



MICHIGAN NSP2 CONSORTIUM

POLICY AND PROCEDURES MANUAL

INTRODUCTION

I. INTRODUCTION

The Neighborhood Stabilization Program 2 (NSP2) was established to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. NSP2, a term that references the NSP funds authorized by Title XII of Division A of the American Recovery and Reinvestment Act of 2009, (the Recovery Act) provides grants to states, local governments, nonprofits and a consortium of public and or private nonprofit entities on a competitive basis.

On January 14, 2010, HUD awarded a combined total \$1.93 billion in NSP 2 grants to 56 grantees nationwide. This includes 33 consortiums at a regional level and four national consortiums carrying out activities in target areas throughout the country. HUD selected these grantees based on foreclosure needs in their selected target areas, recent past experience, program design and compliance with NSP2 rules.

The Michigan NSP2 Consortium received \$223,875,339 of its requested \$290,000,000. This represents the largest single NSP2 award. The Michigan NSP2 Consortium is as an unprecedented coalition of MSHDA, as lead applicant, 12 city governments, and eight county land banks to work together to remove blight and reposition neighborhoods in targeted NSP2-eligible census tracts. HUD views this as a national model and will examine the administration of this grant during the three-year program period.

II. WELCOME TO THE MICHIGAN NSP2 CONSORTIUM POLICY AND PROCEDURES MANUAL

The Michigan NSP2 Consortium Policy and Procedures Manual is the central management system and provides a series of guidelines, strategies, processes, tools and document templates to manage NSP2. MSHDA designed the Manual to standardize the compliance, reporting, documentation and funds management requirements of NSP2 and assist with effective and efficient program management.

A. Modules

Modules of the Manual include:

1. Policy and Program Guidelines and Design
 - NSP2 and Federal Regulations
 - MSHDA NSP2 Policy and Requirements
2. Program Administration
 - Setting up Your Internal Systems for Planning, Production of Units, Compliance, Financial Management and Auditing, and Governmental and Community Liasion
 - Introduction to OPAL: Project Set-up, Funds Management and Reporting
 - On-going Monitoring, Performance Review and Close-out
3. Environmental Review Release of Funds Process
4. Cultivation and Procurement of Developers and Program Partners
 - Developers

- Housing Counselors
 - Rental Property Managers
 - Professional Service Providers
5. Neighborhood Stabilization and Redevelopment Planning
 6. Acquisition
 - MSHDA Intermediary-facilitated Purchases
 - Working with REO Listings
 - Partnership with City and Land Bank on Tax Forelosures
 - Meeting Your 25% Set-aside Requirement
 7. Demolition Requirements
 - Immediate Redevelopment
 - Spot Blight Removal
 - Land Banking for Future Redevelopment
 8. Construction Standards and Management
 - Rehabilitation and Construction Standards: “Make Your NSP2 House the Nicest on the Block”
 - Construction Management
 9. Land Banking that Yields Buildable Lots for Future Redevelopment
 - Property Maintenance and Management
 - Acquisition and Disposition Strategy between Land Bank and City
 10. Marketing Strategies to Cultivate Buyers and Renters
 - Viral Marketing
 - Housing Counseling and Income Certification
 - Homebuyer Affordability Subsidy
 - Link End Mortgages with Buyers
 - Lease Purchase Programs

B. Purpose of the Manual

The Manual seeks to assist MSHDA, Cities, Land Banks and program partners in the following:

1. Demystify NSP2, a federal housing & neighborhood program as well as a CDBG program and explain how NSP2 defaults to the requirements and eligible activities of CDBG when not provided in NSP2 Regulations Notice and ARRA.
2. Centralize the management systems and documentation of the Michigan NSP2 Consortium and streamline the compliance, reporting, documentation and funds management requirements of NSP2
3. Ensure compliance with NSP2 and CDBG for MSHDA, Cities, Land Banks, and Program Partners and expend funds within the three-year program period
4. Provide strategies, processes, checklists, tools and document templates that build the capacity of the Consortium for NSP2
5. Meet the housing and neighborhood goals for each target area.

C. How the Manual Works

This series of managing documents is a toolbox. A toolbox collects and organizes a variety of tools for a tradesman to complete his project efficiently and well. A toolbox stores different tools depending on the type, size and phase of the project. Some of those tools are in there based on recommendations from fellow tradesman on which tools work best for what.

The Michigan NSP2 Policy and Procedures functions the same way and is a work in progress, meaning:

1. MSHDA will introduce, in the order provided above, the modules within the first year of NSP2
2. MSHDA will ask Consortium Members to share their feedback on the modules as well as provide their own best practices and templates. MSHDA will update them regularly to improve their quality.
3. MSHDA will provide trainings either by Workshop, Web Meetings and/or One-on-one Site Visits

Most modules will contain:

- ❶ **Policy and Guidelines:** What are the overarching rules, regulations and policies required by HUD and MSHDA to manage NSP2 funds?
- ❖ **Strategy:** How should you design your program? What is the best way to complete an activity that is compliant, efficient, and effective and meets objectives? How will the interventions assist the stabilization and/or revitalization of targeted block or neighborhood?
- ★ **Process:** What are the steps in order to complete the activity? Who will you need to work with to complete the task? What is the timing and deadlines to complete the work?
- ☑ **Checklists:** What tools and documentation do you need to complete the work and be in compliance? When did you complete it?
- ⚡ **Tools:** How will you ensure that the project is compliant and feasible? That your developers and program partners were procured correctly and doing what they need to be doing? What important information do you need from the document and tools?
- 📄 **Templates:** What are the standard documents you will need to manage the program and project? What language is needed to ensure compliance, report the necessary information, outline the terms of the agreement, and describe specifically the work to be completed?