OF WORK	HOMEOWNER/ HOMEBUYER	RENTAL	PUBLIC AMENITY	TERM OF GRANT
Pontiac Community Developers	\$27,000	Region L	Oakland County	Grant increase				November 1, 2024 - October 31, 2026
Grandmont Rosedale	\$200,000	Region O	Wayne County	2 units	0	2	0	November 1, 2024 - October 31, 2026
URGE Imprint LLC	\$200,000	Region O	City of Detroit	2 Unoccupied Rehab	0	2	0	November 1, 2024 - October 31, 2026
TOTAL:	\$427,000				0	4	0	

Grantee Name Change								
Sjaarda Homes and Properties (Grantee) name changed to: Waters Edge Development of Harrison Limited Dividend Housing Association, LLC	N/A	Region G	Clare	N/A				

SCHEDULE B
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF)
2023 PUBLIC ACT 4 HCDF UNPROGRAMMED FUNDS
OCTOBER 17, 2024 GRANTEE LIST

NAME OF GRANTEE	AMOUNT OF HCDF	STATEWIDE HOUSING PLAN REGION	LOCATION FOR SCOPE OF WORK	SCOPE OF WORK	TERM OF GRANT
Fair Housing Center of Southeast & Mid-Michigan ("FHCSE")	\$ 125,000	I and K	Clinton, Eaton, Hillsdale, Ingham, Jackson, Lenawee, Livingston, Monroe, Shiawassee, and Washtenaw counties	Support initiatives to combat discrimination and promote Fair Housing choice	November 1, 2024 - October 31, 2025
Fair Housing Center of Metropolitan Detroit ("FHCMD")	\$ 125,000	H, M,N, and O	Macomb, Wayne, Oakland and a portion of St. Clair counties	Support initiatives to combat discrimination and promote Fair Housing choice	November 1, 2024 - October 31, 2025
Fair Housing Center of Southwest Michigan ("FHCsw")	\$ 125,000	F and J	Allegan, Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren counties	Support initiatives to combat discrimination and promote Fair Housing choice	November 1, 2024 - October 31, 2025
Fair Housing Center of West Michigan ("FHCWM")	\$ 125,000	D and F	Allegan, Grand Traverse, Ionia, Isabella, Kent, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, and Ottawa counties	Support initiatives to combat discrimination and promote Fair Housing choice	November 1, 2024 - October 31, 2025
Total Approvals Requested	\$ 500,000				

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING GRANTS FROM THE MICHIGAN HOUSING AND
COMMUNITY DEVELOPMENT FUND

October 17, 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(2) of the Act provides that the Authority will identify, select, and make financing available, in any amounts as the Authority determines, from the HCDF for housing for low income, very low income, and extremely low income households and for projects located in a downtown area or adjacent neighborhood, to Section 58(2)(d) defined eligible applicants for Section 58b(3) eligible projects and Section 58c eligible activities; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the MI Neighborhood Program grant proposals listed in Schedule A ("MI Neighborhood Grants") and recommend that the Authority adopt a resolution authorizing the funding of MI Neighborhood Grants listed in Schedule A with HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the Unprogrammed Funds grant proposal listed in Schedule B ("Unprogrammed Funds Grants") and recommend that the Authority adopt a resolution authorizing the funding of Unprogrammed Funds Grants listed in Schedule B with HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, the MI Neighborhood Grants and Unprogrammed Funds Grants heretofore described will be hereafter collectively referred to as the "HCDF Grants"; 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 HCDF Grants shall be expended for one or more of the eligible activities outlined in the Authority's Act and permitted under Rule 125.190 of the Authority's General Rules; and
 - b. in the event that housing units are created or improved with HCDF Grants 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.

2. That the HCDF Grants are authorized to be used for the purposes and in the amounts 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 grantees listed in Schedules A, and B, that shall include the following:
 - a. a provision pursuant to Section 58d(a) providing that the owner and manager agree not to evict a tenant without just cause, as defined in MCL 125.694a;
 - b. a provision pursuant to Section 58d(b) 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. as appropriate, Treasury ARPA-SLFRF provision(s) necessary for compliance with the requirements for use of ARPA-SLFRF funds; and
 - d. performance metrics and reporting requirements as required by HCDF guidelines.
4. That, if an advance or any portion of any HCDF 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 HCDF Grant, any unused HCDF Grant proceeds that have been disbursed will be returned to the Authority immediately. All HCDF Grant proceeds that have not been used for approved HCDF 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 Chief Financial Officer, the Director of Finance, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, or any person duly appointed and acting in that capacity (each an "Authorized Officer") or the Chief Strategy and Engagement Officer are each authorized to modify the terms of the HCDF Grant or take such action as, in the discretion of the Authorized Officer or the Chief Strategy and Engagement 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. To ensure the efficient use of grant funds, an Authorized Officer or the Chief Strategy and Engagement Officer is authorized to substitute a HCDF grant with a grant from an alternate, duly authorized funding source.




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: October 17, 2024

RE: Resolution Authorizing One-Year Extension and \$120,000 Increase of Contract with Office of Attorney General and Holland & Knight, LLP to Retain Designated Holland & Knight Attorneys as Special Assistant Attorneys General

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize a one-year extension and \$120,000 increase to the professional services contract with Holland & Knight, LLP, to retain designated attorneys as Special Assistant Attorneys General.

CONTRACT SUMMARY:

Name of Contractor:	Holland & Knight, LLP
Contract Balance:	\$20,500
Increase in Contract Amount:	\$120,000
Total Contract Amount:	\$325,000 (\$130,000 original balance)
Length of Contract:	One-year extension
Extension Options:	Not applicable
Request for Proposal Date:	Not applicable
Number of Bids Received:	Not applicable
MSHDA Division Requesting the Contract:	Legal Affairs

EXECUTIVE SUMMARY:

The Authority, the Department of Attorney General, and Holland & Knight executed an Amended and Restated Contract that covered a period of October 1, 2014, through September 30, 2017, for professional services that designated selected Holland & Knight attorneys as Special Assistant Attorneys General for the total contract amount of \$130,000. The parties have subsequently executed seven amendments to the Amended and Restated Contract to extend the contract and/or replenish the contract balance. Recent amendments include the Fifth Amendment, which extended the term of the Amended and Restated Contract to September 30, 2022, increased the contract balance to an amount not to exceed \$75,000, and increased the total contract amount to

a “not to exceed” amount of \$205,000. A sixth amendment extended the term through September 30, 2023. A seventh amendment extended the term through September 30, 2024, and added two Holland & Knight attorneys to provide specialized legal guidance to the Authority’s Homeownership division’s single family mortgage loan and down payment assistance program (the “Single Family Program”).

The proposed eighth amendment would increase the contract balance by \$120,000 to replenish the contract balance and cover the expansion of services. The Authority continues to require the services of the designated Holland & Knight attorneys due to their specialized expertise. If this recommendation is approved, the designated Holland & Knight attorneys who would serve as Special Assistant Attorney General for federal housing and community development programs through September 30, 2025, would be Anthony Freedman and associates recommended by Mr. Freedman and approved by the Attorney General. For advice on federal requirements that apply to the Single Family Program, the Holland & Knight attorneys will be Leonard Bernstein and Robert Jaworski. Designated Holland & Knight attorneys may be added or replaced, subject to the approval of the Attorney General and the Chief Legal Affairs Officer. As designated Special Assistant Attorneys General, the designated Holland & Knight attorneys have provided advice on complex matters and have consistently performed at a high level.

ADVANCING THE AUTHORITY’S MISSION:

The Authority benefits from the legal advice provided by designated Holland & Knight attorneys as Special Assistant Attorneys General on federal housing and community development programs and federal regulations affecting the same. Their counsel has enabled the Authority to comply with federal requirements, avoid the recapture of funds, and administer federal housing programs more effectively. The Single Family Program has also been pleased with the legal services rendered by Mr. Bernstein and Mr. Jaworski on applicable federal requirements.

COMMUNITY ENGAGEMENT/IMPACT:

Not applicable.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING EIGHTH AMENDMENT TO AMENDED AND RESTATED CONTRACT BY THE DEPARTMENT OF ATTORNEY GENERAL, THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY AND HOLLAND & KNIGHT, LLP TO EXTEND AND INCREASE THE CONTRACT TO RETAIN DESIGNATED HOLLAND & KNIGHT ATTORNEYS AS SPECIAL ASSISTANT ATTORNEYS GENERAL

October 17, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority"), the Department of Attorney General ("Attorney General"), and Holland & Knight, LLP ("Holland & Knight") entered into an amended and restated contract to appoint and retain designated Holland & Knight attorneys as Special Assistant Attorneys General for a term ending on September 30, 2017 with a contract amount of One Hundred Thirty Thousand Dollars (\$130,000) to provide legal services to the Authority with respect to federal law and regulatory issues concerning low income housing tax credits, the Neighborhood Stabilization Program, post-1980 Section 8 developments, Project-Based Vouchers and other federal housing and community development programs and initiatives; and

WHEREAS, the parties entered into the First Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2018; and

WHEREAS, the parties entered into the Second Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2019; and

WHEREAS, the parties entered into the Third Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2020; and

WHEREAS, the parties entered into the Fourth Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2021; and

WHEREAS, the parties entered into the Fifth Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2022, and increased the contract by Fifty-Six Thousand Eight Hundred Twenty-Nine and 11/100 Dollars (\$56,829.11), thereby increasing the contract balance to an amount not exceeding Seventy-Five Thousand Dollars (\$75,000); and

WHEREAS the parties entered into the Sixth Amendment to the Amended and Restated Contract to extend the term of the Amended and Restated Contract to September 30, 2023; and

WHEREAS, the parties entered into the Seventh Amendment to the Amended and Restated Contract to (a) extend the term of the Amended and Restated Contract to September 30, 2024, and (b) add two Holland and Knight attorneys to provide legal guidance to the Authority's Homeownership division; and

WHEREAS, the Authority staff continues to require the services of the designated Holland & Knight attorneys with respect to federal housing programs; and

WHEREAS, for the reasons stated in the accompanying memorandum, the Chief Executive Officer

and Executive Director recommends that the Authority authorize the execution of the Eighth Amendment to the Amended and Restated Contract that would reinstate the Amended and Restated Contract and extend the term to September 30, 2025, and increase the Amended and Restated Contract by One Hundred Twenty Thousand Dollars (\$120,000), thereby increasing the remaining contract balance to an amount not exceeding One Hundred Forty Thousand Five Hundred Dollars (\$140,500); and

WHEREAS, the Civil Service Commission has reviewed and approved the Authority's request for contractual services; and

WHEREAS, the Authority concurs in the recommendation of the Chief Executive Officer and Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the Chief Legal Affairs Officer, the Director of In-House Counsel, the Director of Legal Transactions, or any person duly acting in such capacity, each is hereby authorized to enter into the Eighth Amendment to the Amended and Restated Contract with the Department of Attorney General and Holland & Knight, LLP that would (a) reinstate the Amended and Restated Contract and extend its expiration date to September 30, 2025 and (b) increase the Amended and Restated Contract by One Hundred Twenty Thousand Dollars (\$120,000), thereby increasing the remaining contract balance to an amount not exceeding One Hundred Forty Thousand Five Hundred Dollars (\$140,500).




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: October 17, 2024

RE: Resolution Authorizing Renewal of Professional Services Contracts with Nan McKay and Associates, Inc.

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize the final (1) year extension of the professional services contract with Nan McKay and Associates, Inc. ("Contractor"), for the ~~second year~~ **third and final** annual extension cost of \$78,500.00.

CONTRACT SUMMARY:

Name of Contractor:	Nan McKay and Associates, Inc.
Aggregate Amount of Contract:	\$433,500.00
Length of Contract:	Three (3) years
Extension Options:	Three (3) one-year options
MSHDA Division	
Requesting the Contract:	Housing Choice Voucher, Rental and Homeless Solutions

EXECUTIVE SUMMARY:

The Contractor will continue to provide Rental and Homeless Solutions with a software solution for obtaining rent reasonableness data, to provide direct access to comparable data throughout Michigan, and for ongoing support, hosting, and future enhancement to the existing Michigan Housing Locator environment. The Contractor has continued to meet expectations during the second one (1) year extension of the contract.

ADVANCING THE MISSION AND COMMUNITY IMPACT/SUPPORT:

This contract extension will continue to support the Authority's mission by assisting low-income families to afford decent, safe and sanitary housing. Housing can include single family homes, townhouses, and apartments and is not limited to units in subsidized housing.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING AMENDMENT TO EXTEND CONTRACT WITH NAN MCKAY
AND ASSOCIATES, INC.

October 17, 2024

WHEREAS, on or about December 21, 2019, the Michigan State Housing Development Authority (the "Authority") entered into a three (3) year professional services contract (the "Contract") with Nan McKay and Associates, Inc. (the "Contractor") to provide commercial software related to the Authority's Housing Choice Voucher Program, rent reasonableness services, and the Michigan Housing Locator (MHL) lending programs, and activities as more particularly set forth in the Contract; and

WHEREAS, the Contract includes an option to extend the Contract for three 1-year terms; the Authority having exercised the first two extensions, the Contract is set to expire December 31, 2024; and

WHEREAS, the Authority continues to require the above-referenced services, and exercising the **third and** final 1-year extension will allow the Contractor to continue to provide needed services to the Authority's Rental and Homeless Solutions Division; and

WHEREAS, for the reasons stated in the accompanying memorandum, the Chief Executive Officer and Executive Director recommends the Authority authorize the execution of an Amendment to the Contract to extend the term of the Contract from December 31, 2024 to December 31, 2025 at the additional contract amount of Seventy-Eight Thousand Five Hundred Dollars (\$78,500); and

WHEREAS, the Civil Service Commission has reviewed and approved the Authority's request for the contractual services; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Chief Financial Officer, or any person duly acting in such capacity, each is hereby authorized to enter into an Amendment to the Contract with Nan McKay and Associates, Inc., to extend the term of the Contract from December 31, 2024 to December 31, 2025 for the additional contract amount of Seventy-Eight Thousand Five Hundred Dollars (\$78,500).



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 *Amy Hovey*

DATE: October 17, 2024

RE: Resolution Authorizing Professional Services Contract with Corporation for Supportive Housing

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority" or "MSHDA") authorize a professional services contract with Corporation for Supportive Housing (the "Contractor"), for an amount of \$99,976.00. This service has been preauthorized by Civil Service.

CONTRACT SUMMARY:

Name of Contractor:	Corporation for Supportive Housing
Amount of Contract:	\$99,976.00
Length of Contract:	Three (3) years One (1) year
Extension Options:	Three additional One-Year periods
Request for Proposal Date:	August 1, 2024
Number of Bids Received:	One
MSHDA Division Requesting the Contract:	Rental Assistance & Homeless Solutions

EXECUTIVE SUMMARY:

Corporation for Supportive Housing ("Contractor") has over 33 years of experience with supportive housing and 28 years with State of Michigan programs. The Contractor will provide quality control and monitoring services for the Authority's Rental Assistance & Homeless Solutions division.

Permanent Supportive Housing ("PSH") is an evidence-based practice that combines permanent affordable housing with voluntary, comprehensive support services for people who are exiting

homelessness or who lack stable housing. PSH targets individuals and families who have experienced homeless or chronic homelessness and those with special needs such as a disability.

Permanent supportive housing requires developers/owners of PSH properties to work collectively with multiple partners such as property management companies and service providers. This coordinated effort is essential to the success of the PSH program.

The Contractor will develop and provide tools and activities for Authority staff to use to strengthen the Authority's PSH portfolio by meeting the following general objectives:

- Develop comprehensive tools to guide Authority staff in monitoring its PSH development portfolio.
- Perform on-site monitoring visits for at least ten (10) PSH projects, as selected by the Authority.
- Provide outcome reports to Authority staff and recommendations for follow-up actions.
- Provide technical assistance to PSH projects with findings or other identified concerns.

The Contractor was selected through a competitive bidding process. A Request for Proposal was emailed to 541 vendors and placed on the State of Michigan bid site and the MSHDA home page as an open bid. One (1) bid proposal was received, reviewed, and scored by a Joint Evaluation Committee ("JEC") consisting of four (4) Authority staff. The JEC determined the Contractor met the requirements described in the RFP.

ADVANCING THE MISSION AND COMMUNITY IMPACT/SUPPORT:

The contract will help Authority staff monitor, evaluate and improve services for people who are exiting homelessness or who lack stable housing. PSH targets individuals and families who have experienced homeless or chronic homelessness, and those with special needs such as a disability.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING
PROFESSIONAL SERVICES CONTRACT WITH CORPORATION FOR SUPPORTIVE
HOUSING

October 17, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") has received the Chief Executive Officer and Executive Director's memorandum regarding the need to select a contractor to provide Authority staff with the tools and activities needed to strengthen the Authority's Permanent Supportive Housing ("PSH") portfolio; and

WHEREAS, the Chief Executive Officer and Executive Director has recommended that the Authority approve the firm selected following a competitive bid process as set forth in the accompanying memorandum; and

WHEREAS, the Authority concurs in the recommendation of the Chief Executive Officer and Executive Director and hereby determines that the selection of Corporation for Supportive Housing as a contractor is necessary to fulfill the Authority's PSH portfolio needs.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that Chief Executive Officer and Executive Director, the Chief Financial Officer, the Chief Legal Affairs Officer, or any person duly acting in such capacity, each is hereby authorized to enter into a contract with Corporation for Supportive Housing for a total amount not to exceed Ninety-Nine Thousand Nine Hundred Seventy-Six Dollars (\$99,976.00) for a period of ~~three (3) years~~ **one (1) year** beginning on or about November 1, 2024, and ending on or about October 31, ~~2027~~ **2025**, with three one-year options to renew under the terms 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: October 17, 2024

RE: 4401 Rosa Parks; MSHDA Development No. 44c-215

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-215
Development Name:	4401 Rosa Parks
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	Cinnaire Solutions Corporation
Borrower:	4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership
Number of Units:	36 family units
Number of Accessible Units:	4 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	\$15,086,544 (estimated)
Total Loan Amount:	Not to exceed \$7,800,000 (55.38% of aggregate basis)
Credit Enhancement:	Cash collateral from a construction loan made by Independent Bank and a HOME loan made by the City of Detroit.

EXECUTIVE SUMMARY:

Cinnaire Solutions Corporation (the "Sponsor") proposes to construct 4401 Rosa Parks (the "Development"), which will consist of 36 affordable housing units located in the City of Detroit, Wayne County, Michigan. The Development will be acquired and constructed 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 a construction loan made by Independent Bank and a HOME loan made by the City of Detroit.

I am recommending Board approval for the following reasons:

- The Developer's application satisfies the requirements for the issuance of a resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- 36 units of family housing will be newly constructed in the Woodbridge neighborhood in the City of Detroit.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION:

Rosa Parks will be located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Goal 3.2: Increase access to stable and affordable quality housing options for households with extremely low incomes.
- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.

11 of the units will be reserved for tenants at or below 60% of area median income, and 5 units will be reserved for tenants at or below 50% of area median income. In addition, 7 of the units will receive project-based rental subsidy from the Detroit Housing Commission and will be reserved for tenants at 30% of area median income. 1 unit will be reserved for tenants at 30% of area median income. 12 units will be available for tenants up to 80% of area median income.

MUNICIPAL SUPPORT:

- The City of Detroit supports the approval of a 4% Payment in Lieu of Taxes (PILOT) for this Development, with a final PILOT determination subject to the City's Board of Assessors review and Detroit City Council approval.
- The municipality has rezoned the property to allow the Development of this project.
- The Detroit Housing Commission is providing 7 Project Based Vouchers to assist residents who meet the 30% area median income limit requirement.

COMMUNITY ENGAGEMENT/IMPACT:

- It is anticipated that the construction or rehabilitation of the Development will create 3 permanent jobs and 50 temporary jobs.
- The City of Detroit and Wayne County will benefit from the construction of new, affordable housing units.
- The community was invited to a public hearing (TEFRA Hearing) regarding the bond funding preceded by a public notice.
- The Sponsor has held meetings with community groups in Woodbridge to discuss the Development.

RESIDENT IMPACT:

- The Woodbridge community will benefit from the construction of new, affordable housing units.
- The Development will include the following amenities:
 - Controlled entry with intercom and key fob access
 - An elevator
 - A community room
 - A picnic area
 - 50 surface parking stalls (included in rent) plus 2 accessible parking spaces and 1 van accessible parking space
- Unit amenities and building attributes will include the following:
 - Dishwasher, microwave, self-cleaning oven and frost-free refrigerator
 - In-unit washer/dryer
 - Coat closet
 - Window blinds
 - Central air conditioning

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.



AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

LOAN COMMITMENT STAFF REPORT

October 17, 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-215
Development Name:	4401 Rosa Parks
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	Cinnaire Solutions Corporation
Borrower:	4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership
Number of Units:	36 Family Units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	\$15,086,544 (estimated)
Aggregate Basis:	\$14,084,928
Total Loan Amount:	Not to exceed \$7,800,000 (55.38% of aggregate basis)
Credit Enhancement:	Cash collateral from a construction loan made by Independent Bank and a HOME loan made by the City of Detroit.
Commitment Fee:	\$78,000 (1.0%) 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 are "limited obligations" of the Authority with the security limited to the assets of the borrower 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 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 Borrower proposes to acquire and construct 36 family apartment units on a site in the City of Detroit, Wayne County. The Borrower has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit." For this proposal, there will be 8 units reserved for households with incomes at or below 30% of area median income, 5 units reserved for households with incomes at or below 50% of area median income, 11 units available for households with incomes at or below 60% of area median income, and 12 units available for households at or below 80% of area median income, using the new MTSP Limits (as defined below).

Authority staff has received and reviewed a commitment for the proposed credit enhancement and has determined that, if the proposed credit enhancement is delivered as set forth in the commitment, 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 eleven (11) of the units in the Development (5 one-bedroom and 6 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. In addition, five (5) units (3 one-bedroom and 2 two-bedroom apartments) must be rented or available for rental by tenants whose income does not exceed the 50% MTSP Limit, adjusted for family size, and eight (8) units (8 one-bedroom apartments) 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. Twelve (12) units (7 one-bedroom and 5 two-bedroom apartments) in the Development must be rented or available for rental by tenants whose income does not exceed the 80% 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 (tenant-paid contract rent plus tenant-paid utilities) on eleven (11) 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. The monthly Total Housing Expense on five (5) units in the Development may not exceed 30% of 1/12 of the 50% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for the more deeply targeted units in the Development (8 units) may not exceed 30% of 1/12 of the 30% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense for twelve (12) units in the Development may not exceed 30% of 1/12 of the 80% MTSP Limit. 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 Authority will 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 Chief Legal Affairs Officer, 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 the Bond 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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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:** Cinnaire Solutions Corporation
 1118 S. Washington Avenue
 Lansing, Michigan 48910
 Contact: Christopher Laurent
 Phone: 608-234-5291
2. **Borrower:** 4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership

Credit Enhancement:

The sponsor will provide cash collateral via a construction loan made by Independent Bank (\$7,830,000) and a HOME loan made by the City of Detroit (\$2,500,000).

Bond Underwriter: The Sturges Company (Mike Sturges)

Bond Counsel: Dickinson Wright, PLLC (Craig Hammond)

Bond Trustee: The Huntington National Bank (John Alexander)

Other Members of the Development Team:

Equity Partner:	Cinnaire (Ben Stehouwer)
Borrower's Counsel:	Dykema Gossett PLLC (Rochelle Lento)
Borrower Accountant:	Dauby O'Conner & Zaleski, LLC (Cody Sherrier)
Contractor:	Continental Construction Management (T. Van Fox)
Property Management:	Elite Property Management, LLC (Kim Hagood)
Architect:	Christian Hurttienne Architects (Brian Hurttienne)
Rating Agency:	Moody's Investors Service (TBD)

Sources and Uses of Funds:

Source of Funds		
Bond Proceeds	\$ 7,800,000	
Construction Loan	\$ 7,845,003	\$2,092,102 <i>Perm Loan</i>
City of Detroit HOME Loan	\$ 2,500,000	
LIHTC Equity	\$ 6,141,259	
Sponsor Loan #1	\$ 1,436,403	
MSHDA Gap Loan	\$ 2,343,221	
Sponsor Loan #2 (Port Authority)	\$ 200,000	
DDF	\$ 367,553	
	\$ 28,633,439	
Use of Funds		
Pay off Principal of the Bonds	\$ 7,800,000	
Pay Down a portion of the Construction Loan	\$ 5,752,901	
Acquisition Costs	\$ 207,000	
Construction Costs	\$ 10,206,048	
Interim Construction Costs	\$ 929,250	
Soft Costs & Financing Fees	\$ 1,479,034	
Reserves	\$ 320,440	
Developer Overhead and Fees	\$ 1,938,766	
	\$ 28,633,439	

APPROVALS:

<i>Chad A Benson</i>	10/9/2024
Chad Benson, Director of Development	Date

<i>Jeffrey J Sykes</i>	10-9-24
Jeffrey Sykes, Chief Financial Officer	Date

<i>Clarence L. Stone, Jr.</i>	10/10/2024
Clarence L. Stone, Jr., Chief Legal Affairs Officer	Date

<i>Amy Hovey</i>	10/10/2024
Amy Hovey, Chief Executive Officer and Executive Director	Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING LOAN
4401 ROSA PARKS, MSHDA NO. 44C-215
CITY OF DETROIT, WAYNE COUNTY**

October 17, 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 Cinnaire Solutions Corporation (the "Applicant") for a loan in an amount not to exceed Seven Million Eight Hundred Thousand Dollars (\$7,800,000) (the "Loan") for the acquisition, construction and equipping of a housing project having an estimated Total Development Cost of Fifteen Million Forty-Four Thousand One Hundred Forty-Six Dollars (\$15,044,146), to be known as 4401 Rosa Parks (the "Development"), located in the City of Detroit, Wayne County, Michigan and to be owned by 4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership (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 recommendations of the Chief Executive Officer and 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 October 17, 2024 and attached hereto (the "Commitment Report").

2. A loan (the "Loan") be and it hereby is authorized and Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance 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 financing of the proposed housing project, with the Loan to have an initial principal amount not to exceed Seven Million Eight Hundred Thousand Dollars (\$7,800,000), to have a term ending not later than June 1, 2028, and to bear interest at a rate not to exceed seven and 0/100 percent (7%) 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 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 Chief Executive Officer and 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.

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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS,
SERIES 2024 (4401 ROSA PARKS APARTMENTS PROJECT)

TO FINANCE A LOAN TO 4401 ROSA PARKS 4 LIMITED DIVIDEND HOUSING
ASSOCIATION LIMITED PARTNERSHIP SO AS TO ENABLE THE BORROWER TO
ACQUIRE, CONSTRUCT AND EQUIP A CERTAIN MULTI-FAMILY RENTAL HOUSING
FACILITY, AUTHORIZING THE EXECUTION OF THE BOND PURCHASE
AGREEMENT, THE LOAN AGREEMENT AND THE TRUST INDENTURE SECURING
THE BONDS, AND DETERMINING AND AUTHORIZING OTHER MATTERS RELATIVE
THERETO

October 17, 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 bonds for the purpose of making loans to limited dividend housing associations (as defined in the Act) to provide financing for multi-family housing projects (as defined in the Act); and

WHEREAS, 4401 Rosa Parks 4 Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Borrower has applied to the Authority for a loan in a maximum amount of seven million eight hundred thousand dollars (\$7,800,000) to finance the costs of acquiring, constructing, equipping and improving a certain multi-family rental housing facility located in the City of Detroit, Wayne County, Michigan (the “Project”); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2024 (4401 Rosa Parks Apartments Project) in an aggregate principal amount not to exceed \$7,800,000 (the “Bonds”) pursuant to this Resolution and the Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Authority and The Huntington National Bank, as Trustee (the “Trustee”), to obtain funds to lend to the Borrower, pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Authority and the Borrower to finance the costs of acquiring, constructing, equipping and improving the Project (the “Loan”); and

WHEREAS, the Authority has determined that making the Loan requested by the Borrower and issuing and selling the Bonds, 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 Chairperson, Vice Chairperson, Chief Executive Officer and Executive Director, Chief Financial Officer, Director of Finance, Chief Legal Affairs Officer, Director of Legal Transactions and Director of In-House Legal Services 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 and thereby assisting 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 \$7,800,000 is authorized. The Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (4401 Rosa Parks Apartments 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; shall be dated as of the first day of the month in which the Bonds are issued 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. If the Bonds are issued after December 31, 2024, then the Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2025 (4401 Rosa Parks Apartments Project)*.”

The Bonds shall be subject to mandatory tender and redemption, and may be transferred and registered, all 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 Chief Executive Officer and Executive Director, with such changes as may be acceptable to an Authorized Officer of the Authority.

The Bonds and the interest obligation thereon 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 (as hereinafter defined) and otherwise as provided in the Indenture including moneys and investments on deposit in the Special Funds created under the Indenture (collectively, the “Credit Enhancement”). The Authority hereby approves the Credit Enhancement and determines that repayment of the Bonds thereby will be reasonably secure.

SECTION 2. Application of Proceeds of Bonds. Immediately upon the receipt thereof, 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 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 Chief Executive Officer and Executive Director of the Authority, shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon, 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 Chief Executive Officer and Executive Director and on which an Authorized Officer has endorsed 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 hereby approved.

SECTION 7. Approval of the Note and Regulatory Agreement. The form of the promissory note, dated the date thereof (the “Note”), from the Borrower to the Authority, and the Regulatory Agreement, dated as of November 1, 2024 (the “Regulatory Agreement”), between the Authority and the Borrower, each on file with the Chief Executive Officer and 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 hereby approved.

SECTION 8. Bond Purchase Agreement. Each Authorized Officer is severally authorized to negotiate, execute and deliver, on behalf of the Authority, a Bond Purchase Agreement with The Sturges Company (the “Underwriter”) in substantially the form on file with the Chief Executive Officer and 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 therein as are deemed necessary or desirable by such Authorized Officer and are permitted or required by the Act and otherwise by law.

SECTION 9. 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 hereby approved and the distribution thereof by the Underwriter is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate.

SECTION 10. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby 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 to the Underwriter.

SECTION 11. Execution and/or Delivery of Loan Agreement, the Note, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement and Changes Therein. 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 thereof), the Indenture, 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 12. Sale and Delivery of the Bonds. The Bonds shall be sold by the Authority 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 \$7,800,000.
- b) The initial interest rate on the Bonds shall not exceed 7.00% per annum.
- c) The maximum interest rate shall not exceed 7.00% per annum.
- d) The maximum principal amount coming due on the Bonds in any calendar year shall not exceed \$7,800,000.
- e) The Bonds shall have stated maturities that are not later than June 1, 2028.
- f) The Bonds shall be subject to mandatory and optional redemption as set forth in the related form of Indenture on file with the Chief Executive Officer and 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 therefor 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.
- 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. A copy of the final Official Statement.
- H. An opinion or opinions of Dickinson Wright PLLC, as bond counsel to the Authority ("Bond Counsel"), dated as of the date of issuance of the Bonds, in form acceptable to

the Chief Legal Affairs Officer 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 issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer, 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 13. 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 may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 14. Authorization of Other Documents and Actions. An Authorized Officer, as well as counsel to the Authority, and each of them, are hereby 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 or the Bond Purchase Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bonds and the closing of the Loan.

SECTION 15. Appointment of Trustee. The Huntington National Bank is hereby appointed Trustee under the Indenture.

SECTION 16. 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 17. Effectiveness. This Resolution shall become effective upon adoption. If the Bonds are not sold and delivered on or before January 31, 2025, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than November 30, 2024,

all references to November 1, 2024 herein may be permissibly changed to the month and year reflecting the actual date of delivery of the Bonds.

4895-5412-0931 v1 [9378-287]



M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: October 17, 2024

RE: Cambridge Towers, Development No. 44c-213

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") 1) adopt a resolution authorizing the issuance of a tax-exempt mortgage 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-213
Development Name:	Cambridge Towers
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	Cambridge Towers GP, LLC
Borrower:	Cambridge Towers Preservation Limited Dividend Housing Association, LLC
Number of Units:	248 elderly units (and two manager's units)
Number of Accessible Units:	13 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	\$33,982,328 (estimated)
Total Loan Amount:	Not to exceed \$17,000,000 (55.28% of aggregate basis)
Credit Enhancement:	The cash collateral will be provided by proceeds of the FHA-insured 223(f) permanent loan from Capital One, National Association

EXECUTIVE SUMMARY:

- Cambridge Towers consists of a 250-unit tower, of which 248 units are affordable under a project-based Section 8 HAP contract with elderly preference. Two units are set aside as manager's units.
- Jonathan Rose Companies is a national developer of affordable housing and will serve as General Partner and Developer of Cambridge Towers.
- The renovation will focus on replacement of building systems nearing the end of their useful lives, energy conservation measures, and resident-facing improvements to the community spaces and unit interiors.
- This pass-through project is low risk for the Authority.

Cambridge Towers GP, LLC ("Sponsor") proposes to acquire and rehabilitate Cambridge Towers ("Development"), which consists of 248 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 an FHA-insured 223(f) permanent loan from Capital One, National Association.

I am recommending Board approval for the following reasons:

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

ADVANCING THE AUTHORITY'S MISSION:

The Development is located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Goal 4.1: increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 4.4: increase the rehabilitation and/or preservation of housing stock.
- Goal 5.1: equitably expand the supply of affordable and accessible rental units statewide for older adults.
- Goal 6.3: increase the quality of rental housing.

The Development is comprised of 250 units, of which 248 units are affordable elderly units, including 225 one-bedroom and 23 two-bedroom units that will be targeted to households at or below 60% of area median income. Additional details are provided on page 2 of the Staff Report.

MUNICIPAL SUPPORT:

- The Development currently has municipal support in the form of a 10% Payment In Lieu of Taxes or “PILOT” tax exemption. The Sponsor is working with the City of Detroit to reduce the PILOT service charge to 4%.

COMMUNITY IMPACT:

- It is anticipated that the construction or rehabilitation of the Development will create 6 permanent jobs and 22 temporary construction-related jobs.
- The sponsor held an in-person resident information session to describe the scope of the renovation, the relocation arrangements, and relocation schedule.
- A relocation consultant will staff a full-time position—this employee will work with the residents directly leading up to, and during the renovation to personally coordinate with residents, provide notices, and answer questions.

RESIDENT IMPACT:

- The residents will benefit from a comprehensive rehabilitation of the Development.
- Immediate and long-term capital needs of the Development will be addressed.
- Existing units will be “remodeled” or “rehabilitated” including “updates” to resident units, common spaces, and exterior envelope and grounds. Work will include improvements to new flooring, energy-efficient appliances, water heaters, upgraded HVAC systems and plumbing fixtures, energy efficient windows and exterior doors and roof replacements (based on age).
- Renovations will allow the Development to meet UFAS/ADA/FHA accessibility requirements.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

This Development is one of three Section 8 projects acquired by the Jonathan Rose Companies that are proposed to be rehabilitated under the Authority's Pass-Through Program. 100% of the non-manager units in all three projects receive Section 8 project-based rental assistance under long-term contracts.



AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

TAX EXEMPT LOAN COMMITMENT STAFF REPORT

October 17, 2024

RECOMMENDATION:

Adopt a resolution authorizing the issuance of a tax-exempt mortgage loan commitment with respect to the project described in this report and authorizing the issuance of bonds, the proceeds of which will finance the loan.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

This Development is one of three Section 8 projects acquired by the Jonathan Rose Companies that are proposed to be rehabilitated under the Authority's Pass-Through Program. 100% of the non-manager units in all three projects receive Section 8 project-based rental assistance under long-term contracts.

PROJECT SUMMARY

MSHDA No.:	44c-213
Development Name:	Cambridge Towers
Development Location:	City of Detroit, Wayne County
Eligible Distressed Area:	Yes
Sponsor:	Cambridge Towers GP, LLC
Borrower:	Cambridge Towers Preservation Limited Dividend Housing Association, LLC
Number of Units:	248 Elderly Units (and two manager's units)
Number of Accessible Units:	13 accessible units
Construction Method:	Acquisition and Rehabilitation
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	\$33,982,328 (estimated)
Aggregate Basis:	\$30,751,233
Total Loan Amount:	Not to exceed \$17,000,000 (55.28% of aggregate basis)
Credit Enhancement:	Cash collateral through an FHA-insured Section 223(f) permanent mortgage loan provided by Capital One, National Association
Commitment Fee:	\$170,000 (1.0% 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 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 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 Borrower proposes to acquire and rehabilitate 250 elderly units, including two (2) employee/manager units, located on a site located at 19101 Evergreen Road, Detroit, MI. Two hundred forty-eight (248) of the units in the development will be restricted to households with incomes at or below 60% of area median income, utilizing the MTSP Limits as defined below. At least ten percent (10%) of the units (25 units) in the development will be more restricted to households with incomes at or below 40% of area median income, using the MTSP Limits.

Authority staff has received and reviewed a commitment for the proposed credit enhancement and has determined that, if the proposed credit enhancement is delivered as set forth in the commitment, 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 248 units in the Development (225 one-bedroom and 23 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, 25 units 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 obligations to be issued to finance the acquisition and construction or rehabilitation of the Development (the "Bonds") 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, known as the Extended Use Period (the "EUP"), or the period required by Section 142(d) of the Code. Two units have been set aside as manager's units.

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.

Two Hundred Forty-Eight units will receive a Section 8 Housing Assistance Payment ("HAP") Contract and 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 HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD. The Authority is not responsible for the compliance monitoring or oversight of the occupancy or the regulations applicable to the non-MSHDA HAP Contract.

2. Limitations on Rental Rates:

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 248 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. The Total Housing Expense for the more deeply targeted units in the Development (25 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 above) remain outstanding, but in no event for less than the EUP or the period of time required by Section 142(d) of the Code. The remaining two manager's units are not restricted.

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.

The rents to be paid for the 248 units assisted with the non-MSHDA HAP Contract may not exceed the rent limits established and published annually by HUD for the Section 8 Program. The Authority is not responsible for the compliance monitoring or oversight of the non-MSHDA HAP Contract rents charged for the Section 8 HAP regulations applicable to these assisted units.

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

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 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 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 Chief Legal Affairs Officer, 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 the Bond closing, the Borrower must also 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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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: Cambridge Towers GP, LLC
551 Fifth Avenue 23rd Floor
Contact: Scott Frye
Phone: 216-393-8062

2. Borrower: Cambridge Towers Preservation Limited Dividend Housing Association, LLC

Credit Enhancement:

The sponsor will provide cash collateral through an FHA-insured Section 223(f) permanent mortgage loan provided by Capital One, National Association.

Bond Underwriter: The Sturges Company (Michael Sturges)

Bond Counsel: Dickinson Wright, PLLC (Craig Hammond)

**Tax Exempt Mortgage Loan Commitment Staff Report
#44c-213, Cambridge Towers
City of Detroit, Wayne County
October 17, 2024**

Bond Trustee: The Huntington National Bank (John Alexander)

Other Members of the Development Team:

Equity Partner:	Huntington Community Development Corporation (Andrew Hugger)
Borrower Counsel:	Honigman Miller Schwartz & Cohn (Steven Rypma)
Borrower Accountant:	Novogradac & Company, LLP
Contractor:	Rose Community Builders, LLC (Christopher Edwards)
Property Management:	Rose Community Management (Lori Ricci)
Architect:	Fusco, Shaffer & Pappas (Joseph Pappas)
Rating Agency:	Moody's Investor Service

Sources and Uses of Funds:

Bond Proceeds	\$17,000,000
FHA 223(f) Loan	20,500,000
Income from reinvested bond proceeds	1,147,500
GP Capital	100
LIHTC Equity	11,883,234
Deferred Developer Fee	367,592
Income from operations	<u>82,400</u>

Total Sources of Funds **\$ 50,980,826**

Pay off Principal of Bonds	\$17,000,000
Acquisition	\$14,125,000
Construction/Rehabilitation	11,730,593
Interim Construction Costs	2,305,739
Soft Costs & Financing Fees	2,060,223
Reserves and Escrows	1,659,271
Developer Fee	<u>2,100,000</u>

Total Uses of Funds **\$ 50,980,826**

APPROVALS:

<i>Chad A Benson</i>	10/9/2024
Chad Benson, Director of Development	Date

<i>Jeffrey J Sykes</i>	10-9-24
Jeffrey Sykes, Chief Financial Officer	Date

<i>Clarence L. Stone, Jr.</i>	10/10/2024
Clarence L. Stone, Jr., Chief Legal Affairs Officer	Date

<i>Amy Hovey</i>	10/10/2024
Amy Hovey, Chief Executive Officer and Executive Director	Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING LOAN
CAMBRIDGE TOWERS, MSHDA No. 44c-213
CITY OF DETROIT, WAYNE COUNTY**

October 17, 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 Cambridge Towers GP, LLC (the "Applicant") for a tax exempt loan in an amount not to exceed Seventeen Million Dollars (\$17,000,000) (the "Loan") for the acquisition, rehabilitation and equipping of a housing project having an estimated Total Development Cost of Thirty-Three Million Nine Hundred Eighty Two Thousand Three Hundred Twenty-Eight Dollars (\$33,982,328), to be known as Cambridge Towers (the "Development"), located in the City of Detroit, Wayne County, Michigan and to be owned by Cambridge Towers Preservation 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 Chief Executive Officer and 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 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 October 17, 2024 and attached hereto (the "Commitment Report").

2. A tax exempt 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 Chief Legal Affairs Officer, the Director of Legal Transactions, and the Director of In-House Legal Services, 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 financing of the proposed housing project, with the Loan to have an initial principal amount not to exceed Seventeen Million Dollars (\$17,000,000), to have a term not longer than December 1, 2027, and to bear interest at a rate not to exceed seven percent (7.00%) 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 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 Chief Executive Officer and 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. 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS,
SERIES 2024 (CAMBRIDGE TOWERS APARTMENTS PROJECT)

TO FINANCE A LOAN TO CAMBRIDGE TOWERS PRESERVATION LIMITED
DIVIDEND HOUSING ASSOCIATION, LLC SO AS TO ENABLE THE BORROWER TO
ACQUIRE, CONSTRUCT, REHABILITATE AND EQUIP A CERTAIN MULTI-FAMILY
RENTAL HOUSING FACILITY, AUTHORIZING THE EXECUTION OF THE BOND
PURCHASE AGREEMENT, THE LOAN AGREEMENT AND THE TRUST INDENTURE
SECURING THE BONDS, AND DETERMINING AND AUTHORIZING OTHER MATTERS
RELATIVE THERETO

October 17, 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 bonds for the purpose of making loans to limited dividend housing associations (as defined in the Act) to provide financing for multi-family housing projects (as defined in the Act); and

WHEREAS, Cambridge Towers Preservation Limited Dividend Housing Association, LLC, a Michigan limited liability company (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Borrower has applied to the Authority for a loan in a maximum amount of Seventeen Million Dollars (\$17,000,000) to finance the costs of acquiring, constructing, rehabilitating, equipping and improving a certain senior affordable multi-family rental housing facility located in the City of Detroit, Wayne County, Michigan (the “Project”); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2024 (Cambridge Towers Apartments Project) in an aggregate principal amount not to exceed \$17,000,000 (the “Bonds”) pursuant to this Resolution and the Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Authority and The Huntington National Bank, as Trustee (the “Trustee”), to obtain funds to lend to the Borrower, pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Authority and the Borrower to finance the costs of acquiring, constructing, rehabilitating, equipping and improving the Project (the “Loan”); and

WHEREAS, the Authority has determined that making the Loan requested by the Borrower and issuing and selling the Bonds, 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 Chairperson, Vice Chairperson, Chief Executive Officer and Executive Director, Chief Financial Officer, Director of Finance, Chief Legal Affairs Officer, Director of Legal Transactions and Director of In-House Legal Services 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 and thereby assisting in the financing of the acquisition, rehabilitation and equipping of the Project, the issuance of the Bonds in an aggregate principal amount not to exceed \$17,000,000 is authorized. The Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (Cambridge Towers Apartments 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; shall be dated as of the first day of the month in which the Bonds are issued 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. If the Bonds are issued after December 31, 2024, then the Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2025 (Cambridge Towers Apartments Project)*.”

The Bonds shall be subject to mandatory tender and redemption, and may be transferred and registered, all 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 Chief Executive Officer and Executive Director, with such changes as may be acceptable to an Authorized Officer of the Authority.

The Bonds and the interest obligation thereon 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 (as hereinafter defined) and otherwise as provided in the Indenture including moneys and investments on deposit in the Special Funds created under the Indenture (collectively, the “Credit Enhancement”). The Authority hereby approves the Credit Enhancement and determines that repayment of the Bonds thereby will be reasonably secure.

SECTION 2. Application of Proceeds of Bonds. Immediately upon the receipt thereof, 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 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 Chief Executive Officer and Executive Director of the Authority, shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon, 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 Chief Executive Officer and Executive Director and on which an Authorized Officer has endorsed 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 hereby approved.

SECTION 7. Approval of the Note and Regulatory Agreement. The form of the promissory note, dated the date thereof (the “Note”), from the Borrower to the Authority, and the Regulatory Agreement, dated as of November 1, 2024 (the “Regulatory Agreement”), between the Authority and the Borrower, each on file with the Chief Executive Officer and 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 hereby approved.

SECTION 8. Bond Purchase Agreement. Each Authorized Officer is severally authorized to negotiate, execute and deliver, on behalf of the Authority, a Bond Purchase Agreement with The Sturges Company (the “Underwriter”) in substantially the form on file with the Chief Executive Officer and 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 therein as are deemed necessary or desirable by such Authorized Officer and are permitted or required by the Act and otherwise by law.

SECTION 9. 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 hereby approved and the distribution thereof by the Underwriter is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate.

SECTION 10. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby 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 to the Underwriter.

SECTION 11. Execution and/or Delivery of Loan Agreement, the Note, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement and Changes Therein. 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 thereof), the Indenture, 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 12. Sale and Delivery of the Bonds. The Bonds shall be sold by the Authority 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 \$17,000,000.
- b) The initial interest rate on the Bonds shall not exceed 7.00% per annum.
- c) The maximum interest rate shall not exceed 7.00% per annum.
- d) The maximum principal amount coming due on the Bonds in any calendar year shall not exceed \$17,000,000.
- e) The Bonds shall have stated maturities that are not later than December 1, 2027.
- f) The Bonds shall be subject to mandatory and optional redemption as set forth in the related form of Indenture on file with the Chief Executive Officer and 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 therefor 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.
- 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 opinion or opinions of Dickinson Wright PLLC, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer and the Attorney General of the State of Michigan (the “Attorney General”).
- H. An opinion or opinions of the Attorney General dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer.

I. 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 Chief Legal Affairs Officer, Bond Counsel and the Attorney General.

J. 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.

K. 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 13. 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 may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 14. Authorization of Other Documents and Actions. An Authorized Officer, as well as counsel to the Authority, and each of them, are hereby 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 or the Bond Purchase Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bonds and the closing of the Loan.

SECTION 15. Appointment of Trustee. The Huntington National Bank is hereby appointed Trustee under the Indenture.

SECTION 16. 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 17. Effectiveness. This Resolution shall become effective upon adoption. If the Bonds are not sold and delivered on or before January 31, 2025, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than November 30, 2024, all references to November 1, 2024 herein may be permissibly changed to the month and year reflecting the actual date of delivery of the Bonds.



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: October 17, 2024

RE: Midblock Apartments; MSHDA Development No. 44c-208

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-208
Development Name:	Midblock Apartments
Development Location:	City of Detroit, Wayne County
Sponsor:	American Community Developers, Inc.
Borrower:	Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C.
Number of Units:	184 undesignated units
Number of Accessible Units:	19 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	\$12,917,450
Total Development Cost:	\$75,319,608 (estimated)
Total Loan Amount:	Not to exceed \$36,000,000 (52% of aggregate basis)
Credit Enhancement:	Cash collateral through loans from (i) American Community Developers, Inc., (ii) Multifamily Coalition for Affordable Housing, and (iii) City of Detroit.

EXECUTIVE SUMMARY:

American Community Developers, Inc. ("Sponsor" or "ACD, Inc.") proposes to construct 184 housing units located in the City of Detroit, Wayne County, Michigan (the "Development"). The Development will be constructed 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 Sponsor was founded in 1980, with a mission to create and preserve market rate and affordable housing that is high-quality and sustainable. To date, the Sponsor's portfolio includes 103 properties located in Michigan and ten other states. (The proposed Development is a revised project originally proposed as "Mid" in 2021 and subsequently revised to propose construction of 184 units versus the originally proposed 61 units).

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. The credit enhancement will be cash collateral from the following sources: (a) ACD, Inc., (b) MCFAH loan sourced from Wayne County funds, and (c) City of Detroit Loan.

I am recommending Board approval for the following reasons:

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

ADVANCING THE AUTHORITY'S MISSION:

Midblock Apartments will be located in Region O of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region O Action Plan:

- Increase access to stable and affordable quality housing options for households with extremely low incomes.
- Increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Increase missing middle and workforce housing stock to facilitate greater housing choice.
- Equitably expand the supply of affordable and accessible rental units statewide for older adults.

The Development is comprised of 184 units. 170 units will be targeted to households with incomes at or below 80% of area median income. Additional details are provided in the Staff Report.

MUNICIPAL SUPPORT:

The City of Detroit and Wayne County have both committed funds to this project, and the City of Detroit is expected to provide a PILOT.

COMMUNITY ENGAGEMENT/IMPACT:

It is anticipated that the construction of the Development will create 43 temporary jobs. During the estimated 30-month construction period. It is estimated that St. Clair Construction Company will engage a work force of approximately 40 construction workers.

RESIDENT IMPACT:

- The City of Detroit and Wayne County will benefit from the construction of new, affordable housing units.
- The property will employ a site manager, maintenance person and the equivalent of one full-time security person.
- The community was invited to engage in a public hearing (TEFRA Hearing) regarding the bond funding preceded by a public notice.
- The Sponsor met with the Brush Park Community Development Corporation at its August community meeting and gave an update on the Development, addressing project timing, unit mix and target rents. The Sponsor noted that the community has been broadly supportive of the Development and is excited to see it move forward.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit." Income Averaging is permanently established as a third minimum-set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of AMI as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal, there will be 170 LIHTC units and 14 market rate units. The LIHTC units are as follows:

- 9 units will be reserved for tenants at or below 30% of area median income.
- 10 units will be reserved for tenants at or below 40% of area median income.
- 128 units will be reserved for tenants at or below 60% of area median income.
- 23 units will be reserved for tenants at or below 80% of area median income.



AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

TAX EXEMPT LOAN COMMITMENT STAFF REPORT

October 17, 2024

RECOMMENDATION:

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

PROJECT SUMMARY

MSHDA No.:	44c-208
Development Name:	Midblock Apartments
Development Location:	City of Detroit, Wayne County
Sponsor:	American Community Developers, Inc.
Borrower:	Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C.
Number of Units:	184 undesignated units
Number of Accessible Units:	19 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Pass-Through Gap PA 5:	\$12,917,450
Total Development Cost:	\$75,319,608 (estimated)
Aggregate Basis:	\$66,162,988
Total Loan Amount:	Not to exceed \$36,000,000 (52% of aggregate basis)
Credit Enhancement:	Cash collateral through loans from (i) American Community Developers, Inc., (ii) Multifamily Coalition for Affordable Housing, and (iii) the City of Detroit
Commitment Fee:	\$360,000 (1.0% 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 are "limited obligations" of the Authority with the security limited to the assets of the borrower 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 ("10 Percent Affordable Unit Restriction"). It also requires limited market and environmental reviews.

On March 16, 2023, the Authority approved a program statement for the Affordable Housing Tax Credit Gap Financing Program ("PA5 Program"). The PA5 Program allocated approximately \$57 million to the Pass-Through Bond Program for gap funding that increases the supply of affordable housing throughout the state. This gap funding will take the form of a grant or forgivable loan. The recipient of the grant or forgivable loan may be any entity selected by the applicant, provided, however, if the recipient is an entity other than the owner, the funds must be received by the selected non-owner recipient and contributed or loaned to the owner.

PROPOSAL SUMMARY:

The Borrower proposes to build 184 undesignated units, located on a site in Wayne County at 444 Watson, Detroit, Michigan 48201. The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are nine (9) units at 30% of area median income ("AMI"), utilizing the MTSP Limits as defined below, ten (10) units at 40% of AMI, one hundred twenty-eight (128) units at 60% of AMI, and twenty-three (23) units at 80% of AMI. (The 10 Percent Affordable Unit Restriction is satisfied by having 9 units are 30% of AMI and 10 units at 40% of AMI.)

Authority staff has received and reviewed commitments for the proposed credit enhancement and has determined that, if the proposed credit enhancement is 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 nine (9) of the Development's units (2 studio units and 7 one bedroom units) must be

rented or available for rental by tenants whose income does not exceed the 30% 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 (the "Thirty Percent Units"). In addition, ten (10) of the Development's units (6 studio units, 2 one-bedroom units, and 2 two-bedroom units), must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limit, adjusted for family size (the "Forty Percent Units"). Additionally, one hundred twenty-eight (128) units (83 studio units, 16 one-bedroom units and 29 two-bedroom units) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limit, adjusted for family size (the "Sixty Percent Units"). An additional twenty-three (23) units (14 studio units, 4 one-bedroom units, and 5 two-bedroom units) must be rented or available for rental by tenants whose income does not exceed the 80% MTSP Limit, adjusted for family size (the "Eighty Percent Units") as long as the average MTSP level of the affordable units in the Development is 60% MTSP or less. The remaining 14 units may be made available for occupancy without regard to income.

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 acquisition and construction or rehabilitation of the Development (the "Bonds") 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, known as the Extended Use Period (the "EUP"), 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 regulation

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.

2. Limitations on Rental Rates:

The Regulatory Agreement must also require that the monthly Total Housing Expense (tenant-paid contract rent plus tenant-paid utilities) on the Thirty Percent Units may not exceed 30% of 1/12 of the 30% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense on the Forty Percent Units may not exceed 30% of 1/12 of the 40% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense on the Sixty Percent Units may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense on the Eighty Percent Units may not

exceed 30% of 1/12 of the 80% 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 above) remain outstanding, but in no event for less than the EUP or the period of time required by Section 142(d) of the Code.

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.

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

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 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 Authority will 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 Chief Legal Affairs Officer, 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 the Bond 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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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.

10. **Environmental Review:**

Prior to Bond closing, the Borrower must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

11. **PA5 Grant:**

At Bond closing, the Borrower must enter into a Grant Agreement (to be acknowledged), Regulatory Agreement, Flows of Funds Agreement, Construction Oversight Agreement, and any other required documents as determined by the Chief Legal Affairs Officer. The form and substance of the documents must be acceptable to the Chief Legal Affairs Officer. In addition, Borrower's selected entity to receive the grant must also sign the Grant Agreement.

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1. Sponsor: American Community Developers, Inc.
20250 Harper Avenue
Detroit, Michigan 48225
Contact: Mr. Gerald A. Krueger
Phone: (313) 881-8150

2. Borrower: Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C.

Credit Enhancement:

The sponsor will provide cash collateral through loans from (i) American Community Developers, Inc., (ii) Multifamily Coalition for Affordable Housing, and (iii) the City of Detroit.

Bond Underwriter: The Sturges Company (Michael Sturges)

Bond Counsel: Dickinson Wright, PLLC (Craig Hammond)

Bond Trustee: The Huntington National Bank (John Alexander)

Other Members of the Development Team:

Equity Partner:	Gerald A. Krueger
Borrower's Counsel:	Kotz Sangster Wysocki, P.C. (Jeffrey S. Sternberg)
Borrower's Accountant:	Schreiber Advisors, P.C. (Michael Schreiber)
Contractor:	St. Clair Construction Company (Nathan S. Hindle)
Property Management:	Independent Management Services (Frank Carswell)
Architect:	DesignWerks Architecture, LLC (Paul F. Weber)
Rating Agency:	Moody's

Sources and Uses of Funds:

Bond Proceeds	\$36,000,000
Sponsor Loan	28,500,000
Berkadia 223(f)	12,524,178
MCFAH Loan (PA5 & WC)	17,417,450

**Loan Commitment Staff Report
#44c-208, Midblock Apartments
City of Detroit, Wayne County
October 17, 2024**

City of Detroit Funds	3,000,000
LIHTC Equity	27,596,644
Deferred Developer Fee	4,865,261
Owner CF Note	<u>9,916,075</u>

Total Sources of Funds **\$ 139,819,608**

Payoff of Bonds	\$36,000,000
Payoff of Sponsor Loan	28,500,000
Land / Acquisition	1,000
Site Work	9,076,290
Construction	46,311,182
Professional Fees	857,500
Interim Construction	5,878,101
Reserves	1,252,873
Permanent Financing	375,725
Other Costs	1,836,415
Developer Fees	<u>9,730,522</u>

Total Uses of Funds **\$ 139,819,608**

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APPROVALS:

<i>Chad A Benson</i>	10/9/2024
Chad Benson, Director of Development	Date

<i>Jeffrey J Sykes</i>	10-9-24
Jeffrey Sykes, Chief Financial Officer	Date

<i>Clarence L Stone, Jr.</i>	10/10/2024
Clarence L. Stone, Jr., Chief Legal Affairs Officer	Date

<i>Amy Hovey</i>	10/10/2024
Amy Hovey, Chief Executive Officer and Executive Director	Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING LOAN
MIDBLOCK APARTMENTS, MSHDA No. 44c-208
CITY OF DETROIT, WAYNE COUNTY**

October 17, 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 American Community Developers, Inc. (the "Applicant") for a loan in the amount not to exceed Thirty-Six Million Dollars (\$36,000,000) (the "Loan") for the acquisition, construction and equipping of a housing project having an estimated Total Development Cost of Seventy-Five Million Three Hundred Twenty-Nine Eight Hundred Thirteen Dollars (\$75,329,813), to be known as Midblock Apartments (the "Development"), located in the City of Detroit, Wayne County, Michigan and to be owned by Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C. (the "Borrower"); and

WHEREAS, the Applicant filed an application for a grant under the Affordable Housing Tax Credit Gap Financing Program ("PA 5 Program") in the amount of Twelve Million Nine Hundred Seventeen Thousand Four Hundred Fifty Dollars (\$12,917,450) ("PA 5 Grant"), which if awarded, shall be awarded to an entity other than the Borrower; the recipient of the PA 5 Grant shall contribute or loan the proceeds of the PA 5 Grant to 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 Chief Executive Officer and 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 commitments to issue credit enhancement in forms and amounts 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 October 17, 2024, and attached hereto (the "Commitment Report").

2. A loan (the "Loan") be and it hereby is authorized and Chief Executive Officer and Executive Director, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance 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 financing of the proposed housing project, with the Loan to have an initial principal amount not to exceed Thirty-Six Million Dollars (\$36,000,000), to have a term not longer than September 1, 2029 and to bear interest at a rate not to exceed Seven percent (7.00%) 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 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 Chief Executive Officer and 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. 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.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS,
SERIES 2024 (MIDBLOCK APARTMENTS PROJECT)

TO FINANCE A LOAN TO BRUSH WATSON UNIT 1 2019 LIMITED DIVIDEND HOUSING ASSOCIATION L.L.C. SO AS TO ENABLE THE BORROWER TO ACQUIRE, CONSTRUCT AND EQUIP A CERTAIN MULTI-FAMILY RENTAL HOUSING FACILITY, AUTHORIZING THE EXECUTION OF THE BOND PURCHASE AGREEMENT, THE LOAN AGREEMENT AND THE TRUST INDENTURE SECURING THE BONDS, AND DETERMINING AND AUTHORIZING OTHER MATTERS RELATIVE THERETO

October 17, 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 bonds for the purpose of making loans to limited dividend housing associations (as defined in the Act) to provide financing for multi-family housing projects (as defined in the Act); and

WHEREAS, Brush Watson Unit 1 2019 Limited Dividend Housing Association L.L.C., a Michigan limited liability company (the “Borrower”), is a limited dividend housing association (as defined in the Act); and

WHEREAS, the Borrower has applied to the Authority for a loan in a maximum amount of thirty-six million dollars (\$36,000,000) to finance the costs of acquiring, constructing, equipping and improving a certain multi-family rental housing facility located in the City of Detroit, Wayne County, Michigan (the “Project”); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2024 (Midblock Apartments Project) in an aggregate principal amount not to exceed \$36,000,000 (the “Bonds”) pursuant to this Resolution and the Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Authority and The Huntington National Bank, as Trustee (the “Trustee”), to obtain funds to lend to the Borrower, pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Authority and the Borrower to finance the costs of acquiring, constructing, equipping and improving the Project (the “Loan”); and

WHEREAS, the Authority has determined that making the Loan requested by the Borrower and issuing and selling the Bonds, 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 Chairperson, Vice Chairperson, Chief Executive Officer and Executive Director, Chief Financial Officer, Director of Finance, Chief Legal Affairs Officer, Director of Legal Transactions and Director of In-House Legal Services 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 and thereby assisting 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 \$36,000,000 is authorized. The Bonds shall be designated “*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2024 (Midblock Apartments 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; shall be dated as of the first day of the month in which the Bonds are issued 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 Bonds shall be subject to mandatory tender and redemption, and may be transferred and registered, all 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 Chief Executive Officer and Executive Director, with such changes as may be acceptable to an Authorized Officer of the Authority.

The Bonds and the interest obligation thereon 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 (as hereinafter defined) and otherwise as provided in the Indenture including moneys and investments on deposit in the Special Funds created under the Indenture (collectively, the “Credit Enhancement”). The Authority hereby approves the Credit Enhancement and determines that repayment of the Bonds thereby will be reasonably secure.

SECTION 2. Application of Proceeds of Bonds. Immediately upon the receipt thereof, 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 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 Chief Executive Officer and Executive Director of the Authority, shall have the official seal of the Authority (or a facsimile thereof) impressed or imprinted thereon, 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 Chief Executive Officer and Executive Director and on which an Authorized Officer has endorsed 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 hereby approved.

SECTION 7. Approval of the Note and Regulatory Agreement. The form of the promissory note, dated the date thereof (the “Note”), from the Borrower to the Authority, and the Regulatory Agreement, dated as of November 1, 2024 (the “Regulatory Agreement”), between the Authority and the Borrower, each on file with the Chief Executive Officer and 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 hereby approved.

SECTION 8. Bond Purchase Agreement. Each Authorized Officer is severally authorized to negotiate, execute and deliver, on behalf of the Authority, a Bond Purchase Agreement with The Sturges Company (the “Underwriter”) in substantially the form on file with the Chief Executive Officer and 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 therein as are deemed necessary or desirable by such Authorized Officer and are permitted or required by the Act and otherwise by law.

SECTION 9. 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 hereby approved and the distribution thereof by the Underwriter is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable or appropriate.

SECTION 10. Final Official Statement. The form of Preliminary Official Statement of the Authority, substantially in the form presented to this meeting, is hereby 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 to the Underwriter.

SECTION 11. Execution and/or Delivery of Loan Agreement, the Note, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement and Changes Therein. 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 thereof), the Indenture, 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 12. Sale and Delivery of the Bonds. The Bonds shall be sold by the Authority 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 \$36,000,000.
- b) The initial interest rate on the Bonds shall not exceed 7.00% per annum.
- c) The maximum interest rate shall not exceed 7.00% per annum.
- d) The maximum principal amount coming due on the Bonds in any calendar year shall not exceed \$36,000,000.
- e) The Bonds shall have stated maturities that are not later than September 1, 2029.
- f) The Bonds shall be subject to mandatory and optional redemption as set forth in the related form of Indenture on file with the Chief Executive Officer and 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 therefor 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.
- 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. A copy of the final Official Statement.
- H. An opinion or opinions of Dickinson Wright PLLC, as bond counsel to the Authority (“Bond Counsel”), dated as of the date of issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer 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 issuance of the Bonds, in form acceptable to the Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer, 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 13. 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 may be exempt from federal income taxation. Applications for any such rulings, orders, approvals or elections previously submitted on behalf of the Authority are hereby ratified and confirmed.

SECTION 14. Authorization of Other Documents and Actions. An Authorized Officer, as well as counsel to the Authority, and each of them, are hereby 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 or the Bond Purchase Agreement, or as may be necessary or convenient to effectuate the sale and delivery of the Bonds and the closing of the Loan.

SECTION 15. Appointment of Trustee. The Huntington National Bank is hereby appointed Trustee under the Indenture.

SECTION 16. 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 17. Effectiveness. This Resolution shall become effective upon adoption. If the Bonds are not sold and delivered on or before January 31, 2025, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than November 30, 2024, all references to November 1, 2024 herein may be permissibly changed to the month and year reflecting the actual date of delivery of the Bonds.




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: October 17, 2024

RE: Asset Management – Prepayment – Meadowbrook Senior, MSHDA #1062

RECOMMENDATION:

I recommend the Michigan State Housing Development Authority (the “Authority”) approve a waiver of the prepayment prohibition for the mortgage loan on Meadowbrook Senior (fka Escanaba Senior), MSHDA #1062.

EXECUTIVE SUMMARY:

Meadowbrook Senior (the “Development”) is a 32-unit senior development located in Escanaba, Delta County, Michigan. The Development consists of twenty-eight (28) one-bedroom units and four (4) two-bedroom units. The Development is financed under the Authority’s HOME Team Advantage Program and includes Tax-Exempt Bond financing, HOME and 4% Low-Income Housing Tax Credits (“LIHTC”). The financing for the Development was provided in partnership with the United States Department of Agriculture–Rural Development (USDA-RD), which provides rental assistance on all units and is the holder of an additional, subordinate mortgage.

The owner is seeking permission from the Authority to prepay the Authority’s mortgage loan. Since the Development is ineligible for prepayment until December 1, 2040, the Authority will require this prepayment to be revenue neutral to the Authority. In addition, the Development will be required to keep all income and rent restrictions associated with the Authority’s mortgage loan in place until December 1, 2040.

ADVANCING THE AUTHORITY’S MISSION:

The term of affordability will not be affected by this transaction, and the Development will remain affordable until at least December 1, 2040.

COMMUNITY IMPACT:

The community will be impacted through the preservation of affordable housing units. The units will remain affordable through at least December 1, 2040.

RESIDENT IMPACT:

No residents will be displaced due to the prepayment.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The owner will pay a prepayment penalty, and other costs related to the prepayment, so that this prepayment will be revenue neutral to the Authority.



ACTION REPORT

DATE:	October 17, 2024
ASSET MANAGER:	Sandra Kimball
MSHDA #:	1062
DEVELOPMENT NAME:	Meadowbrook Senior FKA Escanaba Senior
LOCATION:	3610 8 th Ave South Escanaba, MI 49829
MORTGAGE CUTOFF DATE:	December 1, 2005
ASSIGNED ATTORNEY:	Samuel Buchalter
MANAGEMENT AGENT:	UPCAP Services Inc
MANAGING GENERAL PARTNER(S):	Escanaba Senior Housing Development Corporation
LIMITED PARTNER(S):	Summit Capital Services, LLC & Summit Corp Tax Fund IV

RECOMMENDATION:

I recommend approval for the waiver of the prepayment prohibition for the mortgage loan on Meadowbrook Senior, MSHDA #1062.

I. BACKGROUND:

Meadowbrook Senior is a 32-unit elderly development located in Escanaba, Delta County. It consists of 28 one-bedroom units and 4 two-bedroom units in a one-story building. It was originally constructed in 2003 and financed under the Authority's HOME TEAM Advantage program with a USDA-Rural Development Loan.

The owner is seeking permission from the Michigan State Housing Development Authority ("Authority" or "MSHDA") to prepay the mortgage loan ("Mortgage Loan") based upon a plan for a rehabilitation of the property and to refinance using 9% LIHTC and a Rural Development insured 538 Loan. The Mortgage Loan is ineligible for prepayment until the loan maturity date, December 1, 2040, unless approval is granted by the Authority. To make this transaction revenue-neutral to the Authority the payment of the lost interest spread will be required. The anticipated payoff date is sometime in the second quarter of 2025.

The Authority's regulatory agreement will remain in effect until the original prepayment eligibility date, December 1, 2040; after that date, the Authority's regulatory agreement will be discharged. The Low-Income Housing Tax Credit (LIHTC) restrictions will remain in effect and will not be altered by this transaction. The LIHTC restrictions will preserve affordability until December 31, 2039. No residents will be displaced due to the prepayment of the Authority's loans.

II. CURRENT FINANCIAL CONDITION:

- A. The Development currently has 0 vacant units, with an economic vacancy of 0%.
- B. The Development, year-end 2023, had \$14,990 in receivables.
- C. The Development, year-end 2023, had \$18,240 in payables.

III. SUMMARY OF PROPOSAL:

- A. The Authority has received a request from the owner for approval to prepay the Mortgage Loan.
- B. As a condition of the prepayment, the owner has agreed to pay lost spread, which is expected to be approximately \$14,570 based on a projected payoff date of May 15, 2025. Lost spread varies depending on financial market conditions; the exact amount will be determined on the day of the prepayment.
- C. The owner has also agreed to pay a swap termination fee associated with the underlying bond financing as a condition of prepayment. The underlying bonds are subject to a swap agreement. However, no swap fee is expected based on current financial markets. Market conditions could change by the time of the payoff; if a swap fee is required at the time of payoff, it will be paid by the owner, along with a \$10,000 swap expense, which will also be paid by the owner.
- D. After the Mortgage Loan is paid in full, the MSHDA mortgage will be discharged.
- E. The Authority's regulatory agreement will remain in effect until the original mortgage prepayment eligibility date, which is December 1, 2040, but at the request of the owner, it will be amended to reduce the level of monitoring required by the Authority, as there is no longer a risk of financial loss. Upon Mortgage Loan payoff the Development will be monitored in the same manner as a LIHTC-only property. After December 1, 2040, the Authority's regulatory agreement will be discharged.
- F. Prior to closing, evidence of Rural Developments approval of the proposed transaction satisfactory to the Authority shall be provided.
- G. The LIHTC regulatory agreement will remain in effect and will not be altered by this transaction.
- H. Authority staff have verified that no open conditions exist related to the Development for either owner or agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	Team Advantage / LIHTC (RHS)
Original Mortgage Amount:	\$1,075,000
Current Mortgage Amount:	\$681,687
Payment Status:	Current
Current Interest Rate:	4%
Mortgage Prepayment	
Eligibility Date:	December 1, 2040
Initial LIHTC Compliance End Date:	December 31, 2019
Ext. Use LIHTC Compliance End Date:	December 31, 2039

Vacancy: 0 Units are Vacant

Reserve and Escrow Balances as of September 20, 2024:

Operation Assurance: \$ 153,894

*Rural Development holds the Replacement Reserve Escrow for this development

Prior Authority Action:

September 24, 2003 - Resolution Determining Mortgage Loan Feasibility and Authorizing Mortgage Loan

V. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
1 BD	28	0	\$749	\$39
2 BD	4	0	\$866	\$38
TOTAL	32	0		

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

- A. The parties must provide assignments, partnership amendments, attorney opinions, and such other documents as are deemed necessary by the Chief Legal Affairs Officer to effectuate the terms and conditions outlined in this report.
- B. Any penalties and/or fees will be paid prior to or upon payoff of the outstanding mortgage loan.

APPROVED:

Matt Bergeon 10/10/2024

Matt Bergeon Date
Director of Asset Management

Anthony Lentych 10/9/2024

Tony Lentych Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 10/10/2024

Clarence L. Stone, Jr. Date
Chief Legal Affairs Officer

Amy Hovey 10/10/2024

Amy Hovey Date
Chief Executive Officer and Executive Director

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING WAIVER OF MORTGAGE LOAN
PREPAYMENT PROHIBITION
MEADOWBROOK SENIOR (FKA ESCANABA SENIOR), MSHDA DEVELOPMENT NO. 1062
CITY OF ESCANABA, DELTA COUNTY

October 17, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority") made a mortgage loan (the "Mortgage Loan") to Escanaba Senior Housing Limited Dividend Housing Association Limited Partnership (the "Mortgagor") for the acquisition and construction of Meadowbrook Senior (FKA Escanaba Senior), MSHDA Development No. 1062 (the "Development"); and

WHEREAS, the Mortgage Loan documents for such Development currently prohibit prepayment of the Mortgage Loan; and

WHEREAS, the Mortgagor has requested that the Authority waive the prepayment prohibition and allow a payoff of the Mortgage Loan for the reasons set forth in the accompanying Action Report dated October 17, 2024 (the "Action Report"); and

WHEREAS, the Chief Executive Director and Executive Director recommends that the Authority waive the prepayment prohibition and allow the prepayment of the Mortgage Loan, subject to compliance with the terms and conditions set forth in the Action Report; and

WHEREAS, the Authority concurs in the recommendation of the Chief Executive Officer and Executive Director.

NOW, THEREFORE, the Michigan State Housing Development Authority resolves as follows:

1. The Authority hereby approves the prepayment of the Mortgage Loan, subject to the terms and conditions described in the accompanying Action Report.
2. The Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, the Chief Financial Officer, the Director of Finance or any person duly appointed to act in that capacity, is hereby authorized to (a) consent to a modification of the terms and conditions set forth in the attached Action Report, as he or she shall deem advisable and appropriate, and (b) enter into such agreements as may be necessary or appropriate to effectuate the prepayment transaction, including without limitation discharges, releases, swap termination agreements and amended regulatory agreements.



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 *Amy Hovey*

DATE: October 17, 2024

RE: The Legacy: Senior Housing 4%, Development No. 4171

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 construction and permanent mortgage loans in the amounts set forth below, and 3) 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 the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024.

PROJECT SUMMARY:

MSHDA No:	4171
Development Name:	The Legacy: Senior Housing 4%
Development Location:	City of Kalamazoo, Kalamazoo County
Sponsor:	Edison Community Partners, LLC
Mortgagor:	Zion Place 4 Limited Dividend Housing Association Limited Partnership
Number of Units (Affordable and Market Rate):	34 affordable elderly units
Number of Units Designated for Accessible Use:	2 accessible units
Occupancy Rate:	N/A
Total Development Cost:	\$13,140,794
TE Bond Construction Loan:	\$6,833,213
TE Bond Permanent Loan:	\$1,818,593
Other Funds:	
LIHTC Equity:	\$5,929,066
Local ARPA Loan:	\$1,000,000
GP Equity:	\$915,490
Local HOME Loan (City of Kalamazoo):	\$500,000
Income from Operations:	\$30,971
Condo Entry Fee from 9%:	\$974,945
City & Count Grants:	\$1,290,000
Solar ITC + 45L + Incentives:	\$339,957

Deferred Developer Fee:

\$341,772

EXECUTIVE SUMMARY:

Situated in Kalamazoo's Historic Northside Neighborhood, The Legacy: Senior Housing 4% is part of a proposed senior housing development located just minutes away from Kalamazoo's Central Business District. This development is the 4% side of a larger overall development that is a paired 4%-9% project including a total of 70 units of affordable housing restricted to senior individuals and families.

Kalamazoo's Northside is a neighborhood that has historically been redlined, creating disinvestment and disenfranchisement within the local community. However, this neighborhood has recently experienced considerable growth and opportunity. The proposed development site is located just feet away from the Ecumenical Senior Center and within walking distance of numerous downtown destinations.

This development seeks to create two three-story residential buildings. The building located on the northern end of the site will house 36 apartments consisting of 34 one-bedroom units and 2 two-bedroom units, as well as a community room, fitness center, and a proposed beauty salon. This building is being financed by a commercial lender in conjunction with an award of 9% Low Income Housing Tax Credits ("LIHTC") from the Authority.

The Legacy: Senior Housing 4% building located on the southern end of the site will include 34 apartments consisting of 32 one-bedroom units and 2 two-bedroom units, as well as additional community/amenity space (library and puzzle room). Both buildings will be elevator serviced and residents of either building will have full access to all amenities, including the roof deck. This building is intended to utilize 4% LIHTC.

ADVANCING THE AUTHORITY'S MISSION:

The Legacy: Senior Housing 4% is located within Region J of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region J Action Plan:

- Goal 2.1, increase the efficiency and effectiveness of the housing ecosystem by enhancing collaboration on housing among state agencies, philanthropy, local governments, Tribal Nations, education and the wide variety of private-sector organizations that make up the housing ecosystem.
- Goal 4.1, increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.
- Goal 5.1, equitably expand the supply of affordable and accessible rental units statewide for older adults.
- Goal 5.2, promote the ability of older adults to age in a place of their choice.

This project will create 34 affordable housing units for the elderly and establish \$1.8 million in a new Authority permanent loan.

MUNICIPAL SUPPORT:

The City of Kalamazoo has committed to invest HOME funds in the amount of a \$500,000 loan as well as an American Rescue Plan Act ("ARPA") loan in the amount of \$1,000,000 to help finance the development, in addition to providing support with a 4% PILOT.

COMMUNITY ENGAGEMENT/IMPACT:

Edison Community Partners, LLC (the "Sponsor") engaged the community by conducting multiple community engagement presentations, known as charettes, where any stakeholder or member of the community had the opportunity to contribute ideas and opinions. The Legacy: Senior Housing was born out of a need identified by one of the local churches. Many of the church's parishioners are lonely seniors living alone in poor conditions, unable to continue care and maintenance of an entire house.

This project will impact the community by providing not only needed housing for seniors, but by creating a sense of place, community, and identity. The buildings will include indoor and outdoor community spaces where residents can share their lives with each other and their families and friends. These community spaces will be large enough to accommodate social gatherings, lectures and classes, parties, and more. The development is to be built on the same block as the Ecumenical Senior Center and will have walking paths connecting the two.

The development team worked to engage local economic development agencies and philanthropic foundations to help catalyze the public and private capital improvements and leverage the separate investments in a cohesive, mutually supportive manner. Community members have been able to contribute to these discussions in such a way that their hopes and dreams for their neighborhood have been heard and will now be brought to fruition.

The development team was able to include the following elements in the design, all of which were recommended by community members. The facades of the buildings were designed to match the neighborhood. The outdoor spaces will include a community courtyard with gathering spaces, a communal dog run, an outdoor fire pit, a grilling station, secured pedestrian and vehicular site access points, covered parking, an electrical automobile charging station, bicycle racks, walking paths, and activity areas. The interior of the apartment buildings each contain a reception area, a communal kitchen, a community room, and a shared screened porch. Each unit will have a private balcony or patio.

RESIDENT IMPACT:

This is a new construction proposal so there are no current residents that will be impacted.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income ("AMI") as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are five (5) units (3 one-bedroom units and 2 two-bedroom units) at 70% of area median income ("AMI") that will be offset by eight (8) units (8 one-bedroom units) targeted to 50% AMI tenants. The remaining 21 units (21 one-bedroom units) will be targeted to 60% AMI tenants.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 17, 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 construction and permanent mortgage loans in the amounts set forth in this report, and 3) 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>	4171
<u>Development Name:</u>	The Legacy: Senior Housing 4%
<u>Development Location:</u>	City of Kalamazoo, Kalamazoo County
<u>Sponsor:</u>	Edison Community Partners, LLC
<u>Mortgagor:</u>	Zion Place 4 Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$6,833,213 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$1,818,593
<u>Total Development Cost:</u>	\$13,140,794
<u>Mortgage Amortization and Term:</u>	40 years for the tax-exempt bond loan
<u>Interest Rate:</u>	6.00% for the tax-exempt bond loan
<u>Program:</u>	Tax-Exempt Bond and Reduced-Rate Fast Track Pilot Programs
<u>Number of Units:</u>	34 elderly units of new construction
<u>Accessible Units:</u>	Four (4) accessible units
<u>Unit Configuration:</u>	32 one-bedroom units and 2 two-bedroom units
<u>Builder:</u>	American Village Builders, LLC
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	08/01/2024
<u>HDO:</u>	Zachary Herrmann

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 Sponsor has elected to utilize the "Average Income Test for Low-Income Housing Tax Credit". Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to

Mortgage Loan Feasibility/Commitment Staff Report
The Legacy: Senior Housing 4%, MSHDA No. 4171
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target units to households with rent and income up to 80% of area median income (“AMI”) as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are five (5) units (3 one-bedroom units and 2 two-bedroom units) at 70% of area median income (“AMI”) that will be offset by eight (8) units (8 one-bedroom units) targeted to 50% AMI tenants. The remaining 21 units (21 one-bedroom units) will be targeted to 60% AMI tenants.

EXECUTIVE SUMMARY:

Situated in Kalamazoo’s Historic Northside Neighborhood, The Legacy: Senior Housing 4% is part of a proposed senior housing development located just minutes away from Kalamazoo’s Central Business District. This development is the 4% side of a larger overall development that is a paired 4%-9% project including a total of 70 units of affordable housing restricted to senior individuals at least 55 years of age, and families whose head of household is at least 55 and the remaining members of the family are 50 years of age or older.

Kalamazoo’s Northside is a neighborhood that has historically been redlined, creating disinvestment and disenfranchisement within the local community. However, this neighborhood has recently experienced considerable growth and opportunity. The proposed development site is located just feet away from the Ecumenical Senior Center and within walking distance of and numerous downtown destinations.

The overall development will create two three-story residential buildings. The building located on the northern end of the site will house 36 apartments consisting of 34 one-bedroom units and 2 two-bedroom units, as well as a community room, fitness center, and a proposed beauty salon. This building is being financed by a commercial lender in conjunction with an award of 9% Low Income Housing Tax Credits (“LIHTC”) from the Authority.

The Legacy: Senior Housing 4% building located on the southern end of the site will include 34 apartments consisting of 32 one-bedroom units and 2 two-bedroom units, as well as additional community/amenity space (library and puzzle room). Both buildings will be elevator serviced and residents of either building will have full access to all amenities, including the roof deck. This building is intended to utilize 4% LIHTC.

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 (the “Mortgage Loan”) will be provided by the Authority in the amount of \$6,833,213 at 6.00% interest with a 24-month term (a 16-month construction term and an 8-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 must be reduced to the permanent loan amount on the first day of the month following the month in which the 16-month construction loan term expires or such later date as is 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 \$1,818,593. 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

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project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan is based on a 1.62 debt service coverage ratio, an annual interest rate of 6.00%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.

- The City of Kalamazoo will provide an American Rescue Plan Act ("ARPA") loan the amount of \$1,000,000. This loan will be in **Second Position as confirmed by a Subordination and Intercreditor Agreement to be entered into by the City of Kalamazoo**. See Special Condition No 5.
- The City of Kalamazoo will provide a HOME Loan in the amount of \$500,000. This loan will be in **Third Position as confirmed by a Subordination and Intercreditor Agreement to be entered into by the City of Kalamazoo**. See Special Condition No. 4.
- The County of Kalamazoo Housing Millage will provide a grant in the amount of \$740,000 that will be provided as a source. See Special Condition No. 6.
- The City of Kalamazoo will also provide an ARPA grant in the amount of \$550,000 that will be provided as a source. See Special Condition No. 6.
- The general partner will make a capital contribution in the amount of \$915,490.
- Funds from Solar ITC + 45L + Incentives in the amount of \$339,957 will be provided as a source.
- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of \$5,929,066.
- 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 \$30,971.
- The Sponsor has agreed to defer \$341,772 of the developer fee to fill the remaining funding gap.
- 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.
- 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.
- A syndicator reserve in the amount of \$63,389 will be required by the equity investor for additional operational needs. This reserve will be held and controlled pursuant to the terms of the Mortgagor's Amended and Restated Limited Partnership Agreement. See Special Condition No. 2.

- The condominium documents must require that a share of the operating, maintenance and repair costs relating to the common elements of the condominium, as described in the master deed, be allocated to each condominium unit. These shared expenses will include the cost of utilities, management expenses, insurance, and the like, and the costs of maintenance, repair, and replacement of the structural elements of the building and common spaces, project landscaping, and the parking lot. The 4% residential unit will be allocated 49% of the condominium in the master deed, resulting in an estimated annual cost of \$241,170 for the first operating year. This amount is included and shown on the operating expense page of the proforma. See Special Condition No. 3.

Site Selection:

The site has been reviewed 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 August 19, 2024, estimates the value of the vacant land selected for the Development site at \$430,000.

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 \$6,844,556). All such payments shall be referred to as "Limited Dividend Payments". The Mortgagor's return shall be fully cumulative. If Authority subordinate loans 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 subordinate loans 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 thirty-four (34) units of this proposal are as follows:

- a. 8 units (8 one-bedroom units) have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (20 years) must be available for occupancy by households whose incomes do not exceed the Low HOME income limit as published by HUD, adjusted for family size.
- b. 8 units (8 one-bedroom units) must be available for occupancy by households whose incomes do not exceed the 50% of the Multifamily Tax Subsidy Project ("MTSP") income limits as published by HUD, 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.
- c. 21 units (21 one-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limit, 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. 5 units (3 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed 70% of the MTSP income limits so long as the average household income of the affordable units in the project does not exceed the 60% MTSP income limit, 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.

The eight (8) units designated as HOME units are from the City of Kalamazoo. The Authority is not responsible for the HOME compliance monitoring or oversight of the occupancy or the regulations applicable to these HOME units from the City of Kalamazoo.

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 34 units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the 8 Low-HOME units (8 one-bedroom units) may

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The Legacy: Senior Housing 4%, MSHDA No. 4171
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not exceed the “Low-HOME Rent Limit” for the unit established and published annually by HUD.

- b. The Total Housing Expense for 8 units (8 one-bedroom units) 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.
- c. The Total Housing Expense for 21 units (21 one-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.
- d. The Total Housing Expense for 5 units (3 one-bedroom units, and 2 two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of 70% of the MTSP income limit as long as the average AMI level of the affordable units in the project does not exceed the 60% MTSP income 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 eight (8) units designated as HOME units are from the City of Kalamazoo. The Authority is not responsible for the compliance monitoring or oversight of the HOME rents charged for or the regulations applicable to these units from the City of Kalamazoo.

To the extent units within the Development is 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. 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.

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.

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 \$120,415) plus \$6,363 to fund the projected operating deficits, 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 \$315 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. 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.

9. 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 Chief Legal Affairs Officer.

10. Trade Payment Breakdown:

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

11. 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).

12. 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 Chief Legal Affairs Officer.

13. 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 Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

14. 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 Chief Legal Affairs Officer.

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.

15. 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

16. 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.

17. 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.

18. 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 Chief Legal Affairs Officer for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.
- Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.
- Prior to submission to the Attorney General's Office, Borrower must complete or cause to have completed the following:
 - The City of Kalamazoo, Michigan Resolution No. 23-63 granting eligibility for Payment in Lieu of Taxes ("PILOT") must be amended to correctly reflect the Borrower's legal name; and
 - Assign or otherwise divest all interest obtained through that certain Assignment of Memorandum of Understanding and Option to Purchase dated August 13, 2024, from Zion Place 9 Limited Dividend Housing Association Limited Partnership (the "Assignor"), original Memorandum of Understanding and Option to Purchase dated August 31, 2021, from the Kalamazoo County Land Bank Authority by Mt. Zion Baptist Church of Kalamazoo, and as amended and assigned to the Assignor September 30, 2022, in the following parcels:
 - 702 N. Edwards St. (Tax ID # 06-15-188-112), and
 - 708 N. Edwards St. (Tax ID# 06-15-183-012).

2. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve (“Syndicator Reserve”) with a one-time deposit in the amount of \$63,389 paid from equity proceeds according to the terms of the Mortgagor’s limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator.

3. Conversion to Condominium:

At or prior to Initial Closing, the real estate upon which the Development is located is to be converted into a condominium, with each three-story residential building as a separate condominium unit. The building located on the northern end of the site will be financed with a commercial lender and an award of 9% LIHTC from the Authority and will pay a condominium entrance fee to The Legacy: Senior Housing 4%.

Prior to Mortgage Loan Commitment, the final condominium documents must be reviewed and found acceptable in form and substance to the Authority’s Chief Legal Affairs Officer and include provisions allocating the responsibilities for repairs, maintenance, and operating costs between unit owners. The Mortgagor must agree that proceeds from any Authority mortgage loans may be used only for housing related improvements to the building and facilities.

4. Local HOME Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Kalamazoo HOME Loan and a funding schedule acceptable to the Authority’s Chief Legal Affairs Officer and Director of Development.

At or prior to Initial Closing, the final, executed City of Kalamazoo HOME Loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development. The City of Kalamazoo, the Authority and the Mortgagor must enter into a subordination and intercreditor agreement in form and substance acceptable to the Chief Legal Affairs Officer.

5. Local ARPA Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Kalamazoo ARPA Loan and a funding schedule acceptable to the Authority’s Chief Legal Affairs Officer and Director of Development.

At or prior to Initial Closing, the final, executed City of Kalamazoo ARPA Loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development. The City of Kalamazoo, the Authority and the Mortgagor must enter into a subordination and intercreditor agreement in form and substance acceptable to the Chief Legal Affairs Officer.

6. City of Kalamazoo Grants:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the City of Kalamazoo ARPA and Housing Millage grants and a funding schedule acceptable to the Authority’s Chief Legal Affairs Officer and Director of

Development.

At or prior to Initial Closing, the final, executed City of Kalamazoo grant documents must become effective and initial funding of the grants must be made in amounts approved by the Director of Development.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Zion Place 4 Limited Dividend Housing Association
Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: Edison Community Partners, LLC
 Address: 1105 Portage Street
 Kalamazoo, MI 49001

B. **Guarantor #2:**

Name: Mt. Zion Baptist Church
 Address: 120 Roberson Street
 Kalamazoo, MI 49007

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Edison Community Partners, LLC
 Address: 1105 Portage Street
 Kalamazoo, MI 49001

Individuals Assigned: Jason Muniz
 Telephone: (269) 432-5542
 E-mail: jason@hollanderdevelopment.com

1. **Experience:** The Sponsor has experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** Matthew Hollander (99.99%);
 Mt. Zion Baptist Church (0.005%); Edison Community Partners (0.005%)

B. **Architect:**

Name: Abonmarche Consultants, Inc.
 Address: 95 West Main Street
 Benton Harbor, MI 49022

Individual Assigned: Michael Sean Flynn

Mortgage Loan Feasibility/Commitment Staff Report
The Legacy: Senior Housing 4%, MSHDA No. 4171
City of Kalamazoo, Kalamazoo County
October 17, 2024

Telephone: (269) 381-6170
E-Mail: mflynn@abonmarche.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301057257, exp. 04/12/2025.

C. Attorney:

Name: Honigman LLP
Address: 650 Trace Centre Way, Ste 200
Portage, MI 49002

Individual Assigned: Steven Rypma
Telephone: (269) 337-7842
E-Mail: srypma@honigman.com

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

D. Builder:

Name: American Village Builders, LLC
Address: 4200 W Centre Ave
Portage, MI 49024

Individual Assigned: Andrew Schipper
Telephone: (269) 352-4213
E-mail: schipper@avbinc.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2102185970, with an expiration date of 05/31/2026.

E. Management and Marketing Agent:

Name: KMG Prestige, Inc.
Address: 102 South Main Street
Mt Pleasant, MI 48858

Individual Assigned: Karen Mead
Telephone: 989-772-3261
Fax: 989-772-3842
Email: karen@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:

- 1. Parcels:**
724 N. Burdick Street and 730 N. Burdick Street, 129 E. North Street,
702 N. Edwards, and 708 N. Edwards

Assignment of Memorandum of Understanding and Option to Purchase ("Assignment") entered into August 13, 2024, for a total purchase price of \$19,750.00.

- 2. Parcel: **125 E. North Street****

Assignment of Memorandum of Understanding and Option to Purchase ("Assignment") entered into August 13, 2024, for a total purchase price \$2,100.00.

- 3. Parcels:**
108 E. Frank Street, 128 E. Frank Street, 121 E. North Street, 131 E.
North Street, 729 N. Edwards Street, 713 N. Edwards Street, 709 N.
Edwards Street, and 135 E. North Street

Assignment of Memorandum of Understanding and Option to Purchase ("Assignment") entered into October 7, 2024, for a total purchase price of \$78,150.

The total purchase price for all parcels is \$100,000 (the "Purchase Price").

B. Site Location:

The southeast corner of a 1.77-acre site consisting of 12 contiguous vacant parcels of land on E. North Street bounded by N. Edwards Street to the east, N. Burdick Street to the west and E. Frank Street to the north, City of Kalamazoo, Kalamazoo County, Michigan.

C. Size of Site:
1.77 acres

D. Density:
Appropriate for multi-family residential use

E. Physical Description:

1. Present Use: Vacant land
2. Existing Structures: None

3. Relocation Requirements: Not applicable

F. Zoning:

Proposed site is zoned Live-Work 1 (LW1). The City of Kalamazoo Site Plan Review Committee completed its review for the proposed new senior housing development and found that it's in accordance with the zoning ordinance standards of the City of Kalamazoo and has approved the site plan.

G. Contiguous Land Use:

1. North: E Frank Street
2. South: E North Street
3. East: N Edwards Street / Single Family Residential
4. West: N Burdick Street / Commercial buildings and parking lot

H. Tax Information:

The City of Kalamazoo has approved a 4% PILOT.

I. Utilities:

Electricity & Fuel – Consumers Energy
Water/Sewer – City of Kalamazoo

J. Community Facilities:

1. Shopping:

The site has above-average pedestrian linkages with its location near Downtown Kalamazoo, which is indicated by its Walk Score of 86, which means the site is considered “Very Walkable” meaning most errands can be accomplished on foot. The site is approximately 0.3 miles north of downtown Kalamazoo offering many entertainment and restaurant opportunities. Some specific shopping/grocery centers nearby are:

Park Street Market (0.3 miles), Family Dollar (0.3 miles), North Kalamazoo Mall (0.4 miles), and PFC Natural Grocery & Deli (0.6 miles).

2. Recreation:

The Ecumenical Senior Center is located directly west of the subject site, which will provide social and community-based activities future residents can participate in. Additional recreational venues located nearby are:

Arcadia Green Festival Place (0.3 miles), Kalamazoo Valley Museum (0.4 miles), Bronson Park (0.6 miles), Kalamazoo Public Library (0.7 miles), La Crone Park (0.9 miles), Red Arrow Golf Course (1.1 miles), and Mayors Riverfront Park (1.4 miles).

3. Public Transportation:

METRO Bus Routes 6 & 15 (at site), Amtrak Train Station (0.2 miles), Greyhound Bus Station (0.3 miles)

4. Road Systems

Mortgage Loan Feasibility/Commitment Staff Report
The Legacy: Senior Housing 4%, MSHDA No. 4171
City of Kalamazoo, Kalamazoo County
October 17, 2024

The site has average vehicular linkages with its location near Kalamazoo Avenue and State Highway 343 and US Highway 131.

5. Medical Services and other Nearby Amenities:
Family Health Center & Pharmacy (0.5 miles), Walgreens Pharmacy (1.2 miles), and Ascension Borgess Hospital (1.6 miles).
6. Description of Surrounding Neighborhood:
The area surrounding the subject site generally consists of older single-family homes in below average condition and a mix of commercial and educational uses.
7. Local Community Expenditures Apparent:
The City of Kalamazoo's 2024 budget includes \$288 million in expenditures which includes: Community Programs, Public Safety, Public Services, Community Planning and Economic Development, Parks and Recreation and more. The city also invests local, state and federal funds to benefit low-income households and neighborhoods. These funding decisions are made in collaboration with local community groups, foundations, non-profit groups and neighborhood associations.
8. Indication of Local Support:
The City of Kalamazoo has invested HOME funds, awarded city grants to help finance the development and the city has indicated support with a 4% PILOT.

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. 12).

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.

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 Development.


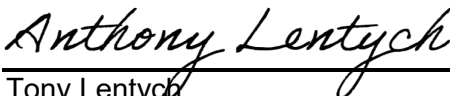
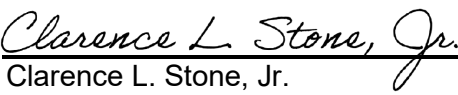

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	October 2024
B. Initial Closing and Disbursement:	February 2025
C. Construction Completion:	August 2026
D. Cut-Off Date:	April 2027

XII. ATTACHMENTS:

- A. Development Proforma**

APPROVALS:

	10/9/2024
Chad Benson Director of Development	Date
	10/9/2024
Tony Lentych Chief Housing Investment Officer	Date
	10/10/2024
Clarence L. Stone, Jr. Chief Legal Affairs Officer	Date
	10/10/2024
Amy Hovey Chief Executive Officer and Executive Director	Date

Development The Legacy Senior Housing 4%
Financing Tax Exempt
MSHDA No. 4171
Step Application
Date 09/19/2024
Type New Construction

Mortgage Assumptions:
Debt Coverage Ratio 1.62
Mortgage Interest Rate 6.00%
Pay Rate 6.00%
Mortgage Term 40 years
Income from Operations No

Instructions

Total Development Income Potential

	Per Unit	Total
Annual Rental Income	12,496	424,872
Annual Non-Rental Income	318	10,818
Total Project Revenue	12,814	435,690

Total Development Expenses

Vacancy Loss	8.00% of annual rent potential	1,000	33,990
Management Fee	651 per unit per year	651	22,134
Administration		978	33,252
Project-paid Fuel		0	0
Common Electricity		713	24,254
Water and Sewer		324	11,010
Operating and Maintenance		2,215	75,310
Real Estate Taxes		0	0
Payment in Lieu of Taxes (PILOT)	4.00% Applied to: All Units	418	14,225
Insurance		479	16,286
Replacement Reserve	315 per unit per year	315	10,710
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	8.0%
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	55.35%	7,093	241,170
Base Net Operating Income		5,721	194,520
Part A Mortgage Payment	27.56%	3,532	120,074
Part A Mortgage		53,488	1,818,593
Non MSHDA Financing Mortgage Payment		1,471	50,000
Non MSHDA Financing Type: City of Kalamazoo - 0%		29,412	1,000,000
Base Project Cash Flow (excludes ODR)	5.61%	719	24,446

Override

Development The Legacy Senior Housing 4%
Financing Tax Exempt
MSHDA No. 4171
Step Application
Date 09/19/2024
Type New Construction

Instructions

Income Limits for	Kalamazoo County						(Effective April 1, 2024)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person		
30% of area median	21,180	24,210	27,240	30,240	32,670	35,100		
40% of area median	28,240	32,280	36,320	40,320	43,560	46,800		
50% of area median	35,300	40,350	45,400	50,400	54,450	58,500		
60% of area median	42,360	48,420	54,480	60,480	65,340	70,200		

Rental Income

										Total Housing Expense	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	
Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities												
60% Senior	Area Median Income Units Occupancy																		
A	21	Apartment	1	1.0	625	1,042	0	1,042	262,584	61.8%	61.8%	13,125	60.5%	13,125			1,134	TC Rent	
B	0	Apartment	2	1.0	850	1,239	0	1,239	0	0.0%	0.0%	0	0.0%	0			1,362	TC Rent	
									262,584	61.8%	61.8%	13,125	60.5%	13,125					
50% Senior	Area Median Income Units Occupancy																		
A	8	Apartment	1	1.0	625	878	0	878	84,288	19.8%	23.5%	5,000	23.0%	5,000	Low HOME		878	HOME Rent	
B	0	Apartment	2	1.0	850	1,135	0	1,135	0	0.0%	0.0%	0	0.0%	0			1,135	TC Rent	
									84,288	19.8%	23.5%	5,000	23.0%	5,000					
70% Senior	Area Median Income Units Occupancy																		
A	3	Apartment	1	1.0	625	1,200	0	1,200	43,200	10.2%	8.8%	1,875	8.6%	1,875			1,323	TC Rent	
B	2	Apartment	2	1.0	850	1,450	0	1,450	34,800	8.2%	5.9%	1,700	7.8%	1,700			1,589	TC Rent	
									78,000	18.4%	14.7%	3,575	16.5%	3,575					
Mgrs									0	0.0%	0.0%	0	0.0%	0					
									21,700										
Total Revenue Units	34	32 one-bed				Gross Rent Potential				424,872	HOME Units SF/Total Units SF				23.0%	Within Range			
Manager Units	0	2 two-bed				Average Monthly Rent				1,041	# HOME Units/# Total Units				23.5%	Within Range			
Income Average	59.12%					Gross Square Footage				21,700									
Set Aside	100.00%																		

Utility Allowances

Owner-Paid Owner-Paid Owner-Paid Owner-Paid Owner-Paid

Annual Non-Rental Income	
Misc. and Interest	
Laundry	9,900
Carports	
Other: Pet/Late Fees	918
Other:	
10,818	

	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	
B						0	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Total Income	Annual	Monthly
Rental Income	424,872	35,406
Non-Rental Income	10,818	902
Total Project Revenue	435,690	36,308

Cash Flow Projections

Development The Legacy Senior Housing 4%
 Financing Tax Exempt
 MSHDA No. 4171
 Step Application
 Date 09/19/2024
 Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
				1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	424,872	429,121	433,412	437,746	442,124	450,966	459,985	469,185	478,569	488,140
Annual Non-Rental Income	1.0%	6	2.0%	10,818	10,926	11,035	11,146	11,257	11,482	11,712	11,946	12,185	12,429
Total Project Revenue				435,690	440,047	444,447	448,892	453,381	462,448	471,697	481,131	490,754	500,569
Expenses													
Vacancy Loss	8.0%	6	8.0%	33,990	34,330	34,673	35,020	35,370	36,077	36,799	37,535	38,285	39,051
Management Fee	3.0%	1	3.0%	22,134	22,798	23,482	24,186	24,912	25,659	26,429	27,222	28,039	28,880
Administration	3.0%	1	3.0%	33,252	34,250	35,277	36,335	37,425	38,548	39,705	40,896	42,123	43,386
Project-paid Fuel	3.0%	6	3.0%	0	0	0	0	0	0	0	0	0	0
Common Electricity	4.0%	6	3.0%	24,254	25,224	26,233	27,282	28,374	29,225	30,102	31,005	31,935	32,893
Water and Sewer	5.0%	6	5.0%	11,010	11,561	12,139	12,745	13,383	14,052	14,754	15,492	16,267	17,080
Operating and Maintenance	3.0%	1	3.0%	75,310	77,569	79,896	82,293	84,762	87,305	89,924	92,622	95,400	98,262
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				14,225	14,320	14,415	14,508	14,600	14,864	15,133	15,406	15,683	15,965
Insurance	3.0%	1	3.0%	16,286	16,775	17,278	17,796	18,330	18,880	19,446	20,030	20,631	21,250
Replacement Reserve	3.0%	1	3.0%	10,710	11,031	11,362	11,703	12,054	12,416	12,788	13,172	13,567	13,974
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				241,170	247,857	254,755	261,870	269,210	277,027	285,081	293,379	301,930	310,741
Debt Service													
Debt Service Part A				120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074
Debt Service Conventional/Other Financing				50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses				411,244	417,931	424,829	431,944	439,284	447,101	455,154	463,453	472,004	480,815
Cash Flow/(Deficit)				24,446	22,116	19,619	16,948	14,097	15,348	16,543	17,678	18,750	19,754
Cash Flow Per Unit				719	650	577	498	415	451	487	520	551	581
Debt Coverage Ratio on Part A Loan				1.20	1.18	1.16	1.14	1.12	1.13	1.14	1.15	1.16	1.16
Debt Coverage Ratio on Conventional/Other Financing				1.49	1.44	1.39	1.34	1.28	1.31	1.33	1.35	1.38	1.40
Interest Rate on Reserves	3%			Average Cash Flow as % of Net Income									

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00	
Maintained Operating Reserve (No Hard Debt)	250	
Initial Balance	6,363	
Total Annual Draw to achieve 1.0 DCR	0	
Total Annual Deposit to achieve Maintained DCR	(6,554)	
Total 1.0 DCR and Maintained DCR	(6,554)	
Interest	191	
Ending Balance at Maintained DCR	0	
Maintained Cash Flow Per Unit	912	650
Maintained Debt Coverage Ratio on Part A Loan	1.26	1.18
Maintained Debt Coverage Ratio on Conventional/Other	1.62	1.44
Standard ODR	6,363	
Non-standard ODR	0	

Operating Assurance Reserve Analysis

Required in Year:	1	
Initial Balance	120,415	
Interest Income	3,612	3,721
Ending Balance	124,027	127,748

Deferred Developer Fee Analysis

Initial Balance	341,772	317,326	295,210	275,592	258,643	244,546	229,199	212,656	194,977	176,227
Dev Fee Paid	24,446	22,116	19,619	16,948	14,097	15,348	16,543	17,678	18,750	19,754
Ending Balance	317,326	295,210	275,592	258,643	244,546	229,199	212,656	194,977	176,227	156,473

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	
Principal Amount of all MSHDA Soft Funds	0	
Current Yr Int	0	0
Accrued Int	0	0
Subtotal	0	0
Annual Payment Due	0	0
Year End Balance	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
				11	12	13	14	15	16	17	18	19	20
Income													
Annual Rental Income	1.0%	6	2.0%	497,903	507,861	518,018	528,379	538,946	549,725	560,720	571,934	583,373	595,040
Annual Non-Rental Income	1.0%	6	2.0%	12,677	12,931	13,190	13,453	13,723	13,997	14,277	14,562	14,854	15,151
Total Project Revenue				510,580	520,792	531,208	541,832	552,669	563,722	574,996	586,496	598,226	610,191
Expenses													
Vacancy Loss	8.0%	6	8.0%	39,832	40,629	41,441	42,270	43,116	43,978	44,858	45,755	46,670	47,603
Management Fee	3.0%	1	3.0%	29,746	30,639	31,558	32,505	33,480	34,484	35,519	36,584	37,682	38,812
Administration	3.0%	1	3.0%	44,688	46,029	47,409	48,832	50,297	51,806	53,360	54,960	56,609	58,308
Project-paid Fuel	3.0%	6	3.0%	0	0	0	0	0	0	0	0	0	0
Common Electricity	4.0%	6	3.0%	33,880	34,896	35,943	37,021	38,132	39,276	40,454	41,668	42,918	44,205
Water and Sewer	5.0%	6	5.0%	17,934	18,831	19,772	20,761	21,799	22,889	24,033	25,235	26,497	27,822
Operating and Maintenance	3.0%	1	3.0%	101,210	104,247	107,374	110,595	113,913	117,331	120,850	124,476	128,210	132,057
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				16,250	16,540	16,834	17,133	17,436	17,743	18,055	18,371	18,692	19,016
Insurance	3.0%	1	3.0%	21,887	22,544	23,220	23,917	24,634	25,373	26,134	26,918	27,726	28,558
Replacement Reserve	3.0%	1	3.0%	14,393	14,825	15,270	15,728	16,200	16,686	17,186	17,702	18,233	18,780
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				319,821	329,179	338,822	348,762	359,006	369,565	380,450	391,670	403,236	415,161
Debt Service													
Debt Service Part A				120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074	120,074
Debt Service Conventional/Other Financing				50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses				489,895	499,252	508,896	518,835	529,080	539,639	550,523	561,743	573,310	585,234
Cash Flow/(Deficit)				20,685	21,540	22,312	22,997	23,589	24,083	24,473	24,753	24,916	24,956
Cash Flow Per Unit				608	634	656	676	694	708	720	728	733	734
Debt Coverage Ratio on Part A Loan				1.17	1.18	1.19	1.19	1.20	1.20	1.20	1.21	1.21	1.21
Debt Coverage Ratio on Conventional/Other Financing				1.41	1.43	1.45	1.46	1.47	1.48	1.49	1.50	1.50	1.50

Interest Rate on Reserves 3%

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00	
Maintained Operating Reserve (No Hard Debt)	250	
Initial Balance	6,363	
Total Annual Draw to achieve 1.0 DCR	0	0
Total Annual Deposit to achieve Maintained DCR	0	0
Total 1.0 DCR and Maintained DCR	0	0
Interest	0	0
Ending Balance at Maintained DCR	0	0
Maintained Cash Flow Per Unit	608	634
Maintained Debt Coverage Ratio on Part A Loan	1.17	1.18
Maintained Debt Coverage Ratio on Conventional/Other	1.41	1.43
Standard ODR	6,363	
Non-standard ODR	0	

Operating Assurance Reserve Analysis

Required in Year:	1	
Initial Balance	120,415	
Interest Income	4,855	5,000
Ending Balance	166,682	171,683

Deferred Developer Fee Analysis

Initial Balance	156,473	135,788	114,248	91,937	68,940	45,351	21,268	0	0	0
Dev Fee Paid	20,685	21,540	22,312	22,997	23,589	24,083	21,268	0	0	0
Ending Balance	135,788	114,248	91,937	68,940	45,351	21,268	0	0	0	0

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	
Principal Amount of all MSHDA Soft Funds	0	
Current Yr Int	0	0
Accrued Int	0	0
Subtotal	0	0
Annual Payment Due	50%	
Year End Balance	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
THE LEGACY: SENIOR HOUSING 4%, MSHDA DEVELOPMENT NO. 4171
CITY OF KALAMAZOO, KALAMAZOO COUNTY

October 17, 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 Edison Community Partners, LLC (the "Applicant") for a multifamily housing project to be located in the City of Kalamazoo, Kalamazoo County, Michigan, having a total estimated development cost of Thirteen Million One Hundred Forty Thousand Seven Hundred Ninety-Four Dollars (\$13,140,794) and a total estimated maximum mortgage loan amount of Six Million Eight Hundred Thirty-Three Thousand Two Hundred Thirteen Dollars (\$6,833,213) (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 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 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 Eight Million Seventeen Thousand Two Hundred Sixty-One Dollars (\$8,017,261).

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 Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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 October 17, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOAN
THE LEGACY: SENIOR HOUSING 4%, MSHDA DEVELOPMENT NO. 4171
CITY OF KALAMAZOO, KALAMAZOO COUNTY

October 17, 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 Edison Community Partners, LLC (the "Applicant") for a construction mortgage loan in the amount of Six Million Eight Hundred Thirty-Three Thousand Two Hundred Thirteen Dollars (\$6,833,213) and a permanent mortgage loan in the amount of One Million Eight Hundred Eighteen Thousand Five Hundred Ninety-Three Dollars (\$1,818,593), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Thirteen Million One Hundred Forty Thousand Seven Hundred Ninety-Four Dollars (\$13,140,794), to be known as The Legacy: Senior Housing 4%, located in the City of Kalamazoo, Kalamazoo County, Michigan, and to be owned by Zion Place 4 Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); 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 of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. A 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 Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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 Six Million Eight Hundred Thirty-Three Thousand Two Hundred Thirteen Dollars (\$6,833,213), and permanent financing in an amount not to exceed One Million Eight Hundred Eighteen Thousand Five Hundred Ninety-Three Dollars (\$1,818,593), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of six percent (6.00%) 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 Eight Million Seventeen Thousand Two Hundred Sixty-One Dollars (\$8,017,261). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. 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.

4. 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.

5. 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.

6. 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 twenty-five percent (25%) per annum.

7. 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 October 17, 2024, 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: October 17, 2024

RE: Lawton Apartments, Development No. 4145

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 construction and permanent mortgage loans in the amounts set forth below, 3) authorize waivers of the Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") regarding the payment in lieu of taxes ("PILOT") and the Authority's Multifamily Standards of Design, and 4) 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 the Board Report.

PROJECT SUMMARY:

MSHDA No:	4145
Development Name:	Lawton Apartments
Development Location:	City of Detroit, Wayne County
Sponsor:	Develop Detroit, Inc
Mortgagor:	DDI Lawton Limited Dividend Housing Association LLC.
Number of Units:	38 Affordable Units
Number of Units Designated for Accessible Use:	2 Units modified for hearing & visually impaired
Occupancy Rate:	Vacant
Total Development Cost:	\$4,637,105
TE Bond Construction Loan:	\$2,427,302
TE Bond Permanent Loan:	\$1,571,424
MSHDA Gap Funds (HOME Loan):	\$882,000
MSHDA Gap Funds (CERA Loan):	\$400,000
Other Funds:	\$1,278,538 LIHTC Equity
	\$351,084 Sponsor Loan
	\$154,059 Deferred Developer Fee

EXECUTIVE SUMMARY:

Lawton Apartments (the "Development") consists of the acquisition and rehabilitation of two 3-story apartment buildings located within the city of Detroit. Develop Detroit, Inc. (the "Sponsor"), proposes to refurbish the existing 38 multifamily units. The buildings included in this proposal were built in 1971 and are located at 16121 and 16197 Lawton St., in the Martin Park neighborhood of northwest Detroit. The development common areas are limited to the common hallways, stairs, and laundry facilities. This proposal will provide refurbished units targeted to households earning below 30%, 40%, 50%, or 60% or area median income. Unit amenities include A/C, garbage disposal, microwave, ceiling fan, window mini-blinds, individual entry, and community coin operated laundry.

The Sponsor is requesting a tax-exempt bond mortgage loan and gap funding from the Authority as part of this transaction.

ADVANCING THE AUTHORITY'S MISSION:

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

- Goal 3.2, increasing access to stable and affordable housing options for households with extremely low incomes;
- Goal 4.4, increasing the rehabilitation and/or preservation of housing stock.

MUNICIPAL SUPPORT:

- The City of Detroit supports this development in achieving the goal of creating affordable housing units. In a support letter dated the 31st of August, the City is supportive of the approval of a 4% PILOT for the project.

COMMUNITY ENGAGEMENT/IMPACT:

On Friday, May 3, 2024, members of the Sponsor's staff met with two senior leaders from the Detroit Public Schools Community District ("DPSCD"). Deputy Superintendent Jackson and the Assistant Superintendent of Family and Community Engagement (Buckman) participated in the call. DDI and DPSCD discussed community needs related to the Paul Robeson/Malcolm X Academy (PRMXA). PRMXA is one of DPSCD's most popular and cohesive school environments but struggles with retaining school-based staff due to transportation and housing obstacles. DPSCD also briefed the Sponsor on its partnership with University of Michigan at Marygrove campus. This partnership trains paraprofessionals (who typically make less than \$35,000) and puts them on a pathway to a teaching certificate (\$55,000+ per year). The Sponsor and DPSCD discussed a potential partnership where paraprofessionals seeking enrollment or already enrolled in the teaching cert program could find affordable housing in the North End thereby alleviating some of the housing and transportation pressures for this cohort of educators. DPSCD also provided a list of their preferred service partners for its staff needs. The May 3, 2024, meeting was a follow-up from a prior October 19, 2023, meeting with Ms. Buckman on the same topic. The Sponsor has continued to explore this identified community need with DPSCD.

This project will impact the community by providing housing in the area which currently offers limited options. This will also provide resources in the form of school staff for the nearby schools.

RESIDENT IMPACT:

As Lawton Apartments is currently vacant, this will not impact any tenants.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Sponsor requested the following design waivers, which have been approved at the staff level:

- Due to site limitations, the number of parking spaces to be provided will be one parking space per unit rather than the required 2:1 ratio.
- No balconies or patios will be included in the design as the existing buildings do not have any balconies nor do any units have a door that can open onto a patio.
- Dishwashers will not be included as the existing kitchen layouts do not permit the installation of dishwashers.

The Sponsor has elected to utilize the “Average Income Test for Low-Income Housing Tax Credit.” Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income (“AMI”) as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are 11 units at 80% of area median income (“AMI”) that will be offset by 4 units targeted to 30% AMI tenants, 4 units to 40% AMI tenants and 4 units to 50% AMI tenants.

The Development will require a waiver of Section VI.I.2 of Parameters which requires that the PILOT must be 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 consideration.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 17, 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 construction and permanent mortgage loans as set forth in this report, 3) authorize waivers of the Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") regarding the payment in lieu of taxes ("PILOT") and the Authority's Multifamily Standards of Design, and 4) 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>	4145
<u>Development Name:</u>	Lawton Apartments
<u>Development Location:</u>	City of Detroit, Wayne County
<u>Sponsor:</u>	Develop Detroit, Inc.
<u>Mortgagor:</u>	DDI Lawton Limited Dividend Housing Association LLC.
<u>TE Bond Construction Loan:</u>	\$2,427,302 (52.00% of TDC)
<u>TE Bond Permanent Loan:</u>	\$1,571,424
<u>MSHDA Permanent HOME Loan:</u>	\$882,000
<u>MSHDA CERA Loan:</u>	\$400,000
<u>Total Development Cost:</u>	\$4,637,105
<u>Mortgage Amortization and Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME and CERA loans
<u>Interest Rate:</u>	6.125% for the tax-exempt bond loan; 1% simple interest for the HOME and CERA loans
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	38 family units of rehabilitation.
<u>Accessible Units:</u>	2 Units modified for hearing & visually impaired
<u>Unit Configuration:</u>	Fifteen (15) One-Bedroom and Twenty-Three (23) Two-Bedroom Apartments in two buildings
<u>Builder:</u>	MHT Construction LLC
<u>Syndicator:</u>	Alliant Capital
<u>Date Application Received:</u>	4/3/23
<u>HDO:</u>	Latasha Cole

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:

Mortgage Loan Feasibility/Commitment Staff Report
Lawton Apartments, MSHDA No. 4145
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The Sponsor requested the following design waivers, which were approved by Loan Committee:

- Due to site limitations, the number of parking spaces to be provided will be one parking space per unit rather than the required 2:1 ratio
- No balconies or patios will be included in the design as the existing buildings do not have any balconies nor do any units have a door that can open onto a patio
- Dishwashers will not be included as the existing kitchen layouts do not permit the installation of dishwashers

The Sponsor has elected to utilize the “Average Income Test for Low-Income Housing Tax Credit”. Income Averaging is permanently established as a third minimum set-aside election for Housing Credit developments and became available in March 2018. This election allows developments to target units to households with rent and income up to 80% of area median income (“AMI”) as long as the average AMI level of the affordable units in the project is 60% AMI or less. For this proposal there are 11 units at 80% of area median income (“AMI”) that will be offset by 4 units targeted to 30% AMI tenants, 4 units to 40% AMI tenants and 4 units to 50% AMI tenants.

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.

EXECUTIVE SUMMARY:

Lawton Apartments consist of the acquisition and rehabilitation of two 3-story apartment buildings located within the city of Detroit. Develop Detroit, Inc. (the "Sponsor") proposes to refurbish the existing 38 multifamily units. The buildings included in this proposal were built in 1971, and are located at 16121 and 16197 Lawton St., in the Martin Park neighborhood of northwest Detroit. The development common areas are limited to the common hallways, stairs, and laundry facilities. This proposal will provide refurbished units targeted to households earning below 30%, 40%, 50%, or 60% of area median income. Unit amenities include A/C, garbage disposal, microwave, ceiling fan, window mini-blinds, individual entry, and community coin operated laundry.

The Sponsor is requesting a tax-exempt bond mortgage loan and gap funding from the Authority as part of this transaction.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan will be provided by the Authority in the amount of \$2,427,302 at 6.125% interest with a 19-month term (a 12-month construction term and a 7-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

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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 19-month construction loan term expires or such later date as established by an Authorized Officer of the Authority (the "Permanent Financing Date"). The construction Mortgage Loan will be in **First Position**.

- A permanent Mortgage Loan will be provided by the Authority in the amount of \$1,571,424. The permanent loan amount is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on comparable 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 1.20 debt service coverage ratio, an annual interest rate of 6.125%, 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 HOME funds (the "HOME Loan") in the amount of \$882,000 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.
- A permanent subordinate loan using Authority CERA funds (the "CERA Loan") in the amount of \$400,000 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of \$351,084. See Special Condition No. 3.
- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of \$1,278,538.
- The Sponsor has agreed to defer \$154,059 of the developer fee to help fill the remaining funding gap.
- 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.
- 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:

- Roof replacements
- New Windows
- New unit flooring

- New unit appliances
- New unit fixtures
- New kitchen cabinets
- New paint in unit
- New HVAC systems
- Update to electrical and mechanical systems

Affordability Requirements:

The Authority's tax-exempt bond regulatory agreement will require that all the dwelling units in the property be occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit, adjusted for family size, with the exception of when income averaging has been elected and the income averaging test is met.

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 site has been reviewed 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, Rental Development Division.

Valuation of the Property:

An appraisal dated 8/8/2023 estimates the value of the development site and improvements at \$1,100,000.

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 \$1,278,538). 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 38 units of this proposal are as follows:

- a. 5 units (2 one-bedrooms and 3 two-bedroom units) have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed the Low HOME income limit as published by HUD, adjusted for family size.
- b. 4 units (2 one-bedroom units and 2 two-bedroom units) 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 50% of the Multifamily Tax Subsidy Project ("MTSP") income limits as published by the U.S. Department of Housing and Urban Development ("HUD"), adjusted for family size.
- c. 4 units (2 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 30% income limit, 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. 4 units (2 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 40% income limit, 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. 4 units (2 one-bedroom units and 2 two-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 50% income limit, 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.
- f. 15 units (5 one-bedroom units and 10 two-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limit, 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.

- g. 11 of the units (4 one-bedroom, one-bath apartments; 7 two-bedroom, one-bath apartments must be available for occupancy by households whose incomes do not exceed 80% of the MTSP income limits 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, and 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.

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 38 units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 5 Low-HOME units may not exceed the “Low-HOME Rent Limit” for the unit established and published annually by HUD.
- b. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 4 CERA units (2 one-bedroom units, and 2 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.
- c. The Total Housing Expense for 4 units (2 one-bedroom units, and 2 two-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.
- d. The Total Housing Expense for 4 units (2 one-bedroom units, and 2 two-bedroom units), may not exceed one-twelfth (1/12th) of 40% 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.

- e. The Total Housing Expense for 4 units (2 one-bedroom units, and 2 two-bedroom units), may not exceed one-twelfth (1/12th) of 50% 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.
- f. The Total Housing Expense for 15 units (5 one-bedroom units, and 10 two-bedroom units), may not exceed one-twelfth (1/12th) 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.
- g. The Total Housing Expense for 11 units (4 one-bedroom units, and 7 two-bedroom units), may not exceed up to one-twelfth (1/12th) of 30% of 80% 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 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. Exceptions to this limitation 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

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 four months of estimated Development operating expenses (estimated to be \$151,211). 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 \$4,830 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 (\$33,692) into the Development's operating account.

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent HOME and CERA Loans, each of which will be secured by a subordinate mortgage. The HOME and CERA Loans will bear simple interest at 1% with a 50-year term. No loan payments will be required on the HOME or CERA Loans 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 the Mortgage Loan amortization commences, repayment of the HOME and CERA Loan will commence according to the following:

- So long as the Mortgage Loan is outstanding, payments of fifty percent (50%) of any surplus cash available for distribution shall be deposited into Subordinate Debt Reserve and will be used to repay the HOME and CERA Loans 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 HOME and CERA Loans shall be due in full.
- Upon payment in full of the Mortgage Loan, if the HOME Loan remains outstanding, then the outstanding balance of the HOME 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. Payments of fifty percent (50%) of any surplus cash available for distribution shall continue to be deposited into the Subordinate Debt 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. . All payments will be applied first to accrued interest, then to current interest and principal and shall continue until the sale or refinancing of the Development, at which time the HOME and CERA Loans will be due in full.

- Upon payment in full of both the Mortgage Loan and the HOME Loan, the CERA Loan including accrued interest, will become the new first mortgage loan and monthly payments equal to the payments made under the original Mortgage Loan Payments shall be applied first to accrued interest, then to current interest and principal and shall continue until the sale or refinancing of the Development, at which time the CERA Loan shall be due in full.

Notwithstanding the foregoing, the entire principal balance and any accrued interest of the HOME and CERA Loans will be due and payable after 50 years.

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 Chief Legal Affairs Officer.

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Chief 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" 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.

14. 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.

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.

15. 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).

16. 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 Chief Legal Affairs Officer.

17. 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 Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

18. 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 Chief Legal Affairs Officer.

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.

19. Designation of Authority Funds:

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

20. 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

21. 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 HOME 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.

22. 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.

23. 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.

24. 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 Chief Legal Affairs Officer.

25. 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 Authority or confirmation that the Development is categorically excluded from NEPA review.

26. 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.

27. 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.

28. 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 Chief Legal Affairs Officer for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.
- Any other documentation as required by the Chief Legal Affairs Officer, 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, a PILOT resolution acceptable in language, form and substance to the Authority's Chief Legal Affairs Officer 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. Sponsor Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Chief Legal Affairs Officer and Director of Development. The Sponsor loan must:

- a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- b) be payable solely from approved Limited Dividend payments, and not from other development funds;
- c) be expressly subordinate to all Authority mortgage loans; and
- d) have a loan term not less than the longest term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Sponsor loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: DDI Lawton Limited Dividend Housing Association, LLC.

II. GUARANTOR(S):

A. Guarantor #1:

Name: Develop Detroit, Inc.
Address: 1452 Randolph Street, Suite 300
Detroit, MI 48226

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Develop Detroit
Address: 1452 Randolph
Detroit, MI 48226

Mortgage Loan Feasibility/Commitment Staff Report
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City of Detroit, Wayne County
October 17, 2024

Individuals Assigned: Sonya S. Mays
Telephone: 313-960-7700
E-mail: sonya@developdetroit.com

1. **Experience:** The Sponsor has experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** Develop Detroit, Inc. – 100% ownership as sole member.

B. Architect:

Name: Concept Design Studio
Address: 800 E Ellis Rd 508
Norton Shores, MI 49441

Individual Assigned: Kyle Osterhart
Telephone: 231-799-4838
E-Mail: Kyleosterhart@conceptdesignstudio.net

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301060114, exp. 4/26/2026

C. Attorney:

Name: Mallory, Cunningham & Lapka, PC
Address: 605 S. Capitol Avenue
Lansing, MI 48933

Individual Assigned: Thomas L. Lapka
Telephone: 517-482-0222
Fax: 517-482-9019
E-Mail: toml@mclpc.com

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

D. Builder:

Name: MHT Construction LLC
Address: 32500 Telegraph Road, Suite 100
Bingham Farms, MI 48025

Individual Assigned: Andy Martin
Telephone: 989-640-3360
E-mail: amartin@mhthousing.net

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration**: License number 2102217229 with an expiration date of 5/31/26.

E. Management and Marketing Agent:

Name: Continental Management, LLC
Address: 32500 Telegraph Road
Bingham Farms, MI 8025

Individual Assigned: Karole Torres
Telephone: Not provided
Fax: Not provided
E-mail: Ktorres@continental.com

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

F. Development Team Recommendation: Go

IV. SITE DATA:

- A. **Land Control/Purchase Price:**
\$1,100,000
- B. **Site Location:**
16121 - 16197 Lawton, Detroit, MI
- C. **Size of Site:**
Approximately +/- 1.00 Acre
- D. **Density:**
Deemed Appropriate
- E. **Physical Description:** Two 3-Story Building – Vacant
 1. **Present Use:** Apartment building
 2. **Existing Structures:** Two 3-Story Buildings
 3. **Relocation Requirements:** Existing five tenant's voluntary relocated with assistance of the sponsor compensating for their first month's rent and deposits.
- F. **Zoning:**
R3 (Low Density Residential)
- G. **Contiguous Land Use:**

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

H. Tax Information:

The Project has received a 4% PILOT support letter from the City of Detroit.

I. Utilities:

- A. DTE Energy
- B. DTE Gas
- C. Detroit's Water and Sewerage

J. Community Facilities:

1. Shopping:
There are a variety of shopping outlets within walking distance of site.
2. Recreation:
Palmer Park and the Detroit Golf Club are also within walking distance of the site.
3. Public Transportation:
The nearest bus stop is at Livernois and Florance.
4. Road Systems
The development is located off Puritan Avenue just north of the Lodge Freeway.
5. Medical Services and other Nearby Amenities:
DMC Sinai Hospital and several urgent care and other medical care providers in the proximity of the site.
6. Description of Surrounding Neighborhood:
Mostly residential
7. Local Community Expenditures Apparent:
Not apparent
8. Indication of Local Support:
The City of Detroit supports this development in achieving the goal of creating affordable housing units. In a support letter dated the 31st of August, the City is supportive of the approval of a 4% PILOT for the project.

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. 16).

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.


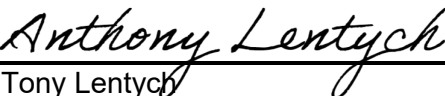
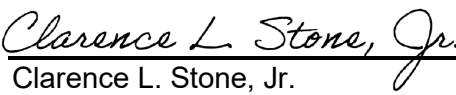

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	October	2024
B. Initial Closing and Disbursement:	January	2025
C. Construction Completion:	January	2026
D. Cut-Off Date:	August	2026

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

	10/9/2024
Chad Benson Director of Development	Date
	10/9/2024
Tony Lentych Chief Housing Investment Officer	Date
	10/10/2024
Clarence L. Stone, Jr. Chief Legal Affairs Officer	Date
	10/10/2024
Amy Hovey Chief Executive Officer and Executive Director	Date

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:		

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP	
Acquisition	1,035,000	Acquisition	0
Construction	3,698,537	Construction	147,941
Acquisition Credit %		Total Yr Credit	147,941
Rehab/New Const Credit %	4.00%	Equity Price	\$0.8140
Qualified Percentage	100.00%	Equity Effective Price	\$0.8643
QCT/DDA Basis Boost	130%	Equity Contribution	1,286,938
Historic?			

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	1,278,538
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	1,278,538

Development	Lawton Apartments
Financing	Tax Exempt
MSHDA No.	4145
Step	Commitment
Date	10/17/2024
Type	Acquisition/Rehab

Debt Coverage Ratio	1.2
Mortgage Interest Rate	6.125%
Pay Rate	6.125%
Mortgage Term	40 years
Income from Operations	No

No

Instructions

Total Development Income Potential

Annual Rental Income	10,640	404,304
Annual Non-Rental Income	4	150
Total Project Revenue	10,644	404,454

Total Development Expenses

Vacancy Loss	8.00%	of annual rent potential	851	32,344
Management Fee	634	per unit per year	634	24,092
Administration			1,500	57,000
Project-paid Fuel			168	6,400
Common Electricity			237	9,000
Water and Sewer			1,053	40,000
Operating and Maintenance			1,400	53,200
Real Estate Taxes			0	
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units	333	12,662
Insurance			628	23,855
Replacement Reserve	300	per unit per year	300	11,400
City of Detroit HOME Loan			0	0
Other: Asst Mgmt			100	3,800

% of
Revenue

Total Expenses	67.68%	7,204	273,754	
Base Net Operating Income		3,439	130,700	Override
Part A Mortgage Payment	26.06%	2,774	105,402	105,402
Part A Mortgage		41,353	1,571,424	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	6.25%	666	25,298	

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 Lawton Apartments
Financing Tax Exempt
MSHDA No. 4145
Step Commitment
Date 10/17/2024
Type Acquisition/Rehab

Instructions

Income Limits for	Wayne County						(Effective April 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 Housing Expense		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
Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities		Gross Rent								
30% Family	Area Median Income Units Occupancy																
A	2	Apartment	1	1.0	750	464	68	532	11,136		2.8%	5.3%	1,500	4.7%	1,500	Low HOME	532
B	2	Apartment	2	1.0	900	553	86	639	13,272		3.3%	5.3%	1,800	5.6%	1,800	Low HOME	639
									24,408	0	6.0%	10.5%	3,300	10.3%	3,300		
40% Family	Area Median Income Units Occupancy																
A	2	Apartment	1	1.0	750	642	68	710	15,408	0	3.8%	5.3%	1,500	4.7%	1,500	Low HOME	710
B	2	Apartment	2	1.0	900	767	86	853	18,408	0	4.6%	5.3%	1,800	5.6%	1,800	Low HOME	853
									33,816	0	8.4%	10.5%	3,300	10.3%	3,300		
50% Family	Area Median Income Units Occupancy																
A	2	Apartment	1	1.0	750	820	68	888	19,680	0	4.9%	5.3%	1,500	4.7%	1,500	CERA	888
B	2	Apartment	2	1.0	900	980	86	1,066	23,520	0	5.8%	5.3%	1,800	5.6%	1,800	CERA	1,066
									43,200	0	10.7%	10.5%	3,300	10.3%	3,300		
60% Family	Area Median Income Units Occupancy																
A	5	Apartment	1	1.0	750	840	68	908	50,400	0	12.5%	13.2%	3,750	11.7%	3,750		1,065
B	10	Apartment	2	1.0	900	1,040	86	1,126	124,800	0	30.9%	26.3%	9,000	28.2%	9,000		1,279
									175,200	0	43.3%	39.5%	12,750	39.9%	12,750		
80% Family	Area Median Income Units Occupancy																
A	4	Apartment	1	1.0	750	840	68	908	40,320	0	10.0%	10.5%	3,000	9.4%	3,000		1,421
B	7	Apartment	2	1.0	900	1,040	86	1,126	87,360	0	21.6%	18.4%	6,300	19.7%	6,300		1,706
									127,680	0	31.6%	28.9%	9,300	29.1%	9,300		
Mgrs									0	0	0.0%	0.0%	0	0.0%	0		
									31,950					31,950			
Total Revenue Units	38							Gross Rent Potential			404,304	HOME Units SF/Total Units SF			20.7%	Within Range	
Manager Units	0																
Income Average	59.47%							Average Monthly Rent			887	# HOME Units/# Total Units			21.1%	Within Range	
Set Aside	100.00%							Gross Square Footage			31,950						

Utility Allowances

	Tenant-Paid					Tenant-Paid	
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A	31		37			68	
B	43		43			86	
C						0	
D						0	
E						0	
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	150
Laundry	
Carports	
Other:	
Other:	150

Total Income	Annual	Monthly
Rental Income	404,304	33,692
Non-Rental Income	150	13
Total Project Revenue	404,454	33,705

Cash Flow Projections

Development Lawton Apartments
Financing Tax Exempt
MSHDA No. 4145
Step Commitment
Date 10/17/2024
Type Acquisition/Rehab

	Initial Inflator	Starting in Yr	Future Inflator	1	2	3	4	5	6	7	8	9	10
Income													
Annual Rental Income	1.0%	6	2.0%	404,304	408,347	412,431	416,555	420,720	429,135	437,717	446,472	455,401	464,509
Annual Non-Rental Income	1.0%	6	2.0%	150	152	153	155	156	159	162	166	169	172
Total Project Revenue				404,454	408,499	412,584	416,709	420,876	429,294	437,880	446,637	455,570	464,682
Expenses													
Vacancy Loss	8.0%	6	5.0%	32,344	32,668	32,994	33,324	33,658	21,457	21,886	22,324	22,770	23,225
Management Fee	3.0%	1	3.0%	24,092	24,815	25,559	26,326	27,116	27,929	28,767	29,630	30,519	31,435
Administration	3.0%	1	3.0%	57,000	58,710	60,471	62,285	64,154	66,079	68,061	70,103	72,206	74,372
Project-paid Fuel	3.0%	6	3.0%	6,400	6,592	6,790	6,993	7,203	7,419	7,642	7,871	8,107	8,351
Common Electricity	4.0%	6	3.0%	9,000	9,360	9,734	10,124	10,529	10,845	11,170	11,505	11,850	12,206
Water and Sewer	5.0%	6	5.0%	40,000	42,000	44,100	46,305	48,620	51,051	53,604	56,284	59,098	62,053
Operating and Maintenance	3.0%	1	3.0%	53,200	54,796	56,440	58,133	59,877	61,673	63,524	65,429	67,392	69,414
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				12,662	12,709	12,752	12,792	12,828	13,535	13,737	13,940	14,143	14,347
Insurance	3.0%	1	3.0%	23,855	24,571	25,308	26,067	26,849	27,654	28,484	29,339	30,219	31,125
Replacement Reserve	3.0%	1	3.0%	11,400	11,742	12,094	12,457	12,831	13,216	13,612	14,021	14,441	14,874
City of Detroit HOME Loan	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other: Asst Mgmt	3.0%	1	3.0%	3,800	3,914	4,031	4,152	4,277	4,405	4,537	4,674	4,814	4,958
Subtotal: Operating Expenses				273,754	281,876	290,275	298,960	307,942	305,263	315,024	325,118	335,560	346,360
Debt Service													
Debt Service Part A				105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				379,156	387,278	395,677	404,362	413,344	410,665	420,426	430,520	440,962	451,762
Cash Flow/(Deficit)				25,298	21,220	16,907	12,347	7,532	18,629	17,454	16,117	14,609	12,919
Cash Flow Per Unit				666	558	445	325	198	490	459	424	384	340
Debt Coverage Ratio on Part A Loan				1.24	1.20	1.16	1.12	1.07	1.18	1.17	1.15	1.14	1.12
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves			3%	Average Cash Flow as % of Net Income									

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00
Maintained Operating Reserve (No Hard Debt)	250
Initial Balance	Initial Deposit 24,825
Total Annual Draw to achieve 1.0 DCR	0
Total Annual Deposit to achieve Maintained DCR	0
Total 1.0 DCR and Maintained DCR	0
Interest	745
Ending Balance at Maintained DCR	25,570
Maintained Cash Flow Per Unit	666
Maintained Debt Coverage Ratio on Part A Loan	1.24
Maintained Debt Coverage Ratio on Conventional/Other	N/A
Standard ODR	0
Non-standard ODR	24,825

Operating Assurance Reserve Analysis

Required in Year:	1
Initial Balance	Initial Deposit 126,385
Interest Income	3,792
Ending Balance	130,177

Deferred Developer Fee Analysis

Initial Balance	154,059
Dev Fee Paid	25,298
Ending Balance	128,761

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%
Principal Amount of all MSHDA Soft Funds	0
Current Yr Int	0
Accrued Int	0
Subtotal	% of Cash Flow
Annual Payment Due	50%
Year End Balance	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	11	12	13	14	15	16	17	18	19	20
Income													
Annual Rental Income	1.0%	6	2.0%	473,799	483,275	492,941	502,800	512,856	523,113	533,575	544,247	555,132	566,234
Annual Non-Rental Income	1.0%	6	2.0%	176	179	183	187	190	194	198	202	206	210
Total Project Revenue				473,975	483,455	493,124	502,986	513,046	523,307	533,773	544,449	555,338	566,444
Expenses													
Vacancy Loss	8.0%	6	5.0%	23,690	24,164	24,647	25,140	25,643	26,156	26,679	27,212	27,757	28,312
Management Fee	3.0%	1	3.0%	32,378	33,349	34,349	35,380	36,441	37,535	38,661	39,820	41,015	42,245
Administration	3.0%	1	3.0%	76,603	78,901	81,268	83,706	86,218	88,804	91,468	94,212	97,039	99,950
Project-paid Fuel	3.0%	6	3.0%	8,601	8,859	9,125	9,399	9,681	9,971	10,270	10,578	10,896	11,222
Common Electricity	4.0%	6	3.0%	12,572	12,949	13,337	13,738	14,150	14,574	15,011	15,462	15,926	16,403
Water and Sewer	5.0%	6	5.0%	65,156	68,414	71,834	75,426	79,197	83,157	87,315	91,681	96,265	101,078
Operating and Maintenance	3.0%	1	3.0%	71,496	73,641	75,850	78,126	80,470	82,884	85,370	87,931	90,569	93,287
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				14,551	14,756	14,960	15,164	15,367	15,570	15,772	15,973	16,172	16,369
Insurance	3.0%	1	3.0%	32,059	33,021	34,012	35,032	36,083	37,165	38,280	39,429	40,612	41,830
Replacement Reserve	3.0%	1	3.0%	15,321	15,780	16,254	16,741	17,244	17,761	18,294	18,842	19,408	19,990
City of Detroit HOME Loan	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other: Asst Mgmt	3.0%	1	3.0%	5,107	5,260	5,418	5,580	5,748	5,920	6,098	6,281	6,469	6,663
Subtotal: Operating Expenses				357,534	369,094	381,055	393,432	406,241	419,497	433,218	447,422	462,126	477,349
Debt Service													
Debt Service Part A				105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402	105,402
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				462,936	474,496	486,457	498,834	511,643	524,899	538,620	552,824	567,528	582,751
Cash Flow/(Deficit)				11,039	8,959	6,667	4,152	1,403	(1,592)	(4,847)	(8,375)	(12,190)	(16,307)
Cash Flow Per Unit				291	236	175	109	37	(42)	(128)	(220)	(321)	(429)
Debt Coverage Ratio on Part A Loan				1.10	1.08	1.06	1.04	1.01	0.98	0.95	0.92	0.88	0.85
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves				3%									

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00	
Maintained Operating Reserve (No Hard Debt)	250	
Initial Balance	Initial Deposit	24,825
Total Annual Draw to achieve 1.0 DCR	0	0
Total Annual Deposit to achieve Maintained DCR	0	0
Total 1.0 DCR and Maintained DCR	0	0
Interest	1,001	1,031
Ending Balance at Maintained DCR	34,364	35,395
Maintained Cash Flow Per Unit	291	236
Maintained Debt Coverage Ratio on Part A Loan	1.10	1.08
Maintained Debt Coverage Ratio on Conventional/Other	N/A	N/A
Standard ODR	0	
Non-standard ODR	24,825	

Operating Assurance Reserve Analysis

Required in Year:	1	
Initial Balance	Initial Deposit	126,385
Interest Income	5,096	5,248
Ending Balance	174,947	180,195

Deferred Developer Fee Analysis

Initial Balance	0	0	0	0	0	0	0	0	0	0	0
Dev Fee Paid	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	
Principal Amount of all MSHDA Soft Funds	Initial Balance	0
Current Yr Int	0	0
Accrued Int	0	0
Subtotal	% of Cash Flow	0
Annual Payment Due	50%	0
Year End Balance	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
LAWTON APARTMENTS, MSHDA DEVELOPMENT NO. 4145
CITY OF DETROIT, WAYNE COUNTY

October 17, 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 Develop Detroit, Inc. (the "Applicant") for a multifamily housing project to be located in the City of Detroit, Wayne County, Michigan, having a total development cost of Four Million Six Hundred Thirty-Seven Thousand One Hundred and Five Dollars (\$4,637,105), with a total estimated maximum mortgage loan (the "Mortgage Loan") amount of Two Million Four Hundred Twenty-Seven Thousand Three Hundred and Two Dollars (\$2,427,302), and a COVID Emergency Rental Assistance Loan in the estimated amount of Four Hundred Thousand Dollars (\$400,000) (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 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. The proposed housing project is a feasible housing project.
- e. The Authority expects to allocate to the financing of the proposed housing project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Two Million Eight Hundred Sixty-One Thousand Two Hundred Fifteen Dollars (\$2,861,215).

2. The proposed housing project be and it is hereby determined to be feasible 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 Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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 specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION AUTHORIZING MORTGAGE LOANS
LAWTON APARTMENTS, MSHDA DEVELOPMENT NO. 4145
CITY OF DETROIT, WAYNE COUNTY

October 17, 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 Develop Detroit, Inc. (the "Applicant") for a construction mortgage loan in the amount of Two Million Four Hundred Twenty-Seven Thousand Three Hundred and Two Dollars (\$2,427,302) and a permanent mortgage loan in the amount of One Million Five Hundred Seventy-One Thousand Four Hundred and Twenty-Four Dollars (\$1,571,424) (the "Mortgage Loan") for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Four Million Six Hundred Thirty-Seven Thousand One Hundred and Five Dollars (\$4,637,105), to be known as Lawton Apartments, MSHDA Development No. 4145 (the "Development"), located in the City of Detroit, Wayne County, Michigan, and to be owned by DDI Lawton Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Eight Hundred Eighty-Two Thousand Dollars (\$882,000) (the "HOME Loan"); and

WHEREAS, the Authority has designated up to Forty Million Dollars (\$40,000,000) of COVID Emergency Rental Assistance ("CERA") funds to be used for Gap Financing Program loans; and

WHEREAS, in the Application, the Applicant also requested a CERA loan (the "CERA Loan") under the Gap Financing Program in the amount of Four Hundred Thousand Dollars (\$400,000); 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 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. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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"), 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 Two Million Four Hundred Twenty-Seven Thousand Three Hundred and Two Dollars (\$2,427,302), and permanent financing in an amount not to exceed One Million Five Hundred Seventy-One Thousand Four Hundred Twenty-Four Dollars (\$1,571,424), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of Six and 125/1000 percent (6.125%) 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 Two Million Eight Hundred Sixty-One Thousand Two Hundred and Fifteen Dollars (\$2,861,215). Any Authorized Officer is hereby authorized to modify

or waive any condition or provision contained in the Commitment.

3. 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.

4. 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.

5. 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.

6. 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. So long as the Authority CERA Loan and HOME Loan are outstanding, the Limited Dividend Payments are capped at 12% per annum. If the CERA Loan and HOME Loan are no longer outstanding, the Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum 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 October 17, 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 Direct Lending Parameters adopted on June 28, 2017 (the "Parameters"), requiring that the Development meet the MSHDA Multifamily Standards of Design with respect to (1) the number of parking spaces, (2) balconies or patios for all units, and (3) dishwashers in all units.

10. The Authority hereby waives Section VI.I.2 of the Parameters 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: October 17, 2024

RE: Grand Vista Place, Development No. 4135

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 construction and permanent mortgage loans in the amounts set forth below, 3) authorize a waiver of Section II.A.6 of the Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") requiring that developments meet the Authority's Multifamily Standards of Design with respect to parking, and 4) authorize the Chief Executive Office 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 the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024..

PROJECT SUMMARY:

MSHDA No:	4135
Development Name:	Grand Vista Place
Development Location:	City of Lansing, Ingham County
Sponsor:	Lansing Housing Commission
Mortgagor:	425 S. Grand Limited Dividend Housing Association Limited Partnership
Number of Units:	55 Units Affordable Units
Number of Units Designated for Accessible Use:	6 Accessible Units
Occupancy Rate:	100%
Total Development Cost:	\$20,372,505
TE Bond Construction Loan:	\$10,593,703 (52% of TDC)
TE Bond Permanent Loan:	\$4,824,937
MSHDA Gap Funds (HOME Loan):	\$1,603,208
MSHDA Gap Funds (CERA Loan):	\$2,576,478
Other Funds:	\$7,963,918 LIHTC Equity, \$16,391 Income from Operations, \$3,200,000 Sponsor Loan, \$187,573 Deferred Developer Fee

EXECUTIVE SUMMARY:

Grand Vista Place (the “Development”) is a new construction project of 55 housing units in Lansing, Michigan. The Development will contain a single building with four floors, which features common facilities such as a community room with spaces for on-site services, a fitness center, a computer room, Wi-Fi lounge, outdoor gathering spaces, a rooftop terrace with outdoor seating and onsite management offices. A common laundry room is available, while all units are provided with individual laundry hook ups in the unit, and garbage rooms and chutes on each floor. The Development is the second phase to the Riverview 220 development one block away, which was recently awarded a 9% Low Income Housing Tax Credit (“LIHTC”) reservation in the April 2023 Funding Round. All 55 units will be subsidized by the Lansing Housing Commission (“LHC”) project-based voucher program, which will help offer new, quality, state of the art housing opportunities for families with very low incomes.

There are 55 planned parking spaces at the Development, which will be more than adequate given that CATA’s central hub is less than 1 block away. The Development team, including Rohde Construction Company and Chesapeake Community Advisors (“CCA”), have extensive experience with development projects and urban infill new development projects.

Over the past five years, LHC has preserved and redeveloped, with CCA’s assistance, more than 600 units of LHC’s public housing portfolio, investing more than \$50 million of true, hard construction costs (over \$100 million in total development costs) into those assets for their long-term preservation. All of those projects included a RAD conversion through the U.S. Department of Housing and Urban Development, combined with various tools such as Opportunity Zone investment, Section 18 blends¹, LIHTCs awarded by the Authority, and three projects utilizing the Authority loan programs. LHC is positioned to start its next chapter by building and developing new affordable housing in and around the Lansing community, offering new and more affordable housing options for those very low-income families most in need. Grand Vista Place is the first of such efforts.

ADVANCING THE AUTHORITY’S MISSION:

Grand Vista Place is located within Region I of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region I Action Plan:

- Goal 4.1, increase the supply of the full spectrum of housing that is affordable and attainable to Michigan Residents.

MUNICIPAL SUPPORT:

- The City of Lansing has acknowledged the significance of the Grand Vista Place project in several recent City Council meetings and has awarded the project a 10% PILOT.

¹ A Section 18 blend is a program that combines the Rental Assistance Demonstration (RAD) program with the Section 18 process to help preserve public housing. The program allows for the use of project-based voucher (PBV) assistance with tenant protection vouchers (TPVs).

COMMUNITY ENGAGEMENT/IMPACT:

LHC engaged the community by meeting with and informing City Council Members and the Mayor's office of this project. LHC is regularly engaged with local community groups and partners through existing partnerships and monthly board meetings.

The Development will impact the Lansing community by providing new affordable housing, which is a significant need as noted by several studies and validated by community groups who serve the low-income population. The selected location will bring additional economic development to the downtown Lansing area. The Development is one block away from the central bus system hub, which will provide convenient transportation for the residents.

The City of Lansing and local Economic Development boards have set a priority of repurposing parking lots that have remained empty since the end of COVID. Based on community studies there is a significant need for additional affordable housing units, in particular units of two or more bedrooms in size. The Development will support both of these community needs by its location on an empty parking lot and having 65% of the units as two-bedroom units and 15% as 3-bedroom units.

RESIDENT IMPACT:

- Not applicable for new construction.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

The Sponsor has requested a waiver of Section II.A.6 of the Parameters regarding the MSHDA Multifamily Standards of Design, to reduce the required parking ratio of 2:1 spaces per unit to one (1) parking space per unit. This request is acceptable to the Authority's Office of Marketing Research.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 17, 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 construction and permanent mortgage loans in the amounts set forth in this report, 3) authorize a waiver of Section II.A.6 of the Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") requiring that developments meet the Authority's Multifamily Standards of Design with respect to parking, and 4) 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>	4135
<u>Development Name:</u>	Grand Vista Place
<u>Development Location:</u>	City of Lansing, Ingham County
<u>Sponsor:</u>	Lansing Housing Commission
<u>Mortgagor:</u>	425 S. Grand Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$10,593,703 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$4,824,937
<u>MSHDA Permanent HOME Loan:</u>	\$1,603,208
<u>MSHDA Permanent CERA Loan:</u>	\$2,576,478
<u>Total Development Cost:</u>	\$20,372,505
<u>Mortgage Amortization and Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the CERA loan
<u>Interest Rate:</u>	5.625% for the tax-exempt bond loan; 1% simple interest for the HOME Loan and CERA loan
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	55 family units of new construction
<u>Accessible Units:</u>	6 accessible units
<u>Unit Configuration:</u>	11 one-bedroom, 36 two-bedroom, and 8 three-bedroom units in a 4-story building with elevator access
<u>Builder:</u>	Wolverine Building Group, Inc.
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	4/1/2023
<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 Sponsor has requested a waiver of Section II.A.6 of the Parameters requiring that the Development meet MSHDA's Multifamily Standards of Design, to reduce the required parking ratio of 2:1 spaces per unit to one (1) parking space per unit. This request is acceptable to the Authority's Office of Marketing Research.

EXECUTIVE SUMMARY:

Grand Vista Place (the "Development") is a new construction project of 55 housing units in Lansing, Michigan. The Development will contain a single building with four floors which features common facilities such as a community room with spaces for on-site services, a fitness center, a computer room, Wi-Fi lounge, outdoor gathering spaces, a rooftop terrace with outdoor seating, and onsite management offices. A common laundry room will be available, while all units are provided with individual laundry hook ups in the unit, and garbage rooms and chutes on each floor. The Development is the second phase to the Riverview 220 development one block away, which was recently awarded 9% Low Income Housing Tax Credit ("LIHTC") reservation in the April 2023 Funding Round. All 55 units will be subsidized by the Lansing Housing Commission ("LHC") project-based voucher ("PBV") program, which will help offer new, quality, state of the art housing opportunities for families with very low incomes.

There are 55 planned parking spaces at the Development, which will be more than adequate given that CATA's central hub is less than 1 block away from development. The Development team, including Rohde Construction Company and Chesapeake Community Advisors ("CCA"), have extensive experience with development projects and urban infill new development projects.

Over the past five years, LHC has preserved and redeveloped, with CCA's assistance, more than 600 units of LHC's public housing portfolio, investing more than \$50 million of hard construction costs (over \$100 million in total development cost) into those assets for their long-term preservation. All of those projects included a RAD conversion through the U.S. Department of Housing and Urban Development ("HUD"), combined with various tools such as Opportunity Zone investment, Section 18 blends, LIHTCs awarded by the Authority, and three projects utilizing Authority loan programs. LHC is positioned to start its next chapter by building and developing new affordable housing in and around the Lansing community, offering new and more affordable housing options for those very low-income families most in need. Grant Vista Place is the first of such efforts.

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 (the "Mortgage Loan") will be provided by the Authority in the amount of \$10,593,703 at 5.625% interest with a 21-month term (a 15-month construction term, a 3-month holding period, and a 3-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 must be reduced to the permanent loan amount on the first day of the month following the month in which the 21-month construction loan term expires or such later date as is established by an Authorized Officer of the Authority (the "Permanent Financing Date").

Mortgage Loan Feasibility/Commitment Staff Report
Grand Vista Place, MSHDA No. 4135
City of Lansing, Ingham County
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- A permanent Mortgage Loan will be provided by the Authority in the amount of \$4,824,937. 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 1.15 debt service coverage ratio, and an annual interest rate of 5.625%, 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 HOME funds (the “HOME Loan”) in the amount of \$1,603,208 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Second Position**.
- A permanent subordinate loan using Authority CERA Funds (the “CERA Loan”) in the amount of \$2,576,478 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Third Position**.
- The Sponsor is providing a loan in the amount of \$3,200,000. See Special Condition No. 3.
- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of \$7,963,918.
- 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 \$16,391.
- The Sponsor has agreed to defer \$187,573 of the developer fee to fill the remaining funding gap.
- The Lansing Housing Commission has awarded a PBV housing assistance payments (“HAP”) contract to the Development, which will provide deep rental assistance to all tenants.
- 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 \$90,987 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.

Site Selection:

The site has been reviewed 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 May 8, 2024, estimates the value of the vacant land selected for the Development site at \$570,000.

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 \$7,963,918). 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 55 units of this proposal are as follows:

- a. 8 units (8 one-bedroom units) have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (20 years) must be available for occupancy by households whose incomes do not exceed the Low HOME income limit as published by HUD, adjusted for family size.
- b. 7 units (7 two-bedroom units) 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 50% of the Multifamily Tax Subsidy Project ("MTSP") income limits as published by HUD, adjusted for family size.
- c. 37 units (29 two-bedroom units and 8 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.

- d. 6 units (6 two-bedroom units) 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.
- e. 6 units (5 one-bedroom units and 1 two-bedroom units) 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.
- f. 6 units (6 one-bedroom units) must be available for occupancy by households whose incomes do not exceed the MTSP 30% income limit, 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.
- g. 55 units (11 one-bedroom units, 36 two-bedroom units and 8 three-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the PBV HAP Contract for so long as the PBV HAP Contract between the Mortgagor and the LHC is in effect (including extensions and renewals), or for such longer period as determined by HUD.

All fifty-five (55) units will receive Project-Based Vouchers (PBVs) from the Lansing Housing Commission. The Authority is not responsible for the non-Authority PBV compliance monitoring or oversight of the occupancy or the regulations applicable to these PBV 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 55 units is subject to the following limitations:

Mortgage Loan Feasibility/Commitment Staff Report
Grand Vista Place, MSHDA No. 4135
City of Lansing, Ingham County
October 17, 2024

- a. During the Period of Affordability required under the HOME program (20 years), the Total Housing Expense for the 8 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.
- b. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 7 CERA units (7 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.
- c. The Total Housing Expense for 37 units (29 two-bedroom units, and 8 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.
- d. The Total Housing Expense for 6 units (6 two-bedroom units), 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.
- e. The Total Housing Expense for 6 units (5 one-bedroom units, and 1 two-bedroom units), 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.
- f. The Total Housing Expense for 6 units (6 one-bedroom units), may not exceed one-twelfth (1/12th) of 30% of the 30% 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.

So long as the PBV HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents ("Contract Rents") for all PBV HAP-assisted units (11 one-bedroom units, 36 two-bedroom units and 8 three-bedroom units) that comply with the rent levels established by the PBV HAP Contract and that do not exceed the rent levels approved by HUD.

The Authority is not responsible for the compliance monitoring or oversight of the non-Authority PBV rents charged for or the regulations applicable to these units.

To the extent units within the Development is 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 units that do not receive assistance under the PBV 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. Exceptions to these limitations may be granted by the Authority'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.

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 \$242,489). 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 HOME and CERA Loans. The HOME Loan and CERA Loan will each be secured by a subordinate mortgage. The HOME Loan and CERA Loan will each bear simple interest at 1% with a 50-year term. No loan payments will be required on either the HOME Loan or CERA 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 Tax-Exempt 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 HOME Loan and CERA Loan will commence according to the following:

- So long as the Mortgage Loan and the HOME Loan remain outstanding, then repayment of the HOME 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 CERA Loan.
- Upon payment in full of the Mortgage Loan, if both the HOME Loan and CERA Loan remain outstanding, then the outstanding balance of the HOME 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 CERA Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.
- Upon payment in full of both the Mortgage Loan and the HOME Loan, the outstanding balance of the CERA 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 HOME Loan and the CERA Loan will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the HOME Loan and CERA 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 Chief Legal Affairs Officer.

11. Trade Payment Breakdown:

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

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. 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 Lansing Housing Commission's Housing Choice Voucher Program, however, all necessary documentation and all monitoring and oversight will be handled by the Lansing Housing Commission.

15. 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).

16. 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 Chief Legal Affairs Officer.

17. 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 Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

18. 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 Chief Legal Affairs Officer.

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.

19. Designation of Authority Funds:

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

20. 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

21. 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 HOME recapture liability, CERA 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.

22. 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.

23. 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.

24. 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. However, the Authority's claim to these funds shall be subject to any lawful claim to such funds by HUD. This agreement must be acceptable to the Authority's Chief Legal Affairs Officer.

25. 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.

26. 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 Authority or confirmation that the Development is categorically excluded from NEPA review.

27. 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.

28. 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 Chief Legal Affairs Officer for the items listed below:

- An executed Agreement to Enter Into PBV HAP Contract (“AHAP”) between Mortgagor and the LHC in a form acceptable to the Authority. Prior to Initial Closing, the Michigan Attorney General’s Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.
- Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

2. Sponsor Loan:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority’s Chief Legal Affairs Officer and Director of Development. The Sponsor loan must:

- a) not be secured by a lien on the Development or any of the Development’s property, funds or assets of any kind;
- b) be payable solely from approved Limited Dividend payments, and not from other development funds;
- c) be expressly subordinate to all Authority mortgage loans; and
- d) have a loan term not less than the longest term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Sponsor loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

3. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve (“Syndicator Reserve”) with a one-time deposit in the amount of \$90,987 paid from equity proceeds according to the terms of the Mortgagor’s limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator. The purpose is to add funding for a few additional months of operating reserves

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** 425 S. Grand Limited Dividend Housing Association Limited Partnership

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: Lansing Housing Commission
Address: 419 Cherry Street
Lansing, MI 48933

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Mortgage Loan Feasibility/Commitment Staff Report
Grand Vista Place, MSHDA No. 4135
City of Lansing, Ingham County
October 17, 2024

Name: Lansing Housing Commission
Address: 419 Cherry Street
Lansing, MI 48933

Individuals Assigned: Douglas Fleming
Telephone: 517-487-6550

E-mail: dfleming@lanshc.org

1. **Experience:** The Sponsor has experience working on Authority-financed developments.
2. **Interest in the Mortgagor and Members:** 99.99% LP and .01% GP

B. Architect:

Name: Hooker DeJong, Inc.
Address: 316 Morris Avenue, Suite 410
Muskegon, MI 49440

Individual Assigned: Patrick Kelderhouse
Telephone:

E-Mail: patrickk@hdjinc.com

1. **Experience:** Architect has previous experience with Authority-financed developments.
2. **Architect's License:** License number 1301066008, exp. 7/27/2024.

C. Attorney:

Name: Mallory, Lapka, Scott, & Selin, PLLC
Address: 605 S. Capitol Avenue
Lansing, MI 48933

Individual Assigned: Thomas Lapka
Telephone: 517-482-0222
E-Mail: toml@mclpc.com

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

D. Builder:

Name: Wolverine Building Group, Inc.
Address: 4045 Barden SE
Grand Rapids, MI 49512

Individual Assigned: Randy Baker
Telephone: 616-949-3360
E-mail: RBaker@WolvGroup.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration:** License number 2102199076, with an expiration date of 5/31/2025.

E. Management and Marketing Agent:

Name: KMG Prestige
Address: 102 South Main Street
Mt. Pleasant, MI 48858

Individual Assigned: Karen Mead
Telephone: 989-400-4828

E-mail: karen@kmgprestige.com

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

F. Development Team Recommendation: Go

IV. SITE DATA:

A. Land Control/Purchase Price:
\$550,000

B. Site Location:

Between South Grand River Avenue and Cherry Street to the South of East Lenawee Street, and north of East Hillsdale St

C. Size of Site:
Approximately 1 acre

D. Density:
Deemed appropriate.

E. Physical Description:

1. **Present Use:** Vacant land
2. **Existing Structures:** None
3. **Relocation Requirements:** None

F. Zoning:

Deemed appropriate.

G. Contiguous Land Use:

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

H. Tax Information:

10% Pilot

I. Utilities:

Gas: Consumers

Electric, Water & Sewer: Lansing Board of Water and Light

J. Community Facilities:

1. Shopping:
2. Most shopping in a few miles from site but accessible through the metro bus service
3. Recreation:
Lansing boasts multiple recreational venues.
4. Public Transportation:
Sites next to the head transit station for the CATA
5. Road Systems
E Kalamazoo is one block north of the site which is a major thoroughfare. Interstate 496 is less than a mile to the south.
6. Medical Services and other Nearby Amenities:
The Lansing Sparrow Medical Building is one mile to the northeast of the location.
7. Description of Surrounding Neighborhood:
A mix of residential and commercial
8. Local Community Expenditures Apparent:
Not apparent
9. Indication of Local Support:
Approval of site plan, PILOT

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. 16).

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 Chief 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:	October 2024
B. Initial Closing and Disbursement:	January 2025
C. Construction Completion:	April 2026
D. Cut-Off Date:	December 2026

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

<i>Chad A Benson</i>	10/9/2024
Chad Benson Director of Development	Date
<i>Anthony Lentych</i>	10/9/2024
Tony Lentych Chief Housing Investment Officer	Date
<i>Clarence L. Stone, Jr.</i>	10/10/2024
Clarence L. Stone, Jr. Chief Legal Affairs Officer	Date
<i>Amy Hovey</i>	10/10/2024
Amy Hovey Chief Executive Officer and Executive Director	Date

Development Grand Vista Place
Financing Tax Exempt
MSHDA No. 4135
Step Commitment
Date 10/17/2024
Type New Construction

Instructions

Income Limits for	Ingham County						(Effective May 15,2023)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person		
30% of area median	19,680	22,500	25,320	28,110	30,360	32,610		
40% of area median	26,240	30,000	33,760	37,480	40,480	43,480		
50% of area median	32,800	37,500	42,200	46,850	50,600	54,350		
60% of area median	39,360	45,000	50,640	56,220	60,720	65,220		

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% Yes Family	Area Median Income Units Local PHA Project Based Voucher Units Occupancy																
A	6	Apartment	1	1.0	651	942	94	1,036	67,824		8.8%	10.9%	3,906	8.2%	3,906	Low HOME	527
									67,824	0	8.8%	10.9%	3,906	8.2%	3,906		
40% Yes Family	Area Median Income Units Local PHA Project Based Voucher Units Occupancy																
A	2	Apartment	1	1.0	651	942	94	1,036	22,608	0	2.9%	3.6%	1,302	2.7%	1,302	Low HOME	703
B	1	Apartment	2	1.5	851	1,152	124	1,276	13,824	0	1.8%	1.8%	851	1.8%	851	CERA	844
									36,432	0	4.8%	5.5%	2,153	4.5%	2,153		
50% Yes Family	Area Median Income Units Local PHA Project Based Voucher Units Occupancy																
B	6	Apartment	2	1.5	851	1,152	124	1,276	82,944	0	10.8%	10.9%	5,106	10.8%	5,106	CERA	1,055
									82,944	0	10.8%	10.9%	5,106	10.8%	5,106		
60% Yes Family	Area Median Income Units Local PHA Project Based Voucher Units Occupancy																
B	29	Apartment	2	1.5	851	1,152	124	1,276	400,896	0	52.3%	52.7%	24,679	52.1%	24,679		1,266
C	8	Apartment	3	2.0	1,197	1,509	154	1,663	144,864	0	18.9%	14.5%	9,576	20.2%	9,576		1,461
									545,760	0	71.2%	67.3%	34,255	72.3%	34,255		
40% Yes Family	Area Median Income Units Local PHA Project Based Voucher Units Occupancy																
A	3	Apartment	1	1.0	651	942	94	1,036	33,912	0	4.4%	5.5%	1,953	4.1%	1,953		703
									33,912	0	4.4%	5.5%	1,953	4.1%	1,953		
													47,373		47,373		

Total Revenue Units 55
Manager Units 0
Income Average 53.45%
Set Aside 100.00%

Gross Rent Potential	766,872
Average Monthly Rent	1,162
Gross Square Footage	47,373

HOME Units SF/Total Units SF 11.0%
HOME Units/# Total Units 14.5%

Within Range
Within Range

Annual Non-Rental Income

Misc. and Interest	
Laundry	6,131
Carports	
Other:	
Other:	6,131

Utility Allowances

	Tenant-Paid	Tenant-Paid	Tenant-Paid	Owner-Paid	Owner-Paid		
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	94.00
B						0	124.00
C						0	154.00
D						0	
E						0	
F						0	
G						0	
H						0	

Total Income	Annual	Monthly
Rental Income	766,872	63,906
Non-Rental Income	6,131	511
Total Project Revenue	773,003	64,417

Development	Grand Vista Place
Financing	Tax Exempt
MSHDA No.	4135
Step	Commitment
Date	10/17/2024
Type	New Construction

Mortgage Assumptions:

Debt Coverage Ratio	1.15
Mortgage Interest Rate	5.625%
Pay Rate	5.625%
Mortgage Term	40 years
Income from Operations	No

Instructions

Total Development Income Potential

Annual Rental Income	13,943	766,872
Annual Non-Rental Income	111	6,131
Total Project Revenue	14,055	773,003

Total Development Expenses

Vacancy Loss	8.00%	of annual rent potential	1,115	61,350
Management Fee	651	per unit per year	651	35,805
Administration			1,515	83,333
Project-paid Fuel			95	5,250
Common Electricity			250	13,745
Water and Sewer			380	20,906
Operating and Maintenance			1,615	88,825
Real Estate Taxes			0	
Payment in Lieu of Taxes (PILOT)	10.00%	Applied to: TC Units Only	1,210	66,562
Insurance			525	28,875
Replacement Reserve	350	per unit per year	350	19,250
Other:			0	
Other:			0	

% of
Revenue

Total Expenses	54.84%	7,707	423,901	
Base Net Operating Income		6,347	349,102	Override
Part A Mortgage Payment	39.27%	5,519	303,567	
Part A Mortgage		87,726	4,824,937	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	5.89%	828	45,535	

Override

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%

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition					
Land	10,000	550,000	0%	0	0
Existing Buildings	0	0	100%	0	0
Other:			0%	0	0
Subtotal	10,000	550,000			
Construction/Rehabilitation					
Off Site Improvements	0	0	100%	0	0
On-site Improvements	16,762	921,900	100%	921,900	0
Landscaping and Irrigation	0	0	100%	0	0
Structures	192,382	10,581,000	100%	10,581,000	10,581,000
Community Building and/or Maintenance Facility	0	0	100%	0	0
Construction not in Tax Credit basis (i.e.Carpports and Commercial Space)	0	0	0%	0	0
General Requirements % of Contract 4.89%	10,221	562,182	100%	562,182	562,182
Builder Overhead % of Contract 2.00%	4,387	241,301	100%	241,301	241,301
Builder Profit % of Contract 5.88%	13,162	723,910	100%	723,910	723,910
Bond Premium, Tap Fees, Cost Cert.	2,367	130,163	100%	130,163	130,163
Other:	0	0	100%	0	0
Subtotal	239,281	13,160,456			
15% of acquisition and \$15,000/unit test:	met				

Professional Fees					
Design Architect Fees	6,545	360,000	100%	360,000	360,000
Supervisory Architect Fees	1,636	90,000	100%	90,000	90,000
Landscape Architect Fees	0	0	100%	0	0
Engineering/Survey	3,484	191,605	100%	191,605	191,605
Legal Fees	2,273	125,000	100%	125,000	125,000
Interior Design Fees	0	0	100%	0	0
Other:	0	0	100%	0	0
Subtotal	13,938	766,605			

Interim Construction Costs					
Property & Casualty Insurance	3,636	200,000	100%	200,000	200,000
Construction Loan Interest	16,364	900,000	71%	642,857	642,857
Title Work	545	30,000	100%	30,000	0
Construction Taxes	455	25,000	100%	25,000	25,000
Permits	1,818	100,000	100%	100,000	100,000
Other:	0	0	100%	0	0
Subtotal	22,818	1,255,000			

Permanent Financing					
Loan Commitment Fee to MSHDA	2%	5,372	295,468	0%	0
Other:		0	0	0%	0
Subtotal		5,372	295,468		

Other Costs (In Basis)					
Application Fee	36	2,000	100%	2,000	2,000
Market Study	145	8,000	100%	8,000	8,000
Environmental Studies	1,364	75,000	100%	75,000	75,000
Cost Certification	545	30,000	100%	30,000	30,000
Equipment and Furnishings	2,727	150,000	100%	150,000	0
Temporary Tenant Relocation	0	0	100%	0	0
Construction Contingency	23,928	1,316,055	100%	1,316,055	1,316,055
Appraisal and C.N.A.	145	8,000	100%	8,000	8,000
Other: Green Consultant	1,182	65,000	100%	65,000	65,000
Subtotal	30,074	1,654,055			

Other Costs (NOT In Basis)					
Start-up and Organization	182	10,000	0%	0	0
Tax Credit Fees (based on 2022 QAP)	65,610	65,610	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)	475	26,125	0%	0	0
Marketing Expense	618	34,000	0%	0	0
Syndication Legal Fees	545	30,000	0%	0	0
Rent Up Allowance	1,667	91,710	0%	0	0
Other:	0	0	0%	0	0
Subtotal	4,681	257,445			

Summary of Acquisition Price		As of	Construction Loan Term
Attributed to Land	550,000	1st Mortgage Balance	
Attributed to Existing Structures	0	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	550,000	Subordinate Mortgage(s)	
Premium/(Deficit) vs Existing Debt		550,000	
Appraised Value		Value As of: May 8, 2024	
"Encumbered As-Is" value as determined by appraisal:		570,000	
Plus 5% of Appraised Value:		0	Override
LESS Fixed Price to the Seller:		550,000	
Surplus/(Gap)		20,000	Within Range

Project Reserves					
Operating Assurance Reserve	4.0 months	Funded in Cash	4,409	242,489	0%
Replacement Reserve		Not Required	0	0	0%
Operating Deficit Reserve			0	0	0%
Rent Subsidy Reserve			0	0	0%
Syndicator Held Reserve			1,654	90,987	0%
Rent Lag Escrow			0	0	0%
Tax and Insurance Escrows			0	0	0%
Other:			0	0	0%
Other:			0	0	0%
Subtotal			6,063	333,476	
Miscellaneous					
Deposit to Development Operating Account (1MGRP)	Not Required		0	0	0%
Other (Not in Basis):			0	0	0%
Other (In Basis):			0	0	100%
Other (In Basis):			0	0	100%
Subtotal			0	0	

Total Acquisition Costs	10,000	550,000
Total Construction Hard Costs	239,281	13,160,456
Total Non-Construction ("Soft") Costs	82,946	4,562,049

Developer Overhead and Fee					
Maximum	2,674,615		38,182	2,100,000	100%
7.5% of Acquisition/Project Reserves		Override		5% Attribution Test	
15% of All Other Development Costs		2,100,000		met	

Total Development Cost	370,409	20,372,505
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TOTAL DEVELOPMENT SOURCES	% of TDC		
MSHDA Permanent Mortgage	23.68%	87,726	4,824,937
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution From Tax Credit Syndication	39.09%	144,799	7,963,918
MSHDA NSP Funds	0.00%	0	0
MSHDA HOME	7.87%	29,149	1,603,208
MSHDA Mortgage Resource Funds	0.00%	0	0
MSHDA TCAP	0.00%	0	0
MSHDA Housing Trust Funds	0.00%	0	0
MSHDA CERA	12.65%	46,845	2,576,478
MSHDA HOME-ARP	0.00%	0	0
MSHDA HCDF	0.00%	0	0
Local HOME	0.00%	0	0
Income from Operations	0.08%	298	16,391
Other Equity	0.00%	0	0
Transferred Reserves:	0.00%	0	0
Other:	0.00%	0	0
Other: LHC Sponsor Loan	15.71%	58,182	3,200,000
Deferred Developer Fee	0.92%	3,410	187,573
Total Permanent Sources			20,372,505

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	52.00%	192,613	10,593,703
Construction Loan Rate	5.625%		
Repaid from equity prior to final closing			5,768,766

Eligible Basis for LIHTC/TCAP	Value of LIHTC/TCAP
Acquisition	0
Construction	24,282,665
Acquisition Credit %	4.00%
Rehab/New Const Credit %	4.00%
Qualified Percentage	100.00%
QCT/DDA Basis Boost	130%
Historic?	No

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	7,963,918
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	7,963,918

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis	OAR
Funded Yr 1						242,489
4 Month OAR						242,489
LIHTC Basis	2,100,000					
Historic Basis	17,577,073					
Aggregate Basis						19,228,973

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	86.63%	1,814,827	2 One Bedroom	0 One Bedroom, 1 Bath, 1
8.00		HTF	5 Two Bedroom	0 Two Bedroom, 1.5 Bath
		Subsidy	1 Three Bedroc	0 Three Bedroom, 2 Bath
		Limit		
		0		
0.00				
0.00				
7.00				
0.00				
0.00				
Deferred Dev Fee	8.93%			

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	Grand Vista Place
Financing	Tax Exempt
MSHDA No.	4135
Step	Commitment
Date	10/17/2024
Type	New Construction

Operating Deficit Reserve (ODR) Analysis											
Maintained Debt Coverage Ratio (Hard Debt)	1.00										
Maintained Operating Reserve (No Hard Debt)	250										
Initial Balance	0	0	0	0	0	0	0	0	0	0	0
Total Annual Draw to achieve 1.0 DCR	0	0	0	0	0	0	0	0	0	0	0
Total Annual Deposit to achieve Maintained DCR	0	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0
Ending Balance at Maintained DCR	0	0	0	0	0	0	0	0	0	0	0
Maintained Cash Flow Per Unit	828	776	720	659	594	1,047	1,108	1,167	1,226	1,282	
Maintained Debt Coverage Ratio on Part A Loan	1.15	1.14	1.13	1.12	1.11	1.19	1.20	1.21	1.22	1.23	
Maintained Debt Coverage Ratio on Conventional/Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Standard ODR	0										
Non-standard ODR	0										

Deferred Developer Fee Analysis										
Initial Balance		187,573	142,038	99,352	59,752	23,486	0	0	0	0
Dev Fee Paid		45,535	42,686	39,600	36,266	23,486	0	0	0	0
Ending Balance	Repaid in Year: 2027	142,038	99,352	59,752	23,486	0	0	0	0	0

[illegible]

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator	2033 11	2034 12	2035 13	2036 14	2037 15	2038 16	2039 17	2040 18	2041 19	2042 20
Income													
Annual Rental Income	1.0%	6	2.0%	898,689	916,663	934,996	953,696	972,770	992,225	1,012,070	1,032,311	1,052,957	1,074,016
Annual Non-Rental Income	1.0%	6	2.0%	7,185	7,329	7,475	7,625	7,777	7,933	8,091	8,253	8,418	8,587
Total Project Revenue				905,874	923,991	942,471	961,321	980,547	1,000,158	1,020,161	1,040,564	1,061,376	1,082,603
Expenses													
Vacancy Loss	8.0%	6	5.0%	44,934	45,833	46,750	47,685	48,638	49,611	50,603	51,616	52,648	53,701
Management Fee	3.0%	1	3.0%	48,119	49,562	51,049	52,581	54,158	55,783	57,457	59,180	60,956	62,784
Administration	3.0%	1	3.0%	111,993	115,352	118,813	122,377	126,049	129,830	133,725	137,737	141,869	146,125
Project-paid Fuel	3.0%	6	3.0%	7,056	7,267	7,485	7,710	7,941	8,179	8,425	8,677	8,938	9,206
Common Electricity	4.0%	6	3.0%	19,200	19,776	20,369	20,980	21,610	22,258	22,926	23,614	24,322	25,052
Water and Sewer	5.0%	6	5.0%	34,054	35,756	37,544	39,421	41,392	43,462	45,635	47,917	50,313	52,828
Operating and Maintenance	3.0%	1	3.0%	119,373	122,955	126,643	130,443	134,356	138,386	142,538	146,814	151,219	155,755
Real Estate Taxes	5.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				79,345	80,803	82,285	83,790	85,319	86,871	88,448	90,049	91,674	93,323
Insurance	3.0%	1	3.0%	38,806	39,970	41,169	42,404	43,676	44,986	46,336	47,726	49,158	50,632
Replacement Reserve	3.0%	1	3.0%	25,870	26,647	27,446	28,269	29,117	29,991	30,891	31,817	32,772	33,755
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				528,749	543,921	559,554	575,660	592,257	609,359	626,983	645,147	663,867	683,162
Debt Service													
Debt Service Part A				303,567	303,567	303,567	303,567	303,567	303,567	303,567	303,567	303,567	303,567
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				832,316	847,488	863,121	879,227	895,824	912,926	930,550	948,714	967,434	986,729
Cash Flow/(Deficit)	667512			73,558	76,503	79,351	82,093	84,723	87,232	89,611	91,850	93,942	95,874
Cash Flow Per Unit				1,337	1,391	1,443	1,493	1,540	1,586	1,629	1,670	1,708	1,743
Debt Coverage Ratio on Part A Loan				1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.30	1.31	1.32
Debt Coverage Ratio on Conventional/Other Financing				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Rate on Reserves				3%									

Operating Deficit Reserve (ODR) Analysis

Maintained Debt Coverage Ratio (Hard Debt)	1.00	
Maintained Operating Reserve (No Hard Debt)	250	
Initial Balance	0	
Total Annual Draw to achieve 1.0 DCR	0	
Total Annual Deposit to achieve Maintained DCR	0	
Total 1.0 DCR and Maintained DCR	0	
Interest	0	
Ending Balance at Maintained DCR	0	
Maintained Cash Flow Per Unit	1,337	1,391
Maintained Debt Coverage Ratio on Part A Loan	1.24	1.25
Maintained Debt Coverage Ratio on Conventional/Other	N/A	N/A
Standard ODR	0	
Non-standard ODR	0	

Operating Assurance Reserve Analysis

Required in Year:	1	
Initial Balance	242,489	
Interest Income	9,777	10,070
Ending Balance	335,662	345,732

Deferred Developer Fee Analysis

Initial Balance	0	
Dev Fee Paid	0	0
Ending Balance	0	0

Mortgage Resource Fund Loan

Interest Rate on Subordinate Financing	3%	
Principal Amount of all MSHDA Soft Funds	0	
Current Yr Int	0	0
Accrued Int	0	0
Subtotal	0	0
Annual Payment Due	0	0
Year End Balance	0	0

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
GRAND VISTA PLACE, MSHDA DEVELOPMENT NO. 4135
CITY OF LANSING, INGHAM COUNTY

October 17, 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 the Lansing Housing Commission (the "Applicant") for a multifamily housing project to be located in the City of Lansing, Ingham County, Michigan, having a total development cost of Twenty Million Three Hundred Seventy-Two Thousand Five Hundred Five Dollars (\$20,372,505), with a total estimated maximum mortgage loan (the "Mortgage Loan") amount of Ten Million Five Hundred Ninety-Three Thousand Seven Hundred Three Dollars (\$10,593,703), a HOME Investment Partnerships Program Loan in the amount of One Million Six Hundred Three Thousand Two Hundred Eight Dollars (\$1,603,208), and a COVID Emergency Rental Assistance Loan in the estimated amount of Two Million Five Hundred Seventy-Six Thousand Four Hundred Seventy-Eight Dollars (\$2,576,478) (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 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. The proposed housing project is a feasible housing project.
- e. The Authority expects to allocate to the financing of the proposed housing project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Twelve Million Five Hundred Five Thousand Dollars (\$12,505,000).

2. The proposed housing project be and it is hereby determined to be feasible 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 Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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 specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOANS
GRAND VISTA PLACE, MSHDA DEVELOPMENT NO. 4135
CITY OF LANSING, INGHAM COUNTY**

October 17, 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 the Lansing Housing Commission (the "Applicant") for a construction mortgage loan in the amount of Ten Million Five Hundred Ninety-Three Thousand Seven Hundred Three Dollars (\$10,593,703) and a permanent mortgage loan in the amount of Four Million Eight Hundred Twenty-Four Thousand Nine Hundred Thirty-Seven Dollars (\$4,824,937) (the "Mortgage Loan") for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Twenty Million Three Hundred Seventy-Two Thousand Five Hundred Five Dollars (\$20,372,505), to be known as Grand Vista Place, MSHDA Development No. 4135 (the "Development"), located in the City of Lansing, Ingham County, Michigan, and to be owned by 425 S. Grand Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, in the Application, the Applicant also requested a CERA loan (the "CERA Loan") in the amount of Two Million Five Hundred Seventy-Six Thousand Four Hundred Seventy-Eight Dollars (\$2,576,478), and a HOME loan in the amount of One Million Six Hundred Three Thousand Two Hundred Eight Dollars (\$1,603,208); 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 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. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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"), 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 Ten Million Five Hundred Ninety-Three Thousand Seven Hundred Three (\$10,593,703), and permanent financing in an amount not to exceed Four Million Eight Hundred Twenty-Four Thousand Nine Hundred Thirty-Seven Dollars (\$4,824,937), and to have a term of 40 years after amortization of principal commences and to bear interest at a rate of Five and 625/1000 (5.625%) 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 Twelve Million Five Hundred Five Thousand Dollars (\$12,505,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

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 Two Million Five Hundred Seventy-Six Thousand Four Hundred Seventy-Eight Dollars



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: October 17, 2024

RE: Beacon Place, MSHDA Development No. 4119

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 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.:	4119
Development Name:	Beacon Place
Development Location:	City of Pontiac, Oakland County
Sponsor:	South Oakland Shelter
Mortgagor:	Beacon Place Limited Dividend Housing Association LLC
Number of Affordable Units:	40 family units of rehabilitation
Accessible Units:	2 Apartments; 1 Townhouse
Total Development Cost:	\$14,011,104
TE Bond Construction Loan:	\$7,285,774 (52% of TDC)
TE Bond Permanent Loan:	\$1,378,449
MSHDA Permanent CERA Loan:	\$3,548,839
Equity Contribution from Tax Credit:	\$4,951,332
Income from Operations:	\$224,762
Transferred Reserves:	\$10,410
Seller Note:	\$1,424,867
Oakland County CDBG:	\$2,000,000
Deferred Developer Fee:	\$472,445

EXECUTIVE SUMMARY:

Beacon Place is the rehabilitation of 40 existing affordable multi-family housing of two non-contiguous sites, 0.6 miles apart, located within the City of Pontiac, Michigan. Originally placed in service in 2008, the Development consists of: 1) Beacon Square Apartments a three-story building with twenty-five (25) one-bedroom apartment units and three (3) two-bedroom apartment units; and 2) Beacon Townhomes comprised of three (3) townhomes with twelve (12) three-bedroom units. Beacon Square Apartments' planned amenities include new dishwashers, a coin operated laundry room, and on-site management. Beacon Townhomes planned amenities include ceiling fans, patio/balconies, walk-in closets, microwaves, a community picnic area, in-unit laundry, and attached garages. The amenities for both sites include dishwashers, garbage disposals, community room, tot lot, and intercom, lighting, and security services. All units will be restricted to not more than 60% of area median income ("AMI")

The Sponsor will set-aside 16 units for Permanent Supportive Housing ("PSH") that will target homeless populations with the support of MSHDA Project Based Vouchers ("PBVs"). Eight (8) additional units will be supported by PBVs from the Pontiac Housing Commission ("PHC") and will target the qualifying populations of 60% AMI. The remaining 16 units will be restricted to affordable households that meet Low Income Housing Tax Credit ("LIHTC") income limits.

The Sponsor, South Oakland Shelter ("SOS"), recently merged with Lighthouse of Oakland County ("LOC"). LOC was founded in 1972 and started with a group of volunteers who provided food and clothing from the back door of a local church. SOS was established in 1985 by seven religious' congregations in Oakland County. The newly merged organization, doing business as Lighthouse SOS, leverages the best of both agencies, providing direct services (food, shelter, rental/utility and other financial assistance, crisis referrals) and stability and housing programs that develop and support self-sufficiency. Lighthouse SOS's housing programs provide long-term housing and short- to medium-term rental assistance to displaced households, preventative services for those at-risk of eviction, and most importantly ongoing support services. Lighthouse SOS operates ongoing permanent supportive housing for over 100 individuals each year.

The Sponsor is seeking financing utilizing tax-exempt bonds, LIHTC, and gap funding under the Authority's PSH Gap Program, with a Seller's note, and developer deferred fees for rehabilitation, with the intent to continuously provide affordable housing for those that are homeless or on the verge of homelessness. In addition, as the City of Pontiac will not entertain a PILOT for the Development, the Sponsor is utilizing a collateral assignment to the Authority of the captured tax increment revenues resulting from increased valuation and ad valorem taxes post redevelopment. The utilization of Tax Increment Financing ("TIF") Annual Brownfield Reimbursement Agreement Payments ("ABRAP") reimbursement is for eligible housing development activities associated with the redevelopment activities, subject to an approved brownfield plan. It is anticipated that Beacon Square Apartments and Beacon Townhomes will each receive a separate ABRAP. The Sponsor will assign or cause to have assigned both ABRAPs to the Authority for the entire Brownfield Redevelopment Authority ("BRA") approved 30-year tax capture period.

ADVANCING THE AUTHORITY'S MISSION:

Beacon Place will be located in Region L of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region L 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.

- Goal 3.1: Improve the quality of the homelessness response system to be client-centered, flexible, grounded in respect, trauma informed, and aware and inclusive of the cultural values, beliefs, and practices of those they serve.
- Goal 3.4: Increase cross-system partnerships to strengthen the homelessness response system, achieve greater housing stability, and impact social determinants of health.
- Goal 4.1: Increase the supply of the full spectrum of housing that is affordable and attainable to Michigan residents.

MUNICIPAL SUPPORT:

Oakland County has provided a \$2,000,000 Community Development Block Grant. The Oakland County Brownfield Redevelopment Authority approved the Beacon Place brownfield plan.

COMMUNITY ENGAGEMENT/IMPACT:

The Sponsors engaged the community by holding a series of public meetings with the BRA. This project will impact the community by creating important flexible, affordable housing resources within the City of Pontiac, Oakland County. This project will impact the community by meeting the physical needs of the residents and adding value to the neighborhood which it serves.

RESIDENT IMPACT:

Residents have been notified of upcoming renovations and the Sponsor will provide residents a relocation plan to minimize impacts of construction in part by providing updated construction timelines and annual updates to the community at large.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

At this time, the City of Pontiac is not allowing PILOT agreements for affordable housing projects located within the City of Pontiac. As the Development will not have a PILOT, the Development must be underwritten paying full ad valorem taxes. In order to help defray the burden placed on the Development by the need to pay full ad valorem taxes, the Sponsor has sought and has been approved for an Oakland County Brownfield Redevelopment Authority ("OCBRA") Brownfield Redevelopment Plan.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

October 17, 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, and 2) 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>	4119
<u>Development Name:</u>	Beacon Place
<u>Development Location:</u>	City of Pontiac, Oakland County
<u>Sponsor:</u>	South Oakland Shelter
<u>Mortgagor:</u>	Beacon Place Limited Dividend Housing Association LLC
<u>TE Bond Construction Loan:</u>	\$7,285,774 (52% of TDC)
<u>TE Bond Permanent Loan:</u>	\$1,378,449
<u>MSHDA Permanent CERA Loan:</u>	\$3,548,839
<u>Total Development Cost:</u>	\$14,011,104
<u>Mortgage Amortization and Term:</u>	30 years for the tax-exempt bond loan, 30 years for the CERA Loan.
<u>Interest Rate:</u>	5.625% for the tax-exempt bond loan; 1% simple interest for the CERA Loan.
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	40 family units of rehabilitation.
<u>Accessible Units:</u>	2 Apartments and 1 Townhouse
<u>Unit Configuration:</u>	25 one-bedroom/one-bath apartments, 3 two-bedroom/one-bath apartments, 12 three-bedroom/two-bath townhomes
<u>Builder:</u>	O'Brien Construction Company
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	9/05/2023
<u>HDO:</u>	Latasha Cole

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:

At this time, the City of Pontiac is not allowing PILOT agreements for affordable housing projects located within the City of Pontiac. As the Development will not have a PILOT, the Development must be underwritten paying full ad valorem taxes. In order to help defray the burden placed on the Development by the need to pay full ad valorem taxes, the Sponsor has sought and has been approved for an Oakland County Brownfield Redevelopment Authority ("OCBRA") Brownfield Redevelopment Plan.

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, MCL 125.2651 et. seq., as amended (the "Brownfield Act"), permits the use of tax increment financing ("TIF") as a funding tool to assist in the development of projects that would otherwise not be financially viable. When a brownfield redevelopment has increased property value and generates new tax revenue, the added tax revenue, or increment, can be "captured" by a local brownfield redevelopment authority ("BRA") for a defined period of time. The tax increment revenues captured, or a predetermined percent thereof, may be used to make annual payments to the developer over the term of the capture period to reimburse them for advances to pay for eligible housing development activities associated with redeveloping the property ("Eligible Costs"). These payments are subject to an Annual Brownfield Reimbursement Agreement ("ABRA") between the municipality or BRA and an owner or developer of an eligible property for repayment of advances for Eligible Costs pursuant to the Brownfield Act.

On July 19, 2023, Public Act 90 of 2023 ("PA 90") became effective and amended the Brownfield Act to include certain housing development activities as eligible activities. PA 90 requires the Authority to review work plans with TIF activities that include affordable or subsidized housing, where the developer is requesting reimbursement for qualifying housing development activities. The Eligible Costs that may be reimbursed under the ABRA are determined by the BRA pursuant to a work plan approved by the Authority.

For Beacon Place, additional income will be derived from the capture of property taxes pursuant to the ABRA and will be secured by a collateral assignment of the ABRA payments ("ABRAP") to the Authority. This income has been included within the underwriting for the feasibility of the Authority tax-exempt bond loan. The projected TIF tax capture will commence upon construction completion and will continue for a thirty (30) year period. Beacon Place is made of two non-contiguous parcels each of which will have a separate TIF capture and collateral assignment of its respective ABRAP.

The Authority's Multifamily Direct Lending Parameters, at Section I.2, encourage the use of a PILOT as means of addressing the tax burdens on affordable housing. As to this Development, TIF capture is projected to sufficiently support the long-term feasibility of the project in the absence of a PILOT agreement.

Non-Contiguous Parcels:

U.S. Treasury Regulations require, among other matters, that buildings within a single tax-exempt bond funded project be situated on contiguous parcels in order to treat the buildings as a single qualified residential rental project. In its current configuration, Beacon Place does not meet this requirement because the buildings are situated on two parcels that are not contiguous. In order to comply with U.S. Treasury Regulations relating to tax-exempt bonds, the Authority's bond counsel advises the Authority to treat Beacon Place as two distinct projects, including having each project meet the minimum set-aside test set forth in Section 142(d) of the Internal Revenue Code

of 1986, as amended (the "Code"). The set-aside test requires at least 20% of the units be occupied by individuals earning 50% or less of area median gross income (the "20/50 test") or at least 40% of the units be occupied by individuals earning 60% or less of area median gross income (the "40/60 test"). The Authority and the Mortgagor must ensure the set-aside test is met in each project throughout the entire qualified project period established for the project under Section 142(d).

To enable Beacon Place to be financed with a single tax-exempt bond loan and secured by one mortgage, the Authority's bond counsel also recommends the following:

- Both projects must be owned by the same entity.
- The Authority must issue one tax-exempt mortgage note to finance the rehabilitation of both projects.
- Common area square footage must be rehabilitated with funds other than tax-exempt bond proceeds.
- Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal to at least 15% of its corresponding acquisition cost.
- The Authority may publish a single TEFRA notice listing each project separately.
- The two projects may be managed as one property.
- One tax credit award that covers both projects may be issued by the Authority.

Project Composition:

- 101 Mechanic Street (Beacon Square Apartments) 28 total apartment units with a community room, laundry, and intercom/security lighting.
- 180 J. Hubbard Lane (Beacon Townhomes) 12 total townhome units with personal patios/balconies, picnic area, community room, attached garages, and intercom/security lighting.

EXECUTIVE SUMMARY:

Beacon Place is the rehabilitation of 40 existing affordable multi-family housing of two non-contiguous sites, 0.6 miles apart, located within the City of Pontiac, Michigan. Originally placed in service in 2008, the Development consists of: 1) Beacon Square Apartments a three-story building with twenty-five (25) one-bedroom apartment units and three (3) two-bedroom apartment units; and 2) Beacon Townhomes comprised of three (3) townhomes with twelve (12) three-bedroom units. Beacon Square Apartments' planned amenities include new dishwashers, a coin operated laundry room, and on-site management. Beacon Townhomes planned amenities include ceiling fans, patio/balconies, walk-in closets, microwaves, a community picnic area, in-unit laundry, and attached garages. The amenities for both sites include dishwashers, garbage disposals, community room, tot lot, and intercom, lighting, and security services. All units will be restricted to not more than 60% of area median income ("AMI")

The Sponsor will set-aside 16 units for Permanent Supportive Housing ("PSH") that will target homeless populations with the support of MSHDA Project Based Vouchers ("PBVs"). Eight (8) additional units will be supported by PBVs from the Pontiac Housing Commission ("PHC") and will target the qualifying populations of 60% AMI. The remaining 16 units will be restricted to affordable households that meet Low Income Housing Tax Credit ("LIHTC") income limits.

The Sponsor, South Oakland Shelter (“SOS”), recently merged with Lighthouse of Oakland County (“LOC”). LOC was founded in 1972 and started with a group of volunteers who provided food and clothing from the back door of a local church. SOS was established in 1985 by seven religious’ congregations in Oakland County. The newly merged organization, doing business as Lighthouse SOS, leverages the best of both agencies, providing direct services (food, shelter, rental/utility and other financial assistance, crisis referrals) and stability and housing programs that develop and support self-sufficiency. Lighthouse SOS’s housing programs provide long-term housing and short- to medium-term rental assistance to displaced households, preventative services for those at-risk of eviction, and most importantly ongoing support services. Lighthouse SOS operates ongoing permanent supportive housing for over 100 individuals each year.

The Sponsor is seeking financing utilizing tax-exempt bonds, LIHTC, and gap funding under the Authority’s PSH Gap Program, with a Seller’s note, and developer deferred fees for rehabilitation, with the intent to continuously provide affordable housing for those that are homeless/on the verge of homelessness. In addition, as the City of Pontiac will not entertain a PILOT for the Development, the Sponsor is utilizing a collateral assignment to the Authority of the captured tax increment revenues resulting from increased valuation and ad valorem taxes post redevelopment. The ABRAP reimbursement is for eligible housing development activities associated with the redevelopment activities, subject to an approved brownfield plan. It is anticipated that Beacon Square Apartments and Beacon Townhomes will each receive a separate ABRAP. The Sponsor will assign or cause to have assigned both ABRAPs to the Authority for the entire BRA approved 30-year tax capture period.

Structure of the Transaction and Funding:

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

- A tax-exempt bond construction loan will be provided by the Authority in the amount of \$7,285,774 at 5.625% interest with a 20-month term (a 14-month construction term and a 6-month holding 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 20-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 \$1,378,449. 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 1.70 debt service coverage ratio, and an annual interest rate of 5.625%, with a fully amortizing term of 30 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 CERA Funds (the “CERA Loan”) in the amount of \$3,548,839 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Second Position**.

Mortgage Loan Feasibility/Commitment Staff Report
Beacon Place, MSHDA No. 4119
City of Pontiac, Oakland County
October 17, 2024

- The Sponsor is providing a Seller Note in the amount of \$1,424,867. See Special Condition No. 4
- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of \$4,951,332.
- The owner will be requesting sixteen (16) project-based vouchers from the Authority's Housing Choice Voucher program. The Housing Assistance Payment ("HAP") contract will be for an initial term of 20 year with a possible extension of up to 20 years.
- The PHC is providing ten (8) project-based vouchers.
- 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 \$224,762.
- The Sponsor has agreed to defer \$472,455 of the developer fee to help fill the remaining funding gap.
- An Oakland County Community Development Block Grant ("CDBG") grant of \$2,000,000 will be provided as an additional source.
- 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 \$101,749 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.
- 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.
- A five (5) year Ad Valorem Tax Escrow in the amount of \$172,291 will be required to fund projected annual taxes per the cash flow analysis establishing the ad valorem escrow, identified in the attached proforma. This reserve will be necessary to ensure ad valorem taxes are paid such that the projected TIF capture is not jeopardized. This escrow will be capitalized at closing and the annual ABRAP will be deposited into this escrow. This escrow will be held by the Authority. The Borrower may request a review and revision of this

escrow if the Borrower determines the escrow is no longer necessary at the established levels, subject to discretion of the Authority.

- Tax and insurance escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to fund a new tax and insurance escrow account.
- ABRAP for both Beacon Place parcels will be assigned to the Authority through assignment of the reimbursement agreement to the Authority. The funds received by the Authority for the ABRAP(s) will be deposited first in the Ad Valorem Tax Escrow. If the Ad Valorem Tax Escrow is, in the Authority's determination, sufficiently funded to cover any upcoming projected five years of ad valorem taxes for the Development, any ad valorem tax escrow overage will be transferred OAR to be held and disbursed by the Authority in compliance with Authority policy.

Scope of Rehabilitation:

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

Apartments

- Repair private Roadways/Parking, and Fencing
- New Dumpsters & Enclosures
- Repair Landscaping
- Repair Building Sanitary Waste & Ventilation
- New Warm Air Furnace & Building Air Conditioning
- New Domestic Hot Water Generation
- New Exterior Doors
- Repair Exterior Walls
- Install New Roof
- Repair Hallway
- Repair Lobby Walls, Ceilings, Floors, and Mail Facilities
- Repair Community Room Walls/Ceilings/Floor Covering
- New Community Room Furnishings
- Repair Office Walls/Ceilings/Floor
- Repair Public Laundry Walls/Ceilings/Floors
- New Laundry Equipment
- Repair Public Restrooms Walls/Ceilings
- New Restroom Floors & Fixtures
- New Unit Hallway Doors/Interior Doors/Closet Doors
- Repair Living Area Walls, Ceilings, Floors
- New Replace Blinds
- Repair In-Unit Kitchen Walls & Ceilings/Cabinets & Countertop
- New Kitchen Appliances
- Repair Bathroom Walls/Ceilings/Bathtub and Shower
- New Bathroom Flooring/Vanity/Sink/Toilets/Medicine Cabinets /Ventilation & Exhaust
- New In-Unit Warm Air Furnaces, In-Unit Air Conditioning, and Lighting

Townhomes

- Repair private Roadways/Parking, Fencing
- New Dumpsters & Enclosures
- New Site Lighting
- Repair Landscaping
- Repair Building Sanitary Waste & Ventilation
- New Warm Air Furnace & Building Air Conditioning
- New Domestic Hot Water Generation
- New Exterior Common Doors, Unit Doors, Service Doors
- Repair Exterior Walls/Window Frames/Window Glass/Bldg. Mounted Lighting
- Install New Roof
- Repair Hallway and Stair Walls/Ceilings/Lighting
- Repair Hallway Heating/Railings/Floors
- Replace Unit Hallway Doors/Interior Doors/Closet Doors
- Repair Living Area Walls/Ceilings/Floors
- New Blinds
- Repair Kitchen Walls/Ceilings/Cabinets/ Countertop
- New Kitchen Appliances
- Repair Bathroom Walls/Ceilings/Bathtub/Shower
- New Bathroom Flooring/Vanity & Sink/Toilets/Medicine Cabinets /Ventilation & Exhaust
- New In-Unit Lighting

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. Twenty-four 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 permanent tenant displacement as a result of this transaction.

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, Rental Development Division.

Valuation of the Property:

An appraisal dated March 3, 2023, estimates the combined value of the properties at \$3,300,000.

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, as determined by the Authority, payments are limited to twelve percent (12%) of the Mortgagor's equity, or any other amount approved by HUD, but not to exceed twelve percent (12%). Following expiration of the HAP Contract, the Mortgagor's rate of return shall not exceed twenty-five (25%) per annum. 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, unless HUD or other federal regulations require a different calculation. All such payments shall be referred to as "Limited Dividend Payments." The Mortgagor's return shall be fully cumulative.

2. Income Limits:

The income limitations for 40 units of this proposal are as follows:

- a. Eleven (11) units (9 one-bedroom units, 1 two-bedroom unit, 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. Forty (40) units (25 one-bedroom units, 3 two-bedroom units, and 12 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.
- c. 24 units (15 one-bedroom units, 2 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.
- d. During the tax capture required by the terms of the ABRA, for TIF purposes, all 40 units in the Development must be rented or available for rental by tenants whose

income does not exceed the 120% area median income ("AMI") as determined by HUD, 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 any Authority obligations issued to finance the acquisition and construction or rehabilitation of the Development remain outstanding, but in no event for less than the period of time of the tax capture required by the terms of the ABRA.

Twenty-four (24) units will receive PBV assistance. Sixteen (16) units will receive Authority PBVs, and 8 units will receive PHC PBVs. The Authority is not responsible for the PBV compliance monitoring or oversight of the occupancy or the regulations applicable to the PHC PBV 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 40 units is subject to the following limitations:

- a. The Total Housing Expense for all 40 units (25 one-bedroom units, 3 two-bedroom units, and 12 three-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.
- b. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all eleven (11) CERA units (9 one-bedroom units, 1 two-bedroom unit, and 1 three-bedroom unit), may not exceed one-twelfth ($1/12^{\text{th}}$) 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.
- c. So long as the HAP Contract remains in effect, the Mortgagor agrees to establish and maintain rents ("Contract Rents") for all HAP-assisted units (15 one-bedroom units, 2 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.

The Authority is not responsible for the compliance monitoring nor oversight of the PHC PBV 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. 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 this limitation 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.

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 \$203,498). 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.

Additionally, the ABRAP(s) for both Beacon Place parcels will be assigned to the Authority through assignment of the reimbursement agreement to the Authority. The funds received by the Authority for the ABRAP(s) will be deposited first in the Authority-held Ad Valorem Tax Escrow. If the Ad Valorem Tax Escrow is, in the Authority's determination, sufficiently funded to cover any upcoming projected five years of ad valorem taxes for the Development, any ad valorem tax escrow overage will be transferred OAR to be held and disbursed by the Authority in compliance with Authority policy. See Special Condition 3.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$17,790 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 \$375 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 (\$45,854) 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 30-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 30 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 Chief Legal Affairs Officer.

12. Trade Payment Breakdown:

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

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" 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.

14. 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.

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.

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 County's CDBG Program, and the PHC's Housing Choice Voucher Program. All necessary documentation and all monitoring and oversight will be handled by Oakland County.

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 Chief Legal Affairs Officer

18. 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 Chief Legal Affairs Officer. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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 Chief Legal Affairs Officer.

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 CERA recapture liability, 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 Chief Legal Affairs Officer.

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 Mortgagor must also provide an AHAP from the PHC. The AHAPs 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:

Twenty-four of the units in the Development will be designated as PSH units and must be marketed in accordance with Authority PSH guidelines. 16 units are designated for homeless populations, and the remaining 8 units will target CERA qualifying population 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 Chief Legal Affairs Officer. 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 CERA Loan from the Authority 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.

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 Chief Legal Affairs Officer for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Chief Legal Affairs Officer its recommendation.
- Any other documentation as required by the Chief Legal Affairs Officer, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.

Prior to submission the Attorney General's Office the following items must be complete and approved by the Authority:

- The Oakland County Brownfield Redevelopment Authority approved brownfield plan, that includes the Beacon Townhomes parcel, must be modified to separate into distinguishable brownfield work plans the Beacon Townhomes parcel and the adjacent vacant parcel. This modification must be approved by all necessary parties.
- The Borrower must be granted separate ABRAs for the Beacon Square Apartment parcel and the Beacon Townhomes parcel. Each ABRA must be in a form acceptable to the Authority.
- The ABRAPs for both the Beacon Square Apartment parcel and the Beacon Townhomes parcel must be pledged and assigned to the Authority for the entire BRA-approved tax capture period. The form and substance of the pledge and security assignment documents must be acceptable to the Chief Legal Affairs Officer.
- The Borrower must agree to expend brownfield plan approved eligible costs in not less than the amount necessary to support the projected final ABRAP for each Development parcel. At least 90 days prior to the Permanent Financing Date, the Borrower must submit all necessary documentation required by the Oakland County BRA to approve the brownfield plan eligible costs for the construction of the Development. The BRA's final determination of the amount of ABRAP must be in an amount acceptable to the Authority. Balancing of any discrepancy in this regard between the BRA's final determination and the Authority's required amount will be the responsibility of the Borrower.
- Borrower must agree in a form acceptable to the Chief Legal Affairs Officer that if the proposed ABRAP(s) are decreased from the current projected amounts or otherwise result in the Ad Valorem Tax Escrow being insufficient to pay the annually assessed ad valorem taxes, that the Borrower guarantees payment of the ad valorem property taxes.

2. Syndicator Reserve:

The Mortgagor shall fund a syndicator held reserve ("Syndicator Reserve") with a one-time deposit in the amount of \$101,749 paid from equity proceeds according to the terms of the Mortgagor's limited partnership agreement. The Syndicator Reserve shall be controlled by the syndicator.

3. TIF Changes Pre-Closing or Post-Closing :

If prior to submission to the Attorney General's Office for review for initial closing, the projected amount of the ABRAP(s) assigned to the Authority increases or decreases from the current projections used for underwriting purposes, the Authority at the sole discretion of an Authorized Officer of the Authority may re-underwrite the Development to reflect the assigned ABRAP(s) amount(s).

The Development is currently subject to ad valorem property taxes that will be partially reimbursed by an ABRAP. The term of the TIF capture is anticipated to be for thirty (30) years. The Development is underwritten with the ad valorem taxes to be paid as shown on the cash flow page of the attached proforma. A five (5) year Ad Valorem Tax Escrow in the amount of \$172,291 will be required to fund projected debt taxes per the cash flow

analysis establishing the ad valorem escrow, identified in the attached proforma. This escrow will be capitalized at closing and will be held by the Authority.

If the ABRAP increases such that the Ad Valorem Tax Escrow account balance exceeds the projected five (5) year requirement, the overage in the ad valorem tax escrow will be distributed to the OAR. The Borrower may request a review of the Ad Valorem Tax Escrow and any increase to the OAR. The Authority may re-underwrite the Development using the new ABRAP projections in its sole discretion. Any savings generated by the ABRAP as a result of the Authority's re-underwriting of the Development may be distributed from the OAR, at the sole discretion of an Authorized Officer of the Authority, to be applied against any other Authority obligation of the Mortgagor, with any remainder thereafter deposited in the Development's Operating Reserve Cash account.

Conversely, if the ABRAP decreases such that the Ad Valorem Tax Escrow balance cannot pay the annually assessed ad valorem taxes, the Borrower shall guarantee payment of the ad valorem taxes.

4. Sellers Note:

Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Sponsor loan acceptable to the Authority's Chief Legal Affairs Officer and Director of Development. The Sponsor loan must:

- a) not be secured by a lien on the Development or any of the Development's property, funds or assets of any kind;
- b) be payable solely from approved Limited Dividend payments, and not from other development funds;
- c) be expressly subordinate to all Authority mortgage loans; and
- d) have a loan term not less than the longest term of all Authority mortgage loans.

At or prior to Initial Closing, the final, executed Sponsor loan documents must become effective and initial funding of the loan must be made in an amount approved by the Director of Development.

5. Bond Requirements:

At or prior to initial Mortgage Closing, the Mortgagor shall submit documentation satisfactory to the Chief Legal Affairs Officer evidencing compliance with the requirements for a single, tax-exempt bond loan.

The tax-exempt bond loan financing of the rehabilitation of the two projects shall be evidenced by one mortgage note and one mortgage loan.

All common area square footage (including without limitation office space, club house facilities and shared parking) must be rehabilitated with funds other than tax-exempt bond proceeds. Final determinations regarding common area square footage shall be made by the Authority's Building Construction Manager.

Each of the two projects must receive rehabilitation funding from tax-exempt bonds equal

to at least 15% of its acquisition cost.

Throughout the Qualified Project Period of the tax-exempt bonds, as defined in IRS Section 142(d)(2)(A), the Mortgagor and the Authority must ensure that the minimum set-aside test found in IRS Section 142(d) is met for each of the three projects.

DEVELOPMENT TEAM AND SITE INFORMATION

I. **MORTGAGOR:** Beacon Place Limited Dividend Housing Association LLC

II. **GUARANTOR(S):**

A. **Guarantor #1:**

Name: South Oakland Shelter, doing business as Lighthouse SOS

Address: 6156 Woodward Ave. Pontiac, MI 48342

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: South Oakland Shelter (Lighthouse SOS)

Address: 46156 Woodward Ave. Pontiac, MI 48342

Individuals Assigned: Ryan Hertz

Telephone: 248-920-6000

E-mail: rhertz@lighthousemi.org

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

2. **Interest in the Mortgagor and Members:** Cinnaire Fund for Housing Limited Partnership 42.99.990% limited partner and Beacon Place MM LLC 0.010% general partner.

B. **Architect:**

Name: Fusco, Schaffer & Pappas Inc

Address: 550 East Nine Mile Road
Ferndale, MI 48220

Individual Assigned: James Pappas

Telephone: 248-543-4100

E-Mail: jpappas@fsparch.com

Mortgage Loan Feasibility/Commitment Staff Report
Beacon Place, MSHDA No. 4119
City of Pontiac, Oakland County
October 17, 2024

1. **Experience**: Architect has previous experience with Authority-financed developments.
2. **Architect's License**: License number 1301029064, exp. 04/01/2025.

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: O'Brien Construction Company
Address: 966 Livernois
Troy, MI 48083

Individual Assigned: David Vivio
Telephone: 248-334-2470
E-mail: dvivio@obriencc.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.
2. **State Licensing Board Registration**: License number 2102195384, with an expiration date of 05/31/2026.

E. Management and Marketing Agent:

Name: Continental Management
Address: 32500 Telegraph Road
Bingham Farms, MI 48025

Individual Assigned: Cheryl Humphrey
Telephone: 248-731-7810
E-mail: chumphrey@continentalmgt.com

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

F. Accountant:

Name: Regency Financial Consulting
Address: 54408 Whitby Way
Shelby Twp, MI 48316

Individual Assigned: Joanne Candela
Telephone: 310-523-6817
E-mail: jcandela@regencyfin.com

G. Consultant:

Name: Scheuren & Associates
Address: 1006 Lantern Hill Drive
East Lansing, MI 48823

Individual Assigned: Gary Scheuren
Telephone: 517-582-5192
E-mail: gary.scheuren@gmail.com

H. Consultant:

Name: Ethos Development Partners
Address: 882 Oakman Blvd, Suite G
Detroit, MI 48238

Individual Assigned: Joe Heaphy
Telephone: 313-850-5844
E-mail: jheaphy@ethosdp.com

I. Development Team Recommendation: Acceptable

IV. SITE DATA:

A. Land Control/Purchase Price:
\$3,300,000

B. Site Location:
101 Mechanic St (Apartments), 180 J Hubbard Lane (Townhomes) Pontiac, MI 48342

C. Size of Site:
Approximately +/- .92 acres Apartments, +/- 2.33 Townhomes

D. Density:
Appropriate to the current use

E. Physical Description:

1. Present Use: Multi-Family Residential
2. Existing Structures: 1 three-story building and 3 Townhome Style Units
3. Relocation Requirements: None

F. Zoning:

101 Mechanic St. & 180 J. Hubbard Lane current zoned R-3, Multiple Family Dwelling District

G. Contiguous Land Use:

101 Mechanic St (Apartments)

1. North: Interstate 59 (E Huron St.)/Clinton River
2. South: Single-family Housing/Church
3. East: Neighborhood Park/Single-family Housing
4. West: Multi-Family Apartments/Vacant Land

180 J Hubbard Lane (Townhomes)

1. North: Vacant Land
2. South: Single-family Housing
3. East: Single-family Housing/Multi-Family Housing
4. West: Single-family Housing/ Church

H. Tax Information:

The City of Pontiac has approved Tax Increment Financing .

I. Utilities:

A. DTE Energy

B. Water Resources Commissioner

J. Utilities:

C. Consumers Energy

K. Community Facilities:

1. Shopping:

Each of the sites is in proximity to various shopping venues such as Star Party Store, Pike Food Store, Pontiac Farmer's Market, ALDI, and Meijer. Along with banks, pharmacies, US postal services, restaurants, coffee shops, and gas stations.

2. Recreation:

Richardson, Neighborhood Park, Azteca Youth Enrichment Inc, and many

- more. In addition, several theaters, museums,
3. Public Transportation:
Pontiac Bus Center within .9 miles of site
4. Road Systems
Approximately .8 mile east of 75 (Woodworth Ave)/.2 miles south of E. Huron St, 1 mile North of Old State Hwy 59, approximately 2 miles west of Martian Luther King Jr Blvd.
5. Medical Services and other Nearby Amenities:
McLaren Oakland within .3 miles of the site, Pontiac Hospital within 1.3, miles of the site, Henry Ford Medical Center within 2 miles of the site.
6. Description of Surrounding Neighborhood:
Vacant Land (Auburn Place) north of site, Single-family Residential Homes south of site, Single-Family Residential Homes/Renaissance Court Multi-Family Residential Townhomes (Continental MGT) east of site, Religious Chapel/Single-Family Homes west of site.
7. Local Community Expenditures Apparent:
The development will impact the community by increasing the needed housing units accessible to the community and individuals seeking residency in the Pontiac area. A promise to keep the timelines of the project and annual updates to the community was given by the sponsor.
8. Indication of Local Support:
9. An organized meeting was held by the sponsor with the community and town hall. An overview of the project was provided to the community. The local business owners and city council gave their support on the need for additional housing needed throughout the community.

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 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 Chief Construction Officer 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 Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	September 2024
B. Initial Closing and Disbursement:	December 2024
C. Construction Completion:	February 2026
D. Cut-Off Date:	August 2026

XII. ATTACHMENTS:

- A. Development Proforma**

APPROVALS:

<i>Chad A Benson</i>	10/9/2024
Chad Benson	Date
Director of Development	

<i>Anthony Lentych</i>	10/9/2024
Tony Lentych	Date
Chief Housing Investment Officer	

<i>Clarence L. Stone, Jr.</i>	10/10/2024
Clarence L. Stone, Jr.	Date
Chief Legal Affairs Officer	

<i>Amy Hovey</i>	10/10/2024
Amy Hovey	Date
Chief Executive Officer and Executive Director	

Development	Eighthouse 1: Dea
Financing	Tax Exempt
MSHDA No.	4119
Step	Commitment
Date	10/17/2024
Type	Acquisition/Rehab

Mortgage Assumptions:	
Debt Coverage Ratio	1.7
Mortgage Interest Rate	5.625%
Pay Rate	5.625%
Mortgage Term	30 years
Income from Operations	Yes

Instructions

<u>Total Development Income Potential</u>	Per Unit	Total
Annual Rental Income	13,756	550,248
Annual Non-Rental Income	0	0
Total Project Revenue	13,756	550,248

<u>Total Development Expenses</u>				
Vacancy Loss	5.00%	of annual rent potential	688	27,512
Management Fee	651	per unit per year	651	26,040
Administration			1,724	68,955
Project-paid Fuel			616	24,625
Common Electricity			731	29,254
Water and Sewer			924	36,960
Operating and Maintenance			2,654	106,158
Real Estate Taxes			747	29,867
Payment in Lieu of Taxes (PILOT)	0.00%	Applied to: All Units	0	0
Insurance			600	24,000
Replacement Reserve	375	per unit per year	375	15,000
Other: Misc. Taxes and Licenses			0	
Other: Employee Health Benefits and Worker's Comp.			0	

Initial Inflation Factor	Future Inflation Factor	
	Beginning in Year	
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%
0.0%	1	0.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

	% of Revenue		
Total Expenses	70.58%	9,709	388,371
Base Net Operating Income		4,047	161,877
Part A Mortgage Payment	17.31%	2,381	95,222
Part A Mortgage		34,461	1,378,449
Non MSHDA Financing Mortgage Payment		0	
Non MSHDA Financing Type:		0	
Base Project Cash Flow (excludes ODR)	12.11%	1,666	66,655

Development

Financing

MSHDA No.

Step

Date

Type

Lighthouse I: Beacon Housing (PSH)

Tax Exempt

4119

Commitment

#####

Acquisition/Rehab

Instructions

Income Limits for

Oakland County

(Effective April 1, 2024)

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	20,160	23,040	25,920	28,770	31,080	33,390
40% of area median	26,880	30,720	34,560	38,360	41,440	44,520
50% of area median	33,600	38,400	43,200	47,950	51,800	55,650
60% of area median	40,320	46,080	51,840	57,540	62,160	66,780

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By				
60%	Area Median Income Units																				
50%	Tenant AMI Restriction (if different from rent restriction)																				
Yes	Local PHA Project Based Voucher Units																				
Family	Occupancy																				
A	6	Apartment	1	1.0	550	1,223	0	1,223	88,056	16.0%	15.0%	3,300	8.9%	3,300	CERA	1,080	TC Rent				
B	1	Apartment	2	1.0	882	1,549	0	1,549	18,588	3.4%	2.5%	882	2.4%	882	CERA	1,296	TC Rent				
C	1	Townhome	3	2.0	1,712	1,914	0	1,914	22,968	4.2%	2.5%	1,712	4.6%	1,712	CERA	1,496	TC Rent				
									129,612	23.6%	20.0%	5,894	16.0%	5,894							
60%	Area Median Income Units																				
30%	Tenant AMI Restriction (if different from rent restriction)																				
Yes	MSHDA Project Based Voucher Units																				
Family	Occupancy																				
A	3	Apartment	1	1.0	550	1,120	0	1,120	40,320	7.3%	7.5%	1,650	4.5%	1,650	CERA	1,080	TC Rent				
B	1	Apartment	2	1.0	882	1,420	0	1,420	17,040	3.1%	2.5%	882	2.4%	882	CERA	1,296	TC Rent				
C	6	Townhome	3	2.0	1,712	1,754	0	1,754	126,288	23.0%	15.0%	10,272	27.8%	10,272		1,496	TC Rent				
									183,648	33.4%	25.0%	12,804	34.7%	12,804							
60%	Area Median Income Units																				
Family	Occupancy																				
A	10	Apartment	1	1.0	550	734	0	734	88,080	16.0%	25.0%	5,500	14.9%	5,500		1,080	TC Rent				
B	1	Apartment	2	1.0	882	844	0	844	10,128	1.8%	2.5%	882	2.4%	882		1,296	TC Rent				
C	5	Townhome	3	2.0	1,712	969	0	969	58,140	10.6%	12.5%	8,560	23.2%	8,560		1,496	TC Rent				
									156,348	28.4%	40.0%	14,942	40.4%	14,942							
60%	Area Median Income Units																				
30%	Tenant AMI Restriction (if different from rent restriction)																				
Yes	MSHDA Project Based Voucher Units																				
Family	Occupancy																				
A	6	Apartment	1	1.0	550	1,120	0	1,120	80,640	14.7%	15.0%	3,300	8.9%	3,300		1,080	TC Rent				
									80,640	14.7%	15.0%	3,300	8.9%	3,300							
Mgrs									0	0.0%	0.0%	0	0.0%	0							
									36,940			36,940									
Total Revenue Units	40																Gross Rent Potential	550,248	HOME Units SF/Total Units SF	0.0%	Within Range
Manager Units	0																Average Monthly Rent	1,146	# HOME Units/# Total Units	0.0%	Within Range
Income Average	60.00%																Gross Square Footage	36,940			
Set Aside	100.00%																				

Utility Allowances

	Tenant-Paid	Owner-Paid	Tenant-Paid	Owner-Paid	Owner-Paid		
	Electricity	A/C	Gas	Water/ Sewer	Other	Total	Override
A						0	
B						0	
C						0	
D	49		56			105	
E	65		65			130	
F	93		101			194	
G						0	
H						0	

Total Income	Annual	Monthly
Rental Income	550,248	45,854
Non-Rental Income	0	0
Total Project Revenue	550,248	45,854

Development Lighthouse I: Beacon Housing (PSH)
Financing Tax Exempt
MSHDA No. 4119
Step Commitment
Date 10/17/2024
Type Acquisition/Rehab

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition					
Land	8,000	320,000	0%	0	0
Existing Buildings	74,500	2,980,000	100%	2,980,000	0
Other:			0%	0	0
Subtotal	82,500	3,300,000			

Construction/Rehabilitation					
Off Site Improvements	0		100%	0	0
On-site Improvements	563	22,500	100%	22,500	0
Landscaping and Irrigation	0		100%	0	0
Structures	106,780	4,271,205	100%	4,271,205	0
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%	6,493	259,722	100%	259,722	259,722
Builder Overhead % of Contract 2.00%	2,294	91,768	100%	91,768	91,768
Builder Profit % of Contract 6.00%	7,020	280,812	100%	280,812	280,812
Bond Premium, Tap Fees, Cost Cert.	2,788	111,500	100%	111,500	111,500
Other: Temporary Site Security	875	35,000	100%	35,000	35,000
Subtotal	126,813	5,072,507			
15% of acquisition and \$15,000/unit test:	met				

Professional Fees					
Design Architect Fees	8,440	337,600	100%	337,600	337,600
Supervisory Architect Fees	2,110	84,400	100%	84,400	84,400
Landscape Architect Fees	0		100%	0	0
Engineering/Survey	625	25,000	100%	25,000	25,000
Legal Fees	2,500	100,000	100%	100,000	100,000
Interior Design Fees	0		100%	0	0
Other:			100%	0	0
Subtotal	13,675	547,000			

Interim Construction Costs					
Property & Casualty Insurance	2,000	80,000	100%	80,000	80,000
Construction Loan Interest	Override 446,305	11,158 446,305	70%	312,414	312,414
Title Work	1,250	50,000	100%	50,000	0
Construction Taxes	651	26,059	100%	26,059	26,059
Permits	2,313	92,506	100%	92,506	92,506
Other:			100%	0	0
Subtotal	17,372	694,870			

Permanent Financing					
Loan Commitment Fee to MSHDA	2%	5,417	0%	0	0
Other:		0	0%	0	0
Subtotal		5,417			

Other Costs (In Basis)					
Application Fee	50	2,000	100%	2,000	2,000
Market Study	163	6,500	100%	6,500	6,500
Environmental Studies	4,375	175,000	100%	175,000	175,000
Cost Certification	375	15,000	100%	15,000	15,000
Equipment and Furnishings	250	10,000	100%	10,000	0
Temporary Tenant Relocation	3,000	120,000	100%	120,000	120,000
Construction Contingency	12,681	507,251	100%	507,251	507,251
Appraisal and C.N.A.	500	20,000	100%	20,000	20,000
Other: Green Certificate and Project Accounting	1,625	65,000	100%	65,000	65,000
Subtotal	23,019	920,751			

Other Costs (NOT In Basis)					
Start-up and Organization	625	25,000	0%	0	0
Tax Credit Fees (based on 2022 QAP)	39,734	39,733	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)	475	19,000	0%	0	0
Marketing Expense	125	5,000	0%	0	0
Syndication Legal Fees	1,500	60,000	0%	0	0
Rent Up Allowance	0	0	0%	0	0
Other: inspection fees	200	8,000	0%	0	0
Subtotal	3,918	156,733			

Summary of Acquisition Price	As of December 31, 2022	Construction Loan Term
Attributed to Land	320,000	1st Mortgage Balance
Attributed to Existing Structures	2,980,000	Lighthouse Community Development
Other:	0	Subordinate Mortgage(s)
Fixed Price to Seller	3,300,000	Subordinate Mortgage(s)
Premium/(Deficit) vs Existing Debt	1,720,437	

Appraised Value	Value As of: May 3, 2023	
"Encumbered As-Is" value as determined by appraisal:	3,300,000	
LESS Fixed Price to the Seller:	3,300,000	
Surplus/(Gap)	0	Override

Project Reserves					
Operating Assurance Reserve	4.0 months	Funded in Cash	5,087	203,498	0%
Replacement Reserve		Required	17,790	711,593	0%
Operating Deficit Reserve		Not Required	0	0	0%
Rent Subsidy Reserve			0	0	0%
Syndicator Held Reserve			2,544	101,749	0%
Rent Lag Escrow			0	0	0%
Tax and Insurance Escrows			4,307	172,291	0%
Other:			0	0	0%
Other:			0	0	0%
Subtotal			29,728	1,189,131	

Miscellaneous					
Deposit to Development Operating Account (1MGRP)	Required	1,146	45,854	0%	0
Other (Not in Basis):		0	0	0%	0
Other (In Basis):		0	0	100%	0
Other (In Basis):		0	0	100%	0
Subtotal		1,146	45,854		

Total Acquisition Costs	82,500	3,300,000
Total Construction Hard Costs	126,813	5,072,507
Total Non-Construction ("Soft") Costs	94,276	3,771,031

Developer Overhead and Fee					
Maximum	1,867,566	46,689	1,867,566	100%	1,867,566
7.5% of Acquisition/Project Reserves		Override	5% Attribution Test		
20% of All Other Development Costs			met		

Total Development Cost	350,278	14,011,104
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TOTAL DEVELOPMENT SOURCES	% of TDC		
MSHDA Permanent Mortgage	9.84%	34,461	1,378,449
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution From Tax Credit Syndication	35.34%	123,783	4,951,332
MSHDA NSP Funds	0.00%	0	0
MSHDA HOME	0.00%	0	0
MSHDA Mortgage Resource Funds	0.00%	0	0
MSHDA TCAP	0.00%	0	0
MSHDA Housing Trust Funds	0.00%	0	0
MSHDA CERA	25.33%	88,721	3,548,839
MSHDA HOME-ARP	0.00%	0	0
MSHDA HCDF	0.00%	0	0
Local HOME	0.00%	0	0
Income from Operations	1.60%	5,619	224,762
Other Equity	0.00%	0	0
Transferred Reserves:			
Other: Sellers Note	10.17%	35,622	1,424,867
Other: Oakland County CBDG	14.27%	50,000	2,000,000
Deferred Developer Fee	3.37%	11,811	472,445
Total Permanent Sources			14,011,104

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	52.00%	182,144	7,285,774
Construction Loan Rate	5.625%		
Repaid from equity prior to final closing			5,907,325

Eligible Basis for LIHTC/TCAP	Value of LIHTC/TCAP
Acquisition 3,145,000	Acquisition 125,800
Construction 11,444,944	Construction 457,798
Acquisition Credit % 4.00%	Total Yr Credit 583,598
Rehab/New Const Credit % 4.00%	Equity Price \$0.8485
Qualified Percentage 100.00%	Equity Effective Price \$0.8485
QCT/DDA Basis Boost 130%	Equity Contribution 4,951,332
Historic? No	

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	4,951,332
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	4,951,332

OAR	Funded Yr 1	4 Month OAR
	161,198	161,198

LIHTC Basis	Historic Basis	Aggregate Basis
11,948,803	8,886,303	12,268,803

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	257.45%	0	0 One Bedroom	0 One Bedroom, 1 Bath, 1
0.00		HTF	0 Two Bedroom	0 Two Bedroom, 1 Bath, 1
0.00		Subsidy Limit	0 Three Bedroc	0 Three Bedroom, 2 Bath,
0.00				
0.00				
0.00				
0.00				

Deferred Dev Fee	25.30%
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Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:		Reserves Transferred in to Project	0
Taxes:	10,410	Tax/Ins Escrows transferred to project	10,410
Rep. Reserve:			
ORC:			
DCE Principal:			
Operating deficit/reserve, Security deposit:			

Development	Lighthouse I: Beacon Housing (PSH)	
Financing	Tax Exempt	
MSHDA No.	4119	
Step	Commitment	
Date	10/17/2024	172291
Type	Acquisition/Rehab	

Interest Rate on Reserves	Average Cash Flow as % of Net Income
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[illegible]

	Required in Year:									
Initial Balance	161,198	166,034	171,015	176,145	181,429	186,872	192,478	198,253	204,200	210,326
Interest Income	4,836	4,981	5,130	5,284	5,443	5,606	5,774	5,948	6,126	6,310
Ending Balance	166,034	171,015	176,145	181,429	186,872	192,478	198,253	204,200	210,326	216,636

Initial Balance	472,445	407,865	346,944	293,037	246,514	207,761	171,395	137,648	106,758	78,977
Dev Fee Paid	64,580	60,921	53,907	46,524	38,753	36,365	33,747	30,891	27,780	24,405
Ending Balance	407,865	346,944	293,037	246,514	207,761	171,395	137,648	106,758	78,977	54,573
		Repaid in Year:								

[illegible]

Interest Rate on Reserves										
Operating Deficit Reserve (ODR) Analysis										
Maintained Debt Coverage Ratio (Hard Debt)										
Maintained Operating Reserve (No Hard Debt)										
Initial Balance	54,140	55,764	57,437	59,160	60,935	62,763	62,496	56,603	44,535	25,704
Total Annual Draw to achieve 1.0 DCR	0	0	0	0	0	(2,150)	(7,768)	(13,767)	(20,167)	(26,475)
Total Annual Deposit to achieve Maintaine	0	0	0	0	0	0	0	0	0	0
Total 1.0 DCR and Maintained DCR	0	0	0	0	0	(2,150)	(7,768)	(13,767)	(20,167)	(26,475)
Interest	1,624	1,673	1,723	1,775	1,828	1,883	1,875	1,698	1,336	771
Ending Balance at Maintained DCR	55,764	57,437	59,160	60,935	62,763	62,496	56,603	44,535	25,704	(0)
Maintained Cash Flow Per Unit	519	420	314	200	77	0	0	0	0	0
Maintained Debt Coverage Ratio on Part A Loan	1.22	1.18	1.13	1.08	1.03	1.00	1.00	1.00	1.00	1.00
Maintained Debt Coverage Ratio on Conventio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standard ODR										
Non-standard ODR										

Required in Year:

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
BEACON PLACE, MSHDA DEVELOPMENT NO. 4119
CITY OF PONTIAC, OAKLAND COUNTY

October 17, 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 South Oakland Shelter (the "Applicant") for a multifamily housing project to be located in the City of Pontiac, Oakland County, Michigan, having a total development cost of Fourteen Million Eleven Thousand One Hundred Four Dollars (\$14,011,104), with a total estimated maximum mortgage loan (the "Mortgage Loan") in the amount of Seven Million Two Hundred Eighty-Five Thousand Seven Hundred Seventy-Four Dollars (\$7,285,774); 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 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. The proposed housing project is a feasible housing project.
 - e. The Authority expects to allocate to the financing of the proposed housing

project proceeds of its tax-exempt bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Eight Million Four Hundred Forty-Nine Thousand Three Hundred Forty-Three Dollars (\$8,449,343).

2. The proposed housing project be and it is hereby determined to be feasible 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 Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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 specific conditions and requirements set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOAN
BEACON PLACE, MSHDA DEVELOPMENT NO. 4119
CITY OF PONTIAC, OAKLAND COUNTY**

October 17, 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 South Oakland Shelter (the "Applicant") for a construction mortgage loan in the amount of Seven Million Two Hundred Eighty-Five Thousand Seven Hundred Seventy-Four Dollars (\$7,285,774) and a permanent mortgage loan in the amount of One Million Three Hundred Seventy-Eight Thousand Four Hundred Forty-Nine Dollars (\$1,378,449) (the "Mortgage Loan") for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Fourteen Million Eleven Thousand One Hundred Four Dollars (\$14,011,104), to be known as Beacon Place, MSHDA Development No. 4119 (the "Development"), located in the City of Pontiac, Oakland County, Michigan, and to be owned by Beacon Place Limited Dividend Housing Association LLC (the "Mortgagor"); 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 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. The Mortgage Loan be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of In-House Legal Services, the Director of Legal Transactions, 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"), 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 Seven Million Two Hundred Eighty-Five Thousand Seven Hundred Seventy-Four Dollars (\$7,285,774), and permanent financing in an amount not to exceed One Million Three Hundred Seventy-Eight Thousand Four Hundred Forty-Nine Dollars (\$1,378,449), and to have a term of 30 years after amortization of principal commences and to bear interest at a rate of Five and 625/1000 (5.625%) 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 Eight Million Four Hundred Forty-Nine Thousand Three Hundred Forty-Three Dollars (\$8,449,343). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. 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.

4. 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.

5. 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.

6. 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. So long as the Authority CERA Loan is outstanding, the Limited Dividend Payments are capped at 12% per annum. If the CERA Loan is no longer outstanding, the Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

7. 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 October 17, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

8. 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 and the Authority receives an assignment of the Annual Brownfield Reimbursement Agreement Payments from the Pontiac Brownfield Redevelopment Authority as is conditioned in the October 17, 2024, Mortgage Loan Feasibility/Commitment Staff Report, which conditions are hereby incorporated by reference as if fully set forth herein.

Delegated Action Report(s)



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: September 26, 2024

RE: Rental Assistance and Homeless Solutions Summary of Delegated Actions for the Period July 1, 2024 – September 30, 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	No Activity
B. Mortgage Loan Increases	No Activity
C. Mortgage Loans for MI HOME and CSH	No Activity
D. Small Size and High Security Loans	No Activity
E. Development Fund Loans Under \$250,000	No Activity
F. Pre-Development Loans	No Activity
G. HOME Funds for MSHDA-Financed Project	No Activity
H. Asset Management	No Activity
I. Homeless Initiatives	No Activity
J. Neighborhood Stabilization Program (NSP) Loans	No Activity
K. Waiver of Prepayment Prohibition	No Activity

II. Professional Services Contracts

A. Contracts Under \$25,000	No Activity
B. Homeownership Counseling	No Activity
C. Technical Assistance Contracts	No Activity
D. Environmental Consulting Contracts	No Activity

III. Work-out for 80/20 Developments No Activity

IV. Grant Activity

A. Application for State or Federal Funds	No Activity
B. HOME Grants	No Activity
C. CDBG Grants	No Activity
D. Development Fund Grants Under \$250,000	No Activity
E. Homeless Initiatives	See Attached Report
F. Neighborhood Stabilization Program (NSP) Grants	No Activity

V. Michigan Affordable Housing Fund Activity No Activity

VI. Disposition of Bankruptcy Lien Stripping Cases No Activity

VII. Acceptance and Approval of HUD Housing Choice Vouchers (HCV) No Activity

Michigan State Housing Development Authority
Grants Awarded 07/01/2024 thru 09/30/2024

<u>County</u>	<u>Grant Number</u>	<u>Organization Name & Address</u>	<u>Grant Amount</u>
Allegan 08/01/2024	HML-2024-6489-CES-02	Allegan County Community Mental Health Services 540 Jenner Drive Allegan MI 49010	\$43,184
Alpena 08/01/2024	HML-2024-103-CES-02	Northeast Michigan Community Service Agency, Inc. 2569 US 23 South Alpena MI 49707	\$183,207
Barry 08/01/2024	HML-2024-1313-CES-02	Barry County United Way 231 S Broadway St Hastings. MI 49058-1835	\$12,471
Berrien 08/01/2024	HML-2024-144-CES-02	Southwest Michigan Community Action Agency 185 E Main St, Suite 303 Benton Harbor MI 49022	\$16,408
Berrien 08/01/2024	HML-2024-5336-CES-02	Emergency Shelter Services, Inc. 185 E Main, Ste 103 Benton Harbor MI 49022	\$16,891
Branch 08/01/2024	HML-2024-9984-CES-02	Coldwater Housing Commission, a Non-Profit Corporation 60 South Clay Street Coldwater MI 49036	\$12,065
Calhoun 08/01/2024	HML-2024-101-CES-02	Neighborhoods Incorporated of Battle Creek 47 N. Washington Avenue Battle Creek MI 49037	\$17,374
Chippewa 08/01/2024	HML-2024-12-CES-02	Chippewa-Luce-Mackinac Community Action Human Resource Authority, Inc. 524 Ashmun Street Sault Ste Marie MI 49783	\$33,782
Clare 08/01/2024	HML-2024-92-CES-02	Mid Michigan Community Action Agency, Inc. 1574 E Washington Rd Farwell MI 48622	\$58,658
Delta 08/01/2024	HML-2024-52-CES-02	MDS-CAA/HRA, Inc. 507 First Ave. Escanaba MI 49829-0000	\$16,891
Eaton 08/01/2024	HML-2024-675-CES-02	Housing Services Mid Michigan 319 South Cochran Avenue Charlotte MI 48813-0746	\$24,130

Genesee 08/01/2024	HML-2024-9963-CES-02	Catholic Charities of Shiawassee and Genesee Counties 901 Chippewa St Flint MI 48503	\$14,478
Gogebic 08/01/2024	HML-2024-188-CES-02	Gogebic-Ontonagon Community Action Agency 100 S Mill Street Bessemer MI 49911	\$25,129
Grand Traverse 08/01/2024	HML-2024-107-CES-02	Northwest Michigan Community Action Agency, Inc. 3963 Three Mile Road Traverse City MI 49686	\$74,943
Ionia 08/01/2024	HML-2024-45-CES-02	EightCAP, Inc. 5827 Orleans Road Orleans MI 48865	\$49,358
Jackson 08/01/2024	HML-2024-268-CES-02	Community Action Agency 1214 Greenwood Ave Jackson MI 49203	\$21,259
Marquette 08/01/2024	HML-2024-224-CES-02	Alger-Marquette Community Action Board 1125 Commerce Drive Marquette MI 49855-8630	\$83,237
Midland 08/01/2024	HML-2024-93-CES-02	Midland Area Homes, Inc. 205 S Saginaw Rd Midland MI 48640	\$12,065
Newaygo 08/01/2024	HML-2024-334-CES-02	TrueNorth Community Services 6308 S. Warner Ave Fremont MI 49412	\$41,607
St. Clair 08/01/2024	HML-2024-270-CES-02	Blue Water Community Action 3403 Lapeer Road Port Huron MI 48060	\$14,478
Tuscola 08/01/2024	HML-2024-69-CES-02	Human Development Commission 429 Montague Avenue Caro MI 48723	\$24,130
Emmet 06/01/2024	HML-2024-9983-RHP	Harbor Hall, Inc. 704 Emmet St Petoskev MI 49770	\$102,934
Emmet 06/01/2024	HML-2024-9983-RHP-02	Harbor Hall, Inc. 704 Emmet St Petoskev MI 49770	\$14,781
Genesee 06/01/2024	HML-2024-5101-RHP	Shelter of Flint, Inc. 902 E. 6th Street Flint MI 48503	\$52,920
Ionia 06/01/2024	HML-2024-45-RHP	EightCAP, Inc. 5827 Orleans Road Orleans MI 48865	\$113,904

Isabella 06/01/2024	HML-2024-10637-RHP	Saginaw Chippewa Indian Tribe 7500 E Soaring Eagle Blvd Mount Pleasant. MI 48858-7801	\$240,000
Macomb 06/01/2024	HML-2024-10640-RHP	Fifth Coast Recovery, LLC 31185 White Oak Dr Chesterfield. MI 48047	\$300,000
Marquette 06/01/2024	HML-2024-1220-RHP	Great Lakes Recovery Centers, Inc. 97 S Fourth St Ishpeming, MI 49849	\$131,000
Marquette 06/01/2024	HML-2024-9982-RHP	Catholic Social Services of the Upper Peninsula 347 Rock St Marquette MI 49855	\$71,640
Montcalm 06/01/2024	HML-2024-10636-RHP	Randy's House of Greenville, Inc. 111 E Benton St Greenville. MI 48838-2332	\$152,000
Muskegon 06/01/2024	HML-2024-9981-RHP	Fresh Coast Alliance 1190 E Apple Ave Muskegon. MI 49442	\$51,450
Ottawa 06/01/2024	HML-2024-10638-RHP	70 X 7 Life Recovery 97 W 22nd St Holland. MI 49423-4771	\$266,160
Wayne 06/01/2024	HML-2024-10639-RHP	Second Chance 2000, Inc. 16130 Littlefield Detroit. MI 48235-4224	\$175,000
Wayne 06/01/2024	HML-2024-9979-RHP	Lakeridge Village, Inc. 15025 Fenkell Detroit. MI 48227	\$150,800
Ingham 05/01/2024	HML-2023-5682-HMIS-06	Michigan Coalition Against Homelessness 15851 S. Old US 27, BLDG 30 Suite 315 Lansing MI 48906-5657	\$1,041,400
Wayne 05/01/2024	HML-2024-5820-AS	Detroit Rescue Mission Ministries 150 Stimson St Detroit. MI 48201-2410	\$1,000,000
Macomb 10/01/2023	HML-2024-386-ESM-02	County of Macomb 21885 Dunham Rd, Suite 15 Clinton Township. MI 48036	\$249,999
Ionia 10/01/2022	HML-2023-45-ESM	EightCAP, Inc. 5827 Orleans Road Orleans. MI 48865	\$15,000
Newaygo 10/01/2022	HML-2023-334-ESM	TrueNorth Community Services 6308 S. Warner Ave Fremont. MI 49412	\$30,000

Kalamazoo 10/01/2022	HML-2023-5395-ESM	Housing Resources, Inc., of Kalamazoo County 420 East Alcott, Suite 200 Kalamazoo MI 49001-6104	\$90,000
	Total Grants	40	\$5,044,733



M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: October 17, 2024

RE: Rental Development Summary of Delegated Actions
for the Period July 1, 2024, to September 30, 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 Development during the above time period. If activity is indicated, a report on that delegated action is attached.

I. Loan Activity

A. Moderate Rehabilitation Loans	No Activity
B. Mortgage Loan Increases	See attached report
C. Mortgage Loans for MI HOME and CSH	No Activity
D. Small Size and High Security Loans	No Activity
E. Development Fund Loans Under \$250,000	No Activity
F. Pre-Development Loans	No Activity
G. HOME Funds for MSHDA-Financed Project	No Activity
H. Asset Management	No Activity
I. Homeless Initiatives	No Activity
J. Neighborhood Stabilization Program (NSP) Loans	No Activity
K. Waiver of Prepayment Prohibition	No Activity

II. Professional Services Contracts

A. Contracts Under \$25,000	No Activity
B. Homeownership Counseling	No Activity
C. Technical Assistance Contracts	No Activity
D. Environmental Consulting Contracts	No Activity

III. Work-out for 80/20 Developments

No Activity

IV. Grant Activity

A. Application for State or Federal Funds	See attached report
B. HOME Grants	No Activity
C. CDBG Grants	No Activity
D. Development Fund Grants Under \$250,000	No Activity
E. Homeless Initiatives	No Activity

	F. Neighborhood Stabilization Program (NSP) Grants	No Activity
V.	<u>Michigan Affordable Housing Fund Activity</u>	No Activity
VI.	<u>Disposition of Bankruptcy Lien Stripping Cases</u>	No Activity
VII.	<u>Acceptance and Approval of HUD Housing Choice Vouchers (HCV)</u>	No Activity

REPORT ON DELEGATED ACTIONS

April 17, 2024 – September 30, 2024

Date: September 30, 2024

DELEGATED ACTION:

Rental Development: Application for State or Federal Funds

Activities:

The Authority received applications for the following state or federal funds:

1. Public Act 5 funds – 9% LIHTC Gap Financing Program
Since April 2023, MSHDA received approximately \$33,304,951 in applications for 9% LIHTC Gap Financing. As of June 30, 2024, we have closed on grants or loans totaling approximately \$24,987,070 to 22 developments and have allocated the remaining \$3,512,930 to six additional developments working to close those grants or loans.
2. Public Act 5 funds – Pass-through Gap Financing for New Construction or Adaptive Reuse Developments
Since April 2023, MSHDA received \$65,850,000 in applications for Pass-through Gap Financing for New Construction or Adaptive Reuse Developments. As of June 30, 2024, we have closed on grants or loans totaling approximately \$8,400,000 to two developments and have allocated \$28,370,600 to seven additional developments working to close those grants or loans. There is currently approximately \$21,269,400 of the \$57,000,000 cap available.
3. Public Act 5 funds – Pass-through Gap Financing for Existing Tax Credit Developments
Since April 2023, MSHDA received \$33,115,658 in applications for Pass-through Gap Financing for Existing Tax Credit Developments. As of June 30, 2024, we have closed on grants or loans totaling approximately \$11,587,800 to three developments and have allocated the remaining \$9,787,200 to three additional developments working to close those grants or loans.
4. Public Act 5 funds – 9% LIHTC Gap Financing Program
Since April 2023, MSHDA received approximately \$33,304,951 in applications for 9% LIHTC Gap Financing. As of September 30, 2024, we have closed on grants or loans totaling approximately \$25,195,395 to 23 developments and have allocated the remaining \$3,304,605 to five additional developments working to close those grants or loans.
5. Public Act 5 funds – Pass-through Gap Financing for New Construction or Adaptive Reuse Developments
Since April 2023, MSHDA received \$65,850,000 in applications for Pass-through Gap Financing for New Construction or Adaptive Reuse Developments. As of September 30, 2024, we have closed on grants or loans totaling approximately \$8,400,000 to two developments and have allocated \$28,370,600 to seven additional developments working

to close those grants or loans. There is currently approximately \$21,269,400 of the \$57,000,000 cap available.

6. Public Act 5 funds – Pass-through Gap Financing for Existing Tax Credit Developments
Since April 2023, MSHDA received \$33,115,658 in applications for Pass-through Gap Financing for Existing Tax Credit Developments. As of September 30, 2024, we have closed on grants or loans totaling approximately \$11,587,800 to three developments and have allocated the remaining \$9,787,200 to three additional developments working to close those grants or loans.

REPORT ON DELEGATED ACTIONS

April 1, 2024 – September 30, 2024

Date: October 17, 2024

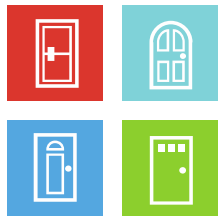
DELEGATED ACTION:

Rental Development: Mortgage Loan Increase

Activities:

The Authority agreed to increase the overall loan total for each of the following transactions. The overall total loan increase in each transaction were less than 10% or \$1,500,001.

1. Field Street III – The Tax-Exempt Permanent Loan decreased just over \$600,000 and a PA5 Loan was added of some \$1.4 million to help meet increased construction and soft costs.
2. Lakewood - The Tax-Exempt Construction Loan increased \$1,499,000, the Tax-Exempt Permanent Loan decreased by \$994,000, and a PA5 Loan of almost \$2 million was added to help meet increased construction costs.
3. Union at A2 – The Tax-Exempt Construction Loan increased \$2.9 million to help bridge the equity pay-ins and meet the increased construction costs.
4. Villa Esperanza – The Tax-Exempt Permanent Loan increased \$501,489 due to an interest rate reduction as instructed by the Authority's Chief Financial Officer.



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: October 17, 2024

RE: Homeownership Summary of Delegated Actions
for the Period July 1, 2024 to September 30, 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
- D. Development Fund Grants Under \$250,000

E. Homeless Initiatives

F. Neighborhood Stabilization Program (NSP) Grants

G. Housing Education Program (HEP) Grant

See attached report

H. HUD Housing Counseling Grant

no activity

V. Michigan Affordable Housing Fund Activity

VI. Disposition of Bankruptcy Lien Stripping Cases

VII. Acceptance and Approval of HUD Housing Choice
Vouchers (HCV)

REPORT ON DELEGATED ACTIONS

For the period July 1, 2024 to September 30, 2024

Date: October 17, 2024

DELEGATED ACTION

Housing Education Program (HEP)

On **June 20, 2024**, the Authority approved the continuation of MSHDA's Housing Education Program by approving the budgeted amount of \$500,000 for the fiscal year 2024/2025 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.

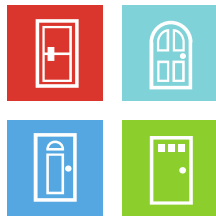
Agencies that receive funds through this opportunity will provide assistance to first-time and repeat homebuyers by providing education on the many facets of the home purchase process to clients seeking to purchase their home with the intent of utilizing a MSHDA mortgage product.

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 2024/25 - July 1, 2024 to June 30, 2025	EIN #	Contract Amount
Abayomi Community Dev. Corp.	38-3407865	\$17,855.00
Amandla Community Dev. Corp..	38-3195198	\$17,855.00
Blue Water Community Action Agency	38-2284121	\$17,855.00
Capital Area Housing Partnership	38-2926892	\$17,855.00
Community Action Agency	38-1803599	\$17,855.00
Community Action House	23-7120670	\$17,855.00
Community Housing Network	38-3372734	\$17,855.00
Genesee County Habitat	38-2899387	\$17,855.00
H.O.M.E. of Mackinac County	38-3142455	\$17,855.00
Habitat for Humanity Michigan	38-2874694	\$17,855.00
Home Repair Services of Kent County	38-2263817	\$17,855.00
Inner City Christian	38-1903026	\$17,855.00
Gesher (JVS)	38-1358013	\$17,855.00
Kalamazoo Neighborhood Housing	38-2391442	\$17,855.00
Matrix Human Services	38-2056236	\$17,855.00
Michigan State University Extension Office	38-1813239	\$17,855.00
Mid Michigan CAA	38-6005984	\$17,855.00
Monroe County Opportunity Program	38-3302761	\$17,855.00
National Faith	38-3164047	\$17,855.00
NCCS Center for Nonprofit Housing	38-1818068	\$17,855.00
Northeast Michigan Community Service Agency, Inc.	38-3395829	\$17,855.00
Northern Homes Community Development Corporation	38-2027389	\$17,855.00
Northwest Michigan Community Action Agency	38-6004876	\$17,855.00
Oakland County	38-6004876	\$17,855.00
Oakland Livingston County	38-2324335	\$17,855.00
Southwest Economic Solutions	38-2415106	\$17,855.00
Telamon	56-1022483	\$17,855.00
Wayne Metropolitan Community Action Agency	38-1976979	\$17,855.00

**FY23 HUD CHC GRANT
SUBGRANTEE AWARD AMOUNT LIST**

AGENCY NAME	FY23 Grant Award Amount
Abayomi CDC	\$37,000.00
Blue Water CAA	\$37,000.00
Capital Area Housing Partnership	\$37,000.00
Community Action House	\$37,000.00
Community Housing Network	\$37,000.00
Genesee County Habitat	\$37,000.00
Home Repair Services	\$37,000.00
H.O.M.E. of Mackinac	\$37,000.00
ICCF Community Homes	\$37,000.00
Jefferson East, Inc.	\$37,000.00
Matrix Human Services	\$37,000.00
Mid-Michigan CAA	\$37,000.00
Michigan State University	\$37,000.00
Monroe County Opportunity Program	\$37,000.00
Northeast Michigan CSA	\$37,000.00
Northern Homes	\$37,000.00
Oakland Livingston HAS	\$37,000.00
TrueNorth Community Services	\$37,000.00
Wayne Metro CAA	\$37,000.00
TOTAL SUBGRANTEE AWARD	\$703,000.00
FY22 HUD GRANT AWARD BREAKDOWN	
MSHDA Award	\$720,305.00
MSHDA Admin Amount <i>(retained to cover MSHDA HEP salaries & subgrantee sponsored trainings)</i>	\$17,305.00
Sub-Grantee Amount	\$703,000.00




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: October 17, 2024

RE: Division of Partnerships and Engagement Summary of Delegated Actions
for the Period July 1, 2024, to September 30, 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

- 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

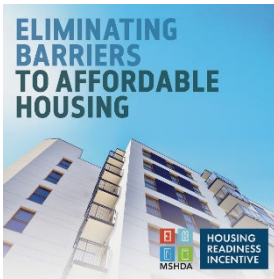
- A. Application for State or Federal Funds
- B. HOME Grants

- 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)



Housing Readiness Initiative (HRI) Grant Activity Report

Submitted September 26, 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 and the Fiscal Year 2024 Supplemental Appropriation Bill

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. Eligible applicants are cities, villages, townships, and counties.

The HRI program has \$6,000,000 allocated; approximately \$3,000,000 was allocated to Category A (not engaged in Redevelopment Ready Communities or RRC) and approximately \$3,000,000 was allocated to Category B (engaged in RRC).

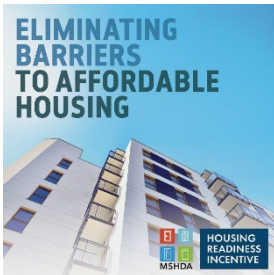
Program Activity

The HRI program launched on January 16, 2024.

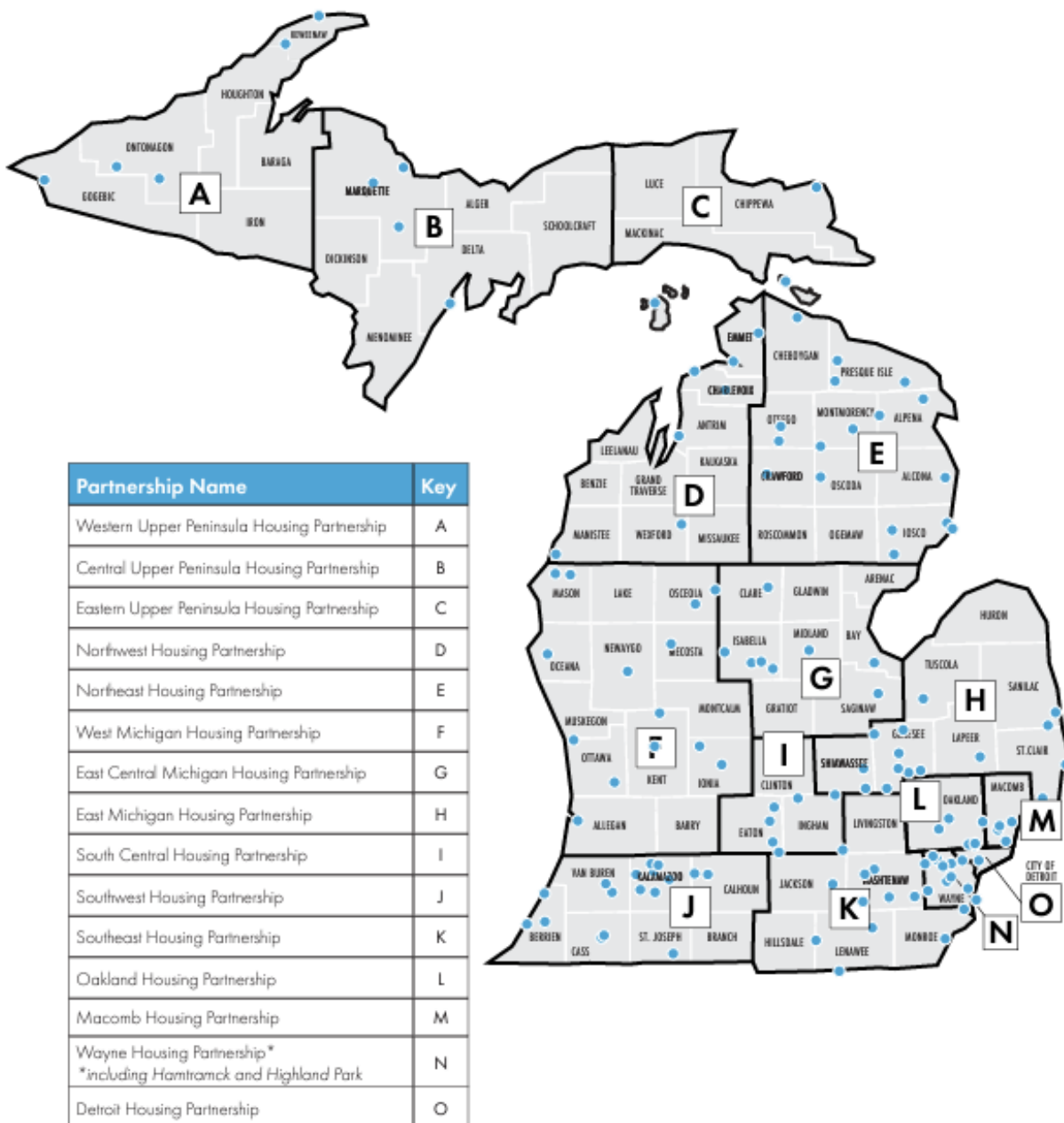
	Applications Submitted	Applications Approved	Average Amount Requested
January 2024	55	45	\$44,100
February 2024	35	25	\$39,563
March 2024	9	8	\$41,701
April 2024	9	10	\$41,839
May 2024	7	9	\$42,200
June 2024	5	5	\$43,000
July 2024	12	4	\$41,667
August 2024	27	23	\$48,875
September 2024	5	1	\$39,894
Program-To-Date	164	130	\$43,860

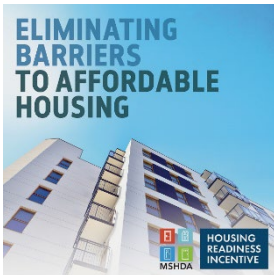
As of September 15, 2024, the HRI program had \$5,613,173.00 allocated to approved applicants.

HRI Grant Category	Amount Approved for Grants	Remaining Program Amount
Category A	\$2,765,187	\$150,000
Category B	\$2,847,986	\$236,827
Total (\$6 million)	\$5,613,173	\$386,827



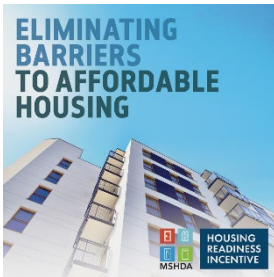
Housing Readiness Incentive Grant Program Communities



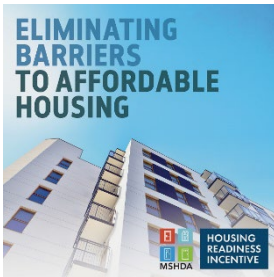


The table below details approved applications and their grant amounts as of 9/15/2024. Grants awarded since the previous report are marked with an asterisk.

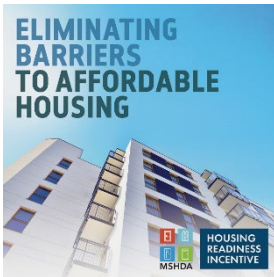
Municipality	MSHDA Region	Grant Category	Award Amount
Albert, Township of	E	A	\$50,000
Allis Township	E	A	\$50,000
Almena Township	J	A	\$49,500
Atlas Township	H	A	\$30,000
Augusta, Charter Township of	K	A	\$33,500
AuSable, Charter Township of	E	A	\$50,000
Avery, Township of	E	A	\$50,000
Battle Creek, City of	J	B	\$50,000
Bagley Township	E	A	\$50,000
Bay City	G	B	\$50,000
Belding, City of	F	A	\$35,000
Benton Harbor, City of	J	B	\$50,000
Bergland Township	A	A	\$40,000
Big Rapids, City of*	F	B	\$50,000
Boyne City, City of*	D	B	\$15,546
Bridgeport, Charter Township of	G	B	\$44,000
Byron, Village of	H	B	\$35,000
Calumet, Charter Township of	A	A	\$37,000
Calvin, Township of	J	A	\$48,685
Cassopolis, Village of	J	B	\$50,000
Charlevoix, City of	D	B	\$50,000
Cheboygan, City of	E	A	\$50,000
Chelsea, City of*	K	B	\$50,000
Clio, City of*	H	B	\$40,000
Comstock Charter Township	J	B	\$50,000
Cooper Charter Township*	J	A	\$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 of	A	A	\$20,000
East China, Charter Township of	H	A	\$30,300



East Lansing, City of	I	B	\$48,600.00
Eastpointe, City of	M	B	\$50,000.00
Eaton Rapids, City of	I	B	\$50,000.00
Elk Rapids, Village of	D	B	\$50,000.00
Escanaba, City of	B	B	\$50,000.00
Evart, City of	F	B	\$29,000.00
Farmington, City of	L	B	\$50,000.00
Ferrysburg, City of	F	A	\$50,000.00
Flint, City of	H	B	\$50,000.00
Forsyth Township	B	A	\$50,000.00
Fraser, City of	M	A	\$50,000.00
Garden City, City of	N	A	\$45,000.00
Gibraltar, City of	N	A	\$50,000.00
Grand Blanc, City of	H	B	\$50,000.00
Grant Township (Iosco County)	G	A	\$50,000.00
Grant Township (Newaygo County)	F	A	\$34,000.00
Grass Lake, Village of	K	B	\$30,000.00
Grayling, City of	E	B	\$45,000.00
Greenwood Township	E	A	\$20,132.00
Grosse Ile Township*	N	B	\$50,000.00
Hamlin Township*	I	A	\$50,000.00
Harper Woods, City of	N	B	\$50,000.00
Harrison, Township of	M	A	\$25,000.00
Hayes Township*	E	A	\$50,000.00
Hazel Park, City of	L	B	\$12,000.00
Hillman, Village of	E	B	\$50,000.00
Hudson, City of	K	A	\$9,000.00
Hudsonville, City of	F	B	\$50,000.00
Imley, Township of	H	A	\$30,220.00
Inkster, City of	N	B	\$50,000.00
Ionia, City of	F	B	\$28,000.00
Ironwood, City of*	A	B	\$50,000.00
Ishpeming, City of	B	B	\$50,000.00
Kalamazoo, Charter Township	J	A	\$20,000.00
Kalamazoo, City of	J	B	\$50,000.00



Keego Harbor, City of	L	A	\$50,000
Lake Isabella, Village of	G	B	\$45,000
Lexington, Village of	H	B	\$34,340
Lincoln Charter Township	J	A	\$30,800
Lincoln, Village of*	E	B	\$50,000
Linden, City of	H	B	\$27,800
Livonia, City of	N	A	\$50,000
Locke Township	I	A	\$22,750
Mackinac Island, City of	C	A	\$22,800
Manchester, City of*	K	B	\$50,000
Manistee, City of	D	B	\$33,000
Manton, City of	D	A	\$50,000
Maple Ridge Township *	E	A	\$50,000
Marion, Village of	F	A	\$16,500
Marquette Charter Township	B	A	\$50,000
McMillan Township	A	A	\$50,000
Monroe, City of	K	B	\$50,000
Montrose, City of	H	A	\$40,000
Morenci, City of*	K	B	\$50,000
Mt. Pleasant, City of	G	B	\$50,000
Mundy, Township of	H	B	\$50,000
Onaway, City of*	E	B	\$50,000
Oscoda Township	E	B	\$50,000
Oshtemo Charter Township	J	A	\$50,000
Otsego Lake Township *	E	A	\$50,000
Paw Paw, Township of	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
Plainfield Township *	E	A	\$50,000
Plainfield Charter Township (Kent County)*	F	A	\$50,000
Plymouth, Charter Township of	N	A	\$45,000
Plymouth, City of	N	B	\$50,000
Portage, City of	J	B	\$50,000



Port Huron, City of*	H	B	\$50,000
Posen, Village of*	E	A	\$50,000
Potterville, City of*	I	B	\$50,000
Royal Oak, Charter Township of	L	A	\$50,000
Royal Oak, City of	L	A	\$50,000
Royalton Township *	J	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
Saugatuck Township *	F	A	\$50,000
Sault Ste Marie, City of	C	B	\$50,000
Shelby Township	F	A	\$33,000
Shepherd, Village of	G	A	\$20,000
Sherman Township	E	A	\$50,000
Southgate, City of	N	A	\$25,000
Springfield, City of	J	A	\$16,000
Sterling Heights, City of	M	B	\$50,000
St. James Township	D	A	\$22,000
Stockbridge, Village of*	I	A	\$50,000
Tecumseh, City of	K	B	\$43,600
Union Charter Township	G	A	\$50,000
Van Buren Township	N	B	\$45,000
Vassar, City of*	H	B	\$33,000
Wayne, City of	N	A	\$50,000
West Bloomfield Township	L	A	\$50,000
White Cloud, City of	F	B	\$45,000
Whittemore, City of*	E	A	\$50,000
Worth, Township of	H	A	\$25,000

CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

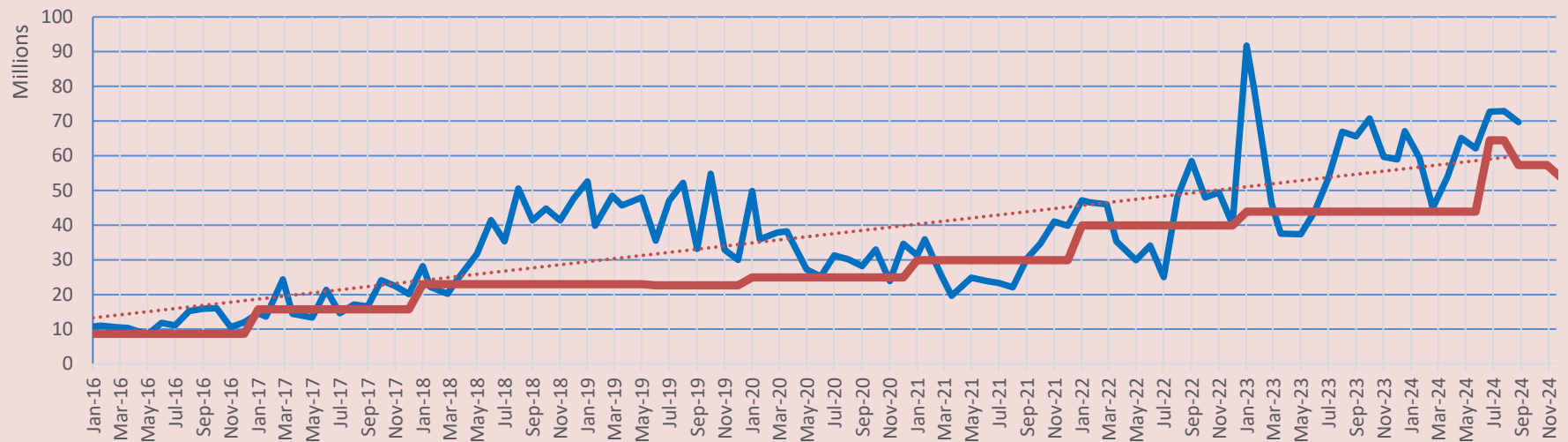
SEPTEMBER 2024



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: SEPTEMBER 2024

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS		CASES RECEIVED		COMMITMENTS BEGINNING		COMMITMENTS ISSUED		Cancellations Reinstatements Net		Transfers IN or Adjustment		Transfers OUT or Adjustment		COMMITMENTS ENDING		PURCHASED #1		PURCHASED-DPA		#	PURCHASED	PURCHASED	1st + DPA	NEWEST
						Prior Total	NEW Total	TO DATE	ALLOCATED																	
031	Sep-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	031	\$ 42,529,795.00	\$ 42,529,795.00	\$ 44,964,619.00	\$ 10,000,000.00
	Aug-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	101	\$ 2,434,824.00	\$ 2,434,824.00	remaining:	\$ (34,964,619.00)
066	Sep-24	0	\$ -	0	\$0.00	8	\$1,099,335.00	0	\$0.00	0	\$0.00	0	\$0.00	-5	-\$650,894.00	3	\$448,441.00	0	\$0.00	0	\$0.00	066	\$ 390,010,059.00	\$ 390,010,059.00	\$ 413,954,189.00	\$ 400,000,000.00
9/5/2023	Aug-24	0	\$ -	0	\$0.00	8	\$1,099,335.00	0	\$0.00	-6	-\$680,582.00	-3	-\$504,725.00	-7	-\$825,491.00	8	\$1,099,335.00	0	\$0.00	0	\$0.00	166	\$ 23,944,130.00	\$ 23,944,130.00	remaining:	\$ (13,954,189.00)
067	Sep-24	453	\$ 67,229,738.00	481	\$71,688,600.00	560	\$81,184,254.00	397	\$59,772,120.00	-3	-\$388,403.00	5	\$650,894.00	-1	-\$197,412.00	486	\$71,318,525.00	472	\$69,702,928.00	433	\$4,147,339.00	067	\$ 207,633,307.00	\$ 277,336,235.00	\$ 293,775,574.00	\$ 400,000,000.00
4/9/2024	Aug-24	543	\$ 84,029,955.00	560	\$82,929,808.00	560	\$81,184,254.00	466	\$67,714,339.00	-5	-\$626,979.00	7	\$825,491.00	6	\$478,226.00	560	\$81,184,254.00	494	\$72,847,809.00	461	\$4,440,687.00	167	\$ 12,292,000.00	\$ 16,439,339.00	remaining:	\$ 106,224,426.00
TOTAL	Sep-24	453	\$67,229,738.00	481	\$71,688,600.00	568	\$82,283,589.00	397	\$59,772,120.00	-3	-\$388,403.00	5	\$650,894.00	-6	-\$848,306.00	489	\$71,766,966.00	472	\$69,702,928.00	433	\$4,147,339.00					

MCC	RESERVATIONS			APPS RECEIVED		COMMITMENTS		CERTIFICATES	
213 MCC	Sep-24	12	\$ 1,908,444.00	10	\$ 1,678,805.00	8	\$ 1,302,225.00	8	\$ 1,369,862.00
12/7/2022	Aug-24	14	\$ 2,243,519.00	8	\$ 1,335,338.00	6	\$ 1,055,874.00	5	\$ 808,373.00

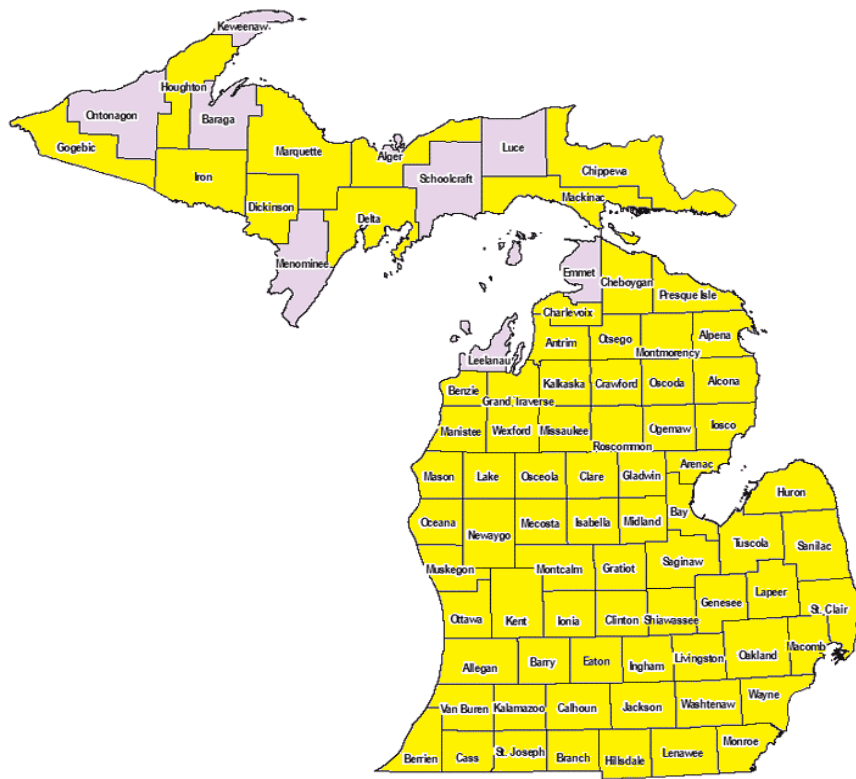
MI 10K DOWN PAYMENT ASSISTANCE PROGRAM

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.

September 2024

Loans in 2024		New this month		
County	#	Loan Amt	DPA Amt	Total \$
Alcona				
Alger				
Allegan	6	\$ 1,234,478	\$ 60,000	\$ 1,294,478
Alpena	2	\$ 234,100	\$ 19,750	\$ 253,850
Antrim				\$ -
Arenac	1	\$ 124,800	\$ 10,000	\$ 134,800
Baraga				\$ -
Barry	3	\$ 595,968	\$ 30,000	\$ 625,968
Bay	18	\$ 2,186,422	\$ 173,593	\$ 2,360,015
Benzie				\$ -
Berrien	4	\$ 674,493	\$ 37,369	\$ 711,862
Branch	5	\$ 678,117	\$ 43,183	\$ 721,300
Calhoun	10	\$ 1,357,949	\$ 97,561	\$ 1,455,510
Cass	3	\$ 522,544	\$ 30,000	\$ 552,544
Charlevoix				\$ -
Cheboygan				\$ -
Chippewa	1	\$ 108,700	\$ 9,797	\$ 118,497
Clare	1	\$ 145,694	\$ 8,565	\$ 154,259
Clinton	3	\$ 524,540	\$ 26,368	\$ 550,908
Crawford	1	\$ 132,456	\$ 9,000	\$ 141,456
Delta	1	\$ 171,011	\$ 8,396	\$ 179,407
Dickinson				\$ -
Eaton	3	\$ 535,255	\$ 30,000	\$ 565,255
Emmet				\$ -
Genesee	29	\$ 3,413,500	\$ 267,298	\$ 3,680,798
Gladwin	3	\$ 333,567	\$ 28,728	\$ 362,295
Gogebic				\$ -
Grand Traverse				\$ -
Gratiot	5	\$ 713,045	\$ 50,000	\$ 763,045
Hillsdale	2	\$ 261,480	\$ 18,484	\$ 279,964
Houghton	2	\$ 310,853	\$ 19,687	\$ 330,540
Huron				\$ -
Ingham	27	\$ 4,095,409	\$ 264,781	\$ 4,360,190
Ionia	7	\$ 1,287,634	\$ 70,000	\$ 1,357,634
Iosco	3	\$ 418,193	\$ 29,350	\$ 447,543
Iron				\$ -
Isabella	5	\$ 857,252	\$ 49,935	\$ 907,187
Jackson	16	\$ 1,963,586	\$ 140,163	\$ 2,103,749
Kalamazoo	10	\$ 1,504,894	\$ 96,220	\$ 1,601,114
Kalkaska				\$ -
Kent	12	\$ 2,322,469	\$ 119,423	\$ 2,441,892
Keweenaw				\$ -
Lake	2	\$ 196,836	\$ 17,909	\$ 214,745
Lapeer	3	\$ 529,211	\$ 30,000	\$ 559,211
Leelanau				\$ -
Lenawee	12	\$ 1,819,453	\$ 114,741	\$ 1,934,194
Livingston	1	\$ 211,007	\$ 10,000	\$ 221,007

Luce				\$	-
Mackinac	1	\$ 130,950	\$ 9,530	\$	140,480
Macomb	35	\$ 5,343,191	\$ 340,130	\$	5,683,321
Manistee	1	\$ 166,920	\$ 10,000	\$	176,920
Marquette	5	\$ 699,798	\$ 49,950	\$	749,748
Mason	1	\$ 145,500	\$ 9,500	\$	155,000
Mecosta	2	\$ 226,762	\$ 19,535	\$	246,297
Menominee				\$	-
Midland	3	\$ 404,764	\$ 30,000	\$	434,764
Missaukee				\$	-
Monroe	4	\$ 757,415	\$ 38,570	\$	795,985
Montcalm	9	\$ 1,392,372	\$ 85,294	\$	1,477,666
Montmorency				\$	-
Muskegon	19	\$ 2,827,320	\$ 175,282	\$	3,002,602
Newaygo	3	\$ 460,229	\$ 30,000	\$	490,229
Oakland	17	\$ 2,620,686	\$ 163,211	\$	2,783,897
Oceana	2	\$ 308,311	\$ 17,068	\$	325,379
Ogemaw				\$	-
Ontonagon				\$	-
Osceola	1	\$ 112,818	\$ 2,569	\$	115,387
Oscoda				\$	-
Otsego				\$	-
Ottawa	1	\$ 168,000	\$ 10,000	\$	178,000
Presque Isle				\$	-
Roscommon	1	\$ 218,253	\$ 10,000	\$	228,253
Saginaw	16	\$ 1,892,158	\$ 149,676	\$	2,041,834
Saint Clair	12	\$ 1,652,646	\$ 113,899	\$	1,766,545
Saint Joseph	2	\$ 337,769	\$ 20,000	\$	357,769
Sanilac	1	\$ 79,392	\$ 10,000	\$	89,392
Schoolcraft				\$	-
Shiawassee	10	\$ 1,299,420	\$ 91,205	\$	1,390,625
Tuscola	2	\$ 219,438	\$ 20,000	\$	239,438
Van Buren	1	\$ 208,550	\$ 10,000	\$	218,550
Washtenaw	5	\$ 847,725	\$ 49,432	\$	897,157
Wayne	76	\$ 11,496,016	\$ 742,474	\$	12,238,490
Wexford	2	\$ 341,104	\$ 19,713	\$	360,817
10K DPA TOTAL	433	\$ 63,822,423	\$ 4,147,339	\$	67,969,762
Total Purchases	472	\$ 69,702,928	\$ 4,147,339	\$	73,850,267
Percentage that used DPA	92%	92%	100%		92%



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:
DISCUSSION ITEMS:

MAY
VOTING ITEMS:
DISCUSSION ITEMS:
<ul style="list-style-type: none">2024-25 Budget
<ul style="list-style-type: none">Quarterly Financials

JUNE
VOTING ITEMS:
<ul style="list-style-type: none">2024-25 Budget
DISCUSSION ITEMS:
<ul style="list-style-type: none">Pass-Through Program

JULY
VOTING ITEMS:
<ul style="list-style-type: none">Pass-Through Program
DISCUSSION ITEMS:
<ul style="list-style-type: none">Multi-Family Bond Deal

AUGUST
VOTING ITEMS:
<ul style="list-style-type: none">Multi-Family Bond Deal
DISCUSSION ITEMS:
<ul style="list-style-type: none">Single-Family Bond Deal

SEPTEMBER
VOTING ITEMS:
<ul style="list-style-type: none"> • Single-Family Bond Deal
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:



M E M O R A N D U M

TO: Authority Members

FROM: Amy Hovey, Chief Executive Officer and Executive Director

DATE: November 21, 2024

RE: 2025 Authority Meeting Schedule

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority ("Authority") approve the attached 2025 Authority Meeting Schedule and authorize the Chief Executive Officer and Executive Director or the Chief Legal Affairs Officer to cancel or reschedule meetings or schedule special meetings for the Authority.

EXECUTIVE SUMMARY:

Authority staff prepared the attached meeting schedule to ensure regular, monthly meetings that accommodate the schedules of Authority staff and Authority members. Calendars for affordable housing conferences were also reviewed to limit scheduling conflicts. The meetings will continue to take place at 10:00 a.m. at the Authority's Lansing office and through videoconferencing at the Authority's Detroit office and a state office building located in Traverse City.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

None.

DRAFT

**NOTICE OF SCHEDULE OF REGULAR MEETINGS OF THE
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
TO BE HELD DURING THE CALENDAR YEAR COMMENCING
JANUARY 1, 2025 AND ENDING DECEMBER 31, 2025**

**TO ALL PERSONS INTERESTED IN THE MEETINGS OF THE
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

PLEASE TAKE NOTICE that the Michigan State Housing Development Authority, 735 East Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909, telephone number (855) 646-7432 will hold regular meetings at the following dates, times, and places during the calendar year commencing January 1, 2025, and ending December 31, 2025:

2025 MEETING DATES

January 23	May 22	September 18
February 20	June 12	October 16
March 20	July 17	November 20
April 17	August 21	December 18

TIME

10:00 a.m.

LOCATION FOR ALL MEETING DATES

MSHDA
735 East Michigan Avenue
Lansing, MI 48912

State Office Building
701 S. Elmwood Ave.
Traverse City, MI 49684

Cadillac Place
3028 W. Grand River Blvd.
Room 4-602
Detroit, MI 48202

Available via Teleconference

Proposed minutes of said meetings will be available for public inspection during regular business hours at 735 East Michigan Avenue, Lansing, Michigan, not more than eight business days after said meetings; and approved minutes of said meetings will be available for public inspection during regular business hours at the same location not more than five business days after the meeting at which they are approved.

This notice is given in compliance with Act No. 267 of the Public Acts of Michigan 1976, as amended.

Amy Hovey
Chief Executive Officer and
Executive Director