

Round 5 Questions and Answers Posted 11/4/19

Q1: Will the same lien rule apply for homeowners for Round 5? " MSHDA liens will be required for all assisted single-family properties that receive over \$2,500 in NEP funds and will be in the format of a 5-year 100% forgivable lien with 20% forgiveness prorated yearly "

A1: The lien requirement for Round 5 is: If the total NEP funding is not \$7,500 or more then there is not a lien imposed on the property. If the **total** NEP assistance is equal to or greater than \$7,500 then a 5-year non-prorated forgivable lien will be placed on the property. If they sell the property within 5 years, then they will need to reimburse MSHDA the full amount of the assistance.

Q2: Will the same guidance on windows and doors apply in Round 5? And can NEP funds be used on lead abatement activities related to window or door replacement? "The replacement of doors and/or windows cannot be a standalone activity. NEP is designed to provide funding for comprehensive improvements to doors, windows, railings, light fixtures, paint, concrete steps, etc."

A2: Round 5 is still not a windows/doors stand-alone program and typically the NEP funding per property does not warrant lead abatement costs. However, if the energy audit identifies these activities as critical, we will consider each property improvement request on a case by case basis.

Q3: Is modest landscaping an eligible activity? " Modest landscaping (seed/sod, mulch, trees/shrubs, perennials), up to \$1,000 not included in lien."

A3: We do allow for beautification activities within the neighborhood but require that all products used are strategically selected for long-term impacts such as perennials not annuals.

Q4: Are fencing, roof repair, new roof, fascia and/or home gutters that improve the exterior of a home eligible activities?

A4: Exterior home improvements such as those listed are eligible if the specific activity undertaken meets full code compliance. The intent of the program is to have visible impact on the neighborhood.

Q5: Does the Component B project have to be permanent? Perhaps public benches that could be moved from place to place.

A5: It would depend on where the public benches would be placed. The activities are required to be undertaken within a neighborhood and cannot be utilized within a downtown area. If you are referring to public benches in a public park within a neighborhood then the answer would be yes.

Q6: According to the description, the NEP can comply to an eligible neighborhood. Can the neighborhood boundaries be defined by the Township or does it have to be a site plan? We have homes around Park Lake that might be eligible if we can create the boundary.

A6: We allow applicants to define the boundaries of a neighborhood.

Q7: How do the homeowners get involved?

A7: Applicants/Post-Award Grantees will advertise the funding and distribute, collect and review applications to determine which homeowners are eligible and what activities will be funded.

Q8: According to the paperwork, homeowners get liens placed on their homes. Do the liens get removed once the projects are completed or does that mean the homeowners need to pay MSHDA back when they sell their homes?

A8: If the total NEP funding is not \$7,500 or more then there is not a lien imposed on the property. If the NEP assistance is equal to or greater than \$7,500 then a 5-year non-prorated forgivable lien will be placed on the property. If they sell the property within 5 years, then they will need to reimburse MSHDA the amount of the assistance.

Q9: I understand that infrastructure, such as streetlights and sidewalks, are ineligible activities. What about a public boat wash at an existing public boat launch?

A9: If specific funding is not currently identified within the master plan but it is identified as a need and it is located on publicly owned property and would not require usage fees then it may be eligible.

Q10: There are two components, can an agency apply for the maximum grant amount in each category? For example, \$30,000 for home improvements and \$30,000 for park improvements.

A10: No, the total amount of the grant is capped at \$30,000 for areas with populations 0-49,999.

Q11 Part 1: I'm representing a unit of local government. The instructions ask for a letter signed by our Village President with this info: Label response as **Narrative Item #2a** and **Narrative Item #2b** And a second letter signed by our Village President verifying that this initiative has local community and neighborhood support. Do I have that right?

A11 Part 1: For local units of government **not located within the City of Detroit**, we require the **cover letter, one signed letter of interest** as described below **plus attachments**. However, we also accept additional letters of interest from other partner organizations which are not required.

A letter is also required for the **sworn statement** that is dated, signed, and on letterhead from a financial representative, CPA, accountant and/or auditor certifying that your agency is either governmentally exempt or not delinquent in relation to any local, county, state or federal taxing jurisdiction property, income or business taxes.

Q11 Part 2: I think you mean you want a letter of interest (step 2) and a letter of acknowledgement (Step 3)—both of which would be signed by our Village President. Is that correct?

A11 Part 2: For local units of government **not located within the City of Detroit**, you can combine them into one document.

Q12: When the RFP says population size is determined by "areas," what defines the area? Is it the boundary in which an awardee will offer the funds, or can the city of Detroit be considered an area?

A12: The area should be a defined neighborhood. It cannot encompass the entire city of Detroit.

Q13: Is we were to be awarded funds; can we then contract with another entity to administer the funds?

A13: The funds cannot be passed through to another entity.

Q14: Are there guidelines or restrictions on who can complete the repair/rehabilitation work?

A14: Any work exceeding \$600 must be completed by a licensed and insured contractor as applicable. Refer to pages 20-22

https://www.michigan.gov/documents/mshda/Neighborhood_Handbook_v2_Formatted_4.9.18_623949_7.pdf

Q15: If awarded funding, is there pre-made paperwork to be used or does each awardee create their own documents to ensure proper tracking and administration of funds?

A15: The admin tracking form is on page 28

https://www.michigan.gov/documents/mshda/Neighborhood_Handbook_v2_Formatted_4.9.18_623949_7.pdf

Q16: I am trying to locate the "120% AMI percentage for one-person household." Can you direct me in the right place?

A16: Please reference the last two pages of the following document:

https://www.michigan.gov/documents/mshda/Rd5_Comm_Eligibility_Process_667815_7.pdf

Q17: Will construction below \$25,000 require multiple bids? If so, how many? Will there be Section 3 requirements for construction?

A17: We do not require bids. We do require a minimum of 2 quotes written or verbal (documented). There are no section 3 requirements associated with the NEP funds.

Q18: If there are two separate organizations applying to do improvements to the same neighborhood, will this negatively impact either application?

A18: We ran into this issue in a previous round and there was a North and South portion of the neighborhood and we had them split the neighborhood. Unfortunately, this did not work out very well and led to some applicant confusion. Therefore, in future rounds we will only be selecting one organization per neighborhood however we will accept multiple applications from organizations, and each will be reviewed on their own merits.

Q19: How long is the lien placed on the assisted single-family property? Is it paid back by the homeowner?

A19: If the total amount of NEP assistance on a property is for an amount equal to or more than \$7,500 then a five year non-prorated 100% forgivable lien between MSHDA and the homeowner is required.

Q20: In the case of housing rehab, is the construction contract between the agency and the contractor, or between the homeowner and contractor?

A20: For housing rehab the construction contract can be a three-party contract with roles/responsibilities of each party being identified or a two-party contract between the homeowner and contractor as long as there is a written agreement with identified roles/responsibilities between the homeowner and the grantee.

Q21: We have a home repair program. We require a 40% payback from the homeowner. Would this grant allow us to continue this practice?

A21: If your question is whether or not the program would allow NEP to put in 60% of the cost as a grant and you use a different funding source upfront for the other 40% and then place a lien on the property for the remaining 40% as a loan then yes we would allow this. If you are asking if NEP would fund the full 100% and allow you to collect 40% back in payments, then the answer is no. We will need more information to fully answer this question.

Q22: Could you give me the feasibility of getting funding in the City of Grand Rapids, MI? It looks like this may be designated for smaller communities.

A22: A nonprofit or a habitat can apply for neighborhoods within the City of Grand Rapids however the city itself cannot apply.

Funding has been reserved in an amount of up to \$600,000 for this type of scenario with a maximum grant amount per agency of \$50,000.

Q23: What is the exact time frame to spend the money?

A23: The funds must be expended by December 31, 2020.

Q24: Are replacement trees an allowable expense?

A24: This is a complicated question. At least ½ of the money requested must be utilized for housing improvements to single-family owner-occupied homes with households at or below 120% area median income.

The other ½ of the request can be used for neighborhood beautification which could involve replacement trees on private property. However, if the request is for replacement trees on public property/right of way then the answer would be probably not. However, if the tree replacement is part of a natural disaster that occurred then possibly. We would need additional information on the specific request.

Q25: Can a community use grant funds to repair/replace sidewalks?

A25: Yes, if the sidewalks are on private property providing access to housing. No, if the sidewalks are on public property.

Q26: Question re eligibility:

A Detroit-based hospital system recently activated a building owned by the hospital that is located in an NEP income-eligible community, and the hospital would like to continue to enhance the space and the

offerings of this art-infused community space, making it available to residents free-of-charge to be utilized for local events, classes, community meetings, art projects—Is such a project potentially eligible for Round 5 NEP support?

A26: Each proposal must have a single-family owner-occupied housing component for at least 50% of the project. This sounds like a potential MEDC crowdsourcing project.

Q27: Where do I find the 120% AMI percentage (the number) provided for one-person households that I compare against the income findings in FactFinder for the particular zip code I'm investigating for eligibility? Am I using the City Median Household Income or the State, or something else?

A27: We provide this number - please reference the last two pages of the following document: https://www.michigan.gov/documents/mshda/Rd5_Comm_Eligibility_Process_667815_7.pdf

Q28: We meet 2 and 3. However, we received a CDBG grant for infrastructure for 2 million and recently this year was awarded a CDBG grant for \$1,415,000 this year. So, I'm thinking we can't. Just want to confirm.

A28: As long as you have to apply to receive CDBG then you are eligible. This restriction is only imposed on communities that have CDBG and/or HOME dollars in their annual budgets that could be used for NEP activities.

Q29: The City of X's population is around 8,304. I'm wondering if we've received over \$350,000 in CDBG funds if we are eligible to apply for the Housing NEP?

A29: There are 3 eligibility tests:

1. Does your community receive a combined total of \$350,000 in CDBG and/or HOME dollars directly from HUD on a yearly basis? If not, your community is eligible to apply.
2. Your community must be low/mod: The City of X meets the low/income threshold based on data currently reflecting 58.56% low/mod.
3. Area Eligibility: The City of X's Median Household Income is \$33,783 and the 120% AMI Maximum is \$44,200 therefore the city is eligible.

Q 30: Can a village request two grants for two different projects within one round of the NEP?

A30: A village is limited to the maximum dollar amount tied to the grant however multiple projects can be identified to utilize the dollars. In the case of X Village based on its population the maximum dollar amount is \$30,000.

Q 31: Can perennials or bushes be part of the funding by the NEP when beautifying residents' homes?

A31: We are looking for permanent visible changes to homes. This is not a stand-alone perennial/bush program. However, if we are fixing a private entry way/sidewalk and there is a need for landscaping, this activity can be considered an eligible component.

Q32: Can you provide a link to “Eligibility Guidance” on your website. Can you provide a link?

A32: Refer to Answer 31 Above and Below is a link to the instructions for #2:
https://www.michigan.gov/documents/mshda/Rd5_Comm_Eligibility_Process_667815_7.pdf

Q33: Can you provide the “How to Apply” link?

A33: Please go to the following site: https://www.michigan.gov/mshda/0,4641,7-141-5564_84719-507972--,00.html

Q34: I went to FactFinder to look up our various counties and communities. None of them had a 2019 American Community Survey, all had 2018, but no Financial Characteristics to choose from.

A34: Then for that community, you can use the most recent data available which should be at least 2016 or 2017.

Q35: We received a CDBG grant for infrastructure for 2 million and recently this year was awarded a CDBG grant for \$1,415,000 this year. So, I’m thinking we can’t. Just want to confirm.

A35: As long as you have to apply to the MEDC to receive CDBG then you are eligible. This restriction is only imposed on communities that have CDBG and/or HOME dollars in their annual budgets that could be used for NEP activities.

Q36: We’re interested in the NEP program, where it states the following regarding monetary allocations:

- Up to 30k for areas with populations of 0-49,999
- 50k for areas with populations of 50,000+
- 40k for MSHDA Mod Neighborhood

What type of applicant could I be? How do I know if I am in a MSHDA Mod Neighborhood?

A36: Currently there are a very limited number of MSHDA Mod Neighborhoods: KNHS-Kalamazoo, City of Beaverton, Community enCompass – Muskegon, Big Rapids Housing Commission, Northeast Michigan Habitat for Humanity – Harrisville, Jubilee – Holland, and Barry County Community Foundation – Hastings. Funding has been formally reserved for two additional communities (Oscoda Township, City of Romulus). An additional reservation is pending for the City of Marlette.

Q37: Is the 50% of this grant reserved for single family homes only?

A37: Yes, 50% of the grant is reserved for single family homes only.

Q38: I have a question regarding the CDBG fund maximum. Does this mean any CDBG funds we would receive? Currently we have a MEDC grant for a façade improvement in our downtown and an ICE grant through our DPW department. Are these CDBG funds you are referring to or would they be another form of homeowner CDBG funds?

A38: The CDBG funds cap of \$350,000 is tied to an annual allocation received by a community directly from HUD.

Q39: I'm in Detroit and I'm interested in completing an application for the Neighborhood Enhancement Program. The guidelines say, "Provide acknowledgement letter(s) from the Local Government Director of Planning or the Chief Elected Local Government Official or the Chief Administrative Officer or the Community and Economic Development Director of the assisted area(s) verifying that this initiative has local community and neighborhood support." For Detroit, do you know which person or department I should contact?

A39: The person you should contact is:
Katy Trudeau, Deputy Director
Planning and Development Department
Suite 808
Coleman A Young Municipal Center
trudeauk@detroitmi.gov