

2015 Michigan Blight Elimination Program Statement and Application

Program Statement

Introduction

In 2012, Michigan Attorney General Bill Schuette and other participating state Attorneys General entered into a settlement with the five leading bank mortgage servicers. The National Mortgage Settlement requires servicers to provide monetary sanctions and relief and mandates comprehensive reforms in mortgage loan servicing. Michigan received \$97.2 million for the purpose of creating the Homeowner Protection Fund and a portion of these funds were appropriated by the Legislature to Michigan State Housing Development Authority (MSHDA). In 2014, \$3.7 million of this funding was repurposed to continue to address blight elimination needs across the state. The Blight Elimination Program has already funded approximately \$25M in demolition projects dating back to 2012 and will use the newly repurposed funding to continue efforts to demolish vacant and abandoned structures and promote public safety, stabilize property values, and enhance economic development opportunities.

Maximum Award: The maximum award per proposal will be Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00).

Eligible Applicants: County Land Banks and local units of government. Limit one proposal per applicant.

Eligible Projects:

- Projects involving demolition or partial demolition of commercial buildings that are part of a development project with funding commitments.
- Projects involving demolition of blighted residential structures.
- Demolition of blighted buildings in business districts, downtowns, or commercial corridors.

Ineligible Projects:

- Projects involving residential demolition in designated Help for the Hardest Hit Blight Elimination cities.
- Projects submitted by applicants with more than \$1,000,000 in undisbursed HHF funds.
- Demolitions of industrial property.
- Demolition of properties that are listed in the National Register of Historic Places (either individually or as part of a historic district) or those found within local historic districts designated under 1970 PA 169 for which the State Historic Preservation Office (SHPO) and/or the local historic district commission has not already approved demolition.

Evaluation: Proposals will be evaluated based on their anticipated impact in promoting public safety, stabilizing property values, enhancing economic development, public and private investment in the project and their alignment with a local place plan or other placemaking effort.

Individual Application Scoring:

Applications will be scored on a 25-point scale, with a total of 5 possible points available in each of five categories: public safety, property value stabilization, economic development opportunities, and additional investment, and placemaking.

Five points will be scored where the application demonstrates that the project meets the criterion exceptionally well, four points will be scored where the project serves the goal to a high degree, three points will be scored where the project serves the stated goal, two points will be scored where the project marginally serves the goal, and one point will be scored where the project does not meet the stated goal.

Category 1 - Public Safety: How the project promotes public safety. For example, a project that targets demolition to eliminate unsafe structures in or adjacent to a school, hospital, business district, public park, or core neighborhood institution increases public safety and will score highest in this category.

Category 2 - Property Value Stabilization: How the project will have a positive or stabilizing effect on property values in the project area. For example, a targeted residential demolition approach will score higher in this category than a scattered residential demolition approach.

Category 3 - Economic Development Opportunities: How the project will complement or enhance any existing economic development in or near the project area. An economic development opportunity may be any recent or current public or private investment project intended to have a positive economic effect in the community such as downtown redevelopment.

Category 4 - Additional Investment: Describe any additional public or private investment including matching funds or other funding sources. Projects with the highest amount of funding in the project leveraged from other sources will score highest in this category. The scale for scoring the percentage of dollars leveraged will be as follows:

- 81% and Up (5 points)
- 61% - 80% (4 points)
- 41% - 60% (3 points)
- 21% - 40% (2 points)
- 1% - 20% (1 point)

Only leveraged dollars for which evidence of written commitment included in proposal will be counted towards scoring.

Category 5 – Placemaking: Projects that can show direct alignment with a locally adopted place plan or that support another placemaking initiative such as supporting a missing middle housing strategy, facilitating a mixed use development, or similar items will score highest in this category.

Eligible Properties

Only vacant and abandoned blighted structures may be demolished. A structure is blighted if it meets any of the following criteria:

- Public nuisance according to local codes or ordinances.
- Fire hazard or otherwise dangerous to the safety of persons or property.
- Has had utilities, plumbing, heating or sewerage disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for the intended use.
- Publicly-owned blighted properties are automatically eligible for demolition.
- Privately-owned properties may be demolished but only after obtaining legal authority to demolish through your local dangerous building ordinance or by owner consent.

Administration of Project Funds

Applicants must demonstrate the capacity to administer the grant funds in a cost-efficient manner and to meet applicable deadlines including specific information on staffing, status of procured demolition contractors and ability to procure and manage onsite work. Applicants may be asked for additional information and documentation.

Allowable Costs

Not more than 5 percent of funds may be expended on project administration including project management. At least 95 percent of the funds shall be spent on demolition-related activities including but not limited to utility disconnect fees, demolition costs, permit fees, abatement of hazardous materials, cost of labor, trucks and fuel, landfill costs for waste, air-monitoring at demolition sites, concrete and seeding. Only reasonable and necessary costs that are directly related to demolition and are supported by the solicitation of multiple bids are eligible. Funds may not be used for property acquisition or redevelopment.

Reporting

Grantees will be required to provide written monthly progress reports to the Michigan Land Bank detailing work completed by address, a detailed accounting of the project, project milestones and other relevant information.

Reallocation of Funds

Funding commitments will be recaptured and the funds reallocated if the applicant fails to provide necessary information, fails to meet deadlines, fails to secure the necessary agreements and approvals within the established timeframes, or otherwise fails to comply with program requirements in a manner sufficient to allow for the satisfactory completion of the project. Recaptured funds will be used to fund or partially fund applications received in this round or parts of proposals submitted as part of this application process.

Application Submission and Review

Applications must be mailed or delivered to the following address:

Hand Delivery or Private Courier:

Michigan Land Bank, 735 East Michigan Avenue, Lansing, Michigan 48912

Regular US Postal Service: **Michigan Land Bank, PO Box 30766, Lansing, Michigan 48909**

Applications must be received by 5:00 p.m. on June 1, 2015. Late applications will not be considered. Applications will be evaluated by MSHDA and the Michigan Land Bank. Decisions on selected projects are expected by June 30, 2015. Demolition work must begin as soon as possible during the 2015 construction season.

Site control for all properties submitted for demolition must be established in 90 days from preliminary award date. Failure to gain site control within this timeframe will result in the preliminary award being recaptured and the funds reallocated.

Demolition work must be completed and funds expended and drawn within one year of the grant award. Projects will be reevaluated at quarterly milestones, and any project not on track to commit and expend funds may be subject to recapture and reallocation to the next highest scoring project.

Questions - Questions about the application may be emailed to huntingtonj@michigan.gov up until 5:00 p.m. on May 22, 2015.

Application

A complete application must include all of the following information:

Project Applicant:

Name, Address, Phone

Point of Contact Name, Address, Phone, Email

Project Summary: Provide a brief narrative including a description of the project area, the proposed demolitions, and the amount requested.

Detailed Project Description:

- Provide a property list, sorted by street address. Include a condition assessment of each property and ownership information.
- Disclose any known environmental problems.
- Identify any property slated for demolition that is in an historic district or listed in the National Register of Historic Places and attach appropriate approvals for demolition.
- Provide a map of the project area.
- Land reuse: describe the plan for restoring the land after demolition and the planned post-demolition use of the land.

- Please describe how this proposal is consistent with a local master, strategic or blight elimination plan.

Project Benefits:

- **Public Safety (5 possible points):** Explain how the project will promote public safety.
- **Property Value Stabilization (5 possible points):** Explain how the project will have a positive or stabilizing effect on property values within the project area.
- **Economic Development Opportunities (5 possible points):** Explain how the project will complement or enhance any existing economic development in or near the project area.
- **Additional Investment (5 possible points):** Please provide a list of leveraged sources, describe their use in the project, and attach evidence of written commitment.
 - 81% and Up (5 points)
 - 61% - 80% (4 points)
 - 41% - 60% (3 points)
 - 21% - 40% (2 points)
 - 1% - 20% (1 point)
- **Placemaking (5 possible points):** Explain how project directly aligns with local placemaking efforts.

Capacity: Description of the applicant's demolition or development project management experience including a description of at least two projects completed or under way, number of units demolished, and any other indicators showing capacity to administer funding for demolition.

Contractor Qualifications: All projects must be competitively bid.

- Describe the bidding process that will be used including criteria and contractor qualifications.
- Identify the entity responsible for procuring contractors, if different than the applicant.
- Provide a copy of policies and procedures for procuring contractors, including required credentials and other selection criteria.
- Identify the entity performing the demolitions, if known.

Budget: Applicants must provide a detailed project budget estimate and budget narrative including other funding sources (if applicable).

Projected timeframes: Estimated work start and finish dates, and other project timeframes.

Evidence of Local Support: Attach evidence of local support for the proposed project.