MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2022-2023 Qualified Allocation Plan

SECTION N. PROJECT COSTS

Will temporary tenant relocation costs be included in the project?*	Yes
Will the project include garages or carports, which are available at an additional cost to tenants?**	No
Will the project include laundry facilities that are not leased, which will be available at an additional cost to tenants?**	No
Will the project include a pool, which is available at an additional cost to tenants?**	No

*If yes, a certification from an attorney or CPA will be required at Placed-In-Service to include costs in basis.
**If yes, costs cannot be included in eligible basis

	TDC	TDC/Unit	Acquisition	Rehab/ New Const
LAND				
Land Purchase	$ 1,000,000	$ 15,873		
Closing/Title & Recording		$ -		
Real Estate Expenses		$ -		
Other Land Related Expenses		$ -		
Carrying Costs	$ 50,000	$ 794		
SUBTOTAL	$ 1,050,000	$ 16,667		
BUILDING ACQUISITION				
Existing Structures		$ -		
Demolition (Exterior)		$ -		
Other: (Describe)		$ -		
SUBTOTAL	$ -	$ -	$ -	$ -
SITE WORK				
On Site	$ 989,235	$ 15,702		$ 949,666
Off Site Improvement		$ -		
Utilities/Site Infrastructure	$ 60,000	$ 952		$ 60,000
SUBTOTAL	$ 1,049,235	$ 16,655		$ 1,009,666
CONSTRUCTION COSTS				
New Structures	$ 12,669,131	$ 201,097		$ 12,162,366
Rehabilitation		$ -		
Garages/Carports		$ -		
Laundry Facilities		$ -		
Accessory Building		$ -		
Pool		$ -		
Site Security		$ -		
Building Permits		$ -		
Bond Premium	$ 100,882	$ 1,601		$ 96,847
Tap Fees/Soil Borings	$ 130,000	$ 2,063		$ 130,000
Contractor Cost Certification	$ 12,000	$ 190		$ 11,520
General Requirements	$ 682,918	$ 10,840		$ 655,601
Builder Overhead	$ 286,826	$ 4,553		$ 275,353
Builder Profit	$ 585,124	$ 9,288		$ 561,719
Construction Contingency	$ 1,442,922	$ 22,904		$ 1,082,192
Other: (Describe)		$ -		
SUBTOTAL	$ 15,909,803	$ 252,537	$ -	$ 14,975,598
PROFESSIONAL FEES				
Design Architect	$ 550,000	$ 8,730		$ 550,000
Supervisor Architect	$ 55,000	$ 873		$ 55,000
Real Estate Attorney		$ -		
Engineer/Survey	$ 140,000	$ 2,222		$ 140,000
Green consultant, flood consultant	$ 75,000	$ 1,190		$ 75,000
SUBTOTAL	$ 820,000	$ 13,016		$ 820,000

	TDC	TDC/Unit	Acquisition	Rehab/ New Const
INTERIM CONSTRUCTION COSTS				
Hazard Insurance	$ 112,500	$ 1,786		$ 112,500
Liability Insurance	$ 112,500	$ 1,786		$ 112,500
Interest	$ 817,721	$ 12,980		$ 735,949
Loan Origination Fee	$ 70,000	$ 1,111		$ 70,000
Loan Enhancement		$ -		
Title & Recording		$ -		
Legal Fees	$ 120,000	$ 1,905		$ 95,000
Taxes	$ 70,000	$ 1,111		$ 70,000
Lender Construction Inspections, FFI	$ 170,000	$ 2,698		$ 170,000
SUBTOTAL	$ 1,472,721	$ 23,377		$ 1,365,949
PERMANENT FINANCING				
Bond Premium		$ -		
Credit Report		$ -		
Loan Origination Fee	$ 30,000	$ 476		
Loan Credit Enhancement		$ -		
Title & Recording	$ 35,000	$ 556		
Legal Fees	$ 25,000	$ 397		
Taxes		$ -		
Lender 3rd party fees	$ 15,000	$ 238		
SUBTOTAL	$ 105,000	$ 1,667		
OTHER COSTS				
Feasibility Study		$ -		
Market Study	$ 20,000	$ 317		$ 20,000
Environmental Study	$ 80,000	$ 1,270		$ 80,000
Tax Credit Reservation Fee	$ 97,305	$ 1,545		
Tax Credit Application Fee	$ 2,500	$ 40		
Compliance Fees	$ 29,925	$ 475		
Marketing/Rent-up	$ 35,000	$ 556		
Owner Cost Certification	$ 30,000	$ 476		$ 30,000
Appraisal	$ 8,000	$ 127		$ 8,000
SC Contingency & Relocation	$ 168,499	$ 2,675		$ 84,000
SUBTOTAL	$ 471,229	$ 7,480		$ 222,000
SYNDICATION COSTS				
Organizational		$ -		
Tax Opinion		$ -		
PV Adjustment		$ -		
Other: (Describe)		$ -		
Other: (Describe)		$ -		
SUBTOTAL	$ -	$ -		
DEVELOPER FEES				
Developer Overhead		$ -		
Developer Fee	$ 1,500,000	$ 23,810		$ 1,500,000
Consultant Fee		$ -		
SUBTOTAL	$ 1,500,000	$ 23,810	$ -	$ 1,500,000
PROJECT RESERVES				
Rent Up Reserves		$ -		
Operating Reserves	$ 232,500	$ 3,690		
Replacement Reserves	$ 63,000	$ 1,000		
Syndicator reserve	$ 116,074	$ 1,842		
SUBTOTAL	$ 411,574	$ 6,533		

TOTAL	$ 22,789,562	$ 361,739	$ -	$ 19,893,213

SECTION M. SOURCES

1. Construction Sources:

Source Name	Amount	Type	Rate	Term	Amort	D/S	Notes
Lansing Housing Commission	$15,000,000	Conventional	1.25%	40	40	$378,957	Interest only
LHC Sponsor Loan	$4,000,000	Other	7.00%	40	40		Cash flow contingent sponsor loan
Cinnaire LIHTC Equity	$3,461,844	GP/LP Equity					Equity available during construction period
Total	**$22,461,844**					**$378,957**	

2. Permanent Sources (↓ENTER SPECIFIC NAME OF ALL FUNDING SOURCES UNDER "SOURCE NAME"):

Source Name	Amount	Type	Rate	Term	Amort	D/S	MIP	Notes
Lansing Housing Commission	$6,000,000	Conventional	4.25%	30	30	$354,197	0.000%	Per letter MIP included in rate/DS
LHC Sponsor Loan	$4,000,000	Other	7.00%	40	40			Cash flow contingent sponsor loan
LIHTC Equity	$12,414,562							
Federal Historic Tax Credit Equity								
Deferred Developer Fee	$375,000							
Total	**$22,789,562**					**$354,197**		

3. Additional Comments:

SECTION J. RENTAL INCOME AND RENTAL ASSISTANCE

I. Distribution of Rents

Complete the following chart: (Include and Identify Market Rate and Employee Occupied Units)

No. of Units	Unit Type	Income Restriction	No. of Bedrooms	Rental Assistance	Unit Square Footage	Monthly Rent	Utility Allowance	Gross Rent	Gross Rent Limit	AMI %	Gross Rent Compliance Check
28	Apartment	LIHTC	2	Other	914	$1,020	$71	$1,091	$1,195	60%	N/A
24	Apartment	LIHTC	2	Other	914	$1,152	$124	$1,276	$1,195	60%	N/A
4	Apartment	LIHTC	3	Other	1,197	$1,509	$154	$1,663	$1,380	60%	N/A
4	Apartment	Market	2		914	$1,350		$1,350	N/A	Market	OK
3	Apartment	Market	3		1,197	$1,550		$1,550	N/A	Market	OK

Please Note: Section 811 vouchers are limited to 60% AMI rents

Total Units	Unit Square Footage	LIHTC Units	Market Units	Employee Units	Average AMI
63	59,563	56	7	0	60.00%

II. Rental Income Summary

Total Monthly Income for Low-Income Housing Units (Base Rent from previous page)	$62,244
Total Monthly Income for Market Rate Housing Units (Base Rent from previous page)	$10,050
Total Monthly Rental Income	**$72,294**
Monthly Garage/Carport Income	
Monthly Non-Rental Income (Tenant generated - Please describe below)	$792
Monthly Miscellaneous Income (Non-tenant generated - Please describe below)	$2,083
Monthly Gross Potential Income (GPI)	**$75,169**

1. Describe the monthly non-rental income sources and amounts:

Estimated annual laundry and tenant charges, roughly $13 per unit per month.

2. Describe the monthly miscellaneous income sources and amounts:

Ground floor contains approximately 2,500 square feet of commercial space which Lansing Housing Commission will lease for $10 per square foot per year. $25,000 annual commercial income, $2,083.33 per month. As LHC will be leasing this space, no vacancy factor should be applied to commercial income.

III. Rental Assistance

1. Do (or will) any units receive rental assistance (not including tenant-based or MSHDA vouchers)?

☑ Yes ☐ No

2. If yes, please describe the following:

a. Type of Rental Assistance: RAD PBRA & LHC PBV b. Total Number of Assisted Units: 56

c. When will the Rental Assistance Contract Expire? Two new twenty-year HAPs

d. Contract Administrator Contact: Kim Shirey Phone: 517-487-0242

e. Will the rental assistance "float" or be fixed to certain units? ☐ Float ☑ Fixed

3. Will this project request Project Based Voucher's from MSHDA?

☐ Yes ☑ No

4. If yes, please indicate how many vouchers will be requested:

5. If answered "yes" to either #1 or #3 above, please complete the following chart:

No. of Units	Type of Rental Assistance	Current Contract Rent	Effective Date of Current Contract Rent	Type of Renewal	Expected Contract Rent Post-Rehab
28	RAD PBRA HAP	$1,020	4/3/23	N/a	$1,020
24	LHC PBV HAP	$1,152	4/3/23	n/a	$1,152
4	LHC PBV HAP	$1,509	4/3/23	n/a	$1,509

***Please Note: Section 811 voucher are limited to 60% AMI rents**

6. Please enter any additional comments:

28 units will be covered by RAD HAP. 28 units will be coverered by Lansing Housing Commission PBV HAP. See exhibit 31 for commitments.

SECTION L. EXPENSES AND REPLACEMENT RESERVES

	Expenses	Per Unit	Audited	Per Unit	Comments
I. Management					
Management Fee	36,288	576		0	
Other		0		0	
Other		0		0	
Subtotal	$36,288	$576	$0	$0	
II. Administrative					
Marketing	1,000	16		0	
Payroll	48,325	767		0	
Office	13,634	216		0	
Telephone	3,000	48		0	
Auditing	6,000	95		0	
Other		0		0	
Other		0		0	
Subtotal	$71,959	$1,142	$0	$0	
III. Utilities					
Project-paid Fuel	8,000	127		0	
Common Electricity	15,000	238		0	
Water & Sewer	34,863	553		0	
Other Utility 1		0		0	
Other Utility 2		0		0	
Subtotal	$57,863	$918	$0	$0	
IV. Operating & Maintenance					
Payroll & Benefits	84,629	1,343		0	
Repairs & Maintenance	22,282	354		0	
Supplies	13,000	206		0	
Snow Removal	3,000	48		0	
Extermination	1,000	16		0	
Trash Removal	12,000	190		0	
Other		0		0	
Other		0		0	
Subtotal	$135,911	$2,157	$0	$0	

V. Taxes & Insurance

Real Estate Taxes/ Market Rate	7,000	111		0	$1000 per unit per year estimated tax expense
PILOT Rate:	0	0		0	
Insurance	37,800	600		0	
10% PILOT	65,172	1,034		0	10% PILOT on LIHTC unit net shelter rents
Other		0		0	
Subtotal	$109,972	$1,746	$0	$0	

VI. Miscellaneous

Other		0		0	
Other		0		0	
Other		0		0	
Other		0		0	
Other		0		0	
Subtotal	$0	$0	$0	$0	

Total	**$411,993**	**$6,540**	**$0**	**$0**

MSHDA Underwriting Verification	
Per Unit Operating Expenses:	$6,540
Minimum Regional Standard:	$4,317
Difference:	$2,223
Percent Difference:	51.48%

Replacement Reserve Verification	
Enter Annual Replacement Res.:	$18,900
Select Construction Type:	New Constr. - Family
Minimum Standard Per Unit:	$300

If projected operating expenses or replacement reserves deviate from MSHDA standards or are significantly different than information shown in the project's latest financial audit, provide an explanation below.

Lansing PILOT structured as (Rents collected - utilities)*rate. $1000 per unit estimate for market rate tax expense.

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

SECTION Q. CASH FLOW

Income (Section J)	Initial Inflator	Future Inflator	Begin in Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Annual Rental Income	2.00%	2.00%	6	867,528	884,879	902,576	920,628	939,040	957,821	976,977	996,517	1,016,447
Annual Non-Rental Income	2.00%	2.00%	6	34,500	35,190	35,894	36,612	37,344	38,091	38,853	39,630	40,422
Vacancy Loss	5.00%			43,376	44,244	45,129	46,031	46,952	47,891	48,849	49,826	50,822
Total Project Revenue				**858,652**	**875,825**	**893,341**	**911,208**	**929,432**	**948,021**	**966,981**	**986,321**	**1,006,047**
Expenses (Section L)												
Management	3.00%			36,288	37,377	38,498	39,653	40,842	42,068	43,330	44,630	45,969
Administration	3.00%			71,959	74,118	76,341	78,632	80,990	83,420	85,923	88,500	91,156
Project-paid Fuel	3.00%	3.00%	6	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134
Common Electricity	3.00%	3.00%	6	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002
Water & Sewer	3.00%	3.00%	6	34,863	35,909	36,986	38,096	39,239	40,416	41,628	42,877	44,163
Other Utility 1	3.00%	3.00%	6	0	0	0	0	0	0	0	0	0
Other Utility 2	3.00%	3.00%	6	0	0	0	0	0	0	0	0	0
Operating & Maintenance	3.00%			135,911	139,988	144,188	148,514	152,969	157,558	162,285	167,153	172,168
Real Estate Taxes	3.00%			7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867
Payment in Lieu of Taxes				0	0	0	0	0	0	0	0	0
Insurance	3.00%			37,800	38,934	40,102	41,305	42,544	43,821	45,135	46,489	47,884
10% PILOT	3.00%			65,172	67,127	69,141	71,215	73,352	75,552	77,819	80,153	82,558
Other	3.00%			0	0	0	0	0	0	0	0	0
Miscellaneous	3.00%			0	0	0	0	0	0	0	0	0
Total Operating Expenses				**411,993**	**424,353**	**437,083**	**450,196**	**463,702**	**477,613**	**491,941**	**506,699**	**521,900**
Rep. Reserve. (Section L)	3.00%			18,900	19,467	20,051	20,653	21,272	21,910	22,568	23,245	23,942
Debt Service (Section M)				354,197	354,197	354,197	354,197	354,197	354,197	354,197	354,197	354,197
Mortgage Insurance Premium (Section M)				0	0	0	0	0	0	0	0	0
Cash Flow				**73,562**	**77,808**	**82,010**	**86,163**	**90,261**	**94,301**	**98,275**	**102,180**	**106,008**
Debt Coverage Ratio				**1.21**	**1.22**	**1.23**	**1.24**	**1.25**	**1.27**	**1.28**	**1.29**	**1.30**
Operating Reserve Analysis												
Operating Reserve	232,500	(Match to Section N)										
Interest Rate												
Maintained Operating Reserve per unit if no hard debt	$250			0	0	0	0	0	0	0	0	0
Operating Reserve Balance				232,500	232,500	232,500	232,500	232,500	232,500	232,500	232,500	232,500
Reserve Draw to Achieve DCR or cash flow per unit				0	0	0	0	0	0	0	0	0
Interest on Operating Reserve				0	0	0	0	0	0	0	0	0
Deferred Developer Fee Analysis												
Initial Balance	375,000	(Match to Section M)		375,000	301,438	223,631	141,621	55,458	0	0	0	0
Developer Fee Paid With Interest				73,562	77,808	82,010	86,163	55,458	0	0	0	0
Ending Balance				301,438	223,631	141,621	55,458	0	0	0	0	0

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Income (Section J)	Initial Inflator	Future Inflator	Begin in Year	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Annual Rental Income	2.00%	2.00%	6	1,036,776	1,057,512	1,078,662	1,100,235	1,122,240	1,144,685
Annual Non-Rental Income	2.00%	2.00%	6	41,231	42,055	42,896	43,754	44,629	45,522
Vacancy Loss	5.00%			51,839	52,876	53,933	55,012	56,112	57,234
Total Project Revenue				**1,026,168**	**1,046,692**	**1,067,625**	**1,088,978**	**1,110,757**	**1,132,973**
Expenses (Section L)									
Management	3.00%			47,348	48,768	50,231	51,738	53,290	54,889
Administration	3.00%			93,890	96,707	99,608	102,596	105,674	108,844
Project-paid Fuel	3.00%	3.00%	6	10,438	10,751	11,074	11,406	11,748	12,101
Common Electricity	3.00%	3.00%	6	19,572	20,159	20,764	21,386	22,028	22,689
Water & Sewer	3.00%	3.00%	6	45,488	46,853	48,259	49,706	51,197	52,733
Other Utility 1	3.00%	3.00%	6	0	0	0	0	0	0
Other Utility 2	3.00%	3.00%	6	0	0	0	0	0	0
Operating & Maintenance	3.00%			177,333	182,653	188,133	193,777	199,590	205,578
Real Estate Taxes	3.00%			9,133	9,407	9,690	9,980	10,280	10,588
Payment in Lieu of Taxes				0	0	0	0	0	0
Insurance	3.00%			49,320	50,800	52,324	53,894	55,511	57,176
10% PILOT	3.00%			85,035	87,586	90,213	92,920	95,707	98,578
Other	3.00%			0	0	0	0	0	0
Miscellaneous	3.00%			0	0	0	0	0	0
Total Operating Expenses				**537,557**	**553,684**	**570,295**	**587,404**	**605,026**	**623,176**
Rep. Reserve. (Section L)	3.00%			24,660	25,400	26,162	26,947	27,755	28,588
Debt Service (Section M)				354,197	354,197	354,197	354,197	354,197	354,197
Mortgage Insurance Premium (Section M)				0	0	0	0	0	0
Cash Flow				**109,754**	**113,410**	**116,972**	**120,430**	**123,780**	**127,011**
Debt Coverage Ratio				**1.31**	**1.32**	**1.33**	**1.34**	**1.35**	**1.36**
Operating Reserve Analysis									
Operating Reserve	232,500	(Match to Section N)							
Interest Rate									
Maintained Operating Reserve per unit if no hard debt	$250			0	0	0	0	0	0
Operating Reserve Balance				232,500	232,500	232,500	232,500	232,500	232,500
Reserve Draw to Achieve DCR or cash flow per unit				0	0	0	0	0	0
Interest on Operating Reserve				0	0	0	0	0	0
Deferred Developer Fee Analysis									
Initial Balance	375,000	(Match to Section M)		0	0	0	0	0	0
Developer Fee Paid With Interest				0	0	0	0	0	0
Ending Balance				0	0	0	0	0	0