

MI Neighborhood CDBG PROGRAM

Round 4 Letter of Intent (LOI) FAQ

QUESTIONS FROM LOI FAQ HELD ON 02/13/2026

1. **Does the ‘Regional CDBG Reservations’ column in the MSHDA MI Neighborhood Program Reservations (CDBG) sheet ([MI Neighborhood Reservation Table \(CDBG\) Fillable.pdf](#)) include UGLGs who have had their Letter of Intent approved and moved on to the application stage? Or just those who have an application approved?**

The MSHDA MI Neighborhood Program Reservations (CDBG) sheet reflects the CDBG Round 3 investment targets, funding designations, and remaining balance for Regions A – K. The ‘Regional CDBG Reservations’ includes UGLGs whose Round 3 Letters of Intent have been evaluated by MSHDA-NDD and received funding Designation Memorandums.

2. **Are Letters of Intent (LOI) submitted earlier prioritized over those submitted closer to the March 4<sup>th</sup> deadline? Or are all LOI’s evaluated the same regardless of timestamp?**

If approved Letters of Intent received from a particular region (A – K) exceed the balance of CDBG funds available to that region, funding designations issued by MSHDA-NDD will be prioritized according to date/time of Letter of Intent submittal.

3. **NEPA Environmental Review is required for Unoccupied Rental Rehabilitation and Housing Infrastructure projects. At which stage in the application process is this completed?**

Both Unoccupied Rental Rehabilitation and Housing Infrastructure projects require an EPA Phase I Environmental Site Assessment (and Phase II ESA if recognized environmental conditions exist) at time of full CDBG application. NEPA Environment Review (Environmental Assessment-level) is required for these types of projects *post-award* and prior to commencement of physical work.

4. **Are UGLGs able to submit more than one Letter of Intent each funding round?**

No. UGLGs may only submit one Letter of Intent per funding round but may include multiple CDBG activities (project types) in one Letter of Intent submittal. The maximum CDBG award per application cannot exceed \$1.5M, regardless of combination of activities.

5. **Do UGLGs submit Letters of Intent online and through the mail?**

No. UGLGS do not need to submit duplicate Letters of Intent. Instructions for submitting Letters of Intent are located on the main MSHDA CDBG webpage ([Community Development Block Grant \(CDBG\)](#)).

6. **Should we expect changes to the CDBG application form from Round 3? Is the application available for review now?**

Minor revisions to the previous CDBG application have occurred. The application template is provided to UGLGs who receive funding designations from MSHDA-NDD. The template and other reference materials are delivered with the funding Designation Memorandum. The application is not available outside of this channel, to avoid blind application submittals by UGLGs and other entities.

**7. Is there a full list of eligible activities for Housing Infrastructure beyond what is in the QuickFinder document ([1-D-Infrastructure-QF-32525.pdf](#))?**

No. The Housing Infrastructure Quickfinder includes a complete listing of eligible properties and project activities.

**8. Do Housing Infrastructure projects need to occur in a Low to Moderate Income (LMI) census tract, or does this rule not apply as long as 51% of the units created are designated for Low to Moderate Income households (< 80% AMI)?**

CDBG Housing Infrastructure projects are not limited to Low to Moderate Income census tracts. However, infrastructure projects that do not achieve the CDBG Low-Moderate Income Area (LMA) National Objective must proceed according to CDBG Low-Moderate Income Housing (LMH) National Objective requirements. Both national objectives require 51% of units created are designated for Low to Moderate Income households, but projects achieving the CDBG Low-Moderate Income Housing (LMH) National Objective must be scaled in such a fashion that CDBG-funded installations are necessary to develop LMI-qualified units and directly (and only) benefit those units.

**9. For Unoccupied Rental Rehabilitation or Housing Infrastructure projects, if 51% of the units created are designated for Low to Moderate Income households, can the remaining 49% of units be market rate?**

Yes

**10. Is State Historic Preservation Office (SHPO) consultation required before application or after award?**

National Historic Preservation Act Section 106 review, which triggers SHPO consultation, is a requirement under the NEPA Environmental Review process and occurs after the grant award.

**11. How does MSHDA-NDD track Letters of Intent and applications across multiple funding rounds? Are there grant numbers or some other sort of designation you are giving them?**

The Letter of Intent submittal forms, funding Designation Memoranda, Reservation Memoranda, CDBG Applications, Annual Profile Reviews, and Grant Agreements include reference to the operative funding round. Annual Profile Reviews and Grant Agreements (in the MSHDA Grants System) are also given unique identification numbers.

**12. Do Letters of Intent require any attachments or supporting documents?**

MSHDA-NDD requests an official Letter of Support signed by the UGLG's highest elected official be submitted with the Letter of Intent.

**13. For the Homeowner Rehabilitation activity, what is the maximum grant request amount?**

\$1.5M total, including 18% administrative earmark.

**14. For the Unoccupied Rental Rehabilitation activity, do the properties eligible for rehabilitation need to be identified at time of Letter of Intent submittal or full application?**

Yes. The specific properties intended for rehabilitation under the Unoccupied Rental Rehabilitation activity must be identified at the time of Letter of Intent submittal and all local zoning and site plan approvals must be in place.

**15. If an UGLG submitted a Letter of Intent in a previous funding round, but the letter was not successful, do we need to submit a new Letter of Support or can we use the same letter from the previous round?**

A dated Letter of Support from the UGLG's highest elected official can be submitted in later rounds if the same proposed project is considered.

**16. Can Community Based Development Organizations interested in partnering with UGLGs be added to the MSHDA-NDD list of approved organizations for Round 4 funding?**

No. Organizations cannot be added to the approved CBDO list at this time.

**17. Are UGLGs required to partner with a Community Based Development Organization (CBDO) for Round 4 funding?**

No. UGLG-CBDO partnerships are a new and optional feature for Round 4 (and future) funding.

#### QUESTIONS FROM CDBG MAILBOX AS OF 02/25/2026

**18. If we applied for the MI Neighborhood Program, can we also apply for the MI Neighborhood CDBG program? How do we apply?**

MSHDA's Neighborhood Development Division (NDD) allocates Community Development Block Grant (CDBG) funds through the MI Neighborhood Program. This grant funding is provided to non-entitlement units of general local government—including cities, towns, townships, villages, and counties that do not receive direct CDBG allocations from HUD (see [CDBG Municipalities Map](#) to determine eligibility).

To apply for CDBG funds an applicant would complete a Letter of Intent (LOI). The MI Neighborhood and CDBG grants are two separate funding sources and cannot be used for the same project or scope of work. If MIN funds are awarded, the applicant would not be eligible to submit an LOI for CDBG funding for the same scope of work.

**19. Would the development of transitional housing be allowed under the CDBG program? Would a project that was development of a multi unit property, with only a percentage of the units used for transitional housing change consideration of eligibility?**

Chris suggested setting up a meeting for this very specific question. We may want to consult with him if this is too specific for the FAQ but we have this:

Transitional and other supportive housing are not eligible MSHDA-CDBG activities.

**20. Is new construction of single-family detached homes for sale to low to moderate income households an eligible activity when performed by a CBDO working with an UGLG? If so, which category should the applicant check for consideration during the LOI process?**

Construction of new single-family homes when carried out by a CBDO in partnership with an UGLG under a written agreement is an eligible activity under HUD's CDBG regulations. HUD also requires that any activity funded through the State's program be supported in the State's Consolidated Plan or Annual Action Plan (24

CFR Part 91).

While CDBDOs are expressly included in the Consolidated Plan, we only recently determined that new construction is an eligible activity under the current wording of the Plan. We will be providing guidance shortly, along with a new-unit Quick Finder..

UGLGs submitting proposal for new unit construction should select “reconstruction” when submitting an LOI and indicate in the project description that the activity involves new construction.

**21. Prevailing wages are noted to apply to CDBG infrastructure projects. According to the Quick Finder, “Extension of Davis-Bacon wage requirements beyond the scope of infrastructure activities will be determined on a case-by-case basis”. What does that mean? Does the prevailing wage required apply to the houses being built that will be served by the CDBG funded infrastructure?**

There are situations where Davis–Bacon requirements extend beyond the CDBG-funded infrastructure work to include residential development that is not funded with CDBG.

This happens when the infrastructure and housing construction are part of the same contract. Under Section 110 of the Housing and Community Development Act, any construction “financed in whole or in part with” CDBG funds must comply with Davis–Bacon labor standards. When the infrastructure and housing are included in a single construction contract, Davis–Bacon applies to the entire contract, regardless of how much CDBG funding is involved. In these cases, all labor on the site is covered because the work is considered part of the same project.

If the local government procures and contracts the infrastructure work separately from the housing development, and the housing construction is not part of the same contract or any subcontracts, then Davis–Bacon applies only to the CDBG-funded infrastructure contract. The adjacent housing development, even if it benefits from the infrastructure, is not subject to Davis–Bacon because it is not financed by CDBG and is not part of the same construction contract. The key factor is whether the residential development is included in the same CDBG-financed contract or considered part of a single undertaking under HUD guidance. This determination is made on a case-by-case basis.

**22. For CDBG funded infrastructure projects does the project need to be located in a low-mod census tract in addition to meeting this requirement “51% or more units at 80% AMI applied to non-infrastructure activities”. Is it one or the other, or both?**

Infrastructure projects can meet either the low/mod area (LMA) national objective or the low/mod housing (LMH) national objective. They do not have to meet both. However regardless of the HUD national objective met, MSHDA requires that the infrastructure improvements support the development of new housing at a minimum rate of 1 unit developed for every \$75,000 of CDBG funding. 51% of units developed must be sold or rented to 80% area median income households.

The HUD LMH national objective sounds the same as the MSHDA requirement, but it is not. There are more stringent rules tied to meeting the HUD LMH national objective which generally make it preferable to meet the LMA national objective if possible. For example, when meeting the LMH national objective, only investment directly tied to and necessary for the creation of the units can be paid for with CDBG funds. A grantee can’t overscale construction for future development or extend improvements in ways that create broader benefits.

This is a topic we typically walk every applicant through at the letter of intent phase during a consultation.

**23. For unoccupied rehab activities, if a building is in an area that is zoned commercial, but the local UGLG has granted a conditional use to allow residential, would it be in compliance for submitting an LOI?**

A conditional use to allow residential at time of LOI submission is acceptable. We do not accept projects that plan to seek a variance due to the time sensitive nature of the application process.

**24. Can CBDO on MSHDA's Interested Parties List assist a community who is partnering with a developer in completing the LOI? If this is allowable and the LOI is approved, the CBDO would assist with the application and securing a TPA. What would be the significance of the UGLG listing the CBDO on the initial LOI?**

Applicants should review CBDO Certification Requirements. In addition to outlining the responsibilities of the CBDO, they also cover what the UGLG is responsible for, which is considerable and includes the creation of a targeted revitalization plan within their jurisdiction.

The benefit is that a CBDO is a subrecipient of funds under the grantee rather than a contractor. The CBDO does not need to be procured but rather can be selected. Once the State's Consolidated Plan is modified, CBDOs will be able to do new construction which is typically not allowed under CDBG without this designation.

**25. Are the following activities eligible under an infrastructure project?**

- Installation of a fire hydrant, including public road restoration required as the new hydrant site, as required by the City Fire Department as part of the site plan approval.
- Removal and burying of overhead powerlines on the property (a requirement by MIOSHA in order to build the property. The power line is owned by the local utility company but they have stated that it is the responsibility of the City/Developer to fund the removal and burial of the line).
- Street curbs/cuts

The curb cuts are eligible. The other items may be eligible infrastructure improvements, but eligibility depends on several factors. The key considerations are whether the improvements will be publicly owned and maintained by a local government unit, whether they are necessary for the development of the housing, and the extent to which proposed improvements align with the HUD National Objective to benefit low and moderate income people. After an LOI is submitted, we review the project details during a consultation and can make a determination well before the full application is due.

**26. For the purposes of the LOI, the applicant is using estimates for the infrastructure activities, and plans to get formal bids if the LOI is approved. If the LOI is accepted and a Designation Memo is issued, what happens if the formal bids on the project result in costs that are less or more than the applicant estimated? Is there a flexibility to adjust the amount requested up or down?**

Applicants can modify line items in their budget, but the total amount of designated funds is firm.

**27. The applicant is having trouble downloading an application from the MSHDA website after submitting an LOI. How do we get a copy of the application so we can get started?**

The MSHDA CDBG team will review the submitted LOI as the initial step in the application process. A consultation may be scheduled to speak more about the project and clarify any required information needed. If the project is determined to be eligible the MSHDA team will issue a designation memo with next steps. Please note that applications are not posted on the website; they are only available to local governments with

an approved LOI. For more information, please visit the timeline our website which outlines the steps and expected timing for each part of the process.

**28. In order to apply for the CDBG grant, a letter of support is required from a government official during the LOI process. What must this letter contain and who does the letter need to come from?**

A letter of support should come from the Highest Elected Official and demonstrate support for the project and the applicant's intent to apply for the funding.

**29. Are LOIs able to be submitted between February 4, 2026 through March 4, 2026? Are they ranked by "first in – first served"?**

Yes, the LOI can be submitted anytime within that date range. LOIs will be reviewed and considered in the order they come in and a champion will be in touch to set up a consult.

**30. Is there a scoring criterion when reviewing and approving LOIs used by MSHDA?**

Scoring criteria is not used for the LOI submission and review. After LOI review and consultation with the applicant, an assessment is made regarding the readiness of the applicant to meet all of the threshold requirements detailed in the activity specific Quickfinders at the time of application (4 months later).

**31. When is the date of designation determined?**

Upon a successful consult with a Champion, a Designation Memo will be issued and funding is reserved.

**32. What is the appropriate link to begin the LOI process and submit our initial document?**

The Round 4 LOI link can be found on the [Community Development Block Grant \(CDBG\)](#) webpage, or here at [MI Neighborhood CDBG 2026: Letter of Intent Form](#).

**QUESTIONS FROM CBDO OFFICE HOUR ON 02/27/2026**

**33. We submitted a Letter of Intent in December, do we need to submit another one for Round 4?**

Community Based Development Organizations (CBDO) are not able to submit Letters of Intent; the LOI must be submitted by a Unit of General Local Government (UGLG) that designates a CBDO as a project partner. If you believe MSHDA-NDD overlooked a properly submitted Letter of Intent, please email [MSHDA-CDBG@michigan.gov](mailto:MSHDA-CDBG@michigan.gov) to confirm the status of your LOI.

**34. A local UGLG is also applying for the CDBG funds to administer a Homeowner Rehabilitation program under a different project. Can we still apply for CDBG funds under the Single-Family New Construction activity?**

See response above regarding what entities may submit a Letter of Intent to apply for CDBG funds. An UGLG intending to partner with a CBDO can submit an LOI that includes more than one activity type, cannot submit multiple LOIs in a single funding round.

**35. Can an UGLG and CBDO together partner with an Intermediate School District's Technical Education Construction program that is looking to build a house as part of their program in a community?**

This arrangement is probably allowable, but details regarding roles and responsibilities of participating entities would need to be considered in consultation with MSHDA-NDD and detailed in the Letter of Intent and full CDBG application.

**36. Do you anticipate Single-Family New Construction will be an eligible activity in future funding rounds?**

Yes, MSHDA-NDD's intent is to offer this activity moving forward. It is currently available with Round 4. When filling out an LOI, the UGLG should check reconstruction.

**37. Will CBDO designation determinations be made prior to full application or during the award review phase?**

Approval of designated UGLG-CBDO partnerships will occur during review of full CDBG application.

**38. How is MSHDA distinguishing between Homeowner Rehabilitation and CBDO-only New Construction in Round 4?**

These are separate and distinct CDBG activities. Refer to the [CDBG Policy Manual](#) Chapter 1 Quick Finder documents for more information.

**39. If an UGLG already applied in the current funding round but didn't include a CBDO, can they do so within an application when invited to apply?**

No. If the UGLG is interested in partnering with a CBDO and has not included the CBDO in their Letter of Intent, they will need to resubmit the LOI to MSHDA-NDD.

**40. Is the 18% administrative allowance under CDBG activities separate from a CBDO-developer fee?**

UGLG's must use a portion, but not all, of their administrative allowance to cover fees charged by CBDO-developers.

**41. MSHDA's MI Neighborhood proforma template indicates 20% of units must be set aside for 60% AMI households. Does this apply to CDBG funded projects?**

No. MSHDA-NDD is creating a new CDBG-specific proforma template that will mirror the MI Neighborhood version but remove requirements that are not applicable to CDBG programs and activities.

**42. Is an UGLG able to work with more than one CBDO?**

Yes.