



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

EARL J. POLESKI  
EXECUTIVE DIRECTOR

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**MEMORANDUM**

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**DATE:** JANUARY 14, 2019  
**TO:** INTERESTED PARTIES  
**FROM:** CHAD BENSON, LIHTC ALLOCATIONS MANAGER  
**SUBJECT:** LIHTC PROGRAM INFORMATION

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This memo is intended to provide potential applicants and stakeholders interested in Michigan's Low-Income Housing Tax Credit ("LIHTC") program with helpful items to keep in mind when assembling an application for the upcoming April 1, 2019 LIHTC Funding Round. Below is a list of areas that were commonly noted by LIHTC staff in their review of the October 1, 2018 Funding Round, and which LIHTC staff thought future applicants may be able to benefit from taking a closer look at.

As always, please feel free to call or e-mail LIHTC staff with any specific questions that you may have.

AFFORDABLE/MARKET RENT DIFFERENTIAL

Please submit up to 3 comparable market-rate properties as a part of the market study request, which is due January 15, 2019. The comparable market-rate properties must be within ¼ mile of the proposed project and must have 20 or more units to be considered. Applicants are encouraged to submit 3 comparable properties to allow for greater likelihood of achieving these points. For example, if the proposed development has two-bedroom and three-bedroom units, you may be able to achieve Affordable/Market Rent Differential points by using the two-bedroom units from one comparable market-rate property and the three-bedroom units from a different comparable market-rate property.

PREVIOUS EXPERIENCE

For projects with more than one General Partner/Sponsor or more than one Management Agent, it is imperative to include a Joint Venture Agreement (or a similar agreement that meets the requirements outlined in Section C.1 and Section C.2 of the Scoring Criteria, as applicable). This agreement should outline the ownership percentages of each entity, the pre-construction and post-construction roles and responsibilities of each entity, the fee allocation between the entities, and should specifically include language that allows MSHDA the right to approve any changes to the entities specified in the agreement. The agreement should also be for a term that covers at least the entire LIHTC compliance period. Without this document, we are unable to award points under the Previous

Experience of GP/Member or Previous Experience of Management Agent section of the Scoring Criteria to any partner.

Please note that any GP/Member submitting for points must both certify their experience (certification forms can be found in Addendum I) and fill out the Experience Form located under Tab L of MSHDA's Combined Application.

The cut-off date for tier 1 in Section C.1 of the Scoring Criteria (Previous Experience of GP/Member) is the funding round due date. Any 8609 forms released after that date will not apply toward tier 1 points. Also, please note that per Section C.1 of the Scoring Criteria, projects counted in tier 1 cannot be counted again in tier 3.

### DISTANCES

For point items involving distance (Proximity to Transportation, Proximity to Amenities, Opportunity 360, Walk Scores, Employment Centers, etc.) the MSHDA evaluation does not measure based on the driving distance. The MSHDA evaluation measures all distances based on the shortest line between two points using Google Maps (this option is available under a right-click on the map). Distances are measured from the property line of the proposed development to the property line of the proposed amenity, census tract, or the geographical coordinate, as applicable. Please contact LIHTC staff if there are further questions in this area.

### PROXIMITY TO AMENITIES

While a maximum of 12 points can be earned in Section A.2 Proximity to Amenities by qualifying for at least four of the five possible amenities, we highly encourage applicants to submit documentation for all five amenities, if possible. If five different types of amenities are submitted and the LIHTC review finds one amenity that is not eligible, the application may still be eligible for the full 12 points based on the other four amenities.

Please note that in order to meet the minimum requirements to qualify as a Full-Service Grocery store, evidence must be submitted documenting the availability of all items listed in Section A.2 of the Scoring Criteria. This can be achieved through photographs, an advertisement, a link to a website, etc. Additionally, points will not be awarded to a family development for being near a senior center, or an elderly development for being near a public school. Please also check the doctor's office you use as points will not be awarded for specialists who are not in general practice.

### TAX ABATEMENT

MSHDA requires that all tax abatement submissions have contractual effect language in order to ensure that the tax abatement will remain in place for a minimum of the 15-year LIHTC Compliance Period. Please see the model ordinance (Tab A of the Combined Application) and feel free to contact MSHDA staff with any questions.

### NEIGHBORHOOD INVESTMENT ACTIVITY AREAS

As always, please be sure to include as much documentation as possible to help support the investments that are submitted as part of the Neighborhood Investment Activity Area exhibit. This can include news articles or press releases surrounding developments that have been completed or are planned to be completed. Additionally, it is helpful to LIHTC staff if the letter from the local government specifically calls out the significant investments that have been completed or are planned to be completed and labels them as private or public investments with the corresponding investment amounts.

### DEVELOPMENTS IN OPPORTUNITY ZONES OR RISING TIDE COMMUNITIES

Please be sure to double-check whether the proposed development is located in an Opportunity Zone or Rising Tide Community and would qualify for points in Section A.8 of the Scoring Criteria. There is an interactive map on the MSHDA website that can assist with locating the census tracts that are designated as Opportunity Zones in Michigan.

### QUESTIONS

If you have any questions regarding any of the above items or general questions related to the April 2019 funding round, please contact LIHTC staff at (517) 373-6007.