

**HOUSING FINANCE SUMMARY SHEET**

These are some of the main sources of funding for affordable housing deals across the country and in Detroit.

Program	Source	Affordability Levels	Eligibility
<b>Low-Income Housing Tax Credits (LIHTC)</b>	<u>Private investors</u> pay for tax credits that will give them discounts on their income taxes. Sometimes this is done through a “syndicator” who will combine multiple investors’ funding to assist a single project. LIHTC is the largest source of funding for affordable rental housing across the country.	At a minimum, either: <ul style="list-style-type: none"> <li>• 20% of the units must be for residents whose incomes do not exceed 50% AMI, or;</li> <li>• 40 percent of the units must be for residents whose incomes do not exceed 60% AMI</li> </ul> Recent LIHTC projects in Detroit have often included a much higher percentage of deeply affordable units from 30-50% AMI. These developments often involve other local subsidies.	LIHTC funds only affordable <u>rental</u> housing. There are two types of LIHTC: 4% and 9% tax credits. 9% LIHTC is a competitive program administered at the state level by MSHDA. 9% LIHTC is preferred because it offers more funding than 4% and makes projects more feasible, but it is also highly competitive. Projects are scored based on Michigan’s Qualified Allocation Plan (QAP) which looks at whether projects are near public transit; community amenities like parks, childcare, and job centers; and have a high percentage of cost-burdened households.
<b>HOME and CDBG Funds</b>	<u>City of Detroit</u> receives an annual allocation from the U.S. Department of Housing and Urban Development (HUD).	Based on federal government rules, projects must serve households at 80% AMI and below, and most households assisted with HOME funds must be 60% AMI or below, with some at 50% AMI. Local jurisdictions can define specific affordability rules as long as they meet federal requirements.	The City of Detroit defines the specific types of projects it wishes to support within an annual Notice of Funding Availability (NOFA). In the January 2023 NOFA, for example, \$5 million was available for multifamily housing in general, \$5 million was available for supportive housing, and \$1 million was available for predevelopment loans.
<b>Other Federal Funds</b>	<u>Federal agencies</u> sometimes provide funding based on national programs authorized by Congress.	Dependent on program requirements. Some recent examples are the American Rescue Plan Act (ARPA), and the Inflation Reduction Act (IRA) which can be used to support clean energy and weatherization.	Dependent on federal program requirements. These funds are not always available, as they are often based on one-time allocations by Congress.
<b>Philanthropy</b>	<u>Foundations</u> may support affordable housing projects if they fit into the foundation’s mission and goals.	Dependent on agreements with interested foundations and/or foundation program requirements.	Dependent on foundations. Some foundations have programs to directly support affordable housing. Others may support projects that meet their missions, such as artist housing or housing with social services included.