

# MI Neighborhood CDBG

For Region J Local Government Applicants



# MI Neighborhood Overview





# Funding Sources

- MI Neighborhood is a blend of state and federal funding made available in response to Statewide Housing Plan regional action plans.
- State Funding – Housing and Community Development Funds (HCDF)
- Federal Funding – Community Development Block Grant (CDBG)



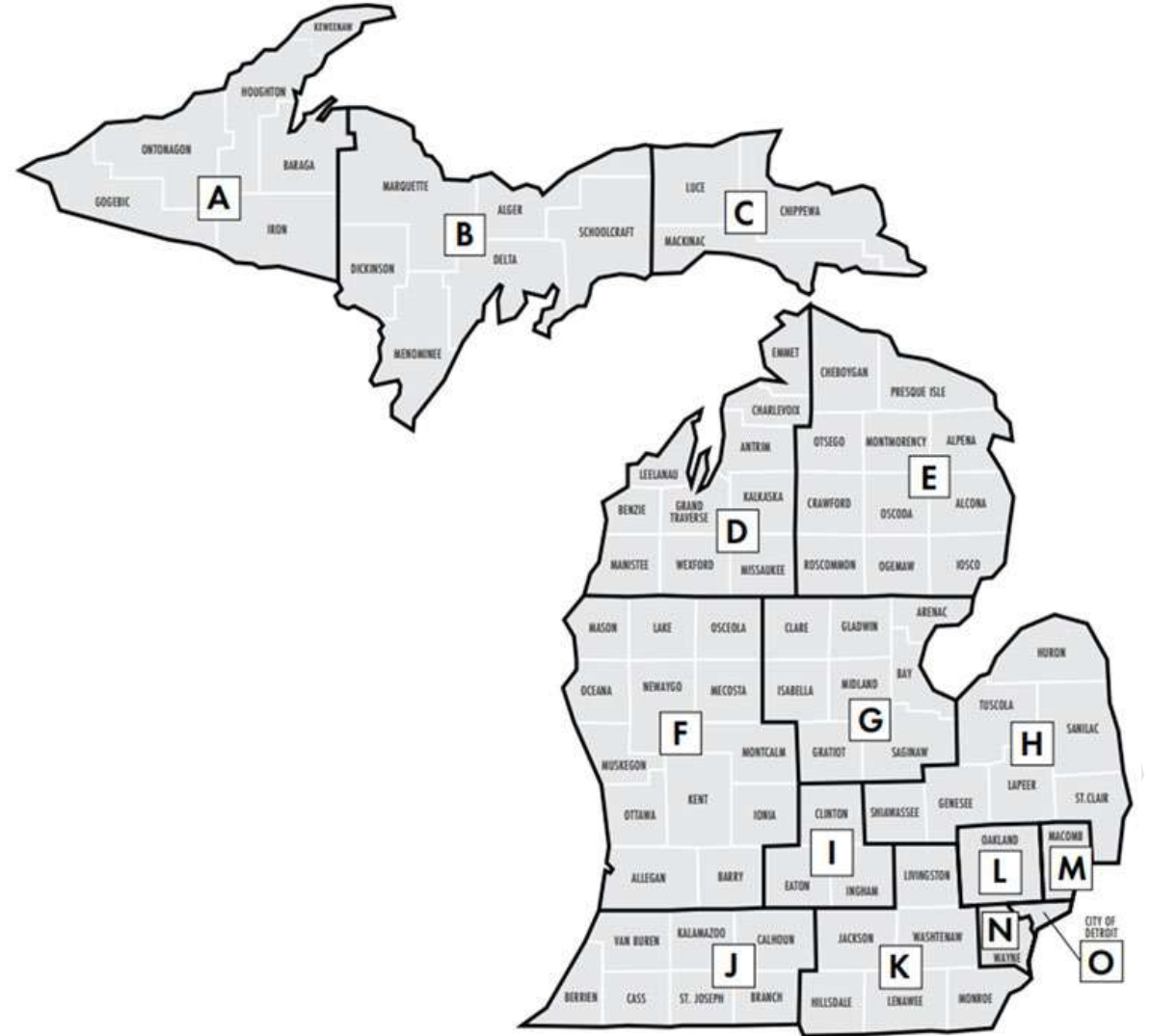
# How does it work?

## Purpose

- Funds activities that align with the Statewide Housing Plan
- Consolidates numerous legacy housing programs into one funding source for local governments, non-profits and developers
- Regional funding strategy

## Application Process

- Applicants propose housing activities
- Successful proposals are matched with either state or federal funding
- Federal CDBG funds are available to non-entitlement local government applicants
- Local government grantees may procure other partners to help them implement their projects, including nonprofits and developers



# Applicant Levels



## Beginner

- 0-2 grants or developer units implemented by applicant
- Up to \$200,000



## Intermediate

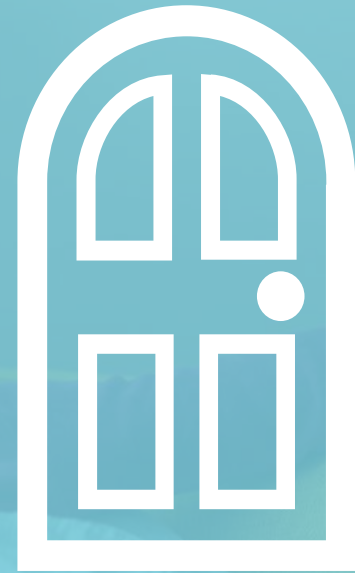
- 3-4 grants or developer units implemented by applicant
- Up to \$400,000



## Advanced

- 5+ grants or developer units implemented by applicant
- Up to \$2 million
- Requests over \$400,000 require 1:1 leverage for every dollar over \$400,000

# Eligibility for CDBG Funds

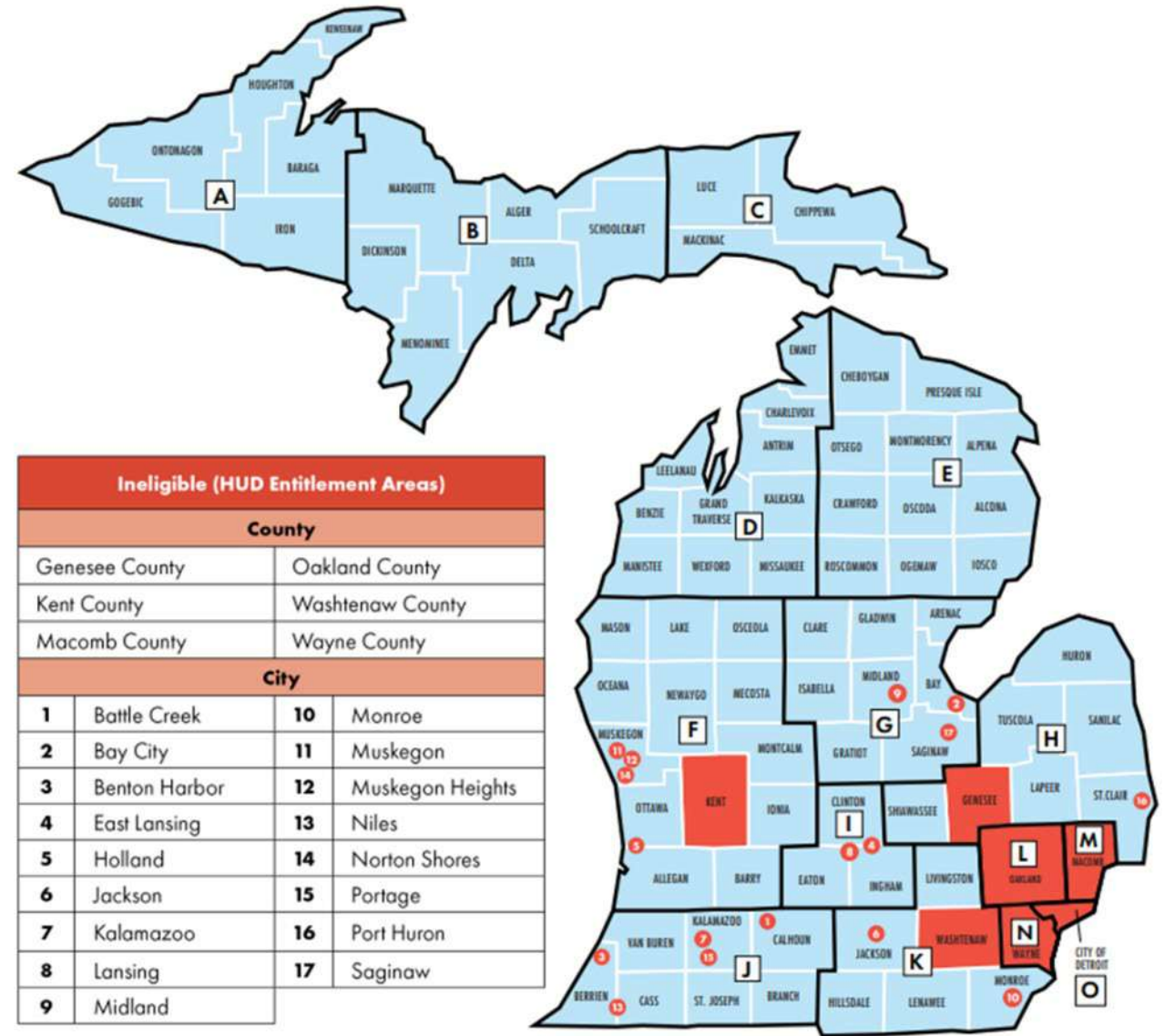




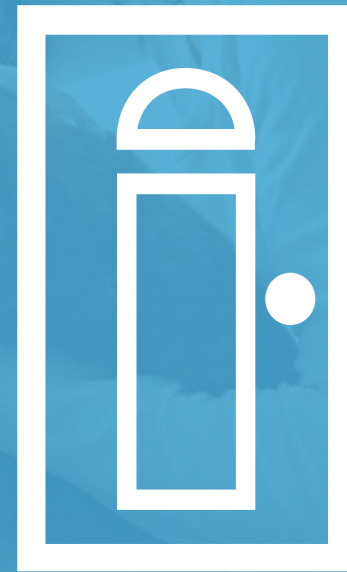
Eligibility for CDBG Funds

# Map of Eligible Communities

- Only a Non-entitlement Unit of General Local Government (UGLG) is eligible to receive MI Neighborhood CDBG funds
- An UGLG is a city, county, township, village, or other general-purpose political subdivision of a state responsible for local governance and administration
- Entitlement Communities receive direct allocation from HUD



# CDBG Activities







C D B G   A c t i v i t i e s

# Eligible Activities

## Homeowner Rehab

Assists low-and moderate-income homeowners with needed repairs up to \$40,000

## Rental Rehab

Provides funds up to redevelop unoccupied residential spaces for low- and moderate-income renters, typically in mixed use, downtown settings

## Reconstruction/Resale

Provides funds for the development infill housing on the site of a recent demolition for resale to a low- and moderate-income homebuyer

# CDBG Activity: Rental Rehab



## **Eligible Activities**

- Rehabilitation that creates residential units meeting current state and local codes.
- Cannot include any construction activities that benefit commercial spaces.
- 51% of assisted units must be rented to households at or below 80% area median income.



## **Eligible Buildings**

- Downtown buildings with vacant, substandard residential units.
- Mixed-use buildings along a corridor within one mile of downtown.



## **Readiness**

- Phase I Environmental required with newly created units.
- Must complete a Rental Development Project Proforma, available on website.
- Submission of architectural plans, zoning approval, and proof of leveraged funds with application.

# CDBG Activity: Reconstruction



## Eligible Activities

- Covers the actual costs of reconstructing the housing, but not demolition or acquisition costs
- Construction mortgage and discharged at sale to low-income buyer (80% AMI)



## Eligible Sites

- Must be the site of recent or imminent demolition (within the 12 months prior to application)
- Reconstructed unit needs to be substantially similar to what was there before—may not add units



## Readiness

- Good fit for agencies that already hold title to residential property, have active demolition programs, and experience with single-family infill housing



# Homeowner Rehab Overview







H o m e o w n e r   R e h a b

## CDBG Activity Homeowner Rehab

- Up to \$40,000 per unit
- Can do substantial rehab projects or focus on specific improvement types (roof, furnace, energy efficiency, accessibility, etc.)
- CDBG assistance under \$10,000 is a grant to the homeowner with no repayment
- CDBG assistance of \$10,000 or more shall be a zero interest, zero payment loan, forgivable after five years and secured by second mortgage
- Participants must provide proof of ownership, insurance, income, and current on taxes at time of application

# Eligibility

## Homeowner Requirements:

- 100% of assisted households must meet the low and moderate area median income limits for the county (under 80% AMI)
- Must own the property and occupy it as their primary residence
- Must be current on insurance and not delinquent on taxes

## Property Requirements:

- Must be located within the boundaries of the unit of local government
- Must confirm condition and need for rehab
- Mobile homes are not eligible unless permanently affixed on property owned by beneficiary
- Repairs on attach units are limited to non shared items





# Homeowner Rehab Process



## **Application: Submission of Application Form**

- Income Verification (Complete income packet submission)
- Gross annual income is within \$5,000 or 10% of the upper income limit
- Upon request by a Champion



## **Property Evaluation**

- Before photos: Documenting the property's initial condition
- Environmental Checklist: insuring Compliance with environmental standards



## **Contractor Selection**

- Prepare a scope of work and cost estimate
- Solicit bids
- Comparison and Selection: Evaluating and choosing the best contractor.

Homeowner Rehab

## Process (continued)

### Closing and Lien Documents

- Mortgage: Signing the mortgage agreement
- Mortgage Note: Detailing the terms of the loan
- Homeowner Acknowledgement: Confirming understanding and agreement

### Construction Management

- Proceed to work order: Authorizing start of construction
- Homeowner Approval and Request for Contractor Payment: Interim and Final payments
- After Photos, Documenting the completed work

### Project Closeout

- Provide a project summary
- Customer Satisfaction Survey: Gathering homeowner's feedback



# Planning and Program Design





# Benefits for Local Governments

## Demonstrates Responsiveness

Shows commitment to helping  
community members in crisis



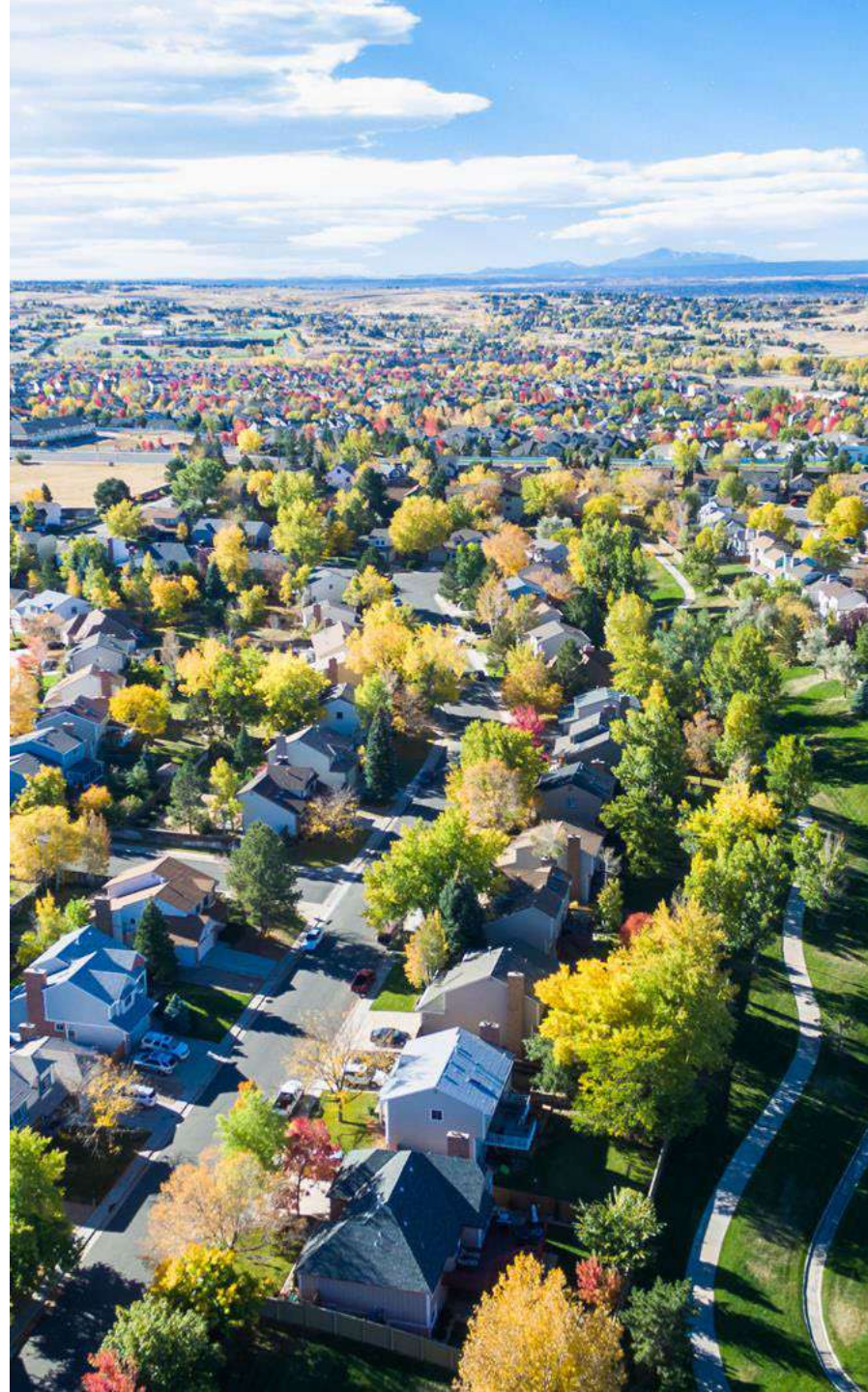
## Cost Avoidance

Helps local families avoid the  
escalating costs associated  
with deferring maintenance



## Energy Efficiency

Results in efficiencies that  
reduce ongoing expenses for  
cost-burdened households



## Preserves Housing Stock

Reduces the loss of housing  
due to deferred maintenance



## Integrated Housing Strategies

Pairs well with other housing  
strategies to improve  
neighborhoods



## Wealth Building

Ensures low-income families  
can participate in wealth-  
building opportunities as  
housing markets heat up

## Benefits (continued)

- **Supports Seniors**  
Sustains seniors in their homes and lessens the demand for new senior housing
- **Capacity Building**  
Helps communities build local capacity for other grant-funded housing projects
- **Neighborhood Stability**  
Enhances the stability of neighborhoods by keeping residents in their homes

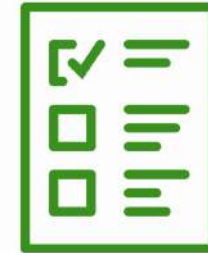
**Good planning and program design are key to making it work.  
We can help.**



**Targeting &  
Promoting  
Resources**



**Assemble Staff &  
Program Partners**



**Checklists, Tools  
& Templates**



# Targeting Resources



- ① **Define your geography:** Resources can be offered community-wide or targeted to a specific neighborhood. Avoid overlap with other MI Neighborhood grantees
- ② **Community-wide** is best in low density areas or when the highest priority is on addressing household needs
- ③ **Neighborhood or area targeting** is best when trying to have a larger impact, especially in areas that are more densely populated
- ④ **Align with your regional housing plan.** Site the specific goals in the regional housing partnership plan that your program will support
- ⑤ **Use geographic data to identify housing needs:** consider housing cost burden, age of housing, code violations and tax delinquency which highlight areas with cost struggles and deferred maintenance

## Promoting Resources

### Notify the Public

- **Public hearing:** Early in the process, grantees will hold a public hearing to gather public comments.
- **Applications** must be announced and made available to the general public
- **Prioritization:** Most grantees use a first-come, first-served basis. Other options include first-qualified, first-served, scoring based on need, and an application window with a lottery
- **A press release** can be issued upon a successful award

### MSHDA Tools

- Public notice template
- Editable application



# Assemble Staff



- **Authorized Official:** Approves program guidelines, submits reports and financial draws
- **Program Manager:** Creates program guidelines using template, compiles reports, reviews and approves payment of invoice. Provides financial insight prepares liens and financial draws
- **Intake Specialist:** Processes applications, determines household eligibility, verifies income
- **Construction Specialist:** Performs property inspections, writes specifications. Prepares cost estimates, solicits contractor bids, supervises construction





Planning and Program Design

## Hire Program Partners

### Third Party Administrator (TPA)

- Can be hired to fulfill most responsibilities but for those of the Authorized Official
- Must be procured, usually through a Request for Proposal(RFP) or small purchase process- minimum two bids required
- Can be an experienced consultant or a local housing non-profit

### MSHDA Tools

- Policy Manual Ch. 13 "TPA's & Developers"
- Grant Management Plan Template



Planning and Program Design

## Partners (Continued)

### Environmental Consultants

- Can conduct parts or all the required environmental review
- MSHDA provides a list of pre-vetted consultants

### Construction Contractors

- A variety of contractors are typically needed unless the program is limited to similar types of repairs
- Must have RRP or Lead Abatement Certification when disturbing painted surfaces in homes built before 1978
- Must be licensed and insured



# Checklists, Tools & Templates



- **MSHDA CDBG Policy Manual:** Review online by subject area and download forms, templates, etc. as you need them. Available at [www.Michigan.gov/MSHDACDBG](http://www.Michigan.gov/MSHDACDBG)
- **Construction Management Forms:** model documents for all aspects of managing the construction process including inspection forms, bid tabulations, waivers, change orders, etc.
- **Homeowner Project Workbook:** includes a comprehensive checklist for completing each project--with reference materials for each step
- **Training Resources:** Webinars available online on key topics, monthly grantee training, peer sharing
- **MSHDA Champion:** every grantee is assigned a MSHDA support staff upon award



# CDBG Policy Manual

 > [Neighborhoods](#) > CDBG Policy Manual

The CDBG POLICY MANUAL sets forth regulations and policy. Please click the "▼" sign to view drop down for POLICY CHAPTER and respective attachments. The date on the right is the most recent version, although some were previously used at MSHDA or MEDC and have older dates.

**CDBG Policy Manual - [All Chapters Combined](#)**



1 PROGRAM OVERVIEW

2 APPLICATION AND AWARD PROCESS



1 PROGRAM OVERVIEW



2 APPLICATION AND AWARD PROCESS



3 CITIZEN PARTICIPATION



4 ACQUISITION



5 CONSTRUCTION MANAGEMENT



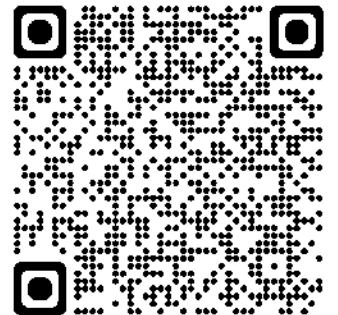
6 DAVIS BACON AND RELATED ACTS



7 ENVIRONMENTAL REVIEW

8 FAIR HOUSING AND EQUAL OPPORTUNITY - PENDING

9 FINANCIAL MANAGEMENT



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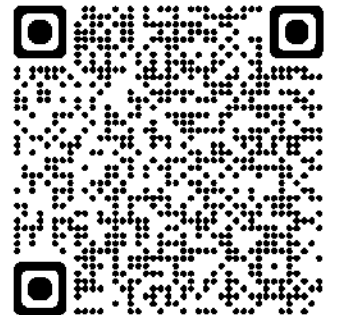
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## 4 ACQUISITION



## 5 CONSTRUCTION MANAGEMENT



### [CHAPTER 5 - CONSTRUCTION MANAGEMENT](#)

04/24/24

### [5-A Residential Housing Construction Standards](#)

07/12/24

### [5-B Approval of Bid Specifications and Authorization to Let Bid](#)

10/01/09

### [5-C Change Order](#)

10/01/09

### [5-D Comparison and Selection of Contractor or Developer](#)

02/01/24

### [5-E Full Unconditional Waiver](#)

04/24/24

### [5-F Grantee Approval and Request for Contractor Payment DRR](#)

02/01/24

### [5-G Homeowner and Contractor Contract HIP](#)

PENDING

### [5-H Homeowner Approval and Request for Contractor Payment HIP](#)

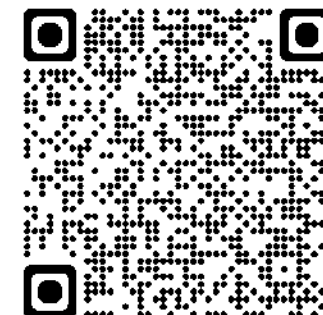
02/01/24

### [5-I Inspection Checklist, HUD-52580](#)

4/23 exp 4/

### [5-J Lead Property Exemption](#)

09/01/15



10 INCOME AND ASSET



11 PROCUREMENT AND CONTRACTING



12 RELOCATION



13 THIRD PARTY ADMINISTRATORS AND DEVELOPERS



[CHAPTER 13 - Third Party Administrators and Developers](#)

02/23/24

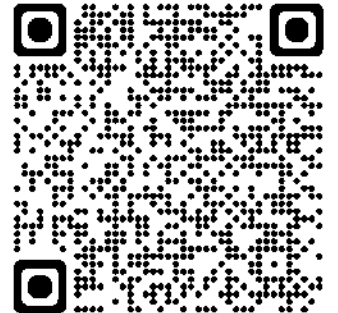
[13-A Grant Management Plan](#)

02/23/24

14 FILES AND REPORTING

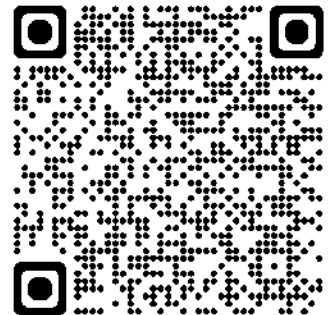
15 MONITORING - PENDING

16 GRANT CLOSEOUT - PENDING



**F. Name the individual that will have primary responsibility for all the following tasks that apply to your housing grant and indicate if the person is a grantee staff member, Developer staff, or TPA staff.**

<b>Task</b>	<b>Name of Person Responsible (if Grantee, Developer or TPA, provide name and agency) or N/A</b>	<b>Grantee</b>	<b>Developer</b>	<b>TPA</b>
1. Housing Needs Assessment		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Public Hearings		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Civil Rights / EEO		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Complaint Procedure		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Davis Bacon and Related Act (labor standards)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Environmental Review		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Environmental Review procurement		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Fair Housing		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Uniform Relocation Act (relocation and acquisition)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Financial Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Household Income Eligibility		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Processing Applications for Assistance		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Program Guidelines (preparation of)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Outreach and Public Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Property Selection for Acquisition		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Contractor Selection Process		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Cost Estimates		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Inspections		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Lead Based Paint Requirements		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Specifications		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Grant Status updates		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Construction Supervision		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Homeownership Counseling		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Marketing Units		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. Mortgage/Lien Documents		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. Project Bid Awards		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. Financial Status Reports (FSR Payment Requests)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





13 THIRD PARTY ADMINISTRATORS AND DEVELOPERS



14 FILES AND REPORTING



[CHAPTER 14 - FILES AND REPORTING](#)

07/15/24

[14-A IGX DRR Checklist](#)

05/21/24

[14-B IGX HIP Checklist](#)

09/24/24

[14-C Demolition Reconstruction Resale \(DRR\) Workbook](#) INCOME LIMITS EFF 5/1/24

05/22/24

[14-D Homeowner Improvement Project \(HIP\) Workbook](#) INCOME LIMITS EFF 5/1/24

09/24/24

[14-E Expenditure and Benchmarks Report](#)

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15 MONITORING - PENDING



16 GRANT CLOSEOUT - PENDING



## HOMEOWNER IMPROVEMENT PROJECT (HIP) IGX CHECKLIST

The documents below are required to be uploaded in IGX for a HIP activity. **The file should be named as follows:** "Address, Step #" (example: 333 Main, Step 1).

Grantee Name:

Homeowner Name:

Project Address:



### STEP 1. APPLICANT ELIGIBILITY

- Application
- Income Verification – an entire, complete income packet is submitted:
  - when it is the first income packet,
  - when the gross annual income falls within \$5,000 or 10% of the upper income limit, or
  - upon request by Champion.



### STEP 2. PROPERTY EVALUATION

- Before Photos
- Environmental Checklist



### STEP 3. CONTRACTOR SELECTION

- Comparison and Selection of Contractor
- Contractor License
- Contractor(s) Insurance



### STEP 4. CLOSING AND LIEN DOCUMENTS

- Homeowner and Contractor Contract
- Mortgage (if applicable)
- Mortgage Note (if applicable)
- Homeowner Acknowledgement



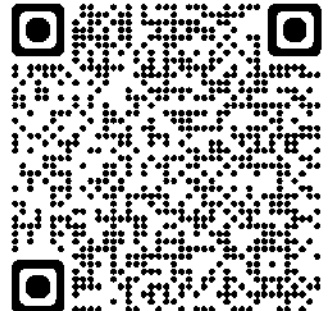
### STEP 5. CONSTRUCTION MANAGEMENT

- Proceed to Work Order
- Homeowner Approval and Request for Contractor Payment (Interim and/or Final)
- After Photos



### STEP 6. PROJECT CLOSEOUT

- Project Summary
- Customer Satisfaction Survey



13 THIRD PARTY ADMINISTRATORS AND DEVELOPERS



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[14-E Expenditure and Benchmarks Report](#)

07/12/24


15 MONITORING - PENDING



16 GRANT CLOSEOUT - PENDING









Next Steps



N e x t   S t e p s

# Ready to Act?

## Apply Now

Funds are available today, so if you are ready to implement a homeowner rehab program or a reconstruction project in your community, don't hesitate—apply at:

**[www.michigan.gov/MINeighborhood](http://www.michigan.gov/MINeighborhood)**

## Schedule a Consultation

Schedule an initial 15-minute consultation—pitch your ideas or discuss specific challenges

## Contact Us

To schedule a consultation, or for questions regarding MI Neighborhood or CDBG email us at:

**[MSHDA-NDD@michigan.gov](mailto:MSHDA-NDD@michigan.gov)**





**SAVE  
THE  
DATE**

NEIGHBORHOOD DEVELOPMENT DIVISION  
**MI Neighborhood CDBG**

LAUNCHING \$60 MILLION IN FUNDING

03|17|25



**MSHDA™**



Scan the QR code to be added to our email list, and receive information regarding CDBG and the 4 eligible activities:

- Homeowner Rehab
- Unoccupied Rental Rehab
- Reconstruction
- Infrastructure (housing)

MICHIGAN.GOV/MSHDA

Contact Us: [MSHDA-NDD@michigan.gov](mailto:MSHDA-NDD@michigan.gov)

# QUESTIONS?

Presenter: Chris Lussier, CDBG Manager  
[lussierc1@michigan.gov](mailto:lussierc1@michigan.gov)

