
COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY

MULTIFAMILY HOUSING PROGRAM (MHP) NOTICE OF FUNDING AVAILABILITY (NOFA)

For eligible activities administered by the Michigan Economic Development Corporation (MEDC)
on behalf of the Michigan Strategic Fund (MSF)



**MICHIGAN
ECONOMIC**
DEVELOPMENT
CORPORATION

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FUNDING OPPORTUNITY

On behalf of Michigan Strategic Fund (MSF), the Michigan Economic Development Corporation (MEDC) announces the availability of **\$7,918,400 million** in funding to be awarded to local units of government (i.e., counties, cities, and townships) under its Multifamily Housing Program (MHP) for the creation of multifamily affordable rental housing. Eligible activities under this Notice of Funding Availability (NOFA) are limited to the new construction, substantial rehabilitation, and reconstruction of affordable rental units within the counties of Gladwin, Midland, and Saginaw which have been identified by the U.S. Department of Housing and Urban Development (HUD) as Most Impacted and Distressed (MIDs) areas. MHP projects must be a minimum of 5 units and will serve households earning at or below 80% of the Area Media Income (AMI) for each respective county; mixed income projects with a majority of the units serving 30%, 50%, 60% AMI households are encouraged.

Community Development Block Grant-Disaster Recovery (CDBG-DR) funding will be used for the creation of the multifamily rental projects. The **minimum award is \$1,000,000** and the **maximum award is \$3,500,000 million**. The most competitive projects will be presented to MEDC's selection committee for review and approval. MEDC reserves the right to award above or below these thresholds.

The deadline for submitting applications is 5:00 P.M. on March 13, 2025. Applications will be reviewed for compliance, meeting threshold requirements, and evaluated in accordance with the established Evaluation and Scoring Criteria. All inquiries related to this NOFA must be submitted by email to cdbg@michigan.org by 5:00 P.M. on January 13, 2025. MEDC reserves the right to request additional information and/or reject any or all applications.

PROGRAM INFORMATION

HUD allocated \$59,898,000 in CDBG-DR funds to the State of Michigan in response to 2020 severe storms and flooding (DR- 4547) through FR-6303-N-01 (Allocation Notice). The allocation was made available through the Disaster Relief Supplemental Appropriations Act of 2022 for major disasters occurring in 2020. To meet disaster recovery needs, the statutes making CDBG-DR funds available have imposed additional requirements and authorized HUD to modify the rules that apply to the annual CDBG program to enhance flexibility and allow for a quicker recovery. These CDBG-DR funds are for necessary expenses for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code [U.S.C.] 5301 et seq.) (HCDA) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the MID areas resulting from a qualifying major disaster in 2020.

APPLICATION INFORMATION

The application window will be open for approximately 90 days, closing on March 13, 2025 at 5:00 p.m. Prior to each application window, applicants must review materials posted with the announcement. A copy of the full application is available at <https://www.miplace.org/cdbg-dr/>. MEDC will provide applicants with guidance on how to complete and submit the application through MEDC held Office Hours posted on the website.

PROPOSAL SUBMISSIONS PROCESS

MEDC developed a comprehensive process to evaluate responses to this NOFA against specific evaluation criteria. The steps in the submission and evaluation process are:

1. Applicants must submit one (1) original printed version of the proposal and required attachments by email. Applications must be complete, include sufficient information to allow the comprehensive review and analysis of the proposed project, and must be accompanied by sufficient supporting documentation via the submittal requirements.
2. MEDC will evaluate project proposals in accordance with the established Evaluation and Scoring Criteria.
3. Applicants will be ranked in accordance with the score received using the Evaluation and Scoring Criteria.
4. Applicants will be notified of the results of the evaluation no later than 60 days after the close of the application period.
5. The top scoring application(s) will be presented to the MEDC selection committee for review and approval.
6. Applications shall be submitted to cdbg@michigan.org.

THRESHOLD REQUIREMENTS

MEDC will conduct an application evaluation (threshold criteria) which will determine whether the application is complete and if the applicant and project are eligible for funding. This phase is unscored. MEDC will review only advance applications that meet the threshold criteria listed below to the technical scoring process:

- **Eligible Activity** - New construction, substantial rehabilitation or reconstruction of affordable rental units
- **Eligible Applicant** - Applicant must be a unit of local government.
- **Tie-Back to Disaster** - The project addresses an unmet need following the qualifying disaster.
- **Eligible Location** - Project benefits HUD-identified MID Areas.
- **Meets National Objective** - Low Moderate Housing (LMH) or Urgent Need (UN)
- **Minimum Development Size** - The developments must be comprised of at least five (5) residential rental units.
- **Eligible Project Type** - Projects must be multifamily, new construction, substantial rehabilitation or reconstruction of one of the following development types:
 - Family Housing
 - Elderly Housing
 - Special Needs/Vulnerable Populations
 - Supportive Housing/Permanent Supportive Housing (PSH)
- **Commitment to Minimum Building Standards** - Projects incorporate the following:
 - Green and Resilient
 - Broadband, where feasible
 - Energy Efficient
- **Local Support** - The proposed project demonstrates the support of the jurisdiction and other jurisdictions within the proposed development's sphere of influence, where applicable.
- **Application** - Submission is timely and complete with supporting documentation.

RENT AND INCOME LIMITATIONS

The operating budget/pro forma must be the maximum monthly rent (which includes the tenant-paid portion of the rent and the Utility Allowance) charged for qualifying, rent-restricted units, occupied by Low- to

Moderate-Income Households and set at levels that are affordable to Low- to Moderate-Income Households, in accordance with rent and income limits published annually.

Such maximum monthly rent shall not exceed the higher of:

- (a) Fair Market Rents (as defined under 24 C.F.R. 92.252 et seq.), as amended; as determined by HUD; and as published on an annual basis with adjustment for family size); or,
- (b) exception rents allowed by HUD on project-based Section 8 properties pursuant to 24 C.F.R. Part 252(b)(2), as amended.

Additionally, maximum monthly rent (which includes the tenant-paid portion of the rent and the Utility Allowance) charged for units occupied by Extremely Low-Income Households must be set at levels that are affordable to Extremely Low-Income Households and shall not exceed the thirty percent (30%) maximum-rent limits determined by HUD and published on an annual basis with adjustment for family size.

PROGRAM LIMITS

MEDC has elected to use CDBG income, rent, and subsidy limits for the implementation of the MHP Program, below are the current limits.

Maximum Initial Income limits

30% Income Limits								
	1	2	3	4	5	6	7	8
Gladwin	16,750	20,440	25,820	31,200	36,580	41,960	47,340	52,550
Midland	20,900	23,900	26,900	32,200	36,580	41,960	47,340	52,720
Saginaw	16,750	20,440	25,820	31,200	36,580	41,960	47,340	52,550
50% Income Limits								
	1	2	3	4	5	6	7	8
Gladwin	27,900	31,850	35,850	39,800	43,000	46,200	49,400	52,500
Midland	34,850	39,800	44,800	49,750	53,750	57,750	61,700	65,700
Saginaw	27,900	31,850	35,850	39,800	43,000	46,200	49,400	52,550
60% Income Limits								
	1	2	3	4	5	6	7	8
Gladwin	33,480	38,220	43,020	47,750	51,600	55,440	59,280	63,060
Midland	41,820	47,760	53,760	59,700	64,500	69,300	74,040	78,840
Saginaw	42,400	48,450	54,500	60,550	65,400	70,250	75,100	79,950
80% Income Limits								
	1	2	3	4	5	6	7	8
Gladwin	44,600	51,000	57,350	63,700	68,800	73,900	79,000	84,100
Midland	55,760	63,680	71,650	79,600	86,000	92,350	98,750	105,100
Saginaw	44,600	51,000	57,350	63,700	68,800	73,900	79,000	84,100

Effective May 15, 2024. Source: 30%, 50%, 80% limits HUD; 60% limits MSHDA

Maximum Rent Limits

Final FY 2024 FMR Limits by Unit Size/Bedrooms					
County	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Gladwin	613	689	905	1,275	1,338
Midland	814	820	1,074	1,409	1,439
Saginaw	681	746	1,004	1,295	1,337

Effective: June 1, 2024, Source: HUD

Subsidy Limits

The amount of CDBG-DR grant funds that may be contributed to an assisted project may not exceed the per unit subsidy limit, adjusted annually, established by HUD for the CDBG Program. If HUD has issued a regional per-unit subsidy increase, the alternative subsidy amount may be used, up to 240 percent of the Fair Market Rent limit. The current subsidy limits are:

MEDC CDBG-DR Program Subsidy Limits

NEW CONSTRUCTION SUBSIDY LIMITS PER UNIT SIZE				
0 BR	1 BR	2BR	3BR	4BR
\$140,107	\$160,615	\$195,305	\$252,662	\$277,344

REHABILITATION SUBSIDY LIMITS
Per Unit
Total MHP project support shall not average over \$15,000 per unit included in the project

SUBMITTAL REQUIREMENTS

Application

The application must be fully completed, in the following manner:

- **Section 1 – Applicant Information**

This section must be completed by the unit of local government (i.e., county, city, township etc.) that is applying for the funding.

- **Section 2 – Project/Development Team Information**

This section of the application includes:

- **PROJECT INFORMATION**

- ***Project Characteristics***

Provide a detailed project description of project location with a high-level overview of the financing plan/strategy. Ensure to identify and document the project's tie-back to the 2020 Severe Storm Disaster. Ensure to identify the Most Impacted Distressed (MID) area(s) that the project will serve. Demonstrate how the project will address the identified unmet needs. Identify the national objective(s) the project will meet, the populations that will be served, the unit/affordability mix, project amenities, and proximity to community amenities (i.e., schools, parks, libraries, medical facilities, pharmacies, supermarkets, stores, etc.).

- ***Site Control***

Indicate status of site control and provide supporting documentation to demonstrate such control. Acceptable documentation can include a recorded grant/warranty deed, executed purchase and sale agreement, option agreement, ground lease, etc.

- ***Property Valuation***

Include a real estate appraisal not more than 180 days old or a current property tax assessment to demonstrate current valuation of land.

- ***Project Budget Details and Sources and Uses of Funds***

Provide an overview summary of the project budget identifying financing gap and a list of the sources and type of funding. The details of both will be provided in the Excel Proforma workbook.

- ***Location Map/Site Plan***

Provide an aerial project location map, flood map, site plan, and site photos. Please provide a map that indicates project proximity to community amenities listed in the project description.

- ***Local Government and Community Support***

Provide letters of support from local governmental entities and community organizations located and operating within the sphere of influence with direct and indirect impacts from the proposed project. The letters of support must be in addition to the support that is rendered by the jurisdictional Applicant.

- **DEVELOPMENT TEAM INFORMATION**

Identify all agencies to be involved in the development and implementation of the project. Please be as comprehensive as possible. If key members of the development are identified at the time of the application such as If known, identify the lenders, attorneys, accountants, architects, engineers, general contractor, subcontractors, and consultants, please include them in the application. If there are key roles that are outstanding, please indicate such and the stage of procuring or securing the disciplines/services.

- ***Development Team Experience***

Provide narrative of the respective team members' experience including a description of projects that are of similar size, scope, complexity, budget, affordability mix, diversity of funds (i.e., public, private, etc.), target population(s) served, etc.

- **Ownership Entity Information**

Provide a breakdown of ownership of the development entity of the project. Provide an organizational chart of the partnership including General Partner, Limited Partner, Managing Partner, Property Manager. If the project will be receiving an allocation of tax credits, include the equity partner in the organization chart.

- **Fiscal Capacity**

Provide audited financial statements for the development team for the past three (3) years. Provide audited financial statements for the development team for the past three (3) years. If financial statements are consolidated with those of a parent or holding company, they must contain sufficient detail to enable a review of the development team's financial data separate from the other/parent company. If audited financial statements are not available the development team must use current financial records (i.e., operating statements, balance sheets, operating budget, reserve accounts, etc.) to demonstrative fiscal solvency and capacity to develop and operate the project on a long-term basis.

- **Credit References**

One to two professional references from another creditor or a financial institution such as a bank, credit union, Community Development Funding Institutions (CFDI), etc., attesting to credit relationships and credit worthiness.

- **Excel Proforma Workbook**

Complete the Excel proforma workbook that will be used to analyze the fiscal viability of the project as well as determine the funding needs. The Excel workbook includes details pertaining to:

- Total Development Costs;
- Sources and Uses;
- Pro Forma/Cashflow (i.e., income, expenses, debt, net operating income, etc.);
- Subsidy Calculations

- **Section 3 – Required Attachments**

Complete the list of required documents related to the following:

- Applicant Documents
- Project Documents
- Development Team Documents

EVALUATION AND SCORING CRITERIA

Projects will be reviewed competitively and ranked based upon the criteria below. There is a maximum of 105 points, inclusive of Bonus Criteria. A **minimum of 80** points are required to be eligible for funding. Meeting the minimum score does not constitute funding or guarantee an award. Please see the Evaluation and Scoring Sheet for a breakdown of the scoring ranges for each evaluation component:

- **Project Readiness (maximum 20 points):** Applicant has some form of site control, and the project is anticipated to receive entitlements within a year of award of funding. Higher points maximum the maximum points for this criterion will be awarded for projects that are shovel ready or able to proceed with construction within 6 months or less.
- **Project Budget and Leveraging (maximum 25 points):** Project budget is complete and anticipated development costs meets cost reasonableness. Project meets minimum leveraging

criteria (i.e., CDBG-DR funding does not exceed 40% of Total Development Costs), 20-year proforma demonstrates long-term financial viability and positive cashflow during affordability period.

- **Sources and Uses (maximum 10 points):** All sources and uses of funds (federal, state, local, private, etc.) are clearly included and accompanied by sufficient evidence of commitment, all financial gaps are adequately covered, funding is available and eligible for proposed uses, and there is no Duplication of Benefits from any sources.
- **Experience and Qualifications (maximum 20 points):** Development Team has recent demonstrated experience successfully completed affordable housing project(s) similar in size, scope, budget, and complexity of funding. Greater points will be given for the number of completed projects. Additionally, the Development Team must demonstrate operational and fiscal capacities.
- **Affordability – Unit and Income Mix (maximum 10 points):** All units will be affordable to lower income households; unit mix is proportionate amongst income levels.
- **Scope of Development (maximum 10 points):** Scope of proposed development, including maximizing the number of housing units provided, adequate open space and community areas, onsite amenities, and building design and aesthetics are appropriate to the surrounding area/community. Please note: projects serving special populations with increased accessibility requirements must provide more than the minimum 5% of units for mobility and 2% of units for visual/audio accessibility accommodations.
- **Proximity to Amenities Increasing Opportunity (maximum 5 points):** Projects are in locations that increase access for lower income households to transportation, amenities, parks, education, health, goods, services, job and employment centers, etc.
- **Bonus Criteria (maximum 5 points):** Project meets one or more of the following:
 - Project has greater than 10% of units serving Extremely Low Income households (**2 point**)
 - Project provides Permanent Supportive Housing (PSH) units (**1 point**)
 - Project serves Elderly Persons (**1 point**)
 - Project serves individuals with at least one disability (**1 point**)

Based on the application review, MEDC may fund all or a portion of the total requested funding up to the maximum award amount. Allocation of funding will be determined by the availability of funding and program priorities. MEDC will send a Notice of Award to successful applicants which is a preliminary offer to enter into a grant agreement. The execution of a grant requires both parties to agree to the terms and conditions, including project scope, budget, timeliness of spending, project milestones, and compliance requirements.

Acceptance of the funding does not indicate an approval of eligibility or funding for specific projects. Awards will be considered final upon receipt of a signed grant agreement between MEDC and the applicant. All projects must be approved, environmental review completed, and project design approved by MEDC before proceeding with construction.

MEDC reserves the right to negotiate funding amounts with selected applicants. On a case-by-case basis, negotiations may be appropriate for, but not limited to, situations such as demand exceeding amount of funds available, the existence of project readiness issues, and discrete project components meeting program objectives or grant requirements, such as LMI Benefit. Upon conclusion of negotiations (if necessary) and execution of the grant agreement between MEDC and the Subrecipient, the Subrecipient may proceed with negotiating the development agreement with the developer.