

# ADDENDUM III

## Michigan's Low Income Housing Tax Credit Program Supportive Housing Set-aside

I.	Program Overview	
	A) Prior to Application.....	2
	B) General Application Information.....	2
II.	Application Process and Threshold Requirements.....	3
III.	Second Evaluation and Commitment.....	5
IV.	Scoring and Ranking.....	5
V.	ADDENDUM III – Application.....	6-13

### GUIDANCE MATERIAL:

Attachment A: Supportive Housing Definitions	14-17
Attachment B: Supportive Housing Site Selection Guidelines	18-19

## I. Program Overview

### A. Prior to Application:

- Developers are encouraged (not required) to submit an initial concept letter for review and discussion prior to submitting an application. This provides an opportunity for the developer and his/her team to receive technical assistance in conceptualizing the project and assuring that key components are included. Submission of an initial concept letter, however, does not change the applicable deadline for applications.
- Developers are strongly encouraged to have a MSHDA staff member visit the project site prior to application submission. Supportive Housing and Homeless Initiatives staff can be reached at 517-241-1609. (See MSHDA Supportive Housing Site Selection Guidelines and Definitions.)

### B. General Application Information– (see VII A of the QAP for additional information):

- **Allocation Limitations:** A single project cannot receive an allocation of more than 30% of the total set-aside. No more than 60% of the Supportive Housing Set-Aside can be allocated to a single city, village, or township, except for supportive housing projects located in Detroit, Hamtramck, or Highland Park (DHHP).
- **Minimum Use:** Projects must agree to remain low income for a minimum of 30 years but may earn additional points for longer commitment, as described in the Scoring Summary (Addendum I of the Combined Application).
- **Non-eligible Population:** Elderly-only projects are excluded from the Supportive Housing Set-Aside.
- **Operating Costs:** Project operating costs cannot exceed MSHDA standards unless a waiver is granted by the Authority.
- **Population Served:** Projects must have a minimum of 35% of the units targeted to people who meet the definitions outlined in Attachment A (i.e. persons with special needs, homeless, youth aging out of foster care, or those who are survivors of domestic violence).
- **Project Size:** Projects may not exceed 75 units in total unless a waiver is granted by the Authority. The project size limitation does not apply to projects in DHHP.
- **Service Organization Collaboration:** Developers will be required to collaborate with a local service organization(s) to assure adequate service coordination and delivery for tenants.
- **Unit Configuration:** Single Room Occupancy (SRO) is an eligible use under this category, see definition in Attachment A.
- **Project Limits:** Projects must meet the conditions designated within the Qualified Allocation Plan, unless a waiver is granted by the Authority.

## II. Application Process and Threshold Requirements:

- **Threshold Requirements:** See VII.A. of the Qualified Allocation Plan for threshold requirements which must be followed.
- **In addition:** the following Supportive Housing Set-Aside threshold requirements/exhibits are required:
  1. **Site Selection:** Project location must meet MSHDA's Supportive Housing Site Selection Criteria. (See Attachment B.)
  2. **Addendum III Application** (pages 5-12)
  3. **Letters of Support:**
    - a. Attach a letter of endorsement either from the Continuum of Care or other Community Collaborative planning group that indicates that the group has reviewed and endorsed your project plan and submission.
    - b. If the service provider is reliant on funding from other entities to sustain the services identified, attach a letter documenting support from the funder(s). (For example, if the service provider is a nonprofit organization that contracts with a local Community Mental Health Board (CMH), the CMH must provide a letter of support for the project.)

### 4. Memorandum of Understanding/Contract:

Submit written documentation (specifically, a "Memorandum of Understanding" or similar contract) between the developer, management company, and service provider(s) that outlines mutual roles and responsibilities in this project. **The MOU should incorporate the supportive services plan agreed to by the parties**, and provide:

- Proof of commitment by the service provider, including signature of the Executive Director;
- A letter of support from the primary funder of the case management and/or service coordination agency;
- Demonstration of an ongoing commitment by the developer and/or landlord to assure sustained availability of support services.

**(Please Note:** It is expected that the Executive Director or Board Chair of the service provider organization be a signatory to these agreements.)

The MOU (See Tab G for sample format) will include:

- (i.) A commitment from the local lead agency to provide, coordinate and/or act as a referral agent to assure that supportive services will be available to the targeted tenants.
- (ii.) The referral and screening process that will be used to refer tenants to the project, the screening criteria that will be used, and the willingness of all parties to negotiate reasonable accommodations to facilitate the admittance of persons with disabilities into the project.
- (iii.) A communications plan between the project management and the local lead agency that will accommodate staff turnover and assure continuing linkages between the project and the local lead agency for the duration of the compliance period.
- (iv.) Acknowledgment of the property's rent structure and a description of how Supportive Housing tenants may access rental assistance, should they require it, to afford the apartment rents.
- (v.) Certification that participation in supportive services will not be a condition of tenancy.
- (vi.) Agreement to affirmatively market to persons with disabilities.
- (vii.) Agreement to include a section on reasonable accommodation in property management's application for tenancy.
- (viii.) Agreement to accept Section 8 vouchers or certificates (or other rental assistance) as allowable income as part of property management income requirement guidelines for eligible tenants and not require total income for persons with rental assistance beyond that which is reasonably available to persons with disabilities currently receiving SSI and SSDI benefits.
- (ix.) A description of how the project will make the targeted units affordable to persons whose incomes are limited to those from a disability-based source.

Projects will be regularly monitored by MSHDA's Supportive Housing Division to determine the percentage of units occupied by Supportive Housing Tenants.

5. **Service Coordination Plan:** On-site service coordination must be available to all supportive housing tenants. This may be provided through the partnership with the local service organizations, but it is recommended that the following schedule serve as a minimum standard.
  - a. One day per week – projects of 30 units or less
  - b. Two days per week – projects 30-60 units
  - c. Three days per week – projects 60-75 units
6. **Minimum 35% of total units are Supportive Housing units.** Additional points may be earned for having more than 75% Supportive Housing units. Manager units count neither toward total units nor Supportive Housing units for calculating percentages.
7. **Underwriting Requirements:** Proposals with a MSHDA HOME Loan planned are required to follow MSHDA's Direct Lending program underwriting parameters. Therefore, projects being awarded a tax credit reservation will be required to submit a second copy of their tax credit application for underwriting purposes.

8. **Other Requirements:** Proposals applying for MSHDA Project Based Voucher (PBV) Assistance will be required to meet the PBV processing requirements.

### **III. Second Evaluation and Commitment:**

See Section XII of the QAP.

### **IV. Scoring and Ranking:**

Projects submitted under the Supportive Housing Set-Aside will be scored and ranked according to the scoring criteria outlined in the Addendum I and will be required to meet all of requirements contained in Addendum I and the QAP, as well as the requirements contained in this Addendum III.

1. MSHDA will award credits to the highest-scoring projects meeting all threshold requirements. In addition, MSHDA will select projects to meet three target percentages in each of three categories. Target percentages are not quotas, categories may overlap, and MSHDA will exercise its discretion to award credits efficiently. The target percentages are:
  - A. 50% for projects serving single adults who meet HUD's definition of Chronically Homeless;
  - B. 50% for projects serving tenants that meet the definition of Special Needs, Homeless, Domestic Violence Survivor, Consumer of Mental Health Services or profoundly deaf.
  - C. 20% for projects in DHHP.
2. Credits not allocated under the Supportive Housing set-aside will be reallocated to the general pool.

## V. ADDENDUM III – Application for Supportive Housing

Complete the application using the format and guidelines provided. In order to be considered for funding the application must include concise information in the requested format.

### A. Project Description:

Total Number of Units in the Development: \_\_\_\_\_

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom

Total Number of Units Targeted for Supportive Housing: \_\_\_\_\_

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom

Total Number of Units that will be barrier free: \_\_\_\_\_

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom

***Describe how your project meets the Supportive Housing Site Selection Guidelines***

***The project will include the following amenities:***

### B. Proposed Rents:

Unless required by other government subsidy or regulation, units need not be targeted below the LIHTC income requirements (either 60% of AMI or 50% of AMI) except if an Applicant chooses to do so for purposes of receiving Low Income Targeting points under Section C.3. of the Scoring Summary found in Addendum I. MSHDA anticipates that most if not all supportive housing units will require additional subsidy to serve their intended residents—such subsidy will be in addition to the subsidy required for LIHTC affordability.

Please list:

- Total number of units
- Total number of supportive housing units
- Rent levels for each unit type, by bedroom size
- Proposed income restrictions
- Additional subsidy attached or to be attached to any units

**Attachments:**

Provide the following:

- Attach pages 1 - 12 of the Primary Application (provides descriptive information of your project.)**  
(Page 10 outlines rent levels.) Be sure to clearly identify the proposed rents for the units targeted to supportive housing tenants.

**C. Partners Organizational History:**

**1. Supportive Service Provider(s) Identification Information:**

<b>Lead Organization</b>	
Primary Address	
Contact Person	
Contact Phone	
Contact Fax	
Contact Email	
Executive Director	

<b>Organization</b>	
Primary Address	
Contact Person	
Contact Phone	
Contact Fax	
Contact Email	
Executive Director	

<b>Organization</b>	
Primary Address	
Contact Person	
Contact Phone	
Contact Fax	
Contact Email	
Executive Director	

<b>Organization</b>	
Primary Address	
Contact Person	
Contact Phone	
Contact Fax	
Contact Email	
Executive Director	

	<b>2. Supportive Service Provider(s) Experience</b>
--	---

*Describe each service partners experience relevant to this application, including the following:*

- Prior experience (including the number of years) working with the targeted supportive housing population;
- Sources of funding dedicated to the services outlined in the Supportive Service Plan.

Org1
------

Org2
------

Org3
------

Org4
------

	<b>3. Owner Identification:</b>
--	---------------------------------

**Organization**  
 Primary Address  
 Contact Person  
 Contact Phone  
 Contact Fax  
 Contact Email  
 President/CEO


	<b>4. Owners Experience</b>
--	-----------------------------

Describe the owner's experience relevant to this application in the space provided, including the following:

- Prior experience developing or owning tax credit properties;
- Prior experience providing housing to tenants of supportive housing.

**5. Property Management Company Identification Information:**

**Organization**

Primary Address

Contact Person

Contact Phone

Contact Fax

Contact Email

President/CEO


**6. Property Management Experience**

*Describe the property manager's experience relevant to this application in the space provided, including the following:*

- Prior experience managing tax credit properties;
- Prior experience in managing properties that have supportive housing units.

--

**D. Supportive Services Plan:**

*Only **one** specific and comprehensive plan should be submitted, regardless of the nature of the tenants targeted for the supportive housing units. (If you are proposing to serve diverse populations (i.e. individuals with mental illness, developmental disabilities, homeless), you must address the service distinctions designed to meet their unique needs.)*

**1. Provide a brief description of the population(s) targeted for the Supportive Housing Units.**

<b>Targeted Populations:</b>
------------------------------

2. **Describe the proposed services:** Include a description of how the project will meet the needs of the targeted tenants including access to supportive services, transportation, proximity to community amenities, etc.

**Narrative description of services to be offered:**

**How services will be coordinated? :** Include a description of the experience of the local lead agency and their capacity to provide access to supportive services, and to maintain relationships with the management agent and community service providers for the duration of the compliance period.

**How services will be funded? :**

**Service location (on site or in the community):**

### 3. SUPPORTIVE SERVICES COMMITMENT

Please list *only* the services that are made available to tenants of this project. Please do not list every service generally available in a community. If service is not available, enter “none”.

<b>Service Type</b>	<b>Name of Agency Providing Service Must sign MOU</b>	<b>Name of Agency Funding Services Must provide Letter of Support</b>
<b>CASE MANAGEMENT SERVICE COORDINATION</b>		
<b>Tenant Stabilization</b> – Assist tenants to care for their apartment, ADL’s, get along with neighbors, landlord, etc.		
<b>Building Support Systems</b> – Assist tenants to re-engage with local community.		
<b>Basic Needs</b> – Assist tenants to obtain resources (food, clothing, transportation, etc).		
<b>Benefit Assistance</b> - Provide on-going support including referrals, assistance obtaining benefits, linkages with services, “whatever it takes”.		
<b>Employment Related Services</b>		
<b>OTHER ESSENTIAL SERVICES</b>		
<b>Mental Health</b> – ACT, counseling, therapy, medications and medication management.		
<b>Substance Abuse Services</b> – Outpatient treatment, self-help options, and counseling.		
<b>HIV/AIDS</b> – Specialized health care.		
<b>Legal Services</b> – Related to civil arrears, family law, uncollected benefits.		
<b>Veteran Services</b>		
<b>Domestic Violence Counseling</b>		
<b>School Related Services</b>		
<b>Child Care</b>		
<b>Other</b>		

**E. Summary of How the Project is “grounded” in Community Collaboration:**

It is the desire and intent that supportive housing projects NOT occur in isolation or without the knowledge and support of the community in which the development is proposed.

1. How does this project support the local Ten Year Plan to End Homelessness? **Do not attach a copy of the Ten Year Plan as evidence of this collaboration.**

2. If this project is **NOT** related to the local Ten Year Plan to End Homelessness, discuss how it is grounded in any other relevant collaborative community strategy or plan.

**F. Memorandum of Understanding/Contract:**

Attach written documentation as described under the Addendum III threshold requirements, Section II 4.

## ATTACHMENT A

### DEFINITIONS

#### ELIGIBLE SUPPORTIVE HOUSING TENANTS SUPPORTIVE SERVICE PLAN SINGLE ROOM OCCUPANCY (SRO)

Please review the following definitions before completing a service plan for Supportive Housing Tenants. This is relevant when applying for any MSHDA program, including HOME or Low Income Housing Tax Credits. ***To be eligible for funding, the entire housing development must be open and available to adult persons of all ages.***

#### A. Eligible Special Supportive Housing Tenants

Under the Low Income Housing Tax Credit program eligible supportive housing tenants must meet one of the following definitions (special need, homeless, domestic violence survivor, chronically homeless, youth aging out of foster care or homeless).

**Special Need** – A person (prospective tenant) with special needs must be the adult member of the household and meet the criteria in both categories below, **or** the person is a recipient of SSI/SSDI. The tenant must have:

1. A describable “special need condition”, defined as a physical (including profound deafness and legally blind), mental or emotional impairment that is of long-term duration, **and**
2. At the same time, the tenant must have a *substantial and sustained* need for supportive services in order to successfully live independently. In order to meet the “special needs definition,” tenants must require assistance in at least **two** life-skill areas, such as:
  - The ability to independently meet personal care needs;
  - Economic self-sufficiency (capacity for sustained and successful functioning in vocational, learning or employment contexts);
  - Use of language (ability to effectively understand, be understood and handle communication as needed on a daily and ongoing basis);
  - Instrumental living skills (managing money, getting around in the community, grocery shopping, complying with prescription requirements, meal planning and preparation, mobility, etc.), or
  - Self-direction (making decisions/choices about one’s day-to-day activities and regarding one’s future)

**Homeless**<sup>1</sup> – A person/prospective household must meet the following definition of homeless to qualify. The tenant must:

Lack a fixed, regular, and adequate nighttime residence, with **priority** given to those living in:

- A publicly or privately operated shelter and/or transitional facility designed to provide temporary living accommodations (including those being assisted with hotel vouchers);
- A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (including living on the streets, in a state park, or automobile);
- An institution that provides a temporary residence for individuals intended to be institutionalized;

**Domestic Violence Survivor - Domestic Violence (DV) / Intimate Partner Violence (IPV)**

- “Domestic Violence” means the occurrence of any of the following acts by a person that is not an act of self-defense:
  - Causing or attempting to cause physical or mental harm to an intimate partner;
  - Placing an intimate partner in fear of physical or mental harm;
  - Causing or attempting to cause an intimate partner to engage in involuntary sexual activity by force, threat of force, or duress;
  - Engaging in activity toward an intimate partner that would cause a reasonable person to feel terrorized, frightened, intimidated, threatened, harassed, or molested.
- “Intimate Partner” includes any of the following:
  - A spouse or former spouse;
  - An individual with whom the person has or has had a dating relationship;
  - An individual with whom the person is or has engaged in a sexual relationship;
  - An individual with whom the person has a child in common.

**Chronically Homeless**<sup>1</sup> - A chronically homeless person is an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. To be considered chronically homeless, persons must have been sleeping in a place not meant for human habitation or in an emergency shelter during that time.

**Youth Aging out of Foster Care or Homeless** – Children aging out of foster care include youth who are placed in a foster care placement (includes Juvenile Justice wards who are in

---

<sup>1</sup> At the time this document was issued, HUD’s definition of Homeless pursuant to the HEARTH Act of 2009 had not yet been finalized. Upon final approval and enactment of HUD’s Homeless definition, the HUD definition of Homeless and Chronically Homeless will replace the definitions shown here and go immediately into effect, and MSHDA will adjust its definitions of Homeless and Chronically Homeless accordingly to agree with the HUD definition.

a foster care setting) at the age of 18 or older when their foster care case closes. Foster care placements include:

- Licensed foster family homes
- Relative provider homes
- Group Homes
- Emergency Shelters
- Residential Facilities
- Child Care Institutions
- Pre-adoptive Placements
- Independent Living Placements

Youth is defined as someone (between the ages of 18 and 24) or a legally emancipated minor. This includes youth that are homeless, have runaway, aged out of the foster care system, and/or exited the juvenile justice system.

## **B. Supportive Services Plan**

For a project to be eligible for tax credit supportive housing points or HOME funds, the proposal must include a plan for the provision of a *substantial level of services targeted* to the supportive housing units. The services must include those that are essential for supportive housing tenants to *sustain* themselves in permanent housing.

The project must be an on-going active collaboration between the owner, management company, and identified supportive service provider(s). The formulation of this relationship, along with a commitment to sustain the agreed upon services over a period of time, must be agreed to *by the collaborators and incorporated into a written "Memorandum of Understanding."*

The supportive services plan should outline and specify the following:

- Conditions which would qualify the proposed tenant(s) for the supportive housing units;
- Expected life-skills areas for which supportive services are likely to be required;
- The supportive services to be provided. **Participation in supportive services must be voluntary.**
- How service coordination will be provided.

Tenants' must have the option to receive service coordination on-site. For the purpose of meeting this requirement, *service coordination* shall be available in a form that contains the following elements:

- a. An individual assessment of service needs and life goals will be completed with the full participation of each tenant and others of their choosing.
- b. A plan will be developed in response to each tenant's assessment, which will include long and short-range goals, with specific steps to achieve them. Principles of person centered planning and self-determination will be incorporated into the planning process.
- c. Service coordination will include advocacy, brokering, linking and monitoring of support services detailed in each tenant's plan.
- d. Service coordinators will help tenants gain access to entitlements, financial

assistance programs, and legal representation, in accordance with the tenant's plan.

- e. A re-assessment, and revision of each tenant's plan, will be completed on at least an annual basis. Copies of that plan and annual update will be placed in each tenant's file.
- f. Tenants shall have a designated individual or team responsible for the coordination of services.
- g. Emphasis shall be placed on tenant empowerment and the development of natural/community supports.

**C. Single Room Occupancy (SRO)**

A residential property that includes multiple efficiency dwelling units. Each unit is for occupancy by a single eligible individual. The dwelling unit must contain private sanitary facilities and an appropriate food preparation area which includes sink, microwave, refrigerator, and counter for food preparation.

## ATTACHMENT B

### MSHDA SUPPORTIVE HOUSING SITE SELECTION GUIDELINES

The following is provided as guidance in site selection for supportive housing projects.

The application must include:

- HOME Environmental Checklist, see Tab T

**Residential Character:** Sites must be appropriate for residential use. Surrounding residential property values should be stable or increasing, unless the site is part of a local community effort for improvement or rehabilitation. Areas impacted by high concentrations of very low-income housing that is deteriorating or in jeopardy of deterioration should be avoided. Areas already impacted by high concentrations of housing for people with special needs should also be avoided.

The site must offer a wide variety of social, commercial and health facilities that are similar to those found in a neighborhood of primarily unassisted housing of a similar nature. Sites should allow for a visually proud orientation of the housing to the street and neighborhood. Easy and safe ingress and egress should be available by vehicle and by foot or wheelchair. Good signage, lighting and landscaping features should be incorporated to establish a pleasing and noticeable residential presence. Surrounding uses when viewed from the site itself should be well maintained and aesthetically pleasing.

**Site Utilities:** Site utilities, adequate water, sewer, storm drainage, electricity, telephone, and natural gas service, should be available. Underground utility service is preferable. Parcels requiring extension of off-site utility lines may be considered.

**Frontage:** Sites should have frontage on a paved public street and provide good accessibility. Public improvements should be available including paved roads, sidewalks, curbs and gutters, street lighting, storm drains and fire hydrants. In situations involving private drives, shared roads, grounds or utility access, maintenance agreements must be in place for equitable sharing of the cost of mowing, plowing, maintaining and replacing shared facilities. Sites should have easy and safe ingress and egress.

**Public Transportation and Community Resources:** Good access should be available to public transportation and community resources such as grocery shopping, pharmacy, bank, employment, religious and education institutions as well as medical and social services and community parks or recreational activities the proposed occupants will be most likely to use. Access routes by foot, bicycle or wheelchair should be available or developed wherever possible. Where public transportation or accessible routes are not available, the proposal should include site based transportation services.

**Reasonable Size and Configuration:** Shape, size, soil conditions and contours of the site should allow for flexibility in building location and orientation and permit professional site planning, circulation, parking, and open space. Sites should neither be too small nor include excessive acreage. Property should generally be between .25 and 3 acres in size depending on the number of units proposed. Existing ground contours should not require excessive grade or fill to accommodate ramping (preferably without the need for handrails) and the use of

wheelchairs. Space must be available for fire safety equipment, waste removal and bus or van access where applicable. The proposed development should be proportionate to current and proposed adjacent land uses. Soil conditions must be suitable to support the proposed improvements and allow for appropriate drainage.

**Relocation Costs:** Proposals involving federal funds for occupied sites should involve no permanent relocation. Funding for relocation cost is generally not available from MSHDA, although proposals involving temporary relocation with minimal cost may be considered on a case-by-case basis. Please consult with MSHDA staff before proposing a site involving relocation and before signing an option or offer to purchase a proposed site.

**No Negative Environmental Issues** – Sites should exhibit no obvious negative environmental influences, which cannot be corrected or acceptably mitigated. Environmental impacts include, but are not limited to: excessive noise or physical hazard from railroad, vehicular, or air traffic; high tension power lines or high pressure natural gas transmission lines; sanitary landfills or salvage yards; sewage treatment plants; stored hazardous materials on or near the sites; buried or spilled hazardous wastes; operating oil wells; mine shafts; gravel pits; wetland designation; and prime agricultural soils classification.

The Authority will not finance projects to be located in a 100-year flood plain unless all necessary governmental approvals are obtained and all buildings, parking areas, and pedestrian and vehicular ingress and egress will be elevated at least one foot above the flood plain elevation when the project is finished.

Other environmental factors to consider include wetlands, Great Lakes, wild and scenic rivers, prime agricultural soils, historic districts, and lead based paint. Environmental clearance procedures vary depending upon whether the proposal involves new construction or rehabilitation, the use of federal funds, and occupancy by children. Before selecting a site, please contact MSHDA supportive housing staff at 517 241-1609. See Tab D and Tab T of the Combined Application for Rental Housing, and/or refer to MSHDA's Phase I requirements at [www.michigan.gov/mshda](http://www.michigan.gov/mshda).

### **PBV Site Selection**

In addition to the MSHDA Supportive Housing Site Selection Guidelines and Definitions above, if the proposal is planning the use of Project Based Vouchers (PBVs) it must demonstrate that it is in a census tract showing expanded housing opportunities. Consideration of all the following factors will be given at the time of project selection, but the project must meet a minimum of two before an award will be made. The census tract area must:

- Be located in or adjacent to a HUD designated Enterprise Zone, Economic Community, or Renewal Community;
- Be undergoing significant revitalization;
- Be receiving or has received significant investment of state, local, or federal dollars;
- Have new market rate units being developed in the area and those market rate units will positively impact the poverty rate in the area;
- Have seen a decline in the overall poverty rate in the last 5 years, if the poverty rate is more 20%; or,
- The local government will provide PILOT/tax abatement;
- Has a homeless population that exceeds shelter bed capacity; or
- Have meaningful opportunities for educational or economic advancement.