

MICH Q and A Responses 4/11/23

Q. Does MSHDA consider a home visitable if it has a 1 step entrance and is accessible throughout the first floor, but also has a second story? Or must the visitable house only have 1 story?

A. The house must have at least one zero entrance step. Refer to Type C, #3 bullet in the Term Sheet. The requirement is only for the first floor. We don't limit houses to only one story.

Q. If an applicant seeks funds under several different Components (for example: 5 DPA grants from Component A, 3 rental rehab grants from Component B2, and 7 grants for new infill construction from Component C), will the 51% test apply to each Component – or will the test be applied to the entire group of properties being assisted?

A. Each component is treated individually from an eligibility standpoint.

Q. Can you clarify what "direct funded awards" means?

A. Direct funded awards are funds that are awarded directly from MSHDA and are not part of the competitive funding round.

Q. Pg 2 of the "Terms Sheet" (Component B - accessibility section) states: "All renovations must contain an accessibility activity and cannot be a standalone activity". Does this mean MSHDA will not fund the installation of a handicap ramp if that is the only rehab item needed for a given household?

A. MSHDA can fund a ramp or some other accessibility component but would not fund a standalone non-accessible component (such as a roof).

Q. Will MICH-funded projects need to incorporate Prevailing Wage requirements for contractors?

A. Prevailing Wage is not a requirement for rehabilitation. For the new construction, a streamlined certification will be utilized.

Q. The Terms Sheet states that checks will be issued when work is completed. Please clarify if this means "end of all construction" or if incremental payments can be made for larger projects (such as a newly constructed house).

A. Yes, reimbursement will be provided during construction based on invoices provided to MSHDA.

Q. Can you clarify Pg 5 of the "Term Sheet" (Household Income Restriction section) says: "all funds must be used for households $\leq 300\%$ of FPG; however, page 2 of the "Notice" says "nothing $> 300\%$ of FPG is allowed except in QCTs".

A. In QCT areas, individual income targeting is not required because the QCT area is already qualified by the US Dept. of Treasury.

Q. Can houses that are currently owned be included for the B3 activity?

A. The intent is to add additional housing stock to the area, and we would look at the proposal on a case-by-case basis to evaluate why the property is sitting unoccupied at this time. The house must be in a QCT, and any conflict-of-interest issues would have to be addressed by MSHDA's Legal Division.

Q. Can any work on an existing property have taken place for the B3 activity? i.e. – could the house already have had a new roof installed and no reimbursement would be sought for expenses incurred prior to grant agreement.

A. MSHDA treats properties based on a phased approach.

Q. Can new construction (C3) be on four separate scattered sites? – If four scattered sites were proposed would MICH fund the activities associated with two of them all within the same QCT?

A. A project is site specific. In this example, we would fund only one site.

Q. Is there a sales price limit for the B3 activity?

A. MSHDA's NHID sales price cap is \$224,500 or the total development cost, whichever is less.

Q. For C3 – will the \$224,500 price be annually indexed?

A. Not for this program.

Q. Would the DEI Inclusive Design requirements for accessibility/visit ability apply to the renovation work inactivity B3?

A. Refer to Term Sheets – Rehab Accessibility Retrofit Elements, on the last page of the Term Sheet.

Q. Please provide specific criteria for "accessibility" and "visibility".

A. Refer to the Terms Sheet

Q. Is the Component C1 funding opportunity in conjunction with MSHDA Mod Permanent Program a grant or a refundable loan which must be repaid to MSHDA?

A. Grant

Q. Is the reference to "Up to 49% of the funding is limited to Tier 3" applicable to the total program funding or to an individual applicant?

A. Individual applicant. This program is designed to encourage Tier I (QCT) housing activity. Our second goal is to assist households at or below 185% of federal poverty level. We are allowing a maximum of 49% to assist households greater than 185% to 300%.

Q. If an applicant applies for Component C1 funding in a Qualified Census Tract, can the applicant also apply for NHID-DPA (Component A)? If so, is the DPA limited to \$12,350 per home?

A. For a specific project, with C1 funding, the applicant shouldn't also apply for DPA as it is already built into the award amount for C1 activities up to \$10K DPA. Applicants can apply separately for DPA, but the site cannot be tied to C1 or C2.

B1 HOMEOWNERS (Existing Homeowner Occupied Single Family Homes)

Q. If the homeowner is the entity applying for the grant, can the home be occupied by a non-rent paying occupant?

A. Homeowners cannot apply. The application is only for eligible subrecipients.

B3 OTHER (Existing vacant single-family structure- acquisition/rehab for sale, and DPA in QCT Only)

Q. If property is in QCT- would the entity need to income qualify the buyer for DPA?

A. Not required.

Q. Is the DPA funding to applying organization/entity, or is there a separate application process?

A. The application is only for subrecipients to administer on behalf of the MICH program for Components B or C.

Q. What are the reporting requirements?

A. MICH is SLFRF Dept. of Treasury federal funding and there are quarterly reporting requirements on obligations and expenditures.

Q. Is the grant a reimbursement or a draw?

A. Reimbursement based on invoices.

Q. All renovations must contain an accessibility activity and cannot be a standalone activity. Are you able to further define what would be considered an accessible activity?

A. Accessible activities are tied to rehab or new construction and rehab activities are items necessary to enhance the home and make it accessible. Refer the Term Sheet.

C1 NON-RENTAL STANDALONE SINGLE-FAMILY UNITS (MSHDA Mod)

Q. If the applying entity already has an open MSHDA Mod grant from 2021- would they qualify?

A. Each component type would be treated separately regarding additional funding, based on need.

Q. Is the grant repayable?

A. MICH funds are not repayable.

C3 NEW CONSTRUCTION OF AFFORDABLE UNITS (max sales price \$224,500) STANDALONE SINGLE-FAMILY HOMES UP TO 3 UNITS

- Q. If a non-profit wants to develop 14 manufactured advantage homes on QCT vacant lots and use Brownfield TIFF to subsidize the price – can DPA be used as a principal reduction so we can serve more homeowners at lower AMIs? Looks like the max per home would be 10k – can you please confirm?
- A. Yes, it is an eligible use of MICH funds. The purpose of DPA is to provide the buyer with assistance to reduce their 1st mortgage amount. The max per home in a QCT only would be 15,000, or Tier 2 income restriction would be imposed on the buyer.
- Q. Can MICH be combined with MSHDA'S Missing Middle Funds?
- A. MICH cannot be combined with Missing Middle Funds.
- Q. Can for-profit LLC entities qualify for MICH, or do you need to be a non-profit?
- A. Yes, LLC's can apply.
- Q. How many submissions or projects can one entity qualify for in the MICH program?
- A. One application per agency.
- Q. What constitutes "STANDALONE SINGLE-FAMILY HOMES" as specified under the NICE program (Component C)? Do **owner-occupied housing** sharing walls (i.e., rowhouse/townhouse) qualify?
- A. None of the above are eligible. The standalone single-family home cannot be attached to another home on any wall or roof. Zero lot line units are not eligible.
- Q. If the units are standalone physically and I have 3 units, what would be the allowable maximum per unit request? And, to clarify does this mean that only half of the units can use MICH funds.
- A. Calculate rounding down. In this case, 1 unit could be eligible for funding.
- Q. Can you please provide a definition for "Emerging Developer" as mentioned under subrecipient partnerships?
- A. Emerging Developer would be 0 – 3 years of experience in the housing industry.
- Q. What is the definition of "Accessibility Activity"? Will medical documentation be required for demonstrated need?
- A. The definition of accessibility activity is applicant determined but must fall into Residential Physical Assessment Scope. Medical documentation would not be required due to HIPPA. A self-attestation document will be required.
- Q. With DPA (component A) will there be Homebuyer Education/Housing Counseling component required?
- A. No, but local requirements can be stricter.

Q. Is DPA only available for use with a primary residence or can it be used to obtain a unit as a rental unit?

A. Only single-family homebuyers can access DPA.

Q. In the B2 component will there be the Landlord expectations that tenants remain in the units a certain period after the repair?

A. 12-month lease requirement – no rent increases allowed.

Q. Would landlords and homeowners have to qualify for the program by providing proof of paid property taxes, and homeowners insurance (or be willing to obtain homeowners insurance once repairs are made)?

A. Yes

Q. Will there be a list of approved lenders provided? Or will this service be considered a MSHDA loan?

A. Homebuyers can select their own lenders. This is a grant program.

Q. Can any of the new or existing tenants be receiving any type of MSHDA funded rental assistance?

A. MICH is for rehabilitation to the structure only.

Q. Statement on page 2 of the application packet: "STANDALONE SINGLE-FAMILY HOMES UP TO 3 UNITS". Does this mean we are limited to constructing only 3 SFH in our selected QCT areas (we have 2 areas selected)?

A. One agency is capped at 1 unit @ \$200,000 per owner. Can request up to \$400,000.

Q. Statement on application packet page 2: "Maximum of \$200,000 per unit up to ½ of total units constructed". Does this mean the developer's cost to construct a SFH is \$200,000?

A. May need leverage to cover all costs.

Q. If 50% of new construction must be accessible – is either "Type A" or "Type B" definitions on terms sheet acceptable or is one preferred over the other?

A. Type A refers to apartments. Type B or C is required for new construction and the remaining assisted units must be 50% visitable.

Q. Clarify the "and/or" – does this activity need to meet both requirements of being in a QCT AND the homebuyer must have a household income at/below 185% FPG? Doesn't being in a QCT automatically qualify it for DPA to any homebuyer no matter the level of household income?

A. We are giving preference to applicants serving Tier 1 and then Tier 2, then Tier 3 based on providing assistance to households in financial need.

Q. Are there any environmental review requirements attached to this grant?

A. If asbestos and lead practices are required, safety measures to protect the environment will be required.

Q. Is this a reimbursement/gap funding grant? Do we have to raise some funds and this grant fills in the rest?

A. Component A is not a standalone, it can be combined with B1 and B3. The maximum amount that can be funded for B1 and B3 is \$50,000 per unit. If B3, \$50,000 rehab funds are available and \$15,000 DPA. The only rehab and DPA that can be combined is B3. If that property needs more than \$50,000 in either of these two categories, then raising funds on your own (leverage) would be required. We will pay based on actual invoices; no funds are required up front on your own to pay the contractors. All rehab activities that are undertaken must be procured and must be cost reasonable.

Q. Examples of accessibility and visit ability measures to implement under component B?

A. Refer to the Term Sheet, titled "Rehabilitation Accessibility Retrofit Elements".

Q. What are the requirements around appraisals and bank involvement for the down payment assistance portion? Can the down payment assistance be used for a land contract?

A. DPA is to write down the cost of the 1st mortgage only. There must be a 1st position lien holder. DPA cannot be used for land contracts.

Q. Is this an interest form or the grant application?

A. This is both. This is also the agency application due on April 21, 2023. Individual application by residents for accessibility repairs will be completed through NHID's portal after grant execution.

Q. Can the grant be used to support enhancement on resident owned properties (i.e., providing services for seniors in our local community association)?

A. No, this is strictly for eligible property type identified on Page 3 of the Term Sheet. It is only for rehab or housing construction activities.

Q. Can an entity apply for more than one type of component?

A. Yes, however, Component A must be tied to Component B or C activity. Standalone components are not eligible.

Q. Is it preferred to do a separate application per each component?

A. No, an agency is only allowed one application in this Phase.

Q. If an application for one component is denied, will it impact the other application components?

A. Each application will be individually reviewed to determine eligibility and viability.

Q. The information states that the maximum per component is \$125,000. For component C, it indicates a maximum of \$200,000 per unit for ½ of the units covered.

Component Chart

Note: Minimum total # of units in A cannot exceed 10, Minimum total # of units in B or C cannot exceed 4 each

Component	Eligibility Type	Income Requirements	Maximum Level of Assistance
A (DPA) Max Request: \$125,000 (must be tied to B3 or C Activities)	QCT Area Tier 2 Household Tier 3 Household	N/A ≤ 185 $>185 - 300$	\$15,000 per property \$15,000 per property \$12,350 per property
B (Rehab) Max Request (B1 & B2): \$1,000,000	B1- N/A B2- N/A	≤ 300 FPL or QCT Area	\$50,000 per unit Max # of MICH units (20)
B (Rehab) Max Request (B3): \$260,000	B3 – unoccupied for sale post rehab	QCT Only N/A	$\$15,000 + \$50,000 = \$65,000$ DPA Rehab per unit Max # of MICH units (4)
C (New Construction) <ul style="list-style-type: none"> Max Request: \$65,000 per unit (C1 or C2) Max Request: \$260,000 	C1- MSHDA MOD Homebuyer And C2- SHRP Rental New Construction	Determined based on program requirements	$\$10,000 + \$55,000 = \$65,000$ DPA New Constr. per unit Max # of MICH units (4) or ½ of total units whichever is lesser (Rounded Down)
C (New Construction) <ul style="list-style-type: none"> Max Request: \$200,000 per unit (C3) Max Request: \$800,000 	C3- New Construction	QCT Only	$\$10,000 + \$190,000 = \$200,000$ DPA per unit New Constr. per unit Max # of MICH units (4) or ½ of total units whichever is lesser (Rounded Down) Total units cannot exceed 8

Overall the combined total of A, B and C cannot exceed maximum of \$1,000,000 and must meet the minimum of \$75,000.