

HUD Notice of Funding Opportunity (NOFO) and Available Match Support:

HUD recently released the [CoCBUILDS NOFO](#), \$175 million in grants for supportive housing. CoCBUILDS targets efforts to address and reduce homelessness by adding new units of supportive housing through one-time CoCBUILDS awards under the CoC (Continuum of Care) Program. HUD is encouraging CoCs to leverage these funds with other funding sources to maximize the amount of housing for people experiencing homelessness. Eligible activities include new construction, acquisition, or rehabilitation; up to 20% of an award can be used for operating and services and up to 10% for administrative costs.

MSHDA is proud to announce it will provide the required 25% match for any CoC-approved project that is successful in the NOFO, provided the project participates in MSHDA's direct lending program. MSHDA's match commitment will be void for projects that receive CoC approval but are not selected by HUD for funding. MSHDA match funding can be applied to any costs within the project.

On September 10th, CSH and MSHDA staff conducted a webinar to discuss the requirements for the MSHDA 25% match ([recording link](#)). Following are clarification points and responses to questions raised during the webinar.

Q: Can you re-iterate what it means for an applicant to be a current participant in MSHDA's direct lending programs? For the purposes of our local application process, I'd like to be able to provide clarification to potential applicants on what this means as I'm anticipating people will ask.

A: This means a project would be financed with 4% Low-Income Housing Tax Credits (LIHTC) and have a tax-exempt mortgage from MSHDA.

Q: Can a project that is already receiving MSHDA gap financing but has not yet closed, qualify for this funding?

A: MSHDA anticipates that this match will be for projects submitted in future LIHTC rounds, not current projects already in MSHDA's financing pipeline.

Q: Is the match that MSHDA is offering possible if LIHTC is not part of the MSHDA financing? As in, can the Direct Lending program only be an option in that circumstance?

A: It may be possible; however, it would result in a higher interest rate as it would be a taxable bond. The vast majority of projects that participate in MSHDA's Direct Lending program have LIHTCs.

Q: What are the mechanics of this match funding that an applicant would receive? Is it a grant they would get from MSHDA? What kind of reporting requirements would they have to MSHDA for these funds?

A: This would be a soft subordinate loan, with no specific reporting requirements from MSHDA.

Q: After the initial grant term, the grant will be renewable for on-year terms in the local CoC competition (20% operations/services component). At that time, the applicant will need to demonstrate the matching funds again. Will the MSHDA match only be good for the initial grant term or will the MSHDA match be a source of funding the applicant will receive thereafter to meet the match obligation:

A: At this time, MSHDA cannot make a firm commitment for future match. MSHDA will reevaluate in the last year of the grant and notify the CoC whether the match can be provided so that the CoC has time to request funds from other organizations, if needed.

Q: Can a project apply for Project-Base Vouchers (PBV) from MSHDA if selected by HUD via the NOFO and approved for financing by MSHDA?

A: Yes, the project may apply for PBVs if the above criteria is met. A project must be awarded funding through a competitive process by MSHDA to be considered for PBVs.

Q: What is the process for MSHDA to review a CoC proposal and provide the letter to include in the Collaborative Applicant's submission to HUD?

A: The CoC Chair or Coordinator must submit a project summary to MSHDA via mshda-hs@michigan.gov by November 1st. MSHDA staff will conduct a cursory review to ensure the project aligns with MSHDA PSH guidelines and issue a letter of commitment no later than the week of November 11th. A more detailed review will be conducted once the project is approved by HUD and applies for MSHDA financing.

The project summary must include:

- Project Name
- Points of Contact
- Project Team
- Project Location
- Total Number of units
- Total Number of PSH units
- Initial project costs to confirm 25% match needed
 - Hard costs
 - Soft costs

Q: Can a project use program income and/or land that will be used for the project to meet the 25% match requirement?

A: As this is a question specific to the NOFO and not MSHDA's 25% match opportunity, this question should be directed to HUD.

For additional questions, please contact MSHDA-RD@michigan.gov (subject line: CoCBuilds Match Question).