GOLDENROD
TAB A

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

November 21, 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 G 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 – October 17, 2024, Board Meeting

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

Tab D(1) Resolution Authorizing Chief Executive Office and Executive Director to Process, Approve and Issue Single Recipient Housing Grants

NEW Tab D(2) Resolution Authorizing Housing Readiness Incentive Grant Program

Tab E Resolution Authorizing 2025 Authority Meeting Schedule

Tab F Inducement Resolution Kalamazoo Community Courtyard, City of Kalamazoo, Kalamazoo County, MSHDA No. 44c-222

Tab G Resolution Authorizing Amendment to Department of Technology, Management and Budget Contract with Kinetech Cloud LLC

REGULAR VOTING ITEMS

Tab H Michigan State Housing Development Authority Resolution Authorizing Issuance And Sale Of Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2025 (**North Port Apartments Project**) To Finance A Loan To North Port 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, **North Port Apartments**, **MSHDA Development No. 44c-216,** City of Port Huron, St. Clair County

Tab I Resolution Authorizing Sale of Development and Assumption of Mortgage Loan, **Lafayette Place Lofts**, **MSHDA Development No. 3479**, City of Pontiac, Oakland County

Tab J Resolution Determining Mortgage Loan Feasibility, **Gracious Grounds, MSHDA Development No. 4134**, Grand Haven Township, Ottawa County

Resolution Authorizing Mortgage Loan, **Gracious Grounds, MSHDA Development No. 4134**, Grand Haven Township, Ottawa County

Tab K Resolution Determining Mortgage Loan Feasibility, **Setters Pointe, MSHDA Development No. 4146**, City of Coopersville, Ottawa County

Resolution Authorizing Mortgage Loan, **Setters Pointe, MSHDA Development No. 4146**, City of Coopersville, Ottawa County

Tab L Resolution Determining Mortgage Loan Feasibility, **Heron Courtyard, MSHDA Development No. 1443-2**, City of Grand Rapids, Kent County

Resolution Authorizing Mortgage Loan, **Heron Courtyard, MSHDA Development No. 1443-2**, City of Grand Rapids, Kent County

Tab M Resolution Determining Mortgage Loan Feasibility, **Kingsbury Place, MSHDA Development No. 1124-2**, City of Walker, Kent County

Resolution Authorizing Mortgage Loan, **Kingsbury Place, MSHDA Development No. 1124-2**, City of Walker, Kent County

Closed Session

None

Discussion Issues:

None.

<u>Remarks</u>:

Chairperson

Chief Executive Officer & Executive Director

<u>Reports</u>:

Tab 1 Audited Year-End 6-20-24 Financials

Tab 2 Current and Historical Homeownership Data

Tab 3 Monthly Homeownership Production Report

Tab 4 MI 10K DPA Monthly Statistics (Map)

Tab 5 2024 Board Calendar

DRAFT
Michigan State Housing Development Authority
Minutes of Regular Authority Meeting
October 17, 2024 – 10:00 a.m.

AUTHORITY MEMBER PRESENT: TRAVERSE CITY
Warren Call

AUTHORITY MEMBER PRESENT: DETROIT
Regina Bell

AUTHORITY MEMBER(S) PRESENT: LANSING
John Groen for Susan Corbin
Michele Wildman for Quentin Messer
Jonathan Bradford
Rachel Eubanks
Jennifer Grau

ATTENDEES IN DETROIT
Sherry Hicks, MSHDA
Stephanie Latos, MSHDA

ATTENDEES IN TRAVERSE CITY
Tony Lentych, MSHDA
Jeff Sykes, MSHDA

ATTENDEES IN LANSING
Mark Whitaker, MSHDA
Christopher Hall, MSHDA
Daphne Wells, MSHDA
Geoffrey Ehnis-Clark, MSHDA
Chad Benson, MSHDA
Marcel Jackson, MSHDA
John Hundt, MSHDA
Megan Spitz, MSHDA
Lisa Ward, MSHDA
Richard DeVries
Jason Hubbard, Stifel Public Finance
Tonya Coon, MSHDA
Matthew Bergeon, MSHDA
Joseph Kelly, MSHDA
Lisa Kemmis, MSHDA
Mary Cook, MSHDA
Clarence Stone, MSHDA
Tonya Joy, MSHDA
Laura King, MSHDA
Andrew Minegar, MIRS
Sandy Pearson, CEDAM
Taura Brown, Detroit Eviction Defense

ATTENDEES ON MICROSOFT TEAMS
Jaco Albert, MSHDA
David Allen, MSHDA
Katie Bach, MSHDA
Lindsey Baker, MSHDA
Carmen Berry, MSHDA
Diana Bitely, MSHDA
Debbie Brown, MSHDA
Joshua Campbell, MSHDA
Megan Castro, MSHDA
Andrea Cottrell, MSHDA
Craig W. Hammond, Dickinson Wright
Camellia Crowell, MSHDA
Amber Martin, MSHDA
Amber McCray, MSHDA
Kendra McCullar, MSHDA
Jennifer McNeely, MSHDA
Margaret Meyers, MSHDA
Christine Miller, MSHDA
John Millhouse, Attorney General
Frank Mostek, MSHDA
Michael Naberhuis, MSHDA
Stephanie Oles, MSHDA
Quocshwan Parker, MSHDA
Amy Patterson, Attorney General

Mason Crozier, MSHDA
Amanda Curler, MSHDA
James Davis, MSHDA
Kathryn Evans, MSHDA
Michael Fobbe, Attorney General
Pierre-Denise Gilliam, MSHDA
Christopher Hall, MSHDA
Kara Hart-Negrich, MSHDA
Dawn Hengesbach, MSHDA
Jonathan Hilliker, MSHDA
Benjamin Honeyford, MSHDA
Angela Hull, MSHDA
Tyler Hull, MSHDA
John Renken, Hawkins
Charlotte Johnson, MSHDA
Tonia Kaczmarczyk, MSHDA
Laurie Kelly, MSHDA
Sandra Kimball, MSHDA
Ashley Kreiner, MSHDA
Allecia Lamb-Ridge, MSHDA
Daniel Lince, MSHDA
Kevin Louis, MSHDA
Joselyn Lyons, MSHDA
Cisco Potts, MSHDA
Shaun Prince, MSHDA
Ronald Pulaski, MSHDA
Malaika Riley, MSHDA-Contractor
Karmen Robinson, MSHDA
Kelly Rose, MSHDA
Jaclyn Schafer, MSHDA
Matthew Schoenherr, MSHDA
Nicholas Shattuck, MSHDA
Christopher Shultz, MSHDA
Brandi Smith, MSHDA
Matthew Smith, MSHDA
Nini Thang, MSHDA
Rochell Thompson, MSHDA
Ki'ara Torrens, MSHDA
Katy VanHouten, MSHDA
Anna Vicari, MSHDA
Hilary Vigil, Attorney General
Michael Vollick, MSHDA
Karen Waite, MSHDA
Justin Wieber, MSHDA
Reham Yassin, MSHDA

Eight additional members of the public participated via the Conference Line: 248-509-0316, Conference ID: 221 650 508#. Chairperson John Groen for Susan Corbin opened the meeting at 10:00 am. A quorum was established with the presence of Jonathan Bradford, Rachael Eubanks, Jennifer Grau, Warren Call, Regina Bell and Michele Wildman for Quenton Messer. 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. Taura Brown, representing Detroit Eviction Defense, shared her concerns that MSHDA staff are not ensuring that MSHDA-approved property managers listed on the Licensing and Regulatory Affair's website have real estate brokers licenses. Steven Kiryakos spoke via conference line sharing his frustrations with homelessness and navigating the Housing Choice Voucher program requirements.

Meeting Announcements:

Mr. Groen noted two goldenrods: **Tab E** (Resolution Authorizing Amendment to Extend Contract with Nan McKay and Associates, Inc.) and **Tab F** (Resolution Authorizing Professional Services Contract with Corporation for Supportive Housing).

Approval of Agenda:

Rachel Eubanks moved approval of **Tab A (Agenda)**. Jonathan Bradford supported. The agenda was approved.

<u>Voting Items:</u>

Consent Agenda (Tabs B–H):

Michele Wilman moved approval of the Consent Agenda. Jennifer Grau supported. The Consent Agenda was approved.

The Consent Agenda included the following items:

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 Inducement

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

<u>Regular Voting Items:</u>

Clarence Stone, Chief Legal Affairs Officer, and Craig Hammond, Bond Counsel for Dickenson-Wright, presented **Tab G**, 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 and Resolution Authorizing Loan, **4401 Rosa Parks, MSHDA No. 44c-215**, City of Detroit, Wayne County. Mr. Stone and Mr. Hammond reviewed the resolutions as detailed in the board docket.

Hilary Vigil of the Attorney General's Office confirmed that the documents in **Tab G** were acceptable for the Board's action.

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

Jennifer Grau moved to approve **Tab G**. Jonathan Bradford supported. The following Roll Call was taken for **Tab G:**

Regina Bell	Yes
Jonathan Bradford	Yes
Warren Call	Yes
Jennifer Grau	Yes
Rachael Eubanks	Yes
John Groen	Yes
Michele Wildman	Yes

There were seven "yes" votes. The resolutions were approved.

Clarence Stone, Chief Legal Affairs Officer, and Craig Hammond, Bond Counsel for Dickenson-Wright, presented **Tab H**, 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 and Resolution Authorizing Loan, **Cambridge Towers, MSHDA No. 44c-213**, City of Detroit, Wayne County. Mr. Stone and Mr. Hammond reviewed the resolutions as detailed in the board docket.

Mike Fobbe of the Attorney General's Office confirmed that the documents in **Tab H** were acceptable for the Board's action.

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

Jonathan Bradford moved to approve **Tab H**. Jennifer Grau supported. The following Roll Call was taken for **Tab H:**

Regina Bell	Yes
Jonathan Bradford	Yes
Warren Call	Yes
Jennifer Grau	Yes
Rachael Eubanks	Yes
John Groen	Yes
Michele Wildman	Yes

There were seven "yes" votes. The resolutions were approved.

Clarence Stone, Chief Legal Affairs Officer, and Craig Hammond, Bond Counsel for Dickenson-Wright, presented **Tab I**, 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 and Resolution Authorizing Loan, **Midblock Apartments, MSHDA No. 44c-208**, City of Detroit, Wayne County. Mr. Stone and Mr. Hammond reviewed the resolutions as detailed in the board docket.

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

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

Rachel Eubanks moved to approve **Tab I**. Jonathan Bradford supported. The following Roll Call was taken for **Tab I:**

Regina Bell	Yes
Jonathan Bradford	Yes
Warren Call	Yes
Jennifer Grau	Yes
Rachael Eubanks	Yes
John Groen	Yes
Michele Wildman	Yes

There were seven "yes" votes. The resolutions were approved.

Matt Bergeon, Director of Asset Management, presented **Tab J**, Resolution Authorizing Waiver of Mortgage Loan Prepayment Prohibition, **Meadowbrook Senior (FKA Escanaba Senior)**, **MSHDA Development No. 1062**, City of Escanaba, Delta County. Mr. Bergeon reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab J.** Michele Wildman supported. The resolution was approved.

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

Housing 4%, MSHDA Development No. 4171, City of Kalamazoo, Kalamazoo County. Mr. Benson reviewed the documents as detailed in the board docket.

Jennifer Grau moved approval of **Tab K**. Rachel Eubanks supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab L**, Resolution Determining Mortgage Loan Feasibility, **Lawton Apartments, MSHDA Development No. 4145**, City of Detroit, Wayne County and Resolution Authorizing Mortgage Loan, **Lawton Apartments, MSHDA Development No. 4145**, City of Detroit, Wayne County. Mr. Benson reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab L**. Michele Wildman supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab M**, Resolution Determining Mortgage Loan Feasibility, **Grand Vista Place, MSHDA Development No. 4135**, City of Lansing, Ingham County and Resolution Authorizing Mortgage Loan, **Grand Vista Place, MSHDA Development No. 4135**, City of Lansing, Ingham County. Mr. Benson reviewed the documents as detailed in the board docket.

Rachel Eubanks moved approval of **Tab M**. Jennifer Grau supported. The resolutions were approved.

Chad Benson, Director of Development, presented **Tab N**, Resolution Determining Mortgage Loan Feasibility, **Beacon Place, MSHDA Development No. 4119,** City of Pontiac, Oakland County, and Resolution Authorizing Mortgage Loan, **Beacon Place, MSHDA Development No. 4119**, City of Pontiac, Oakland County. Mr. Benson reviewed the documents as detailed in the board docket.

Jonathan Bradford moved approval of **Tab N**. Rachel Eubanks supported. The resolutions were approved.

Chair's Report:

None.

Executive Officer's Report:

Jeff Sykes, Chief Financial Officer provided an update on the Single-Family Mortgage Revenue Bonds, 2024 Series, noting that the bond issue was the Authority's largest ever. Mr. Sykes expressed appreciation to the Department of Treasury for making private activity bond cap available for the Single-Family bond issue.

After the Executive Officer's Report, Mr. Groen announced the following reports were included in the docket: **(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; and **(Tab 6)** 2025 Authority Meeting Schedule (Draft).

Mr. Groen noted that the next regular board meeting would be November 21, 2024. He then requested a motion to adjourn the meeting. Rachel Eubanks moved to adjourn, and Michele Wildman supported. The meeting adjourned at 11:00 am.

REVIEWED
By Clarence L. Stone, Jr. at 11:04 pm, Oct 21, 2024

REVIEWED
By Laura J. King at 9:20 am, Oct 22, 2024

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: November 21, 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 Implementation of the Statewide Housing Plan Program grants ("Statewide Housing Plan Program Grants") listed in Schedule A of this Memorandum.
- The Housing Production and Preservation, Capacity Building, Innovation & Strategic Opportunities grant ("HPPCBISO Grant") listed in Schedule B of this Memorandum.

(The Statewide Housing Plan Program Grants, and HPPCBISO Funds Grant 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 Statewide Housing Plan Program Grants will not exceed $4,428,000.
- Schedule B identified HPPCBISO Grant will not exceed $325,000.

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 February 13, 2024, the Michigan Legislature appropriated to the Authority, pursuant to Public Act 4 of 2023 ("2023 PA 4"), amending Public Act 281 of 1967, at MCL 206.695(1) et. seq., 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 HDCF funds. If approved, the Statewide Housing Plan Program Grants identified in Schedule A and the HPPCBISO Grant identified in Schedule B will be funded under the HCDF Program from the 2023 PA 4 appropriation from either FY24 or FY25 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 implementation and priorities that address the housing needs of Michigan residents.

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.

SCHEDULE A
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF)
2023 PUBLIC ACT 4
IMPLEMENTATION OF THE STATEWIDE HOUSING PLAN PROGRAM
NOVEMBER 21, 2024 GRANTEE LIST

NAME OF GRANTEE	AMOUNT OF HCDF GRANT	REGION	LOCATION FOR SCOPE OF WORK	SCOPE OF WORK	HOMEOWNER/HOMEBUYER	RENTAL	TERM OF GRANT
Marquette County Land Bank	$924,000	Region B	Central Upper Peninsula	14 New Units	0	14	December 01, 2024 - November 30, 2026
Northwest Michigan Habitat for Humanity	$110,000	Region D	Northwest	1 New Unit	1	0	December 01, 2024 - November 30, 2026
Pioneer LDHA	$220,000	Region D	Emmet County	2 New Units	0	2	December 01, 2024 - November 30, 2026
Windcrest Walloon LLC	$484,000	Region D	Northwest	4 New Units, 1 Unoccupied Units	0	5	December 01, 2024 - November 30, 2026
Habitat for Humanity Grand Traverse	$600,000	Region D	Northwest	6 New Units	6	0	December 01, 2024 - November 30, 2026
Mason County Land Bank	$220,000	Region F	West Michigan	2 New Units	2	0	December 01, 2024 - November 30, 2026
TrueNorth Community Services	$660,000	Region F	West Michigan	25 Occupied Rehab	25	0	December 01, 2024 - November 30, 2026
Home Repair Services of Kent Co., INC	$440,000	Region F	West Michigan	200 Occupied Rehab	200	0	December 01, 2024 - November 30, 2026
Sofia Investments LLC	$220,000	Region N	Wayne	12 Unoccupied Rehab	0	12	December 01, 2024 - November 30, 2026
LifeBUILDERS	$110,000	Region O	Detroit	1 Unoccupied Rehab	1	0	December 01, 2024 - November 30, 2026
RLForbes	$440,000	Region O	Detroit	6 Unoccupied Rehab	0	6	December 01, 2024 - November 30, 2026
TOTAL	**$4,428,000**				**235**	**39**	

SCHEDULE B
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
HOUSING AND COMMUNITY DEVELOPMENT FUNDS (HCDF)
2023 PUBLIC ACT 4
HCDF HOUSING PRODUCTION AND PRESERVATION, CAPACITY BUILDING, INNOVATION & STRATEGIC OPPORTUNITIES
NOVEMBER 21, 2024 GRANTEE LIST

NAME OF GRANTEE	AMOUNT OF HCDF	STATEWIDE HOUSING PLAN REGION	LOCATION FOR SCOPE OF WORK	SCOPE OF WORK	TERM OF GRANT
COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF MICHIGAN ("CEDAM")	$ 325,000	All 15 regions	State of Michigan	Advocate for housing policies and legislation, host technical assistance events, and support the Regional Housing Partnerships	December 1, 2024 - November 30, 2025
Total	**$ 325,000**				

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING GRANTS FROM THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT FUND

November 21, 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 "HDCF") 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, Effective February 13, 2024, the Michigan Legislature appropriated to the Authority, pursuant to Public Act 4 of 2023 ("2023 PA 4"), amending Public Act 281 of 1967, at MCL 206.695(1) et. seq., 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.

WHEREAS, September 19, 2024, the Authority approved the FY2025 - FY2026 HCDF Allocation Plan in order to program the use of HDCF funds; and

WHEREAS, Authority staff and the Chief Executive Officer and Executive Director have reviewed the Statewide Housing Plan Program grant proposals listed in Schedule A ("Statewide Housing Plan Program Grants") and recommend that the Authority adopt a resolution authorizing the funding of Statewide Housing Plan Program 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 Housing Production and Preservation, Capacity Building, Innovation & Strategic Opportunities grant proposal listed in Schedule B ("HPPCBISO Grant") and recommend that the Authority adopt a resolution authorizing the funding of HPPCBISO Grants listed in Schedule B with HCDF proceeds as described in the accompanying memorandum; and

WHEREAS, the Statewide Housing Plan Program Grants, and HPPCBISO Funds Grant 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. 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 Amy Hovey

DATE: November 21, 2024

RE: Legislative Enhancement Single Recipient Grants, FY2025

RECOMMENDATION

I recommend the Michigan State Housing Development Authority (the "Authority") adopt a resolution authorizing the Executive Director to process, approve and issue housing grants ("Enhancement Grants") authorized by 121 Public Act 2024 (the "Act").

EXECUTIVE SUMMARY

The Act, more commonly understood as the FY25 Michigan budget, includes funding for Enhancement Grants intended for single recipients. The budget includes narratives describing each project as well as transparency boilerplate that includes certain requirements with which all projects must comply. Boilerplate language is binding, will be included in grant award agreements, and the grantees must comply with the rules and regulations contained in the boilerplate language.

The Authority will receive funding from the FY25 Michigan budget for Enhancement Grants that are intended for a single recipient[1]. The Enhancement Grants that are assigned to the Authority with boilerplate language are listed in Exhibit A of this memorandum.

The process that Authority staff will use to make the grants is described in Exhibit B of this memorandum, which includes the following sections: "Key Information for Grantees," "Special Grant Process" flow chart, and "Special Grant Application" form. Exhibit B is designed to provide information to the intended single recipient who is not identified by name in the boilerplate. It includes instructions, the process and form that each grantee must complete and submit to the State Budget Office and the Authority[2].

Authority approval of the resolution is recommended so that Authority staff can review and

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[1] The appropriation is made to the Department of Labor and Economic Opportunity (Department), but the Department acts as a conduit for MSHDA. In short, the appropriation is intended for and will be allocated to the Authority to make Enhancement Grants to intended grantees.

[2] For example, Exhibit B requires the grantee to "work with (their) Legislative Sponsor to return the application form to the State Budget Office and the Department issuing the grant; it also requires the grantee to submit the form by December 13, 2024, pursuant to the boilerplate.

process Enhancement Grant applications and the Chief Executive Officer and Executive Director can approve Enhancement Grants, in accordance with applicable boilerplate and the Exhibits attached hereto.

ADVANCING THE AUTHORITY'S MISSION

All Enhancement Grants provide funding for housing production, for fair housing services, or to provide supportive services to the homeless.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

If any Enhancement Grants are not executed by June 1, 2025, the Authority will return the funds to the Legislature.

A "Housing Stock and Homeowner Affordability" line item for $33,400,000 was also listed in PA 121 of 2024. This funding will be presented to the Authority as programs are created.

EXHIBIT A

FY 2025 State Enhancement Grants Administered by MSHDA

Summary Table

Line Item	Budget Section	Authorized Amount
Housing Programs	2024-PA-121, Sec 1019	$61,100,000
Right of Counsel	2024-PA-121, Sec 1037	$1,500,000
Wayne Metro	2024-PA-121, Sec 1046	$2,500,000
Community Enhancement Grants	2024-PA-121, Sec 1050a, Sec 1050d	$6,750,000
Housing Grants	2024-PA-121, Sec 1052	$3,850,000

Budget Narratives

Housing Programs
2024-PA-121, Sec 1019

Sec. 1019. (1) From the funds appropriated in part 1 for housing programs, the department shall allocate $15,000,000.00 to a county with a population between 283,000 and 285,000 according to the most recent federal decennial census, that operates a housing trust fund to encourage construction, improvement, and maintenance of affordable housing and increased home ownership. Funds allocated must be utilized by the grant recipient for the following initiatives:

(a) Direct financing support programs, including homeowner down payment assistance or other direct financing supports for eligible residents that may be used to execute a mortgage-rate buydown or decrease the amount the eligible resident owes, or both. Down payment assistance or direct financing supports must be for 249 primary residences only. The county shall establish guidelines for repayment of the down payment assistance or other direct financing supports if the primary residence is sold or primarily used as a rental. The county shall establish guidelines for determining when a primary residence is being used primarily as a rental, which would trigger the repayment provision under this subdivision. To the extent possible, the county shall prioritize any down payment assistance funds for first-generation home buyers.

(b) Foreclosure prevention programs that mitigate tax or mortgage foreclosures and provide financial supports to eligible residents who are at risk of foreclosure and forfeiture. The county shall coordinate the implementation of foreclosure prevention programs with nonprofit organizations, including, but not limited to, community action agencies.

(c) Community improvement programs that may include blight elimination, stabilization, rehabilitation, or redevelopment of structures. The county shall coordinate community improvement activities with the county land bank.

(d) Affordable or workforce housing projects located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census, within the boundaries of the grant recipient. Funds used under this subdivision must not exceed $5,000,000.00.

(2) From the funds appropriated in part 1 for housing programs, the department shall allocate $5,000,000.00 to an intermediate school district with a main office located in a county with a population between 95,000 and 96,000 according to the most recent federal decennial census, for the establishment and allocation of funds to a program or policy to fund the construction of 1 or more housing developments to be built in a county with a population of between 95,000 and 96,000 according to the most recent federal decennial census, with units set aside for pre-K to 12 educators and pre-K to 12 education support staff.

(3) From the funds appropriated in part 1 for housing programs, the department shall allocate $5,000,000.00 to a city with a population between 48,800 and 48,900 located in a county with a population between 260,000 and 265,000 according to the most recent federal decennial census, to support the development of mixed-income housing.

(4) From the funds appropriated in part 1 for housing programs, the department shall allocate $4,000,000.00 to a village with a population between 5,300 and 5,400 located in a county with a population between 154,800 and 154,900 according to the most recent federal decennial census, to support an affordable housing development project.

(5) From the funds appropriated in part 1 for housing programs, the department shall allocate $3,300,000.00 to a nonprofit organization with a mission to invest in people and places to transform lives through equitable financial and development solutions with a home office located in a city with a population between 107,000 and 108,000 in a county with a population between 284,000 and 285,000 according to the most recent federal decennial census, to support development in this state that provides stable, long-term housing for recovering patients and their families. The housing program shall also provide peer-support programming and other recovery-focused initiatives that have demonstrated success.

(6) From the funds appropriated in part 1 for housing programs, the department shall allocate $3,000,000.00 to an economic development organization representing 3 counties located in a city with a population between 107,000 and 108,000 in a county with a population between 280,000 and 285,000 according to the most recent federal decennial census, to support a mixed-use housing project in a city with a population between 107,000 and 108,000 in a county with a population between 280,000 and 285,000 according to the most recent federal decennial census. The grant recipient shall accept grant administration, oversight, and reporting requirement responsibilities related to activities undertaken with grant funds received under this section. The grant recipient is authorized to capture 2.5% of grant funds received under this subsection for administration of the grant.

(7) From the funds appropriated in part 1 for housing programs, the department shall allocate $3,000,000.00 to a nonprofit organization organized under the laws of this state that is exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, that has a headquarters in a city with a population between 134,000 and 135,000 in a county with a population between 880,000 and 890,000 according to the most recent federal decennial census, for capital costs resulting from construction of an affordable housing apartment complex. To be eligible for funds under this subsection, the nonprofit organization must have been established in 2006 and be dedicated to improving the stability, health, and wellness of those served through advocacy, acculturation, community development, and cultural preservation.

(9) From the funds appropriated in part 1 for housing programs, the department shall allocate $3,000,000.00 to a nonprofit corporation that is the largest membership organization in the state dedicated to recognizing and preserving this state's rich cultural and architectural heritage for a new multi-use housing project on a parcel of land that is more than 0.72 acres and less than 0.77 acres located in a city with a population greater than 600,000 according to the most recent federal decennial census.

(10) From the funds appropriated in part 1 for housing programs, the department shall allocate $2,000,000.00 to a charter township with a population between 15,000 and 15,100 located in a county with a population between 79,000 and 80,000 according to the most recent federal decennial census, for upgrades, renovations, acquisitions, installations, and activations of new units for a manufactured housing complex.

(11) From the funds appropriated in part 1 for housing programs, the department shall allocate $2,000,000.00 to a charter township with a population between 33,100 and 33,200 located in a county with a population between 109,000 and 110,000 according to the most recent federal decennial census, to support an affordable workforce housing development project.

(12) From the funds appropriated in part 1 for housing programs, the department shall allocate $1,500,000.00 to a nonprofit organization for an affordable housing project in a neighborhood within a city with a population between 198,000 and 199,000 according to the most recent federal decennial census.

(13) From the funds appropriated in part 1 for housing programs, the department shall allocate $360,000.00 to a community nonprofit organization located in a city with a population between 198,000 and 199,000 according to the most recent federal decennial census, for permanent or shared housing for individuals experiencing homelessness.

(15) From the funds appropriated in part 1 for housing programs, the department shall utilize up to $5,000,000.00 to implement housing industry and supply chain competitive grants. Funds must be utilized to advance access to affordable housing through grants to increase the production of housing components, including, but not limited to, modular housing components, or to support production methods to lower the cost of housing. Housing industry and supply chain competitive grant applicants shall demonstrate that any funds received under this subsection would increase access to affordable housing or improve the housing supply chain in this state.

(16) The department shall utilize the remaining unallocated funds from the appropriation in part 1 for housing programs for statewide competitive grant programs for any activities identified in subsection (1)(a), (b), or (c). Eligible applicants include local governments, land banks, public housing agencies, community action agencies, legal aid organizations that provide housing services, and other nonprofits that provide supportive or emergency housing.

Right of Counsel
2024-PA-121, Sec 1037

Sec. 1037. Funds appropriated in part 1 for right to counsel must be allocated to a city with a population greater than 600,000 according to the most recent federal decennial census, to implement a right to counsel program for city tenants involved in eviction proceedings.

Wayne Metro
2024-PA-121, Sec 1046

Sec. 1046. Funds appropriated in part 1 for Wayne metro must be allocated to a nonprofit organization headquartered in a city with a population greater than 600,000 according to the most recent federal decennial census, that operates a community center in a city with a population between 8,500 and 9,000 in a county with a population between 1,700,000 and 1,850,000 according to the most recent federal decennial census, for structural improvements to a nonprofit community center.

Community Enhancement Grants
2024-PA-121, Sec 1050a, 1050d

Sec. 1050a. (1) From the funds appropriated in part 1 for community enhancement grants, $1,500,000.00 shall be awarded to a nonprofit organization that provides support and no-cost therapy to children impacted by abuse in a county with a population between 284,000 and 285,000 and a county with a population between 109,000 and 110,000 according to the most recent federal decennial census.

(2) From the funds appropriated in part 1 for community enhancement grants, $320,000.00 shall support the construction of a facility that will provide safe and supportive space for students that are located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census.

(3) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit organization that is located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census and did not receive a community center grant under 2023 PA 5. The funds shall be used to support operations that include, but are not limited to, community food pantries and clothing closet programs.

(4) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit faith organization that is located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census and did not receive a community center grant under 2023 PA 5. The funds must be used to support community center infrastructure and operations.

(5) From the funds appropriated in part 1 for community enhancement grants, $2,500,000.00 shall be awarded to a school district located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census to support school infrastructure improvements.

(6) From the funds appropriated in part 1 for community enhancement grants, $150,000.00 shall be awarded for a feasibility study on transforming a public school building into a community center for a school district in a charter township with a population between 27,000 and 28,000 in a county with a population between 284,000 and 285,000.

(7) From the funds appropriated in part 1 for community enhancement grants, $10,000,000.00 shall be awarded to a zoo located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census to support infrastructure improvements.

(8) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a baseball stadium located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census to support infrastructure improvements.

(9) From the funds appropriated in part 1 for community enhancement grants, $5,000,000.00 shall be awarded to a city with a population between 198,000 and 199,000 according to the most recent federal decennial census to support park infrastructure improvements.

(10) From the funds appropriated in part 1 for community enhancement grants, $527,000.00 shall be awarded to a city with a population between 198,000 and 199,000 according to the most recent federal decennial census to support sidewalk reconstruction around a civic theater.

(11) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a city with a population between 76,500 and 76,600 located in a county with a population between 650,000 and 660,000 according to the most recent federal decennial census for wall repair work and other improvements.

(12) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a qualified Yemeni nonprofit organization to provide communities with the best services suited to the communities according to their time and needs, with no prejudice, and regardless of religion, culture, or ethnic background. As used in this section, “qualified Yemeni nonprofit organization” means an organization that meets all of the following criteria:

(a) Was established in 2000.

(b) Is organized under the laws of this state.
(c) Is exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501.
(d) Has its administrative office located in a city with a population between 109,000 and 110,000 in a county with a population of greater than 1,750,000 according to the most recent federal decennial census.

(13) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to an economic and business development organization that supports predominantly minority neighborhoods located in a city with a population between 198,000 and 199,000 according to the most recent federal decennial census to support economic growth for those communities.

(14) From the funds appropriated in part 1 for community enhancement grants, $2,000,000.00 shall be awarded to a nonprofit boxing gym located in a city with a population greater than 600,000 according to the most recent federal decennial census to support services that provide free out-of-school time programming and supports program alumni, students, and families.

(15) From the funds appropriated in part 1 for community enhancement grants, $200,000.00 shall be awarded to a city with a population between 14,000 and 15,000 in a county with a population between 1,200,000 and 1,300,000 according to the most recent federal decennial census to support infrastructure improvements at a public library.

(16) From the funds appropriated in part 1 for community enhancement grants, $3,000,000.00 shall be awarded to a city with a population between 81,000 and 82,000 in a county with a population between 400,000 and 500,000 according to the most recent federal decennial census to support infrastructure improvements at a fieldhouse.

(17) From the funds appropriated in part 1 for community enhancement grants, $250,000.00 shall be awarded to a community center located in a city with a population between 81,000 and 82,000 in a county with a population between 400,000 and 500,000 according to the most recent federal decennial census to support structural updates and repairs to support the operations of the center.

(18) From the funds appropriated in part 1 for community enhancement grants, $1,500,000.00 shall be awarded to support mixed-income and mixed-use housing development in the downtown of a city with a population between 81,000 and 82,000 in a county with a population between 400,000 and 500,000 according to the most recent federal decennial census.

(19) From the funds appropriated in part 1 for community enhancement grants, $3,000,000.00 shall be awarded to a life center located in a city with a population between 81,000 and 82,000 in a county with a population between 400,000 and 500,000 according to the most recent federal decennial census to support infrastructure improvements at the center.

(20) From the funds appropriated in part 1 for community enhancement grants, $100,000.00 shall be awarded as a historic preservation grant to a historical society located in a city with a population between 63,400 and 64,000 and a county with a population greater than 1,500,000 according to the most recent federal decennial census.

(21) From the funds appropriated in part 1 for community enhancement grants, $200,000.00 shall be awarded to a city with a population between 9,300 and 9,350 in a county with a population greater than 1,700,000 according to the most recent federal decennial census to support park infrastructure improvements.

(22) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a city with a population between 4,100 and 5,000 in a county with a population

between 160,000 and 161,000 according to the most recent federal decennial census to support community infrastructure improvements.

(23) From the funds appropriated in part 1 for community enhancement grants, $5,000,000.00 shall be awarded to a city with a population between 15,000 and 16,000 in a county with a population between 880,000 and 900,000 according to the most recent federal decennial census to support downtown redevelopment.

(24) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a senior center located in a city with a population between 73,000 and 74,000 in a county with a population between 260,000 and 262,000 according to the most recent federal decennial census to support improvement to the facility.

(25) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a soup kitchen located in a city with a population between 44,000 and 45,000 in a county with a population between 190,000 and 191,000 according to the most recent federal decennial census to support community food services.

Sec. 1050d. (1) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a nonprofit organization that advocates for historic places in this state to contribute to the economic vitality, sense of place, and connection to the past headquartered in a city with a population greater than 600,000 located in a county with a population greater than 1,500,000 according to the most recent federal decennial census for the restoration of the historic Fisher Building.

(2) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a nonprofit organization with a mission dedicated to equipping determined young adults through life skills training, proactive coaching, long-term mentoring, and the discipline of golf in order to succeed in college, in their careers, and beyond that is located in a county with a population greater than 1,500,000 according to the most recent federal decennial census for the renovation of a facility.

(3) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a nonprofit organization with a mission to help youth and community gain mental and physical well-being as well as a well-rounded view of life with an understanding of their environment and culture located in a city with a population greater than 500,000 according to the most recent federal decennial census for the renovation of a facility used for youth programming.

(4) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a nonprofit public radio station that is a community service of a university located in a city with a population greater than 500,000 according to the most recent federal decennial census for construction, equipment, and upgrades to the public radio station and offices.

(5) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to a nonprofit organization that is a collaborative partnership of social entrepreneurs, business owners, and nonprofit leaders committed to sustainable solutions and providing holistic legacy development programs located in a city with a population greater than 500,000 according to the most recent federal decennial census for the acquisition and development of disinvested land in a city with a population greater than 500,000 according to the most recent federal decennial census.

(6) From the funds appropriated in part 1 for community enhancement grants, $700,000.00 shall be awarded to a nonprofit organization that provides educational programs, basic skill building, and learning enhancement for at-risk children and adults located in a city with a population greater

than 500,000 according to the most recent federal decennial census for program expansions and capital support for a testing site.

(7) From the funds appropriated in part 1 for community enhancement grants, $600,000.00 shall be awarded to a nonprofit organization driving workforce solutions through community partnerships located in a city with a population between 44,200 and 44,300 in a county with a population between 190,000 and 191,000 according to the most recent federal decennial census to sustain and expand a workforce success initiative that addresses workforce retention issues.

(8) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a community college located in a county with a population between 154,000 and 154,500 according to the most recent federal decennial census for equipment, staffing, training, and credentialing.

(9) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nature center that is a 501(c)(3) organization with an outdoor environmental lab located in a county with a population between 657,000 and 660,000 according to the most recent federal decennial census for capital upgrades and to make enhancements to enable public school use.

(10) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit, community-based organization organized under the laws of this state that is exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, and is located in a city with a population between 86,000 and 88,000 according to the most recent federal decennial census. The nonprofit organization recipient shall have an existing network of ESL residents it has helped with applying for social service benefits, as well as a history of educating ESL residents on state and federal social service benefits for which the residents may qualify. The funding may be used to cover employee costs, food and supplies, equipment, and other operational costs identified by the organization to support their mission and goals. As used in this subsection, “ESL” means English as a second language.

(11) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to nonprofit organization that is an organization of community groups and businesses located in a city with a population between 61,600 and 61,700 in a county with a population between 1,200,000 and 1,300,000 according to the most recent federal decennial census to support efforts to increase the availability of social workers and psychologists in the region by offering internships and other support to college students.

(12) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit organization that provides leadership and education that will cultivate the growth of freemasonry in this state located in a city with a population greater than 600,000 according to the most recent federal decennial census for building renovations, including acquisition, planning, design, construction, repair, renovation, site improvement, and capital equipping.

(13) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit state-of-the-art performing arts venue that is located in a city with a population between 5,800 and 5,900 in a county with a population between 34,000 and 35,000 according to the most recent federal decennial census for operational support.

(14) From the funds appropriated in part 1 for community enhancement grants, $425,000.00 shall be awarded to a nonprofit organization gun club located in a charter township with a population between 10,100 and 10,200 in a county with a population between 190,000 and 191,000 according to the most recent federal decennial census to assist with the construction of an indoor gun range.

(15) From the funds appropriated in part 1 for community enhancement grants, $300,000.00 shall be awarded to a nonprofit organization serving the Latinx community located in a county with a population between 134,000 and 135,000 according to the most recent federal decennial census to support the build out of an incubator kitchen.

(16) From the funds appropriated in part 1 for community enhancement grants, $300,000.00 shall be awarded to a nonprofit organization dedicated to providing low-income, marginalized, disenfranchised, and at-risk individuals the tools to get to the next stages in life located in a county with a population between 405,000 and 410,000 according to the most recent federal decennial census for operational costs to help African-American students gain skills and employment.

(17) From the funds appropriated in part 1 for community enhancement grants, $250,000.00 shall be awarded to a nonprofit organization located in a charter township with a population between 55,600 and 55,700 in a county with a population between 370,000 and 375,000 according to the most recent federal decennial census for domestic violence counseling, transitions, and support.

(18) From the funds appropriated in part 1 for community enhancement grants, $250,000.00 shall be awarded to a nonprofit organization with a goal of delivering an environment that transforms senior living and services, while enhancing the communities it serves located in a city with a population between 76,600 and 76,700 in a county with a population between 1,200,000 and 1,300,000 according to the most recent federal decennial census for senior housing and infrastructure needed to provide digital security and Wi-Fi throughout the property.

(19) From the funds appropriated in part 1 for community enhancement grants, $160,000.00 shall be awarded to a nonprofit organization that in part seeks to play a role in local economic development strategies designed to foster year-round economic growth activity that is located in a county with a population between 75,000 and 76,000 according to the most recent federal decennial census for startup costs of the hub, including equipment and programming, to assist small businesses.

(20) From the funds appropriated in part 1 for community enhancement grants, $150,000.00 shall be awarded to a nonprofit organization that empowers people to overcome barriers by becoming agents of change that transform their community that is located in a county with a population between 154,000 and 154,500 according to the most recent federal decennial census to support the startup of an incubator and talent attraction program.

(21) From the funds appropriated in part 1 for community enhancement grants, $100,000.00 shall be awarded to a nonprofit organization that is a full-service organization serving children, families, and adults of all ages that is located in a city with a population between 9,100 and 9,200 in a county with a population between 154,000 and 155,000 according to the most recent federal decennial census to help with occupancy costs for domestic violence and sexual assault survivors.

(22) From the funds appropriated in part 1 for community enhancement grants, $100,000.00 shall be awarded to a nonprofit organization serving Hispanics and residents of southwest Detroit that is located in a city with a population greater than 500,000 according to the most recent federal decennial census for operational support and the expansion of current senior services.

(23) From the funds appropriated in part 1 for community enhancement grants, $80,000.00 shall be awarded to a nonprofit with a mission to educate and empower male and female youth in developing the potential and skills to become productive, confident individuals in a global society that is located in a county with a population greater than 1,500,000 according to the most recent federal decennial census for a historic renovation project located in a city with a population

between 26,000 and 26,100 in a county with a population greater than 1,500,000 according to the more recent federal decennial census.

(24) From the funds appropriated in part 1 for community enhancement grants, $50,000.00 shall be awarded to a charter township with a population between 2,300 and 2,400 located in a county with a population between 1,200,000 and 1,300,000 according to the most recent federal decennial census to support youth and senior activities and programming.

(25) From the funds appropriated in part 1 for community enhancement grants, $50,000.00 shall be awarded to a nonprofit organization with a mission to maximize and balance the intellectual, spiritual, mental, and physical elements of all participating student-athletes that is located in a city with a population between 52,700 and 52,800 in a county with a population between 134,000 and 134,500 according to the most recent federal decennial census to assist in securing the remaining funding needed to build out the temporary or permanent childcare project, or both.

(26) From the funds appropriated in part 1 for community enhancement grants, $50,000.00 shall be awarded to a nonprofit organization that is a ministry that is located in a city with a population between 52,700 and 52,800 in a county with a population between 134,000 and 134,500 according to the most recent federal decennial census for an elevator installation and upgrade.

(27) From the funds appropriated in part 1 for community enhancement grants, $50,000.00 shall be awarded to a nonprofit organization with a mission to create pathways to discover and fulfill one's life purpose and provide Kingdom building opportunities through community involvement that is located in a city with a population between 52,700 and 52,800 in a county with a population between 134,000 and 134,500 according to the most recent federal decennial census for an apprenticeship program.

(28) From the funds appropriated in part 1 for community enhancement grants, $40,000.00 shall be awarded to a village with a population between 2,400 and 2,500 located in a county with a population between 193,000 and 194,000 according to the most recent federal decennial census for a youth community development center. 263

(29) From the funds appropriated in part 1 for community enhancement grants, $1,000,000.00 shall be awarded to support the expansion of a library located in a city with a population between 6,100 and 6,200 in a county with a population between 600,000 and 700,000 according to the most recent federal decennial census.

(30) From the funds appropriated in part 1 for community enhancement grants, $500,000.00 shall be awarded to a nonprofit community action agency for support and repairs to a senior center facility located in a city with a population between 5,200 and 5,300 in a county with a population between 36,800 and 37,000 according to the most recent federal decennial census.

(31) From the funds appropriated in part 1 for community enhancement grants, $400,000.00 shall be awarded to a school district located in a city with a population between 800 and 900 in a county with a population between 23,500 and 23,600 according to the most recent federal decennial census for track resurfacing.

Housing Grants
2024-PA-121, Sec 1052

Sec. 1052. (1) From the funds appropriated in part 1 for housing grants, $1,000,000.00 shall be awarded to a nonprofit organization that supports food and shelter needs that is located in a city with a population between 112,000 and 113,000 according to the most recent federal decennial census to support programming and services.

(2) From the funds appropriated in part 1 for housing grants, $450,000.00 shall be awarded to a nonprofit organization that provides support for youth facing homelessness and is located in a city with a population between 198,000 and 199,000 according to the most recent federal decennial census to support the construction of housing units for homeless youth.

(3) From the funds appropriated in part 1 for housing grants, $1,000,000.00 shall be awarded to an organization that provides legal help and statewide advocacy and is headquartered in a city with a population between 20,000 and 21,000 in a county with a population between 372,000 and 373,000 according to the most recent federal decennial census to support legal services to member organizations.

(4) From the funds appropriated in part 1 for housing grants, $1,000,000.00 shall be awarded as emergency shelter grants to local units of government in a county with a population between 372,000 and 373,000 according to the most recent federal decennial census.

(5) From the funds appropriated in part 1 for housing grants, $400,000.00 shall be awarded to a nonprofit organization to which all of the following criteria apply:

(a) The nonprofit focuses on raising awareness of skilled trades as a viable career option.

(b) The nonprofit has previously distributed educational booklets on building a house or an activity book for the skilled trades.

(c) The nonprofit is affiliated with a statewide residential building trade organization.

(6) The funds awarded under subsection (5) must be used to develop, produce, and distribute to intermediate school districts age-appropriate books focusing on careers for students in grades K-8.

BOILERPLATE LANGUAGE

Sec. 222. (1) For any grant program or project funded in part 1 intended for a single recipient organization or unit of local government, the grant program or project is for a public purpose and the department shall follow procurement statutes of this state, including any bidding requirements, unless the department can fully validate, through information detailed in this part or public supporting documents, both of the following:

(a) The specific organization or unit of local government that will receive or administer the funds.

(b) How the funds will be administered and expended.

(2) Notwithstanding any other conditions or requirements for direct appropriation grants, the department shall perform at least all of the following activities to administer the grants described in subsection (1):

(a) Develop a standard application process, grantee reporting requirements, and any other necessary documentation, including sponsorship information as specified under subsection (3).

(b) Establish a process to review, complete, and execute a grant agreement with a grant recipient. The department shall not execute a grant agreement unless all necessary documentation has been submitted and reviewed.

(c) Verify to the extent possible that a grant recipient will use funds for a public purpose that serves the economic prosperity, health, safety, or general welfare of the residents of this state.

(d) Review and verify all necessary information to ensure the grant recipient is reasonably able to execute the grant agreement, perform its fiduciary duty, and comply with all applicable state and federal statutes. To be eligible to receive a grant, a recipient must be a unit of local government, public authority or other political instrumentality as authorized by law, institution of higher education, other state department, entity registered with the department of licensing and regulatory affairs or the department of attorney general that has been in existence for at least the 12 months preceding the effective date of this act, or other entity that can demonstrate, through state or federal tax filings or other state or federal government records, that it has been in existence for at least the 12 months preceding the effective date of this act. The department may deduct the cost of background checks and any other efforts performed as part of this verification from the amount of the designated grant award.

(e) Establish a standard timeline to review all documents submitted by grant recipients and provide a response within 45 business days stating whether submitted documents by a grant recipient are sufficient or in need of additional information.

(f) Make an initial disbursement of up to 50% of the grant to the grant recipient not later than 60 days after a grant agreement has been executed. Disbursements must be consistent with part II, chapter 10, section 200 of the Financial Management Guide.

(g) Disburse the funds remaining after the initial disbursement under subdivision (f) per the grant disbursement schedule in the executed grant agreement on a reimbursement basis after the grantee has provided sufficient documentation, as determined by the department, to verify that expenditures were made in accordance with the project purpose.

(3) A sponsor of a grant described in subsection (1) must be a legislator or the department. A legislative sponsor must be identified through a letter submitted by that legislator's office to the department and state budget director containing the name of the grant recipient, the intended amount of the grant, a certification from that legislator that the grant is for a public purpose, and specific citation of the section and subsection of the public act that authorizes the grant, as applicable. If a legislative sponsor is not identified before December 13, 2024, the department shall do 1 of the following:

(a) Identify the department as the sponsor.

(b) Decline to execute the grant agreement and lapse the associated funds at the end of the fiscal year.

(4) An executed grant agreement under this section between the department and a grant recipient must include at least all of the following:

(a) All necessary identifying information for the grant recipient, including any tax and financial information for the department to administer funds under this section.

(b) A description of the project for which the grant funds will be expended, including tentative timelines and the estimated budget. The department shall not reimburse expenditures that are outside of the project purpose, as stated in the executed grant agreement, from appropriations in part 1. The grantee shall return to the treasury any interest in excess of $1,000.00 earned on the grant funds while unexpended and in possession of the grantee.

(c) Unless otherwise specified in department policy, a requirement that funds appropriated for the grants described in subsection (1) may be used only for expenditures that occur on or after the effective date of this act.

(d) A requirement for reporting by the grant recipient to the department and the legislative sponsor that provides the status of the project and an accounting of all funds expended by the grant recipient, as determined by the department.

(e) A claw-back provision that allows the department of treasury to recoup or otherwise collect any funds that are declined, unspent, or otherwise misused.

(f) The signed legislative sponsorship letter required under subsection (3), incorporated into the grant agreement and included as an appendix or attachment.

(5) If appropriate to improve the administration or oversight of a grant described in subsection (1), the department may adopt a memorandum of understanding with another state department to perform the required duties under this section.

(6) A grant recipient shall respond to all reasonable information requests from the department related to grant expenditures and retain grant records for not less than 7 years, and the grant may be subject to monitoring, site visits, and audits as determined by the department. The grant agreement required under this section must include signed assurance by the chief executive officer or other executive officer of the grant recipient that the requirements of this subsection will be met.

(7) The grant recipient shall expend all funds awarded and complete all projects not later than September 30, 2029. If at that time any unexpended funds remain, the grant recipient shall return those funds to the state treasury. If a grant recipient does not provide information sufficient to execute a grant agreement not later than June 1, 2025, the department shall return funds associated with the grant to the state treasury.

(8) Any funds that are granted to a state department are appropriated in that department for the purpose of the intended grant.

(9) The state budget director may, on a case-by-case basis, extend the deadline in subsection (7) on request by a grant recipient. The state budget director shall notify the chairs of the senate and house of representatives appropriations committees not later than 5 days after an extension is granted.

(10) Except as otherwise provided in subsection (11), beginning March 15 of the current fiscal year, the department shall post a report in a publicly accessible location on its website. The report must list the grant recipient, project purpose, and location of the project for each grant described in subsection (1), the status of funds allocated and disbursed under the grant agreement, and the legislative sponsor, if applicable. The department shall update the report and shall post an updated report not later than June 15 of the current fiscal year and again not later than September 15 of the current fiscal year. The department shall include in the report the most comprehensive information the department has available at the time of posting for grants awarded.

(11) If the state budget office determines that it is more efficient for the state budget office to compile all affected departments' information and post a report of the compiled information rather than the report required under subsection (10) being posted by individual departments, the state budget office may compile that information across all affected departments and post the compiled report and any updates on the same time schedule as identified in subsection (10).

(12) As applicable, the legislative sponsor of a grant described in subsection (1) shall not sponsor a grant, or ask another legislator to sponsor a grant, if there is a conflict of interest related to the grant recipient.

(13) If the department reasonably determines that the funds allocated for an executed grant agreement under this section were misused or that use of the funds was misrepresented by the grant recipient, the department shall not award any additional funds under the executed grant agreement and shall refer the grant for review following internal audit protocols.

EXHIBIT B

Grant Boilerplate, State Budget Office

Key Information for Grantees

PA 121 of 2024, the FY25 Michigan budget and FY24 supplemental, includes funding for special grants intended for a single recipient. The budget includes language (called boilerplate) that provides a description of the project as well as certain requirements that all projects must comply with. Boilerplate language is binding and all projects must comply with the rules and regulations contained in the language.

You can find the budget bill here. Transparency boilerplate was included in all department budgets and the FY24 supplemental.

Important information to note:

- The attached application will be used to develop and execute a grant agreement between each grantee and the relevant department. Grantees should work with their Legislative Sponsor to return the following application form to the State Budget Office.
- All applications must be submitted and legislative sponsors identified no later than December 13, 2024 pursuant to boilerplate.
- Eligible grantees include: units of local government, public authorities or other political instrumentalities, institutions of higher education, other state departments, entities registered with the department of licensing and regulatory affairs (LARA) or the department of attorney general (AG) that have been in existence for at least 12 months, or other entities that can demonstrate through tax filings or government records that they have been in existence for at least 12 months.
    - To check registration with LARA, check here: https://cofs.lara.state.mi.us/SearchApi/Search/Search
    - To check registration with AG, check here: https://www.ag.state.mi.us/CharitableTrust/frmDisclaimer.aspx
- Please ensure primary grant contact on the application is the fiduciary contact for the project.
- If the attached application is incomplete or missing information, grant processing may be delayed.
- To receive funds, all organizations must be registered in the State of Michigan SIGMA Vendor Self-Service (VSS) System. More information about registering for VSS can be found here.
- Within 60 days of an executed grant agreement, an initial disbursement of up to 50% will be provided to the grantee. Please note, a 50% initial payment is not guaranteed nor required, and any advanced payments may be subject to additional approvals from the Office of Financial Management pursuant to the Financial Management Guide of the State of Michigan. (Defined terms and conditions are included in the grant agreement).
- After the initial disbursement, additional funds will be disbursed on a reimbursement basis after verification that previous funds were expended in accordance with the project purpose.
- There is no requirement to have match funds for the grant.
- The grant cannot be increased or deviated from the boilerplate language.
- Grant funds can only be used for expenditures that occur on or after the effective date of the appropriations act unless otherwise specified in department policy.
- Any interest over $1,000 earned on grant funds, while in the possession of the grantee, must be returned to the State of Michigan.
- Any questions that arise prior to submitting a grant application should be directed to the Grantee's Legislative Sponsor.

- Any questions that arise after submitting a grant application should be directed to the department.
- For timing and next steps, please review the attached process document.

Completed application materials can be submitted to:
DTMB-SBOGrantForms@michigan.gov

Special Grant Process

This process flow is a general guideline; some projects will differ. Please feel free to contact us at any time if you have questions or concerns related to the process or the specifics of your grant.

1
- Appropriations Bill Signed.

2
- Special Grant application packet from SBO distributed to Legislative Offices.

3
- Legislative Offices complete legislative sponsorship letter and work with grantee to complete grant application and budget. Forms are returned to SBO and the department no later than December 13, 2024.

4
- SBO distributes completed packets to the department. Department reviews materials submitted by legislative sponsor/grantee and has 45 days to respond as to whether materials are sufficient or if additional information is needed.

5
- Once department has received completed materials from grantee/sponsor, department drafts grant agreement.

6
- **Grantee returns signed grant agreement**
- Department countersigns grant agreement and sends out copies.

7
- **The purchasing document will be finalized**
- Prior to this step the Grantee must be registered to receive EFT payments through VSS. No payments can be made without this step being completed.

8
- **Grant funds disbursed**
- Initial grant funds will be disbursed according to the executed grant agreement and after completed vendor registration.

9
- **Reporting**
- Reporting must be submitted to the department and the legislative sponsor in a manner determined by the department.
- Instructions will be sent out.
- A final report is due upon project completion or the end of the grant term.

10
- **Grant fully expended**
- An acknowledgement email will be sent once all funds have been expended and all documentation has been reviewed and approved.

Special Grant Application Form

Official Grantee:

Grantee Full Address:

Grantee Primary Contact:

Phone:

Email:

Legislative Sponsor(s):

Appropriated Amount:

Questions for Legislative Sponsor

1. Is the legislative sponsor and/or any family members of the legislative sponsor associated with this organization? (Ex: board member, employee, financial donor, etc.)

   If so, please explain:

2. Does this grant comply with the provisions of Article IV, §10 of the Michigan Constitution and PA 318 of 1968, MCL 15.301 to 15.310?

Questions for Official Grantee

1. Is the grantee a unit of local government, public authority or other political instrumentality as authorized by law, institution of higher education, or other state department?

2. If no, is the entity registered with the department of licensing and regulatory affairs or the department of attorney general and been in existence for at least the 12 months preceding the effective date of this act?*

3. If the answers to #1 and #2 are no, does the grantee have other state or federal tax filings or other government records that demonstrate the grantee has been in existence for at least the 12 months preceding the effective date of this act?

   If yes, please attach any relevant records.

4. Please describe the public purpose of the project, demonstrating it is consistent with language authorizing grant in PA 121 of 2024. Please provide additional explanation that gives more detail than is currently contained in the boilerplate language.

5. Fill out the anticipated dollar amount for each respective category of the budget, using the excel budget form provided. Please note the general administrative expense cannot exceed 10% of the grant amount.

6. Anticipated time-frame for each cost identified in the budget (this will reflect the period of the grant).

7. I acknowledge that the boilerplate language related to this grant has been read and confirm that all requirements for the grantee and project comply with the boilerplate language pertaining to this grant. (Sign to acknowledge)

8. I acknowledge that I will be required to submit progress reports and a final report including:

   i. A summary of the Grant Activities performed over the period determined by the department;

   ii. An accounting of Grantee's actual expenditure of all funds on the Project over the period determined by the department, including the breakdown of Grantee's actual use of Grant funds on the Project within each applicable category of the Budget, and corresponding copies of supporting documentation of such expenditures, such as receipts, general ledgers, or other evidence of expenditure activity statements; the Grantee's estimated percentage of completion of the Project; and

   iii. Any other information deemed relevant by Grantee to support the Grant Activities actually performed.

9. Identify authorized signer(s) for Grant Agreement.

10. Please be advised any portion of the grant funds paid to grantee and not spent or not spent in accordance with the grant agreement must be returned to the department.

NOTICE:
This Grant Application Form is not a legally binding agreement and should not be viewed as such. Moreover, the Grant Application Form does not embody all of the terms and conditions of the grant agreement and neither the department nor the grantee will be bound until there is an executed grant agreement that sets forth all the terms and conditions.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING CHIEF EXECUTIVE OFFICE AND EXECUTIVE DIRECTOR TO PROCESS, APPROVE AND ISSUE SINGLE RECIPIENT HOUSING GRANTS

November 21, 2024

WHEREAS, 121 PA 2024, (the “Public Act”) includes appropriated funding to the Michigan Department of Labor and Economic Opportunity for “Enhancement Grants” intended to be allocated to the Michigan State Housing Development Authority (“Authority”) to effectuate legislative single-recipient grant awards and administer the grant awards to their intended grantees, respectively; and

WHEREAS, the Chief Executive Officer and Executive Director recommends the Authority delegate to the Chief Executive Officer and Executive Director the authority to process, approve and issue the Enhancement Grants in accordance with the terms and requirements of the Public Act; and

WHEREAS, the delegation of authority will allow for the efficient processing and issuance of the Enhancement Grants; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority the Chief Executive Officer and Executive Director is authorized to process, approve and issue the Enhancement Grants authorized by 121 PA 2024.

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: November 21, 2024

RE: Housing Readiness Incentive Program, FY2025

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the program statement for the Housing Readiness Incentive Grant Program and authorize the Executive Director to approve and issue Housing Readiness Incentive Grants in accordance with the program statement and Public Act ("PA") 121 of 2024 as amended.

EXECUTIVE SUMMARY

PA 121 of 2024, the FY25 Michigan budget, includes $2,325,000 funding for a "Housing Readiness Incentive Grant Program." Section 1020 in the budget provides the framework for the program--including eligible applicants, eligible uses, and the maximum grant amount--and requires that applications are reviewed in the order in which they are received. The exact budget narrative is in Exhibit B.

PA 121 of 2024 limits the recipients of Housing Readiness Incentive Grants to cities, villages, townships, and counties for a maximum amount not exceeding $50,000. The purpose of the Housing Readiness Incentive Grant Program is limited to covering "…costs associated with adopting land use policies, master plan updates, zoning text amendments, and similar actions to encourage increasing housing supply and affordability."

The Housing Readiness Incentive Grant Program will be administered on MSHDA's online grants platform. The online application will remain open until all grant funds have been committed. Additional details about the Housing Readiness Incentive Grant Program are set forth in the attached program statement (Exhibit A).

Authority approval of the resolution is recommended so that Authority staff can review and process Housing Readiness Incentive Grant applications and the Chief Executive Officer and Executive Director can approve Housing Readiness Incentive Grants in accordance with applicable boilerplate.

ADVANCING THE AUTHORITY'S MISSION

The Housing Readiness Incentive Grant Program provides funding to remove barriers to increasing housing supply and affordability.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS:

Many of the regional action plans submitted by the Regional Housing Partnerships prioritized actions related to zoning, land use, and/or planning, so the Authority is pleased to offer this resource. Housing Readiness Incentive grants made by the Authority will be reported back to the Regional Housing Partnerships.

EXHIBIT A

HOUSING READINESS INCENTIVE GRANT PROGRAM November 21, 2024

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 1020 of the State of Michigan's Fiscal Year 2025 Budget.

Funding Available & Maximum Grant Amount

$2,325,000 is allocated to the program.

The maximum grant amount per award is $50,000. Match and/or leverage funds are not required.

Up to two disbursements are available per grant. The first may be an advance upon MSHDA's receipt of an executed contract to support the proposed activities; the second will be a reimbursement upon completion of the proposed activities.

Eligible Activities

Eligible activities include costs associated with the adoption of land use policies, master plan updates, zoning text amendments, and similar actions to encourage increasing housing supply and affordability. The work may be performed by existing and/or contracted employees and/or third-party consultants.

Indirect rates and grant administration are ineligible expenses.

Eligible Applicants

Eligible applicants are cities, villages, townships, and counties.

Councils of government, universities, and for-profit and not-for-profit entities are among the organizations that are ineligible to apply.

Grant Rounds & Review

There is not an application deadline. Applications will be reviewed and awarded in the order in which they are received.

Grant Term

Grants will have an initial term of 24 months, beginning on the date the grant was awarded.

EXHIBIT B

FY 2025 State Enhancement Grants Budget Narrative

Housing Readiness Incentive Grant Program
2024-PA-121, Sec 1020

(1) The department shall expend the funds appropriated in part 1 for housing readiness incentive grant program to provide grants to cities, villages, townships, and counties to offset costs associated with adopting land use policies, master plan updates, zoning text amendments, and similar actions to encourage increasing housing supply and affordability.

(2) A local unit of government that submits an eligible plan to the department may receive a grant of not more than $50,000.00.

(3) The department may work in collaboration with the MEDC to review grant applications. Applications must be reviewed and approved, and grants awarded to qualifying applicants, in the order in which the applications are received.

(4) A local unit of government shall provide a report to the department that summarizes all changes implemented to complete the process for which the local unit received a grant award under this section.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING HOUSING READINESS INCENTIVE GRANT PROGRAM

November 21, 2024

WHEREAS, 121 PA 2024, (the "Public Act") includes appropriated funding to the Michigan Department of Labor and Economic Opportunity for the "Housing Readiness Incentive Grant Program" intended to be allocated to the Michigan State Housing Development Authority ("Authority") to award and administer special grants to intended grantees; and

WHEREAS, the Act authorizes up to a total of Two Million Three Hundred Twenty-Five Dollars ($2,325,000) for the Housing Readiness Incentive Grant Program (the "Program") providing funds for a number of grants aimed at zoning, land use, and land planning, whereby individual grant recipients may only be awarded a maximum of Fifty Thousand Dollars ($50,000) for individual grants; and

WHEREAS, the Public Act provides Program parameters reflected in the accompanying Program Statement, including eligible applicants, eligible uses, the maximum grant amount, and that applications are reviewed in the order in which they are received; and

WHEREAS, if this resolution is approved, the Program will be launched immediately, and applications received prior and subsequent to this resolution shall be reviewed and, if accepted and approved, awarded in the order in which they are received until all grant funds are committed; and

WHEREAS, the Program requires the Chief Executive Officer and Executive Director to approve and issue Housing Readiness Incentive Grants in accordance with the Program Statement and the Public Act; and

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

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that it adopts the accompanying Program Statement applicable to the Program, to be launched immediately as authorized pursuant to Section 1020 of 121 PA 2024 and authorizes the Chief Executive Officer and Executive Director to approve and issue Housing Readiness Incentive Grants in accordance with the accompanying Program Statement and Section 1020 of 121 PA 2024.

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: 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	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

Michigan State Housing Development Authority is committed to providing meaningful access. For accommodations, modifications, translation, interpretation, or other services, please request accommodations 5 days prior to the meeting date. Please contact MSHDA at 517-335-9885 or 517-335-9935.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING 2025 AUTHORITY MEETING SCHEDULE

November 21, 2024

WHEREAS, the Michigan State Housing Development Authority ("Authority") is a public body subject to the Open Meetings Act, 1976 PA 267, MCL 15.261 through 15.275, as amended; and

WHEREAS, the Open Meetings Act requires public bodies to set the dates, times, and places of a public body's regular meetings for the coming year; and

WHEREAS, the Chief Executive Officer and Executive Director has recommended a 2025 meeting schedule for the Authority as explained in the memorandum and set forth in the proposed meeting schedule, both of which are attached hereto; 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 2025 meeting schedule, attached hereto and discussed in the accompanying memorandum from the Chief Executive Officer and Executive Director, is hereby approved, and the Chief Executive Officer and Executive Director and the Chief Legal Affairs Officer, the Director of In-House Legal Services, and the Director of Legal Transactions, or anyone acting in any such capacity, and each individually, are hereby authorized to cancel or reschedule the regular meetings or schedule a special meeting of the Authority.

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: November 21, 2024

RE: Kalamazoo Community Courtyard, Development No. 44c-222 (the "Development')

RECOMMENDATION

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

PROJECT SUMMARY

MSHDA No.:	44c-222
Development Name:	Kalamazoo Community Courtyard
Development Location:	City of Kalamazoo, Kalamazoo County
Sponsors:	MDV Properties GP LLC & Zero Day, Inc
Borrower:	Kalamazoo Community Courtyard Limited Dividend Housing Association Limited Partnership
Number of Units:	18 family units and 1 employee unit
No. of Accessible Units:	7 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$6,354,005
Aggregate Basis:	$5,974,707
Total Loan Amount:	$3,500,000 (58.58% of aggregate basis)
Credit Enhancement:	Cash collateral through loans provided by (a) the Kalamazoo Community Foundation and (b) Zero Day, Inc. through the following sources: (i) County of Kalamazoo millage, (ii) City of Kalamazoo HOME Loan, and (iii) City of Kalamazoo ARPA funds.

EXECUTIVE SUMMARY

MDV Properties GP LLC (the "Sponsor") proposes to construct the Development, which consists of 18 affordable housing units located in the City of Kalamazoo, Kalamazoo County, Michigan. 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.

I am recommending Board approval for the following reasons:

- The Sponsor's application satisfies the requirements for the issuance of an inducement resolution under Section 44c of the Authority's Act and the Amended and Restated Pass-Through Bond Program statement.
- Preliminary environmental and marketing reviews meet Authority requirements.
- The development team has the capacity and experience to complete the transaction.
- 18 units of affordable family housing will be newly constructed in the Kalamazoo community.
- The development is expected to receive project-based rental subsidy for all 18 units.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION

- Approving an inducement resolution will allow this proposal to incur costs necessary for acquiring and constructing the Development.
- 90% of the units will be reserved for tenants at no more than 60% of Area Median Income. In addition, ten percent (10%) of the units must be targeted to households whose income is at or below 40% of Area Median Income.
- Additional details are provided on page 2 of the Staff Report.
- 18 units of affordable housing in the Kalamazoo area will be newly constructed.

MUNICIPAL SUPPORT

- The Development has been granted a tax exemption and payment in lieu of taxes under the Act.
- The Development will receive local financial support from the following sources:
    - $1,000,000 from the County of Kalamazoo millage
    - $500,000 from a City of Kalamazoo HOME Loan
    - $700,000 from City of Kalamazoo ARPA funds
    - $2,000,000 from the Kalamazoo Community Foundation

COMMUNITY IMPACT

- It is anticipated that the construction of the Development will create 1 permanent job and 25 temporary jobs.

RESIDENT IMPACT

- Low-income residents of the Kalamazoo community will benefit from the construction of new, affordable housing units.
- The Development will include the following amenities: A private office, an indoor community gathering space, an outdoor gathering space with a playground, and wrap around resident support services provided by the YWCA as well as available accredited employment training opportunities from Zero Day Inc.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

None.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

INDUCEMENT RESOLUTION STAFF REPORT

November 21, 2024

RECOMMENDATION:

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

PROJECT SUMMARY:

MSHDA No.:	44c-222
Development Name:	Kalamazoo Community Courtyard
Development Location:	City of Kalamazoo, Kalamazoo County
Sponsor:	MDV Properties GP LLC & Zero Day, Inc
Borrower:	Kalamazoo Community Courtyard Limited Dividend Housing Association Limited Partnership
Number of Units:	18 family units and 1 employee unit
No. of Accessible Units:	7 accessible units
Construction Method:	New Construction
Financing Program:	Limited Obligation Multifamily Housing Revenue Bonds issued under Section 44c
Total Development Cost:	$6,354,005 (estimated)
Aggregate Basis:	$5,974,707
Total Loan Amount:	$3,500,000 (58.58% of aggregate basis)
Credit Enhancement:	Cash collateral through loans provided by (a) the Kalamazoo Community Foundation ($2,000,000) and (b) Zero Day, Inc. through the following sources: (i) County of Kalamazoo millage ($1,000,000), (ii) City of Kalamazoo HOME Loan ($500,000), and (iii) City of Kalamazoo ARPA funds ($700,000).

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

PROGRAM DESCRIPTION:

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

On July 18, 2024, the Authority re-authorized the Amended and Restated Pass-Through Bond Program, increasing the maximum allocation to $350 million in tax-exempt bond volume cap. This program imposes minimum rent and income targeting requirements of either 40% of the units at 60% of area median income or 20% of the units at 50% of area median income. At least ten percent (10%) of the Development's units must be more deeply targeted to households whose income is at or below 40% MTSP Limit. The Program sets a limit on the bond allocation available per sponsor. It also requires limited market and environmental reviews, compliance with state EEO requirements and establishes a cap on the distributions of cash made to the owner.

CONDITIONS:

1. **Income Limits:**

   The Borrower must enter into a Regulatory Agreement with the Authority requiring units in the Development to be rented or available for rental by tenants whose income does not exceed the limits established for Multifamily Tax Subsidy Projects ("MTSP") 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 Regulatory Agreement will contain the following income restrictions: two (2) units in the Development must be rented or available for rental to tenants whose household income does not exceed the 40% MTSP Limit and sixteen (16) units in the Development must be rented or available for rental to tenants whose household income does not exceed the 60% MTSP Limit. One (1) unit in the Development will be set aside as an employee unit.

   These limitations on household income 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, or the period required by Section 142(d) of the Code.

2. **Limitations on Rental Rates:**

   The Regulatory Agreement must require that the monthly tenant-paid rent (excluding subsidy) plus tenant-paid utilities (the “Total Housing Expense”) on the two (2) deeply targeted units in the Development 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 for sixteen (16) units may not exceed 30% of 1/12 of the 60% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. One (1) unit in the Development will be set aside as an employee unit.

   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.

3. **Bonds; Closing Documents; Organizational Documents:**

Prior to Bond closing, the Borrower must submit all of the documents relating to the sale of the obligations to be issued to finance the loan (the "Bonds"). The Borrower must also submit for review and approval such information relating to the Development as may be required by the Authority's Chief Legal Affairs Officer, 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.

At the Bond closing, the Borrower must enter into a Trust Indenture which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must also enter into a Loan Agreement with the Authority in which the Borrower agrees 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.

4. **Credit Enhancement:**

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

DEVELOPMENT TEAM AND PROJECT INFORMATION:

Sponsor and Borrower:

1.	**Sponsor 1:**	MDV Properties GP LLC 2213 Hunters Pond Kalamazoo, MI 49048
	Contact:	Marvin D. Veltkamp
	Phone:	269-217-7763
	Sponsor 2:	Zero Day, Inc. 44 Clark Road N Battle Creek, MI 49037
	Contact:	Tim Hunnicutt
	Phone:	517-482-5347
2.	**Borrower:**	Kalamazoo Community Courtyard Limited Dividend Housing Association Limited Partnership

Bond Underwriter: The Sturges Company (Hank Sturges)

Bond Counsel: Dickinson Wright PLLC (Craig Hammond)

Bond Trustee: The Huntington National Bank (John Alexander)

Credit Enhancement Provider: (a) the Kalamazoo Community Foundation and (b) Zero Day, Inc. through the following sources: (i) County of Kalamazoo millage, (ii) City of Kalamazoo HOME Loan, and (iii) City of Kalamazoo ARPA funds.

Other Members of the Development Team:

Equity Partner:	Cinnaire (Ben Stehouwer)
Borrower's Counsel:	Mallory, Lapka, Scott & Selin PLLC (Tom Lapka)
Borrower's Accountant:	CLARK, SCHAEFER, HACKETT & CO. (Luke Downing)
General Contractor:	Visser Construction LLC (Jeff Scheffers)
Property Manager:	Medallion Management, Inc. (Scott Beltz)
Architect:	Intersect (Bill LaDitka)
Support Services Provider:	YWCA Kalamazoo (Jessica Glynn)

Sources and Uses of Funds:

Kalamazoo Community Courtyard Uses		
Land	$	40,000
Building Acquisition	$	-
Site Work	$	258,000
Construction Costs	$	4,362,000
Professional Fees	$	376,500
Interim Construction Costs	$	82,800
Permanent Financing	$	-
Other Costs	$	77,295
Syndication Costs	$	-
Developer Fees	$	1,042,907
Project Reserves	$	114,503
Total	$	6,354,005
Kalamazoo Community Courtyard Sources		
Kalamazoo Community Foundation	$	2,000,000
Kalamazoo County Millage	$	1,000,000
Kalamazoo ARPA	$	700,000
Kalamazoo HOME	$	500,000
LIHTC Equity	$	1,930,483
DDF	$	223,522
Total	$	6,354,005

APPROVALS:

Chad A Benson 11/14/2024

Chad Benson, Director of Development Date

Jeffrey J Sykes 11-13-24

Jeffrey Sykes, Chief Financial Officer Date

Clarence L. Stone, Jr. 11/14/2024

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

Amy Hovey 11/14/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

INDUCEMENT RESOLUTION
KALAMAZOO COMMUNITY COURTYARD
CITY OF KALAMAZOO, KALAMAZOO COUNTY
MSHDA No. 44c-222

November 21, 2024

WHEREAS, MDV Properties GP LLC and Zero Day, Inc (collectively, the "Applicant"), desire to develop a multifamily housing facility (the "Project") in the City of Kalamazoo, Kalamazoo County, Michigan; and

WHEREAS, the Applicant has applied to the Michigan State Housing Development Authority (the "Authority") for a loan in the amount of Three Million Five Hundred Thousand Dollars ($3,500,000) (the "Loan") pursuant to Section 44c of Act No. 346 of the Public Acts of 1966, as amended (the "Act"), to be made to Kalamazoo Community Courtyard Limited Dividend Housing Association Limited Partnership or an eligible borrower entity to be formed under the Act (the "Borrower"), to finance the acquisition, construction and equipping of the Project, which constitutes a housing project as defined in the Act; and

WHEREAS, the Applicant has advised that the cost of the Project will not exceed Six Million Three Hundred Fifty-Four Thousand Five Dollars ($6,354,005); and

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

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

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

1. In order to comply with Treasury Regulation Section 1.150-2, the Authority makes the following declarations:

   (a) The Authority reasonably expects to authorize the Loan for the purpose of reimbursing the Borrower for the costs of and/or financing the acquisition and equipping of the Project as further described in the Borrower's application, and the terms of the Inducement Resolution Staff Report attached hereto and incorporated herein;

   (b) The Loan shall not be used to reimburse the Borrower for expenditures earlier than the date on which the Borrower pays such expenditures and not later than the date that is eighteen months after the later of (i) the date on which the Borrower has paid the expenditure, or (ii) the date on which the Project is placed in service, but in no event more than three (3) years after the expenditure is paid. All reimbursement of expenditures shall follow the procedures described in Treasury Regulation Section 1.150-2(d);

(c) No Loan proceeds paid to reimburse the Borrower for expenditures incurred in the acquisition and equipping of the Project shall be used in a manner described in Treasury Regulation Section 1.150-2(h) with respect to abusive use of such proceeds;

(d) The costs to be reimbursed must be "capital expenditures" as defined in Treasury Regulation Section 1.150-1(b), which are costs of a type that are properly chargeable to a capital account under Federal Income Tax principles; and

(e) The maximum amount of the Loan to the Borrower shall not exceed Three Million Five Hundred Thousand Dollars ($3,500,000).

2. The Authority expects to authorize the Loan to the Borrower, subject to the Borrower's meeting the requirements of the Act, including without limitation, the requirements of Section 44c of the Act, the Authority's Amended and Restated Pass-Through Bond Program and the terms and conditions hereinafter set forth.

3. The Borrower shall submit a commitment from the proposed issuer of a credit enhancement with respect to the Bonds in a form and amount sufficient to assure the Authority that repayment of the Bonds issued will be reasonably secure.

4. The Borrower shall be obligated to make loan repayment in an amount sufficient to pay the principal, interest and premium, if any, of the Bonds, establish appropriate reserves, and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

5. The Authority's obligation to make the Loan shall be conditioned upon the ability of the Authority to issue, sell and deliver the Bonds.

6. The Loan shall be evidenced by a loan agreement and secured by such instruments as are in form and substance satisfactory to the Authority, the Department of Attorney General of the State of Michigan and bond counsel to the Authority, which shall include such additional security as may be required by the purchaser of the Bonds.

7. Subject to compliance with the terms and conditions of this Resolution and any subsequent Resolution authorizing the Authority's loan commitment with respect to the Project, the Authority will authorize, pursuant to a Bond Resolution of the Authority, the issuance of the Bonds in a principal amount not exceeding Three Million Five Hundred Thousand Dollars ($3,500,000) for the purposes of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds as aforesaid, and will enter into a loan agreement and related documents with the Borrower, which proceedings shall be subject to the approval of the Department of Attorney General of the State of Michigan, bond counsel to the Authority and the Michigan Department of Treasury.

8. The Bonds shall not be general obligations of the Authority but shall be payable as to principal, premium, if any, and interest solely from the proceeds of the payments to be made by or on behalf of the Borrower to the Authority (or to a trustee appointed by the Authority pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely clear and certain that under no circumstances will the Bonds or this Resolution be a debt of the State of Michigan, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale and delivery of the Bonds and in the making of the Loan, including the fees and disbursements of bond counsel, shall be paid from Bond proceeds or by the Borrower and the proceedings and agreements relating thereto, as hereafter adopted and undertaken, shall so provide.

10. The Chief Executive Officer and Executive Director, the Chief 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 hereby authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the Authority, with a Bond purchaser for the sale of the Bonds by the Authority.

11. Bond counsel to the Authority and the Department of Attorney General of the State of Michigan are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the Authority to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any Authorized Officer is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the Bond proceeds or by the Borrower.

12. Issuance of the Bonds shall be subject to the conditions contained in the Inducement Resolution Staff Report accompanying this Resolution.

13. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded.

14. This Resolution does not constitute a commitment of the Authority to loan funds under Section 44c(6) of the Act and does not serve as a reservation or allocation of bonding capability.

15. The Authority hereby determines that the likely benefit of the Project to the community or the proposed residents of the Project merits the use of Authority limited obligation bonds as a financing source for the proposed acquisition and construction of the Project.

16. This Resolution shall take effect immediately.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

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

DATE: November 21, 2024

RE: Request to Amend DTMB IT Software Contract

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt a resolution authorizing the Authority to amend the current contract with Kinetech Cloud LLC ("Kinetech"). The Authority previously authorized the Michigan Department of Technology, Management, and Budget to enter into the Kinetech contract on the Authority's behalf and for the benefit of the Authority. The amendment will extend the term of the agreement two years, add five 1-year renewal options, as well as revise the existing statement of work in the contract, for an amount not to exceed $650,000.

CONTRACT SUMMARY

Name of Contractor:	Kinetech Cloud LLC
Amount of Contract:	No more than $650,000
Length of Contract:	2 years
Extension Options:	5 one-year options
Request for Proposal Date:	N/A
Number of Bids Received:	N/A
Authority Division	Rental Development
Requesting Contract:	Authority IT / RD

EXECUTIVE SUMMARY

To better streamline Rental Development's Direct Lending Program, Rental Development desires to implement a software application portal (the "Portal") for multifamily project developers, improving the overall experience with the Authority financing application process. Staff will benefit as the Portal will offer better workflow management, data management, project tracking, and internal/external coordination as the system will manage the process flow, assisting Rental Development by creating efficiencies. The Portal will improve the overall experience for both Authority staff and external applicants.

ADVANCING THE AUTHORITY'S MISSION

Approval of this action will enable staff to efficiently provide an online application process that supports the Authority's mission, including its mandates to provide affordable housing, critical to protecting the health, safety, and welfare of Michigan residents.

COMMUNITY ENGAGEMENT/IMPACT

None.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

None.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING AMENDMENT TO DEPARTMENT OF TECHNOLOGY, MANAGEMET AND BUDGET CONTRACT WITH KINETECH CLOUD LLC

November 21, 2024

WHEREAS, the Michigan State Housing Development Authority (the "Authority"), previously authorized the Michigan Department of Technology, Management and Budget ("DTMB"), to enter into a software contract for the benefit of the Authority; and

WHEREAS, the Authority desires to expand software services to increase efficiencies for the Rental Development Division by implementing a developer application process for the Division's Direct Lending Program (the "Program"); and

WHEREAS, to benefit the Program, the Authority desires to amend the existing contract to expand software services and extend the term of the contract two years, including five additional 1-year options to renew the contract, at an additional cost not to exceed Six Hundred and Fifty Thousand Dollars ($650,000); and

WHEREAS, for the reasons stated in the accompanying memorandum, the Chief Executive Officer and Executive Director recommends that the Authority authorize DTMB to amend the existing contract to (a) expand software services and (b) extend the term of the contract two years, including five additional 1-year options to renew the contract, at an additional cost not to exceed Six Hundred and Fifty Thousand Dollars ($650,000); 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 Michigan Department of Technology, Management and Budget, is hereby authorized to amend the existing contract with Kinetech Cloud LLC to (a) expand software services and (b) extend the term of the contract two years, including five additional 1-year options to renew the contract, at an additional cost not to exceed Six Hundred and Fifty Thousand Dollars ($650,000).

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: November 21, 2024

RE: North Port Apartments, Development No. 44c-216 (the "Development')

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") 1) adopt a resolution authorizing the issuance of a tax-exempt 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-216
Development Name:	North Port Apartments
Development Location:	City of Port Huron, St. Clair County
Sponsor:	North Port GP, LLC
Borrower:	North Port Preservation Limited Dividend Housing Association, LLC
Number of Units:	251 units (150 senior units, 99 family units and 2 employee units)
No. 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:	$39,077,650
Aggregate Basis:	$35,837,377
Total Loan Amount:	Not to exceed $19,000,000 (53.02% of aggregate basis)
Credit Enhancement:	Cash collateral will be provided by the proceeds of the FHA-insured 223(f) permanent mortgage loan from Capital One, National Association

EXECUTIVE SUMMARY

- North Port Apartments consists of a 150-unit senior high-rise building, and 99 family units in 14 detached townhome-style buildings. 249 units are affordable under a project-based Section 8 HAP contract. 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 North Port Apartments.
- 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.

North Port GP, LLC (the "Sponsor") proposes to acquire and rehabilitate the Development, which consists of 249 affordable housing units located in the City of Port Huron, St. Clair 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 mortgage 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.
- 249 units of elderly and family housing will be rehabilitated in the Port Huron community.
- The repayment of the limited obligation bonds will be reasonably secure based on the proposed collateral.

ADVANCING THE AUTHORITY'S MISSION

North Port Apartments is located in Region H of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region H 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.
- 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.

The Development is comprised of 251 units, of which 150 units are affordable senior units, and 99 are affordable family units, Two units are reserved for employees.

The income restrictions on the units will be as follows:

- 213 units will be reserved for households with incomes at or below 60% of area median income ("AMI").

- 25 units will be reserved for households with incomes at or below 40% of AMI.
- 11 units will be reserved for households with incomes at or below 80% of AMI.
- 2 employee units will be available without income restrictions.

MUNICIPAL SUPPORT

- The Development currently has municipal support in the form of a 4% Payment in Lieu of Taxes or "PILOT" tax exemption.

COMMUNITY ENGAGEMENT/IMPACT

- It is anticipated that the construction or rehabilitation of the Development will create 2 permanent jobs and 24 temporary jobs.
- The community was invited to engage in a public hearing (TEFRA hearing) regarding the proposed bond issuance.
- 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 directly with the residents 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 spaces will be remodeled or rehabilitated including updates to resident units, common spaces, the exterior envelope and the grounds. The scope of the renovation will include 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.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AMENDED AND RESTATED PASS-THROUGH BOND PROGRAM

TAX EXEMPT LOAN COMMITMENT STAFF REPORT

November 21, 2024

RECOMMENDATION:

Adopt a resolution authorizing the issuance of a tax-exempt 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-216
Development Name:	North Port Apartments
Development Location:	City of Port Huron, St. Clair County
Sponsor:	North Port GP, LLC
Borrower:	North Port Preservation Limited Dividend Housing Association, LLC
Number of Units:	150 elderly units and 99 family units (does not include 2 employee units)
No. 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:	$39,077,650 (estimated)
Aggregate Basis:	$35,837,377
Total Loan Amount:	Not to exceed $19,000,000 (53.02% of aggregate basis)
Credit Enhancement:	Cash collateral through an FHA-insured 223(f) permanent mortgage loan from Capital One, National Association
Commitment Fee:	$190,000 (1% 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 bonds and the making of the loan, the latter documents shall control.

PROGRAM DESCRIPTION:

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

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

PROPOSAL SUMMARY:

The Borrower proposes to acquire and rehabilitate a 251-unit mixed elderly and family apartment project on a site in Port Huron. Two hundred thirteen (213) of the units in the development will be targeted to households with incomes at or below 60% of area median income, utilizing the new limits 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"). Twenty-five (25) units must be more restricted to households with incomes at or below 40% of area median income, using the MTSP Limits. Eleven (11) units will be targeted to households with incomes at or below 80% of area medium income, using MTSP Limits. Two (2) units are employee units and are available without income restrictions.

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 213 of the units in the Development (120 one-bedroom, 78 two-bedroom, and 15 three-bedroom apartments/townhomes) must be rented or available for rental by tenants whose income does not exceed the 60% MTSP Limits, adjusted for family size. 25 units in the Development (15 one-bedroom units, 8 two-bedroom units and 2 three-bedroom units) must be rented or available for rental by tenants whose income does not exceed the 40% MTSP Limits, adjusted for family size. 11 of the units in the Development (2 one-bedroom units, 6 two-bedroom units and 3 three-bedroom units) must be rented or available for rental by tenants who income does not exceed 80% MTSP Limits, adjusted for family size. 2 of the units in the Development (2 two-bedroom units) are manager's units that may be made available without income restrictions. 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 employee 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.

The Borrower has elected to use the "Average Income Test" for Low-Income Housing Tax Credits. This election allows developments to target units to households with incomes up to 80% of AMI, as long as the average area median income ("AMI") level for the LIHTC units in the Project is 60% of AMI or less.

Two Hundred Forty-Nine (249) units are subject to 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 the Authority or HUD is in effect (including extensions and renewals), or for such longer period as determined by HUD.

2. **Limitations on Rental Rates:**

The Regulatory Agreement must also require that the monthly Total Housing Expense (contract rent plus tenant-paid utilities) on 213 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. The Total Housing Expense for the eleven (11) of the units will be targeted to households with incomes at or below 80% of area median income may not exceed 30% of 1/12 of the 80% MTSP Limit, assuming occupancy by one and one-half persons per bedroom. The Total Housing Expense on the two (2) manager's units shall not be regulated. 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.

The rents to be paid for the 249 HAP-assisted units may not exceed the rent limits established and published annually by HUD for the Section 8 Program.

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.

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 which provides that all cash proceeds of the credit enhancement will be deposited with the trustee for the Bonds and shall be held and invested by the trustee in accordance with the Trust Indenture. The Borrower must certify in writing to the sources and uses involved in the financing of the Development and must also provide the Authority with an opinion of tax counsel, a Useful Life Certificate prepared by Borrower's accountants, and/or other evidence, as determined by the Authority's 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 a 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:**	North Port GP, LLC 551 Fifth Avenue 23rd Floor New York, NY 10176
	Contact:	Scott Frye
	Phone:	216-393-8062
2.	**Borrower:**	North Port Preservation Limited Dividend Housing Association, LLC

Credit Enhancement:

The sponsor proposes cash collateral through an FHA-insured Section 223(f) permanent mortgage loan from Capital One, National Association.

Bond Underwriter: The Sturges Company (Michael Sturges)

Bond Counsel: Dickinson Wright, PLLC (Craig Hammond)

<u>Bond Trustee</u>: The Huntington National Bank (John Alexander)

<u>Other Members of the Development Team</u>:

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

<u>Sources and Uses of Funds</u>:

FHA 223f Permanent Loan	$25,000,000
Income from Reinvested Bond Proceeds	1,282,500
GP Capital	100
Income from Operations	203,600
GRRP Loan	479,386
LIHTC Equity	11,496,057
Deferred Developer Fee	616,007
Total Sources of Funds	**$ 39,077,650**
Acquisition	$ 17,770,800
Construction/Rehabilitation	12,687,760
Professional Fees	605,000
Interim Construction Costs	2,463,600
Permanent Financing Costs	549,350
Other Costs	1,190,308
Reserves and Escrows	1,590,832
Syndication Costs	70,000
Developer Fee	2,100,000
Site Work	50,000
Total Uses of Funds	**$ 39,077,650**

APPROVALS:

Chad A Benson 11/14/2024

Chad Benson, Director of Development Date

Jeffrey J Sykes 11-13-24

Jeffrey Sykes, Chief Financial Officer Date

Clarence L. Stone, Jr. 11/14/2024

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

Amy Hovey 11/14/2024

Amy Hovey, Chief Executive Officer and Executive Director Date

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING LOAN
NORTH PORT APARTMENTS, MSHDA No. 44c-216
CITY OF PORT HURON, ST. CLAIR COUNTY

November 21, 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 North Port GP, LLC (the "Applicant") for a loan in an amount not to exceed Nineteen Million Dollars ($19,000,000) (the "Loan") for the acquisition, rehabilitation and equipping of a housing project having an estimated Total Development Cost of Thirty Nine Million Seventy-Seven Thousand Six Hundred Fifty Dollars ($39,077,650), known as North Port Apartments (the "Development"), located in the City of Port Huron, St. Clair County, Michigan and to be owned by North Port 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 his 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 November 21, 2024, and attached hereto (the "Commitment Report").

2. A loan (the "Loan") be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Financial Officer, the Director of Finance, the 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 Nineteen Million Dollars ($19,000,000), to have a term not longer than February 1, 2028, and to bear interest at a rate not to exceed seven 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. 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 2025 (NORTH PORT APARTMENTS PROJECT)

TO FINANCE A LOAN TO NORTH PORT 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

November 21, 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, North Port 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 Nineteen Million Dollars ($19,000,000) to finance the costs of acquiring, constructing, rehabilitating, equipping and improving a multi-family rental housing facility containing 251 units, 150 of which will be senior affordable housing units and 99 of which will be family affordable housing units, located in the City of Port Huron, St. Clair County, Michigan (the "Project"); and

WHEREAS, the Authority proposes to issue its Multifamily Housing Revenue Bonds, Series 2025 (North Port Apartments Project) in an aggregate principal amount not to exceed $19,000,000 (the "Bonds") pursuant to this Resolution and the Trust Indenture, dated as of January 1, 2025 (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 January 1, 2025 (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 $19,000,000 is authorized. The Bonds shall be designated "*Michigan State Housing Development Authority Multifamily Housing Revenue Bonds, Series 2025 (North Port 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 January 1, 2025 (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 $19,000,000.

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 $19,000,000.

e) The Bonds shall have stated maturities that are not later than February 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. 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 February 28, 2025, the authority granted by this Resolution shall lapse. In the event such sale and delivery occurs later than January 31, 2025, all references to January 1, 2025 herein may be permissibly changed to the month and year reflecting the actual date of delivery of the Bonds.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Tony Lentych, Chief Housing Investment Officer Anthony Lentych

DATE: November 21, 2024

RE: Asset Management – Sale and Assumption – Lafayette Place Lofts, MSHDA No. 3479

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") approve (1) the sale of Lafayette Place Lofts by Lafayette Place Lofts, LLC (the "Seller") to the Michigan Homeowner Assistance Nonprofit Housing Corporation (doing business as Great Lakes Housing Services) (the "Buyer" or the "GLHS"), (2) the assumption of the Neighborhood Stabilization Program 2 ("NSP2") mortgage loan by the Buyer, and (3) the waiver of Section II.A.2 of the Multifamily Parameters adopted on June 28, 2017.

EXECUTIVE SUMMARY

Lafayette Place Lofts is a mixed-use development consisting of 46 residential units and 30,000 square feet of commercial retail rental space located in downtown Pontiac on the site of the former H.V. Mutter building, which housed Sears, Roebuck and Co. for over 40 years (the "Development"). The 80,000 square foot building was renovated in 2012 using funds from a combination of sources including NSP2 funds from the Authority, New Market Tax Credit ("NMTC"), Federal and State Historic Tax Credits, and Brownfield Tax Credits.

In October 2024, the Seller contacted the Authority to request an ownership transfer. Effective October 18, 2024, Lafayette Place Lofts was sold and the NSP2 loan was transferred to the GLHS.

Although Lafayette Place Lofts has been acquired by the GLHS, the Authority Resale Policy requires the Board or the Chief Executive Officer and Executive Director to approve the sale of the development and assumption of the NSP2 loan. As the Chief Executive Officer and Executive Director is on the board of GLHS, the Authority's Chief Legal Affairs Officer has recommended that the transfer be presented to the Authority Board for approval.

ADVANCING THE AUTHORITY'S MISSION

The sale of the property and assumption of the mortgage loan will preserve the long-term affordability of 46 residential units.

COMMUNITY IMPACT

The City of Pontiac will benefit from the preservation of the affordability of 46 residential units.

RESIDENT IMPACT

No residents will be displaced due to the sale of the property and assumption of the mortgage loan.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS

The GLHS board includes the following Authority staff: Amy Hovey, Timothy Klont, Tonya Coon, Tiffany King, and Geoffrey Ehnis-Clark. The Authority authorized a grant to the GLHS in the amount of $10,000,000 in February 2024 (the "Grant"). One purpose of the GLHS is to acquire troubled assets. GLHS has used proceeds of the Grant to acquire the Development. The Development's prior ownership was delinquent in a workout arrangement for the NSP2 loan and the property was deemed to be a troubled asset. The Authority is seeking approval to comply with the Authority's Resale Policy, which requires approval of the ownership transfer and assumption of the mortgage loan.

The accompanying Action Report requires the GLHS to execute a recapture guaranty for the original principal amount of the NSP2 Loan. A waiver of Section II.A.2 of the Multifamily Parameters adopted on June 28, 2017—requiring a guarantor to have a net worth at least two times the original loan balance of the loan subject to recapture—is recommended as the GLHS's net worth is less than two times the original loan amount ($5,900,000) of the NSP 2 Loan.

ACTION REPORT

DATE:	**November 21, 2024**
ASSET MANAGER:	**Jesse Thelen**
MSHDA #:	**3479**
DEVELOPMENT NAME:	**Lafayette Place Lofts**
LOCATION:	**151 Lafayette, Pontiac MI 48342**
FINAL CLOSING DATE:	**January 2012**
ASSIGNED ATTORNEY:	**Amanda Curler**
MANAGEMENT AGENT:	**West Investment Group, L.L.C.**
OWNER:	**Lafayette Place Lofts, LLC**

RECOMMENDATION:

I recommend approval of the sale of Lafayette Place Lofts and the assumption of the Neighborhood Stabilization Program 2 ("NSP2") mortgage loan from Lafayette Place Lofts, LLC (the "Borrower") to the Michigan Homeowner Assistance Nonprofit Housing Corporation (doing business as Great Lakes Housing Services) (the "GLHS").

I. BACKGROUND:

Lafayette Place Lofts (the "Development") is a mixed-use development consisting of 46 residential units and 30,000 square feet of commercial retail rental space located in downtown Pontiac. The 80,000 square foot former H.V. Mutter building, which housed Sears, Roebuck and Co. for over 40 years, was renovated in 2012 using funds from a combination of sources including a $5,900,000 loan of NSP2 funds (the "NSP2 Loan") from the Michigan Land Bank Fast Track Authority ("Land Bank"), New Market Tax Credit ("NMTC"), Federal and State Historic Tax Credits, and Brownfield Tax Credits. The Borrower and the Land Bank also entered into an NSP2 Regulatory Agreement (the "Regulatory Agreement"). Under the Regulatory Agreement, 21 units are restricted to 120% of area median income (considered workforce housing) and 9 units are restricted to households at 50% of area median income. Sixteen units are market rate. These restrictions are scheduled to end in 2033. The building also includes commercial space on the first floor.

In 2018, the NMTC transaction was unwound and the NSP2 Loan and Regulatory Agreement were assigned to the Authority by the Land Bank. The Development has struggled financially due to the slow redevelopment of downtown Pontiac and difficulties leasing the commercial space. On September 1, 2023, the Borrower and the Authority entered into an Agreement Regarding Workout and Modification of Loan, that provides for the deferral of principal and interest payments on the NSP2 Loan so long as payments are made to reduce the outstanding payables and an advance made by the Authority to pay delinquent taxes. The total advance by the Authority was $83,168. To date $68,833 has been repaid to the Authority, the remaining $14,335 is still outstanding.

In October 2024, the Borrower contacted the Authority to request an ownership transfer to GLHS. The Authority originally formed the Michigan Homeowner Assistance Nonprofit Housing Corporation (the "MHA") as a 501(c)(3) non-profit corporation in 2010 to operate the federal Hardest Hit program. The MHA was empowered to provide loans and grants; facilitate community development and revitalization in the state; and to mitigate foreclosures and stabilize home values. After the Hardest Hit Fund program ended and administration wound down, the MHA ceased activity and has been effectively dormant for some time. The Authority may continue to employ the MHA for a spectrum of potential projects related to meeting the goals and objectives of the Statewide Housing Plan, including exploring creative lending and grant programs, exploring novel and creative private/public partnerships, and applying for federal technical assistance and pilot programs. A Certificate of Assumed Name has been filed to allow the MHA to do business as the GLHS. The GLHS board includes the following Authority staff: Amy Hovey, Timothy Klont, Tonya Coon, Tiffany King, and Geoffrey Ehnis-Clark. As of October 18, 2024, the GLHS acquired title to the Development and assumed the NSP2 Loan.

Traditionally, this transaction would be classified under Section IVA of the Authority Resale Policy and may be approved by the Chief Executive Officer and Executive Director, as there is no direct Authority debt. However, as the Chief Executive Officer and Executive Director is on the board of the GLHS, this transaction will be presented to the Authority for approval.

II. <u>SUMMARY OF PROPOSAL</u>:

A. In accordance with Section IV.A(1) of the Procedures and Requirements for Transfers Involving Authority-Financed Developments ("Authority Resale Policy") adopted by the Authority on April 21, 2022, this transaction may be approved by the Chief Executive Officer and Executive Director, after review by the Asset Review Committee if all requirements necessary for approval of the proposed transfer have been met. However, as the Chief Executive Officer and Executive Director is on the board of the GLHS, a potential conflict of interest may exist, and this transaction will be presented to the Authority for approval.
B. Under the proposal Lafayette Place Lofts, LLC will sell the project to the GLHS.
C. The purchase price of $8,200,000 will consist of a cash payment to the seller in the amount of $2,300,000 and the assumption of the outstanding balance of the NSP2 loan of $5,900,000.
D. Any remaining delinquency must be brought current at closing, the Workout Agreement will be terminated and regular payments on the NSP2 Loan will resume after the Development is transferred.
E. All Authority-held reserves will be retained by the Authority and transferred with the Development for the benefit of the proposed new mortgagor.
F. Authority staff has reviewed the proposed transfer for compliance with State and Federal rules and regulations, along with reviewing mortgage servicing statements, and the Annual Physical Inspection Report. No issues have been identified.
G. The GLHS has submitted its financial statements to the Authority for review and approval.
H. The Buyer shall be required to execute a recapture guaranty for the original principal amount of the NSP 2 Loan ($5,900,000). The Authority Board shall be asked to waive Section II.A.2 of the Multifamily Parameters adopted on June 28, 2017, which requires a guarantor to have a net worth at least two times the original loan balance of the loan subject to recapture. The Buyer's net worth is less than two times the original loan amount of the NSP 2 Loan.

I. Section IV.A.(3) of the Authority Resale Policy states a fee of $15,000 will be charged for the review and authorization of the proposed transfer. The Authority has not yet received the $1,000 deposit for the transaction. The balance will be due within 30 days of approval.
J. Authority staff has verified that no open conditions exist for the exiting Borrower.
K. The parties have met all other requirements of the Authority Resale Policy.

III. <u>CURRENT DEVELOPMENT STATUS</u>:

Program Type:	NSP2
Original Mortgage Amount:	$5,900,000
Current Mortgage Balance:	$5,900,000
Deferred Interest Balance:	$366,783
Payment Status:	Current
Tax Advance Balance:	$14,335
Late Charge Balance:	$27,288
Current Interest Rate:	0%
Mortgage Maturity Date:	December 20, 2046
Prepayment Eligibility Date:	January 10, 2019
NSP2 Compliance End Date:	February 1, 2033

Vacancy: <u>unknown</u> units vacant or <u>unknown</u>%
Economic Vacancy: <u>unknown</u>

Reserve and Escrow Balances as of November 2024:

Replacement Reserve:	$	27,390
Tax Escrow:	$	15,182
Insurance Escrow:	$	26,019

Prior Authority Action:

- None

IV. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Current Rents	Utility Allowance
1 BD – 50%	7			
2 BD – 50%	2			
1 BD – 120%	19			
2 BD – 120%	2			
1 BD – MKT	10			
2 BD – MKT	6			
TOTAL	**46**			

V. CHANGES IN OWNERSHIP ENTITY:

Current:		**Proposed:**	
Mortgagor:		**Mortgagor:**	
Lafayette Place Lofts, LLC	100.00%	Michigan Homeowner Assistance Nonprofit Housing Corporation (d.b.a. Great Lakes Housing Services)	100.00%

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

A. The parties must provide all documents deemed necessary by the Chief Legal Affairs Officer to effectuate the terms and conditions outlined in this report.
B. The ownership transfer cannot take place until the financial capacity of the proposed new mortgagor have been confirmed to meet the Authority's borrowing requirements to the satisfaction of the Chief Legal Affairs Officer.
C. The ownership transfer cannot take place until the balance of the $15,000 fee has been paid.

APPROVED:

Matt Bergeon — 11/13/2024
Matt Bergeon — Date
Director of Asset Management

Anthony Lentych — 11/13/2024
Tony Lentych — Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. — 11/14/2024
Clarence L. Stone, Jr. — Date
Chief Legal Affairs Officer

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING SALE OF DEVELOPMENT AND ASSUMPTION OF MORTGAGE LOAN LAFAYETTE PLACE LOFTS, MSHDA DEVELOPMENT NO. 3479 CITY OF PONTIAC, OAKLAND COUNTY

November 21, 2024

WHEREAS, the Michigan State Housing Development Authority (the Authority") applied for, under the Michigan NSP2 Consortium, and was awarded funds in the amount of $223,875,339 from the U.S. Department of Housing and Urban Development ("HUD") under the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), Public Law 111-005, for the Neighborhood Stabilization Program 2 ("NSP2"); and

WHEREAS, on February 11, 2010, the Authority entered into a Michigan NSP2 Consortium Funding Agreement ("Funding Agreement") with the Michigan Land Bank ("Land Bank") along with a collaborative partnership with the City of Pontiac to assist the Authority in using the NSP2 funds under the Recovery Act; and

WHEREAS, on January 20, 2012, the Land Bank entered into a Neighborhood Stabilization Program ("NSP2") loan with the borrower in the original principal amount of $5,900,000 (the "NSP2 Loan") for the acquisition and rehabilitation of Lafayette Place Lofts, MSHDA Development No. 3479 (the "Development"); and

WHEREAS, on October 30, 2018, the Land Bank assigned its NSP2 note in the amount of $5,900,000 to the Authority; and

WHEREAS, the Michigan Homeowner Assistance Nonprofit Housing Corporation (doing business as Great Lakes Housing Services) (the "Buyer" or the "GLHS") has submitted a proposal to the Authority to purchase the Development; and

WHEREAS, the Buyer has assumed the NSP2 Loan; and

WHEREAS, the Chief Housing Investment Officer has recommended that the Authority approve the sale of the Development to the Buyer and the assumption of the NSP2 Loan in accordance with the terms and conditions set forth in the accompanying Action Report; and

WHEREAS, a condition of the accompanying Action Report is the execution by the Buyer of a recapture guaranty for the original principal amount of the NSP 2 Loan; and

WHEREA, a waiver of Section II.A.2 of the Multifamily Parameters adopted on June 28, 2017--requiring a guarantor to have a net worth at least two times the original loan balance of the loan subject to recapture—is necessary as the Buyer's net worth is less than two times the original loan amount of the NSP 2 Loan; and

WHEREAS, the Authority concurs in the recommendation of the Chief Housing Investment Officer.

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

1. The Authority hereby approves the sale of Lafayette Place Lofts, MSHDA Development No. 3479, to the Buyer and the assumption of the NSP2 Loan in accordance with the terms and conditions described in the accompanying Action Report.

2. The Authority hereby waives Section II.A.2 of the Multifamily Parameters adopted on June 28, 2017, that require a guarantor to have a net worth at least two times the original loan balance of the loan subject to recapture.

3. The Chief Housing Investment Officer, the Chief Legal Affairs Officer, the Director of Legal Transactions, the Director of Finance, or any person duly appointed and acting in any such capacity (each an "Authorized Officer"), are each hereby authorized (a) to waive, modify or supplement any of said terms and conditions contained in the Action Report, and (b) to execute such documents and agreements as may be necessary or appropriate to effectuate the sale of the Development and the assumption of the NSP2 Loan.

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: November 21, 2024

RE: Gracious Grounds, Development No. 4134

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 permanent CERA mortgage loan in the amount set forth below, 4) authorize a waiver of the Authority's Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") regarding the Authority's Multifamily Standards of Design relative to parking, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this Memorandum and the accompanying Mortgage Loan Feasibility/Commitment Staff Report dated November 21, 2024.

PROJECT SUMMARY

MSHDA No:	4134
Development Name:	Gracious Grounds
Development Location:	Grand Haven Township, Ottawa County
Sponsor:	R W Properties I L.L.C.
Mortgagor:	Gracious Grounds Limited Dividend Housing Association Limited Partnership
Number of Units (Affordable and Market Rate):	75 units of new construction for persons with disabilities
Occupancy Rate:	100%
Total Development Cost:	$18,190,298
TE Bond Construction Loan:	$9,458,955
TE Bond Permanent Loan:	$6,610,464
MSHDA HOME Loan:	$1,775,000
MSHDA CERA Loan:	$3,322,687
Other Funds:	$5,763,286 LIHTC Equity $96,187 Income from Operations $622,674 Deferred Developer Fee

EXECUTIVE SUMMARY

R W Properties I L.L.C. (the "Sponsor") is working with Gracious Grounds Inc. ("Gracious Grounds") to construct independent living apartments for the disabled in one (1) three-story elevatored building. Unit amenities will include central heating and air conditioning with individual climate controls, mini-blinds, frost-free refrigerators, microwaves, ovens, cable television hook-ups, internet access, and in-unit laundry. The building's common spaces will include a community room with a kitchen, fitness center, library/computer room, and lounge area. Outdoor spaces will include a picnic area and community garden. There will be 75 one-bedroom apartments, and 2 one-bedroom manager units.

Gracious Grounds is a non-profit housing corporation established in 2013 to serve adults with intellectual disabilities. Gracious Grounds supports successful independent living, and staff work to ensure residents have opportunities for social engagement, employment and are fully integrated into a welcoming community where they can live and thrive. Gracious Grounds opened its first home with six residents in 2013 and has expanded to three housing locations with a total capacity of 50 residents. The goal of this new development is to consolidate existing residential units at one location and meet additional needs.

ADVANCING THE AUTHORITY'S MISSION

The Development is located within Region F of the Statewide Housing Plan Regional Housing Partnerships, and this Development supports the following goals of the Region F 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.

MUNICIPAL SUPPORT

- A 4% PILOT has been approved by Grand HavenTownship.

COMMUNITY ENGAGEMENT/IMPACT

The Sponsor engaged the community by surveying current residents and their families to identify their needs related to housing and amenities. Affordable one-bedroom apartments were the top priority of current residents and their families. The proposed project would allow the Sponsor to meet the needs of current and future residents by providing 75 affordable 1-bedroom units.

The project will impact the community by addressing the growing affordable housing crisis in West Michigan. Gracious Grounds receives numerous requests weekly from prospective residents and their families seeking affordable housing for adults with disabilities.

The community recommended one-bedroom apartments to address the issues that arise from two-bedroom roommate scenarios and ensure the privacy and dignity requested by Gracious Grounds residents. Residents also requested indoor and outdoor gathering spaces, and spaces for fitness, crafting, and cooking classes. The development team included the requests from the

Gracious Grounds community and will continue to offer opportunities for feedback to ensure needs are met.

RESIDENT IMPACT

- This project is new construction, and no residents will be affected.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

The Sponsor has requested a waiver of the Authority's Parameters regarding the MSHDA Multifamily Standards of Design, which require a parking ratio of 2:1, to allow only 0.25 parking spots for every 1 unit, because the Development is restricted to disabled individuals who are unlikely to have a driver's license, and van transportation will be provided.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

November 21, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority" or "MSHDA") 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 permanent CERA mortgage loan in the amount set forth in this report, 4) authorize a waiver of the Authority's Multifamily Direct Lending Parameters adopted on June 28, 2017 (the "Parameters") regarding the Authority's Multifamily Standards of Design relative to parking, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	4134
Development Name:	Gracious Grounds
Development Location:	Grand Haven Township, Ottawa County
Sponsor:	R W Properties I L.L.C.
Mortgagor:	Gracious Grounds Limited Divided Housing Association Limited Partnership
TE Bond Construction Loan:	$9,458,955 (52% of TDC)
TE Bond Permanent Loan:	$6,610,464
MSHDA Permanent HOME Loan:	$1,775,000
MSHDA Permanent CERA Loan:	$3,322,687
Total Development Cost:	$18,190,298
Mortgage Amortization and Term:	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the CERA loan;
Interest Rate:	5.625% for the tax-exempt bond loan; 1% simple interest for the HOME and CERA loans
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	75 units of new construction for persons with disabilities
Accessible Units:	4
Unit Configuration:	75 one-bedroom units in a 5-story building with elevator access, plus 2 manager units
Builder:	Reenders, Inc.
Syndicator:	Cinnaire
Date Application Received:	4/1/2023
HDO:	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:

R W Properties I L.L.C. (the "Sponsor") has requested and staff has approved a waiver of Section II.A.6 of the Parameters regarding the MSHDA Multifamily Standards of Design relative to parking. The waiver allows for the required parking ratio to be reduced from 2:1, or 2 parking spaces for every 1 unit, to 0.25 parking spaces for every 1 unit, because the Development is restricted to disabled individuals who are unlikely to have a driver's license, and van transportation will be provided.

EXECUTIVE SUMMARY:

The Sponsor is working with Gracious Grounds Inc., a non-profit organization, to construct independent living apartments for the disabled in one (1) three-story elevatored building. Unit amenities will include central heating and air conditioning with individual climate controls, mini-blinds, frost-free refrigerators, microwaves, ovens, cable television hook-ups, internet access, and in-unit laundry. The building's common spaces will include a community room with a kitchen, fitness center, library/computer room, and lounge area. Outdoor spaces will include a picnic area and community garden. There will be 75 one-bedroom apartments, and 2 one-bedroom manager units.

Gracious Grounds Inc. ("Gracious Grounds") was established in 2013 to serve adults with intellectual disabilities. Gracious Grounds supports successful independent living, and staff works to ensure each resident has opportunities for social engagement, employment and are fully integrated into a welcoming community where they can live and thrive. Gracious Grounds opened its first home with six residents in 2013 and has expanded to three housing locations with a total capacity of 50 residents. The goal of this new development is to consolidate existing residential units at one location and meet additional needs.

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 $9,458,955 at 5.625% interest with a 23-month term (a 14-month construction term and a 9-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 23-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 $6,610,464. 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, 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 $1,775,000 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 $3,322,687 will be provided at 1% simple interest with payments initially deferred. The CERA Loan will be in **Third Position**.

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $5,763,286

- 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 $96,187.

- The Sponsor has agreed to defer $622,674 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.

- The Grand Rapids Housing Commission is expected to award a project-based voucher ("PBV") housing assistance payments ("HAP") contract to the Development, which will provide deep rental subsidy for eight (8) residents.

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 23, 2023, estimates the value of the vacant land selected for the Development site at $330,000.

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 $5,763,286). 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 75 units of this proposal are as follows:

   a. 8 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 the U.S. Department of Housing and Urban Development ("HUD"), adjusted for family size.

   b. 3 units have been designated as High-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 lesser of 60% of the Multifamily Tax Subsidy Project (“MTSP”) income limits as published by HUD, or the High HOME income limit, as published by HUD, adjusted for family size.

   c. 15 units (15 one-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 MTSP income limits.

   d. 51 units (51 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.

   e. 8 units (8 one-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. 8 units (8 one-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.

g. 8 units (8 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.

h. 8 units (8 one-bedroom units) assisted by the PBV HAP Contract ("PBV HAP-Assisted 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 Grand Rapids Housing Commission is in effect (including extensions and renewals), or for such longer period as determined by HUD.

i. 2 units (1-bedroom unit) will be used as manager's units. If either of these units is later converted to rental use, it must be available for occupancy by households whose incomes do not exceed the MTSP 60% income limits, adjusted for family size as determined by HUD.

The PBV HAP-Assisted Units will receive Project-Based Vouchers (PBVs) from the Grand Rapids 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. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 75 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 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 HOME program (20 years), the Total Housing Expense for the 3 High-HOME units may not exceed the "High-

HOME Rent Limit" established and published annually by HUD.

c. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 15 CERA units (15 one-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.

d. The Total Housing Expense for 8 units (8 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.

e. The Total Housing Expense for 8 units (8 one-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 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.

g. The Total Housing Expense for 51 units (51 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.

h. The Total Housing Expense for the 8 PBV HAP-Assisted units may not exceed the rent limits established by the Grand Rapids Housing Commission or HUD.

i. 2 units (2-bedroom unit) will be used as a manager's unit. If this unit is later converted to rental use, the Total Housing Expense will be limited to one-twelfth (1/12th) of 30% of 60% of the MTSP income limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

The Authority is not responsible for the compliance monitoring or oversight of the PBV rents charged for or the regulations applicable to the PBV HAP-Assisted Units.

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 OAR in the amount equal to 4 months of estimated Development operating expenses (estimated to be $296,723). 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.

10. **Authority Subordinate Loan(s)**

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

- So long as the Mortgage Loan and the HOME 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 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 the CERA Loan will be due and payable at that time.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

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 Addendum

22. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of 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.

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. <u>Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:</u>

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. <u>Services for Residents:</u>

All 75 of the units in the Development will be designated as Permanent Supportive Housing (PSH) units and must be marketed to persons with disabilities. At or prior to Initial Closing, the Mortgagor must enter into a memorandum of understanding ("MOU") with local service providers and a Supportive Services Agreement to provide support services as described in Addendum III for these tenants. 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.

27. <u>HUD Authority to Use Grant Funds:</u>

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.

28. <u>HUD Subsidy Layering Review:</u>

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.

29. <u>Application for Disbursement:</u>

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. <u>Legal Requirements:</u>

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. **Van Transportation:**

The Mortgagor will enter into an agreement with the Authority to provide regular van transportation for the residents of the Development for the purposes of grocery and other shopping, and for recreational outings, at no charge to the tenants. The times, frequency and destination of the outing for which van transportation will be established by the Mortgagor, subject to the approval of the Authority's Director of Asset Management, whose approval will not be unreasonably withheld. The van transportation shall be in addition to Spec-Tran, or any other service provided by the local public transportation system or its equivalent. The cost of providing van transportation services may be paid from Development operating funds, residual receipts, or mortgage loan proceeds to the extent available. If, however, there are not sufficient funds from these sources, Mortgagor shall pay the cost of providing the van transportation services from the Mortgagor's own funds.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: Gracious Grounds Limited Dividend Housing Association Limited Partnership

II. GUARANTOR:

Name: R W Properties I L.L.C.
Address: 950 Taylor Avenue
Grand Haven, MI 49417

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: R W Properties I L.L.C.
Address: 950 Taylor Avenue
Grand Haven, MI 49417

Individuals Assigned: Shirely Woodruff
Telephone: 616-842-2425
Fax: 616-842-8939
E-mail: swoodruff@reendersinc.com

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

2. **Interest in the Mortgagor and Members**: 99.99% LP, .01% GP

B. **Architect**:

Name:	Hooker DeJong, Inc.
Address:	316 Morris Avenue, #410 Muskegon, MI 49440
Individual Assigned:	Phil Komar
Telephone:	616-635-4068
E-Mail:	philk@jdjinc.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301044071, exp. 06/08/2025.

C. **Attorney**:

Name:	Clark Hill
Address:	215 South Washington Square, Suite 200 Lansing, MI 48933
Individual Assigned:	Ted Rozeboom
Telephone:	517-318-3019
Fax:	517-318-3071
E-Mail:	trozeboom@clarkhill.com

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

D. **Builder**:

Name:	Reenders, Inc.
Address:	950 Taylor Avenue Grand Haven, MI 49417
Individual Assigned:	Dennis Reenders
Telephone:	616-842-2425
Fax:	616-842-8939
E-mail:	dreenders@reendersinc.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2102095836, with an expiration date of 05/31/2026.

E. **Management and Marketing Agent:**

Name:	Heritage Property Management, Inc.
Address:	950 Taylor Avenue Grand Haven, MI 49417
Individual Assigned:	Scott Reenders
Telephone:	616-846-7800
Fax:	616-842-8938
E-mail:	sreenders@reendersinc.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:
$285,000

B. Site Location:
16925 Ability Way, Grand Haven, MI 49417

C. Size of Site:
Approximately 4 acres

D. Density:
Assumed appropriate

E. Physical Description:

1. Present Use: Vacant
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: Residential

H. Tax Information:
4% Pilot from Grand Haven Township

I. Utilities: Grand Haven Charter Township will provide Water and Sewer, Michigan Gas Utilities will provide natural gas, and Grand Haven Board of Power & Light will provide electricity.

J. Community Facilities:

1. Shopping:
Most shopping if a few miles from site but accessible through the Harbor Transit.
2. Recreation:
Grand Haven boasts multiple recreational venues
3. Public Transportation:
Muskegon Area Transit System is available in the nearby area or requested on demand. Gracious Grounds will also be providing community transportation.
4. Road Systems
Ability Way is closely accessible to US-31 to the West.
5. Medical Services and other Nearby Amenities:
Trinity Health Medical Group, Munson Healthcare, and Spectrum Medical Heath Group.
6. Description of Surrounding Neighborhood:
A mixture of residential and commercial.
7. Local Community Expenditures Apparent:
Not apparent
8. 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 Special Condition No. 2).

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 Development.

XI. DEVELOPMENT SCHEDULING:

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

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad A Benson — 11/14/2024

Chad Benson — Date
Director of Development

Anthony Lentych — 11/13/2024

Tony Lentych — Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. — 11/14/2024

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

Amy Hovey — 11/14/2024

Amy Hovey — Date
Chief Executive Officer and Executive Director

Development	Gracious Grounds
Financing	Tax Exempt
MSHDA No.	3806
Step	Commitment
Date	11/21/2024
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				Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income				12,248	943,128	1.0%	6	2.0%
Annual Non-Rental Income				122	9,428	1.0%	6	2.0%
Total Project Revenue				12,371	952,556			
Total Development Expenses								
							Future Vacancy	
Vacancy Loss	7.00%	of annual rent potential		857	66,019		6	7.0%
Management Fee	651	per unit per year		651	50,127	3.0%	1	3.0%
Administration				1,396	107,458	3.0%	1	3.0%
Project-paid Fuel				58	4,500	3.0%	6	3.0%
Common Electricity				188	14,500	4.0%	6	3.0%
Water and Sewer				208	16,000	5.0%	6	5.0%
Operating and Maintenance				1,573	121,150	3.0%	1	3.0%
Real Estate Taxes				0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to:	All Units	437	33,684			
Insurance				440	33,876	3.0%	1	3.0%
Replacement Reserve	350	per unit per year		350	26,950	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Other:				0		3.0%	1	3.0%

	% of Revenue	Per Unit	Total	
Total Expenses	49.79%	**6,159**	**474,264**	
Base Net Operating Income		6,212	478,292	Override
Part A Mortgage Payment	43.66%	5,401	415,906	
Part A Mortgage		**85,850**	**6,610,464**	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		**0**		
Base Project Cash Flow (excludes ODR)	6.55%	810	62,386	

Development	Gracious Grounds
Financing	Tax Exempt
MSHDA No.	3806
Step	Commitment
Date	11/21/2024
Type	New Construction

Instructions

Income Limits for	Ottawa County			(Effective April 1, 2024)		
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	21,600	24,690	27,780	30,840	33,330	35,790
40% of area median	28,800	32,920	37,040	41,120	44,440	47,720
50% of area median	36,000	41,150	46,300	51,400	55,550	59,650
60% of area median	43,200	49,380	55,560	61,680	66,660	71,580

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
30%	Area Median Income Units																
30%	Tenant AMI Restriction (if different from rent restriction)																
Yes	Local PHA Project Based Voucher Units																
Family	Occupancy																
A	8	Apartment	1	1.0	634	1,173	53	1,226	112,608	11.9%	10.7%	5,072	11.1%	5,072	Low HOME	578	TC Rent
									112,608	11.9%	10.7%	5,072	11.1%	5,072			
40%	Area Median Income Units																
Family	Occupancy																
B	3	Apartment	1	1.0	602	718	53	771	25,848	2.7%	4.0%	1,806	4.0%	1,806	CERA	771	TC Rent
C	5	Apartment	1	1.0	628	718	53	771	43,080	4.6%	6.7%	3,140	6.9%	3,140	CERA	771	TC Rent
									68,928	7.3%	10.7%	4,946	10.9%	4,946			
50%	Area Median Income Units																
Family	Occupancy																
C	3	Apartment	1	1.0	628	911	53	964	32,796	3.5%	4.0%	1,884	4.1%	1,884	CERA	964	TC Rent
D	1	Apartment	1	1.0	650	911	53	964	10,932	1.2%	1.3%	650	1.4%	650	CERA	964	TC Rent
E	3	Apartment	1	1.0	600	911	53	964	32,796	3.5%	4.0%	1,800	4.0%	1,800	CERA	964	TC Rent
									76,524	8.1%	9.3%	4,334	9.5%	4,334			
60%	Area Median Income Units																
Family	Occupancy																
E	48	Apartment	1	1.0	600	1,104	53	1,157	635,904	67.4%	64.0%	28,800	63.2%	28,800		1,157	TC Rent
									635,904	67.4%	64.0%	28,800	63.2%	28,800			
60%	Area Median Income Units																
Family	Occupancy																
E	3	Apartment	1	1.0	600	1,062	53	1,115	38,232	4.1%	4.0%	1,800	4.0%	1,800	High HOME	1,115	HOME Rent
									38,232	4.1%	4.0%	1,800	4.0%	1,800			
50%	Area Median Income Units																
Family	Occupancy																
E	1	Apartment	1	1.0	600	911	53	964	10,932	1.2%	1.3%	600	1.3%	600		964	TC Rent
									10,932	1.2%	1.3%	600	1.3%	600			
Mgrs	2	Apartment	1	1.0					0	0.0%	0.0%	0	0.0%	0			
												45,552		**45,552**			

Total Revenue Units	**75**
Manager Units	**2**
Income Average	53.60%
Set Aside	100.00%

Gross Rent Potential	**943,128**
Average Monthly Rent	**1,048**
Gross Square Footage	**45,552**

HOME Units SF/Total Units SF	15.1%	**Within Range**
# HOME Units/# Total Units	14.7%	**Within Range**

Utility Allowances

	Tenant-Paid Electricity	Tenant-Paid A/C	Tenant-Paid Gas	Owner-Paid Water/ Sewer	Owner-Paid Other	Total	Override
A						0	53.00
B						0	53.00
C						0	53.00
D						0	53.00
E						0	53.00
F						0	
G						0	
H						0	

Annual Non-Rental Income

Misc. and Interest	
Guest Suite: 20 nights at $100/night	2,000
Garages: 5 garages @ $50/mo at 90% occupancy	2,700
Other: 68 Storage Units @$10/mo at 5% Occupanc	4,080
Other: 4 Lg Storage Units @$15/mon at 90% occu	648
	9,428

Total Income	**Annual**	**Monthly**
Rental Income	943,128	78,594
Non-Rental Income	9,428	786
Total Project Revenue	952,556	79,380

Development	Gracious Grounds
Financing	Tax Exempt
MSHDA No.	3806
Step	Commitment
Date	11/21/2024
Type	New Construction

Instructions

TOTAL DEVELOPMENT COSTS			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			3,701	285,000	0%	0	0
Existing Buildings			0		100%	0	0
Other:			0		0%	0	0
		Subtotal	**3,701**	**285,000**			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			12,468	960,000	100%	960,000	0
Landscaping and Irrigation			2,597	200,000	100%	200,000	200,000
Structures			129,566	9,976,548	100%	9,976,548	9,976,548
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			2,597	200,000	0%	0	0
General Requirements	% of Contract 5.99%	Within Range	8,834	680,193	100%	680,193	680,193
Builder Overhead	% of Contract 2.00%	Within Range	3,121	240,335	100%	240,335	240,335
Builder Profit	% of Contract 5.99%	Within Range	9,551	735,425	100%	735,425	735,425
Bond Premium, Tap Fees, Cost Cert.			3,065	236,000	100%	236,000	236,000
Other:			143	11,000	100%	11,000	11,000
		Subtotal	**171,942**	**13,239,501**			
	15% of acquisition and $15,000/unit test:			met			
Professional Fees							
Design Architect Fees			3,525	271,400	100%	271,400	271,400
Supervisory Architect Fees			566	43,600	100%	43,600	43,600
Landscape Architect Fees			58	4,500	100%	4,500	4,500
Engineering/Survey			974	75,000	100%	75,000	75,000
Legal Fees			519	40,000	100%	40,000	40,000
Interior Design Fees			0		100%	0	0
Other: LEED Consultant			195	15,000	100%	15,000	15,000
		Subtotal	**5,838**	**449,500**			
Interim Construction Costs							
Property & Casualty Insurance			1,438	110,700	100%	110,700	110,700
Construction Loan Interest	Override	301,384	3,914	301,384	61%	183,451	183,451
Title Work			669	51,500	100%	51,500	0
Construction Taxes			296	22,800	100%	22,800	22,800
Permits			297	22,870	100%	22,870	22,870
Other: Soil Boring			143	11,000	100%	11,000	11,000
		Subtotal	**6,757**	**520,254**			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	3,781	291,133	0%	0	0
Other:			0		0%	0	0
		Subtotal	**3,781**	**291,133**			
Other Costs (In Basis)							
Application Fee			26	2,000	100%	2,000	2,000
Market Study			84	6,500	100%	6,500	6,500
Environmental Studies			130	10,000	100%	10,000	10,000
Cost Certification			143	11,000	100%	11,000	11,000
Equipment and Furnishings			2,208	170,000	100%	170,000	0
Temporary Tenant Relocation			0		100%	0	0
Construction Contingency			4,805	370,000	100%	370,000	370,000
Appraisal and C.N.A.			26	2,000	100%	2,000	2,000
Other:			0		100%	0	0
		Subtotal	**7,422**	**571,500**			
Other Costs (NOT In Basis)							
Start-Up and Organization			130	10,000	0%	0	0
Tax Credit Fees (based on 2024 QAP)	45,563	Within Range	592	45,563	0%	0	0
Compliance Monitoring Fee (based on 2024 QAP)			475	36,575	0%	0	0
Marketing Expense			130	10,000	0%	0	0
Syndication Legal Fees			65	5,000	0%	0	0
Rent Up Allowance	9.0 months		4,280	329,549	0%	0	0
Other:			0		0%	0	0
		Subtotal	**5,671**	**436,687**			

Summary of Acquisition Price		As of	
Attributed to Land	285,000	1st Mortgage Balance	
Attributed to Existing Structures	0	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	285,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	285,000

Construction Loan Term	Months
Construction Contract	14
Holding Period (50% Test)	
Rent Up Period	9
Construction Loan Period	23

Appraised Value	Value As of:	August 23, 2023
"Encumbered As-Is" value as determined by appraisal:		330,000
LESS Fixed Price to the Seller:		285,000
Surplus/(Gap)	Within Range	45,000

Override

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Project Reserves							
Operating Assurance Reserve	4.0 months	Funded in Cash	3,854	296,723	0%	0	0
Replacement Reserve		Not Required	0	0	0%	0	0
Operating Deficit Reserve			0	0	0%	0	0
Rent Subsidy Reserve			0	0	0%	0	0
Syndicator Held Reserve			0	0	0%	0	0
Rent Lag Escrow			0	0	0%	0	0
Tax and Insurance Escrows			0	0	0%	0	0
Other:			0		0%	0	0
Other:			0		0%	0	0
		Subtotal	**3,854**	**296,723**			
Miscellaneous							
Deposit to Development Operating Account (1MGRP)		Not Required	0	0	0%	0	0
Other (Not in Basis):			0	0	0%	0	0
Other (In Basis):			0	0	100%	0	0
Other (In Basis):			0	0	100%	0	0
		Subtotal	**0**	**0**			

OAR Funded Yr 1	4 Month OAR
296,723	296,723

	Per Unit	Total
Total Acquisition Costs	**3,701**	**285,000**
Total Construction Hard Costs	**171,942**	**13,239,501**
Total Non-Construction ("Soft") Costs	**33,322**	**2,565,797**

Developer Overhead and Fee

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Maximum	2,369,915		27,273	2,100,000	100%	2,100,000	2,100,000
7.5%	of Acquisition/Project Reserves	Override		5% Attribution Test			
15%	of All Other Development Costs	2,100,000		met			
Total Development Cost			**236,238**	**18,190,298**			

LIHTC Basis	Historic Basis	Aggregate Basis
16,562,822	15,381,322	16,847,822

TOTAL DEVELOPMENT SOURCES	% of TDC	Per Unit	Total
MSHDA Permanent Mortgage	36.34%	85,850	6,610,464
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution From Tax Credit Syndication	31.68%	74,848	5,763,286
MSHDA NSP Funds	0.00%	0	
MSHDA HOME	9.76%	23,052	1,775,000
MSHDA Mortgage Resource Funds	0.00%	0	
MSHDA TCAP	0.00%	0	
MSHDA Housing Trust Funds	0.00%	0	
MSHDA CERA	18.27%	43,152	3,322,687
MSHDA HOME-ARP	0.00%	0	
MSHDA HCDF	0.00%	0	
Local HOME	0.00%	0	
Income from Operations	0.53%	1,249	96,187
Other Equity	0.00%	0	
Transferred Reserves:	0.00%	0	0
Other:	0.00%	0	
Other:	0.00%	0	
Deferred Developer Fee	3.42%	8,087	622,674
Total Permanent Sources			**18,190,298**

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	77.12%	2,085,151	1 One Bedroom	0 One Bedroom, 1 Bath, 6
11.00		**HTF Subsidy Limit**	1 One Bedroom	0 One Bedroom, 1 Bath, 6
			1 One Bedroom	0 One Bedroom, 1 Bath, 6
0.00			1 One Bedroom	0 One Bedroom, 1 Bath, 6
0.00		0	7 One Bedroom	0 One Bedroom, 1 Bath, 6
15.00				
0.00				
0.00				

Deferred Dev Fee
29.65%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	**0**

MSHDA Construction Loan	**52.00%**	**122,844**	**9,458,955**
Construction Loan Rate	5.625%		
Repaid from equity prior to final closing			2,848,491

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP		
Acquisition	0	Acquisition	0	
Construction	16,562,822	Construction	662,513	Override
Acquisition Credit %	4.00%	Total Yr Credit	662,513	
Rehab/New Const Credit %	4.00%	Equity Price	$0.8700	
Qualified Percentage	100.00%	Equity Effective Price	$0.8700	Override
QCT/DDA Basis Boost	100%	Equity Contribution	5,763,286	
Historic?	No			

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:			

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	5,763,286
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**5,763,286**

Cash Flow Projections

Development Gracious Grounds
Financing Tax Exempt
MSHDA No. 3806
Step Commitment
Date 11/21/2024
Type New Construction

	Initial Inflator	Starting in Yr	Future Inflator		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
					1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	1.0%	6	2.0%		943,128	952,559	962,085	971,706	981,423	1,001,051	1,021,072	1,041,494	1,062,324	1,083,570
Annual Non-Rental Income	1.0%	6	2.0%		9,428	9,522	9,618	9,714	9,811	10,007	10,207	10,411	10,620	10,832
Total Project Revenue					**952,556**	**962,082**	**971,702**	**981,419**	**991,234**	**1,011,058**	**1,031,279**	**1,051,905**	**1,072,943**	**1,094,402**
Expenses														
Vacancy Loss	7.0%	6	7.0%		66,019	66,679	67,346	68,019	68,700	70,074	71,475	72,905	74,363	75,850
Management Fee	3.0%	1	3.0%		50,127	51,631	53,180	54,775	56,418	58,111	59,854	61,650	63,499	65,404
Administration	3.0%	1	3.0%		107,458	110,682	114,002	117,422	120,945	124,573	128,310	132,160	136,125	140,208
Project-paid Fuel	3.0%	6	3.0%		4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871
Common Electricity	4.0%	6	3.0%		14,500	15,080	15,683	16,311	16,963	17,472	17,996	18,536	19,092	19,665
Water and Sewer	5.0%	6	5.0%		16,000	16,800	17,640	18,522	19,448	20,421	21,442	22,514	23,639	24,821
Operating and Maintenance	3.0%	1	3.0%		121,150	124,785	128,528	132,384	136,355	140,446	144,659	148,999	153,469	158,073
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					33,684	33,975	34,266	34,557	34,850	35,515	36,191	36,880	37,581	38,295
Insurance	3.0%	1	3.0%		33,876	34,892	35,939	37,017	38,128	39,272	40,450	41,663	42,913	44,200
Replacement Reserve	3.0%	1	3.0%		26,950	27,759	28,591	29,449	30,332	31,242	32,180	33,145	34,139	35,164
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					474,264	486,917	499,949	513,374	527,204	542,342	557,931	573,986	590,521	607,552
Debt Service														
Debt Service Part A					415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**890,170**	**902,822**	**915,855**	**929,280**	**943,110**	**958,247**	**973,837**	**989,892**	**1,006,427**	**1,023,458**
Cash Flow/(Deficit)				742322	**62,386**	**59,259**	**55,847**	**52,139**	**48,124**	**52,811**	**57,443**	**62,013**	**66,516**	**70,944**
Cash Flow Per Unit					810	770	725	677	625	686	746	805	864	921
Debt Coverage Ratio on Part A Loan					1.15	1.14	1.13	1.13	1.12	1.13	1.14	1.15	1.16	1.17
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) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR					(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
Interest					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**
Maintained Cash Flow Per Unit					810	770	725	677	625	686	746	805	864	921
Maintained Debt Coverage Ratio on Part A Loan					1.15	1.14	1.13	1.13	1.12	1.13	1.14	1.15	1.16	1.17
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										
Operating Assurance Reserve Analysis				296,723										
Required in Year:	1			Initial Deposit										
Initial Balance				**296,723**	296,723	305,625	314,794	324,238	333,965	343,984	354,303	364,932	375,880	387,157
Interest Income					8,902	9,169	9,444	9,727	10,019	10,320	10,629	10,948	11,276	11,615
Ending Balance					305,625	314,794	324,238	333,965	343,984	354,303	364,932	375,880	387,157	398,771
Deferred Developer Fee Analysis														
Initial Balance					622,674	560,288	501,029	445,182	393,042	344,918	292,108	234,665	172,652	106,136
Dev Fee Paid					62,386	59,259	55,847	52,139	48,124	52,811	57,443	62,013	66,516	70,944
Ending Balance — Repaid in Year:	2033				560,288	501,029	445,182	393,042	344,918	292,108	234,665	172,652	106,136	35,191
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				0	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
					11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	1.0%	6	2.0%		1,105,241	1,127,346	1,149,893	1,172,891	1,196,349	1,220,276	1,244,681	1,269,575	1,294,967	1,320,866
Annual Non-Rental Income	1.0%	6	2.0%		11,049	11,270	11,495	11,725	11,959	12,199	12,442	12,691	12,945	13,204
Total Project Revenue					**1,116,290**	**1,138,616**	**1,161,388**	**1,184,616**	**1,208,308**	**1,232,474**	**1,257,124**	**1,282,266**	**1,307,912**	**1,334,070**
Expenses														
Vacancy Loss	7.0%	6	7.0%		77,367	78,914	80,493	82,102	83,744	85,419	87,128	88,870	90,648	92,461
Management Fee	3.0%	1	3.0%		67,366	69,387	71,469	73,613	75,822	78,096	80,439	82,852	85,338	87,898
Administration	3.0%	1	3.0%		144,415	148,747	153,209	157,806	162,540	167,416	172,439	177,612	182,940	188,428
Project-paid Fuel	3.0%	6	3.0%		6,048	6,229	6,416	6,608	6,807	7,011	7,221	7,438	7,661	7,891
Common Electricity	4.0%	6	3.0%		20,255	20,862	21,488	22,133	22,797	23,481	24,185	24,911	25,658	26,428
Water and Sewer	5.0%	6	5.0%		26,062	27,365	28,734	30,170	31,679	33,263	34,926	36,672	38,506	40,431
Operating and Maintenance	3.0%	1	3.0%		162,815	167,700	172,731	177,913	183,250	188,748	194,410	200,242	206,250	212,437
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					39,020	39,759	40,511	41,275	42,053	42,844	43,649	44,467	45,300	46,146
Insurance	3.0%	1	3.0%		45,527	46,892	48,299	49,748	51,240	52,778	54,361	55,992	57,672	59,402
Replacement Reserve	3.0%	1	3.0%		36,219	37,305	38,424	39,577	40,764	41,987	43,247	44,544	45,881	47,257
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					625,093	643,162	661,774	680,946	700,696	721,043	742,005	763,601	785,852	808,779
Debt Service														
Debt Service Part A					415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906	415,906
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**1,040,999**	**1,059,068**	**1,077,679**	**1,096,852**	**1,116,602**	**1,136,949**	**1,157,910**	**1,179,507**	**1,201,758**	**1,224,685**
Cash Flow/(Deficit)				742322	**75,291**	**79,548**	**83,709**	**87,764**	**91,706**	**95,526**	**99,214**	**102,760**	**106,154**	**109,385**
Cash Flow Per Unit					978	1,033	1,087	1,140	1,191	1,241	1,288	1,335	1,379	1,421
Debt Coverage Ratio on Part A Loan					1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.26
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) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR					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
Interest					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**
Maintained Cash Flow Per Unit					978	1,033	1,087	1,140	1,191	1,241	1,288	1,335	1,379	1,421
Maintained Debt Coverage Ratio on Part A Loan					1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.26
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**										
Operating Assurance Reserve Analysis				296,723										
Required in Year:	1			Initial Deposit										
Initial Balance				**296,723**	398,771	410,735	423,057	435,748	448,821	462,285	476,154	490,439	505,152	520,306
Interest Income					11,963	12,322	12,692	13,072	13,465	13,869	14,285	14,713	15,155	15,609
Ending Balance					410,735	423,057	435,748	448,821	462,285	476,154	490,439	505,152	520,306	535,915
Deferred Developer Fee Analysis														
Initial Balance					35,191	0	0	0	0	0	0	0	0	0
Dev Fee Paid					35,191	0	0	0	0	0	0	0	0	0
Ending Balance — Repaid in Year:	2033				0	0	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**0**	0	0	0	0	0	0	0	0	0	0
Current Yr Int					0	0	0	0	0	0	0	0	0	0
Accrued Int					0	0	0	0	0	0	0	0	0	0
Subtotal				% of Cash Flow	0	0	0	0	0	0	0	0	0	0
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					0	0	0	0	0	0	0	0	0	0

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY GRACIOUS GROUNDS, MSHDA DEVELOPMENT NO. 4134 GRAND HAVEN TOWNSHIP, OTTAWA COUNTY

November 21, 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 R W Properties I L.L.C. (the "Applicant") for a multifamily housing project to be located in Grand Haven Township, Ottawa County, Michigan, having a total development cost of Eighteen Million One Hundred Ninety Thousand Two Hundred Ninety-Eight Dollars ($18,190,298), with a total estimated maximum mortgage loan (the “Mortgage Loan”) amount of Nine Million Four Hundred Fifty-Eight Thousand Nine Hundred Fifty-Five Dollars ($9,458,955), and a COVID Emergency Rental Assistance Loan in the estimated amount of Three Million Three Hundred Twenty-Two Thousand Six Hundred Eighty-Seven Dollars ($3,322,687) (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 Ten Million Four Hundred Forty-Three Thousand Four Hundred Nine Dollars ($10,443,409).

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 November 21, 2024, which conditions and requirements are hereby incorporated by reference as if fully set forth herein.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOAN
GRACIOUS GROUNDS, MSHDA DEVELOPMENT NO. 4134
GRAND HAVEN TOWNSHIP, OTTAWA COUNTY**

November 21, 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 R W Properties I L.L.C. (the "Applicant") for a construction mortgage loan in the amount of Nine Million Four Hundred Fifty-Eight Thousand Nine Hundred Fifty-Five Dollars ($9,458,955) and a permanent mortgage loan in the amount of Six Million Six Hundred Ten Thousand Four Hundred Sixty-Four Dollars ($6,610,464) (the “Mortgage Loan”) for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Eighteen Million One Hundred Ninety Thousand Two Hundred Ninety-Eight Dollars ($18,190,298), to be known as Gracious Grounds, MSHDA Development No. 4134 (the “Development”), located in Grand Haven Township, Ottawa County, Michigan, and to be owned by Gracious Grounds Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); 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 PSH (Permanent Supportive Housing) Gap Financing Program loans; and

WHEREAS, in the Application, the Applicant also requested a CERA loan (the “CERA Loan”) under the PSH Gap Financing Program in the amount of Three Million Three Hundred Twenty-Two Thousand Six Hundred Eighty-Seven Dollars ($3,322,687), and a HOME loan in the amount of One Million Seven Hundred Seventy-Five Thousand Dollars ($1,775,000) (the "HOME Loan"); 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 exceed to Nine Million Four Hundred Fifty-Eight Thousand Nine Hundred Fifty-Five Dollars ($9,458,955), and permanent financing in an amount not to exceed Six Million Six Hundred Ten Thousand Four Hundred Sixty-Four Dollars ($6,610,464), 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 percent (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 Ten Million Four Hundred Forty-Three Thousand Four Hundred Nine Dollars ($10,443,409). 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 or HOME Loan is outstanding, the Limited Dividend Payments are capped at 12% per annum. If the CERA and HOME Loans are 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 November 21, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

8. The Authority hereby waives Section II.A.6 of the Multifamily Direct Lending Parameters adopted on June 28, 2017, requiring that the Development meet the MSHDA Multifamily Standards of Design with respect to the number of parking spaces.

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: November 21, 2024

RE: Setters Pointe, Development No. 4146

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority" or "MSHDA") 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 permanent CERA loan in the amount set forth below, 4) authorize the waiver of the prepayment prohibition on the Authority's existing tax exempt bond loans, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated October 17, 2024.

PROJECT SUMMARY

MSHDA No:	4146
Development Name:	Setters Pointe
Development Location:	City of Coopersville, Ottawa County
Sponsor:	Ginosko Development Company
Mortgagor:	GDC-SP Limited Dividend Housing Association, LLC
Number of Units (Affordable and Market Rate):	96 Affordable Units
Number of Units Designated for Accessible Use:	5 Accessible Units
Occupancy Rate:	100%
Total Development Cost:	$17,150,687
TE Bond Construction Loan:	$9,662,883 (56.34% of TDC)
TE Bond Permanent Loan:	$7,125,076
MSHDA Gap Funds (HTF Loan):	$1,374,576
MSHDA Gap Funds (CERA Loan):	$3,018,256
Other Funds:	$4,622,665 LIHTC Equity, $608,307 Income from Operations, $17,541 Transferred Reserves, $384,266 Deferred Developer Fee

EXECUTIVE SUMMARY

This proposal will join together Setter's Pointe I (MSHDA #1013) and Setter's Pointe II (MSHDA #1102) in a single mortgage loan transaction, to be known as Setters Pointe #4146. Setter's Pointe I was financed with the Authority in August of 2001, and Setter's Pointe II was financed in October of 2004. Both phases included a tax-exempt bond loan and HOME Loan that will be paid in full at closing, however, because the HOME period of affordability has not expired on Setter's Pointe II, the development will remain subject to the existing HOME restrictions until August 25, 2026. The Authority's waiver of the prepayment prohibition on Setter's Pointe I and Setter's Ponte II is required.

ADVANCING THE AUTHORITY'S MISSION

Setters Pointe is located within Region F of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region F 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

MUNICIPAL SUPPORT

- The City of Coopersville has agreed to extend the existing PILOT exemption for this project.

COMMUNITY ENGAGEMENT/IMPACT

The design and development team for the Development held a townhall meeting with residents on August 8, 2024, where the Development's scope of work was reviewed with the attendees. The attendees provided positive feedback and raised questions on the scope of the work, which the design and development team addressed during the townhall meeting. Some of the questions that were discussed included work that would take place during normal business hours and items that may need to be removed from the housing units (larger items with assistance provided).

RESIDENT IMPACT

- No residents will be displaced, but residents may be required to move temporarily, so that the rehabilitation can be completed. If residents must temporarily move, suitable housing will be made available, and residents will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

The PILOT granted by the City of Coopersville will terminate on December 31, 2051, so the term of the Authority's permanent financing has been set to mature with a balloon payment due at the same time, instead of 40 years for the tax-exempt bond loan and 50 years for the gap financing loans.

To allow this refinancing proposal to proceed, the Sponsor has also requested the Authority's waiver of the existing prepayment prohibitions on Setter's Pointe I and Setter's Pointe II.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

November 21, 2024

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority" or "MSHDA") 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 permanent Covid Emergency Rental Assistance ("CERA") loan in the amount set forth in this report, 4) authorize the waiver of the prepayment prohibition on the Authority's existing tax exempt bond loans, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	4146
Development Name:	Setters Pointe
Development Location:	City of Coopersville, Ottawa County
Sponsor:	Ginosko Development Company
Mortgagor:	GDC-SP Limited Dividend Housing Association, LLC
TE Bond Construction Loan:	$9,662,883 (56.34% of TDC)
TE Bond Permanent Loan:	$7,125,076
MSHDA Permanent HTF Loan:	$1,374,576
MSHDA Permanent CERA Loan:	$3,018,256
Total Development Cost:	$17,150,687
Mortgage Amortization:	40 years for the tax-exempt bond loan; 50 years for the HTF and CERA loans
Mortgage Term:	All Authority loans will mature on December 31, 2051
Interest Rate:	6.25% for the tax-exempt bond loan; 1% simple interest for the CERA and HTF loans
Program:	Tax-Exempt Bond and Gap Financing Programs
Number of Units:	96 Family Units
Accessible Units:	5 Accessible Units
Unit Configuration:	48 Two-bedroom and 48 three-bedroom units in 12 two-story townhouse-style buildings
Builder:	Optimum Construction, LLC d/b/a Ginosko Construction
Syndicator:	Cinnaire
Date Application Received:	June 2023
HDO:	Drew Brown

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

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

The development has been granted an extension of the existing 4% Payment in Lieu of Taxes ("PILOT") from the City of Coopersville that will expire on December 31, 2051. Authority underwriting requires a PILOT for the length of all mortgages; therefore, the Authority will offer a tax-exempt bond loan with the same terms that provides a 40-year amortization with a balloon payment due no later than the PILOT termination date. The HRF and CERA Loans will be coterminous with the tax-exempt bond mortgage loan. The affordability period for tenant rents will continue beyond the balloon-payment date to the extent necessary to comply with the Authority's bond and LIHTC Regulatory Agreements. See Standard Condition No. 9.

To allow this refinancing proposal to proceed, the Sponsor has also requested the Authority's waiver of the existing prepayment prohibitions on Setter's Pointe I and Setter's Pointe II.

EXECUTIVE SUMMARY:

This proposal will join together Setter's Pointe I (MSHDA #1013) and Setter's Pointe II (MSHDA #1102) in a single mortgage loan transaction to be known as Setters Pointe #4146. Setter's Pointe I was financed with the Authority in August of 2001 and Setter's Pointe II was financed in October 2004. Both phases included a tax exempt bond loan and HOME Loan that will be paid in full at closing, however, because the HOME period of affordability has not expired on Setter's Pointe II, the development will remain subject to the existing HOME restrictions under August 25, 2026. The Authority's waiver of the prepayment prohibition on Setter's Pointe I and Setter's Ponte II is required.

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 $9,662,883 at 6.250% interest with a 12-month term and a 12-month construction 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 on the first day of the month following the month in which the 12-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 $7,125,076. 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 6.250%, a 40-year amortization and a term commencing on the Permanent Financing Date and ending on December 31, 2051. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.

- A permanent subordinate loan using an Authority Housing Trust Fund Loan (the "HTF Loan") in the amount of $1,374,576 will be provided at 1% simple interest, a 25-year term, and with payments initially deferred. The HTF Loan will be in **Second Position**.

- A permanent subordinate loan using an Authority CERA Loan (the "CERA Loan") in the amount of $3,018,256 will be provided at 1% simple interest, a 25-year term, and with payments initially deferred. The CERA Loan will be in **Third Position**.

- 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 $608,307.

- The Sponsor has agreed to defer $384,266 of the developer fee to help fill the remaining funding gap.

- **A prepayment penalty of $196,596.35 (based on November 30, 2024 payoff) will be paid by the Seller**.

- 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.

- 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.

- 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.

- Payment of the lost interest spread from the early prepayment of the existing loan is not recommended because the sponsor has agreed to refinance with a new tax-exempt bond loan from the Authority and the additional interest to be earned on the new loan.

<u>Scope of Rehabilitation:</u>

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

- New Siding.
- New roofs.
- New gutters/downspouts.

- New in unit and commons area flooring.
- New kitchen appliances.
- New kitchen cabinets and countertops.
- New bathroom fixtures/toilets.
- New in-unit HVAC systems.
- Parking and driveway asphalt/cement resurface/replace.
- Sidewalk replacement where needed.

Affordability Requirements:

The Authority's tax-exempt bond regulatory agreement will require that 43 of 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 60% units is controlled by the number of eligible households in place at closing, estimated to be about 90% of the units. Another 43 units will be further restricted to extremely low-income (at or below 30% of area median income, or "AMI") households as required by the HTF Program, to low-income (at or below 50% of AMI) households as required by the CERA Program, or to households at or below 40% of AMI. The Development also includes ten market-rate units.

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 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 Analysis and Research.

Valuation of the Property:

An appraisal dated July 29, 2023, estimates the value of the property to be $8,400,000.

CONDITIONS:

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

Standard Conditions:

1. **Limitation for Return on Equity:**

   For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of $4,622,665). 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 the 96 units in this proposal are as follows:

   a. 5 units (2 two-bedroom units and 3 three-bedroom units) have been designated as Low-HOME units and during the remainder of the Period of Affordability required under the HOME program (August 25, 2026) 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 (3 two-bedroom units and1 three-bedroom unit) have been designated as High-HOME units and during the remainder of the Period of Affordability required under the HOME program (August 25, 2026) must be available for occupancy by households whose incomes do not exceed the lesser of 60% of the MTSP income limits or the High HOME income limit, as published by HUD, adjusted for family size.

   c. 10 units (6 two-bedroom units and 4 three-bedroom units) have been designated as HTF units and during the Period of Affordability required under the HTF program (30 years) must be available for occupancy by Extremely Low-income households whose incomes do not exceed 30% of AMI, as determined by HUD, adjusted for family size, or families whose adjusted gross income is at or below the poverty line (as defined in Section 673 of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902), whichever is greater.

   d. 17 units (10 two-bedroom units and 7 three-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.

   e. 10 units (6 two-bedroom units and 6 three-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.

f. 10 units (6 two-bedroom units and 4 three-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.

g. 23 units (12 two-bedroom units and 11 three-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.

h. 43 units (20 two-bedroom units and 23 three-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.

i. 10 units (4 two-bedroom units and 6 three-bedroom units) are market rate and may be rented without regard to income. These units must remain in the same buildings as existed under the prior LIHTC allocation to maintain the applicable fraction on a building basis.

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. <u>Limitations on Rental Rates</u>:

The Total Housing Expense (contract rent plus tenant-paid utilities) for 96 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 (2 two-bedroom units, and 3 three-bedroom 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 HOME program (15 years), the Total Housing Expense for the 4 High-HOME units (3 two-bedroom units, and 1 three-bedroom units) may not exceed the "High-HOME Rent Limit" established and published annually by HUD.

c. During the Period of Affordability required under the HTF program (30 years), the Total Housing Expense for the 10 HTF units (6 two-bedroom units, and 4 three-bedroom units) may not exceed the Housing Trust Fund rent limit for the unit established and published annually by HUD and based upon an imputed occupancy of one and one-half persons per bedroom.

d. During the period of affordability required under the CERA program (20 years), the Total Housing Expense for all 17 CERA units (10 two-bedroom units, and 7 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) 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.

e. The Total Housing Expense for all 10 units (6 two-bedroom units, and 4 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) 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.

f. The Total Housing Expense for all 10 units (6 two-bedroom units, and 4 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) of 30% of 40% 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 all 23 units (12 two-bedroom units, and 11 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) 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.

h. The Total Housing Expense for all 43 units (20 two-bedroom units, and 23 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) 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.

i. 10 units (4 two-bedroom units, and 6 three-bedroom units) are market rate and there shall be no limit on the rents charged for 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 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 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. <u>Covenant Running with the Land</u>:

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. <u>Restriction on Prepayment and Subsequent Use</u>:

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 20^{th} 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 be prepaid 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 (the "OAR") in the amount equal to 4 months of estimated Development operating expenses (estimated to be $398,193) 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 OAR, 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 $4,587 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 $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. **One Month’s Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month’s gross rent potential ($103,922) into the Development’s operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into agreements relating to the permanent HTF and CERA Loans and each will be secured by a subordinate mortgage. The HTF and CERA Loans will bear simple interest at 1% with terms ending on December 31, 2051. No loan payments will be required on the HTF and 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 Mortgage Loan amortization commences, repayment of the HTF and CERA Loans 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 HTF 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 HTF Loan shall be due in full.

- Upon payment in full of the Mortgage Loan, if the HTF Loan remains outstanding, then the outstanding balance of the HTF, 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 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. 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.

- Upon payment in full of both the Mortgage Loan and the HTF Loan, if the CERA Loan remains outstanding, then the outstanding balance of 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 along.

- The entire principal balance and any accrued interest of the HTF Loan and the CERA Loan will be due in full on the first to occur of (a) sale or refinancing of the Development or (b) December 31, 2051, whichever occurs first.

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 Design and Construction Manager.

13. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide a copy of the contractor's "Section 3 Hiring Plan" 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. 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 the HTF and 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. Existing Reserves:

At Initial Closing, the Mortgagor and the Seller must agree and confirm the Authority's ownership of the existing reserves balances, with the exception of the tax and insurance escrows, and Debt Coverage Escrow (DCE) Principal reserves. (The existing reserves excluding tax and insurance escrows and DCE Principal reserve escrows shall be referred to as "Net Existing Reserves.") The Net Existing Reserves will be captured by the Authority at Initial Closing, as this balance was accounted for within the Gap Financing rankings. This agreement must be acceptable to the Authority's Chief Legal Affairs Officer and the Authority's Director of Asset Management. The Net Existing Reserves captured by the Authority will not be available to settle or reconcile its accounts payable or to pay any accumulated and/or current year unpaid limited dividend payments.

25. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. **Transfer and Ownership of Development Reserves:**

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, 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.

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.

29. **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.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: GDC-SP Limited Dividend Housing Association, LLC

II. GUARANTOR(S):

A. Guarantor #1:

Name: Ginosko Development Company
Address: 41800 W. Eleven Mile Road, Suite 209
Novi, MI 48375

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Ginosko Development Company
Address: 41800 W. Eleven Mile Road, Suite 209
Novi, MI 48375

Individuals Assigned: Amin Irving
Telephone: 248-513-4900
Fax: 248-513-4904
E-mail: airving@ginosko.com

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

2. **Interest in the Mortgagor and Members**: 99.99%LP, .01% GP

B. Architect:

Name: Schneider + Smith Architects
Address: 833 S. Center St
Royal Oak, MI 48067

Individual Assigned: Jim Schneider
Telephone: 248-398-0605
Fax: Not Provided
E-Mail: jim@schneidersmith.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301038876, exp. May 12, 2025.

C. Attorney:

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

Individual Assigned: Tom Lapka
Telephone: 517-482-0222
Fax: Not Provided
E-Mail: toml@mclpc.com

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

D. **Builder**:

Name: Optimum Construction, LLC d/b/a/ Ginosko Construction
Address: 41800 West 11 Mile Road, Suite 209
Novi, MI 48375

Individual Assigned: Kennie Currie
Telephone: 248-513-4900
Fax: 248-513-4904
E-mail: kcurrie@ginosko.com

1. **Experience**: The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration**: License number 2101221127, with an expiration date of 5/31/2025.

E. **Management and Marketing Agent**:

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

Individual Assigned: Paul Spencer
Telephone: 989-772-3261
Fax: Not Provided
E-mail: pspencer@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:

$8,400,000

B. Site Location:
501 Setter's Run, Coopersville, MI 49404

C. Size of Site:
Approximately 5.18 acres

D. Density:
Deemed appropriate.

E. Physical Description:

1. Present Use: Multifamily Housing
2. Existing Structures: 12 apartment buildings
3. Relocation Requirements: None

F. Zoning:
Deemed appropriate.

G. Contiguous Land Use:

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

H. Tax Information:
The Development has received a 26-year 4% PILOT.

I. Utilities: Michigan Gas Utilities is providing natural gas; Consumers Energy is providing the Electricity, and the City of Coopersville is providing water and sewer services.

J. Community Facilities:

1. Shopping:
   Family Fare and Family Dollar located a few blocks west of the site.
2. Recreation:
   LA training, Snap Fitness and Perennial Park are near the site.
3. Public Transportation:
   Not available.
4. Road Systems
   The development is located on Setter run, which is Off of Rivers Street and near the I-96 Highway entrance.

5. Medical Services and other Nearby Amenities:
   There are several clinics located within a few miles of the site.
6. Description of Surrounding Neighborhood:
   Mixture of residential and commercial.
7. Local Community Expenditures Apparent:
   Not apparent.
8. Indication of Local Support:
   Continuation of PILOT and site plan approval.

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

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

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

IX. MANAGEMENT AND MARKETING:

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

X. FINANCIAL STATEMENTS:

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

XI. DEVELOPMENT SCHEDULING:

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

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad A Benson 11/14/2024

Chad Benson — Date
Director of Development

Anthony Lentych 11/13/2024

Tony Lentych — Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 11/14/2024

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

Amy Hovey 11/14/2024

Amy Hovey — Date
Chief Executive Officer and Executive Director

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
SETTERS POINTE, MSHDA DEVELOPMENT NO. 4146
CITY OF COOPERSVILLE, OTTAWA COUNTY

November 21, 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 Ginosko Development Company (the "Applicant") for a multifamily housing project to be located in the City of Coopersville, Ottawa County, Michigan, having a total development cost of Seventeen Million One Hundred Fifty Thousand Six Hundred Eighty-Seven Dollars ($17,150,687), with a total estimated maximum mortgage loan (the “Mortgage Loan”) amount of Nine Million Six Hundred Sixty-Two Thousand Eight Hundred Eighty-Three Dollars ($9,662,883), and a COVID Emergency Rental Assistance Loan in the estimated amount of Three Million Eighteen Thousand Two Hundred Fifty-Six Dollars ($3,018,256) (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 Eleven Million Eight Hundred Eighty-Two Thousand Four Hundred Twenty-Three Dollars ($11,882,423).

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.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
SETTERS POINTE, MSHDA DEVELOPMENT NO. 4146
CITY OF COOPERSVILLE, OTTAWA COUNTY

November 21, 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 Ginosko Development Company (the "Applicant") for a construction mortgage loan in the amount of Nine Million Six Hundred Sixty-Two Thousand Eight Hundred Eighty-Three Dollars ($9,662,883) and a permanent mortgage loan in the amount of Seven Million One Hundred Twenty-Five Thousand Seventy-Six Dollars ($7,125,076) (the "Mortgage Loan") for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Seventeen Million One Hundred Fifty Thousand Six Hundred Eighty-Seven Dollars ($17,150,687), to be known as Setters Pointe, MSHDA Development No. 4146 (the "Development"), located in the City of Coopersville, Ottawa County, Michigan, and to be owned by GDC-SP Limited Dividend Housing Association, LLC (the "Mortgagor"); 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 Three Million Eighteen Thousand Two Hundred Fifty-Six Dollars ($3,018,256); and

WHEREAS, in the Application, the Applicant also requested a Housing Trust Fund loan (the "HTF Loan") in the amount of One Million Three Hundred Seventy-Four Thousand Five Hundred Seventy-Six Dollars ($1,374,576); and

WHEREAS, the Applicant has also requested that the Authority waive the prepayment penalty on the existing mortgage loan financing the Development; 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 Nine Million Six Hundred Sixty-Two Eight Hundred Eighty-Three Dollars ($9,662,883), and permanent financing in an amount not to exceed Seven Million One Hundred Twenty-Five Thousand Seventy-Six Dollars ($7,125,076), and to have a term ending on December 31, 2051, and to bear interest at a rate of six and 625/1000 percent (6.625%) per annum. The amount of proceeds of tax-exempt bonds

issued or to be issued and allocated to the financing of this housing project shall not exceed Eleven Million Eight Hundred Eighty-Two Thousand Four Hundred Twenty-Three Dollars ($11,882,423). 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 HTF Loan are outstanding, the Limited Dividend Payments are capped at 12% per annum. If the CERA Loan and the HTF Loan are 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 November 21, 2024 (the "Staff Report"), which conditions are hereby incorporated by reference as if fully set forth herein.

8. The prepayment prohibitions on the existing mortgage loans financing Setter's Pointe I (MSHDA No. 1013) and Setter's Pointe II (MSHDA No. 1102) are hereby waived, as set forth in the Staff Report.

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: November 21, 2024

RE: Heron Courtyard, Development No. 1443-2

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize tax-exempt bond construction and permanent mortgage loans and a Mortgage Resource Fund ("MRF") mortgage loan in the amounts set forth below, 4) authorize a waiver of the Multifamily Direct Lending Parameters adopted on June 28, 2017 ("Parameters") regarding the assumption of existing Authority subordinate financing in preservation transactions, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated November 21, 2024.

PROJECT SUMMARY

MSHDA No:	1443-2
Development Name:	Heron Courtyard
Development Location:	City of Grand Rapids, Kent County
Sponsor:	Genesis Nonprofit Housing Corporation I
Mortgagor:	Heron Courtyard Redevelopment Limited Dividend Housing Association LLC
Number of Units (Affordable and Market Rate):	33 affordable family units
Number of Units Designated for Accessible Use:	16 accessible units
Occupancy Rate:	94%
Total Development Cost:	$7,795,946
TE Bond Construction Loan:	$4,053,892
TE Bond Permanent Loan:	$1,863,915
MSHDA Permanent HOME Assumption:	$1,462,651
MSHDA Permanent MRF Loan:	$1,660,869
Other Funds:	
LIHTC Equity:	$2,123,076
Income from Operations:	$169,651
Transferred Existing MSHDA Reserves:	$30,803

Seller Note:	$183,594
Deferred Developer Fee:	$301,387

EXECUTIVE SUMMARY

Genesis Nonprofit Housing Corporation I (the "Sponsor") proposes to renovate Heron Courtyard (the "Development"), a 33-unit permanent supportive housing ("PSH") development in the City of Grand Rapids, Kent County, Michigan. The eleven-building Development was constructed in 2004 with nineteen (19) one-bedroom units, twelve (12) two-bedroom units, and two (2) three-bedroom units that serve persons with disabilities or special needs. Heron Courtyard was first financed with 9% Low Income Housing Tax Credits ("LIHTC") from the PSH set-aside. All 33 units in the development are designated as PSH units and will continue to be provided with deep rental subsidy through a Project Based Voucher ("PBV") Housing Assistance Payments ("HAP") Contract from the Grand Rapids Housing Commission ("GRHC").

The Sponsor and development team have experience working on Authority-financed developments and have many properties already in the Authority's loan portfolio.

This project will benefit the Authority by rehabilitating 33 PSH units in an area of need for affordable housing and creating $ 3,524,784 in new Authority permanent loans. The assumption of the existing HOME loan will assist in maintaining the HOME Period of Affordability for this development through March 10, 2026.

Based on the Development's low vacancy rate history and all 33 units continuing to receive rental subsidy through the GRHC, this proposed rehabilitation offers little risk to the Authority.

ADVANCING THE AUTHORITY'S MISSION

Heron Courtyard is located within Region F of the Statewide Housing Plan Regional Housing Partnerships, and this development supports the following goals of the Region F 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.
- Goal 7.2--increase homeownership among households with low to moderate income.

MUNICIPAL SUPPORT

The City of Grand Rapids is providing support with a 3% PILOT.

COMMUNITY ENGAGEMENT/IMPACT

The Sponsor engaged the community through the Sponsor's Resident Support Staff and Dwelling Place Property Management staff holding meetings with residents in the Heron Courtyard community room regarding plans for renovation and to hear resident suggestions and concerns. Property management conducted personal one-on-one meetings with the residents to get their input and hear individual perspectives.

The project will impact the community by providing updated apartments and grounds. Residents expressed their excitement about the proposed improvements of the property and the City of Grand Rapids expressed support for the total renovation of the development.

The project will be a renovation in place and the residents of the Heron Courtyard community provided helpful input regarding the renovation process. If a resident is required to leave their apartment for the short period of time during the renovation, staff will work with that individual resident and come up with a plan that meets the needs of that specific resident.

RESIDENT IMPACT

There will be no displacement of residents due to the rehabilitation of the property.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

Because the existing Authority HOME Loan is still within the Period of Affordability, it will be assumed rather than paid off. A waiver of Section VIII.A. of the Parameters is sought to allow the assumption of this existing Authority subordinate debt.

The assumed HOME Loan will bear interest at 1% per annum and the principal will mature in 2054, at the end of the original 50-year term.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

November 21, 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 the sale of the property, 3) authorize tax-exempt bond construction and permanent mortgage loans and a permanent Mortgage Resource Fund ("MRF") mortgage loan in the amounts set forth in this report, 4) authorize waivers of the Multifamily Direct Lending Parameters adopted on June 28, 2017 ("Parameters") regarding the assumption of existing Authority subordinate financing in preservation transactions, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

MSHDA No.:	1443-2
Development Name:	Heron Courtyard
Development Location:	City of Grand Rapids, Kent County
Sponsor:	Genesis Nonprofit Housing Corporation I
Mortgagor:	Heron Courtyard Redevelopment Limited Dividend Housing Association LLC
TE Bond Construction Loan:	$4,053,892 (52% of TDC)
TE Bond Permanent Loan:	$1,863,915
MSHDA Permanent HOME Assumption:	$1,462,651
MSHDA Permanent MRF Loan:	$1,660,869
Total Development Cost:	$7,795,946
Mortgage Amortization and Term:	40 years for the tax-exempt bond loan; 50 years for the assumed HOME loan (32 years remaining); 50 years for the MRF loan
Interest Rate:	6.25% for the tax-exempt bond loan; 1% simple interest for the assumed HOME loan; 3% simple interest for the MRF loan
Program:	Tax-Exempt Bond Program
Number of Units:	33 family units of rehabilitation
Accessible Units:	Sixteen (16) accessible units
Unit Configuration:	19 one-bedroom apartment units; 12 two-bedroom apartments units; and 2 three-bedroom apartment units.
Builder:	Wolverine Building Group, Inc.
Syndicator:	Cinnaire
Date Application Received:	8/31/2023
HDO:	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:

Because the existing Authority HOME Loan is still within the Period of Affordability, it will be assumed rather than paid off. The Sponsor, Genesis Nonprofit Housing Corporation I, has requested a waiver of Section VIII.A. of the Parameters to allow the assumption of the existing Authority subordinate debt.

The assumed HOME Loan will bear interest at 1% per annum, and the principal will mature in 2054 at the end of the original 50-year term.

EXECUTIVE SUMMARY:

Genesis Nonprofit Housing Corporation I (“the Sponsor”) proposes to renovate Heron Courtyard (“the Development”), a 33-unit permanent supportive housing (“PSH”) development in the City of Grand Rapids, Kent County, Michigan. The eleven-building development was constructed in 2004 with nineteen (19) one-bedroom units, twelve (12) two-bedroom units, and two (2) three-bedroom units that serve persons with disabilities or special needs. Heron Courtyard was first financed with 9% Low Income Housing Tax Credits (“LIHTC”) from the PSH set-aside. All 33 units in the development will continue to be provided with deep rental subsidy through a Project Based Voucher (“PBV”) Housing Assistance Payment ("HAP") Contract from the Grand Rapids Housing Commission ("GRHC").

The Sponsor and development team have experience working on Authority-financed developments and have many properties already in the Authority’s portfolio.

This Development will benefit the Authority by rehabilitating 33 PSH units in an area of need for affordable housing and creating $3,524,784 in new Authority permanent loans. The assumption of the existing HOME loan will assist in maintaining the HOME Period of Affordability for this development through March 10, 2026.

Based on the Development’s low vacancy rate history and all 33 units continuing to receive rental subsidy through the GRHC, this proposed rehabilitation offers little risk to the Authority.

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 (the “Mortgage Loan”) will be provided by the Authority in the amount of $4,053,892 at 6.25% interest with a 13-month term (an 8-month construction term and a 5-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 must be reduced to the permanent loan amount on the first day of the month following the month in which the 13-month construction loan term expires or such later date as is established by an Authorized Officer of the Authority (the “Permanent Financing Date”).

- A tax-exempt bond permanent Mortgage Loan will be provided by the Authority in the amount of $1,863,915. 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 1.20 debt service coverage ratio, an annual interest rate of 6.25%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.

- A permanent subordinate loan using Authority MRF funds (the "MRF Loan") in the amount of $1,660,869 and a remaining term of 30 years will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

- The existing permanent subordinate HOME loan in the amount of $1,462,651 (the "HOME Loan") will be assumed at 1% simple interest with payments initially deferred. The subordinated HOME Loan will be in **Third Position**.

- A Seller's Note is being added in the amount of $183,594. See Special Condition No.3.

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $2,123,076.

- 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 $169,651.

- The Sponsor has agreed to defer $301,387 of the developer fee to fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- All 33 units in the Development will be provided with deep rental subsidy through a PBV HAP Contract from the GRHC.

- 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 mortgage loan 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.

- Existing Replacement Reserve escrow funds in the amount identified in the attached proforma will be used as a source of funding.

- 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.

Scope of Rehabilitation:

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

- Updated/Improved landscaping
- Replace damaged sections of sidewalks as needed
- Complete resurfacing of the parking lot
- Replace exterior light fixtures
- Install a new centralized mailbox pedestal mount
- Install four new shade benches throughout the site
- Install a new raised deck in exterior common area
- Install new building signs and replace unit numbering
- Replace all roofs
- Replace all windows and window treatments
- Replace all interior and exterior doors
- Replace all flooring
- Repaint all walls and ceilings
- Replace kitchen countertops, tile backsplash and appliances
- Installing garbage disposals in all units
- Replace bathroom fixtures
- Replace in-unit washers and dryers
- Replace all furnaces, water heaters, and air conditioning units
- Replace all interior light fixtures and smoke detectors
- Install a new security surveillance system
- Replace all building intercom systems

Affordability Requirements:

The Authority's tax-exempt bond regulatory agreement will require that all the dwelling units in the property remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") income limit, adjusted for family size. The 33 HOME units will continue to be restricted at 50% of area median income through the end of the Period of Affordability. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units. Thirty-three (33) units will be further restricted to the income limits required by the PBV HAP Contract from the GRHC.

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.

<u>Site Selection</u>:

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.

<u>Market Evaluation</u>:

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

<u>Valuation of the Property</u>:

An appraisal dated September 23, 2022, estimates the value of the buildings at $2,580,000.

<u>CONDITIONS:</u>

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, the existing Mortgagor (Heron Courtyard Limited Dividend Housing Association Limited Partnership, the "Seller") 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. **<u>Limitation for Return on Equity:</u>**

   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 $2,123,076). 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. **<u>Income Limits</u>:**

   The income limitations for 33 units of this proposal are as follows:

   a. 33 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (ending March 10, 2026), 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. 33 units (19 one-bedroom units, 12 two-bedroom units, and 2 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 GRHC is in effect (including extensions and renewals), or for such longer period as determined by HUD.

c. 33 units (19 one-bedroom units, 12 two-bedroom units, and 2 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.

All 33 units will continue to receive PBVs from the GRHC. The Authority is not responsible for the PBV compliance monitoring or oversight of the occupancy or the regulations applicable to these PBV units from the GRHC.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limits 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 33 units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (ending March 10, 2026), the Total Housing Expense for the 33 Low-HOME units may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.

b. 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 (19 one-bedroom units, 12 two-bedroom units, and 2 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.

c. The Total Housing Expense for all 33 units (19 one-bedroom units, 12 two-bedroom units, and 2 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) of 50% 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.

All 33 PBV HAP-Assisted Units are administered by the GRHC. The Authority is not responsible for the compliance monitoring or oversight of the PBV rents charged for or the regulations applicable to these PBV HAP-Assisted 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.

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. <u>Covenant Running with the Land</u>:

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. <u>Restriction on Prepayment and Subsequent Use</u>:

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 OAR in the amount equal to 4 months of estimated Development operating expenses (estimated to be $141,301), plus an additional month's operating expenses in the amount of $35,325 from the syndicator, for a total OAR deposit of $176,626. 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 $9,265 per unit (for a total initial deposit of $305,736). The Mortgagor must agree to make 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. **One Month's Gross Rent Potential:**

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($37,025) into the Development's operating account.

9. **Authority Subordinate Loan(s):**

At Initial Closing, the Mortgagor must enter into written agreements relating to the permanent MRF and HOME Loans. The MRF and HOME Loans will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% for the remainder of the original 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF or HOME 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 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 MRF and HOME Loans will commence according to the following:

- So long as the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HOME Loan.

- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME 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 the Mortgage Loan, if both the MRF and HOME Loans remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HOME 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 and MRF Loans, 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.

- The entire principal balance and any accrued interest of the MRF and HOME Loans will be due and payable after 50 years.

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

10. <u>Architectural Plans and Specifications; Contractor's Qualification Statement:</u>

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. <u>Owner/Architect Agreement</u>:

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. <u>Trade Payment Breakdown:</u>

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

13. <u>Cost Certification</u>:

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).

14. <u>Environmental Review and Indemnification</u>:

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.

15. <u>Title Insurance Commitment and Survey:</u>

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.

16. <u>Organizational Documents/Equity Pay-In Schedule:</u>

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.

17. Designation of Authority Funds:

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

18. 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

19. 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.

20. 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.

21. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or any future equity sources 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.

22. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller must waive any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

23. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, 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.

24. 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.

25. Services for Residents:

All 33 of the units in the Development will be designated as PSH units and must be marketed to persons with disabilities or special needs, 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 PBV 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.

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:

   - Extend land control post December 31, 2024, if necessary.
   - Refresh survey and certificate of facts. Spell out full name of LDHA in Alta certification and fill in insurance information.
   - Refresh Commitment, correct loan amounts, submit endorsements.
   - Refresh zoning information.
   - Update organizational documents to provide adequate authority for managing member to act on behalf of mortgagor.
   - Provide the subsidy contract(s) for review.
   - Provide update to Architect's Professional Liability Insurance Policy.
   - 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. **Syndicator Reserve:**

   Intentionally omitted.

3. **Seller's Note:**

   Prior to Mortgage Loan Commitment, the Mortgagor must submit substantially final documents evidencing the Seller's Note acceptable to the Authority's Chief Legal Affairs Officer and Director of Development. The Seller's Note 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: Heron Courtyard Redevelopment Limited Dividend Housing Association LLC

II. GUARANTOR:

Name: Genesis Nonprofit Housing Corporation I
Address: 851 Leonard NW
Grand Rapids, MI 49504

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Genesis Nonprofit Housing Corporation I
Address: 851 Leonard NW
Grand Rapids, MI 49504

Individuals Assigned: John Wynbeek
Telephone: (616) 988-2897
E-mail: jwynbeek@genesisnphc.org

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

2. **Interest in the Mortgagor and Members**: Heron Courtyard MM LLC (100%)

B. Architect:

Name: DeStigter Architecture LLC
Address: 18 Goodrich SW
Grand Rapids, MI 49503

Individual Assigned: Kim David DeStigter
Telephone: (616) 458-5620
E-Mail: sheila@destigterarchitecture.com

1. **Experience**: Architect has previous experience with Authority-financed

developments.

2. **Architect's License**: License number 1301031178, exp. 11/01/2025.

C. **Attorney**:

Name:	Orlebeke Mackraz PC
Address:	80 Ottawa Avenue NW, Suite 400 Grand Rapids, MI 49503
Individual Assigned:	Tim Orlebeke
Telephone:	(616) 235-5200
E-Mail:	tim@omlawgroup.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:	Brian Steinberg
Telephone:	(616) 281-6467
E-mail:	bsteinberg@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 05/31/2025.

E. **Management and Marketing Agent**:

Name:	KMG Prestige, Inc.
Address:	102 South Main Street Mt Pleasant, MI 48858
Individual Assigned:	Paul Spencer
E-mail:	reporting@kmgprestige.com

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

F. **Consultant**

Name:	Mosaic Community Advisors LLC
Address:	80 Ottawa Avenue NW, Suite 400 Grand Rapids, MI 49503

Individual Assigned: Tom Caldwell
Telephone: (517) 242-1337
Email: tom@mosaicca.com

1. **Experience:** The firm/individual has previous experience in consulting with Authority-financed developments.

G. Development Team Recommendation: Acceptable

IV. SITE DATA:

A. Land Control/Purchase Price:
Purchase agreement dated January 20, 2023, between Heron Courtyard Redevelopment Limited Dividend Housing Association LLC ("Buyer") and Heron Courtyard Limited Dividend Housing Association Limited Partnership ("Seller") states the purchase price to be $2,580,000.

B. Site Location:
1138 Heron Court NE (office); 1146 Heron Court NE; 1149 Heron Court NE; 1152 Heron Court NE; 1158 Heron Court NE; 1159 Heron Court NE; 1164 Heron Court NE; 1169 Heron Court NE, 1172 Heron Court NE; 1179 Heron Court NE; 1180 Heron Court NE, City of Grand Rapids, Kent County, Michigan

C. Size of Site:
3.06 acres

D. Density:
Appropriate

E. Physical Description:

1. Present Use: Multi-Family Housing
2. Existing Structures: 11 residential buildings
3. Relocation Requirements: There will be no permanent relocation because of this transaction.

F. Zoning:
The Development is located in the Modern Era Neighborhood – Special District – Planned Redevelopment District (MON-SD-PRD). The City of Grand Rapids Planning Department confirms that the subject property is properly zoned for the proposed rehabilitation.

G. Contiguous Land Use:

1. North: Leonard St NE / Multi-Family Residential
2. South: Senior Housing/Care Facility
3. East: Single-Family Residential

4. West: Commercial (Long-term Care & Short-term Rehabilitation Facility)

H. Tax Information:
The City of Grand Rapids has approved a 3% PILOT for the development.

I. Utilities:
Electricity – Consumers Energy
Water/Sewer – City of Grand Rapids
Fuel – DTE

J. Community Facilities:

1. Shopping:
There are several shopping centers located within a three-mile radius of the Development: Leonard Fuller Plaza (1.1 miles), Meijer (2.5 miles), Fulton Street Market (2.7 miles), and The Village at Knapps Crossing (2.8 miles).

2. Recreation:
There are several recreational venues located within a five-mile radius of the Development: Grand Rapids Public Library – Yankee Clipper Branch (0.1 miles), Ball Perkins Park (0.7 miles), Frederick Meijer Gardens & Sculpture Park (1.8 miles), Huff Park (2.1 miles), Hillcrest Dog Park (2.5 miles), Celebration Cinema (2.5 miles), Van Andel Arena (4.2 miles), and Grand Rapids Public Museum (4.5 miles).

3. Public Transportation:
The Development fronts Leonard St NE which is located on The Rapid – Bus #15 Route, which connects the northeast area of Grand Rapids to the downtown district.

4. Road Systems
The Development fronts Leonard St NE which is a main thoroughfare that runs east-west through the City of Grand Rapids. Access to I-96 is located less than one mile from the development and access to I-196 is located two miles from the Development.

5. Medical Services and other Nearby Amenities:
There are numerous medical centers and pharmacies located within four miles of the Development: WellCare Urgent Care (0.6 miles), Haven Pharmacy (0.9 miles), Family Fare Pharmacy (1.2 miles), CVS Pharmacy (1.2 miles), Corwell Health Grand Rapids Hospitals – Blodgett Hospital (3.4 miles), Corewell Health Grand Rapids Hospitals - Butterworth (3.5 miles). Cornerstone University is located one mile from the Development.

6. Description of Surrounding Neighborhood:
The surrounding neighborhood is a mixture of multi-family residential, single-family residential, educational, commercial and industrial uses.

7. Local Community Expenditures Apparent:

The City of Grand Rapids' fiscal year budget for 2025 totals $690 million, which is a 7.1% increase from the 2024 budget. Increasing the affordable and market rate housing supply and improving homelessness response is a part of the "focus areas" for the fiscal year 2025.

8. Indication of Local Support:
The City of Grand Rapids has approved a 3% PILOT for the Development.

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.14).

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. FAIR HOUSING:

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

XII. ATTACHMENTS:

A. Development Proforma

<u>APPROVALS:</u>

Chad A Benson — 11/14/2024

Chad Benson — Date
Director of Development

Anthony Lentych — 11/13/2024

Tony Lentych — Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. — 11/14/2024

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

Amy Hovey — 11/14/2024

Amy Hovey — Date
Chief Executive Officer and Executive Director

Development	Heron Courtyard
Financing	Tax Exempt
MSHDA No.	1443-2
Step	Application
Date	11/21/2024
Type	Preservation - Subsidized

Instructions

Income Limits for	Kent County				(Effective April 1, 2024)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	21,150	24,180	27,210	30,210	32,640	35,070
40% of area median	28,200	32,240	36,280	40,280	43,520	46,760
50% of area median	35,250	40,300	45,350	50,350	54,400	58,450
60% of area median	42,300	48,360	54,420	60,420	65,280	70,140

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					GRHC											
Family	Occupancy					10/1/2024											
A	19	Apartment	1	1.0	845	1,021	98	1,119	232,788	52.4%	57.6%	16,055	53.2%	16,055	Low HOME	1,133	TC Rent
B	12	Apartment	2	2.0	965	1,203	124	1,327	173,232	39.0%	36.4%	11,580	38.4%	11,580	Low HOME	1,360	TC Rent
C	2	Apartment	3	2.0	1,274	1,595	149	1,744	38,280	8.6%	6.1%	2,548	8.4%	2,548	Low HOME	1,571	TC Rent
									444,300	100.0%	100.0%	30,183	100.0%	30,183			
Mgrs									0	0.0%	0.0%	0	0.0%	0			
												30,183		**30,183**			

Total Revenue Units	**33**
Manager Units	**0**
Income Average	60.00%
Set Aside	100.00%

Gross Rent Potential	**444,300**
Average Monthly Rent	**1,122**
Gross Square Footage	**30,183**

HOME Units SF/Total Units SF	100.0%	**Within Range**
# HOME Units/# Total Units	100.0%	**Within Range**

Annual Non-Rental Income

Misc. and Interest	5,000
Laundry	
Carports	
Other:	
Other:	
	5,000

Utility Allowances

	Tenant-Paid Electricity	Tenant-Paid A/C	Tenant-Paid Gas	Owner-Paid Water/ Sewer	Owner-Paid Other	Total	Override
A						0	98.00
B						0	124.00
C						0	149.00
D						0	
E						0	
F						0	
G						0	
H						0	

Total Income	**Annual**	**Monthly**
Rental Income	444,300	37,025
Non-Rental Income	5,000	417
Total Project Revenue	449,300	37,442

Development	Heron Courtyard
Financing	Tax Exempt
MSHDA No.	1443-2
Step	Application
Date	11/21/2024
Type	Preservation - Subsidized

Mortgage Assumptions:

Debt Coverage Ratio	1.20	
Mortgage Interest Rate	6.250%	
Pay Rate	6.250%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

Total Development Income Potential				Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Annual Rental Income				13,464	444,300	2.0%	6	2.0%
Annual Non-Rental Income				152	5,000	1.0%	6	2.0%
Total Project Revenue				13,615	449,300			
Total Development Expenses								
							Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential		673	22,215		6	5.0%
Management Fee	651	per unit per year		651	21,483	3.0%	1	3.0%
Administration				2,746	90,634	3.0%	1	3.0%
Project-paid Fuel				55	1,800	3.0%	6	3.0%
Common Electricity				209	6,900	4.0%	6	3.0%
Water and Sewer				451	14,867	5.0%	6	5.0%
Operating and Maintenance				2,865	94,553	3.0%	1	3.0%
Real Estate Taxes				0		5.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	3.00%	Applied to: All Units		362	11,956			
Insurance				535	17,659	3.0%	1	3.0%
Replacement Reserve	350	per unit per year		350	11,550	3.0%	1	3.0%
Other: Investor Service Fee				100	3,300	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
			% of Revenue					
Total Expenses			66.08%	**8,997**	**296,917**			
Base Net Operating Income				4,618	152,383	Override		
Part A Mortgage Payment			28.26%	3,848	126,986			
Part A Mortgage				**56,482**	**1,863,915**			
Non MSHDA Financing Mortgage Payment				0				
Non MSHDA Financing Type:				**0**				
Base Project Cash Flow (excludes ODR)			5.65%	770	25,397			

Development	Heron Courtyard
Financing	Tax Exempt
MSHDA No.	1443-2
Step	Application
Date	11/21/2024
Type	Preservation - Subsidized

Instructions

TOTAL DEVELOPMENT COSTS				Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition								
Land				17,879	590,000	0%	0	0
Existing Buildings (Including Assumed HOME Loan)				56,061	1,850,000	100%	1,850,000	0
Other:				0		0%	0	0
			Subtotal	**73,939**	**2,440,000**			
Construction/Rehabilitation								
Off Site Improvements				0		100%	0	0
On-site Improvements				5,115	168,810	100%	168,810	0
Landscaping and Irrigation				0		100%	0	0
Structures				66,864	2,206,500	100%	2,206,500	2,206,500
Community Building and/or Maintenance Facility				0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)				0		0%	0	0
General Requirements	% of Contract	6.00%	**Within Range**	4,319	142,519	100%	142,519	142,519
Builder Overhead	% of Contract	2.00%	**Within Range**	1,526	50,357	100%	50,357	50,357
Builder Profit	% of Contract	6.00%	**Within Range**	4,669	154,091	100%	154,091	154,091
Bond Premium, Tap Fees, Cost Cert.				1,007	33,220	100%	33,220	33,220
Other:				0		100%	0	0
			Subtotal	**83,500**	**2,755,496**			
			15% of acquisition and $15,000/unit test:		**met**			
Professional Fees								
Design Architect Fees				2,864	94,497	100%	94,497	94,497
Supervisory Architect Fees				358	11,812	100%	11,812	11,812
Landscape Architect Fees				0		100%	0	0
Engineering/Survey				606	20,000	100%	20,000	20,000
Legal Fees				2,424	80,000	100%	80,000	80,000
Interior Design Fees				0		100%	0	0
Other:				0		100%	0	0
			Subtotal	**6,252**	**206,309**			
Interim Construction Costs								
Property & Casualty Insurance				758	25,000	100%	25,000	25,000
Construction Loan Interest		Override	**220,498**	6,682	220,498	62%	135,691	135,691
Title Work				1,061	35,000	100%	35,000	0
Construction Taxes				455	15,000	100%	15,000	15,000
Permits				333	11,000	100%	11,000	11,000
Other:				0		100%	0	0
			Subtotal	**9,288**	**306,498**			
Permanent Financing								
Loan Commitment Fee to MSHDA			2%	4,350	143,548	0%	0	0
Other:				0		0%	0	0
			Subtotal	**4,350**	**143,548**			
Other Costs (In Basis)								
Application Fee				61	2,000	100%	2,000	2,000
Market Study				197	6,500	100%	6,500	6,500
Environmental Studies				455	15,000	100%	15,000	15,000
Cost Certification				758	25,000	100%	25,000	25,000
Equipment and Furnishings				1,212	40,000	100%	40,000	0
Temporary Tenant Relocation				2,500	82,500	100%	82,500	82,500
Construction Contingency		10.00%		8,350	275,550	100%	275,550	275,550
Appraisal and C.N.A.				455	15,000	100%	15,000	15,000
Other:				0		100%	0	0
			Subtotal	**13,986**	**461,550**			
Other Costs (NOT In Basis)								
Start-Up and Organization				227	7,500	0%	0	0
Tax Credit Fees (based on 2024 QAP)		17,915	**Within Range**	543	17,915	0%	0	0
Compliance Monitoring Fee (based on 2024 QAP)				475	15,675	0%	0	0
Marketing Expense				0		0%	0	0
Syndication Legal Fees				2,030	67,000	0%	0	0
Rent Up Allowance		months		0	0	0%	0	0
Other:				0		0%	0	0
			Subtotal	**3,275**	**108,090**			

Project Reserves				Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis	OAR Funded Yr 1	4 Month OAR
Operating Assurance Reserv	5.0	months	Funded in Cas	5,352	176,626	0%	0	0	176,626	141,301
Replacement Reserve			Required	9,265	305,736	0%	0	0		
Operating Deficit Reserve			Not Required	0	0	0%	0	0		35,325
Rent Subsidy Reserve				0	0	0%	0	0		
Syndicator Held Reserve				0	0	0%	0	0		
Rent Lag Escrow				0	0	0%	0	0		
Tax and Insurance Escrows				933	30,803	0%	0	0		
Other:				0		0%	0	0		
Other:				0		0%	0	0		
			Subtotal	**15,550**	**513,165**					
Miscellaneous										
Deposit to Development Operating Account (1MGRF			Required	1,122	37,025	0%	0	0		
Other (Not in Basis):				0	0	0%	0	0		
Other (In Basis):				0	0	100%	0	0		
Other (In Basis):				0	0	100%	0	0		
			Subtotal	**1,122**	**37,025**					
Total Acquisition Costs				**73,939**	**2,440,000**					
Total Construction Hard Costs				**83,500**	**2,755,496**					
Total Non-Construction ("Soft") Costs				**53,824**	**1,776,185**					
Developer Overhead and Fee										
Maximum	824,265			**24,978**	**824,265**	100%	824,265	824,265		
7.5%	of Acquisition/Project Reserves		Override		**5% Attribution Test**					
15%	of All Other Development Costs				met					
							LIHTC Basis	**Historic Basis**	**Aggregate Basis**	
Total Development Cost				**236,241**	**7,795,946**		**6,319,311**	**4,225,501**	**6,909,311**	

TOTAL DEVELOPMENT SOURCES		% of TDC		
MSHDA Permanent Mortgage		23.91%	56,482	1,863,915
Conventional/Other Mortgage		0.00%	0	0
Equity Contribution From Tax Credit Syndication		27.23%	64,336	2,123,076
MSHDA NSP Funds		0.00%	0	
MSHDA Assumed HOME Loan		18.76%	44,323	1,462,651
MSHDA Mortgage Resource Funds		21.30%	50,329	1,660,869
MSHDA TCAP		0.00%	0	
MSHDA Housing Trust Funds		0.00%	0	
MSHDA CERA		0.00%	0	
MSHDA HOME-ARP		0.00%	0	
MSHDA HCDF		0.00%	0	
Other MSHDA: Assumed HOME Loan		0.00%	0	
Income from Operations		2.18%	5,141	169,651
Other Equity		0.00%	0	
Transferred Reserves:	MSHDA Reserves (Tax	0.40%	933	30,803
Other:	Seller Note	2.35%	5,563	183,594
Other:		0.00%	0	
Deferred Developer Fee		3.87%	9,133	301,387
Total Permanent Sources				**7,795,946**

# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
0.00	78.47%	1,926,276	5 One Bedroon	0 One Bedroom, 1 Bath,
9.00		**HTF**	3 Two Bedroon	0 Two Bedroom, 2 Bath,
		Subsidy	1 Three Bedroo	0 Three Bedroom, 2 Bath
0.00		**Limit**		
0.00		0		
0.00				
0.00				
0.00				

Deferred Dev Dev Fee
36.56%

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	**0**

MSHDA Construction Loan		**52.00%**	**122,845**	**4,053,892**
Construction Loan Rate	6.250%			
Repaid from equity prior to final closing				**2,189,977**

Summary of Acquisition Price		As of	September 9, 2024
Attributed to Land	590,000	1st Mtg Bal - Assumed HOME Loan	1,462,651
Attributed to Existing Structure	1,850,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	2,440,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	977,349

Construction Loan Term	Months
Construction Contract	8
Holding Period (50% Test)	5
Rent Up Period	0
Construction Loan Period	13

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	1,972,000		Acquisition	78,880	
Construction	4,347,311		Construction	173,892	Override
Acquisition Credit %		4.00%	Total Yr Credit	252,772	
Rehab/New Const Credit %		4.00%	Equity Price	$0.8400	
Qualified Percentage		100.00%	Equity Effective Price	$0.8400	Override
QCT/DDA Basis Boost		100%	Equity Contribution	2,123,076	
Historic?		No			

Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:	29,922	Reserves Captured by MSHDA	1,660,869
Taxes:	881	Tax/Ins Escrows transferred to project	30,803
Rep. Reserve:	717,298		
ORC:	1		
DCE Principal:			
Other: Op. Def.	943,570		

Appraised Value	Value As of:	September 23, 2022
"Encumbered As-Is" value as determined by appraisal:		2,580,000
LESS Fixed Price to the Seller:		2,440,000
Surplus/(Gap)	**Within Range**	140,000

Override

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	2,123,076
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**2,123,076**

492,368

Scope of Work Adds: (pricing from CNA)
1. Replace Siding ($313,270)
2. Replace in unit tubs and showers. ($99,000)

Cash Flow Projections

Development Heron Courtyard
Financing Tax Exempt
MSHDA No. 1443-2
Step Application
Date 11/21/2024
Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
					1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	2.0%	6	2.0%		444,300	453,186	462,250	471,495	480,925	490,543	500,354	510,361	520,568	530,980
Annual Non-Rental Income	1.0%	6	2.0%		5,000	5,050	5,101	5,152	5,203	5,307	5,413	5,521	5,632	5,745
Total Project Revenue					**449,300**	**458,236**	**467,350**	**476,646**	**486,128**	**495,850**	**505,767**	**515,883**	**526,200**	**536,724**
Expenses														
Vacancy Loss	5.0%	6	5.0%		22,215	22,659	23,112	23,575	24,046	24,527	25,018	25,518	26,028	26,549
Management Fee	3.0%	1	3.0%		21,483	22,127	22,791	23,475	24,179	24,905	25,652	26,421	27,214	28,030
Administration	3.0%	1	3.0%		90,634	93,353	96,154	99,038	102,009	105,070	108,222	111,468	114,812	118,257
Project-paid Fuel	3.0%	6	3.0%		1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349
Common Electricity	4.0%	6	3.0%		6,900	7,176	7,463	7,762	8,072	8,314	8,564	8,821	9,085	9,358
Water and Sewer	5.0%	6	5.0%		14,867	15,610	16,391	17,210	18,071	18,974	19,923	20,919	21,965	23,064
Operating and Maintenance	3.0%	1	3.0%		94,553	97,390	100,311	103,321	106,420	109,613	112,901	116,288	119,777	123,370
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					11,956	12,177	12,401	12,629	12,861	13,099	13,341	13,587	13,836	14,090
Insurance	3.0%	1	3.0%		17,659	18,189	18,734	19,296	19,875	20,472	21,086	21,718	22,370	23,041
Replacement Reserve	3.0%	1	3.0%		11,550	11,897	12,253	12,621	13,000	13,390	13,791	14,205	14,631	15,070
Other: Investor Service Fee	3.0%	1	3.0%		3,300	3,399	3,501	3,606	3,714	3,826	3,940	4,059	4,180	4,306
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					296,917	305,831	315,022	324,500	334,274	344,276	354,587	365,218	376,180	387,483
Debt Service														
Debt Service Part A					126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**423,903**	**432,817**	**442,008**	**451,487**	**461,261**	**471,262**	**481,573**	**492,205**	**503,166**	**514,469**
Cash Flow/(Deficit)					**25,397**	**25,419**	**25,342**	**25,160**	**24,867**	**24,588**	**24,194**	**23,678**	**23,034**	**22,255**
Cash Flow Per Unit					770	770	768	762	754	745	733	718	698	674
Debt Coverage Ratio on Part A Loan					1.20	1.20	1.20	1.20	1.20	1.19	1.19	1.19	1.18	1.18
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) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR					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
Interest					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
Maintained Cash Flow Per Unit					770	770	768	762	754	745	733	718	698	674
Maintained Debt Coverage Ratio on Part A Loan					1.20	1.20	1.20	1.20	1.20	1.19	1.19	1.19	1.18	1.18
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**										
Operating Assurance Reserve Analysis				176,626										
Required in Year:	1			Initial Deposit										
Initial Balance				**176,626**	176,626	181,925	187,383	193,004	198,794	204,758	210,901	217,228	223,745	230,457
Interest Income					5,299	5,458	5,621	5,790	5,964	6,143	6,327	6,517	6,712	6,914
Ending Balance					181,925	187,383	193,004	198,794	204,758	210,901	217,228	223,745	230,457	237,371
Deferred Developer Fee Analysis														
Initial Balance					301,387	275,990	250,571	225,229	200,069	175,202	150,614	126,420	102,742	79,708
Dev Fee Paid					25,397	25,419	25,342	25,160	24,867	24,588	24,194	23,678	23,034	22,255
Ending Balance — Repaid in Year:	2037				275,990	250,571	225,229	200,069	175,202	150,614	126,420	102,742	79,708	57,453
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**1,660,869**	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869
Current Yr Int					49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826
Accrued Int					0	49,826	99,652	149,478	199,304	249,130	298,956	348,782	398,609	448,435
Subtotal				% of Cash Flow	1,710,695	1,760,521	1,810,347	1,860,173	1,909,999	1,959,825	2,009,651	2,059,478	2,109,304	2,159,130
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					1,710,695	1,760,521	1,810,347	1,860,173	1,909,999	1,959,825	2,009,651	2,059,478	2,109,304	2,159,130

Cash Flow Projections

	Initial Inflator	Starting in Yr	Future Inflator		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
					11	12	13	14	15	16	17	18	19	20
Income														
Annual Rental Income	2.0%	6	2.0%		541,599	552,431	563,480	574,749	586,244	597,969	609,929	622,127	634,570	647,261
Annual Non-Rental Income	1.0%	6	2.0%		5,859	5,977	6,096	6,218	6,342	6,469	6,599	6,731	6,865	7,003
Total Project Revenue					**547,459**	**558,408**	**569,576**	**580,968**	**592,587**	**604,439**	**616,527**	**628,858**	**641,435**	**654,264**
Expenses														
Vacancy Loss	5.0%	6	5.0%		27,080	27,622	28,174	28,737	29,312	29,898	30,496	31,106	31,728	32,363
Management Fee	3.0%	1	3.0%		28,871	29,737	30,630	31,549	32,495	33,470	34,474	35,508	36,573	37,671
Administration	3.0%	1	3.0%		121,805	125,459	129,222	133,099	137,092	141,205	145,441	149,804	154,298	158,927
Project-paid Fuel	3.0%	6	3.0%		2,419	2,492	2,566	2,643	2,723	2,804	2,888	2,975	3,064	3,156
Common Electricity	4.0%	6	3.0%		9,638	9,928	10,225	10,532	10,848	11,174	11,509	11,854	12,210	12,576
Water and Sewer	5.0%	6	5.0%		24,217	25,428	26,699	28,034	29,436	30,907	32,453	34,075	35,779	37,568
Operating and Maintenance	3.0%	1	3.0%		127,071	130,883	134,810	138,854	143,020	147,310	151,730	156,282	160,970	165,799
Real Estate Taxes	5.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					14,347	14,609	14,874	15,144	15,418	15,696	15,977	16,263	16,554	16,848
Insurance	3.0%	1	3.0%		23,732	24,444	25,178	25,933	26,711	27,512	28,338	29,188	30,063	30,965
Replacement Reserve	3.0%	1	3.0%		15,522	15,988	16,468	16,962	17,470	17,995	18,534	19,090	19,663	20,253
Other: Investor Service Fee	3.0%	1	3.0%		4,435	4,568	4,705	4,846	4,992	5,141	5,296	5,454	5,618	5,787
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					399,138	411,157	423,551	436,333	449,516	463,112	477,136	491,601	506,522	521,913
Debt Service														
Debt Service Part A					126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986	126,986
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**526,124**	**538,143**	**550,537**	**563,320**	**576,502**	**590,099**	**604,122**	**618,587**	**633,508**	**648,899**
Cash Flow/(Deficit)					**21,334**	**20,265**	**19,039**	**17,648**	**16,085**	**14,340**	**12,405**	**10,271**	**7,927**	**5,364**
Cash Flow Per Unit					646	614	577	535	487	435	376	311	240	163
Debt Coverage Ratio on Part A Loan					1.17	1.16	1.15	1.14	1.13	1.11	1.10	1.08	1.06	1.04
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) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR					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
Interest					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
Maintained Cash Flow Per Unit					646	614	577	535	487	435	376	311	240	163
Maintained Debt Coverage Ratio on Part A Loan					1.17	1.16	1.15	1.14	1.13	1.11	1.10	1.08	1.06	1.04
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**										
Operating Assurance Reserve Analysis				176,626										
Required in Year:	1			Initial Deposit										
Initial Balance				**176,626**	237,371	244,492	251,827	259,381	267,163	275,178	283,433	291,936	300,694	309,715
Interest Income					7,121	7,335	7,555	7,781	8,015	8,255	8,503	8,758	9,021	9,291
Ending Balance					244,492	251,827	259,381	267,163	275,178	283,433	291,936	300,694	309,715	319,006
Deferred Developer Fee Analysis														
Initial Balance					57,453	36,119	15,854	0	0	0	0	0	0	0
Dev Fee Paid					21,334	20,265	15,854	0	0	0	0	0	0	0
Ending Balance — Repaid in Year:	2037				36,119	15,854	0	0	0	0	0	0	0	0
Mortgage Resource Fund Loan														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**1,660,869**	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869	1,660,869
Current Yr Int					49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826	49,826
Accrued Int					498,261	548,087	597,913	638,220	679,222	721,006	763,662	807,285	851,976	897,838
Subtotal				% of Cash Flow	2,208,956	2,258,782	2,308,608	2,348,915	2,389,917	2,431,701	2,474,357	2,517,980	2,562,671	2,608,533
Annual Payment Due				**50%**	0	0	9,519	8,824	8,042	7,170	6,203	5,135	3,964	2,682
Year End Balance					2,208,956	2,258,782	2,299,089	2,340,091	2,381,875	2,424,531	2,468,154	2,512,845	2,558,707	2,605,851

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
HERON COURTYARD, MSHDA DEVELOPMENT NO. 1443-2
CITY OF GRAND RAPIDS, KENT COUNTY

November 21, 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 Genesis Nonprofit Housing Corporation I (the "Applicant") for a multifamily housing project to be located in the City of Grand Rapids, Kent County, Michigan, having an estimated total development cost of Seven Million Seven Hundred Ninety-Five Thousand Nine Hundred Forty-Six Dollars ($7,795,946), a total estimated maximum mortgage loan amount of Four Million Fifty-Three Thousand Eight Hundred Ninety-Two Dollars ($4,053,892) and a Mortgage Resource Fund loan in the amount of One Million Six Hundred Sixty Thousand Eight Hundred Sixty-Nine Dollars ($1,660,869) (hereinafter referred to as the "Application"); and

WHEREAS, the Applicant has also requested that the Mortgagor be allowed to assume the existing HOME mortgage loan in the estimated amount of One Million Four Hundred Sixty-Two Thousand Six Hundred Fifty-One Dollars ($1,462,651); 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 Four Million Six Hundred Fifty-Four Thousand Four Hundred Dollars ($4,654,400).

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 November 21, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

DRAFT

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
HERON COURTYARD, MSHDA DEVELOPMENT NO. 1443-2
CITY OF GRAND RAPIDS, KENT COUNTY

November 21, 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 Genesis Nonprofit Housing Corporation I (the "Applicant") for a construction mortgage loan in the amount of Four Million Fifty-Three Thousand Eight Hundred Ninety-Two Dollars ($4,053,892), and a permanent mortgage loan in the amount of One Million Eight Hundred Sixty-Three Thousand Nine Hundred Fifteen Dollars ($1,863,915), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Seven Million Seven Hundred Ninety-Five Thousand Nine Hundred Forty-Six Dollars ($7,795,946), to be known as Heron Courtyard, located in the City of Grand Rapids, Kent County, Michigan, and to be owned by Heron Courtyard Redevelopment Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund ("MRF") loan in the estimated amount of One Million Six Hundred Sixty Thousand Eight Hundred Sixty-Nine Dollars ($1,660,869) (the "MRF Loan") and the assumption of a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of One Million Four Hundred Sixty-Two Thousand Six Hundred Fifty-One Dollars ($1,462,651) (the "HOME Loan"); 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 construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the 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 Seven Million Seven Hundred Ninety-Five Thousand Nine Hundred Forty-Six Dollars ($7,795,946), and permanent financing in an amount not to exceed One Million Eight Hundred Sixty-Three Thousand Nine Hundred Fifteen Dollars ($1,863,915), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of six and 25/100 percent (6.25%) 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 Four Million Six Hundred Fifty-Four Thousand Four Hundred Dollars ($4,654,400). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for an MRF Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of One Million Six Hundred Sixty Thousand Eight Hundred Sixty-Nine Dollars ($1,660,869), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

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

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

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

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

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated November 21, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives Section VIII.A. of the Multifamily Direct Lending Parameters adopted on June 28, 2017, prohibiting the assumption of existing subordinate financing in preservation transactions.

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: November 21, 2024

RE: Kingsbury Place, Development No. 1124-2

RECOMMENDATION

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the sale of the property, 3) authorize tax-exempt bond construction and permanent mortgage loans and a Mortgage Resource Fund ("MRF") mortgage loan in the amounts set forth below, 4) authorize a waiver of the Multifamily Direct Lending Parameters adopted on June 28, 2017 ("Parameters") regarding the assumption of existing Authority subordinate financing in preservation transactions, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to Kingsbury Place (the "Development"), subject to the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated November 21, 2024.

PROJECT SUMMARY

MSHDA No:	1124-2
Development Name:	Kingsbury Place
Development Location:	City of Walker, Kent County
Sponsor:	Genesis Non-Profit Housing Corporation
Mortgagor:	Kingsbury Place Redevelopment Limited Dividend Housing Association LLC
Number of Units (Affordable and Market Rate):	44 Family Units
Number of Units Designated for Accessible Use:	24 Accessible Units
Occupancy Rate:	95% Occupied
Total Development Cost:	$10,868,101
TE Bond Construction Loan:	$5,651,413
TE Bond Permanent Loan:	$3,297,952
MSHDA HOME Assumption:	$1,800,000
MSHDA MRF Funds:	$1,061,258
Other Funds:	
Tax Credit Syndication:	$3,196,931
Income from Operations:	$240,962

Transferred Reserves:	$28,226
Seller Note:	$681,025
Deferred Developer Fee:	$561,747

EXECUTIVE SUMMARY

Kingsbury Place is a 44-unit supportive housing development in Walker, a community adjacent to Grand Rapids, Kent County, Michigan. The ten-building development was constructed in 2006 with thirty-three (33) one-bedroom units, nine (9) two-bedroom units, and two (2) three-bedroom units and serves persons with disabilities or special needs. Kingsbury Place was first financed with 9% low-income housing tax credits from the Permanent Supportive Housing ("PSH") set-aside. Of the 44 units, 29 are designated for PSH households, while the remaining 15 units are designated for general family occupancy. The Sponsor, Genesis Non-Profit Housing Corporation, will be requesting project-based vouchers ("PBVs") from the Authority for all 29 PSH units. The Grand Rapids Housing Commission will also provide 11 PBVs under a housing assistance payments contract with an initial term of 15 years.

The Sponsor and development team have experience working on Authority-financed developments and the Sponsor has other properties already in the Authority's loan portfolio.

This project will benefit the Authority by rehabilitating 29 PSH units in an area of need for affordable housing and creating $4,359,210 in new Authority permanent loans. The assumption of the existing HOME loan will assist in maintaining the HOME Period of Affordability for this development through March 29, 2027.

Based on the Development's low vacancy rate history and 29 units that are expected to receive rental subsidy from the Authority, this proposed rehabilitation offers little risk to the Authority.

ADVANCING THE AUTHORITY'S MISSION

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

- Goal 1.2: Identify and advocate for modifications to policies and practices to remove barriers across the housing continuum for BIPOC, immigrants, migrants, refugees, people with disabilities, LGBTQ+, those with low incomes, and other marginalized populations;
- 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;
- Goal 6.1: Keep people housed by reducing the number of evictions;
- Goal 7.2: Increase homeownership among households with low to moderate income;
- Goal 8.1: Increase awareness of and support for the importance and benefits of accessible, affordable, and attainable housing throughout Michigan.

MUNICIPAL SUPPORT

The City of Walker is providing support with a 4% PILOT.

COMMUNITY ENGAGEMENT/IMPACT

The Sponsor engaged the community through the Sponsor's Resident Support Staff and Dwelling Place Property Management staff holding meetings with residents in the Kingsbury community room regarding plans for renovation and to hear resident suggestions and concerns. Property management conducted personal one-on-one meetings with the residents to get their input and hear individual perspectives.

The project will impact the community by providing updated apartments and grounds. Residents expressed their excitement about the proposed improvements of the property and the City of Walker expressed support for the total renovation of the development.

The project will be a renovation in place and the residents of the Heron Courtyard community provided helpful input regarding the renovation process. If a resident is required to leave their apartment for the short period of time during the renovation, staff will work with that individual resident and come up with a plan that meets the needs of that specific resident.

The Grand Rapids Housing Commission has also selected this Development for an award of 11 PBVs.

RESIDENT IMPACT

This proposal will involve as much in-place rehabilitation as possible, with minimal disruption to the tenants. For most residents, the Sponsor believes temporary overnight relocation will not be necessary. Rehabilitation will occur during the day, and the resident will be able to return to a fully functioning unit in the evening. For some residents the Sponsor and management agent may determine the resident will need to temporarily relocate for certain aspects of the rehabilitation. Since the properties serve as Permanent Supportive Housing, the Sponsor has included in the development budget the expense of a tenant relocation coordinator. If any temporary relocations are necessary, they will be handled by the Sponsor in accordance with Authority guidelines. There are no new income requirements that will impact the residents.

ISSUES, POLICY CONSIDERATIONS, AND RELATED ACTIONS

Because the existing Authority HOME Loan is still within the Period of Affordability, it will be assumed rather than paid off. A waiver of Section VIII.A. of the Parameters is sought to allow the assumption of this existing Authority subordinate debt.

The HOME Loan will bear interest at 1% per annum and the principal will mature in 2056, at the end of the original 50-year term.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

November 21, 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 the sale of the property, 3) authorize tax-exempt bond construction and permanent mortgage loans and a Mortgage Resource Fund ("MRF") mortgage loan in the amounts set forth below, 4) authorize a waiver of the Multifamily Direct Lending Parameters adopted on June 28, 2017 ("Parameters") regarding the assumption of existing Authority subordinate financing in preservation transactions, and 5) authorize the Chief Executive Officer and Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to Kingsbury Place (the "Development"), subject to the terms and conditions set forth in this report.

MSHDA No.:	1124-2
Development Name:	Kingsbury Place
Development Location:	City of Walker, Kent County
Sponsor:	Genesis Non-Profit Housing Corporation
Mortgagor:	Kingsbury Place Redevelopment Limited Dividend Housing Association LLC
TE Bond Construction Loan:	$5,651,413 (52% of TDC)
TE Bond Permanent Loan:	$3,297,952
MSHDA Permanent HOME Assumption:	$1,800,000
MSHDA Permanent MRF Loan:	$1,061,258
Total Development Cost:	$10,868,101
Mortgage Amortization and Term:	40 years for the tax-exempt permanent bond loan; 50 years for the assumed HOME loan (32 years remaining)
Interest Rate:	6.25% for the tax-exempt bond loan; 3% for the MRF loan; and 1% interest for the assumed HOME loan
Program:	Tax-Exempt Bond Program
Number of Units:	44 Family Units of rehabilitation.
Accessible Units:	24 Units
Unit Configuration:	44 Family Units (33 one-bed, 9 two-bed, and 2 three bedroom units)
Builder:	Wolverine Building Group
Syndicator:	Cinnaire
Date Application Received:	February 15, 2024
HDO:	Damon Pline

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:

Because the existing Authority HOME Loan is still within the Period of Affordability, it will be assumed rather than paid off. The Sponsor, Genesis Non-Profit Housing Corporation, has requested a waiver of Section VIII.A. of the Parameters to allow the assumption of the existing Authority subordinate debt.

The HOME Loan will bear interest at 1% per annum, and the principal will mature in 2056, at the end of the original 50-year term.

EXECUTIVE SUMMARY:

Kingsbury Place is a 44-unit supportive housing development in the City of Walker, a community adjacent to Grand Rapids, Kent County, Michigan. The ten-building development was constructed in 2006 with thirty-three (33) one-bedroom units, nine (9) two-bedroom units, and two (2) three-bedroom units and serves persons with disabilities or special needs. Kingsbury Place was first financed with 9% low-income housing tax credits from the Permanent Supportive Housing ("PSH") set-aside. Of the 44 units, 29 are designated for PSH households, while the remaining 15 units are designated for general family occupancy. The Sponsor will be requesting project-based vouchers ("PBVs") from the Authority for all 29 PSH units. The Grand Rapids Housing Commission will also provide 11 PBVs under a housing assistance payments ("HAP") contract with an initial term of 15 years.

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 (the "Mortgage Loan") will be provided by the Authority in the amount of $5,651,413 at 6.25% interest with an 11-month term (an 8-month construction term and a 3-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 must be reduced to the permanent loan amount on the first day of the month following the month in which the 11-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 $3,297,952. 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 1.20 debt service coverage ratio, an annual interest rate of 6.25%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The permanent Mortgage Loan will be in **First Position**.

- A permanent subordinate loan using Authority MRF funds (the "MRF Loan") in the amount of $1,061,258 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.

- The existing permanent subordinate HOME loan (the "HOME Loan") in the amount of $1,800,000 and a remaining term of 32 years will be assumed at 1% simple interest with payments initially deferred. The subordinated HOME Loan will be in **Third Position**.

- A Seller's Note is being added in the amount of $681,025. See Special Condition No. 3.

- Equity support comes from an investment related to the 4% LIHTC in the estimated amount of $3,196,931.

- The owner will be requesting twenty-nine (29) PBVs from the Authority's Housing Choice Voucher program. The PBV HAP contract will be for an initial term of 20 years with a possible extension of up to 20 years.

- The owner has also received an award of eleven (11) PBVs from the Grand Rapids Housing Commission ("GRHC"). The PBV HAP contract will be for an initial term of 15 years.

- 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 $240,962.

- The Sponsor has agreed to defer $561,747 of the developer fee to fill the remaining funding gap.

- An amount equal to one month's gross rent potential will be funded in the Development's operating account.

- An operating assurance reserve ("OAR") will be required in the amount identified in the attached proforma. The syndicator required reserve in the amount of $49,320 will be deposited into the OAR upon conversion to the permanent loan bringing the total OAR amount to $246,601. 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.

- 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.

Scope of Rehabilitation:

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

- Complete parking lot resurfacing including striping & accessible parking signage
- Replace bumper poles on site
- Replace dumpster pads including in Roads & Walks
- Remove playground equipment
- Paint existing poles
- Re-lamp site lighting
- Build new deck
- Tree trimming and removal of overgrowth
- Install new plants and mulch
- New fire alarm system
- New video surveillance system
- Replace unit entry doors, hardware, and storm doors on 23 units
- Exterior building power washing
- Replace 5,700 feet of soffit & fascia
- Existing windows remain; allowance is for fixing window screens, seals and limiters.
- Replace roofs on all buildings
- Replace gutters, downspouts, and splash blocks
- Replace mailboxes
- Replace building address sign, apartment unit signs, and accessible parking signage
- Replace bifold doors with swing doors
- Repaint all units with two color wall schemes
- Replace carpeting in living areas in apartments
- Replace carpeting in units with resilient flooring
- New window treatments for all units
- Replace tile backsplashes with tile from countertop to underside of upper cabinets
- Replace all kitchen cabinets
- Kitchens get new laminate countertops and grease shields
- 44 new refrigerators
- New ranges and range hoods
- New dishwashers
- Installing garbage disposals in all units
- Replace all shower fixtures
- Replace all bathroom vanities and install new cultured marble tops
- Replace all bathroom sinks
- Replace all bathroom toilets
- Replace 44-bathroom fans
- Replace unit furnaces
- Replace unit thermostats
- Replace 44-unit air conditioners
- New washers & Dryers
- Replace unit light fixtures
- Replace unit smoke detectors

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 14 HOME units will continue to be restricted at 50% of area median income through the end of the Period of Affordability. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units. 40 units will be further restricted to the income limits required by the PBV HAP Contracts from the Authority and the GRHC.

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.

Valuation of the Property:

An appraisal dated November 4, 2022, estimates the value of the buildings at $3,760,000.

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, Kingsbury Place Limited Dividend Housing Association Limited Partnership (the "Seller") 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 $3,196,931). 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 44 units of this proposal are as follows:

a. 14 units have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (ending March 29, 2027) 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. 40 units (29 one-bedroom units, 9 two-bedroom units and 2 three-bedroom units) must be occupied or available for occupancy by households whose incomes do not exceed the income limits in the PBV HAP Contracts for so long as the PBV HAP Contract between the Mortgagor and the Authority and the PBV HAP Contract between the Mortgagor and the GRHC are in effect (including extensions and renewals), or for such longer period as determined by HUD.

c. 44 units (33 one-bedroom units, 9 two-bedroom units and 2 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.

Eleven (11) (7 one-bedroom units, 2 two-bedroom units and 2 three-bedroom units) of the 40 units receiving PBV assistance are from the GRHC. The Authority is not responsible for the PBV compliance monitoring or oversight of the occupancy or the regulations applicable to these 11 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 44 units is subject to the following limitations:

a. During the Period of Affordability required under the HOME program (ending March 29, 2027), the Total Housing Expense for the 14 Low-HOME units may not exceed the “Low-HOME Rent Limit” for the unit established and published annually by HUD.

b. So long as the PBV HAP Contracts remain in effect, the Mortgagor agrees to establish and maintain rents ("Contract Rents") for the PBV HAP-Assisted units (29 one-bedroom units, 9 two-bedroom units and 2 three-bedroom units) that comply with the rent levels established by the respective PBV HAP Contract and that do not exceed the rent levels approved by HUD.

c. The Total Housing Expense for all 44 units (33 one-bedroom units, 9 two-bedroom units and 2 three-bedroom units), may not exceed one-twelfth ($1/12^{th}$) 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.

Eleven (11) PBV HAP-Assisted Units are administered by the GRHC. The Authority is not responsible for the compliance monitoring or oversight of the PBV rents charged for or the regulations applicable to these 11 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.

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 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. Increases in rents relating to MSHDA PBV-assisted units must also be requested to the assigned PBV Specialist per guidance outlined on the MSHDA/PBV website.

4. Covenant Running with the Land:

The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the 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 $197,281) plus an additional month's operating expenses in the amount of $49,320 from the syndicator, for a total of OAR deposit of $246,601. 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 $10,784 per unit (for a total initial deposit of $474,476). 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. <u>One Month's Gross Rent Potential:</u>

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential ($52,815) into the Development's operating account.

9. <u>Authority Subordinate Loan(s):</u>

At Initial Closing, the Mortgagor must enter into written agreements relating to the permanent MRF Loan and the permanent assumed HOME Loan. The MRF Loan and the assumed HOME Loan will each be secured by a subordinate mortgage. The assumed HOME will bear simple interest at 1% for the remainder of the original 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF Loan, or the assumed HOME 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 MRF Loan and the assumed HOME Loan will commence according to the following:

- So long as the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HOME Loan.

- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME 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 the Mortgage Loan, if both the MRF Loan and the HOME Loan remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HOME 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 MRF Loan, 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.

- The entire principal balance and any accrued interest of the MRF Loan and the HOME Loan will be due and payable after 50 years.

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

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. 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 HOME Program, and the

Housing Choice Voucher Program.

15. <u>Cost Certification</u>:

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. <u>Environmental Review and Indemnification</u>:

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. <u>Title Insurance Commitment and Survey:</u>

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. <u>Organizational Documents/Equity Pay-In Schedule:</u>

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. <u>Designation of Authority Funds:</u>

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 any future equity sources 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. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

The Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). The Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, the Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

The Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

25. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, 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 PBV Housing Assistance Payments (AHAP) contract with (i) the Authority for 29 units and (ii) the GRHC for 11 units. Each AHAP must be acceptable to the Authority's Director of Development. Once the rehabilitation is complete, the Authority's, the GRHC;s and Owner's final completion signoffs have been accepted, and the units pass HUD's Housing Quality Standards inspection, a PBV HAP Contracts will be prepared and executed for all PBV HAP-Assisted Units. The final, executed PBV HAP Contracts to be issued must include a term and rent levels acceptable to the Director of Development, and must be submitted prior to final closing of the Mortgage Loan.

29. Services for Residents:

29 of the units in the Development will be designated as PSH units and must be marketed to persons with individuals with disabilities or special needs 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 PBV 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.

30. 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.

31. 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.

32. <u>Application for Disbursement:</u>

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.

33. <u>Uniform Relocation Act Compliance:</u>

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. <u>Legal Requirements:</u>

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. <u>Syndicator Reserve:</u>

Intentionally omitted.

3. <u>Seller Note:</u>

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: Kingsbury Place Redevelopment Limited Dividend Housing Association LLC

II. GUARANTOR:

A. Guarantor #1:

Name: Genesis Non-Profit Housing Corporation
Address: 851 Leonard Avenue NW
Grand Rapids, Michigan 49504

III. DEVELOPMENT TEAM ANALYSIS:

A. Sponsor:

Name: Genesis Non-Profit Housing Corporation
Address: 851 Leonard Avenue NW
Grand Rapids, Michigan 49504

Individuals Assigned: John Wynbeek
Telephone: 616-988-2897
E-mail: jwynbeek@genesisnphc.org

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

2. **Interest in the Mortgagor and Members**: Kingsbury Place MM LLC (100%)

B. Architect:

Name: DeStigter Architecture LLC
Address: 18 Goodrich Street SW
Grand Rapids, Michigan 49503

Individual Assigned: **Kim DeStigter**
Telephone: 616-458-5620
E-Mail: kim@destigterarchitecture.com

1. **Experience**: Architect has previous experience with Authority-financed developments.

2. **Architect's License**: License number 1301031178, exp 11/01/2025.

C. **Attorney:**

Name: Orlebeke Mackraz
Address: 80 Ottawa Avenue NW, Suite 400
Grand Rapids, Michigan 49503

Individual Assigned: Tim Orlebeke
Telephone: 616-235-5200
E-Mail: tim@omlawgroup.com

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

D. **Builder:**

Name: Wolverine Building Group
Address: 4045 Barden SE
Kentwood, Michigan 49512

Individual Assigned: Brian Steinberg
Telephone: 616-281-6467
E-mail: bsteinberg@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 05/31/2025.

E. **Management and Marketing Agent:**

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

Individual Assigned: Paul Spencer

E-mail: reporting@kmgprestige.com

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

F. **Consultant:**

Name: Mosaic Community Advisors LLC

Address: 80 Ottawa Avenue NW, Suite 400
Grand Rapids, MI 49503

Individual Assigned: Tom Caldwell
Telephone: 517-242-1337
E-mail: tom@mosaicca.co

2. **Experience**: The firm has previous experience in constructing Authority-financed developments.

G. Development Team Recommendation: Acceptable

IV. SITE DATA:

A. Land Control/Purchase Price:
$3,760,000

B. Site Location:
730 North Center Court NW

C. Size of Site:
4.26 Land Acres

D. Density:
Appropriate

E. Physical Description:

1. Present Use: Multi-family housing
2. Existing Structures: 10 Residential buildings
3. Relocation Requirements: None

F. Zoning:
Multi-family residential

G. Contiguous Land Use:

1. North: Single-Family Residential
2. South: Commercial
3. East: Multi-Family Residential
4. West: Commercial

H. Tax Information:
The City of Walker has approved a 4% PILOT for the development.

I. Utilities:
Electric: Consumer's Energy
Gas: DTE
Water/Sewer: City of Walker

J. Community Facilities:

1. Shopping:
Target 0.2 Miles away
Highpoint Center 0.3 Miles away

2. Recreation:
AMC Star Grand Rapids 18 0.5 Miles away
Comstock Riverside Park 1.4 Miles away
Fifth Third Ballpark 1.6 Miles away

3. Public Transportation:
The Rapid Bus Route 9 0.1 Miles away

4. Road Systems
The site has Alpine Ave NW to the west, 4 Mile Rd NW Road to the north, Michigan State Highway 96 to the South, and US 131 to the east.

5. Medical Services and other Nearby Amenities:
Corewell Health Grand Rapids Hospitals – Butterworth 5.4 Miles away

6. Description of Surrounding Neighborhood:
Single-family homes, commercial buildings, and multi-family housing.

7. Local Community Expenditures Apparent:
None

8. Indication of Local Support:
The City of Walker has approved a new PILOT for the development.

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

XII. ATTACHMENTS:

A. Development Proforma

APPROVALS:

Chad A Benson 11/14/2024

Chad Benson Date
Director of Development

Anthony Lentych 11/14/2024

Tony Lentych Date
Chief Housing Investment Officer

Clarence L. Stone, Jr. 11/15/2024

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

Amy Hovey 11/14/2024

Amy Hovey Date
Chief Executive Officer and Executive Director

Development	Kingsbury Place
Financing	Supportive Housing
MSHDA No.	1124-2
Step	Commitment
Date	11/21/2024
Type	Preservation - Subsidized

Instructions

TOTAL DEVELOPMENT COSTS			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition							
Land			4,318	190,000	0%	0	0
Existing Buildings (Including Assumed HOME Loan)			81,136	3,570,000	100%	3,570,000	0
Other:			0		0%	0	0
		Subtotal	**85,455**	**3,760,000**			
Construction/Rehabilitation							
Off Site Improvements			0		100%	0	0
On-site Improvements			3,091	136,000	100%	136,000	0
Landscaping and Irrigation			795	35,000	100%	35,000	35,000
Structures (with siding & window replacement added)			69,967	3,078,546	100%	3,078,546	3,078,546
Community Building and/or Maintenance Facility			0		100%	0	0
Construction not in Tax Credit basis (i.e.Carports and Commercial Space)			0		0%	0	0
General Requirements	% of Contract 6.00%	**Within Range**	4,431	194,973	100%	194,973	194,973
Builder Overhead	% of Contract 2.00%	**Within Range**	1,566	68,890	100%	68,890	68,890
Builder Profit	% of Contract 6.00%	**Within Range**	4,791	210,805	100%	210,805	210,805
Bond Premium, Tap Fees, Cost Cert.			891	39,185	100%	39,185	39,185
Other:			0		100%	0	0
		Subtotal	**85,532**	**3,763,399**			
		15% of acquisition and $15,000/unit test:		met			
Professional Fees							
Design Architect Fees			1,742	76,662	100%	76,662	76,662
Supervisory Architect Fees			249	10,952	100%	10,952	10,952
Landscape Architect Fees			0		100%	0	0
Engineering/Survey			341	15,000	100%	15,000	15,000
Legal Fees			1,818	80,000	100%	80,000	80,000
Interior Design Fees			0		100%	0	0
Other:			0		100%	0	0
		Subtotal	**4,150**	**182,614**			
Interim Construction Costs							
Property & Casualty Insurance			568	25,000	100%	25,000	25,000
Construction Loan Interest	Override	**276,763**	6,290	276,763	73%	201,282	201,282
Title Work			795	35,000	100%	35,000	0
Construction Taxes			227	10,000	100%	10,000	10,000
Permits			227	10,000	100%	10,000	10,000
Other:			0		100%	0	0
		Subtotal	**8,108**	**356,763**			
Permanent Financing							
Loan Commitment Fee to MSHDA		2%	3,869	170,253	0%	0	0
Other:			0		0%	0	0
		Subtotal	**3,869**	**170,253**			
Other Costs (In Basis)							
Application Fee			45	2,000	100%	2,000	2,000
Market Study			148	6,500	100%	6,500	6,500
Environmental Studies			284	12,500	100%	12,500	12,500
Cost Certification			568	25,000	100%	25,000	25,000
Equipment and Furnishings			1,136	50,000	100%	50,000	0
Temporary Tenant Relocation			2,500	110,000	100%	110,000	110,000
Construction Contingency			8,553	376,340	100%	376,340	376,340
Appraisal and C.N.A.			284	12,500	100%	12,500	12,500
Other: Soft Cost Contingency			0		100%	0	0
		Subtotal	**13,519**	**594,840**			
Other Costs (NOT In Basis)							
Start-up and Organization			0		0%	0	0
Tax Credit Fees (based on 2022 QAP)	26,721	**Within Range**	607	26,721	0%	0	0
Compliance Monitoring Fee (based on 2022 QAP)			475	20,900	0%	0	0
Marketing Expense			0		0%	0	0
Syndication Legal Fees			1,523	67,000	0%	0	0
Rent Up Allowance		months	0	0	0%	0	0
Other:			0		0%	0	0
		Subtotal	**2,605**	**114,621**			

Summary of Acquisition Price		As of	February 14, 2024
Attributed to Land	190,000	1st Mortgage Balance	1,800,000
Attributed to Existing Structure:	3,570,000	Subordinate Mortgage(s)	
Other:	0	Subordinate Mortgage(s)	
Fixed Price to Seller	3,760,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	**1,960,000**

Construction Loan Term	Months
Construction Contract	8
Holding Period (50% Test)	3
Rent Up Period	0
Construction Loan Period	11

Appraised Value	Value As of:	November 4, 2022
"Encumbered As-Is" value as determined by appraisal:		3,760,000
LESS Fixed Price to the Seller:		3,760,000
Surplus/(Gap)	**Within Range**	**0**

Override

			Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis	OAR Funded Yr 1	4 Month OAR	
Project Reserves										
Operating Assurance Reserv	5.0 months	Funded in Cas	5,605	246,601	0%	0	0	246,601	197,281	49,320
Replacement Reserve		Required	10,784	474,476	0%	0	0			
Operating Deficit Reserve		Not Required	0	0	0%	0	0			
Rent Subsidy Reserve			0	0	0%	0	0			
Syndicator Held Reserve			0	0	0%	0	0			
Rent Lag Escrow			0	0	0%	0	0			
Tax and Insurance Escrows			642	28,226	0%	0	0			
Other:			0		0%	0	0			
Other:			0		0%	0	0			
		Subtotal	**17,030**	**749,303**						
Miscellaneous										
Deposit to Development Operating Account (1MGRP		Required	1,200	52,815	0%	0	0			
Other (Not in Basis):			0	0	0%	0	0			
Other (In Basis):			0	0	100%	0	0			
Other (In Basis):			0	0	100%	0	0			
		Subtotal	**1,200**	**52,815**						
Total Acquisition Costs			**85,455**	**3,760,000**						
Total Construction Hard Costs			**85,532**	**3,763,399**						
Total Non-Construction ("Soft") Costs			**50,482**	**2,221,209**						
Developer Overhead and Fee										
Maximum	1,123,493		**25,534**	**1,123,493**	100%	1,123,493	1,123,493			
7.5%	of Acquisition/Project Reserves	Override		**5% Attribution Test**						
15%	of All Other Development Costs			met						
						LIHTC Basis	**Historic Basis**	**Aggregate Basis**		
Total Development Cost			**247,002**	**10,868,101**		**9,515,629**	**5,724,629**	**9,705,629**		

TOTAL DEVELOPMENT SOURCES		% of TDC			# of Units	Gap to Hard Debt Ratio	Home Subsidy Limit	HOME Unit Mix	HTF Unit Mix
MSHDA Permanent Mortgage		30.35%	74,953	3,297,952					
Conventional/Other Mortgage		0.00%	0	0					
Equity Contribution From Tax Credit Syndication		29.42%	72,658	3,196,931					
MSHDA NSP Funds		0.00%	0		0.00	86.76%	2,874,072	5 One Bedroom	0 One Bedroom, 1 Bath,
MSHDA Assumed HOME		16.56%	40,909	1,800,000	14.00		**HTF**	2 One Bedroom	0 One Bedroom, 1 Bath,
MSHDA Mortgage Resource Funds		9.76%	24,120	1,061,258			**Subsidy**	2 One Bedroom	0 One Bedroom, 1 Bath,
MSHDA TCAP		0.00%	0		0.00		**Limit**	1 One Bedroom	0 One Bedroom, 1 Bath,
MSHDA Housing Trust Funds		0.00%	0		0.00		0		
MSHDA CERA		0.00%	0		0.00			1 Two Bedroom	0 Two Bedroom, 2 Bath,
MSHDA HOME-ARP		0.00%	0		0.00			2 Two Bedroom	0 Two Bedroom, 2 Bath,
MSHDA HCDF		0.00%	0		0.00				
Local HOME		0.00%	0						
Income from Operations		2.22%	5,476	240,962				1 Three Bedroo	0 Three Bedroom, 2 Bath
Other Equity		0.00%	0						
Transferred Reserves:		0.26%	642	28,226					
Other:	Seller Note	6.27%	15,478	681,025	**Deferred Dev Fee**				
Other:		0.00%	0						
Deferred Developer Fee		5.17%	12,767	561,747	50.00%				
Total Permanent Sources				**10,868,101**					

Sources Equal Uses?	**Balanced**
Surplus/(Gap)	**0**

MSHDA Construction Loan		**52.00%**	**128,441**	**5,651,413**
Construction Loan Rate	6.250%			
Repaid from equity prior to final closing				**2,353,461**

Eligible Basis for LIHTC/TCAP			**Value of LIHTC/TCAP**		
Acquisition	3,758,000		Acquisition	150,320	
Construction	5,757,629		Construction	230,305	Override
Acquisition Credit %		4.00%	Total Yr Credit	380,625	
Rehab/New Const Credit %		4.00%	Equity Price	$0.8400	
Qualified Percentage		100.00%	Equity Effective Price	$0.8400	Override
QCT/DDA Basis Boost		100%	Equity Contribution	3,196,931	
Historic?		No			

Initial Owner's Equity Calculation	
Equity Contribution from Tax Credit Syndication	3,196,931
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	
New Owner's Equity	**3,196,931**

Existing Reserve Analysis			
DCE Interest:		Current Owner's Reserves:	0
Insurance:	17,044	Reserves Transferred in to Project	1,061,258
Taxes:	11,182	Tax/Ins Escrows transferred to project	28,226
Rep. Reserve	645,210		
ORC:			
DCE Principal:			
ODR:	416,048		

Development	Kingsbury Place
Financing	Supportive Housing
MSHDA No.	1124-2
Step	Commitment
Date	11/21/2024
Type	Preservation - Subsidized

Mortgage Assumptions:

Debt Coverage Ratio	1.20	
Mortgage Interest Rate	6.250%	
Pay Rate	6.250%	
Mortgage Term	40	years
Income from Operations	Yes	

Instructions

			% of Revenue	Per Unit	Total	Initial Inflation Factor	Beginning in Year	Future Inflation Factor
Total Development Income Potential								
Annual Rental Income				14,404	633,780	2.0%	6	2.0%
Annual Non-Rental Income				68	3,000	1.0%	6	2.0%
Total Project Revenue				14,472	636,780			
Total Development Expenses							Future Vacancy	
Vacancy Loss	5.00%	of annual rent potential		720	31,689		6	5.0%
Management Fee	651	per unit per year		651	28,644	3.0%	1	3.0%
Administration				2,457	108,125	3.0%	1	3.0%
Project-paid Fuel				32	1,416	3.0%	6	3.0%
Common Electricity				260	11,460	3.0%	6	3.0%
Water and Sewer				318	14,000	5.0%	6	5.0%
Operating and Maintenance				2,246	98,839	3.0%	1	3.0%
Real Estate Taxes				0		3.0%	1	5.0%
Payment in Lieu of Taxes (PILOT)	4.00%	Applied to: All Units		523	23,009			
Insurance				686	30,176	3.0%	1	3.0%
Replacement Reserve	350	per unit per year		350	15,400	3.0%	1	3.0%
Other:				100	4,400	3.0%	1	3.0%
Other:				0		3.0%	1	3.0%
Total Expenses			57.66%	**8,344**	**367,158**			
Base Net Operating Income				6,128	269,622	Override		
Part A Mortgage Payment			35.28%	5,106	224,685			
Part A Mortgage				**74,953**	**3,297,952**			
Non MSHDA Financing Mortgage Payment				0				
Non MSHDA Financing Type:				**0**				
Base Project Cash Flow (excludes ODR)			7.06%	1,021	44,937			

Development	Kingsbury Place
Financing	Supportive Housing
MSHDA No.	1124-2
Step	Commitment
Date	11/21/2024
Type	Preservation - Subsidized

Instructions

Income Limits for	Kent County				(Effective April 1,2024)	
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	21,150	24,180	27,210	30,210	32,640	35,070
40% of area median	28,200	32,240	36,280	40,280	43,520	46,760
50% of area median	35,250	40,300	45,350	50,350	54,400	58,450
60% of area median	42,300	48,360	54,420	60,420	65,280	70,140

Rental Income Based on 1/1/24

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																
30%	Tenant AMI Restriction (if different from rent restriction)																
Yes	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	7	Apartment	1	1.0	800	1,138	118	1,256	95,592	15.1%	15.9%	5,600	15.5%	5,600		1,133	TC Rent
B	1	Apartment	1	1.0	800	1,138	118	1,256	13,656	2.2%	2.3%	800	2.2%	800		1,133	TC Rent
F	1	Apartment	2	2.0	950	1,359	146	1,505	16,308	2.6%	2.3%	950	2.6%	950	Low HOME	1,360	TC Rent
G	1	Apartment	2	2.0	950	1,359	146	1,505	16,308	2.6%	2.3%	950	2.6%	950	Low HOME	1,360	TC Rent
									141,864	22.4%	22.7%	8,300	23.0%	8,300			
60%	Area Median Income Units																
30%	Tenant AMI Restriction (if different from rent restriction)																
Yes	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	5	Apartment	1	1.0	800	1,138	118	1,256	68,280	10.8%	11.4%	4,000	11.1%	4,000		1,133	TC Rent
B	1	Apartment	1	1.0	800	1,138	118	1,256	13,656	2.2%	2.3%	800	2.2%	800		1,133	TC Rent
F	1	Apartment	2	2.0	950	1,359	146	1,505	16,308	2.6%	2.3%	950	2.6%	950	Low HOME	1,360	TC Rent
G	4	Apartment	2	2.0	950	1,359	146	1,505	65,232	10.3%	9.1%	3,800	10.5%	3,800		1,360	TC Rent
									163,476	25.8%	25.0%	9,550	26.5%	9,550			
60%	Area Median Income Units																
30%	Tenant AMI Restriction (if different from rent restriction)																
Yes	MSHDA Project Based Voucher Units																
Family	Occupancy																
A	1	Apartment	1	1.0	800	1,138	118	1,256	13,656	2.2%	2.3%	800	2.2%	800		1,133	TC Rent
B	2	Apartment	1	1.0	800	1,138	118	1,256	27,312	4.3%	4.5%	1,600	4.4%	1,600	Low HOME	1,133	TC Rent
C	4	Apartment	1	1.0	800	1,138	118	1,256	54,624	8.6%	9.1%	3,200	8.9%	3,200		1,133	TC Rent
D	1	Apartment	1	1.0	800	1,138	118	1,256	13,656	2.2%	2.3%	800	2.2%	800	Low HOME	1,133	TC Rent
									109,248	17.2%	18.2%	6,400	17.7%	6,400			
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	800	1,138	118	1,256	81,936	12.9%	13.6%	4,800	13.3%	4,800	Low HOME	1,133	TC Rent
B	1	Apartment	1	1.0	800	1,138	118	1,256	13,656	2.2%	2.3%	800	2.2%	800	Low HOME	1,133	TC Rent
F	1	Apartment	2	2.0	950	1,359	146	1,505	16,308	2.6%	2.3%	950	2.6%	950		1,360	TC Rent
G	1	Apartment	2	2.0	950	1,359	146	1,505	16,308	2.6%	2.3%	950	2.6%	950		1,360	TC Rent
J	1	Apartment	3	2.0	1,150	1,791	173	1,964	21,492	3.4%	2.3%	1,150	3.2%	1,150	Low HOME	1,571	TC Rent
									149,700	23.6%	22.7%	8,650	24.0%	8,650			
60%	Area Median Income Units																
50%	Tenant AMI Restriction (if different from rent restriction)																
Yes	Local PHA Project Based Voucher Units																
Family	Occupancy																
J	1	Apartment	3	2.0	1,150	1,791	173	1,964	21,492	3.4%	2.3%	1,150	3.2%	1,150		1,571	TC Rent
									21,492	0.0%	0.0%	0	0.0%	1,150			
60%	Area Median Income Units																
Family	Occupancy																
C	3	Apartment	1	1.0	800	1,000	118	1,118	36,000	5.7%	6.8%	2,400	6.6%	2,400		1,133	TC Rent
D	1	Apartment	1	1.0	800	1,000	118	1,118	12,000	1.9%	2.3%	800	2.2%	800		1,133	TC Rent
Mgrs					Tax Credit Rents				48,000	7.6%	9.1%	3,200	8.9%	3,200			
												36,100		**37,250**			

Total Revenue Units	**44**
Manager Units	**0**
Income Average	60.00%
Set Aside	100.00%

Gross Rent Potential	**633,780**
Average Monthly Rent	**1,200**
Gross Square Footage	**36,100**

HOME Units SF/Total Units SF	33.2%	**Within Range**
# HOME Units/# Total Units	31.8%	**Within Range**

Utility Allowances (Based January 1, 2024)

	Owner-Paid Electricity	A/C	Owner-Paid Gas	Owner-Paid Water/ Sewer	Owner-Paid Other	Total	Override
A	41.00		63.00		14.00	118	118.00
B	41.00		63.00		14.00	118	118.00
C	41.00		63.00		14.00	118	118.00
D	41.00		63.00		14.00	118	118.00
E	57.00		75.00		14.00	146	146.00
F	57.00		75.00		14.00	146	146.00
G	57.00		75.00		14.00	146	146.00
H	57.00		75.00		14.00	146	146.00

Annual Non-Rental Income

Misc. and Interest	3,000
Laundry	
Carports	
Other:	
Other:	
	3,000

Total Income	**Annual**	**Monthly**
Rental Income	633,780	52,815
Non-Rental Income	3,000	250
Total Project Revenue	636,780	53,065

Cash Flow Projections

Development Kingsbury Place
Financing Supportive Housing
MSHDA No. 1124-2
Step Commitment
Date 11/21/2024
Type Preservation - Subsidized

	Initial Inflator	Starting in Yr	Future Inflator		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
					1	2	3	4	5	6	7	8	9	10
Income														
Annual Rental Income	2.0%	6	2.0%		633,780	646,456	659,385	672,572	686,024	699,744	713,739	728,014	742,574	757,426
Annual Non-Rental Income	1.0%	6	2.0%		3,000	3,030	3,060	3,091	3,122	3,184	3,248	3,313	3,379	3,447
Total Project Revenue					**636,780**	**649,486**	**662,445**	**675,663**	**689,146**	**702,929**	**716,987**	**731,327**	**745,953**	**760,873**
Expenses														
Vacancy Loss	5.0%	6	5.0%		31,689	32,323	32,969	33,629	34,301	34,987	35,687	36,401	37,129	37,871
Management Fee	3.0%	1	3.0%		28,644	29,503	30,388	31,300	32,239	33,206	34,202	35,229	36,285	37,374
Administration	3.0%	1	3.0%		108,125	111,369	114,710	118,151	121,696	125,347	129,107	132,980	136,970	141,079
Project-paid Fuel	3.0%	6	3.0%		1,416	1,458	1,502	1,547	1,594	1,642	1,691	1,742	1,794	1,848
Common Electricity	3.0%	6	3.0%		11,460	11,804	12,158	12,523	12,898	13,285	13,684	14,094	14,517	14,953
Water and Sewer	5.0%	6	5.0%		14,000	14,700	15,435	16,207	17,017	17,868	18,761	19,699	20,684	21,719
Operating and Maintenance	3.0%	1	3.0%		98,839	101,804	104,858	108,004	111,244	114,581	118,019	121,560	125,206	128,962
Real Estate Taxes	3.0%	1	5.0%		0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)					23,009	23,447	23,893	24,347	24,809	25,278	25,757	26,243	26,738	27,241
Insurance	3.0%	1	3.0%		30,176	31,081	32,014	32,974	33,963	34,982	36,032	37,113	38,226	39,373
Replacement Reserve	3.0%	1	3.0%		15,400	15,862	16,338	16,828	17,333	17,853	18,388	18,940	19,508	20,094
Other:	3.0%	1	3.0%		4,400	4,532	4,668	4,808	4,952	5,101	5,254	5,411	5,574	5,741
Other:	3.0%	1	3.0%		0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses					367,158	377,883	388,933	400,317	412,046	424,131	436,582	449,411	462,631	476,254
Debt Service														
Debt Service Part A					224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685
Debt Service Conventional/Other Financing					0	0	0	0	0	0	0	0	0	0
Total Expenses					**591,843**	**602,569**	**613,619**	**625,003**	**636,732**	**648,816**	**661,267**	**674,097**	**687,317**	**700,939**
Cash Flow/(Deficit)					**44,937**	**46,917**	**48,826**	**50,661**	**52,414**	**54,113**	**55,720**	**57,230**	**58,637**	**59,933**
Cash Flow Per Unit					1,021	1,066	1,110	1,151	1,191	1,230	1,266	1,301	1,333	1,362
Debt Coverage Ratio on Part A Loan					1.20	1.21	1.22	1.23	1.23	1.24	1.25	1.25	1.26	1.27
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) Analaysis														
Maintained Debt Coverage Ratio (Hard Debt)	1.00													
Maintained Operating Reserve (No Hard Debt)	250			Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR					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
Interest					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
Maintained Cash Flow Per Unit					1,021	1,066	1,110	1,151	1,191	1,230	1,266	1,301	1,333	1,362
Maintained Debt Coverage Ratio on Part A Loan					1.20	1.21	1.22	1.23	1.23	1.24	1.25	1.25	1.26	1.27
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**										
Operating Assurance Reserve Analysis				246,601										
Required in Year:	1			Initial Deposit										
Initial Balance				**246,601**	246,601	253,999	261,619	269,468	277,552	285,878	294,455	303,288	312,387	321,759
Interest Income					7,398	7,620	7,849	8,084	8,327	8,576	8,834	9,099	9,372	9,653
Ending Balance					253,999	261,619	269,468	277,552	285,878	294,455	303,288	312,387	321,759	331,411
Deferred Developer Fee Analysis														
Initial Balance					561,747	516,810	469,893	421,066	370,406	317,992	263,879	208,159	150,929	92,292
Dev Fee Paid					44,937	46,917	48,826	50,661	52,414	54,113	55,720	57,230	58,637	59,933
Ending Balance — Repaid in Year:	2033				516,810	469,893	421,066	370,406	317,992	263,879	208,159	150,929	92,292	32,359
Seller Note														
Interest Rate on Subordinate Financing	3%			Initial Balance										
Principal Amount of all MSHDA Soft Funds				**681,025**	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025
Current Yr Int					20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431
Accrued Int					0	20,431	40,862	61,292	81,723	102,154	122,585	143,015	163,446	183,877
Subtotal				% of Cash Flow	701,456	721,887	742,317	762,748	783,179	803,610	824,040	844,471	864,902	885,333
Annual Payment Due				**50%**	0	0	0	0	0	0	0	0	0	0
Year End Balance					701,456	721,887	742,317	762,748	783,179	803,610	824,040	844,471	864,902	885,333

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	2.0%	6	2.0%	772,574	788,026	803,786	819,862	836,259	852,984	870,044	887,445	905,194	923,298
Annual Non-Rental Income	1.0%	6	2.0%	3,516	3,586	3,658	3,731	3,805	3,882	3,959	4,038	4,119	4,202
Total Project Revenue				**776,090**	**791,612**	**807,444**	**823,593**	**840,065**	**856,866**	**874,003**	**891,483**	**909,313**	**927,499**
Expenses													
Vacancy Loss	5.0%	6	5.0%	38,629	39,401	40,189	40,993	41,813	42,649	43,502	44,372	45,260	46,165
Management Fee	3.0%	1	3.0%	38,495	39,650	40,839	42,065	43,327	44,626	45,965	47,344	48,764	50,227
Administration	3.0%	1	3.0%	145,311	149,670	154,160	158,785	163,549	168,455	173,509	178,714	184,076	189,598
Project-paid Fuel	3.0%	6	3.0%	1,903	1,960	2,019	2,079	2,142	2,206	2,272	2,340	2,411	2,483
Common Electricity	3.0%	6	3.0%	15,401	15,863	16,339	16,829	17,334	17,854	18,390	18,942	19,510	20,095
Water and Sewer	5.0%	6	5.0%	22,805	23,945	25,142	26,399	27,719	29,105	30,560	32,088	33,693	35,377
Operating and Maintenance	3.0%	1	3.0%	132,831	136,816	140,921	145,148	149,503	153,988	158,608	163,366	168,267	173,315
Real Estate Taxes	3.0%	1	5.0%	0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes (PILOT)				27,753	28,274	28,804	29,342	29,890	30,447	31,013	31,588	32,173	32,767
Insurance	3.0%	1	3.0%	40,554	41,771	43,024	44,314	45,644	47,013	48,424	49,876	51,373	52,914
Replacement Reserve	3.0%	1	3.0%	20,696	21,317	21,957	22,615	23,294	23,993	24,712	25,454	26,217	27,004
Other:	3.0%	1	3.0%	5,913	6,091	6,273	6,462	6,655	6,855	7,061	7,273	7,491	7,715
Other:	3.0%	1	3.0%	0	0	0	0	0	0	0	0	0	0
Subtotal: Operating Expenses				490,292	504,759	519,668	535,033	550,870	567,192	584,016	601,358	619,233	637,661
Debt Service													
Debt Service Part A				224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685	224,685
Debt Service Conventional/Other Financing				0	0	0	0	0	0	0	0	0	0
Total Expenses				**714,977**	**729,444**	**744,353**	**759,719**	**775,555**	**791,877**	**808,701**	**826,043**	**843,919**	**862,346**
Cash Flow/(Deficit)				**61,113**	**62,168**	**63,091**	**63,874**	**64,510**	**64,989**	**65,302**	**65,441**	**65,394**	**65,153**
Cash Flow Per Unit				1,389	1,413	1,434	1,452	1,466	1,477	1,484	1,487	1,486	1,481
Debt Coverage Ratio on Part A Loan				1.27	1.28	1.28	1.28	1.29	1.29	1.29	1.29	1.29	1.29
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) Analaysis

			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Maintained Debt Coverage Ratio (Hard Debt)	1.00											
Maintained Operating Reserve (No Hard Debt)	250	Initial Deposit										
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
Total Annual Deposit to achieve Maintained DCR			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
Interest			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
Maintained Cash Flow Per Unit			1,389	1,413	1,434	1,452	1,466	1,477	1,484	1,487	1,486	1,481
Maintained Debt Coverage Ratio on Part A Loan			1.27	1.28	1.28	1.28	1.29	1.29	1.29	1.29	1.29	1.29
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										

Operating Assurance Reserve Analysis

			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
		246,601										
Required in Year:	1	Initital Deposit										
Initial Balance		**246,601**	331,411	341,354	351,594	362,142	373,006	384,197	395,723	407,594	419,822	432,417
Interest Income			9,942	10,241	10,548	10,864	11,190	11,526	11,872	12,228	12,595	12,973
Ending Balance			341,354	351,594	362,142	373,006	384,197	395,723	407,594	419,822	432,417	445,389

Deferred Developer Fee Analysis

			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Initial Balance			32,359	0	0	0	0	0	0	0	0	0
Dev Fee Paid			32,359	0	0	0	0	0	0	0	0	0
Ending Balance	Repaid in Year:	2033	0	0	0	0	0	0	0	0	0	0

Seller Note

			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Interest Rate on Subordinate Financing	3%	Initial Balance										
Principal Amount of all MSHDA Soft Funds		**681,025**	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025	681,025
Current Yr Int			20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431	20,431
Accrued Int			204,308	194,182	183,529	172,414	160,908	149,084	137,020	124,800	112,510	100,244
Subtotal		% of Cash Flow	905,763	895,638	884,985	873,870	862,363	850,539	838,476	826,255	813,966	801,699
Annual Payment Due		**50%**	30,556	31,084	31,545	31,937	32,255	32,494	32,651	32,720	32,697	32,577
Year End Balance			875,207	864,554	853,439	841,933	830,109	818,045	805,825	793,535	781,269	769,123

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
KINGSBURY PLACE, MSHDA DEVELOPMENT NO. 1124-2
CITY OF WALKER, KENT COUNTY**

November 21, 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 Genesis Non-Profit Housing Corporation (the "Applicant") for a multifamily housing project to be located in the City of Walker, Kent County, Michigan, having an estimated total development cost of Ten Million Eight Hundred Sixty-Eight Thousand One Hundred and One Dollars ($10,868,101), a total estimated maximum mortgage loan amount of Five Million Six Hundred Fifty-One Thousand Four Hundred Thirteen Dollars ($5,651,413) and a Mortgage Resource Fund loan in the amount of One Million Sixty-One Thousand Two Hundred Fifty-Eight Dollars ($1,061,258) (hereinafter referred to as the "Application"); and

WHEREAS, the Applicant has also requested that the Mortgagor be allowed to assume the existing HOME mortgage loan in the estimated amount of One Million Eight Hundred Thousand Dollars ($1,800,000); 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 Five Million Nine Hundred Ninety-Six Thousand Eight Hundred Forty-Four Dollars ($5,996,844).

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 November 21, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RESOLUTION AUTHORIZING MORTGAGE LOANS
KINGSBURY PLACE, MSHDA DEVELOPMENT NO. 1124-2
CITY OF WALKER, KENT COUNTY

November 21, 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 Genesis Non-Profit Housing Corporation (the "Applicant") for a construction mortgage loan in the amount of Five Million Six Hundred Fifty-One Thousand Four Hundred Thirteen Dollars ($5,651,413), and a permanent mortgage loan in the amount of Three Million Two Hundred Ninety-Seven Thousand Nine Hundred Fifty-Two Dollars ($3,297,952), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Ten Million Eight Hundred Sixty-Eight Thousand One Hundred and One Dollars ($10,868,101), to be known as Kingsbury Place, located in the City of Walker, Kent County, Michigan, and to be owned by Kingsbury Place Redevelopment Limited Dividend Housing Association LLC (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund ("MRF") loan in the estimated amount of One Million Sixty-One Thousand Two Hundred Fifty-Eight Dollars ($1,061,258) (the "MRF Loan") and the assumption of a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the amount of One Million Eight Hundred Thousand Dollars ($1,800,000) (the "HOME Loan"); 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 construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Chief Executive Officer and Executive Director, the Chief Housing Investment Officer, the 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 Five Million Six Hundred Fifty-One Thousand Four Hundred Thirteen Dollars ($5,651,413), and permanent financing in an amount not to exceed Three Million Two Hundred Ninety-Seven Thousand Nine Hundred Fifty-Two Dollars ($3,297,952), and to have a term of forty (40) years after amortization of principal commences and to bear interest at a rate of Six and 25/100 percent (6.25%) 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 Five Million Nine Hundred Ninety-Six Thousand Eight Hundred Forty-Four Dollars ($5,996,844). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The MRF Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for an MRF Loan (together with the Commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of One Million Sixty-One Thousand Two Hundred Fifty-Eight Dollars ($1,061,258), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

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

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

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

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

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated November 21, 2024, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The Authority hereby waives Section VIII.A of the Multifamily Direct Lending Parameters adopted on June 28, 2017, prohibiting the assumption of existing subordinate financing in preservation transactions.

Michigan State Housing Development Authority

(a component unit of the State of Michigan)

Financial Report

with Supplementary Information

June 30, 2024

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Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Michigan State Housing Development Authority (the "Authority"), a component unit of the State of Michigan, as of and for the years ended June 30, 2024 and 2023 and the financial statements of the discretely presented component unit of the Authority as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2024 and 2023 and the changes in its financial position and its cash flows for the years then ended and the financial position of the discretely presented component unit of the Authority as of June 30, 2023 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, there was a change in reporting entity in the 2024 financial statements. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2024

The Michigan State Housing Development Authority (the "Authority") provides financial and technical assistance through public and private partnerships to create and preserve decent, affordable housing for low- and moderate-income Michigan residents. The Authority was created under the terms of Act 346, Public Acts of Michigan of 1966, as amended. The Authority is authorized to issue its bonds and notes to the investing public in order to create a flow of private capital through the Authority into mortgage loans to qualified housing sponsors and to certain qualified individuals.

The Authority offers a variety of programs to provide affordable housing opportunities, such as single-family lending, low-interest property improvement lending, multifamily lending, mortgage credit certificates, and pass-through obligations.

The enclosed financial statements present the Authority's net position, revenue, expenses, changes in net position, and cash flows. The following is a condensed summary of financial information as of and for the years ended June 30, 2024, 2023, and 2022:

Condensed Financial Information
(in thousands of dollars)

	2024	2023 (Restated)	2022
Assets			
Cash and cash equivalents	$ 576,584	$ 783,077	$ 506,645
Investments	700,091	637,010	908,434
Loans receivable - Net	5,179,527	4,397,839	3,747,263
Other assets	394,697	297,760	143,976
Capital assets	17,806	18,331	18,856
Total assets	6,868,705	6,134,017	5,325,174
Accumulated (Increase) Decrease in Fair Value of Hedging Derivative Instruments	(16,603)	(15,033)	(439)
Deferred Outflows of Resources	35,867	38,907	37,303
Total assets, hedging derivative instruments, and deferred outflows	**$ 6,887,969**	**$ 6,157,891**	**$ 5,362,038**
Liabilities			
Bonds payable	$ 4,846,001	$ 4,367,317	$ 3,754,341
Line of Credit	100,000	-	-
Hedging derivative instruments	(16,603)	(15,033)	(439)
Other liabilities	732,819	718,556	742,981
Total liabilities	5,662,217	5,070,840	4,496,883
Deferred Inflows of Resources	64,760	57,722	61,524
Net Position			
Net investment in capital assets	17,806	18,331	18,856
Restricted	888,571	747,526	543,237
Unrestricted	254,615	263,472	241,538
Total net position	1,160,992	1,029,329	803,631
Total liabilities, deferred inflows, and net position	**$ 6,887,969**	**$ 6,157,891**	**$ 5,362,038**

	2024	2023 (Restated)	2022
Operating Revenue			
Net investment income	$ 102,957	$ 69,239	$ 35,894
Federal and state assistance programs revenue	850,404	1,080,413	1,346,736
Housing and community development fund - State	50,000	50,000	-
Housing gap financing program - State	-	150,000	-
Legislative enhancement program - State	94,250	-	-
Section 8 program administrative fees	23,409	29,144	20,161
Contract administration fees	15,170	13,773	12,380
Other income	45,913	43,137	41,844
Total revenue	1,182,103	1,435,706	1,457,015
Operating Expenses			
Federal and state assistance programs expenses	849,432	1,077,695	1,349,516
Housing and community development fund - State	-	-	-
Housing gap financing program - State	47,946	-	-
Legislative enhancement program - State	15,140	-	-
Salaries and benefits	35,777	46,448	26,565
Other general operating expenses	41,288	43,499	32,868
Other expenses	38,338	33,693	21,147
Total expenses	1,027,921	1,201,335	1,430,096
Nonoperating Expenses - Grants and subsidies	22,519	8,673	6,759
Change in Net Position	**$ 131,663**	**$ 225,698**	**$ 20,160**

Financial Analysis

As described in Note 2 to the financial statements, during fiscal year 2024, the Authority determined that activity related to certain state appropriations from the State of Michigan's fiscal year 2023 were not recorded as revenue of the Authority in fiscal year 2023. Therefore, housing gap financing program revenue and other miscellaneous receivables and assets were increased by $150 million 2023 column above. This also increased the ending net position at June 30, 2023 by $150 million.

Total assets, hedging derivative instruments, and deferred outflows increased from $6.2 billion at June 30, 2023 to $6.9 billion at June 30, 2024. This was an increase of approximately $730.1 million, or 11.9 percent. Total assets, hedging derivative instruments, and deferred outflows increased from $5.4 billion at June 30, 2022 to $6.2 billion at June 30, 2023. This was an increase of approximately $795.9 million, or 14.8 percent.

Net loans receivable increased from $4.4 billion at June 30, 2023 to $5.2 billion at June 30, 2024. Loans receivable increased due to an increase in the closing of both multifamily and single-family mortgages (net increases of $205.1 million and $592.1 million, respectively).

Net loans receivable increased from $3.8 billion at June 30, 2022 to $4.4 billion at June 30, 2023. Loans receivable increased due to an increase in the closing of both multifamily and single-family mortgages (net increases of $202.4 million and $592.1 million, respectively).

Bonds payable were $4.8 billion at June 30, 2024 and $4.4 billion at June 30, 2023, a net increase of approximately $478.7 million. The increase in bonds outstanding for the year ended June 30, 2024 was due primarily to the issuance of $817.6 million in debt to fund the lending activities of the Authority, partially offset by early redemptions and maturities. Bonds payable increased from $3.8 billion at June 30, 2022 to $4.4 billion at June 30, 2023, a net increase of approximately $613.0 million. The increase in bonds outstanding for the year ended June 30, 2023 was due primarily to the issuance of $1.0 billion in debt to fund the lending activities of the Authority, partially offset by early redemptions and maturities.

The Authority has entered into a revolving line of credit ("RLOC") for the purpose of funding single-family mortgages and down payment assistance loans prior to the issuance of long-term debt financing. The RLOC balances grow and are paid down based on the timing of long-term debt issuances. At June 30, 2024, the Authority had a balance of $100,000,000. At June 30, 2023 there was no balance.

Escrow funds, which are recorded in other liabilities, increased by $3.3 million from June 30, 2023 to $454.5 million at June 30, 2024 due to an unrealized gain in investments. Escrow funds decreased by $14.0 million from June 30, 2022 to $451.2 million at June 30, 2023 due to an unrealized loss on investments.

The Authority's net position totaled $1.2 billion at June 30, 2024, equal to 20.5 percent of total assets and 20.3 percent of total liabilities. A significant portion of net position is restricted. At June 30, 2024, $607.4 million of net position was pledged for payment against the various bond indentures. In addition, $100.0 million, $102.1 million, and $79.1 million was restricted for spending on the State of Michigan Housing and Community Development Fund program, Housing Gap Financing program, and Legislative Enhancement Program, respectively. In addition to the restrictions, $287.1 million is designated by board resolution to the Mortgage Resource Fund.

The Authority's net position totaled $1.0 billion at June 30, 2023, equal to 16.9 percent of total assets and 16.8 percent of total liabilities. A significant portion of net position is restricted. At June 30, 2023, $547.5 million of net position was pledged for payment against the various bond indentures. In addition, $50.0 million and $150.0 million was restricted for spending on the State of Michigan Housing and Community Development Fund program and Housing Gap Financing program, respectively. In addition to the restrictions, $262.3 million is designated by board resolution to the Mortgage Resource Fund.

Operating Results

Operations for the year ended June 30, 2024 resulted in excess revenue over expenses of $131.7 million, compared to prior year results of excess revenues over expenses of $225.7 million. Operations for the year ended June 30, 2023 resulted in excess revenue over expenses of $225.7 million, compared to prior year results of excess revenues over expenses of $20.2 million. For the years ended June 30, 2024 and June 30, 2023, $144.3 million and $200 million, respectively, was recognized related to state appropriations under Governmental Accounting Standard Board ("GASB") Statement No. 33, of which only a portion was expended through June 30, 2024. The remaining funds will be expended in future fiscal years.

Under GASB Statement No. 31, the Authority is required to present investments at fair market value and reflect this adjustment in the statement of revenue, expenses, and change in net position. This presentation increased revenues over expenses by approximately $6 thousand for the year ended June 30, 2024. Results for the year ended June 30, 2023 were negatively impacted by a decrease of approximately $12.7 million. Currently, GASB Statement No. 31 has had a cumulative negative effect of $12.7 million on the Authority's net position; however, the Authority generally intends to hold these securities to maturity.

Net investment income increased from $69.2 million in 2023 to $103.0 million in 2024, an increase of $33.7 million. This increase was due to the increase in both loan interest income and investment interest income of $46.4 million and $9.1 million, respectively. Net investment income increased from $35.9 million in 2022 to $69.2 million in 2023, an increase of $33.3 million. This increase was due to the increase in both loan interest income and investment interest income, increases of $17.8 million and $20.3 million, respectively. These increases were partially offset by an unrealized loss of $12.7 million due to the market-to-market of the investment portfolio.

Total revenue decreased from $1.4 billion for the year ended June 30, 2023 to $1.2 billion for the year ended June 30, 2024, a net decrease of $253.6 million. Total revenue decrease is primarily due to federal and state assistance program revenue and housing gap financing program. Total revenue decreased from $1.5 billion for the year ended June 30, 2022 to $1.4 billion for the year ended June 30, 2023, a net decrease of $21.3 million. Total revenue decrease is primarily due to federal and state assistance program revenue offset by the increase in housing and gap financing program.

Total operating expenses decreased from $1.2 billion for the year ended June 30, 2023 to $1.0 billion for the year ended June 30, 2024, a net decrease of $173.4 million. Total operating expenses decreased due primarily to a decrease in the federal and state assistance program expenses. Total operating expenses decreased from $1.4 billion for the year ended June 30, 2022 to $1.2 billion for the year ended June 30, 2023, a net decrease of $228.8 million. Total operating expenses decreased due primarily to a decrease in the federal and state assistance program expenses.

Economic Outlook

The United States and the State of Michigan declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. Our workforce and business operations continue at normal capacity, with most from remote locations. To minimize the impact of COVID-19 on the Authority and residents of the state of Michigan, Federal, State and Authority grants are being administered to provide support to homeowners and renters. The pandemic has not had a material financial impact on the Authority's financial position or results of operations to this point.

Requests for Further Information

This financial report is intended to provide a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please contact Authority's Finance Division at 517-335-9970. This report and other financial information are available on the Authority's website at www.michigan.gov/mshda/.

Statement of Net Position
(in thousands of dollars)

June 30, 2024 and 2023

	June 30 2024	June 30 2023
Assets, Hedging Derivative Instruments, and Deferred Outflows		
Cash and Cash Equivalents (Note 3)	$ 576,584	$ 783,077
Investments (Note 3)	700,091	637,010
Loans Receivable (Note 4)		
Multifamily mortgage loans	2,066,401	1,861,297
Single-family mortgage loans	3,185,498	2,593,409
Home improvement and moderate rehabilitation loans	1,095	1,411
Total	5,252,994	4,456,117
Accrued loan interest receivable	85,490	75,870
Allowance on loans receivable (Note 4)	(158,957)	(134,148)
Net loans receivable	5,179,527	4,397,839
Other Assets		
Real estate owned - Net	3,819	4,769
Other miscellaneous receivables and other assets	390,878	292,991
Total other assets	394,697	297,760
Capital Assets - Net (Note 11)	17,806	18,331
Total assets	6,868,705	6,134,017
Accumulated Increase in Fair Value of Hedging Derivative Instruments (Note 15)	(16,603)	(15,033)
Deferred Outflows of Resources		
Deferred outflows related to pensions (Note 9)	3,680	3,801
Deferred outflows related to OPEB (Note 10)	17,749	19,476
Deferred charges on refunding - Reassigned swaps (Note 15)	14,438	15,630
Total deferred outflows of resources	35,867	38,907
Total assets, hedging derivative instruments, and deferred outflows	**$ 6,887,969**	**$ 6,157,891**
Liabilities, Deferred Inflows, and Net Position		
Liabilities		
Bonds payable (Notes 5 and 6)	$ 4,846,001	$ 4,367,317
Line of Credit (Notes 16)	100,000	-
Hedging derivative instruments (Note 15)	(16,603)	(15,033)
Accrued interest payable	25,499	24,131
Escrow funds	454,512	451,180
Unamortized mortgage interest income (Note 7)	12,847	11,852
Net pension liability (Note 9)	41,786	43,816
Net OPEB liability (Note 10)	19,485	32,897
Other liabilities	178,690	154,680
Total liabilities	5,662,217	5,070,840
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 9)	1,568	404
Deferred inflows related to OPEB (Note 10)	30,065	26,777
Loan origination fees	33,127	30,541
Total deferred inflows of resources	64,760	57,722
Net Position		
Net investment in capital assets	17,806	18,331
Restricted (Note 12)	888,571	747,526
Unrestricted	254,615	263,472
Total net position, as restated (Note 2)	1,160,992	1,029,329
Total liabilities, deferred inflows, and net position	**$ 6,887,969**	**$ 6,157,891**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position
(in thousands of dollars)

Years Ended June 30, 2024 and 2023

	Year Ended June 30	
	2024	2023
Operating Revenue		
Investment income:		
Loan interest income	$ 233,594	$ 187,210
Investment interest income	40,454	31,309
Increase (decrease) in fair value of investments - Including change in unrealized gain of $5,725 in 2024 and unrealized loss of $12,709 in 2023	6	(13,983)
Total investment income	274,054	204,536
Less interest expense and debt financing costs	171,097	135,297
Net investment income	102,957	69,239
Other revenue:		
Federal assistance programs	850,404	1,080,413
Housing and community development fund - State	50,000	50,000
Housing gap financing program - State	-	150,000
Legislative enhancement program - State	94,250	-
Section 8 program administrative fees	23,409	29,144
Contract administration fees	15,170	13,773
Other income	45,913	43,137
Total other revenue	1,079,147	1,366,467
Total operating revenue	1,182,103	1,435,706
Operating Expenses		
Federal assistance programs	849,432	1,077,695
Housing and community development fund - State	-	-
Housing gap financing program - State	47,946	-
Legislative enhancement program - State	15,140	-
Salaries and benefits	35,777	46,448
Other general operating expenses	41,288	43,499
Loan servicing and insurance costs	13,828	12,394
Provision for possible losses on loans	24,510	21,299
Total operating expenses	1,027,921	1,201,335
Operating Income - Before nonoperating expenses	154,182	234,371
Nonoperating Expenses - Grants and subsidies	(22,519)	(8,673)
Change in Net Position	131,663	225,698
Net Position - Beginning of year, as restated (Note 2)	1,029,329	803,631
Net Position - End of year, as restated (Note 2)	**$ 1,160,992**	**$ 1,029,329**

See notes to financial statements.

Statement of Cash Flows
(in thousands of dollars)

Years Ended June 30, 2024 and 2023

	Year Ended June 30	
	2024	2023
Cash Flows from Operating Activities		
Loan receipts	$ 523,511	$ 445,322
Other receipts including federal funds	1,148,114	1,371,413
Loan disbursements	(1,104,906)	(935,348)
Payments to vendors	(44,964)	(93,814)
Payments to employees	(60,992)	(43,620)
Other disbursements including federal funds	(1,051,270)	(1,236,614)
Net cash used in operating activities	(590,507)	(492,661)
Cash Flows from Investing Activities		
Purchase of investments	(113,907)	(220,317)
Proceeds from sale and maturities of investments	51,233	462,885
Interest received on investments	40,480	28,234
Net cash (used in) provided by investing activities	(22,194)	270,802
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of bonds - Less discounts	817,550	1,001,925
Principal repayments on bonds	(338,478)	(382,200)
Draws on line of credit and short term credit facility	450,000	325,000
Repayment on line of credit and short term credit facility	(350,000)	(325,000)
Interest paid	(172,864)	(121,434)
Net cash provided by noncapital financing activities	406,208	498,291
Net (Decrease) Increase in Cash and Cash Equivalents	(206,493)	276,432
Cash and Cash Equivalents - Beginning of year	783,077	506,645
Cash and Cash Equivalents - End of year	**$ 576,584**	**$ 783,077**

See notes to financial statements.

Statement of Cash Flows (Continued)

(in thousands of dollars)

Years Ended June 30, 2024 and 2023

	Year Ended June 30	
	2024	2023
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ 154,182	$ 234,371
Adjustments to reconcile operating income to net cash from operating activities:		
Change in deferred items	6,459	7,929
Arbitrage rebate expense	3,250	215
Investment interest income	(42,092)	(29,718)
Decrease in unrealized (gain) loss on market value of investments	(6)	12,709
Interest expense on bonds and debt financing expense	166,960	121,543
Provision for possible losses on loans	24,510	21,299
Depreciation and amortization expense	3,434	3,058
Realized loss on sale of investments	-	(1,274)
Grants and subsidies	(22,496)	(8,672)
Changes in assets and liabilities:		
Accrued loan interest receivable	(9,620)	1,843
Loans receivable	(796,877)	(671,674)
Other assets	(99,582)	(158,350)
Escrow funds	4,537	4,889
Other liabilities	16,834	(30,829)
Net cash used in operating activities	**$ (590,507)**	**$ (492,661)**

Noncash Financing and Investing Activities - During the years ended June 30, 2024 and 2023, the Authority foreclosed on various properties with mortgage values of approximately $12.4 million and $13.3 million, respectively.

Statement of Net Position – Michigan Homeowner Assistance Nonprofit Housing Corporation (Discretely Presented Component Unit)

(in thousands of dollars)

June 30, 2023

	June 30 2023
Assets	
Cash and Cash Equivalents (Note 3)	$ -
Other Assets - Prepaid and other	2
Total assets	**$ 2**
Liabilities and Net Position	
Liabilities - Accounts payable	$ -
Net Position - Unrestricted	2
Total liabilities and net position	**$ 2**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position
Michigan Homeowner Assistance Nonprofit Housing Corporation
(Discretely Presented Component Unit)
(in thousands of dollars)

Years Ended June 30, 2024 and 2023

	Year Ended June 30	
	2024 Former Discretely Presented Component Unit (Note 2)	2023
Operating Revenue - Other income	$ -	$ -
Operating Expenses		
Program recoveries	-	-
Contracted services	-	-
Other operating expenses	-	1,267
Total operating expenses	-	1,267
Change in Net Position	-	(1,267)
Net Position - Beginning of year, as previously reported	2	1,269
Change in the financial reporting entity (Note 2)	(2)	-
Net Position - Beginning of year, as adjusted	-	1,269
Net Position - End of year	**$ -**	**$ 2**

See notes to financial statements.

Statement of Cash Flows – Michigan Homeowner Assistance Nonprofit Housing Corporation (Discretely Presented Component Unit) (in thousands of dollars)

Years Ended June 30, 2023

	Year Ended June 30 2023
Cash Flows from Operating Activities	
Lien recoveries to grantees	$ -
Payments to suppliers	-
Payments to contractors	-
Other (payments) receipts	(1,411)
Net Decrease in Cash and Cash Equivalents	(1,411)
Cash and Cash Equivalents - Beginning of year	1,411
Cash and Cash Equivalents - End of year	**$ -**
Reconciliation of Change in Net Position to Net Cash from Operating Activities	
Change in net position	$ (1,267)
Adjustments to reconcile change in net position to net cash from operating activities -	
Changes in assets and liabilities:	
Accounts payable	(144)
Unearned revenue	-
Net cash and cash equivalents used in operating activities	**$ (1,411)**

See notes to financial statements.

Note 1 - Authorizing Legislation and Reporting Entity

Michigan State Housing Development Authority (MSHDA or the "Authority") was created by the Michigan Legislature under the provisions of the State Housing Development Authority Act of 1966, as amended (the "Act"). The Authority, as a special purpose entity, is a component unit of the State of Michigan and is reported as an enterprise fund in the State's Annual Comprehensive Financial Report. The Act empowers the Authority, among other things, to issue notes and bonds to finance housing for sale or rental to families with low and moderate income and to finance home improvements. The enabling legislation, along with the various bond and note resolutions adopted by the Authority, contains specific provisions pertaining to (a) the use of the proceeds from the sale of the notes and bonds, (b) the application of the revenue from mortgages, and (c) the creation of certain funds along with the accounting policies for such funds. Effective April 2, 2020, the Authority is authorized by statute to have notes and bonds outstanding up to a total of $5.0 billion. Effective October 19, 2023, the Authority is authorized by statute to have notes and bonds outstanding up to a total of $10.0 billion.

Component Unit

<u>Michigan Homeowner Assistance Nonprofit Housing Corporation</u>

The Authority formed a nonprofit entity to operate the federal Hardest Hit Program. The entity, Michigan Homeowner Assistance Nonprofit Housing Corporation (the "Nonprofit"), was created on April 7, 2010 pursuant to the provisions of Act 162, Public Acts of 1982, and was formed as a 501(c)(3) of the Internal Revenue Code. Prior to fiscal year 2024, the Authority is responsible for appointing, removing, and replacing the five members that make up the board of directors and can do so at will for any cause or without cause, and the Nonprofit was considered a discretely presented component unit of Michigan State Housing Development Authority in fiscal year 2023. As described in Note 2, in fiscal year 2024, the bylaws of the Nonprofit, now d/b/a Great Lakes Housing Services (GLHS), were amended and restated such that the Authority is no longer financially accountable for GLHS. Due to the change, GLHS no longer meets the requirements for inclusion as a discretely presented component unit for the fiscal year ended June 30, 2024.

The discretely presented component unit in fiscal year 2023 is reported in separate financial statements following the Authority's financial statements to emphasize that it is legally separate from the Authority.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Authority's financial activities.

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Report Presentation

This report includes the fund-based statements of the Authority. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities. The Authority presents all funds in a single-column presentation.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Authority also considers the U.S. government money market funds to be cash equivalents.

Investments

The Authority reports investments at fair value. The net change in the fair value of investments includes both realized and unrealized gains and losses.

Single-family Mortgage Loans Receivable

Single-family mortgage loans receivable consist of the remaining principal due from each first mortgage and down payment assistance loan outstanding. Under the Authority's single-family program, participating lending institutions originate mortgages within underwriting parameters developed and provided by the Authority. Unless a mortgage loan meets the qualifying loan-to-value ratio, it must have private primary mortgage insurance or be insured by Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA) or the United States Department of Agriculture. To date, the Authority has contracted with a subservicer to service the single-family mortgage portfolio.

Multifamily Mortgage Loans Receivable

Multifamily mortgage loans receivable consist of the remaining principal due from mortgagors of each completed development and construction advances for each development under construction under the multifamily program. Housing developments securing multifamily loans are subject to Regulatory Agreements under which the Authority has certain powers relating to rents, cash distributions, occupancy, management, and operations. Moneys representing escrow funds for reserves for the payment of property taxes, insurance, property repairs and replacements, and income in excess of allowable cash distributions are required to be deposited with the Authority. Investment income earned on the deposited funds is credited to the respective mortgagor's escrow accounts. Prepayment fees are charged if the mortgagor pays off their loan early. Prepayment fees are included in other income when incurred.

Allowance on Loans Receivable

It is the Authority's policy to provide for future losses on mortgage loans based on an evaluation of the loan portfolio, current economic conditions, and such other factors that, in the Authority's judgment, require consideration in estimating future mortgage loan losses. The allowance is maintained at a level considered by management to be adequate to provide for probable mortgage loan losses inherent in the portfolio.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than $100,000 (except for land and land improvements at any cost and office furniture and intangible assets of more than $5,000) and an estimated useful life in excess of one year. Such assets are recorded at fair value, historical cost, or estimated historical cost if purchased or constructed.

Real Estate Owned

The Authority acquires real estate through foreclosure proceedings and holds that property until it can be sold at a fair price. These properties are valued at the lower of cost or fair market value and recorded net of estimated uncollectible amounts.

Note 2 - Significant Accounting Policies (Continued)

Bonds Payable

Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Line of Credit and Short-term Facility

The Authority may enter into a revolving line of credit and a short-term facility for the purpose of funding single-family mortgages prior to the issuance of long-term debt financing. This revolving line of credit and short-term facility would then be paid down after closing long-term financing through bonds.

Compensated Absences

The Authority's employees accrue vacation and sick leave in varying amounts for each biweekly period worked. Employees may accumulate, subject to certain limitations, vacation and sick leave and, upon retirement, termination, or death, may be compensated for certain accumulated amounts at their then-current rates of pay. The Authority records an expense for all accumulated vacation and sick leave that the Authority would be required to pay if all employees terminated their employment. The compensated absences included in other liabilities at June 30, 2024 and 2023 totaled $2,951,000 and $3,019,000, respectively.

Arbitrage Rebate

Federal income tax rules limit the investment and loan yields that the Authority may retain for its own use from investing the proceeds from certain of its tax-exempt bond issues. The excess yields are payable to the U.S. Treasury and are recorded in other liabilities.

Loan Origination Fees

The Authority charges the mortgagor of each multifamily development a loan origination fee equal to 2 percent of the mortgage loan. These fees are amortized over the term of the loan receivable using the interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has four items that qualify for reporting in this category: the deferred outflows of resources related to the pension, deferred outflows of resources related to the other postemployment benefit costs, deferred charges on refunding - reassigned swaps, and the accumulated (increase) decrease in the fair value of hedging derivative instruments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category: the deferred inflows of resources related to the pension, deferred inflows of resources related to the other postemployment benefit costs, and loan origination fees.

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of amounts pledged for payment against the various bond indentures. All of the net position of the component unit is restricted for eligible federal program expenditures prior to the program closeout. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted. When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, the Authority's policy generally is to first apply restricted resources.

Federal Assistance Programs

The Authority administers various federal programs and initiatives in its efforts to create decent affordable housing for low- to moderate-income families.

- Section 8 Program - The Authority receives federal financial assistance through various housing and rental programs to provide rental subsidies and tenant vouchers.
- Eviction Diversion Program - The Authority receives federal financial assistance through funding from the Coronavirus Relief Fund (CRF) to assist with rental payments that are behind due to the COVID-19 pandemic. There was minimal activity within this program during the fiscal year ended June 30, 2023.
- COVID-19 Emergency Rental Assistance (CERA) - The Authority receives federal financial assistance through the Consolidated Appropriations Act passed in December 2020 to assist with paying rental and utility expenses during the COVID-19 pandemic. Federal payments received before eligible program expenses are incurred are deferred in other liabilities. Payments made by the Authority to subrecipients in excess of required amounts are recorded as advances within other miscellaneous receivables.
- Michigan Homeowner Assistance Fund (MIHAF) - The Authority received federal funds under the American Rescue Plan Act of 2021 to mitigate hardships associated with the COVID-19 pandemic. Funds used under the MIHAF program can be used to prevent mortgage delinquencies, defaults, foreclosures, or the loss of utilities.
- State and Local Fiscal Recovery Funds (SLFRF) - The Authority receives federal funds under the American Rescue Plan Act Coronavirus SLFRF for a variety of housing related programs, including the Michigan Housing Opportunities Promoting Energy Efficiency program, the Missing Middle Housing program, and the Housing and Community Development Fund.

Note 2 - Significant Accounting Policies (Continued)

State Assistance Programs

The Authority receives various state appropriations to administer various assistance programs and initiatives in its efforts to create decent affordable housing for low- to moderate-income families.

- Housing and Community Development Fund - The Authority receives State of Michigan funding to provide grants and loans for a variety of housing-related projects. These include, but are not limited to, property acquisition costs, rehabilitation costs, new construction costs, community development, and housing preservation costs.
- Gap Financing Programs - The Authority received a State of Michigan appropriation to provide a variety of gap financing loans to assist in the implementation of the statewide housing plan by reducing housing cost burdens and increasing the supply and preserving the existing supply of affordable housing.
- Legislative Enhancement Programs - The Authority received a State of Michigan appropriation to provide grants for a variety of housing-related projects. These include, but are not limited to, housing counseling services, affordable housing projects, senior living, and other community developments.

Pensions and Postemployment Benefits Other Than Pensions (OPEB)

For the purpose of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the State Employees' Retirement System (SERS) or the postemployment life insurance benefits plan (the "Plan") have been determined on the same basis as they are reported by SERS or the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenue and Expenses

The Authority was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Authority into mortgage loans to qualified housing sponsors and to certain qualified individuals. The Authority's primary operation is to borrow funds in the bond market and use those funds to make single-family and multifamily loans. Its primary operating revenue is derived from loan interest income and the investment income from proceeds of bond funds. The primary cost of the program is interest expense on bonds outstanding. Net investment income is an important measure of performance under the Authority's primary operation. Investment income, interest expense, and net investment income are shown as operating revenue in the statement of revenue, expenses, and changes in net position.

Nonoperating Expenses

The nonoperating expenses are made up of nonfederal, nonrepayable grants and subsidies that the Authority awards on a discretionary basis. The awards are based on the amount of available authority funds and are not related to the operating activities of the Authority.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncements

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Authority's financial statements once LIBOR goes away. As of July 1, 2023, the Authority adopted GASB Statement No. 93. There was no impact on the Authority.

Changes to or within the Financial Reporting Entity

Removal of a Discretely Presented Component Unit

In fiscal year 2024, the bylaws of the discretely presented component unit, Michigan Homeowner Assistance Nonprofit Housing Corporation, now d/b/a Great Lakes Housing Services (GLHS), were amended and restated such that the Authority is no longer financially accountable for GLHS. Due to the change, GLHS no longer meets the requirements for inclusion as a discretely presented component unit for the fiscal year ended June 30, 2024. The effects of this change to or within the financial reporting entity are shown in the table at the end of this section.

Note 2 - Significant Accounting Policies (Continued)

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, the Authority determined that activity related to certain state appropriations from the State of Michigan's fiscal year 2023 were not recorded as revenue of the Authority in fiscal year 2023. Therefore, housing gap financing revenue and other miscelleanous receivables and assets were understated by $150 million for the fiscal year ended June 30, 2023. The effects of correcting that error, which increased net position for the fiscal year ended June 30, 2023 by $150 million, are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

The changes noted above resulted in adjustments to and restatements of beginning net position as follows (in thousands of dollars):

	June 30, 2024			June 30, 2024
	As Previously Reported	Removal of a Discretely Presented Component Unit	Error Correction - Housing Gap Financing Appropriation	As Restated
Michigan State Housing Development Authority	$ 879,329	$ -	$ 150,000	$ 1,029,329
Discretely presented component units - Michigan Homeowner Assistance Nonprofit Housing Corporation	$ 2	$ (2)	$ -	$ -

Note 3 - Deposits and Investments

Cash, cash equivalents, and investments held by the Authority were as follows (in thousands of dollars):

	2024		
	MSHDA		
	Cash and Cash Equivalents	Investments	Total
Deposits	$ 66,094	$ -	$ 66,094
Investments	510,490	700,091	1,210,581
Total	$ 576,584	$ 700,091	$ 1,276,675

	2023		
	MSHDA		
	Cash and Cash Equivalents	Investments	Total
Deposits	$ 77,697	$ -	$ 77,697
Investments	705,380	637,010	1,342,390
Total	$ 783,077	$ 637,010	$ 1,420,087

The Authority has designated six banks for the deposit of its funds. The investment policy adopted by the board in accordance with state statutes has authorized investment of funds held in reserve or sinking funds, or moneys not required for immediate use or disbursement in obligations of the State of Michigan or the United States government, in obligations of which the principal and interest are guaranteed by the State of Michigan or the United States government and in other obligations as may be approved by the state treasurer, bank accounts, and CDs. The Authority’s deposits and investment policies are in accordance with state statutes, and any exceptions have had special approval from the state treasurer.

Note 3 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

At June 30, 2024, the Authority had approximately $69,487,000 of bank deposits (checking and savings accounts), and, of that balance, approximately $4,000 was uninsured and uncollateralized. In addition, the Authority had $510,490,000 of government money market funds.

At June 30, 2023, the Authority had approximately $81,320,000 of bank deposits (checking and savings accounts), and, of that balance, approximately $347,000 was uninsured and uncollateralized. In addition, the Authority had $705,380,000 of government money market funds. The component unit does not have a deposit policy for custodial credit risk. At June 30, 2023, the component unit had no bank deposits.

The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. At June 30, 2024 and 2023, $68,733,000 and $79,972,000, respectively, of deposits were collateralized with securities held by the Federal Reserve Bank or held in safekeeping for the Authority at a financial institution's trust department but not in the Authority's name.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the Authority's name:

	Fair Value (in thousands of dollars)		
Investment Type	2024	2023	How Held
MSHDA:			
U.S. government securities	$ 45,150	$ 55,795	Counterparty's trust dept.
Mortgage-backed securities	392,439	355,014	Counterparty's trust dept.
U.S. government agency securities	255,056	220,178	Counterparty's trust dept.
U.S. government money market funds	510,490	705,380	Counterparty's trust dept.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows (in thousands of dollars):

	2024				
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
MSHDA:					
U.S. government securities	$ 45,150	$ 15,096	$ 26,966	$ 1,513	$ 1,575
Mortgage-backed securities	392,439	-	1,470	5,873	385,096
U.S. government agency securities	255,056	19,208	47,295	41,515	147,038
U.S. government money market funds	510,490	510,490	-	-	-

Note 3 - Deposits and Investments (Continued)

Type of Investment	2023 Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
MSHDA:					
U.S. government securities	$ 55,795	$ 12,289	$ 40,396	$ 1,494	$ 1,616
Mortgage-backed securities	355,014	3	1,464	4,874	348,673
U.S. government agency securities	220,178	-	47,992	33,399	138,787
U.S. government money market funds	705,380	705,380	-	-	-

Credit Risk

The Authority has no investment policy that would limit its investment choices except as noted in the state statute. As of year end, the credit quality ratings of debt securities are as follows (in thousands of dollars):

Investment	2024			2023		
	Fair Value	Rating	Rating Organization	Fair Value	Rating	Rating Organization
MSHDA:						
U.S. government securities	$ 45,150	AA+	S&P	$ 55,795	AA+	S&P
Mortgage-backed securities	392,439	AA+	S&P	355,014	AA+	S&P
U.S. government agency securities	255,056	AA+	S&P	220,178	AA+	S&P
U.S. government money market funds	510,490	Not rated		705,380	Not rated	

Concentration of Credit Risk

The Authority has 31 percent and 24 percent of its investment portfolio invested in the securities of government-sponsored enterprises as of June 30, 2024 and 2023, respectively. These include securities issued by the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Corporation. Excluding U.S. government securities, no other issuer represents over 5 percent of the Authority’s investment portfolio.

Escrow Funds

Included in investments are funds held in trust for mortgagors with a carrying value of approximately $504,737,000 and $505,986,000 at June 30, 2024 and 2023, respectively.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2024 and 2023:

	Investments Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Level 1	Level 2	Level 3	Fair Value
Type of Investment				
U.S. government securities	$ 45,150	$ -	$ -	$ 45,150
Mortgage-backed securities	-	392,439	-	392,439
U.S. government agency securities	-	255,056	-	255,056
U.S. government money market funds	-	510,490	-	510,490

	Investments Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Level 1	Level 2	Level 3	Fair Value
Type of Investment				
U.S. government securities	$ 55,795	$ -	$ -	$ 55,795
Mortgage-backed securities	-	355,014	-	355,014
U.S. government agency securities	-	220,178	-	220,178
U.S. government money market funds	-	705,380	-	705,380

U.S. government securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of mortgage-backed securities, U.S. government agency securities, and U.S. government money market funds is determined primarily based on Level 2 inputs. The Authority estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The Authority also has interest rate swaps reported as liabilities on the statement of net position based on Level 2 inputs. The methodology used to determine the fair values of these swaps, as well as the fair values of investments, is shown in Note 15.

Note 4 - Loans Receivable

All loans receivable are collateralized by first liens on the real property developed or purchased with the proceeds of the loans, except for certain home improvement and moderate rehabilitation loans. Substantially all single-family loans are insured by the Federal Housing Administration or private mortgage insurance companies or are guaranteed by the Veterans Administration or the United States Department of Agriculture. Substantially all multifamily loans are uninsured.

A summary of loans receivable is as follows (in thousands of dollars):

	2024	2023
FHA insured or VA or U.S. Department of Agriculture guaranteed	$ 1,636,636	$ 1,446,410
Insured by private mortgage insurance companies	1,284,071	942,148
Uninsured	2,332,287	2,067,559
Total loans receivable	$ 5,252,994	$ 4,456,117

Note 4 - Loans Receivable (Continued)

A summary of the allowance for possible loan losses is as follows (in thousands of dollars):

	2024	2023
Beginning balance	$ 134,148	$ 114,882
Provision for possible losses	24,510	21,299
Recoveries (write-offs) of uncollectible losses - Net	299	(2,033)
Ending balance	$ 158,957	$ 134,148

Note 5 - Bonds Payable

The Authority issues revenue bonds to fund loans to finance multifamily housing developments and single-family housing units for persons of low and moderate income within the state of Michigan. Such bonds constitute a direct obligation of the Authority and are not a debt of the State of Michigan. Each bond issue is secured by the pledge of all repayments to the Authority of loans issued with the proceeds of the bond issue and all income earned by the Authority relating to those bonds. The bonds are full faith and credit general obligations of the Authority. Interest on fixed-rate bonds is payable semiannually, while interest on variable-rate debt can be payable semiannually, quarterly, or monthly. All bonds are subject to a variety of redemption provisions set forth in the official statements for each of the issues. One such redemption provision is that each of the bond resolutions contains cross-default provisions that permit the acceleration of the maturity of all such bonds, as well as certain other remedies, in the event of a default by the Authority in the payment of principal or interest on any bond of the Authority.

Changes in bonds are as follows (in thousands of dollars) as of June 30, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Revenue bonds:					
Single-family mortgage	$ 2,459,700	$ 817,550	$ (264,800)	$ 3,012,450	$ 77,565
Rental housing	1,858,158	-	(86,626)	1,771,532	64,361
Total revenue bonds	$ 4,317,858	$ 817,550	$ (351,426)	$ 4,783,982	$ 141,926

	2023				
	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Revenue bonds:					
Single-family mortgage	$ 2,060,115	$ 653,940	$ (254,355)	$ 2,459,700	$ 68,305
Rental housing	1,643,983	347,985	(133,810)	1,858,158	27,501
Total revenue bonds	$ 3,704,098	$ 1,001,925	$ (388,165)	$ 4,317,858	$ 95,806

Note 5 - Bonds Payable (Continued)

Bonds payable at June 30, 2024 and 2023 are as follows (in thousands of dollars):

	2024	2023
Single-family Mortgage Revenue Bonds:		
2006 Series C, 2035, variable rate (Note 6)	$ 42,180	$ 45,065
2007 Series B, 2038, variable rate (Note 6)	47,520	50,720
2007 Series D, E, and F, 2038, variable rate (Note 6)	57,125	62,310
2009 Series D, 2030, variable rate (Note 6)	16,350	17,380
2015 Series A, 2046, 4.00%	590	5,935
2016 Series A, 2024 to 2046, 2.60% to 4.00%	19,050	24,900
2016 Series B, 2024 to 2047, 2.20% to 3.50%	107,005	130,160
2017 Series B, 2024 to 2048, 2.30% to 3.50%	14,345	21,590
2018 Series A, 2024 to 2048, 2.70% to 4.00%	25,590	36,290
2018 Series C, 2024 to 2049, 2.90% to 4.25%	63,250	83,075
2018 Series D, 2042, variable rate #	-	50,000
2019 Series A, 2024 to 2049, 2.15% to 4.25%	91,285	106,900
2019 Series B & C, 2024 to 2050, 1.63% to 3.75%	192,650	202,870
2020 Series A & B, 2024 to 2050, 1.00% to 3.739%	146,150	172,620
2020 Series C & D, 2024 to 2051, 0.63% to 3.465%	186,140	201,935
2021 Series A & B, 2024 to 2052, 0.50% to 3.00%	249,370	272,170
2022 Series A, 2024 to 2053, 2.30% to 5.00%	175,010	188,640
2022 Series B & C, 2046 to 2052, variable rate (Note 6)	136,520	136,520
2022 Series D, 2024 to 2053, 3.40% to 5.50%	226,880	240,600
2022 Series E-1 & E-2, 2044 to 2045, variable rate	95,155	95,155
2023 Series A, 2024 to 2053, 2.90% to 5.50%	307,620	314,865
2023 Series B & C, 2024 to 2053, 3.50% to 6.061%	388,040	-
2024 Series A & B, 2024 to 2054, 3.10% to 5.867%	374,625	-
2024 Series C, 2054, variable rate (Note 6)	50,000	-
Total Single-family Mortgage Revenue Bonds	3,012,450	2,459,700
Rental Housing Revenue Bonds:		
2000 Series A, 2035, variable rate (Note 6)	15,690	18,415
2002 Series A, 2037, variable rate (Note 6)	34,445	35,160
2008 Series A, C and D, 2037 to 2039, variable rate (Note 6)	35,200	43,200
2014 Series A, 2024 to 2050, 3.50% to 4.875%	43,395	45,675
2015 Series A and B, 2024 to 2052, 3.10% to 4.60%	81,685	84,215
2016 Series A, 2024 to 2052, 2.05% to 3.625%	44,075	69,430
2016 Series C, D and E, 2040 to 2042, variable rate # (Note 6)	80,035	87,845
2017 Series A, 2024 to 2053, 2.05% to 4.00%	55,110	56,250
2018 Series A & B, 2024 to 2053, 2.65% to 4.15%	154,045	165,055
2018 Series C, 2040, variable rate (Note 6)	91,270	94,530
2019 Series A-1 & A-2, 2024 to 2060, 1.00% to 3.60%	165,823	167,416
2020 Series A-1, A-2 & B, 2024 to 2063, 0.65% to 3.00%	114,559	116,612
2021 Series A & B, 2024 to 2059, 0.45% to 3.108%	293,170	311,325
2022 Series A, 2024 to 2052, 2.65% to 4.45%	135,045	135,045
2022 Series B, 2062, variable rate (Note 6)	80,000	80,000
2023 Series A & B, 2025 to 2058, 3.25% to 5.357%	347,985	347,985
Total Rental Housing Revenue Bonds	1,771,532	1,858,158
Total revenue bonds	$ 4,783,982	$ 4,317,858

#These bonds include a private-placement portion.

Note 5 - Bonds Payable (Continued)

	2024	2023
Total revenue bonds	$ 4,783,982	$ 4,317,858
Off-market borrowings (Note 15)	14,438	15,630
Deferred charges - Bond discounts and premiums net of amortization	47,581	33,829
Total	$ 4,846,001	$ 4,367,317

The annual requirements to service debt outstanding, including both principal and interest (in thousands of dollars), are as follows. Interest on variable-rate bonds is based on the effective rate as of June 30, 2024.

Years Ending June 30	Principal - All Other Debt	Principal - Private Placement	Interest - All Other Debt	Interest - Private Placement	Total
2025	$ 141,926	$ -	$ 180,266	$ -	$ 322,192
2026	153,219	790	176,813	729	331,551
2027	228,260	825	172,465	702	402,252
2028	96,815	870	164,562	674	262,921
2029	104,573	910	161,670	645	267,798
2030-2034	560,191	5,230	753,031	2,727	1,321,179
2035-2039	726,716	6,615	647,242	1,743	1,382,316
2040-2044	711,457	6,550	514,823	511	1,233,341
5045-2049	887,138	-	361,555	-	1,248,693
2050-2054	868,479	-	148,265	-	1,016,744
2055-2059	214,280	-	33,957	-	248,237
2060-2063	69,138	-	3,600	-	72,738
Total	$ 4,762,192	$ 21,790	$ 3,318,249	$ 7,731	$ 8,109,962

Early Retirement of Debt

Under provisions of the Authority's bond issues, the Authority is able to retire bonds, without the payment of call premiums, prior to their maturity dates from the proceeds of loan prepayments and foreclosures and, for certain bonds, from excess program revenue and bond refundings. Bonds retired pursuant to such provisions totaled $253,825,000 and $274,050,000 during the years ended June 30, 2024 and 2023, respectively. Such bond retirements, in the aggregate, resulted in a net gain of $15,894,000 and $9,686,000 for the years ended June 30, 2024 and 2023, respectively.

Note 6 - Demand Bonds

The following table summarizes the demand bonds outstanding at June 30, 2024, which are included in the bonds payable disclosed in Note 5:

Debt Associated	Bonds Outstanding (in Thousands)	Remarketing Agent	Standby Bond Purchase Agreement Provider	Remarketing Fee (1)	Liquidity Fee	Note	Expiration Date of Agreement
Single-family Mortgage Revenue Bonds:							
2006 Series C	$ 42,180	TD Securities (USA) LLC	TD Bank, N.A.	0.07%	0.18%	(3)	04/25/28
2007 Series B	47,520	TD Securities (USA) LLC	TD Bank, N.A.	0.07%	0.20%	(3)	06/21/27
2007 Series E	36,765	RBC Capital Markets, LLC	Royal Bank of Canada	0.07%	0.32%	(7)	10/25/24
2007 Series F	20,360	TD Securities (USA) LLC	TD Bank, N.A.	0.07%	0.20%	(3)	06/21/27
2009 Series D	16,350	TD Securities (USA) LLC	TD Bank, N.A.	0.07%	0.20%	(3)	06/21/27
2022 Series B	81,280	Barclays Capital Inc.	Barclays Bank PLC	0.08%	0.23%	(5)	06/22/26
2022 Series C	55,240	Barclays Capital Inc.	Barclays Bank PLC	0.08%	0.23%	(5)	06/22/26
2024 Series C	50,000	Barclays Capital Inc.	FHLBI	0.08%	0.20%	(2)	03/26/29
Rental Housing Revenue Bonds:							
2000 Series A	15,690	Barclays Bank PLC	FHLBI	0.08%	0.20%	(2)	05/02/28
2002 Series A	34,445	BofA Securities, Inc.	FHLBI	0.06%	0.20%	(2)	05/02/28
2008 Series A	16,420	Barclays Bank PLC	FHLBI	0.08%	0.20%	(2)	05/02/28
2008 Series D	18,780	PNC Bank, National Association	PNC Bank, National Association	0.07%	0.24%	(6)	07/24/26
2016 Series C	47,575	TD Securities (USA) LLC	TD Bank, N.A.	0.07%	0.18%	(3)	04/21/28
2016 Series D	10,670	BofA Securities, Inc.	FHLBI	0.06%	0.20%	(2)	05/02/28
2016 Series E	21,790	UBS Financial Services Inc.	UBS AG	0.05%	0.17%	(8)	09/30/24
2018 Series C	91,270	BofA Securities, Inc.	FHLBI	0.06%	0.20%	(2)	05/02/28
2022 Series B	80,000	BofA Securities, Inc.	Bank of America, N.A.	0.06%	0.23%	(4)	05/25/26

(1) Fee is per annum based on the outstanding principal amount of the bonds.

(2) While the Federal Home Loan Bank of Indianapolis (FHLBI) is holding the bonds, they will bear interest at the Base Rate. The Base Rate is average SOFR plus 2.00 percent. Once the FHLBI becomes the bond holder, the bonds become subject to mandatory redemption over six equal semiannual payments. The Authority shall pay the FHLBI a liquidity fee per annum on outstanding bonds plus 34 days of interest at 14 percent based on a 365-day year. Standard & Poor's rating on the FHLBI is AA+/A-1+ at June 30, 2024.

(3) While TD Bank, N.A. (TD Bank) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate for the first 365 days, then the Base Rate plus 1.00 percent for day 366 and after. The Base Rate is equal to the higher of 7 percent, Federal Funds Rate plus 2.00 percent, or the prime rate plus 1.50 percent. Once TD Bank becomes the bond holder, the bonds are subject to mandatory redemption over six equal semiannual payments. The Authority shall pay Bank of America, N.A. a liquidity fee per annum on outstanding bonds plus 185 days of interest at 12 percent based on a 365-day year. Standard & Poor's rating on TD Bank, N.A. is AA-/A-1+ at June 30, 2024. On October 10, 2024, Standard & Poor's downgraded its rating on TD Bank to A+/A-1. The Authority is evaluating replacing TD Bank with another standby bond purchase agreement provider.

(4) While Bank of America, N.A. (Bank of America) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate for the first 90 days, then the Base Rate plus 1.00 percent for day 91 and after. The Base Rate is equal to the higher of 7 percent, Federal Funds Rate plus 2.00 percent, or the prime rate plus 1.00 percent. Once Bank of America becomes the bond holder, the bonds are subject to mandatory redemption over six equal semiannual payments. The Authority shall pay Bank of America a liquidity fee per annum on outstanding bonds plus 217 days of interest at 12 percent based on a 365-day year. Standard & Poor's rating on Bank of America, N.A. is A+/A-1 at June 30, 2024.

(5) While Barclays Bank PLC (Barclays) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate for the first 90 days, the Base Rate plus 1.00 percent for day 91 through 180, and the Base Rate plus 2.00 percent after day 181. The Base Rate is the higher of 8 percent, Federal Funds Rate plus 2.50 percent, the prime rate plus 2.50 percent, or 150 percent of the yield on actively traded 30-year U.S. Treasury bonds. Once Barclays becomes the bond holder, the bonds become subject to mandatory redemption over six equal semiannual payments. The Authority shall pay Barclays a liquidity fee per annum on outstanding bonds plus 214 days of interest at 12 percent based on a 365-day year. Standard & Poor's rating on Barclays Bank PLC is A+/A-1 at June 30, 2024.

Note 6 - Demand Bonds (Continued)

(6) While PNC Bank, National Association (PNC) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate plus 1.00 percent for the first 90 days and the Base Rate plus 2.00 percent thereafter. The Base Rate is the higher of 7.5 percent, Federal Funds Rate plus 3.00 percent, or the prime rate plus 1.00 percent. Once PNC becomes the bond holder, the bonds become subject to mandatory redemption over six equal semiannual payments. The Authority shall pay PNC a liquidity fee per annum on outstanding bonds plus 34 days of interest at 14 percent based on a 365-day year. Standard & Poor's rating on PNC is A/A-1 at June 30, 2024.

(7) While Royal Bank of Canada (RBC) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate for the first 90 days, the Base Rate plus 1.00 percent for day 91 through 180, and the Base Rate plus 2.00 percent after day 181. The Base Rate is the higher of 8 percent, Federal Funds Rate plus 2.50 percent, or the prime rate plus 2.50 percent. Once RBC becomes the bond holder, the bonds become subject to mandatory redemption over six equal semiannual payments. The Authority shall pay RBC a liquidity fee per annum on outstanding bonds plus 185 days of interest at 12 percent based on a 365-day year. Standard & Poor's rating on Royal Bank of Canada is AA-/A-1+ at June 30, 2024.

(8) While UBS AG (UBS) is holding the bonds, they will bear interest at the Bank Rate, which is the Base Rate for the first 90 days, the Base Rate plus 1.00 percent for day 91 through 180, and the Base Rate plus 2.00 percent after day 181. The Base Rate is the higher of 8 percent, Federal Funds Rate plus 2.50 percent, or the prime rate plus 2.50 percent. Once UBS becomes the bond holder, the bonds become subject to mandatory redemption over six equal semiannual payments. The Authority shall pay UBS a liquidity fee per annum on outstanding bonds plus 185 days of interest at 12 percent based on a 365-day year. Standard & Poor's rating on UBS AG is A-/A-2 at June 30, 2024. The 2016 Series E bonds were redeemed on September 23, 2024.

Note 7 - Unamortized Mortgage Interest Income

Since 1990, the Authority has refunded a substantial amount of high-yielding multifamily bond issues with lower-yielding bonds. In conjunction with the sale of certain refunding bonds, the Authority has sold additional bonds to provide funds for new multifamily mortgage loans, generally with interest rates below the interest rates on the bonds. The Authority is deferring the interest income on mortgage loans funded by the new bonds to the extent that the total exceeds the total interest income that would have been earned if the average interest rate on such loans was equal to the average interest rate paid on the new bonds plus approximately 1.5 percent. This interest income is and will continue to be amortized to income in the future as the average rate on the outstanding mortgage loans drops to a rate that is less than 1.5 percent above the average rate on the new bonds. The average rate will decline primarily because the higher-yielding mortgage loans have average remaining lives substantially shorter than the lower-yielding mortgage loans.

Note 8 - Limited Obligation Bonds

The Act, as amended, authorizes the Authority to issue limited obligation bonds to finance multifamily housing. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Michigan State Housing Development Authority for any of those bonds. Such bonds are not general obligations of the Authority, and the Authority has no liability for this debt. Such bonds are secured solely by revenue and property derived from or obtained in connection with the housing projects. Thus, with the exception of limited obligation bond financing fees, transactions related to these bonds are not reflected in the Authority's financial statements. At June 30, 2024, limited obligation bonds outstanding were approximately $365,183,000. At June 30, 2023, limited obligation bonds outstanding were approximately $191,243,000.

Note 9 - Pension Plans

Plan Description

The Michigan State Employees' Retirement System (the "System") is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13, signed by the governor on October 27, 2015, established the State of Michigan Retirement Board. The board consists of nine members - five appointed by the governor (which consist of two members of the State Employees' Retirement System, at least one of whom is a retirant; one member of the Judges Retirement System; one current or former officer or enlisted person in the Michigan Military Establishment who is a member or retirant under the Military Retirement Provisions; and one member of the general public), the attorney general, the state treasurer, the legislative auditor general, and the state personnel director.

The Michigan State Employees' Retirement System is accounted for in a separate pension trust and issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at http://www.michigan.gov/ors or by calling the Office of Retirement Services (ORS) at (517) 322-5103 or (800) 381-5111.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan are established by state statute, which may be amended. Public Act 240 of 1943, State Employees' Retirement Act, as amended, establishes eligibility and benefit provisions for the defined benefit plan. Retirement benefits are determined by final average compensation and years of service. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides duty disability, nonduty disability, and survivor benefits.

A member who has separated from employment may request a refund of his or her member contribution account. A refund may cancel a former member's rights to future benefits. However, former members who return to employment and who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Effective March 31, 1997, Public Act 487 of 1996 (the "Public Act") closed the plan to new entrants. All new employees become members of the defined contribution (DC) plan. The Public Act allows returning employees and members who left state employment on or before March 31, 1997 to elect the defined benefit plan instead of the defined contribution plan.

Pension Reform of 2012

On December 15, 2011, the governor signed Public Act 264 of 2011 into law. The legislation granted members a choice regarding their future retirement plan. They had the following options:

Option 1: DB Classified. Members voluntarily elected to remain in the DB plan for future service and contribute 4 percent of their annual compensation to the pension fund until they terminate state employment. The 4 percent contribution began on April 1, 2012.

Option 2: DB 30. Members voluntarily elected to remain in the DB plan for future service and contribute 4 percent of pay until they reach 30 years of service. When they reach 30 years of service, they will switch to the State's DC plan. The 4 percent contribution began on April 1, 2012 and continues until they switch to the DC plan or terminate employment, whichever comes first.

Option 3: DB/DC Blend. Members voluntarily elected not to pay the 4 percent and, therefore, became participants in the DC plan for future service beginning on April 1, 2012. As a DC plan participant, they receive a 4 percent employer contribution to their 401(k) account and are eligible for an additional dollar-for-dollar employer match of up to 3 percent of pay to the plan.

Note 9 - Pension Plans (Continued)

Deferred members of the DB plan (with 10 or more years of service) who are reemployed by the State on or after January 1, 2012 become participants in the DC plan. Their pension calculation is determined by their final average compensation (FAC) and years of service as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members of the DB plan (with less than 10 years of service) who are reemployed by the State on or after January 1, 2012 and before January 1, 2014 become participants in the DC plan. When they have earned sufficient service credit for vesting (10 years), they would be eligible for a pension based on their FAC and years of service in the DB plan as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members (with less than 10 years of service) of the DB plan who are reemployed by the State on or after January 1, 2014 become members of the DC plan. Any service credit previously earned would count toward vesting for the DC plan. They will not be eligible for any pension or retiree health insurance coverage premium but will become participants in the Personal Healthcare Fund where they will contribute up to 2 percent of their compensation to a 401(k) or 457 account, earning a matching 2 percent employer contribution. They will also receive a credit into a health reimbursement account (HRA) at termination if they terminate employment with at least 10 years of service. The credit will be $2,000 for participants who are at least 60 years old or $1,000 for participants who are less than 60 years old at termination.

Regular Retirement

The retirement benefit is based on a member's years of credited service (employment) and FAC. The normal benefit equals 1.5 percent of a member's FAC multiplied by the years and partial year of credited service and is payable monthly over the member's lifetime.

Under PA 264 of 2011, the FAC is initially determined as the annual average of the highest three years of compensation (including overtime paid before January 1, 2012 but excluding overtime paid after December 31, 2011). If the end date for the initial FAC calculation is between January 1, 2012 and January 1, 2015, then a prorated amount of post-2008 average overtime will be added to the initial FAC calculation. If the end date for the initial FAC calculation is January 1, 2015 or later, then an annual average of overtime - for the six-year period ending on the FAC calculation date - will be added to that initial FAC calculation to get the final FAC number.

For members who switch to the DC plan for future service, the pension calculation FAC times 1.5 percent times years of service will be determined as of the point the member switches to the DC plan. If the FAC period includes the date of the switch to the DC plan, then the FAC will include up to 240 hours of accrued annual leave multiplied by the rate of pay as of the date of the switch. The hours will be paid at separation. A member may retire and receive a monthly benefit after attaining the following:

(1) Age 60 with 10 or more years of credited service

(2) Age 55 with 30 or more years of credited service

(3) Age 55 with at least 15 but less than 30 years of credited service. The benefit allowance is permanently reduced by 0.5 percent for each month from the member's age on the effective date of retirement to the date the member will attain age 60.

Employees in covered positions are eligible for supplemental benefits and may retire after attaining the following:

(1) Age 51 with 25 or more years in a covered position
(2) Age 56 with 10 or more years in a covered position

In either case, the 3 years immediately preceding retirement must have been in a covered position.

Note 9 - Pension Plans (Continued)

Deferred Retirement

Any member with 10 or more years of credited service who terminates employment but has not reached the age of retirement is a deferred member and is entitled to receive a monthly pension upon reaching age 60, provided the member's accumulated contributions have not been refunded. Deferred retirement is available after 5 years of service for state employees occupying unclassified positions in the executive and legislative branches and certain Department of Health and Human Services employees subject to reduction in force layoffs by reason of deinstitutionalization.

Nonduty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled not due to performing duties as a state employee is eligible for a nonduty disability pension. The nonduty disability benefit is computed in the same manner as an age and service allowance based upon service and salary at the time of disability.

Duty Disability Benefit

A member who becomes totally and permanently disabled from performing duties as a state employee as a direct result of state employment and who has not met the age and service requirement for a regular pension is eligible for a duty disability pension. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of the pension benefit and increase the minimum annual payment. If the member is under age 60, the duty disability allowance is now a minimum of $6,000 payable annually. At age 60, the benefit is recomputed under service retirement.

Survivor Benefit

Upon the death of a member who was vested, the surviving spouse shall receive a benefit calculated as if the member had retired the day before the date of death and selected a survivor pension. Certain designated beneficiaries can be named to receive a survivor benefit. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of duty death benefits and redefined eligibility for deceased members' survivors. The new minimum duty-related death benefit has been increased to $6,000.

Pension Payment Options

When applying for retirement, an employee may name a person other than his or her spouse as a beneficiary if the spouse waives this right. If a beneficiary is named, the employee must choose whether the beneficiary will receive 100 percent, 75 percent, or 50 percent of the retiree's pension benefit after the retiree's death. The decision is irrevocable. A description of the options follows:

<u>Regular Pension</u>

The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to beneficiaries.

<u>100 Percent Survivor Pension</u>

Under this option, after the retiree's death, the beneficiary will receive 100 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. If the beneficiary predeceases the retiree, the pension pops up to the regular pension amount; another beneficiary cannot be named.

Note 9 - Pension Plans (Continued)

75 Percent Survivor Pension

Under this option, after the retiree's death, the beneficiary will receive 75 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent option previously described. If the beneficiary predeceases the retiree, the pension pops up to the regular pension amount; another beneficiary cannot be named.

50 Percent Survivor Pension

Under this option, after the retiree's death, the beneficiary will receive 50 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent or 75 percent options previously described. If the beneficiary predeceases the retiree, the pension pops up to the regular pension amount; another beneficiary cannot be named.

Equated Pension

An equated pension may be chosen by any member under age 65 except a disability retiree and an early supplemental retiree. Equated pensions provide an additional amount until age 65 and may be combined with the regular, 100 percent, 75 percent, or 50 percent options. At age 65, the monthly amount is permanently reduced. The initial and reduced amounts are based on an estimate of Social Security benefits at age 65, provided by the Social Security Administration Office. In order to calculate this benefit, members choosing this option must provide ORS with an estimate from the Social Security Administration Office. The actual amount received from Social Security may vary from the estimate.

Postretirement Adjustments

One-time upward benefit adjustments were made in 1972, 1974, 1976, 1977, and 1987. Beginning on October 1, 1988, a 3 percent noncompounding increase, up to a maximum of $25 monthly, is paid each October to recipients who have been retired 12 full months. Beginning in 1983, eligible benefit recipients share in a distribution of investment income earned in excess of 8 percent annually. This distribution is known as the supplemental payment. The supplemental payment is offset by one year's cumulative increases received after the implementation of the annual 3 percent increase in benefits. These adjustment payments were not issued during fiscal years 1991 through 1994. Members who retired on or after October 1, 1987 are not eligible for the supplemental payment.

Member Contributions

Under Public Act 264 of 2011, members who voluntarily elected to remain in the DB plan contribute 4 percent of compensation to the retirement system. In addition, members may voluntarily contribute to the System for the purchase of creditable service, such as military service or maternity leave, or a universal buy-in. If a member terminates employment before a retirement benefit is payable, the member's contribution and interest on deposit may be refunded. If the member dies before being vested, the member's contribution and interest are refunded to the designated beneficiaries.

Employer Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary and are based upon level-dollar value funding principles, so the contribution rates do not have to increase over time.

For fiscal year 2024, the Authority's contribution rate ranged from 23.1 to 23.8 percent of the defined benefit employee wages and 17.4 to 18.5 percent of the defined contribution wages. The Authority's contribution to SERS for the fiscal year ended June 30, 2024 was $5,040,000.

Note 9 - Pension Plans (Continued)

For fiscal year 2023, the Authority's contribution rate was 23.1 to 24.0 percent of the defined benefit employee wages and 18.5 to 19.1 percent of the defined contribution employee wages. The Authority's contribution to SERS for the fiscal year ended June 30, 2023 was $5,002,000.

Net Pension Liability

At June 30, 2024, the Authority reported a liability of $41,786,014 for its proportionate share of SERS' net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used updated procedures to roll forward the estimated liability to September 30, 2023. The Authority's proportion of the net pension liability was based on the Authority's required pension contributions received by SERS during the measurement periods from October 1, 2022 through September 30, 2023, relative to the total required employer contributions from all of SERS' participating employers. At September 30, 2023, the Authority's proportion was 0.739 percent.

At June 30, 2023, the Authority reported a liability of $43,816,396 for its proportionate share of SERS' net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used updated procedures to roll forward the estimated liability to September 30, 2022. The Authority's proportion of the net pension liability was based on the Authority's required pension contributions received by SERS during the measurement periods from October 1, 2021 through September 30, 2022, relative to the total required employer contributions from all of SERS' participating employers. At September 30, 2022, the Authority's proportion was 0.678 percent.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense of $4,330,928 and $14,392,441, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 1,567,572	$ -	$ 404,058
Authority's contributions subsequent to the measurement date	3,679,831	-	3,800,729	-
Total	$ 3,679,831	$ 1,567,572	$ 3,800,729	$ 404,058

Amounts reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	$ (1,374,709)
2026	(1,660,281)
2027	1,900,056
2028	(432,638)

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The Authority's net pension liability for the year ended June 30, 2024 was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 and rolled forward using generally accepted actuarial procedures. The Authority's net pension liability for the year ended June 30, 2023 was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The total pension liability was determined using the following actuarial assumptions at the measurement dates:

	September 30, 2023	September 30, 2022
Valuation date	September 30, 2022	September 30, 2021
Wage inflation rate	2.75 percent	2.75 percent
Projected salary increases	2.75 through 11.75 percent	2.75 through 11.75 percent
Investment rate of return	6.0 percent	6.0 percent
Cost of living pension adjustment	3 percent annual noncompounded with maximum annual increase of $300 for those eligible	3 percent annual noncompounded with maximum annual increase of $300 for those eligible
Mortality	PubG-2010 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2021 through 2010	RP-2014 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2017 from 2006
Notes	The actuarial assumptions were based upon the results of an experience study for the periods from 2017 through 2022.	The actuarial assumptions were based upon the results of an experience study for the periods from 2012 through 2017.

Discount Rate

A discount rate of 6.0 percent was used to measure the total pension liability as of September 30, 2023 and 2022. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent as of September 30, 2023 and 2022. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 - Pension Plans (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 and 2022 are summarized in the following table:

	2023		2022	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return*	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity pools	25.00 %	5.80 %	25.00 %	5.10 %
Private equity pools	16.00	9.60	16.00	8.70
International equity pools	15.00	6.80	15.00	6.70
Fixed-income pools	13.00	1.30	13.00	(0.20)
Real estate and infrastructure pools	10.00	6.40	10.00	5.30
Absolute return pools	9.00	4.80	9.00	2.70
Real return and opportunistic	10.00	7.30	10.00	5.80
Short-term investment pools	2.00	0.30	2.00	(0.50)
Total	100.00 %		100.00 %	

*Long-term rates of return are net of administrative expense and inflation of 2.7 and 2.2 percent as of September 30, 2023 and 2022, respectively.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2024		
	1 Percentage Point Decrease (5.0 Percent)	Current Discount Rate (6.0 Percent)	1 Percentage Point Increase (7.0 Percent)
Authority's proportionate share of the net pension liability	$ 55,375,219	$ 41,786,014	$ 30,165,494

	2023		
	1 Percentage Point Decrease (5.0 Percent)	Current Discount Rate (6.0 Percent)	1 Percentage Point Increase (7.0 Percent)
Authority's proportionate share of the net pension liability	$ 57,229,939	$ 43,816,396	$ 32,413,460

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the SERS Annual Comprehensive Financial Report that may be obtained by visiting www.michigan.gov/ors.

Note 9 - Pension Plans (Continued)

Defined Contribution Plan

The Authority participates in the State of Michigan's defined contribution plan system. The Authority is required to contribute to the defined contribution plan 4.0 percent of payroll with an additional match of up to 3.0 percent. The contribution requirements of plan members and the Authority are established and may be amended by the state Legislature. The state Legislature establishes the extent to which the employer and employees are required to make contributions and establishes the benefit provisions for the plan. The Authority's contributions to the plan were $1,649,403 and $1,495,606 for the years ended June 30, 2024 and 2023, respectively, and are recorded in salaries and benefits expense.

Note 10 - Other Postemployment Benefit Plans

Defined Benefit OPEB Plan - Health Care

Plan Description

The Michigan State Employees' Retirement System is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13, signed by the governor on October 27, 2015, established the State of Michigan Retirement Board. The board consists of nine members - five appointed by the governor (which consist of two members of the State Employees' Retirement System, at least one of whom is a retirant; one member of the Judges Retirement System; one current or former officer or enlisted person in the Michigan Military Establishment who is a member or retirant under the Military Retirement Provisions; and one member of the general public), the attorney general, the state treasurer, the legislative auditor general, and the state personnel director. The System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan State Employees' Retirement Act.

The Michigan State Employees' Retirement System is accounted for in a separate OPEB trust fund and also issues a publicly available financial report that includes financial statements and required supplementary information. That reports may be obtained by visiting www.michigan.gov/ors or by calling the Office of Retirement Services at (517) 322-5103 or (800) 381-5111.

Benefits Provided

Benefit provisions of the other postemployment benefit plan are established by state statute, which may be amended. Public Act 240 of 1943, as amended, establishes eligibility and benefit provisions for the OPEB plan. Defined benefit (Tier 1) members are eligible to receive health, prescription drug, dental, and vision coverage on the first day they start receiving pension benefits. Defined contribution (Tier 2) participants who elected to retain the graded premium subsidy benefit under the reform elections of Public Act 264 of 2011 are also eligible to receive subsidized health prescription drug, dental, and vision coverage after terminating employment if they meet eligibility requirements. Retirees with the premium subsidy benefit contribute 20 percent of the monthly premium amount for the health (including prescription coverage), dental, and vision coverage. Retirees with a graded premium subsidy benefit accrue credit toward insurance premiums in retirement, earning a 30 percent subsidy with 10 years of service, with an additional 3 percent subsidy for each year of service thereafter, not to exceed the maximum allowed by statute or 80 percent. There is no provision for ad hoc or automatic increases. The State Employees' Retirement Act requires joint authorization by DTMB and the Civil Service Commission to make changes to retiree medical benefit plans. Defined contribution (Tier 2) participants who elected the Personal Healthcare Fund under Public Act 264 of 2011 and those hired on or after January 1, 2012 are not eligible for any subsidized health, prescription drug, dental, or vision coverage in retirement but may purchase it at their own expense (certain conditions apply).

Note 10 - Other Postemployment Benefit Plans (Continued)

Former nonvested members of the DB plan who are reemployed by the State on or after January 1, 2014 are not eligible for retiree health insurance coverage premium subsidy but will become participants in the Personal Healthcare Fund. This plan is closed to new hires.

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary and are based upon level percent of payroll value funding principles, so the contribution rates do not have to increase over time.

For fiscal year 2024, the Authority's contribution rate was 11.4 to 14.1 percent of the defined benefit employee wages and 11.4 to 14.1 percent of the defined contribution employee wages. The Authority's contribution to SERS for the fiscal year ended June 30, 2024 was $3,704,000. Active employees are not required to contribute to SERS OPEB.

For fiscal year 2023, the Authority's contribution rate was 14.1 to 17.3 percent of the defined benefit employee wages and 14.1 to 17.3 percent of the defined contribution employee wages. The Authority's contribution to SERS for the fiscal year ended June 30, 2023 was $3,843,000. Active employees are not required to contribute to SERS OPEB.

Net OPEB Liability

At June 30, 2024, the Authority reported a liability of $12,318,025 for its proportionate share of SERS' net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022 and rolled forward using generally accepted actuarial procedures. The Authority's proportion of the net OPEB liability was based on the Authority's required pension contributions received by SERS during the measurement period from October 1, 2022 through September 30, 2023, relative to the total required employer contributions from all of SERS' participating employers. At September 30, 2023, the Authority's proportion was 0.733 percent.

At June 30, 2023, the Authority reported a liability of $26,163,145 for its proportionate share of SERS' net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The Authority's proportion of the net OPEB liability was based on the Authority's required pension contributions received by SERS during the measurement period from October 1, 2021 through September 30, 2022, relative to the total required employer contributions from all of SERS' participating employers. At September 30, 2022, the Authority's proportion was 0.672 percent.

Note 10 - Other Postemployment Benefit Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and 2023, the Authority recognized OPEB recovery of $4,434,927 and $2,366,695, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 24,421,896	$ -	$ 19,453,377
Changes in assumptions	5,405,327	1,033,124	8,276,460	962,222
Net difference between projected and actual earnings on OPEB plan investments	165,046	-	635,680	-
Changes in proportionate share and differences between actual contributions and proportionate share of contributions	7,050,823	1,516,712	5,521,333	2,778,458
Authority's contributions subsequent to the measurement date	2,703,170	-	2,792,465	-
Total	$ 15,324,366	$ 26,971,732	$ 17,225,938	$ 23,194,057

Amounts reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2025	$ (6,097,864)
2026	(4,622,263)
2027	(1,021,184)
2028	(1,648,484)
2029	(960,741)

Note 10 - Other Postemployment Benefit Plans (Continued)

Actuarial Assumptions

The Authority's net OPEB liability for the year ended June 30, 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022 and rolled forward using generally accepted actuarial procedures. The Authority's net OPEB liability for the year ended June 30, 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The total OPEB liability was determined using the following actuarial assumptions at the measurement dates:

	September 30, 2023	September 30, 2022
Valuation date	September 30, 2022	September 30, 2021
Wage inflation rate	2.75 percent	2.75 percent
Projected salary increases	2.75 through 11.75 percent	2.75 through 11.75 percent
Investment rate of return	6.2 percent	6.2 percent
Health care cost trend rate	Pre-65: 7.50 percent in year 1 graded to 3.50 percent in year 15; 3.00 percent in year 120 Post-65: 6.25 percent in year 1 graded to 3.50 percent in year 15; 3.00 percent in year 120	Pre-65: 7.50 percent in year 1 graded to 3.50 percent in year 15; 3.00 percent in year 120 Post-65: 6.25 percent in year 1 graded to 3.50 percent in year 15; 3.00 percent in year 120
Mortality	PubG-2010 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2021 from 2010	RP-2014 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2017 from 2006
Notes	The actuarial assumptions were based upon the results of an experience study for the period from 2017 through 2022.	The actuarial assumptions were based upon the results of an experience study for the period from 2012 through 2017.

Discount Rate

A single discount rate of 6.2 percent was used to measure the total OPEB liability as of September 30, 2023 and 2022. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.2 percent as of September 30, 2023 and 2022. The projection of cash flows used to determine this single discount rate assumed that, in the future, plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member (retiree) rate.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 10 - Other Postemployment Benefit Plans (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of September 30, 2023 and 2022 are summarized in the following table:

	2023		2022	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return*	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	25.00 %	5.80 %	25.00 %	5.10 %
Private equity pools	16.00	9.60	16.00	8.70
International equity	15.00	6.80	15.00	6.70
Fixed-income pools	13.00	1.30	13.00	(0.20)
Real estate and infrastructure pools	10.00	6.40	10.00	5.30
Absolute return pools	9.00	4.80	9.00	2.70
Real return and opportunistic pools	10.00	7.30	10.00	5.80
Short-term investment pools	2.00	0.30	2.00	(0.50)
Total	100 %		100 %	

*Long-term rates of return are net of administrative expense and inflation of 2.7 and 2.2 percent as of September 30, 2023 and 2022, respectively.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2024		
	1 Percentage Point Decrease (5.2 Percent)	Current Discount Rate (6.2 Percent)	1 Percentage Point Increase (7.2 Percent)
Authority's proportionate share of the net OPEB liability	$ 18,334,136	$ 12,318,025	$ 7,210,748

	2023		
	1 Percentage Point Decrease (5.2 Percent)	Current Discount Rate (6.2 Percent)	1 Percentage Point Increase (7.2 Percent)
Authority's proportionate share of the net OPEB liability	$ 33,217,063	$ 26,163,145	$ 20,239,961

Note 10 - Other Postemployment Benefit Plans (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability of the Authority, calculated using the health care cost trend rate, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2024		
	1 Percentage Point Decrease (6.50 to 2.50 Percent)	Current Health Care Cost Trend Rate (7.50 to 3.50 Percent)	1 Percentage Point Increase (8.50 to 4.50 Percent)
Authority's proportionate share of the net OPEB liability	$ 6,964,738	$ 12,318,025	$ 18,416,373

	2023		
	1 Percentage Point Decrease (6.50 to 2.50 Percent)	Current Health Care Cost Trend Rate (7.50 to 3.50 Percent)	1 Percentage Point Increase (8.50 to 4.50 Percent)
Authority's proportionate share of the net OPEB liability	$ 19,982,575	$ 26,163,145	$ 33,273,370

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the SERS Annual Comprehensive Financial Report that may be obtained by visiting www.michigan.gov/ors.

Postemployment Life Insurance Benefits

Plan Description

The State of Michigan provides postemployment life insurance benefits to eligible individuals upon retirement from state employment. Members of the State Employees' Retirement System, the State Police Retirement System (SPRS), and the Judges Retirement System (JRS) and certain members of the Military Retirement Provisions (MMRP) may receive a life insurance benefit if they meet the benefit eligibility requirements. The Plan is a single-employer, statewide, defined benefit other postemployment benefit plan. The State contracts with Minnesota Life Insurance Company to administer the payout of life insurance benefits. The Plan is managed by the Michigan Civil Service Commission under Article XI, Section 5 of the Michigan Constitution of 1963 and Michigan Civil Service Commission Rule 5-11.

Activity of the Plan is accounted for in the State Sponsored Group Insurance Fund (the "Fund"), an internal service fund in the State of Michigan Annual Comprehensive Financial Report (SOMACFR). The Fund was administratively established to account for employee insurance benefit programs, which are largely self-funded. Five group insurance programs are offered to state employees: health, dental, vision, long-term disability, and life.

The Plan is not a trust and has no assets.

Note 10 - Other Postemployment Benefit Plans (Continued)

Benefits Provided

The State's group policy with Minnesota Life Insurance Company includes any active employee in the category of classified state service with an appointment of at least 720 hours duration but excludes employees with noncareer appointments and those working less than 40 percent of full time; any active official or active unclassified employee of the State who has been approved for coverage by the Michigan Civil Service Commission; any retired employee or official who was insured under this policy or the prior policies it replaced prior to entry into a State Retirement System; and Wayne County, Michigan employees who (a) were State Judicial Council employees on October 1, 1996 and whose employment was transferred to the Recorder's Court on October 1, 1996 and (b) whose employer subsequently became the Wayne County Clerk's Office.

Eligible retirees are provided with life insurance coverage equal to 25 percent of the active life insurance coverage (whose amount is rounded to the next higher $100 provided the retiree retired after July 1, 1974), $1,000 for spouse, and $1,000 for each dependent under age 23.

The active life insurance amount is either (a) two times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $200,000 or (b) one times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $50,000.

Contributions

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rate for fiscal years 2023 and 2022 was $0.032 ($0.28 prior to January 1, 2023) and $0.28, respectively, for each $1,000 of coverage of active payroll per pay period. The employee contributes 100 percent of the premiums for dependent life coverage, and an employee must have been enrolled in dependent life insurance to maintain eligibility for dependent coverage as a retiree. The State is liable for benefit payments that exceed premiums paid.

More specific information concerning eligibility requirements, benefit level, and funding policies is included in employee collective bargaining agreements, benefit plan booklets, and rules and regulations issued by the Michigan Civil Service Commission.

Actuarial Valuations and Assumptions

The Authority's total OPEB liability for the year ended June 30, 2024 was measured as of September 30, 2023 and is based on an actuarial valuation performed as of September 30, 2023. The Authority's total OPEB liability for the year ended June 30, 2023 was measured as of September 30, 2022 and is based on an actuarial valuation performed as of September 30, 2021 and rolled forward using generally accepted actuarial procedures.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry age actuarial cost method with these characteristics: (a) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement and (b) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Note 10 - Other Postemployment Benefit Plans (Continued)

The total OPEB liability was measured using the following actuarial assumptions:

Wage Inflation Rate

2.75 percent per year at September 30, 2023 and 2022

Investment Rate of Return (Discount Rate)

4.63 percent per year at September 30, 2023 and 4.4 percent per year at September 30, 2022

Mortality

Healthy Life and Disabled Life Mortality, with 110 percent of the rates used in the pension valuations for SERS plan members at September 30, 2023 and 2022

IBNR

A liability equal to 25 percent of expected first year cash flow was held for postemployment life insurance benefits claims incurred but not reported (IBNR).

Spouse Benefits for Future Retirees

The liabilities for active members were loaded to account for potential postemployment life insurance benefits payable to spouses of future retirees at 1.0 and 1.75 percent for SERS retirees at September 30, 2023 and 2022, respectively.

Spouse Benefits for Current Retirees

Liabilities for current retired members reported with a postemployment life benefit for a spouse were calculated based on the information provided in the data files at September 2023 and 2022.

Other

The face values of the plan policies currently in force were reported to the actuary beginning with the September 30, 2023 valuation. The actuary estimated the value of the postemployment life insurance benefit policies for retirees as follows:

Individuals retired after July 1974: 50 percent times compensation at retirement (compensation reported for the 2019 retirement system valuation):

Spousal benefits: $1,000
Individuals retired on or before July 1974: $3,000
Spousal benefits: $1,000

Data for current retiree members of the Plan was not available for use in this valuation. All current retiree members of the retirement plans deemed eligible for postemployment life insurance benefits and reported in connection with the 2019 retirement valuation were included in these valuations of the Plan.

Discount Rate

A discount rate of 4.63 and 4.40 percent was used to measure the ending total OPEB liability for postemployment life insurance benefits as of September 30, 2023 and 2022, respectively. This discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date since the Plan has no assets.

Note 10 - Other Postemployment Benefit Plans (Continued)

Total OPEB Liability for Postemployment Life Insurance Benefits

As of June 30, 2024, the Authority reported a liability of $7,166,475 for its proportionate share of the State's postemployment life insurance benefits total OPEB liability. The total OPEB liability was measured as of September 30, 2023 based on an actuarial valuation as of that date. The Authority's proportion of the total OPEB liability was determined by dividing the Authority's actual contributions to the Plan during the measurement period from October 1, 2022 through September 30, 2023 by the percentage of OPEB actual contributions received from all applicable employers. At September 30, 2023, the Authority's proportion was 0.742 percent.

As of June 30, 2023, the Authority reported a liability of $6,734,128 for its proportionate share of the State's postemployment life insurance benefits total OPEB liability. The total OPEB liability was measured as of September 30, 2022 based on an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The Authority's proportion of the total OPEB liability was determined by dividing the Authority's actual contributions to the Plan during the measurement period from October 1, 2021 through September 30, 2022 by the percentage of OPEB actual contributions received from all applicable employers. At September 30, 2022, the Authority's proportion was 0.679 percent.

Sensitivity of the Total OPEB Liability for Postemployment Life Insurance Benefits

The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate, as well as what the proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2024		
	1 Percentage Point Decrease (3.63 Percent)	Current Discount Rate (4.63 Percent)	1 Percentage Point Increase (5.63 Percent)
Authority's proportionate share of the total OPEB liability	$ 8,284,239	$ 7,166,475	$ 6,267,255

	2023		
	1 Percentage Point Decrease (3.4 Percent)	Current Discount Rate (4.40 Percent)	1 Percentage Point Increase (5.4 Percent)
Authority's proportionate share of the total OPEB liability	$ 7,841,625	$ 6,734,128	$ 5,850,786

Note 10 - Other Postemployment Benefit Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB for Postemployment Life Insurance Benefits

For the years ended June 30, 2024 and 2023, the Authority recognized OPEB expense of $19,305 and recovery of $134,989, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 575,404	$ -	$ 724,170
Changes of assumptions	509,646	2,297,063	791,294	2,452,674
Changes in proportion and differences between actual contributions and proportion share of contributions	1,613,396	220,585	1,144,460	405,735
Authority's contributions subsequent to the measurement date	301,206	-	314,784	-
Total	$ 2,424,248	$ 3,093,052	$ 2,250,538	$ 3,582,579

Amounts reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending	Amount
2025	$ (306,211)
2026	(280,565)
2027	(263,159)
2028	(194,738)
2029	74,663

Amounts reported for defined benefit postemployment benefits other than pensions and postemployment life insurance benefits are aggregated on the statement of net position as follows:

	2024		
	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Postemployment benefits other than pensions - Health care	$ 12,318,025	$ 15,324,366	$ 26,971,732
Postemployment life insurance benefits	7,166,475	2,424,248	3,093,052
Total	$ 19,484,500	$ 17,748,614	$ 30,064,784

Note 10 - Other Postemployment Benefit Plans (Continued)

	2023		
	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Postemployment benefits other than pensions - Health care	$ 26,163,145	$ 17,225,938	$ 23,194,057
Postemployment life insurance benefits	6,734,128	2,250,538	3,582,579
Total	$ 32,897,273	$ 19,476,476	$ 26,776,636

Defined Contribution OPEB Plan

Employees hired on or after January 1, 2012 will not be eligible for any retiree health insurance coverage but will become participants in the Personal Healthcare Fund wherein they will contribute up to 2 percent of their compensation into a 401(k) or 457 account, earning a matching 2 percent employer contribution. Also, employees will receive a credit into a health reimbursement at termination of employment if they have at least 10 years of service at termination. The credit will be $2,000 for participants who are at least 60 years old and $1,000 for participants who are less than 60 years old at termination.

Note 11 - Capital Assets

On May 30, 2018, the Authority purchased its office building for $21,000,000. The building has an estimated useful asset life of 40 years. Accumulated depreciation was $3,194,000 and $2,669,000 for the years ended June 30, 2024 and 2023, respectively. Depreciation expense was $525,000 for both the years ended June 30, 2024 and 2023.

Note 12 - Restricted Net Position

The components of restricted net position are as follows (in thousands of dollars):

	2024	2023
Restricted net position:		
Pledged for payment of all bond issues (capital reserve account)	$ 102,852	$ 98,921
Pledged for payment of single-family mortgage revenue bonds	186,866	161,493
Pledged for payment of rental housing revenue bonds	317,689	287,112
State housing gap financing program	102,054	150,000
State housing community development fund	100,000	50,000
State legislative enhancement program	79,110	-
Total	$ 888,571	$ 747,526

Note 13 - Contingent Liabilities

The Authority is involved in various legal proceedings, claims, and disputes arising in the ordinary course of its financing activities with real estate developers and others. Management does not expect the amount of the ultimate liability, with respect to the disposition of these matters, will have any material adverse impact on the financial condition or results of operations of the Authority.

Note 14 - Commitments

As of June 30, 2024 and 2023, the Authority has commitments to issue multifamily mortgage loans in the amounts of approximately $518,377,000 and $631,474,000, respectively, and single-family mortgage loans in the amounts of approximately $81,972,000 and $71,677,000, respectively.

Note 14 - Commitments (Continued)

The Authority has committed up to approximately $1,055,000 per year for up to 30 years from the date of completion of the respective developments (subject to 3 years' advance notice of termination) from its accumulated reserves and future income to subsidize operations or rents for certain tenants occupying units in certain developments funded under the Authority's multifamily program. Such developments receive funds either for the purpose of subsidizing rents so that some units can be afforded by families with incomes at 50 percent or less of median income or to subsidize operations in general. Subsidy disbursements totaled approximately $18,000 and $21,000 for the years ended June 30, 2024 and 2023, respectively.

In addition, the Authority makes available up to approximately $1,000,000 per year for up to 30 years to subsidize rents in a similar fashion for 20 percent of the units in certain other developments financed or to be financed under its multifamily mortgage lending program. Under this program, the Authority is entitled to receive a portion of any excess cash flow generated by the developments, as well as a share of the profits from the sale of the developments, and is able to reduce the rent subsidies if the interest rates being charged by the Authority on the related mortgage loans are below certain preset levels. Subsidy repayments did not exceed subsidy disbursements for the years ended June 30, 2024 and 2023.

Note 15 - Interest Rate Swaps

In connection with the issuance of various debt, the Authority has entered into interest rate swap contracts. To date, the interest rate swap contracts have all been the type where the Authority pays a fixed rate and receives a variable rate. No amount of compensation was paid or received at the time the contracts were executed. Interest rate swap agreements are important tools that the Authority utilizes to accomplish its goals. The Authority entered into the agreements in connection with the issuance of certain variable-rate debt, with the intent of creating a synthetic fixed-rate debt at an interest rate that is lower than if fixed-rate debt were to have been issued directly. These contracts have reduced the Authority's cost of borrowing and reduced exposure to variable interest rate risk. This has allowed the Authority to finance developments, reduce single-family mortgage rates, and fund programs that otherwise would not have been feasible.

The Authority is issuing the June 30, 2024 and 2023 financial statements in accordance with Governmental Accounting Standards Board Statement No. 53. This standard is used to determine whether a derivative instrument will result in an effective hedge. Changes in the market value of effective hedges are recognized in the year to which they relate. Effective hedge changes do not affect investment income but are reported as deferrals in the statement of net position. Derivative instruments that are not deemed effective would be reported at fair market value and recognized as investments. Various swaps were amended during the year to replace LIBOR as the variable rate, as allowed by GASB 93, as amended.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Note 15 - Interest Rate Swaps (Continued)

The following table summarizes the interest rate swap contracts at June 30, 2024:

Associated Debt/Swap Agreement	Effective Date	Notional Amount as of June 30, 2024	Termination Date	Rate	Fixed Rate	Optional Termination Date without Payment (9)	Market (Payment) Receipt to Terminate Swap	GASB 53 Presentation in Statement of Net Position	Type of Risk Associated with Swap Contract (4)(5)(6)(8)
Rental Housing Revenue Bonds (effective hedges):									
2002 Series A (1)	07/03/02	$ 34,445,000	04/01/37	70% of SOFR+0.8014%	4.5600%	N.A.	$ (3,517,179)	$ (3,517,179)	
2008 Series D (3)(10)	11/18/04	16,775,000	10/01/39	70% of SOFR+0.10%	3.5000%	10/01/24	210,114	2,521,195	
2016 Series C (3)(10)	03/16/06	47,575,000	10/01/40	70% of SOFR+0.10%	3.4600%	04/01/26	590,207	5,857,305	
2016 Series D (3)(10)	07/25/06	7,570,000	04/01/41	70% of SOFR+0.10%	3.9750%	10/01/26	(52,468)	1,008,285	
2016 Series E (3)(10)	07/02/07	21,790,000	04/01/42	70% of SOFR+0.10%	3.3230%	04/01/27	337,426	3,125,358	
2018 Series C (3)(10)	09/22/05	41,080,000	04/01/40	70% of SOFR+0.10%	3.5160%	10/01/25	526,426	3,053,012	
2018 Series C (3)(10)	01/23/08	43,955,000	10/01/42	70% of SOFR+0.10%	3.5430%	10/01/27	275,242	350,266	
Subtotal		213,190,000					(1,630,232)	12,398,242	
Single-family Mortgage Revenue Bonds (effective hedges):									
2006 Series C (2)	12/01/19	29,180,000	12/01/27	SIFMA	2.7030%	12/01/24	548,866	548,866	(7)
2007 Series E (2)	12/01/19	33,720,000	12/01/27	SIFMA	2.7260%	12/01/24	640,391	640,391	(7)
2007 Series F (2)	12/01/08	12,755,000	12/01/38	Floating Rate	4.3399%	N.A.	(1,269,128)	(1,269,128)	
2009 Series D (2)	12/01/19	15,330,000	06/01/30	SIFMA	2.7460%	12/01/24	312,399	312,399	(7)
2022 Series B (2)(10)	10/05/17	45,000,000	12/01/32	75% of SOFR+0.05%	2.2200%	12/01/29	3,113,768	3,232,200	(7)
2022 Series E-2 (2)(10)	03/28/18	50,000,000	12/01/33	70% of SOFR+0.85%	3.1200%	12/01/25	2,858,901	740,405	(7)
Subtotal		185,985,000					6,205,197	4,205,133	
Total interest rate swaps		$ 399,175,000					$ 4,574,965	$ 16,603,375	

The cumulative increase in fair market value of hedging derivative instruments of $16,603,375 is a deferred outflow of resources per GASB Statement No. 53.

(1) Counterparty risk is the risk that the swap counterparty will not fulfill its obligations set forth under the terms and conditions of the swap contract. The counterparty associated with these bonds is Goldman Sachs Mitsui Marine Derivative Products, L.P. (GSMMDP). GSMMDP is currently rated AA- stable outlook by S&P and Aa2 by Moody’s as of June 30, 2024.

(2) Counterparty risk is the risk that the swap counterparty will not fulfill its obligations set forth under the terms and conditions of the swap contract. The counterparty associated with these bonds is Barclays Bank PLC. Barclays is currently rated A+ stable outlook by S&P and A1 stable by Mood's as of June 30, 2024.

(3) Counterparty risk is the risk that the swap counterparty will not fulfill its obligations set forth under the terms and conditions of the swap contract. The counterparty associated with these bonds is Bank of America, N.A., which has a rating of A+ by S&P and Aa1 by Moody's as of June 30, 2024.

(4) Termination risk is the risk that the swap could be terminated by the counterparty due to any of several events, which may include an authority or counterparty default by either party, and default events defined in the Authority's bond indentures. All contracts have this risk.

(5) Basis risk refers to a mismatch between the interest rate received from the swap contract and the interest actually paid on the Authority’s debt. All contracts have this risk.

(6) Tax event risk is the risk that a change in the marginal income tax rates or a change in the tax code impacts the trading value of tax-exempt bonds. All contracts have this risk.

(7) Rollover risk is the risk that the swap contract is not coterminous with the related debt.

Note 15 - Interest Rate Swaps (Continued)

(8) Amortization risk is the risk that there is a mismatch or potential mismatch between the Authority's bonds and the notional amount of the swap outstanding. This mismatch could expose the Authority to variable interest rates if the swap amortizes quicker than the bonds or subject the Authority to a payment to the counterparty to terminate a portion of the swap contract early if the bonds are redeemed more quickly than anticipated. All contracts have this risk.

(9) The Authority has the option to terminate the contract in whole or in part without payment after the stated date.

(10) These interest rate swap agreements have either been reassigned from their original bond issue as part of an economic refunding or have been executed at terms that do not reflect current market terms. GASB Statement No. 53 has termed these off-market swaps to be in-substance hybrids. Essentially, the swaps have two components as follows:

a. On-market component - This is the component of the swap that requires a calculation on the effectiveness and to be valued at the market on an annual basis. In the case of the Authority, these swaps' on-market components have been determined to be effective based on the calculation and are included in interest rate swaps in the table.

b. Off-market component - This is the component of the swap that, at the time of the reassignment, is determined to be off-market and takes on the characteristics of a fixed contract. Therefore, at the time of reassignment, this component needs to be valued based on the rate differential, which compares the market rates to the original swap rates. This component is then considered a fixed contract and should be amortized over the life of the new debt and added to the deferred charges. See table below summarizing this component.

Further, total unamortized off-market borrowings as of June 30, 2024 are $14,437,923, as noted in the table below:

	Off-market Borrowing Rate	On-market Borrowing Rate	Unamortized Off-market Borrowing Balance
Rental Housing Revenue Bonds:			
2008 Series D	0.404%	3.301%	$ 272,741
2016 Series C	2.143%	1.371%	6,500,004
2016 Series D	2.588%	1.387%	1,351,349
2016 Series E	2.122%	1.256%	3,268,544
2018 Series C	1.085%	2.429%	2,649,355
2018 Series C	1.058%	2.485%	3,332,213
Single-family Mortgage Revenue Bonds:			
2022 Series B	0.133%	3.129%	(288,976)
2022 Series E-2	0.841%	3.351%	(2,647,307)
Total			$ 14,437,923

Note 15 - Interest Rate Swaps (Continued)

A comparative summary of the changes resulting from GASB Statement No. 53 is as follows:

	Changes in Fair Value		Fair Value at June 30		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges 2024:					
Pay-fixed interest rate swaps (receive-variable)	Deferred charge	$ 1,569,897	Hedging derivative instruments	$ 16,603,375	$ 399,175,000
Off-market borrowings	Deferred charges on refunding	1,192,184	Off-market borrowings	(14,437,923)	-
Cash flow hedges 2023:					
Pay-fixed interest rate swaps (receive-variable)	Deferred charge	14,594,927	Hedging derivative instruments	15,033,478	462,450,000
Off-market borrowings	Deferred charges on refunding	38,788,860	Off-market borrowings	(15,630,107)	-

Note 16 - Line of Credit and Short-term Facility

The Authority issues debt to fund single-family loans. At times it may be advantageous for the Authority to originate these loans with its own liquidity or a revolving line of credit prior to the closing of the long-term bond financing. For this reason, the Authority may enter into revolving credit facilities. Typically, the facilities will be paid down to a zero outstanding balance when bonds are sold.

On March 16, 2021, the Authority entered into a revolving credit agreement with US Bank. The agreement allows the Authority to borrow up to $100 million for the purpose of purchasing single-family mortgages and down payment assistance loans. On March 13, 2023, the revolving credit agreement with US Bank was extended to September 10, 2024. On September 6, 2024, the revolving credit agreement with US Bank was extended to March 6, 2026, and the maximum borrowing amount was increased to $200 million.

On January 19, 2024, the Authority entered into a short-term loan agreement with Barclays Bank PLC. The agreement allows the Authority to borrow up to $150 million for the purpose of purchasing single-family mortgages and down payment assistance loans. The agreement expired on April 29, 2024.

The activity that occurred on the revolving line of credit and short-term borrowings as of June 30, 2024 and 2023 is as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
June 30, 2024	$ -	$ 450,000,000	$ (350,000,000)	$ 100,000,000
June 30, 2023	-	200,000,000	(200,000,000)	-

Subsequent to year end, on July 19, 2024, the Authority entered into a short-term loan agreement with the Royal Bank of Canada. The Authority drew $150 million in two equal draws on July 19, 2024 and August 21, 2024. The agreement expired on October 18, 2024.

On September 20, 2024, the Authority drew $70 million from the US Bank revolving line of credit, bringing the total outstanding amount to $170 million.

On October 17, 2024, the Single-family Mortgage Revenue Bonds 2024 Series D, E, and F were issued, and the proceeds were used to repay the $150 million RBC short-term loan agreement and the $170 million of the US Bank revolving line of credit.

Note 17 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The State of Michigan is self-insured and provides coverage to the Authority for these potential losses. Additional information on risk management can be found in the notes of the State of Michigan Annual Comprehensive Financial Report. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 18 - Subsequent Events

On October 17, 2024, the Authority issued the Single-family Mortgage Revenue Bonds 2024 Series D, E, and F in the amount of $494,905,000.

On September 25, 2024, the Authority issued the Rental Housing Revenue Bonds 2024 Series A in the amount of $424,710,000.

Also, see Note 16 related to subsequent drawdowns and repayments on the revolving line of credit and the additional short-term facility agreement drawdowns and repayments.

Required Supplementary Information

Required Supplementary Information
Schedule of the Authority's Proportionate Share of Net Pension Liability
State Employees' Retirement System

Last Ten Fiscal Years
Years Ended June 30
(in Thousands of Dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.73900 %	0.67800 %	0.58700 %	0.58100 %	0.63700 %	0.64800 %	0.66600 %	0.70000 %	0.70700 %	0.68500 %
Authority's proportionate share of the net pension liability	$ 41,786	$ 43,816	$ 23,853	$ 39,168	$ 42,492	$ 39,183	$ 34,606	$ 37,029	$ 38,909	$ 35,279
Authority's covered payroll	$ 27,036	$ 23,222	$ 19,097	$ 18,974	$ 19,591	$ 19,662	$ 20,269	$ 20,894	$ 20,749	$ 20,741
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	154.56 %	188.68 %	124.90 %	206.43 %	216.90 %	199.28 %	170.73 %	177.22 %	187.52 %	170.09 %
Plan fiduciary net position as a percentage of total pension liability	70.24 %	66.92 %	78.08 %	64.07 %	64.71 %	67.22 %	69.45 %	67.48 %	66.11 %	68.07 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year.

Required Supplementary Information
Schedule of the Authority's Pension Contributions
State Employees' Retirement System

Last Ten Fiscal Years
Years Ended June 30
(in Thousands of Dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 5,040	$ 5,002	$ 4,359	$ 3,713	$ 3,463	$ 4,139	$ 4,252	$ 4,823	$ 5,030	$ 5,161
Contributions in relation to the statutorily required contribution	5,040	5,002	4,359	3,713	3,463	4,139	4,252	4,823	5,030	5,161
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 28,645	$ 25,980	$ 21,345	$ 19,597	$ 18,924	$ 19,535	$ 19,652	$ 20,580	$ 20,749	**$ 20,741**
Contributions as a Percentage of Covered Payroll	17.59 %	19.25 %	20.42 %	18.95 %	18.30 %	21.19 %	21.64 %	23.44 %	24.24 %	**24.88 %**

Notes to Schedule of the Authority's Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of September 30 each year. The September 30, 2020 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2023.

Methods and assumptions used to determine contribution rates for State of Michigan fiscal year ended September 30, 2023:

Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years, as of October 1, 2022, ending on September 30, 2036
Asset valuation method	5-year smoothed market
Inflation	2.25 percent
Salary increase	2.75 percent to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.7 percent, net of investment and administrative expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006

See note to required supplementary information.

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
State Employees' Retirement System - Health Care

Last Seven Fiscal Years
Years Ended June 30
(in Thousands of Dollars)

	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	0.73300 %	0.67200 %	0.57900 %	0.56900 %	0.63000 %	0.64300 %	0.66500 %
Authority's proportionate share of the net OPEB liability	$ 12,318	$ 26,163	$ 22,105	$ 33,218	$ 49,588	$ 51,038	$ 54,803
Authority's covered payroll	$ 27,036	$ 23,222	$ 19,097	$ 18,974	$ 19,591	$ 19,662	$ 20,269
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	45.56 %	112.66 %	115.75 %	175.07 %	253.12 %	259.58 %	270.38 %
Plan fiduciary net position as a percentage of total OPEB liability	77.36 %	56.64 %	57.12 %	38.29 %	27.88 %	24.41 %	20.00 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority presents information for those years for which information is available.

See note to required supplementary information.

Required Supplementary Information
Schedule of the Authority's OPEB Contributions
State Employees' Retirement System - Health Care

Last Seven Fiscal Years
Years Ended June 30
(in Thousands of Dollars)

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 3,704	$ 3,843	$ 4,075	$ 4,270	$ 4,522	$ 4,436	$ 4,301
Contributions in relation to the actuarially determined contribution	3,704	3,843	4,075	4,270	4,522	4,436	4,301
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 28,645	$ 25,980	$ 21,345	$ 19,597	$ 18,924	$ 19,535	$ 19,652
Contributions as a Percentage of Covered Payroll	12.93 %	14.79 %	19.09 %	21.79 %	23.90 %	22.71 %	21.89 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of September 30 each year. The September 30, 2020 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2023.

Methods and assumptions used to determine contribution rates for State of Michigan fiscal year ended September 30, 2023:

Actuarial cost method	Entry age, normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	14 years, as of October 1, 2022, closed ending on September 30, 2036
Asset valuation method	5-year smoothed
Inflation	2.25 percent
Health care cost trend rates	7.50 percent in year 1 graded to 3.5 percent in year 15; 3.0 percent in year 120
Salary increase	2.75 percent to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.90 percent, net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Tables, scaled by 100 percent and adjusted for mortality improvements using projection scale MP-2017 from 2006

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Total OPEB Liability
Postemployment Life Insurance Benefit

Last Seven Fiscal Years
Years Ended June 30
(in Thousands of Dollars)

	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the total OPEB liability	0.74200 %	0.67900 %	0.58400 %	0.58000 %	0.62700 %	0.64600 %	0.65900 %
Authority's proportionate share of the total OPEB liability	$ 7,166	$ 6,734	$ 7,954	$ 8,156	$ 7,674	$ 8,066	$ 8,426
Authority's covered-employee payroll	$ 27,144	$ 24,615	$ 20,557	$ 18,213	$ 19,009	$ 19,274	$ 19,374
Authority's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	26.40 %	27.36 %	38.69 %	44.78 %	40.37 %	41.85 %	43.49 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority presents information for those years for which information is available.

The Plan is not a trust and has no assets.

Pension and OPEB Information

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The schedules of the Authority's contributions are presented to show the responsibility of the employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The schedules of the Authority's proportionate share of the net pension and OPEB liabilities and schedules of the Authority's contributions are schedules that are required in implementing GASB Statement Nos. 68 and 75. The schedules of the proportionate share of the net pension and OPEB liabilities represent, in actuarial terms, the accrued liability less the market value of assets. The schedules of the Authority's contributions are comparisons of the employer's contributions to the actuarially determined contributions.

The information presented in the schedules of the Authority's contributions was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates.

Significant Change in Assumptions

The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation related to pension and OPEB did not change from prior valuation.

The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation related to pension and OPEB decreased by 0.70 percentage points.

Supplementary Information

Statement of Net Position Information
(in thousands of dollars)

June 30, 2024

	Activities						
	Single-family Mortgage Revenue Bonds	Rental Housing Revenue Bonds	General Operating	Capital Reserve	Mortgage Escrow and Reserve	Other	Combined
Assets, Hedging Derivative Instruments, and Deferred Outflows							
Cash and Investments							
Cash and cash equivalents	156,269	323,739	7,860	415	18,994	69,307	$ 576,584
Investments	78,888	28,648	61	102,437	490,053	4	700,091
Total cash and Investments	235,157	352,387	7,921	102,852	509,047	69,311	1,276,675
Loans Receivable							
Multifamily mortgage loans:							
Construction in progress	-	622,581	51,215	-	-	-	673,796
Completed construction	-	1,155,989	60,906	-	-	172,093	1,388,988
Housing development loans	-	-	-	-	-	3,617	3,617
Single-family mortgage loans	3,161,980	-	23,518	-	-	-	3,185,498
Home improvement and moderate rehabilitation loans	-	-	1,095	-	-	-	1,095
Total	3,161,980	1,778,570	136,734	-	-	175,710	5,252,994
Accrued loan interest receivable	13,532	40,402	9,165	-	-	22,391	85,490
Allowance on loans receivable	(101,855)	(27,608)	(5,853)	-	-	(23,641)	(158,957)
Net loans receivable	3,073,657	1,791,364	140,046	-	-	174,460	5,179,527
Other Assets							
Real estate owned - net	2,873	557	389	-	-	-	3,819
Other	54,818	1,689	23,099	-	-	311,272	390,878
Interfund accounts	(115,219)	(18,043)	81,481	-	55,609	(3,828)	-
Total other assets	(57,528)	(15,797)	104,969	-	55,609	307,444	394,697
Total assets	3,251,286	2,127,954	270,742	102,852	564,656	551,215	6,868,705
Capital Assets, net	-	-	17,806	-	-	-	17,806
Accumulated Increase in Fair Value of Hedging Derivative Instruments	(4,205)	(12,398)	-	-	-	-	(16,603)
Deferred Outflows of Resources							
Deferred outflows related to pensions	-	-	3,680	-	-	-	3,680
Deferred outflows related to OPEB	-	-	17,749	-	-	-	17,749
Deferred charges on refunding - Reassigned swaps	(2,936)	17,374	-	-	-	-	14,438
Total deferred outflows of resources	(2,936)	17,374	21,429	-	-	-	35,867
Total assets, hedging derivative instruments, and deferred outflows	**$ 3,244,145**	**$ 2,132,930**	**$ 292,171**	**$ 102,852**	**$ 564,656**	**$ 551,215**	**$ 6,887,969**

Statement of Net Position Information (continued)

(in thousands of dollars)

June 30, 2024

	Activities						
	Single-family Mortgage Revenue Bonds	Rental Housing Revenue Bonds	General Operating	Capital Reserve	Mortgage Escrow and Reserve	Other	Combined
Liabilities, Deferred Inflows, and Net Position							
Liabilities							
Bonds payable and line of credit	$ 3,049,959	$ 1,796,042	$ 100,000	$ -	$ -	$ -	$ 4,946,001
Hedging derivative instruments	(4,205)	(12,398)	-	-	-	-	(16,603)
Accrued interest payable	10,124	15,125	250	-	-	-	25,499
Escrow funds	-	1,559	201	-	564,656	(111,904)	454,512
Unamortized mortgage interest income	-	12,847	-	-	-	-	12,847
Net pension liability	-	-	41,786	-	-	-	41,786
Net OPEB liability	-	-	19,485	-	-	-	19,485
Other liabilities	1,401	2,065	60,037	-	-	115,187	178,690
Total liabilities	3,057,279	1,815,240	221,759	-	564,656	3,283	5,662,217
Deferred Inflow of Resources							
Deferred inflows related to pensions	-	-	1,568	-	-	-	1,568
Deferred inflows related to OPEB	-	-	30,065	-	-	-	30,065
Loan origination fees	-	-	33,127	-	-	-	33,127
Total deferred inflows of resources	-	-	64,760	-	-	-	64,760
Net Position	186,866	317,690	5,652	102,852	-	547,932	1,160,992
Total liabilities, deferred inflows, and net position	**$ 3,244,145**	**$ 2,132,930**	**$ 292,171**	**$ 102,852**	**$ 564,656**	**$ 551,215**	**$ 6,887,969**

Michigan State Housing Development Authority

Statement of Revenue, Expenses, and Changes in Net Position Information

(in thousands of dollars)

June 30, 2024

	Activities					
	Single-family Mortgage Revenue Bonds	Rental Housing Revenue Bonds	General Operating	Capital Reserve	Other	Combined
Operating Revenue						
Investment income:						
Loan interest income	$ 133,157	$ 88,182	$ 7,899	$ -	$ 4,356	$ 233,594
Investment interest income	11,265	21,871	531	2,578	4,209	40,454
Increase (decrease) in fair value of investments - Including change in unrealized gains (losses)	(1,076)	(271)	-	1,353	-	6
Total investment income	143,346	109,782	8,430	3,931	8,565	274,054
Less interest expense and debt financing costs	96,736	68,655	5,706	-	-	171,097
Net investment income	46,610	41,127	2,724	3,931	8,565	102,957
Other revenue:						
Federal and state assistance programs	-	-	59,715	-	790,689	850,404
Housing and community development fund - state	-	-	-	-	50,000	50,000
Housing gap financing program -state	-	-	-	-	-	0
Legislative enhancement program -state	-	-	-	-	94,250	94,250
Section 8 program administrative fees	-	-	23,409	-	-	23,409
Contract administration fees	-	-	15,170	-	-	15,170
Other income	-	1,784	29,476	-	14,653	45,913
Total operating revenue	46,610	42,911	130,494	3,931	958,157	1,182,103
Operating Expenses (Revenue)						
Federal and state assistance programs	-	-	60,115	-	789,317	849,432
Housing and community development fund - state	-	-	-	-	-	-
Housing gap financing program -state	-	-	-	-	47,946	47,946
Legislative enhancement program -state	-	-	-	-	15,140	15,140
Salaries and benefits	-	-	35,777	-	-	35,777
Other general operating expenses	-	-	41,288	-	-	41,288
Loan servicing and insurance costs	2,896	-	10,932	-	-	13,828
Provision for possible losses on loans	20,677	2,333	429	-	1,071	24,510
Total operating expenses (revenue)	23,573	2,333	148,541	-	853,474	1,027,921
Operating Income (Loss) - Before nonoperating expenses	23,037	40,578	(18,047)	3,931	104,683	154,182
Nonoperating Expenses - Grants and subsidies	-	-	(9,951)	-	(12,568)	(22,519)
Change in Net Position	23,037	40,578	(27,998)	3,931	92,115	131,663
Net Position - Beginning of year, as previously reported	161,493	287,112	19,473	98,921	312,330	879,329
Correction of an error (Note 2)	-	-	-	-	150,000	150,000
Net Position - Beginning of year, as restated	161,493	287,112	19,473	98,921	462,330	1,029,329
Transfers to Other Funds for Payment of Operating Fund Expenses	-	(10,000)	10,000	-	-	-
Funding to Provide Additional Cash Flow and				-		
Payment of Bond Issuance Costs	2,336	-	4,177	-	(6,513)	-
Net Position - End of year	**$ 186,866**	**$ 317,690**	**$ 5,652**	**$ 102,852**	**$ 547,932**	**$ 1,160,992**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan State Housing Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities of Michigan State Housing Development Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the basic financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2024-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan State Housing Development Authority

The Authority's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 25, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	**Finding Type** - Material weakness

Criteria - Strong internal controls include ensuring that all transactions are appropriately accounted for and reported in the financial statements.

Condition - Unique transactions entered into during fiscal years 2023 and 2024 were not reflected appropriately in the general ledger.

Context - The unique transactions relate to one-time appropriations of State of Michigan funds (such as the General Fund), which the Authority does not receive on a regular basis. Appropriations from State of Michigan funds should be recognized by the Authority as revenue in the fiscal year of the appropriation, absent any other eligibility criteria under GASB Statement No. 33. Revenue related to appropriations from State of Michigan funds for housing gap financing ($150 million in fiscal year 2023), housing and community development ($50 million in fiscal year 2024), and legislative enhancement ($94.3 million in fiscal year 2024) was recorded as revenue only to the extent associated expenses were incurred, rather than in the fiscal year of the appropriation, as required by GASB Statement No. 33.

Cause - A mechanism was not in place to identify the proper accounting treatment for unique transactions, such as the appropriations from State of Michigan funds.

Effect - As a result, adjustments were necessary to the fiscal year 2023 and 2024 financial statements to comply with GASB Statement No. 33.

Recommendation - Management should implement a mechanism to capture transactions that are unique in nature so that they can be accounted for appropriately.

Views of Responsible Officials and Planned Corrective Actions - The Authority agrees with this finding. The Authority has implemented a confirmation process with the State of Michigan to receive third-party verification of any new funding sources provided by the State. Additionally, prior to completion of audit fieldwork, the Authority's finance team will meet with its external auditors to review new funding sources and their applicable accounting treatment.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2024-002	**Finding Type** - Significant deficiency

Criteria - Effective reconciliation procedures over federal grants should be in place in order to properly reflect activity for the COVID-19 State and Local Fiscal Recovery Fund (SLFRF) - MI-HOPE program in accordance with generally accepted accounting principles (GAAP).

Condition - The Authority did not accrue for expenses incurred by subrecipients but not yet paid by the Authority through June 30, 2024. Additionally, the Authority did not record cash advances held by certain subrecipients as an asset at June 30, 2024.

Context - Federal expenses and associated federal revenue were understated by $4.8 million as a result of expenses incurred by subrecipients but not yet paid by the Authority. Additionally, an asset of $5.8 million representing cash advances held by certain subrecipients at June 30, 2024 was not recorded. As a result of these items, the Authority's liability associated with the MI-HOPE program, either related to accounts payable or amounts paid in advance to subrecipients, was also understated by $5.8 million at June 30, 2024.

Cause - The Authority did not have effective processes in place to accurately identify and record expenses incurred by the subrecipients but not yet reimbursed by the Authority through year end or cash advances held by certain subrecipients at year end for the MI-HOPE program.

Effect - As a result, adjustments to the financial statements were required to accurately reflect MI-HOPE program activity for fiscal year 2024 in accordance with GAAP.

Recommendation - We recommend the Authority enhance its internal control over the reconciliation of the MI-HOPE program grant activity to ensure the financial statements accurately reflect expenses incurred, revenue earned, and cash advances held by subrecipients.

Views of Responsible Officials and Planned Corrective Actions - The Authority agrees with this finding. The Authority's finance team will work with the program area during its year-end closing process to obtain subrecipient account records. The Authority will implement a new process for subgrantee and internal program area reporting to ensure timely submission of this data. This information will be used to reconcile discrepancies and more accurately reflect programmatic expenditures.

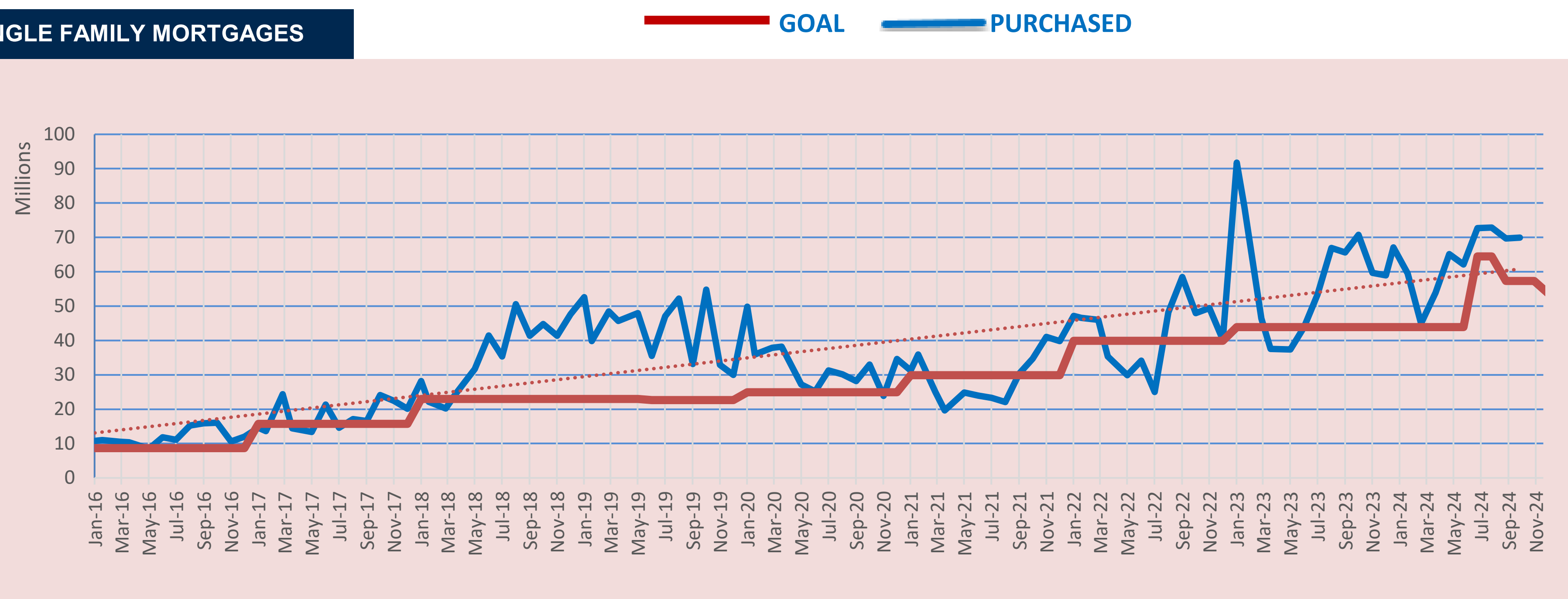
CURRENT AND HISTORICAL HOMEOWNERSHIP DATA

OCTOBER 2024

MSHDA — MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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



Monthly Homeownership Production Report: OCTOBER 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	
031	**Oct-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**	**$0.00**
	Sep-24	0	**$ -**	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	$0.00
066	**Oct-24**	**0**	**$ -**	**0**	**$0.00**	**3**	**$448,441.00**	**0**	**$0.00**	**-1**	**-$125,500.00**	**0**	**$0.00**	**-2**	**-$322,941.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**
9/5/2023	**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	$0.00
067	**Oct-24**	**489**	**$ 72,854,390.00**	**506**	**$72,610,130.00**	**486**	**$71,318,525.00**	**440**	**$62,578,783.00**	**-5**	**-$653,228.00**	**2**	**$322,941.00**	**0**	**$3,589.00**	**450**	**$63,637,688.00**	**473**	**$69,932,922.00**	**443**	**$4,226,904.00**
4/9/2024	**Sep-24**	453	$ 67,229,738.00	481	$71,688,600.00	486	$71,318,525.00	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	$4,147,339.00
068 (510)	**Oct-24**	**8**	**$ 1,115,615.00**	**1**	**$180,900.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**
10/21/2024	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	$0.00
069	**Oct-24**	**34**	**$ 5,839,532.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**	**0**	**$0.00**
10/30/2024	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
TOTAL	**Oct-24**	**531**	**$79,809,537.00**	**507**	**$72,791,030.00**	**489**	**$71,766,966.00**	**440**	**$62,578,783.00**	**-6**	**-$778,728.00**	**2**	**$322,941.00**	**-2**	**-$319,352.00**	**450**	**$63,637,688.00**	**473**	**$69,932,922.00**	**443**	**$4,226,904.00**

Bond Totals: Snagit Separately

Series /Date	Month	#	PURCHASED Prior Total	PURCHASED NEW Total	1st + DPA TO DATE	NEWEST ALLOCATED
031	**Oct-24**	**031**	$ 42,529,795.00	$ 42,529,795.00	$ 44,964,619.00	$ 10,000,000.00
	Sep-24	101	$ 2,434,824.00	$ 2,434,824.00	remaining:	**$ (34,964,619.00)**
066	**Oct-24**	**066**	$ 390,010,059.00	$ 390,010,059.00	$ 413,954,189.00	$ 400,000,000.00
9/5/2023	**Sep-24**	166	$ 23,944,130.00	$ 23,944,130.00	remaining:	**$ (13,954,189.00)**
067	**Oct-24**	**067**	$ 207,633,307.00	$ 277,566,229.00	$ 294,085,133.00	$ 433,125,471.00
4/9/2024	**Sep-24**	167	$ 12,292,000.00	$ 16,518,904.00	remaining:	**$ 139,040,338.00**
068 (510)	**Oct-24**	**068**	$ -	$ -	$ -	$ 49,164,209.00
10/21/2024	Sep-24	154	$ -	$ -	remaining:	**$ 49,164,209.00**
069	**Oct-24**	**069**	$ -	$ -	$ -	$ 350,000,000.00
10/30/2024	Sep-24	155	$ -	$ -	remaining:	**$ 350,000,000.00**

MCC

	Month	RESERVATIONS		APPS RECEIVED		COMMITMENTS		CERTIFICATES	
213 MCC	**Oct-24**	**11**	**$ 1,515,831.00**	**13**	**$ 1,915,034.00**	**10**	**$ 1,457,118.00**	**6**	**$ 981,765.00**
12/7/2022	Sep-24	12	$ 1,908,444.00	10	$ 1,678,805.00	8	$ 1,302,225.00	8	$ 1,369,862.00

MI 10K DOWN PAYMENT ASSISTANCE PROGRAM

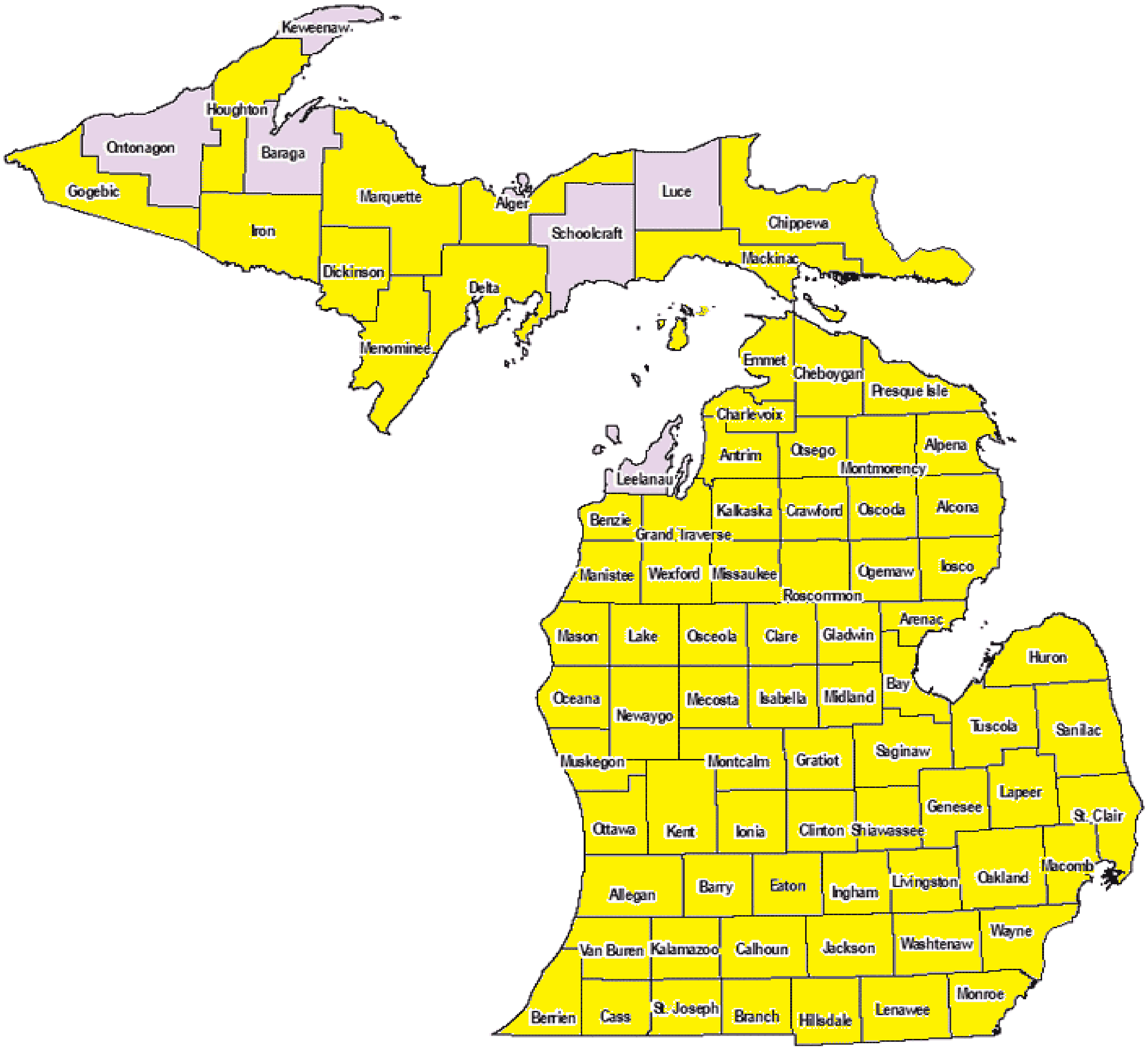
The MI 10K DPA Loan program is a $10,000 down payment assistance program available throughout the state. The MI 10K DPA Loan must be combined with a MI Home Loan.

October 2024

Loans in 2024 | **New this month**

County	#	Loan Amt	DPA Amt	Total $
Alcona				
Alger				
Allegan	4	$ 754,839	$ 40,000	$ 794,839
Alpena	1	$ 97,500	$ 9,834	$ 107,334
Antrim				$ -
Arenac				$ -
Baraga				$ -
Barry	3	$ 386,387	$ 29,550	$ 415,937
Bay	8	$ 1,006,711	$ 79,279	$ 1,085,990
Benzie	1	$ 208,160	$ 6,738	$ 214,898
Berrien	11	$ 1,489,412	$ 100,857	$ 1,590,269
Branch	1	$ 97,768	$ 10,000	$ 107,768
Calhoun	12	$ 1,459,692	$ 112,390	$ 1,572,082
Cass				$ -
Charlevoix				$ -
Cheboygan	1	$ 206,610	$ 8,455	$ 215,065
Chippewa	2	$ 337,560	$ 19,900	$ 357,460
Clare	3	$ 387,980	$ 28,046	$ 416,026
Clinton	1	$ 109,971	$ 8,537	$ 118,508
Crawford				$ -
Delta				$ -
Dickinson				$ -
Eaton	7	$ 1,078,061	$ 69,694	$ 1,147,755
Emmet	1	$ 120,600	$ 10,000	$ 130,600
Genesee	29	$ 3,497,912	$ 273,310	$ 3,771,222
Gladwin	2	$ 213,743	$ 19,398	$ 233,141
Gogebic				$ -
Grand Traverse	1	$ 150,793	$ 6,997	$ 157,790
Gratiot	3	$ 278,493	$ 29,409	$ 307,902
Hillsdale	6	$ 874,016	$ 44,693	$ 918,709
Houghton				$ -
Huron	1	$ 116,000	$ 7,982	$ 123,982
Ingham	17	$ 2,390,891	$ 154,760	$ 2,545,651
Ionia	3	$ 483,703	$ 30,000	$ 513,703
Iosco	1	$ 115,050	$ 4,617	$ 119,667
Iron				$ -
Isabella	1	$ 219,942	$ 10,000	$ 229,942
Jackson	10	$ 1,393,820	$ 97,669	$ 1,491,489
Kalamazoo	18	$ 2,752,124	$ 175,191	$ 2,927,315
Kalkaska				$ -
Kent	18	$ 3,528,987	$ 176,824	$ 3,705,811
Keweenaw				$ -
Lake				$ -
Lapeer	4	$ 751,009	$ 40,000	$ 791,009
Leelanau				$ -
Lenawee	4	$ 564,047	$ 36,809	$ 600,856
Livingston	2	$ 414,093	$ 20,000	$ 434,093

Luce				$ -
Mackinac				$ -
Macomb	35	$ 5,762,459	$ 344,461	$ 6,106,920
Manistee	1	$ 104,500	$ 9,650	$ 114,150
Marquette	2	$ 330,000	$ 20,000	$ 350,000
Mason	2	$ 261,325	$ 14,195	$ 275,520
Mecosta	1	$ 205,252	$ 9,808	$ 215,060
Menominee	1	$ 108,500	$ 9,300	$ 117,800
Midland	3	$ 415,889	$ 28,454	$ 444,343
Missaukee				$ -
Monroe	5	$ 912,866	$ 47,500	$ 960,366
Montcalm	4	$ 706,146	$ 40,000	$ 746,146
Montmorency	1	$ 115,364	$ 8,404	$ 123,768
Muskegon	23	$ 3,580,014	$ 219,348	$ 3,799,362
Newaygo	5	$ 776,608	$ 45,408	$ 822,016
Oakland	17	$ 2,978,832	$ 162,466	$ 3,141,298
Oceana	1	$ 121,754	$ 7,505	$ 129,259
Ogemaw	2	$ 262,250	$ 18,462	$ 280,712
Ontonagon				$ -
Osceola	3	$ 381,407	$ 29,247	$ 410,654
Oscoda	1	$ 130,000	$ 10,000	$ 140,000
Otsego				$ -
Ottawa				$ -
Presque Isle	1	$ 84,375	$ 9,800	$ 94,175
Roscommon	2	$ 240,053	$ 18,096	$ 258,149
Saginaw	15	$ 1,633,916	$ 145,248	$ 1,779,164
Saint Clair	16	$ 2,551,911	$ 159,963	$ 2,711,874
Saint Joseph	2	$ 310,055	$ 20,000	$ 330,055
Sanilac	2	$ 307,476	$ 20,000	$ 327,476
Schoolcraft				$ -
Shiawassee	10	$ 1,326,826	$ 93,325	$ 1,420,151
Tuscola	4	$ 607,686	$ 39,810	$ 647,496
Van Buren				$ -
Washtenaw	7	$ 1,145,650	$ 62,559	$ 1,208,209
Wayne	96	$ 13,389,479	$ 925,184	$ 14,314,663
Wexford	5	$ 777,703	$ 47,772	$ 825,475
10K DPA TOTAL	**443**	**$ 65,014,170**	**$ 4,226,904**	**$ 69,241,074**
Total Purchases	**473**	**$ 69,932,922**	**$ 4,226,904**	**$ 74,159,826**
Percentage that used DPA	94%	93%	100%	93%


Keweenaw
Houghton
Ontonagon
Baraga
Gogebic
Marquette
Alger
Luce
Chippewa
Schoolcraft
Iron
Mackinac
Dickinson
Delta
Menominee
Emmet
Cheboygan
Presque Isle
Charlevoix
Alpena
Otsego
Antrim
Montmorency
Leelanau
Kalkaska
Crawford
Oscoda
Alcona
Benzie
Grand Traverse
Manistee
Wexford
Missaukee
Ogemaw
Iosco
Roscommon
Arenac
Mason
Lake
Osceola
Clare
Gladwin
Huron
Oceana
Newaygo
Mecosta
Isabella
Midland
Bay
Tuscola
Sanilac
Saginaw
Muskegon
Montcalm
Gratiot
Lapeer
Genesee
St. Clair
Ottawa
Kent
Ionia
Clinton
Shiawassee
Macomb
Oakland
Livingston
Allegan
Barry
Eaton
Ingham
Wayne
Van Buren
Kalamazoo
Calhoun
Jackson
Washtenaw
Monroe
Berrien
Cass
St. Joseph
Branch
Hillsdale
Lenawee

2024 BOARD CALENDAR

JANUARY
VOTING ITEMS:
• Intent to Reimburse Resolution
• Short-term Warehouse Borrowing Resolution
DISCUSSION ITEMS:
• SFRB 2024 Series A (Fixed Rate, Non AMT)
• SFRB 2024 Series B (Fixed Rate, Taxable)

FEBRUARY
VOTING ITEMS:
• SFRB 2024 Series A (Fixed Rate, Non AMT)
• SFRB 2024 Series B (Fixed Rate, Taxable)
DISCUSSION ITEMS:
• FY 2023-2024 PHA Plan
• Multifamily Bond Deal

MARCH
VOTING ITEMS:
• FY 2023-2024 PHA Plan
DISCUSSION ITEMS:
• Quarterly Financials

APRIL
VOTING ITEMS:
DISCUSSION ITEMS:

MAY
VOTING ITEMS:
DISCUSSION ITEMS:
• 2024-25 Budget
• Quarterly Financials

JUNE
VOTING ITEMS:
• 2024-25 Budget
DISCUSSION ITEMS:
• Pass-Through Program

JULY
VOTING ITEMS:
• Pass-Through Program
DISCUSSION ITEMS:
• Multi-Family Bond Deal

AUGUST
VOTING ITEMS:
• Multi-Family Bond Deal
DISCUSSION ITEMS:
• Single-Family Bond Deal

SEPTEMBER
VOTING ITEMS:
• Single-Family Bond Deal
DISCUSSION ITEMS:

OCTOBER
VOTING ITEMS:
DISCUSSION ITEMS:
• Board Meeting Schedule for 2025

NOVEMBER
VOTING ITEMS:
• Approval of Board Meeting Schedule for 2025
DISCUSSION ITEMS:
• Audited Year-End 6/30/2024 Financials

DECEMBER
VOTING ITEMS:
DISCUSSION ITEMS: