



Neighborhood Enhancement Program
Policy and Compliance Handbook
Effective Date: April 2020

Table of Contents

| | |
|--|----|
| <u>Section 1: NEP Overview</u> | |
| Purpose..... | 4 |
| Eligible Improvements Activity Guide..... | 6 |
| Ineligible Improvements Activity Guide..... | 8 |
| | |
| <u>Section 2: NEP Action Steps – All Components</u> | |
| Public Amenity Ownership Guidance..... | 11 |
| NEP Checklist for Grantees..... | 12 |
| Program Guidelines..... | 14 |
| Licensing Requirements..... | 17 |
| Procurement Requirements..... | 19 |
| Landscaping..... | 20 |
| Compliant Procedure Policy..... | 21 |
| Pre-Approval Request Form..... | 23 |
| Notice to Proceed..... | 25 |
| FSR Required Request Form..... | 26 |
| Program Administration Report..... | 27 |
| | |
| <u>Section 3: NEP Homeowner Enhancement Component</u> | |
| Home Energy Analysis/Audit Component..... | 29 |
| Homeowner Enhancement Quick finder..... | 30 |
| Grantees Lien Requirements..... | 32 |
| Homeowner Certification Form..... | 33 |
| Approval & Request for Contractor Payment Form..... | 35 |
| Homeowner & Contractor Contract (Sample)..... | 36 |
| NEP Grantee Lead & Asbestos Compliance Requirements..... | 42 |
| | |
| <u>Grant Completion</u> | |
| Final Outcome Report..... | 46 |
| Household Participation Engagement Survey..... | 48 |
| NEP Grantee Participation Engagement Survey..... | 49 |

Section 1: NEP Overview

Ready!

Set!!

Go!!!

Program

Purpose

The program's intent is to fund tangible housing-oriented activities that are: implementation ready; highly visible; impactful to the neighborhood and resident's quality of life; and where there is buy-in and demonstrated support within the neighborhood and where people are engaged and facilitating change. The funding is designed for innovative, neighborhood housing-oriented activities that benefit area residents.

Eligible Applicants

- **Non-profit 501(c)(3) agency:** Defined as an agency that is currently actively servicing a neighborhood; have at least one full-time employee; is not operating the agency via their principal residence; and has an operating budget exceeding \$30,000 per year.
- **Local Units of Government:**
 - **Rural** – less than 5,000 in population
 - **Non-Rural** – population between 5,001 – 49,999 that are not direct recipients of U.S. Department of Housing and Urban Development federal funds exceeding \$350,000 total allocations combined per CDBG and/or HOME program.
- **Direct Funded MSHDA Mod Areas:** where an executed MSHDA Mod grant agreement is in place.

Eligible Neighborhood Components

Activities designed to improve the quality of life of the residents of low- or moderate-income housing or of an area undergoing neighborhood conservation or renewal:

1. Neighborhood Public Amenity Enhancements (up to 50% of total grant minus admin)
2. Housing Enhancements to owner-occupied single-family homes

Eligible Neighborhoods

A neighborhood is a defined community-based residential area where people live and share amenities/resources.

All proposed activities are restricted to income qualified neighborhood areas (see Eligibility Guidance), they must also be “designed to improve the quality of life of the residents of low-to moderate-income housing or of an area undergoing neighborhood conservation or renewal.”

- Area boundaries that are primarily residential
- Census tracts/block groups that have at least 51% low/mod residents
- Households receiving direct assistance must be at or below 120% area median Income

Eligible Occupied Property Definition: A single-family property which is zoned residential that: a) has no unaddressed mortgage and/or tax delinquencies; b) is not subject to a foreclosure proceedings, court-ordered receivership or nuisance abatement; c) has utilities services turned on; d) is permanently occupied by homeowners that identify the assisted address as their primary residence; and e) is affixed to a permanent foundation.

Project Condition

A successful place-based project must be in an eligible area and/or result in an eligible beneficiary.

NEP Expectations

- A determination of licensing, insurance, lead, asbestos, and other local requirements, including but not limited to permits, must be made by the grantee.
- Pre-approval by MSHDA must be secured prior to any work being performed and/or costs being incurred.
- A determination of required inspections and/or confirmation that all other local requirements were met must be made by the grantee.
- Completion and satisfaction with work must be formally signed and dated by the homeowner, grantee and contractor prior to request and release of funds.

Eligible Improvements Activity Guide

Improvements in the Neighborhood Enhancement Program can be comprised of both exterior and interior activities of a single-family home or as an enhancement to a public amenity that benefits a neighborhood.

Improvements must substantially protect or improve the basic livability of a single-family home. Improvements must be physically attached and be permanent in nature. (Note: restrictions on % of interior and exterior identified in program guidelines, cannot exceed 50/50 within the component).

Interior repairs can be used to correct code related structural, plumbing, mechanical, electrical, and/or other health and safety violations. Funds may be used for weatherization and energy efficiency (if based on an energy audit).

Category A. Exterior Eligible Repairs

Exterior eligible repairs must make a visible impact from the street to the neighborhood and focus on safety, visibility, accessibility, and energy repairs (*should not be a standalone item such as windows or doors, unless based on an energy audit*).

Examples:

- Roof
- Siding
- Porch/deck repair and installation
- Ramps
- Private driveways and sidewalks
- Fences
- Soffit and gutters
- Doors
- Windows

Category B. Interior Eligible Repairs

Interior eligible repairs/replacement, if warranted based on use life cycle analysis, should be used to correct formally cited code related health and safety violations.

Examples:

- Electrical upgrades
- Drywall (relating to an approved improvement)
- Sump Pump
- Plumbing
- Insulation
- Furnace or Boiler
- Water Heater
- Handicap accessible bathrooms
- Ventilation

Category C. Public Amenity

Improvements benefitting the entire neighborhood not located on private property but located on publicly owned property (or consent from owner with guidance from MSHDA, refer to page 11). Park enhancements must be permanently affixed, if they are not, they must be stored in a secure location on site.

- Playground Structures/ Amenities
- Walking path
- Mural
- Pocket park
- Pavilion
- Permanent benches
- Entranceway signage/lighting
- Orchards/Perennials
- Dog park
- Community spaces / raised garden beds
- Gazebo
- Picnic tables

Ineligible Improvements Activity Guide

MSHDA at its discretion will determine the specific activities it will fund during the review process, all requests will be evaluated on a case by case basis and be reasonable. While this funding is flexible, funding is not for the following activities: housing activities already being funded by MSHDA to other entities; rock the block events; demolition; rubbish removal; stand-alone down payment assistance; land acquisition; downtown oriented activities such as streetscape/façade; non-housing oriented activities; gap financing for multi-family tax credit deals; match for crowdfunding; technical assistance; emergency funding; public infrastructure such as streets, curbs, sidewalks, street lights, and any activities within the public right of way; and any other activities already funded by another entity/agency including but not limited to economic development, direct business assistance, workforce training, etc. This is also not replacement funding; it cannot be re-granted and/or serve as a matching resource for another State and/or Federal Program.

Interior improvements to enclosed porch areas are not eligible unless exterior visible and tangible neighborhood results will also be made. NEP is designed to provide funding for structural enhancements tied directly to accessibility and/or safety only that positively enhance the neighborhood.

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.

NEP does not reimburse for event food and/or event-oriented items (paper/plastic products, cleaning/office supplies, etc.).

Key items to pay attention to:

- Please try to submit the following in one e-mail to your Champion: *Household Income Self-Certification Form, estimate of work to be done, before pictures, and Pre-Approval Request Form.*
- Grantee is responsible for making sure contractors are licensed and insured.
- If there is a change in the scope of work or an increase in price; prior approval is needed from your Champion.
- Keep a spreadsheet for all approved activities.

- The Grantee must submit Financial Status Reports for reimbursement. All billing and invoices are approved by the Grantee prior to submission for reimbursement. Checks from MSHDA are made directly to the Grantee.
- Dead trees – NEP will not remove trees that are located within the public right of way. Unless two criteria are met, NEP funds cannot be utilized: 1) the tree is located on private property **and** 2) the tree is posing an immediate threat to the occupants and/or neighborhood based on its close proximity to the house. Each request will require pre-approval by MSHDA on a case by case basis.
- Board ups of properties not owned by grantee – NEP will not be financing city owned and/or land bank owned property board ups without 1) formal written permission from the owner regarding accessibility permission **and** 2) a written agreement with the city and/or land bank retaining full liability responsibilities on the site.
- Property rehabilitation work – All work should take place on single family homeowner occupied properties. The NEP Program is not designed to assist rental properties, unless pre-approved by MSHDA on a case by case basis. Note: work tied directly to non-occupied properties will require pre-approval by MSHDA on a case by case basis.
- If an activity that was approved does not move forward notify your Champion.

Example #1:

You do 15 homeowner enhancements, there should be a line item for each address with amounts.

Example #2:

123 Apple Street: Lowe's: \$100
 Menards: \$325
 Contractor: \$400

Section 2: NEP Action Steps All Components

Public Amenity Site Ownership Guidance

Public Amenity is defined as improvements benefiting the entire neighborhood not located on private property but located on publicly owned property which is utilized by the residents on an ongoing basis at no charge.

Recommendation:

If you will be undertaking work on a site that is:

- a) not owned by the grantee based on the current recorded deed
- and**
- b) the assisted property is not an owner-occupied single-family structure

Then the following action steps will be required by your agency:

1. Develop a scope of work and timeline that is agreed to in writing by all parties.
2. Obtain formal written authorization and a Notice to Proceed from the current owner.
3. Obtain verification that there is current liability insurance and all taxes are current on the site prior to any work taking place.

Examples: park improvements, such as pavilions, basketball courts, playgrounds, walking paths, dog parks, entranceway signage/lighting, orchards, community spaces/gardens, and murals.

Your agency will need to obtain written sign-off/approval by the property owner, on a per invoice basis for work completed, prior to being reimbursed by MSHDA.

NEP Checklist for Grantees

The following is a checklist of steps that represents what MSHDA expects all grantees to perform and documents must be maintained in local project files. The list of required documents is generally organized in a chronological order and broken into key phases of the life cycle of a specific project. *Note: there should be a separate file set up for each component and/or project.*

| | | Date Completed |
|----------|---|----------------|
| 1. _____ | Partnership Profile Creation and Submission | _____ |
| 2. _____ | Application Creation and Submission | _____ |
| 3. _____ | Grant Documents signed and returned to MSHDA | _____ |
| | -Grant Agreement | |
| | -Certified Resolution and Grant Closing Statement (Non-Profits only) | |
| | - Authorized Signature Form (Local Units of Government only) | |
| | -Exhibit A (Budget and Description) | |
| | -Exhibit B (Household Self Certification Template) | |
| | - Media Kit | |
| 4. _____ | Program Guidelines Creation by the grantee includes: | _____ |
| | - Complaint Procedure | |
| | - Procurement Process | |
| | - If work is being undertaken on property not owned by the grantee, then written Owner Authorization/Approval Required | |
| 5. _____ | Application sent out to homeowners (if applicable) | _____ |
| 6. _____ | Completed Household Self-Certification Form signed and returned from selected homeowners | _____ |
| 7. _____ | Verification of Property (current on taxes and insurance) | _____ |
| 8. _____ | At least two bids obtained for work being performed (Housing and Public Amenity enhancements) | _____ |
| 9. _____ | The selected bid must be accepted by the homeowner. An approval confirmation must be formally signed and dated by the homeowner, grantee, and contractor. | _____ |

| | Date Completed |
|--|----------------|
| 10.____ Pre-Approval Request Form is sent to Champion: (per address) | _____ |
| - Household Self-Certification form | |
| - Two bids that contain documentation of comparable scope of work components – three bids if equal to or greater than 25% cost difference | |
| 11.____ Notice to Proceed issued by the Champion to grantee (per address) | _____ |
| 12.____ Prior to the start of work, a determination of required inspections and/or confirmation that all other local requirements were met must be made by the grantee. | _____ |
| 13.____ Energy Audits scheduled and performed (if available for free in your area) | _____ |
| 14.____ Issuance of Contract with an Effective Date, Scope of Work, Completion Date, and Dollar Amount. | _____ |
| 15.____ If Change order to the Contract is required (submit a modified Pre-Approval form to Champion for approval) | _____ |
| 16.____ Issuance of modified Notice to Proceed from MSHDA to grantee | _____ |
| 17.____ Homeowner Certification (if applicable) for projects equal to or greater than \$7,500 that require a lien | _____ |
| 18.____ Copy of Mortgage and Note for your file (originals must be sent to MSHDA and only the Mortgage should be recorded). | _____ |
| 19.____ Financial Status Report (FSR) entered in MATT 2.0 that includes: | _____ |
| - Program Administration Report filled out, signed and uploaded if billing admin | |
| - Upload invoices for all work performed that identifies contractor name, description of the work performed, dates work was performed (start and end) uploaded in MATT 2.0 | |
| 20.____ Retain in file all checks issued and received for each invoice. | _____ |
| 21.____ Completion sign-off/approval by owner and inspection report from city prior to releasing the five-percent holdback. | _____ |
| 22.____ Final billing from contractor: Itemized summary listing all project costs. | _____ |
| 23.____ Final Outcome Report entered in MATT 2.0 that includes: | _____ |
| - uploaded before and after pictures / video | |
| - uploaded MSHDA Surveys (Grantee and Homeowner) | |

Program Guidelines

Program Guidelines are a requirement for HID's Neighborhood Enhancement Program funds. They are used by HID grantees as an outline of program offerings, program and compliance requirements, eligibility requirements, selection criteria, complaint procedures, and program processes. They are intended to inform potential participants of the program's rules, expectations, and requirements.

Ultimately, Program Guidelines protect the grantee from claims of discrimination, favoritism, or other unfair treatment. Program Guidelines should spell out in plain terms the substantive requirements of the program, so that if an applicant is denied, the reason is clearly supported by the written rules of the program. Program Guidelines should also be directed at potential participants of the NEP program.

The below information is meant to provide guidance in the formulation of the Program Guidelines. All items might not pertain and therefore won't be included.

General Provisions

- Neighborhood Enhancement Program Goals/Purpose/Desired Outcomes
- Program Location (Target Area with boundaries identified)
- Leveraged Resources (if applicable) – All needed resources need to be committed prior to project start.
- Owner Contribution (if applicable) – Must be placed in Grantee's escrow fund prior to project start. Lines of credit are not secure. (Can be nullified by the time project starts.)
- Fair Housing/Equal Opportunity/Non-Discrimination – Statement of Nonprofit Agency's Policy, Identity of Contact Person.
- Conflict of Interest provisions
- Complaint Resolution – Review committee, Procedures, Filing Complaints/Appeal Process, Response, Dispute Resolution, Final Recourse, Reinstatement
- Program Administration – Confidentiality, Files, File Retention, Approval Authority, Grant Agreement and Program Compliance

Eligibility Requirements

Applicants

- Eligibility of Applicants – Household Income Self Certification Form

Property

- Building Types Assisted
- Property Condition Criteria
- Architectural Drawings (if applicable for design of public amenity/infrastructure only)
- Historical Property – SHPO recommendations, local historic review (if applicable)
- Lead Based Paint/Asbestos Compliance (if applicable)

Eligible Activities

- Limitations on the scope of work
- Minimum/Maximum Levels of Assistance
- Eligible/Ineligible Costs
- Minimum Requirements and Standards
- Materials – including “green” standards utilized (if applicable)

Application Process

- Notice of Available Funds
- Application Intake Process/Review
- Project Selection Process i.e. site selection: prioritization of properties

Applicant Selection

- Selection Process/Eligibility
- Required Inspections
- Checklists and Certifications
- Photographs (before and after – similar angle/location/reference)
- Scope of Work/Cost Estimates
- Non-Discrimination

Contractor/Vendor Selection

- Procurement/Small Purchase Procedures for Contractor/Vendor Solicitation
- Contractor Verification of Eligibility (State Licensing, Insurance Certifications, etc.)
- Contract Approval, Award and Notification
- Pre-Construction Meeting (if applicable)
- Notice to Proceed
- Contractor Performance
- Change orders
- Permits and Inspections/Notification Procedures (local and state code)
- Construction and Contractor Payment Provisions (holdback provisions – minimum 5%)
- Contract Extensions
- Damages
- Recognized Participants Clause

Repayment

- Loan Provisions
 - Housing Enhancement: 5-year; 100% forgivable, non-prorated
- Loan Recording
- Lien Execution
- Repayment Provisions

Licensing Requirements

Each grantee must ensure that if the work being performed requires a contractor or not based on the work being performed. If it is determined that a contractor is not required then the grantee must determine that the person performing the work is knowledgeable, experienced and capable and assume responsibility and oversight of their work performance from a cost and completion perspective.

You should be aware that all contractors offering to do work which totals \$600 or more in labor and materials must be licensed by the Department of Licensing and Regulatory Affairs. A Residential Builders license allows a contractor to build a complete residential structure and to do maintenance & alteration (remodeling) work on a residential structure. A Maintenance & Alteration license indicates that the holder has met requirements for one or more of the following trades:

- basement waterproofing
- carpentry
- concrete
- excavation
- house wrecking
- insulation
- masonry
- painting and decorating
- roofing
- screen and storm sash
- gutters
- siding
- swimming pools
- tile and marble

The trades for which a Maintenance & Alteration contractor is qualified to practice are listed on the license.

The holders' state license must be displayed in the place of business and all contractors and their salespersons must carry a pocket card which you should ask to see. If they cannot show you a license, check the department's License Information database or call the Licensing Division at 517-373-8068.

Generally, we suggest you look at the definition of a Residential Builder and the list of specialty trades for a Residential Maintenance & Alteration Contractor to see what is required to be licensed. You may wish to review Article 24 of the Occupational Code and read sections 339.2401, 339.2403, and 339.2404. However, over the years some specific services have been removed from the licensing law or rules.

Activity License Requirements

Required

- New Construction/Remodeling of homes, apartment buildings, condominiums, townhouses, etc.
- Carpentry
- Concrete
- Excavation
- Insulation Work Requiring Masonry
- Painting & Decorating
- Siding
- Roofing
- Screen & Storm Sash
- Gutters
- Tile & Marble
- House Wrecking
- Swimming Pools
- Replacement Windows/Doors /Garage Doors
- Laying Wood Floors
- Basement Waterproofing

Not Required

| | |
|---------------------------------------|---|
| Drywall | Fences |
| Awnings | Sewer and septic, water lines, sprinklers |
| Pavers without mortar | Asphalt paving |
| House moving | Plaster and lath |
| Carpeting and vinyl floors (not wood) | |

Procurement Requirements

Procurement

Procurement – small purchase procedures are used to provide written documentation on how your agency will validate that the expenses made are reasonable and necessary. The purchase procedures should be part of your program guidelines and followed when selection of contractor(s) occur.

A minimum of two written quotes/cost estimates obtained via phone, internet, etc., that are comparable in scope for each activity are needed in order to obtain a Notice to Proceed. If the gap between the two quotes/cost estimates is equal to or greater than 25% (rounded) of the lowest quote/cost estimate you must seek a third quote/estimate.

The estimates can be from:

Stores – dated receipts/invoices, activities itemized by type and cost

Contractors – can be verbal quotes on telephone if clearly documented with the date, time, parties on the call, activities itemized by type and cost

The grantee must follow procurement procedures, obtain bids for all necessary work (labor and materials), and determine reasonableness prior to issuing a Notice to Proceed.

Volunteers

We will allow volunteer labor for work not requiring a licensed contractor, based on local requirements as long as lead/asbestos testing is conducted upfront and property does not have Lead/Asbestos issues identified based on test results.

If a property owner is identified to complete the work (and meets the criteria for approval) then all purchases including supplies and equipment must be purchased and completed by the grantee on their behalf based on the procurement process outlined above.

Landscaping

Plant seeds of a native variety. Native plants have low maintenance costs associated with mowing and watering.

- Michigan Native Plant Producers Association www.mnppa.org can give guidance on types.

Other options include:

- Michigan Eco-Turf, Michigan Wildflowers, and Michigan short and tall grass mixes on the market.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
HOUSING INITIATIVES DIVISION**

Subject: COMPLAINT PROCEDURE

Effective Date: November 1, 2018

The purpose of this policy bulletin is to outline requirements for HID Grantees to establish a client complaint procedure for consistent resolution of conflicts. Complaints may come from applicants for assistance, owners, dissatisfied with work, participating contractors, or other interested parties.

A GRANTEE'S CLIENT COMPLAINT PROCEDURE MUST

1. **Be outlined in Grantee's Program Guidelines.** Clients and contractors must be informed of the complaint procedure when they are selected to participate in the program or upon receipt of a written complaint.
2. **Establish a timely response.** Ensure that a client's initial complaint is responded to by the program administrator within 15 working days of the date of the complaint.
3. **Require that the Chief Executive Officer (CEO) or Executive Director** of the grantee be informed of any complaint the program administrator fails to resolve. The grantee (at its option) may ask the CEO to review the case and recommend a resolution.
4. **Provide for the establishment of a review committee**, to be comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator (and CEO if he/she is part of the complaint procedure). It is recommended that the committee members serve a specified number of years.
The review committee should be comprised of:
 - A person with building/construction expertise (completely separate from the contractor who is part of the complaint);
 - A local community representative; and
 - A representative of the grantee (but should not be administrator or staff member of housing program)**The claimant** may choose to make a presentation or submit a written description (including documentation) to the committee for review.
5. **Establish process to notify the client in writing of the review committee's decision** within 15 working days of the date of the hearing.

This policy covers the following processes:

- The grantee's client compliant procedure
- Referrals to Dispute Resolution Services
- MSHDA review of complaint
- Resolution determined by MSHDA

REFERRAL TO DISPUTE RESOLUTION SERVICES REQUIRED IF CONFLICT NOT SATISFACTORILY RESOLVED

Should the above listed efforts fail to resolve all outstanding issues, grantees must seek the services of the closest Dispute Resolution/Mediation Program. The costs, if any, for using mediation to seek resolution of the dispute are eligible administrative costs under MSHDA's Housing Initiatives Division grant agreements. A list of Community Dispute Resolution Program (CDRP) Mediation Centers may be found at <http://courts.mi.gov/administration/scao/officesprograms/odr/pages/community-dispute-resolution-program.aspx>. Attached is a process map for a typical complaint procedure (**Attachment A, *Client Complaint Procedure***).

MSHDA will review complaints only after the above process is complete and dispute is still unresolved.

In the event that MSHDA is contacted directly by a complainant, he/she will be referred to the grantee for implementation of policy procedures. After all previously outlined steps have failed to resolve the complaint, the grantee may contact MSHDA in writing, detailing the complaint and verifying its compliance with the above listed steps.

NOTE: All liability to third parties, loss or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the grantee in the performance of its HID-funded grant agreement shall be the responsibility of the grantee, and not the responsibility of the Authority, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the grantee, any subcontractor, anyone directly or indirectly employed by the grantee, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the grantee or its employees by statute or court decisions.

If you have questions, contact your Champion.

Pre-Approval Request Form

(Completed by Grantee then forwarded to MSHDA)

TO: Champion Name _____
Approval Date _____

FROM: Contact Agency Name _____
Contact Name _____

DATE: _____
Grant # _____

RE: Homeowner name: _____
Homeowner address: _____

- Pre-approval Request
 Update/Revision to Previous Request

NEP Activity Category Requested:

| | |
|--|-----------------|
| #1 Neighborhood Public Amenity | \$ _____ |
| #2 Housing Enhancement Single-Family Owner-Occupied | \$ _____ |
| #3 Administration | \$ _____ |
| Total Requested (amount required) | \$ _____ |

1. Activity Description/Specific Location (Breakdown each address – attach additional pages if necessary):

2. Provide a description of the procurement method used to determine cost reasonableness (Attach a minimum of two quotes):

3. Have the specs/work orders been approved by all parties? Yes or No
(If No, Explain):

4. Are all of the proposed activities being completed by licensed and insured contractors?
 Yes or No (If No, Explain):

5. Has the Household Self-Certification eligibility form been completed by all homeowners/s?
 Yes or No or N/A (If No, Explain):

6. If utilizing volunteer labor, please provide a written description:

Notice to Proceed

(Issued to Grantee by MSHDA after Pre-Approval Request Form is review and approved)

TO: Grantee Name _____
Grant Number _____

FROM: MSHDA Housing Initiatives

DATE: _____

RE: Pre-Approval Request Dated: _____

As of today, you are approved to expend up to \$ _____

for _____ (public amenity or housing enhancement) component

for properties that are:

- a) being assisted below \$7,500 each therefore no liens are required or homeowners have executed liens for the total amount of assistance being provided.
- b) current on their taxes and insurance.
- c) have fully executed Household Self-Certification forms and/or owner certifications; and
- d) meet the terms of the applicant selection process outlined in the program guidelines.

Note: All cost reasonable procurement documentation should be retained in the project files for submission with the FSR request and invoices.

If you have any questions, please direct them to your HID Champion.

FSR Required Request Form

NOTE: For each FSR submitted, list each activity address/description. Attach receipt(s) identifying what is eligible for MSHDA reimbursement. Cross off items not reimbursable by MSHDA. Be sure the amount on this spreadsheet equals the amount you are asking on your FSR.

GRANTEE NAME: _____

GRANT #: _____

FSR #: _____ REQUESTED AMOUNT: _____

| Address/description | Public Amenity | Housing Enhancement |
|--|----------------|---------------------|
| Ex. 123 North St. | | \$2,000.00 |
| 456 South Ave. | \$500.00 | |
| Partnership Park - playground equipment, sand | \$300.00 | |
| | | |
| | | |
| TOTAL NON-ADMIN | \$800.00 | \$2,000.00 |
| ADMIN | | |

**If Admin is being requested, attach a completed NEP Program Administration Report.*

Program Administration Report

Grantee:
Grant #
Name:
Title:

FSR #
Report Period:
To:

| Date | Task Description | Hours | Pay Rate | Total |
|--------------|------------------|-------|------------|-----------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL | | | #'s | \$ |

Employee Signature

Date

Agency Authorized Official Signature

Date

Section 3: NEP Homeowner Enhancement Component

Home Energy Analysis/Audit Component

- An energy analyst will inspect and identify the best opportunities to save energy and money while improving comfort within the home
- Identify target areas of opportunity to make valuable home improvements
- Provide a better understanding of homes' energy efficiency

Action Steps

- Step #1: Identify Utility company servicing the home
- Step #2: Determine what is currently being offered as a service by the utility company
- Step #3: Have assessment completed by an industry professional
- Step #4: Review and evaluate results
- Step #5: Plan project parameters

Homeowner Enhancement Quick Finder

| Eligible Applicants | |
|---|---|
| Eligible Applicants | Refer to Funding Notice |
| Eligible Households & Properties | |
| Eligible Households | Targeted to households with incomes at or below 120% of Area Median Income (AMI) |
| Eligible Owner-Occupied Properties | Single family, condominium, modular and manufactured homes on fee simple lots, where taxes and insurance are current |
| Eligible Costs | |
| Rehabilitation Costs | The actual cost of rehabilitating housing, including: <ul style="list-style-type: none"> • Costs to meet applicable rehabilitation standards • Energy audit and/or related repairs or improvements • Improvements necessary for persons with disabilities • Abatement or reduction of lead-based paint hazards • Modest landscaping (seed/sod, mulch, trees/shrubs, perennials), up to \$1,000 not included in lien. |
| Project Soft Costs | Reasonable and necessary costs associated with rehabilitation (limits described under administrative fees below) |
| Administrative Fees | <ul style="list-style-type: none"> • NEP – Capped at 10% admin costs. |
| Housing Quality | <ul style="list-style-type: none"> • Local codes, ordinances and standards • If no local standards, must meet Section 8 Housing Quality Standards (HQS) • Grantee must have a formal written rehabilitation policy • Grantee must meet code standards for each specific activity undertaken. |
| Resale/Recapture Requirements | |
| Document Required | Note and mortgage or other approved and recorded lien instrument |
| Compliance Requirements | <ul style="list-style-type: none"> • Continued owner-occupancy until activity is complete and grant is closed • If sale, subject to recapture as noted below under Loan Terms |
| Compliance Requirements | |
| Policy & Procedures | Refer to MSHDA Neighborhoods website and citations within written agreement. |
| Project Completion | All units must be completed within contract terms. |

| Parameters of MSHDA Assistance | |
|--|---|
| Loan Terms | <ul style="list-style-type: none"> • No lien is required if total NEP assistance does not exceed \$7,499 for owner-occupied single-family units. See NEP guidance if property is rental and/or not owned by the nonprofit agency or local unit of government |
| Minimum HID Investment Per Assisted Unit | \$500 per HID-assisted unit |

For More Information: Contact MSHDA HID Staff at 517-335-2524

Grantees Lien Requirements

The attached guidance will mostly pertain to NEP grantees with homeowner enhancement activities that expend NEP dollars equal to or greater than \$7,500 on each specific address. The \$7,500 and above is comprised of all material and labor costs and/or the total NEP investment whichever is greater for a specific address.

- MSHDA liens will be required for all assisted single-family properties that receive \$7,500 and above in NEP funds and will be in the format of a 5-year 100% forgivable lien.
- For all assisted rental properties (MSHDA Pre-Approved), regardless of the dollar amount of assistance, MSHDA liens will be required and will be in the format of a 5-year 50% forgivable lien with 50% repayment required in yearly installments.

Please request the Mortgage and Note for the homeowner enhancement component for projects that are \$7,500 or above from your NEP Champion. Both documents are protected fillable WORD documents. These documents should be filled out by the grantee and signed by the homeowner(s). Once signed, the Mortgage only, will then need to be sent to the County Register of Deeds office for recording.

You will also be required to have the homeowner(s) sign the attached Homeowner Certification document. These two documents are fillable as well.

Please make a copy of all documents for your file. The original recorded mortgage, original signed note, and the original signed Homeowner Certification should be returned to your NEP Champion.

For consistency purposes, all NEP liens should contain the name of the NEP Champion and all documents should be forwarded to the Housing Initiatives Division for intake and mortgage log entry.

**HOUSING INITIATIVES DIVISION
NEIGHBORHOOD ENHANCEMENT PROGRAM
HOMEOWNER CERTIFICATION**

Eligible Owner(s) / Principal Occupant(s): Name
Co-Owner(s) / Non-Occupant(s): Name

Persons receiving rehabilitation assistance must read and sign below to certify their understanding and acceptance of the following:

1. The Loan (mortgage and note) is a lien against your property. The Owner(s) shall execute amended mortgage and note should the amount of assistance change after the original lien documents are executed.
2. The Loan bears no interest.
3. The Loan is NOT a grant or gift.
4. All or a portion of the Loan may be due and payable, pursuant to the terms of the Note, upon the sale, transfer or conveyance of the property and/or upon the death of Eligible Owner and/or when the property is no longer the Eligible Owner's principal place of residence.
5. The following requirements remain in effect until the funds are repaid or forgiven per the terms of the Note.
 - The Eligible Owner must occupy the property as their principal place of residence.
 - No portion of the property may be rented.
 - The property may not be used for any illegal activity.
 - The rehabilitation or construction contract is between the Owner(s) and contractor. The Owner(s) should direct any problems with the work of the contractor to the contractor and resolving such problems is the sole responsibility of the contractor.
 - The Homeowner insurance policy must list MSHDA (per Mortgage and Note) as a loss payee.
 - The property must be insured at all times.
 - The Owner(s) must keep real estate taxes paid at all times.
 - The Owner(s) must keep all mortgage payments (if any) up to date and paid on time.
 - The Owner(s) must keep the home in reasonably good repair.
 - The Owner(s) must keep all debris to a minimum to reduce fire, health and safety hazards.
 - The Owner(s) must keep Grantee Name informed as to any changes in the above.

Neighborhood Enhancement Program
Policy and Compliance Handbook



I/We, being the owner(s) of the property located at Address hereby certify my/our understanding and acceptance of the above-written Homeowner Rehabilitation Program requirements.

HOMEOWNER(S)

Date: _____

Print Name _____

Date: _____

Print Name _____

GRANTEE NAME

Date: _____

Program Administrator Name and Title _____

Approval and Request for Contractor Payment

SUBMISSION #:

DATE:

Name of Owner:

Property Address: **address, city, state zip**

Name of Contractor:

Total Contract Amount: \$

Amount Being Approved for Payment: \$

Description of Work Performed:

Notes, Corrections:

Workmanship: Acceptable Unacceptable

Grantee Approval: I hereby certify that I have reviewed the work completed and find it acceptable as described in the Contract Work Specifications. At this time, the Contractor has completed _____% of the project and may may not be paid \$_____.

Date: _____

Grantee Signature

Request for Contractor Payment

I hereby express approval of the work performed and hereby agree the specified work has been performed to satisfaction by above Contractor. Further, I authorize the above payment in an amount of \$_____ as the _____ draw on this project.

Date: _____

Signature of Owner

Date: _____

Signature of Owner

Homeowner and Contractor Contract (Sample)

THIS CONTRACT, dated month, day, year between **PROPERTY OWNER NAME** hereinafter referred to as "Homeowner") and **CONTRACTOR NAME** hereinafter referred to as "Contractor"), sets forth the terms and conditions for work to be performed on the premises located at:

Street Address: address , city , county , Michigan zip code

FOR PURPOSES of this Contract, **GRANTEE NAME** (hereinafter referred to as "Administrator") shall assume the role of intermediary between the Homeowner and the Contractor in order to provide assistance in completing the work to be performed under the Contract.

ARTICLE I

THE SPECIFICATION entitled "Bid Specifications for Home Improvement Project #_____, are hereby incorporated into this Contract and made a part hereof (hereinafter referred to as "Work Specifications") for the purpose of setting forth the work to be performed under this Contract. All work specifications must be pre-approved by the administrator via a written Notice to Proceed.

ARTICLE II

IN CONSIDERATION of the work performed by the Contractor according to the Work Specifications, the Contractor shall receive a payment in full the sum of dollar amount spelled out , (\$ numeric amount) , Dollars, which may be paid at the Contractor's option, as follows:

Option 1: A sum equal to 100% of the total Contract amount paid upon completion and approval of the work.

Option 2: A sum equal to _____ % of the total Contract amount at one-half Completion and, _____ % of the total contract amount at three quarter completion and, at completion and final approval of work by the home owner, an additional _____ %.

ARTICLE III

THE WORK to be performed under this Contract shall begin within _____ days from the date of the "Proceed to Work Order" issued by Homeowner. The work shall be completed within _____ days from the start of the work, unless the Contractor can show just cause for the delay of completion and obtains an extension of time in writing and signed by the Homeowner and approved by the Administrator.

ARTICLE IV

IF THE CONTRACTOR fails to complete the work within the specified time, the Administrator (with the consent of and on behalf of the Homeowner) will send the Contractor a letter by Certified Mail requesting completion of the work within a reasonable number of days from the date of the letter. If the Contractor fails to complete the work within the time stipulated, the Homeowner will hire another contractor to complete the work. The second contractor will be paid first. The first Contractor will only be entitled to the difference between the balance of the Contract amount and what is paid to the second contractor, if any, providing that the first and second contractors performed acceptable work.

ARTICLE V

THE CONTRACTOR will provide all materials, equipment and labor necessary to perform the work stated in the Work Specifications. All work performed under this Contract will be completed in a good and reasonably workmanlike manner in strict adherence to the Work Specifications. "Workmanlike" will include reasonable aesthetic standards. Any work performed by the Contractor which is not stated in the Work Specifications and Work Change Orders authorized by the Administrator will not be paid under this Contract.

ARTICLE VI

THE CONTRACTOR will keep the premises clean, orderly, and safe during the course of the work. It is understood that the premises are to be occupied by the Homeowner during the performance of the work. The Contractor will be responsible for removing the debris from the work site at the completion of the work. Unless otherwise stipulated in the Work Specifications, materials and equipment which are to be removed and replaced as part of the Work Specifications shall become the property of the Contractor. The

Contractor shall not use or cause to be used any hazardous materials, such as lead-based paint, in the performance of the work.

ARTICLE VII

IT IS THE CONTRACTOR'S responsibility to obtain any required work permits and arrange for subsequent inspections through the County or City or Township or other Code Departments when applicable. The Contractor will comply with all applicable local codes and ordinances whether or not specifically stated in the Work Specifications and will comply with all applicable State and Federal Codes and Laws, including all applicable licensure laws.

ARTICLE VIII

THE CONTRACTOR will be required to perform any related work covered by the "Work Change Orders" issued by the Administrator and approved by the Homeowner. The Contract amount and completion date will be adjusted accordingly to allow time and agreeable compensation for the additional work performance.

ARTICLE IX

THE CONTRACTOR shall furnish evidence of Comprehensive Public Liability Insurance coverage protecting the Homeowner in the event of bodily injury including death for not less than \$300,000. and in the event of property damage arising out of the work performed by the Contractor or subcontractors, of \$100,000. Contractor will further furnish evidence of all other coverage required by Michigan Statutes, including but not limited to Workman's Compensation Insurance, before the start of the work to be performed under this Contract. A statement of Sole Proprietorship must be furnished in cases where Contractor is exempt from Workman's Compensation coverage.

ARTICLE X

THE CONTRACTOR may not assign this Contract to any other Contractor without the express consent of both the Homeowner and the Administrator.

ARTICLE XI

UPON COMPLETION OF THE WORK, the premises will be inspected by the Administrator's Housing Inspector to ascertain if the work stated in the Work Specifications has been completed satisfactorily in the opinion of the Administrator. The Homeowner will be also required to give written approval of the work performed even if the Housing Inspector ascertains that the work has been completed satisfactorily. If it is determined by either, that the work has not been completed satisfactorily or not in

accordance with the Work Specifications, the Administrator will, by written notice to the Contractor, advise the Contractor to complete and/or correct the unsatisfactory work within ten days from the date of receipt of the written notification by the Administrator.

ARTICLE XII

THE CONTRACTOR expressly and impliedly warrants against any faulty materials or workmanship. The Contractor expressly guarantees and agrees to remedy any defects in the work and to pay for any damage to other work resulting therefrom which shall appear within a period of warranty from the date of final acceptance of the work unless a longer period is specified in writing by agreement of the parties. The Contractor will provide a signed statement of "Contractor's Release of Liens and Claims" upon completion of the work from Contractor and any subcontractors, or material men. The Contractor will furnish the Homeowner with all manufacturers and supplier's written guarantees and warranties covering the materials and equipment furnished in the performance of the work under this Contract.

ARTICLE XIII

THE HOMEOWNER may not perform any of the work stated in the Work Specifications nor interfere in any way with the work being performed by the Contractor. Homeowner may not remove or alter any of the materials to be used in the performance of work. If the Homeowner is not satisfied with the work being done or the materials being used, the Homeowner will contact the Administrator in writing.

ARTICLE XIV

THE HOMEOWNER shall supply the Contractor, at no cost, the use of existing utilities such as light, heat, power, and water necessary to the performance and completion of the work. The Homeowner will provide the Contractor access to the property during the hours of 7:00 a.m. and 6:00 p.m., Monday through Saturday, or as otherwise mutually agreed between, Homeowner and Contractor.

ARTICLE XV

THE ADMINISTRATOR is held harmless by the Homeowner and Contractor as to any and all damages, injuries or losses, claims or cause of action. It is expressly understood by and between the parties that the Administrator does not guarantee the performance of and/or completion of work performed or to be performed pursuant to this Contract, nor does the Administrator warrant either impliedly or expressly the work, products, materials or services provided by this Contract. The Administrator will not be responsible for any oral or written agreements, in addition to the original contracted work as stated in the

Work Specifications, between Contractor and Homeowner. This Contract constitutes the entire agreement between the parties and cannot be in any way altered, modified, or rescinded, except by its own terms or by written agreement of all the parties hereto.

ARTICLE XVI

Payment shall be made directly to the Contractor by the administrator with the consent of and on behalf of the homeowner.

ARTICLE XVII

IN THE EVENT a dispute arises hereunder between Contractor and Homeowner, the parties hereby agree: That if an impasse is reached between the parties during the construction phase of the project, the Administrator will be contacted and act as intermediary of the dispute; once project completion and disbursement of funds has occurred, Homeowner accepts responsibility for obtaining relief through appropriate channels such as the Michigan Department of Licensing and Regulation.

ARTICLE XVIII

DURING THE PERFORMANCE, of any contract under the Housing Program, the Contractor hereby agrees that the Contractor will not discriminate against any employee or applicant for employment because of Race, Color, Religion, Sex, or National Origin. The Contractor will take affirmative action to ensure that applicants are employed, and treated during employment without regard to their Race, Color, Religion, Sex, or National Origin. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to their Race, Color, Religion, Sex, or National Origin. The Contractor shall further comply with all State or Federal laws regarding Disabilities, Age, or other Civil Right Statutes.

ARTICLE XIX

THE HOMEOWNER AND THE CONTRACTOR agree they have read and understood the terms of this Contract. In the event the Contractor has demonstrated non-compliance with any of the above clauses or those attached to the Contract, the Contract may be canceled, terminated or suspended, in whole or part, and the Contractor may be declared INELIGIBLE for future work by this program.

IN WITNESS WHEREOF, the parties hereto have executed this Contract this date
day of month, year.

WITNESS:

witness name

HOMEOWNER(S):

homeowner name

homeowner name

CONTRACTOR:

witness name

contractor name and title

DBA Name: _____

FEIN # _____

ADMINISTRATOR:

Name

Contact #

Grantees Lead and Asbestos Compliance Requirements

The attached guidance will mostly pertain to NEP grantees with homeowner enhancement activities. With the Neighborhood Enhancement Program there are some judgement calls that need to be made on each component and per each activity. These judgement calls would be made specifically by each grantee, who knows best what their work involves. To be clear, these are judgements about things like whether lead or asbestos-containing material are likely to be disturbed and to what degree, not judgements on whether or not these laws apply, for they do. The goal of this guidance is to make you aware of the basic tenets of the laws. The determination of the process that will be used should be incorporated into your agency's program guidelines.

If you have any questions in regards to the activity you are completing and lead and asbestos, please contact: Tracey Barnes, HID Housing Specialist, 517-241-2588 or barnesT5@michigan.gov.

Purpose

To establish MSHDA's expectations for compliance with lead and asbestos regulations for NEP-funded projects.

Background

Although NEP is not sourced from the Department of Housing and Urban Development (HUD) and therefore not subject to HUD-specific environmental review requirements¹ (e.g. 24 CFR 35, 24 CFR 58), NEP recipients and contractors are responsible for complying with all other applicable regulations, including Environmental Protection Agency (EPA) and U.S. Occupational Safety and Health Administration (OSHA) regulations that apply to lead and asbestos including local and state requirements.

1. Lead Based Paint – EPA's Renovation, Repair and Painting (RRP) Rule

Promulgated in 2008, the RRP rule requires anyone performing renovation for compensation (contractors, landlords, tradesmen, maintenance staff, etc.) to undergo training on lead-safe work practices, testing, and cleaning verification and obtain EPA certification before working in pre-1978 homes, child care facilities, and schools.

¹If NEP funds are blended with federal funds then these additional requirements may apply.

All contractors working on NEP-funded projects in qualifying homes must have a current EPA RRP certification. The grantee shall request and maintain proof of RRP certification in the project file along with documentation of lead-safe work practices and cleaning verification. At least one certified renovator must be at the job site when work is being done and all individuals trained in the use of lead safe work practices, per the RRP rule.

For more information on lead-based paint how the RRP rule applies to your project, please contact the National Lead Information Center at (800) 424-5323.

2. Asbestos - National Emissions Standards for Hazardous Air Pollutants (NESHAP) & OSHA worker protection standards

Promulgated in 1973, the goal of EPA's NESHAP regulation is to minimize the release of asbestos fibers during renovation and demolition activities. Although there is a single-family, homeowner exemption clause in NESHAP, activities funded as part of a larger project, such MSHDA/HUD grants, are not covered under this exemption. Compliance with NESHAP may require an asbestos inspection prior to renovation activities. This inspection will determine whether building components in the scope of work are Asbestos Containing Materials or ACM (material >1% asbestos) and how much ACM is present. It will also determine whether some or all of the ACM is friable or regulated and therefore may require abatement. If abatement is necessary, it must be completed by a currently licensed Asbestos Abatement Contractor.

The Occupational Safety and Health Administration (OSHA) regulates worker protection and exposures to asbestos. Within the Michigan Department of Licensing and Regulatory Affairs (LARA), the Michigan Occupational Safety and Health Administration (MIOSHA) Asbestos Program administers the federal OSHA asbestos standards. The MIOSHA Asbestos Program also accredits and licenses professionals in the asbestos industry and processes asbestos abatement project notifications which require specific procedures that differ from NESHAP notification procedures. Contractors are responsible for OSHA compliance with worker safety provisions.

Although only an inspection can determine whether a building material contains asbestos, some well-known ACM components include:

- Cement shingles
- Roofing felt, coatings, shingles and/or tiles
- Millboard
- Pipeline wrap
- Gaskets
- Boiler wrapped pipes
- Transit siding
- 9"x9" vinyl-asbestos floor tiles
- Vermiculite insulation-attics and walls
- Various plaster material at walls and ceilings
- Various mastics, glue caulks, glazing, etc.

For more information on how NESHAP or OSHA worker protection standards apply to your project, please contact the MDEQ NESHAP Program at (517) 284-6777 or the MIOSHA Asbestos Program at (517) 284-7680.

Grant Completion

Final Outcome Report

Date: Today's date

The Final Outcome Report must be submitted at the same time as the Final FSR by the Grantee.

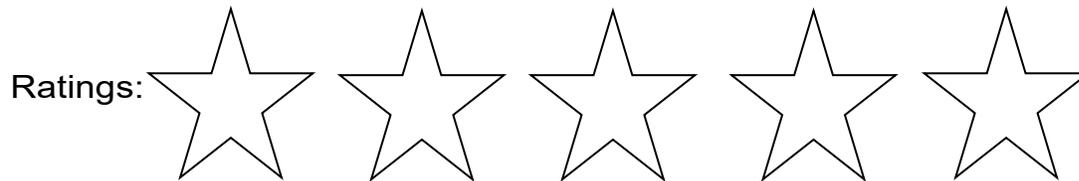
| | |
|-------------------|-----------------|
| Grant #: | |
| Grant Begin Date: | Grant End Date: |
| Grantee: | |
| Contact: | Phone: |
| Email Address: | Fax: |

Questionnaire

| | |
|--|--|
| Project Results Summary | <i>(SAMPLE RESPONSE) As a result of the NEP in Smithvale neighborhood, property values will increase.</i> |
| What indicators were used to measure results? | <i>(SAMPLE RESPONSE) Home sale prices in the neighborhood.</i> |
| How were the indicators measured? | <i>(SAMPLE RESPONSE) Compared the average sale price at the start of the NEP to the average price at the end of 2-1/2 years.</i> |

| | |
|---|---|
| <p>What were the findings of the measurements including baseline data?</p> | <p><i>(SAMPLE RESPONSE) Average sales price in the beginning was \$61,000; at the end was \$67,000.</i></p> |
| <p>What Lessons were Learned?</p> | <p><i>(SAMPLE RESPONSE) Not only have the sales prices increased, the time on the market has decreased. The homes we built had waiting lists as we built them; and other properties in the neighborhood are selling more quickly.</i></p> |
| <p>Upload before and after photos of projects/units undertaken with this grant (which have not been previously submitted). You have the option of copying and pasting pictures into this document or uploading them.</p> <p><u>Instructions:</u></p> <ol style="list-style-type: none"> PLEASE SUBMIT THIS DOCUMENT IN WORD FORMAT – PDF’S WILL NOT BE ACCEPTABLE Rename photo files with grant #, component/activity and Before or After (i.e., <i>HDF-2017-0123-NEP, Park Improvement, Before</i>) prior to submitting. <p style="text-align: center;"> <input type="checkbox"/> Photos copied and pasted into this template OR <input type="checkbox"/> Photos uploaded in .jpeg format Browse </p> <p>NOTE: High resolution photos preferred with at least 2400x3000 pixels with 300 dpi.</p> | |
| <p>Leverage Funds Summary</p> <p>\$ Amount: _____ Funding Source: _____</p> <p>Brief Description:</p> | |

Household Participation Engagement Survey



1. Overall, how would you rate the experience out of 5 stars (5 is the best rating and 0 is the worst)

2. Suggestions on how the process could it be improved.

3. How would you describe the overall benefit/impact of this grant on your household and neighborhood?

4. Did you receive any energy efficiency assistance? If so, was this beneficial?

NEP Grantee Participation Engagement Survey

Overall Ratings: 

(5 is the best rating and 0 is the worst)

1. Suggestions on how the process could it be improved.

2. How would you describe the overall benefit/impact of this grant on the neighborhood and community?

**IF YOU HAVE ANY QUESTIONS REGARDING
THE CONTENTS OF THIS HANDBOOK
PLEASE CONTACT YOUR
HOUSING INITIATIVES DIVISION
NEP CHAMPION**