

CITY OF DETROIT
Housing & Revitalization Department

Housing Rehabilitation and Development Program



NOTICE OF FUNDING AVAILABILITY (NOFA)

AND

APPLICATION PACKAGE

September 2020 NOFA

Revised on 9/21/2020

Michael E. Duggan, Mayor
Donald Rencher, Director

INTRODUCTION

The City of Detroit is please to release this Notice of Funding Availability in cooperation with the Affordable Housing Leverage Fund (AHLF). AHLF is a partnership between the City of Detroit Housing & Revitalization Department (HRD), Detroit LISC, and the Michigan State Housing Development Authority (MSHDA) to provide affordable housing developers and owners with streamlined access to financial tools that are specifically designed to address housing challenges in Detroit neighborhoods.

This notice specifically relates to the availability of the City's financing tools made available with the HOME Investment Partnership Program (HOME), Community Development Block Grant (CDBG), and the Affordable Housing Development Program (AHDP). HRD works closely with Detroit LISC to leverage these finite resources with philanthropic dollars as well as coordinate with MSDHA on local Low Income Housing Tax Credit (LIHTC) projects.

Notable Changes to September 2020 NOFA

Program Categories: This NOFA round includes funding for the following categories and funding amounts:

- 1) Affordable Housing Development
 - a. Multifamily Development \$5,500,000
 - b. Historic Rehabilitation/ Preservation \$3,000,000
 - c. Permanent Supportive Housing \$1,500,000
 - d. Homebuyer Initiatives \$1,000,000
- 2) COVID-19 Eviction Prevention \$1,500,000

The Historic Rehabilitation / Preservation category is a newly created category in this NOFA round. This is intended to assist residential buildings in historically significant districts of the City in order to prevent displacement of low-income residents. Applicants to this category must agree to preserve affordability for current low-income residents up to 60% AMI in addition to making a minimum of 20% of all residential units affordable to families earning 80% of AMI.

The COVID-19 Eviction Prevention program is designed to provide assistance to low-income residents who are experiencing financial hardship due to COVID-19 by targeting, and leveraging commitments from owners of affordable housing developments. Since it follows a separate set of scoring protocols, and award procedures, it has its own distinct part in the NOFA separate from the funding for construction, and homebuyer projects.

****This notice has been updated to correct an error on page 28, and to add details for the public meeting on 9/29/2020.***



Housing Rehabilitation and Development Program Application Award Process

Tentative Schedule and Subject to Change

Event	Date
NOFA Published	September 14, 2020
HRD Pre-Submission Public Meeting	***September 29, 2020 at 11 am
Pre-submission Meetings	September 22 – October 30, 2020
Final Submission Deadline	November 6, 2020
Letters of Interest Issued	December 11, 2020
Commitment Level Documents Due	February 5, 2021
Conditional Award Letters Issued	February 26, 2021

*****THE PUBLIC MEETING WILL BE HELD VIA ZOOM AT THE LINK BELOW*****

Topic: HRD NOFA Public Meeting

Time: Sep 29, 2020 11:00 AM Eastern Time (US and Canada)

Join Zoom Meeting

<https://cityofdetroit.zoom.us/j/92758273075>

Meeting ID: 927 5827 3075

+13126266799,,92758273075# US (Chicago)

+12678310333,,92758273075# US (Philadelphia)

Dial by your location

+1 312 626 6799 US (Chicago)

+1 267 831 0333 US (Philadelphia)

+1 301 715 8592 US (Germantown)

+1 346 248 7799 US (Houston)

+1 213 338 8477 US (Los Angeles)

+1 253 215 8782 US (Tacoma)

Meeting ID: 927 5827 3075

Find your local number: <https://cityofdetroit.zoom.us/u/aNI8aJmb>



Table of Contents

Part 1: Affordable Housing Finance Tools	5
Application Information	6
Application Review and Commitment Process.....	7
Project Costs and Financing	8
Funding and Restriction Requirements.....	12
Application Instructions & Required Forms.....	16
Appendices	35
Appendix A: CHDO Qualification and Certification Process	35
Appendix B: Income Limits, HOME Rents and Utility Allowances.....	36
Appendix C: Environmental Reviews	43
Appendix D: Executive Order 2016-1	44
Appendix E: Section 3 Information	48
Appendix F: Section 3 Clause	49
Appendix G: 2016 Targeted Multi-Family Housing Area	50
Part 2: COVID-19 Eviction Prevention Program.....	51

PART 1: AFFORDABLE HOUSING FINANCE TOOLS

Through this Notice of Funding Availability (“NOFA”), the City of Detroit’s Housing and Revitalization Department (HRD) is making up to \$11,000,000 available of funding to support the rehabilitation and/or development of affordable housing units in the city of Detroit. The City of Detroit is making housing development funds available through its NOFA to support the preservation, rehabilitation and/or development of affordable housing units in the City of Detroit. Funding sources to be made available are identified as:

- HOME Investment Partnerships (HOME) Program through the U.S. Department of Housing and Urban Development (HUD)

In place of HOME funds, the City of Detroit in its sole discretion may choose to offer:

- Affordable Housing Development and Preservation Fund (AHDP)
- Community Development Block Grant (CDBG) Program Funds through HUD
- NSP (Neighborhood Stabilization Program) 1 & 3 Program Income through HUD City of Detroit General Funds

The **Housing Rehabilitation and Development Program** aims to strengthen public-private partnerships in order to achieve the following goals:

- Produce mixed-use, mixed-income multifamily housing developments in the city's neighborhoods through both new construction and adaptive reuse or rehabilitation of existing structures.
- Preserve affordability in both rent restricted and naturally occurring affordable multifamily housing stock
- Preserve affordability in both rent restricted and naturally occurring affordable single-family housing stock through homebuyer assistance
- Develop supportive housing for high-need homeless individuals and families.
- Prevent homelessness through non-profit initiatives

HOME funds through this NOFA can only be used for housing development for low- and moderate-income households. The City of Detroit requires that all new production projects (new construction, adaptive reuse, vacant building rehabilitation) be located in the target areas identified in the [2016 Targeted Multifamily Housing Area](#) (Multifamily Target Areas). In contrast, preservation projects can be located throughout the city of Detroit. City funds support construction and permanent financing only. Support for pre-development soft costs alone is not a part of this NOFA.



Development Priorities

City funds are a limited resource and the City seeks to maximize the leveraging of non-City funds in each project to fund the maximum number of eligible projects within this NOFA round. Therefore, a strong preference will be given to projects that demonstrate appropriate total development costs with strong financial commitments from other sources and a minimal need for gap financing.

Effective at the release of this NOFA, the following caps will be placed on funding allocations:

- **Maximum award per project:** \$1,000,000 for 9% LIHTC; \$3,000,000 for all others
- Maximum award per developer, per round: \$3,000,000
- **Maximum outstanding awards per developer:** 3 – Outstanding awards can be defined as an award allocated to a project that has not yet started its compliance period.

As demonstrated through the NOFA's application scoring process, the City will prioritize the following types of projects to ensure the City reaches the goals outlined above:

- **Mixed Income Projects** that contain market rate housing units for households with incomes above 80% of AMI.
- **Mixed Use Projects** that include mixed uses such as office and retail below residential units.
- **Preservation Projects** that extend expiring affordability requirements for existing occupied affordable housing development projects.
- **Historic Preservation** of buildings that are either listed in or eligible to be listed in the National Register of Historic Places individually or as part of a historic district. This can also include buildings that are designated by the City as a Local Historic District.
- **Permanent Supportive Housing** for those that experience chronic homelessness. This type of housing should include well-managed wraparound services and reduce tenant screening criteria to the HUD minimum.
- **Projects of all types** that support neighborhood transformation through program, site, and design elements, and incorporate smart growth principals.

APPLICATION INFORMATION

Project Review Meetings

For any project that is applying to this NOFA, a Pre-Application Review Meeting must be scheduled with the Housing Underwriting Multifamily team between **September 14 – October 16, 2020**. To schedule a meeting, please email Denise Jackson, Administrative Assistant, at jacksonde@detroitmi.gov. The project team must provide the following documents either before or at the time of the scheduled meeting:

- Draft Executive Summary



- Draft proforma in excel format
- LIHTC Self-Score (9% LIHTC only)
- Draft Neighborhood Investment Criteria List/Map (9% LIHTC Only) – Please note that HRD is not responsible for creating this list, nor does the department have the capacity to do so. If the project team has questions or needs guidance, HRD can review the drafted list and suggest additional criteria.

Application Submissions

The City expects to receive more proposals than can be funded with its limited HOME allocation, and reserves the right to reject any and all submissions. The City also reserves the right to request additional information or documentation at any stage during the application review process, to request that changes be made to a proposal, to fund portions of any given proposal, and/or to choose not to fund any or all proposals. Additionally, the City reserves the right to change the funding amount of a given proposal prior to closing, at its sole discretion. Applicant Developers will be expected to respond and comply with any additional requests in a timely manner. Failure to provide requested information on a timely basis will result in a proposal being deemed non-responsive and ineligible for further consideration.

Community Housing Development Organization (CHDO) Application Submissions

The City will give special consideration for projects sponsored by a Community Housing Development Organization (CHDO). An organization that has not been certified and seeks funding from this set-aside must submit an application for CHDO certification along with the response to this NOFA. Applicants may find the requirements for the CHDO certification [here](#). Additional information on the CHDO process can be found in **Appendix A**.

Homebuyer Application Submissions

The City will set-aside \$1,000,000 of funding for Homebuyer projects involving (A) the rehabilitation and/or new construction of for-sale housing for low-to-moderate income households, or (B) to facilitate home sales to current occupants of affordable rental homes, especially those that are nearing or have passed HOME/LIHTC compliance periods. Both program types are required to complete all applicable application materials described within this NOFA. If the total amount of awards allocated for this set-aside do not amount to \$1,000,000, the remaining balance will be used towards rental development projects. Submissions under this set aside can receive assistance for low-to-moderate income homebuyers up to 80% AMI.

Eviction Prevention Program and Assistance for Properties Effected by COVID-19

At least \$1,500,000 will be made available to assist affordable housing developments that have experienced hardship due to increased collections that resulted from resident’s loss of income



associated with COVID-19. Assistance is limited to 3 months of rent per family effected. Priority will be given to non-profit, and Community Housing Development Organizations (CHDO's), and for owners who commit to matching the City's contribution.

Historic Preservation of Residential Buildings

Up to \$3,000,000 will be made available to residential buildings that are either listed in or eligible to be listed in the National Register of Historic Places individually or as part of a historic district. This can also include buildings that are designated by the City as a Local Historic District.

Submissions in this category will be expected to preserve affordability for existing low-income residents, and a minimum 20% of the rental units must be restricted to households earning no more than 80% AMI.

APPLICATION REVIEW AND AWARD PROCESS

Application Review

Submissions will undergo two phases of review:

Threshold phase – A threshold review will be conducted on applications to ensure that every item requested within **Application Attachment C** is both included and of quality. Applications that do not pass threshold will not continue on to the scoring review phase.

Because City awards are being made earlier in the development process than in previous years, certain items that were previously required at threshold stage will no longer be required by the application deadline, such as a market study as ordered through MSHDA. As noted within **Application Attachment C – Commitment**, additional materials will be required on February 5, 2021.

Letters of Interest (LOI), PILOT Preliminary Approval Letters and 9% LIHTC Support

Letters of Interest will be issued by December 11, 2020., PILOT Preliminary Approval, and 9% LIHTC Support letters will be issued by January 15, 2021.

City Letters of Interest

Letters of Interest will be issued for all projects that pass threshold review, align with City goals, and are financially viable with the inclusion of financial support from the City. The Letter of Interest will state the City's intent to further evaluate the project, but does not constitute a conditional award.

PILOT Preliminary Approval Letters

For all projects that receive Conditional Award Letters, HRD will also issue a preliminary letter of support for the project to qualify for a Payment in Lieu of Taxes (PILOT). Each project will still



be required to apply through the formal process with the City of Detroit’s Tax Assessors Office, but this letter will be recognized and considered by the Tax Assessors Office. For projects also applying for 9% LIHTC, this PILOT Support Letter will be recognized and considered by MSHDA.

9% LIHTC Support Letters

For all projects applying for 9% LIHTC from MSHDA, developers must request a meeting and comply with the details described above. If the project developer complied with the 9% LIHTC meeting request and the project aligns with City goals, a City of Detroit support letter will also be issued at this time.

Scoring and Commitment Phase – Applications that pass the threshold review will then be required to submit additional documentation before being scored based on a series of measurements outlined on **Page 18**.

Commitment Level Documents

Following issuance of a Letter of Interest, developers will be responsible for providing all required materials to score the application, and obtain approval by HRD’s Award Committee. Following approval, a Conditional Award Letter will be issued.

Conditional Award Letters

Conditional Awards are made on an “up to” basis. This “up to” basis applies to both any project that receives a conditional award for City funding. As developments progress, underwriting is completed, and budgets become clearer, HRD may find that a lesser award is warranted. If additional funds are requested from the City, the request will be considered on a competitive basis. Finalized expiration dates on conditional awards will be firm. The City has far more applications for funding than it has resources available, so any project that is unable to move forward in a timely manner will be subject to award expiration. Such projects will be allowed to reapply, but will have to compete for the award again.

In the City’s sole discretion, if a project changes substantially from its application package or is unresponsive to requests for additional information, the Conditional Award will be revoked. Substantial changes could include, but are not limited to, the following: changes to the site plan, number of units, and/or types of financing as well as changes to the request for assistance greater than 10% of the award amount. These changes do not reflect a complete list, and the City reserves the right to revoke a Conditional Award for any reason.

HRD will work with the development team to underwrite the loan, obtain final approval by City Council and HRD’s Award Committee. Following final approval and a finalized award amount, the Closing Phase will begin.



Closing Phase

Having received the final approval, the City's assigned attorney will begin drafting documents, and working through the closing checklist. The Awardee will have **(90)** days from the date of final approval to close on construction financing.

PROJECT COSTS AND FINANCING

The majority of projects funded through this NOFA will receive HOME dollars. The general purposes of the Federal HOME program are: expanding the supply of decent and affordable housing, particularly rental housing, for low- and very low-income. All federal requirements for the HOME program are listed in [Title 42, Chapter 130 and CFR Title 24 Part 92](#) and the [Final Rule](#). All projects supported by HOME funds must comply with the associated statutory and regulatory requirements for the HOME program. Please note the sections below are not exhaustive and all requirements listed within the HOME regulations and subsequent award documents will need to be met.

Subject to all City approvals, the City of Detroit may utilize CDBG funds to reimburse applicants for reasonable and necessary soft costs incurred on the project. Although limited, these funds may be used as a supplement or substitute for HOME funds. Any project supported by CDBG must comply with the associated statutory and regulatory requirements outlined in in [Title 24, Part 570](#), of the Code of Federal Regulations. The City may substitute any available funds including NSP1 and/or NSP3 for projects in the respective NSP target areas.

Eligible Costs

Funds are available for the Developer's project-related hard costs and soft costs. All costs must be related to the production of eligible housing units and may include the following:

- **Acquisition costs** – Acquisition of properties in need of rehabilitation and vacant land for new construction are eligible subject to the property meeting HOME requirements. Acquisition costs are subject to a [Uniform Relocation Act \(URA\)](#) compliant appraisal and related costs must be reasonable and necessary. If requesting funds for acquisition, the Developer must provide documentation evidencing through appraisals or other market studies that the acquisition price was reasonable.
- **Construction/Rehabilitation costs** – Reasonable and necessary new construction or rehabilitation costs are eligible under this NOFA.
- **Demolition** – Demolition of an existing structure may be funded through only if construction will take place on the project within (6) months. An extension may be granted at the sole discretion of the City.
- **Developer fees** – The City prefers not to fund Developer fees with City dollars, but will consider it on a case by case basis.
- **City legal fees** – The City requires Developers of City assisted projects to pay the City's legal fees, which are currently estimated at \$30,000- \$40,000 per project.



More complex projects may incur additional fees. The legal fees are an eligible cost that can be paid out of the City award.

- **Initial operating deficit reserves** – In order to facilitate project viability, funds may be used to cover the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up. This reserve is limited to the reasonably projected deficits for a period not to exceed the first 18 months of project operations after completion. The Developer is required to provide an estimate of initial operating deficits in the development income operating pro forma as part of the application submission for to this NOFA. City staff shall review and approve (and, if appropriate, reduce) the proposed reserve amount.
- **Additional soft costs** – Reasonable and necessary soft costs are eligible for reimbursement. Please note that funding for soft costs is only eligible in collaboration with an eligible hard cost, and must be approved by the City. Examples of eligible soft costs could include financing fees, title commitments and insurance, surety fees, title and recording fees, legal and accounting fees including cost certification, environmental reviews, appraisals and architectural and engineering fees.
- **Down payment and closing costs** assistance - For homebuyer-assisted units.

Ineligible Activities and Costs

In accordance with [24 CFR Part 92.214](#) of the HOME regulations, applicable Office of Management and Budget (OMB) Circulars at [2 CFR Part 200](#), and the City's own local requirements, the following activities and costs are prohibited under this NOFA:

- General planning
- Relocation costs (unless specifically approved by the City)
- Refinancing of pre-existing debt on property
- The payment of delinquent property taxes or utilities
- Purchase of equipment, furniture and fixtures
- Entertainment costs
- Other ineligible costs per the OMB Cost Principles ([2 CFR Part 200](#)) are specified in the Development and Loan Agreement
- City funding may not be used as a permanent mortgage on a property for homebuyer projects
- Lead-based paint inspection (Unless the City's award letter explicitly states that the City will reimburse Lead-based paint inspections, the Developer will be responsible for these costs and they will not be eligible for City funding)

Maximum Funding

The maximum award amount is \$3,000,000 for any one project or developer. For projects utilizing 9% LIHTC, the maximum award is \$1,000,000. For projects involving multiple phases or building units involving different financing structures, the maximum award amount cannot exceed \$3,000,000 in the aggregate, and any phase or unit financed in part with 9% LIHTC cannot exceed \$1,000,000.

The maximum amount of City subsidy per eligible **rental** unit cannot exceed the Section 234-Condominium Housing basic mortgage limits as determined by the local HUD Field office. The award will be based on the project's documented need for financing.

Section 215(b) of the National Affordable Housing Act (NAHA) requires that the initial purchase price or after-rehabilitation value of **homeownership units** assisted with HOME funds not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. Total City funding in any one project shall not exceed per unit maximums, and will be limited by the total amount of funding available. The City encourages applicant Developers to seek additional funds from other State, Federal, and private sources. Whichever funding source—HOME or an alternate funding source—has the more stringent requirements, those must be met.

Financing Terms

City funding may be offered in the form of project financing loans to successful applicants of this NOFA. A mortgage agreement shall be signed at closing and a lien shall remain on the property for the full term of the Affordability Period (Affordability Period). As detailed in the development and loan agreement, the Affordability Period will not terminate upon the repayment of the funds or transfer of the property during the Affordability Period. Prior to execution of the Development and Loan agreements the City of Detroit shall conduct a subsidy layering analysis to ensure that it will not invest any more City funds, alone or in combination with other governmental assistance, than is necessary to provide affordable housing.

Rental Project Loans may have a fixed interest rate of 1%, or higher if required by first position lender. Based on a review of the rental pro forma and the needs of the project, financing terms will be determined on a project-by-project basis, but will generally be structured as a cash-flow contingent loan of up to 50% of net cash flow with a 30-50 year term. The minimum annual repayment is \$2,500.

Loans that mature at the end of the Affordability Period, or a longer period specified by other project lenders, may be required to pay a balloon payment. Both the term and type of loan must also be in compliance with the City's affordability requirements. The Affordability Restriction Agreement (Restriction Agreement) shall be a restrictive covenant against the property and the affordability obligations shall pass to subsequent owners during the affordability period (running with the land). The affordability period in the Restriction Agreement shall survive foreclosure and the compliance obligation will be binding on the foreclosing lender.



Homebuyer Program funding may not be used as a permanent mortgage for the property, or to refinance existing debt. When total cost of development (acquisition, construction, soft costs) exceeds the after-construction appraised value of the property, the difference between the development cost and the after-construction appraised value shall be considered a grant and not be repaid to the City of Detroit, and is considered “development subsidy”. The appraised value of the property after construction cannot exceed most current FHA Maximum Mortgage Limits for Wayne County. As with a Rental Project Loan, the Restriction Agreement shall be a restrictive covenant against the property and the affordability obligations shall pass to subsequent owners during the affordability period (running with the land). As with a Rental Project Loan, the affordability period in the Restriction Agreement shall survive foreclosure and the compliance obligation will be binding on the foreclosing lender.

FUNDING RESTRICTIONS AND REQUIREMENTS

Rental Income and Rent Restrictions

The acquisition and improvement of property for **affordable rental units** assisted with HOME funds must be rented to households who are at or below sixty percent (60%) of the Area Median Income (AMI). At least 20% of those HOME-assisted units must be rented to households at or below fifty percent (50%) of the AMI.

The acquisition and improvement of property for **affordable for-sale** housing units assisted with HOME funds must be sold to households at or below eighty percent (80%) of the AMI. Please see **Appendix B** for more information on both rental and for-sale income, rental and utility restrictions.

The acquisition and improvement of buildings applying under the **Historic Preservation** category must preserve affordability for current low-income residents at or below 60% AMI, and a minimum of 20% of all rental units must be rented to households who are at or below eighty percent (80%) of the Area Median Income (AMI).

Applicants must also comply with the City of Detroit’s [Inclusionary Housing Ordinance](#) (Section 1. Chapter 14 of the 1984 Detroit City Code, 14-12-1 through 14-12-16). Applicants requesting over \$500,000 of NOFA Funds for *rental projects only*, where the project includes 20 or more units, must comply with the City of Detroit’s new Inclusionary Housing Ordinance. The Inclusionary Housing Ordinance requires that projects with City funds over \$500,000 and 20 units or more provide at least 15% of its total dwelling units for lease to households earning up to 60% AMI. Additionally, at least 5% of the total dwelling units are required to be leased to households earning up to 50% AMI.

Income limits and maximum rents are further charted in **Appendix B**. Due to the regulations outlined in the [Inclusionary Housing Ordinance](#) (Section 1. Chapter 14 of the 1984 Detroit City Code, 14-12-1 through 14-12-16), these restrictions will be imposed for a 30 year period of time following the project construction completion. Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They will be imposed by the Restriction Agreement that runs with the land.



*Please note, the Developer will be required to follow whichever regulation is more restrictive between HUD regulations, the Affordable Housing Development and Preservation Fund, and the Inclusionary Housing Ordinance.

Relocation Requirements

All City-assisted homes and properties acquired or rehabilitated through this NOFA are subject to the [Uniform Relocation Act \(URA\)](#). Tenants of occupied properties receiving City funds cannot be permanently relocated. Occupied properties require written approval of a relocation plan concurrent with the submission of an application for City funds for acquisition to ensure that relocation rules are followed. If a Relocation Plan is required for the project, the City must approve it prior to award and commitment of funding for the project. For units where City funds are not used for the acquisition of the property, the Developer still must provide proof that relocation requirements were met and must submit a relocation plan to the City regardless of the source of acquisition funding. Projects seeking City funds under this NOFA should not result in the permanent involuntary displacement of tenants.

Environmental Review Requirements

All projects which receive funding through this NOFA are subject to the HUD environmental review requirements and all properties acquired with HOME funds must be environmentally cleared by the City prior to acquisition. The HUD environmental review requirements are found in [24 CFR 58](#). The project must satisfy the HUD environmental review requirements before the City may commit funds to the project. The City shall interpret “commit” as execution of the development and the loan agreements for the project. Upon application for assistance through this NOFA, the Developer and all project participants (i.e. public or private non-profit or for-profit entities, or any of their contractors) agree to the following stipulations: (1) that the provision of any funds to a project is subject to the findings of the environmental review, and (2) that neither the Developer nor any project participant shall undertake any "choice limiting actions" until the environmental review process is complete, all parties have executed the development and loan agreements for the project, and the City has issued a notice to proceed. **Neither the Developer nor any project participant may undertake any "choice limiting action" between the date of application and the date of the notice to proceed from the City.** Please see **Appendix C: Environmental Review** for a full description and additional HOME requirements.

If a rehabilitated unit in this program was originally placed into service prior to January 1, 1978, rehabilitation must also comply with HUD lead-based paint rules ([24 CFR Part 35 and 24 CFR Section 570.608](#)). A lead-based paint inspection and lead-based paint risk assessment for lead-based paint hazards shall be conducted, and rehabilitation work must be done by contractors meeting the requirements of the HUD lead-based paint rule and the EPA Renovation, Repair, and Painting rule.



Construction and Rehabilitation Requirements

In all work under this NOFA, Developers must adhere to all applicable state and local laws, building codes, zoning, and other requirements relating to construction, rehabilitation, and housing safety, quality, and habitability. Developers must meet the Housing & Revitalization Department's Contractor's Performance Standards November 2017 ("HRD Performance Standards"). Rehabilitation and new construction supported with City funds are required to conform to [24 CFR 92.251](#) of the HOME regulations, as applicable. Projects will also be subject to accessibility requirements under [Section 504 of the Rehabilitation Act of 1973](#).

Hard Cost Requirements

At the time of application, the Developer must submit a trade payment breakdown the project from the general contractor. The application must also state whether the Developer has solicited or received any proposals (bids) from general contractors. The following contingency standards will need to be included in the hard cost projections: Five percent (5%) contingency for new construction projects; Twelve and a half percent (12.5%) contingency for rehabilitation projects; and Fifteen percent (15%) contingency for historic rehabilitation projects. The contractor's fee will be governed by the following maximum ratios: Contractor profit-6%, Overhead -2%, and General Conditions -6%. The City of Detroit may consider higher percentages for these fees if MSHDA or other funder approves higher percentages.

Pre-Closing Requirements

Before a project can start the closing process, the Developer must provide a third party cost estimate of the construction budget. As a condition of closing, the Developer must also attest and certify that no member or contracting entity or affiliate of the development team is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from any entity from a federally funded transaction. Any contractor that remains on a debarred or suspended condition shall be prohibited from participation in the City's program as long as the contractor is classified in this manner. The Developer must register on the HUD SAMs website to allow for confirmation that neither the developer, selected contractor nor any subcontractors are on the Federal or other debarred lists. The contractor completing the rehabilitation/new construction work will also be required to secure a 100% Payment and Performance Bond on a rehabilitation/new construction project with an estimated rehabilitation/new construction cost of \$100,000 or more in the aggregate. The surety (the provider of the bond) must be authorized to do business in the State of Michigan.

Acquisition and Construction Schedule

Developers that receive funds for acquisition must take title of 100% of the properties at the closing of the funds if is used to fund acquisition. If other financing sources are used for acquisition, the assisted project may be closed "in escrow". Construction is expected to begin within (6) months after the City's issuance of a commitment letter. The City must approve a project completion schedule that includes all milestones associated with the acquisition, major elements of the development implementation process, schedule of project construction completion by trades, and sale or lease-up of the units prior to loan closing. Due to strict



Federal deadlines, projects that do not reach milestones in a timely manner may be subject to rescission of City funding. Construction **must not have started** prior to the approval of funding and the receipt of environmental review and clearance from HUD.

Energy Standard Requirements

HUD's energy codes can be found [here](#). All new or substantial rehabilitation in buildings above 3 stories receiving City funding must be designed to meet American Society of Heating, Refrigeration, and Air-Conditioning Engineers ([ASHRAE Standard 90.1-2004](#)), plus 20 percent. As developers are also encouraged to use City funds to incorporate modern, green building, and energy-efficiency elements, points will be awarded for projects that meet the standards outlined in the [ENERGY STAR Version 3](#) for new construction. (Construction plans must detail governing design standard and certifications requirements.

Davis Bacon and Related Acts (DBRA)

All properties will be subject to Federal Labor Standards. For properties with 12 or more HOME-assisted units or 8 or more federal project based vouchers, construction will be subject to Davis-Bacon wage and record-keeping requirements. The Davis-Bacon "Commercial" wage scale will be applicable to buildings with more than four stories.

Section 3 Requirements

In order to meet HUD Section 3 regulations (Title 24 CFR Part 135), the applicant must describe their strategy for hiring and training low- and very low-income residents and contracting with local Section 3 businesses. Applicants are required to: (1) outline their plan to notify residents and contractors about jobs and contract opportunities; (2) notify potential contractors about the requirements of Section 3; (3) hire local Section 3 residents and award contracts to local Section 3 businesses; and (4) assist in obtaining required Section 3 compliance information from contractors and subcontractors. Please see **Appendix D: Section 3** for more information.

Cost Certification Requirements

A Certification Report must be prepared by the Developer at the time of completion and must list and certify all actual sources of funds that were used for the project. Additionally, the City reserves the right to require a Cost Certification report prepared by an independent public accountant, or to request a copy of reports required by other project funders.



City of Detroit

Housing and Revitalization Department



Housing Rehabilitation and Development Program

Notice of Funding Availability (“NOFA”) Application Instructions and Required Forms

APPLICATION MATERIAL INSTRUCTIONS

HRD will accept complete applications during regular business days and office hours. Applicants must submit two **(2) electronic USB flash drives** to the Housing and Revitalization Department, located at 2 Woodward Ave., Suite 908 at the Coleman A. Young Municipal Center. **Please note that a project application will not be accepted unless there is a folder for each of the subcategories below, with each document submitted as a separate file and named with an appropriate title.**

Executive Summary

Attach to the front of your submission a one-page executive summary stating the reasons for pursuing this NOFA, a concise summary of the development cost, financial structure, program, and the reasons that the City should seriously consider this project/organization for funding.

Housing and Rehabilitation Program Application (Attachment A)

Project Narratives (Attachment B)

Within the document, please label each narrative using the headers and sub-headers provided within the narrative instructions. The project narratives can be submitted as one file.

Developer Attachment Checklist (Attachment C)

Please review and include each and every applicable material. Please note that each item requested within this checklist is required to pass the threshold process. Please also note that a substantial portion of these requested materials will also be strongly considered during the feasibility and scoring phase of the application review process.

Development Pro Forma and Budget (Attachment D)

Developers are strongly encouraged to use the HRD Rental Development Proforma found [here](#). The proforma will only be accepted in excel format with formulas. Additional instructions can be found in Attachment D.

Please also review and sign the following forms:

- HRD Program Mandatory Acknowledgement - Lobbying Certification **(Attachment E)**
- HRD Mandatory Acknowledgement - Conflict of Interest **(Attachment F)**



APPLICATION SCORING CRITERIA

Developer Capacity – 23 Points

- **(9 Points) Developer Capacity:** Developer must demonstrate it can meet its debt obligations, has sufficient working capital to meet its operating needs, has adequate financing available to maintain the property over the length of the affordability period. The Developer must provide a completion guaranty acceptable to the City and AHLF in which the Developer shall guarantee payment of liabilities, shortfalls, and cost over runs of up to 10% of the construction contract. The Developer will provide reassurance to the City that the project will be completed on time and on budget. Bank references will also be considered.
- The developer must also demonstrate that it has a recent history of development and/or redevelopment that includes high quality affordable residential products delivered on-schedule and on budget. The developer must also demonstrate that previous experience is similar in type, scale, and complexity to proposed project. The Developer should also have a reasonable amount of current development projects to ensure that the organization is not overextended in either staffing or financial capacity.
- **(9 Points) General Contractor:** The project can earn up to 9 points if the general contractor has demonstrated recent and successful experience in projects that are similar in type, scale, and complexity to proposed project.
- **(5 Points) Experienced Management Agent:** The Developer has identified and secured an experienced management agent for the project.
-

Project Financing - 23 Points

- **(10 Points) Quality Financial Commitments:** Projects can earn up to 10 points if the additional necessary project financing/leveraged funds are identified and secured to complete project(s) with letters of commitment from recognized community development lenders and funders, or reasonable dates are provided by the Developer.
- **(10 Points) Financial Leverage:** Projects can earn up to 10 points if it is efficient in its use of AHLF funds and in its leveraging of other funds, as applicable. All funding and associated requirements are clear and adequately reflected in the budget and pro forma.
- **(3 Points) Creative Approach to Financing:** Projects can earn up to 3 points if the developer uses a creative approach to financing or cost containment to meet affordable housing needs.

Readiness to Proceed – 23 Points

- **(5 Points) City Approvals and Permits:** Projects can receive up to 5 points if they inherently require fewer City approvals through being zoned properly or not requiring variances. Additionally, projects can also receive points if they have already passed through required City approval processes such as the Planning & Development Department’s Concept Plan Review.
- **(13 Points) Construction Plans / Trade Payment Breakdown:** Projects can earn up to 13 points if estimated development and construction costs are well researched and detailed. Scope of work [for rehab] or plans and specifications [for new construction] are comprehensive, includes trade payment breakdown, and substantially complies with the requirements outlined in the HRD’s technical review. Additional points will be awarded if developer provides a third party cost estimator report delineating construction costs by trade breakdown.
- **(5 Points) Phase I Review:** Projects can earn up to 5 points if the Phase I Environmental Site Assessment (ESA) confirms that the site is not contaminated. For sites that are contaminated as noted in the Phase I, projects can also earn points if additional environmental due diligence documents are submitted such as a Phase II ESA, Response Activity Plan (RAP) or a Baseline Environmental Assessment (BEA).

Alignment with City Goals – 23 Points

- **(5 Points) Targeted Multifamily Housing Area:** New construction projects can earn up to 8 points if located in targeted multi-family housing areas outside of the Greater Downtown area (please review detailed maps [here](#)). Preservation projects can earn up to 8 points if located in targeted multi-family housing areas within the Greater Downtown area.
- **(8 Points) Priority Projects:** The project can earn up to 5 points if it 1) is an initiative tied to a City planning study, 2) is a preservation of current affordability (regulated or naturally occurring), 3) is designated as permanent supportive housing, 4) is either listed in or eligible to be listed in the National Register of Historic Places individually or as part of a historic district. This can also include buildings that are designated by the City as a Local Historic District.
- **(5 Points) Mixed-income neighborhood:** Projects are eligible for up to 5 points if the majority of units are income-restricted and the project is located within a Primary Market Area (as defined by the market study) with average rents at 80% AMI or above. Likewise, projects are eligible for up to 5 points if the majority of units are market-rate and the project is located within a Primary Market Area with average rents at 60% AMI or below.

•



- **(3 Points) Green building initiatives:** The project can earn up to 3 points if it incorporates measures to improve energy efficiency and sustainability. For points, projects must identify the standard used (Enterprise Green Building Criteria, LEED, etc.) and describe the project's adherence to the chosen standard.
- **(2 Points) Broadband Access:** Projects can earn up to 2 points if they commit to providing complimentary, high-speed internet access in common areas and/or dedicated computers with complimentary high-speed internet access. To ensure compliance, commitments will become a loan covenant.

Program Employment Goals - 8 Points

- **(4 Points) Section 3 Experience:** The project can earn up to 8 points if the Developer has experience in complying with Section 3 requirements. The Developer must include a clear plan as to how they will satisfy Section 3 requirements. The Developer must also demonstrate the ability and willingness to employ low-and very low-income persons within the targeted area and community in which the project resides.
- **(4 Points) MBE/WBE:** The project can earn up to 4 points if the primary Developer is a Minority/Women-Owned Business or Minority/Women's Business Enterprise, as applicable.

**ATTACHMENT A:
CITY OF DETROIT HOUSING AND REHABILITATION PROGRAM APPLICATION**

Application Date:	Resubmittal? <input type="checkbox"/> Original Application Date(s):		
Name of Project:			
Enter the full legal name of your organization:			
Federal Tax Identification Number:	Organization's DUNS number (if applicable):		
Name of Organization Lead Contact:			
Phone number and email address:			
Mailing address of the organization:			
City	State	Zip:	
Street address of the organization, if different from above:			
If the project does not qualify as a preservation project, please identify the 2016 Targeted Multifamily Housing Area in which project will be located:		Census Tract Number:	
Is the project either listed in or eligible to be listed in the National Register of Historic Places individually or as part of a historic district. This can also include buildings that are designated by the City as a Local Historic District. If so, please identify the Historic District name.		Yes <input type="checkbox"/> No <input type="checkbox"/> _____	
Project boundary streets/Physical address of the project:			
What is the legal structure of the Applicant?		Is the Applicant any of the following?	
<input type="checkbox"/>	Individual (not a partnership or corporation)	<input type="checkbox"/>	51% minority ownership
<input type="checkbox"/>	Partnership	<input type="checkbox"/>	51% female ownership
<input type="checkbox"/>	For-profit corporation	<input type="checkbox"/>	51% minority business enterprise
<input type="checkbox"/>	Non-profit corporation	<input type="checkbox"/>	% veteran owned
Is the borrower a designated Community Housing Development Org. (CHDO) per HOME regulations?		<input type="checkbox"/>	Yes <input type="checkbox"/> No
If yes , what is the date of your most recent City of Detroit CHDO certification? Please provide a copy of the most recent		Date: _____	



certification. Otherwise please submit an application for CHDO certification or recertification.			
Site control as evidenced by purchase contract, deed, etc. Yes <input type="checkbox"/> No <input type="checkbox"/>		Document provided:	
What type of development is being proposed by your organization with proposed program funding? <i>(Check all applicable boxes)</i>	<input type="checkbox"/>	New construction of multi-family units (4+)	
	<input type="checkbox"/>	Purchase/rehabilitation of occupied multi-family units (4+)	
	<input type="checkbox"/>	Mixed use project that includes office and/or retail space	
	<input type="checkbox"/>	Preservation project that extends affordability requirements for existing occupied affordable housing	
	<input type="checkbox"/>	Permanent Supportive Housing for those that are experiencing chronic homelessness	
	<input type="checkbox"/>	Adaptive Reuse/ Historic Preservation	
	<input type="checkbox"/>	Scattered Site	
TOTAL number of units you propose to develop:		No. of proposed affordable units:	No. of Market rate units if applicable:
TOTAL proposed development budget for project:	\$		
AMOUNT of funding requested :	\$	Low Income Housing Tax Credits (LIHTC) project: Yes <input type="checkbox"/> No <input type="checkbox"/> If a LIHTC project, Qualified Census Tract? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Will the project seek Rental Assistance: <input type="checkbox"/>	If Preservation Project, current sources:		
Type of Units to be developed <i>(Check all boxes that are applicable)</i>			
<input type="checkbox"/>	Apartment	<input type="checkbox"/>	Duplex
<input type="checkbox"/>	Townhome	<input type="checkbox"/>	Detached Single Family
Does the present zoning allow the proposed development? Yes <input type="checkbox"/> No <input type="checkbox"/>			
Is the proposed use considered a conditional use, a regulated use or a controlled use? Yes <input type="checkbox"/> No <input type="checkbox"/>			

Are all necessary utilities available on the site? Yes <input type="checkbox"/> No <input type="checkbox"/>
Will project require relocation of existing residents? Yes <input type="checkbox"/> No <input type="checkbox"/> Is a relocation plan included in your full application? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
What is the present use of the property?
Are any persons employed or contracting with your organization debarred by HUD or the State of Michigan? Yes <input type="checkbox"/> No <input type="checkbox"/>
Are there any other contracting restrictions on the Applicant or Contractor for your development team with any federal or state agency or with the City of Detroit? Yes <input type="checkbox"/> No <input type="checkbox"/>
Has your organization or one of its principals filed for bankruptcy within the past 10 years? Yes <input type="checkbox"/> No <input type="checkbox"/>
To the best of my (our) knowledge and belief, all information in this Application is true and correct. The governing body of the Applicant has duly authorized this document and the Applicant will comply with all applicable HOME, and/or CDBG Program requirements, if funding is awarded according to funding source. Applicant agrees to adhere to all contracting and hiring requirements of the Federal, State, and City government. Applicant understands and agrees that all units redeveloped with funding under this program must be sold or rented to income eligible households.
The undersigned authorizes Housing and Revitalization Department's staff to conduct investigations necessary to establish project feasibility including but not limited to such verifications as employment, credit, construction experience, property ownership and financial condition. It is further authorized that the Department may send requests to receive such information from a lender or lenders so designated by the Developer Applicant for the purpose of securing financial information.
Any person, who knowingly makes a false statement or misrepresentation in this Application or causes such a false statement or misrepresentation to be made, shall be subject to a fine of not more than \$5,000 and/or imprisonment for not more than two years, under provisions of the United States Criminal Code.

Authorized Representative: _____
 (Signature)

(Please Print Name and Title)

(Date)



ATTACHMENT B: PROJECT NARRATIVE INSTRUCTIONS

Developer Experience Narrative:

- **Developer organizational overview:**
 - A brief overview of the Developer’s organization and if the organization has any presence within Detroit. *(1 paragraph max.)*
 - If the Developer has a presence in Detroit, please provide brief details on the nature of the work. *(1 paragraph max.)*
- **Developer project staff:**
 - A brief list of internal staff who will be directly involved in the project and their title in relationship to proposed project.
 - For each internal staff member listed, please describe their role within the proposed project, their relevant experience, and capacity to take on such a role. *(1 paragraph max per internal staff member)*
- **Current scope of work:**
 - A list of all of the Developer’s current development projects including each project’s name, location, number of units, projected completion dates, sources of financing and total development budgets.
 - If the Developer is currently managing development projects, please describe how the Developer will manage the proposed project in addition to its current obligations *(1 paragraph max.)*
- **Project experience:**
 - A list of all of the comparable rental housing projects the Developer has completed in the last 5 years including the projects’ name, location, completion date, number of units, sources of financing, high-level timelines, and total development budget. Please highlight any development projects that were financed by Neighborhood Stabilization Program 1 or 3, CDBG or HOME funds.

If the Developer has not completed a rental housing development in the last 5 years, please describe the most relevant activities the organization has completed and how exactly these activities have prepared the Developer for the proposed project. *(1 paragraph max.)*
- **Owning and operating experience:**
 - Please indicate whether or not a management agent has been secured for the proposed project. If a management agent has been secured, please provide a

brief description on the agent's experience in managing restricted units and maintaining ongoing compliance (1 paragraph max).

- If a management agent has not been secured at this time, please describe the systems the Developer has in place for managing the property and its assets (1 paragraph max).

Development Team Experience Narrative: General Contractor Architect, and Developer Consultant. For each entity secured, please provide the following:

- **Developer organizational overview:**
 - A brief overview of the entity and if it has any presence within Detroit. (1 paragraph max.)
 - If the entity has a presence in Detroit, please provide brief details on the nature of the work. (1 paragraph max.)
- **Project experience:**
 - A list of all of the comparable rental housing projects the entity has completed in the last 3 years including the projects' name, location, completion date, and number of units. Please highlight any development projects that were financed by Neighborhood Stabilization Program 1 or 3, CDBG or HOME funds.

Program Scope and Feasibility Narrative

- **Program Scope**
 - An overall description of the project including the number of floors, common space, and/or commercial space as well as the overall rental composition including the number of units, bedroom types, amenities, rents and anticipated income restrictions. If this is a project that is part of a larger initiative (by building, block, or neighborhood), please describe the larger initiative in detail.
- **Financing sources**
 - A list of all other sources of financing. For each additional source of financing, please include funding amounts, key business terms, and conditions that must be satisfied before each funder is willing to close.
- **Project Timeline**
 - The projected dates of acquisition, construction start, certificate of occupancy, 100% occupancy of City assisted units, stabilized occupancy.
- **Methods to ensure cost effectiveness**
 - A brief overview as to how the developer uses a creative approach to financing or cost containment to meet affordable housing needs. (1 paragraph max)

- **Explanation of projected rents**
 - A brief synopsis of the market study and how it relates to the projected rents within the proposal. *(1 paragraph max)*
- **City approvals and permits**
 - If applicable, confirmation that the project is zoned property and does not require any variances.

Alignment with City Goals

- **Targeted Multifamily Housing Area**
 - If this is a new construction and/or a rehab project, a detailed map outlining the Multifamily Housing Area that the project is located within
- **Priority Projects**
 - For projects that are considered an initiative tied to a City planning study, please provide a brief summary on the City planning study and how the project is formally considered an initiative of said study. Please provide any relevant and available hyperlinks to further outline these details. *(1 paragraph max)*
 - For projects that are considered a preservation of current affordability (NOAH or income restricted), describe how exactly the project qualifies as NOAH and how exactly this proposed project will protect and preserve its current affordability. For income-restricted projects, describe the current sources of funding, their related income restrictions, and potential expirations. *(2 paragraphs max)*
 - For projects that are considered permanent supportive housing, describe any targeting for special populations, including if and how this project is to be completed in coordination with the continuum of care, the accommodations and services to be provided in order to meet the needs of the special population, and any Federal or other subsidy being brought to the project based upon this targeting. *(1 paragraph max)*
- **Green Building Initiatives**
 - For projects that meet either of the below green standards, describe the project's adherence to the chosen standard and the related potential long term cost savings.
 - Enterprise Green Communities: New Construction Mandatory +35 Optional; Moderate Rehabilitation Mandatory +30 Optional; Substantial Rehabilitation Mandatory +30 Optional
 - U.S. Green Building Council LEED: Certified, Silver, Gold or Platinum.

- **Broadband Access**

- If interested, provide a written agreement to commit to providing complimentary, high-speed internet access in common areas. If interested, please also provide a written agreement to commit to providing dedicated computers (a ratio of 1 computer per 10 units) with complimentary high-speed internet access. To ensure compliance, commitments will become a loan covenant.

Project Employment

- **Section 3 experience**

- If the developer has had experience in complying with Section 3 requirements, please provide a list of each project and their respective address, number of units, total development costs, and the overall ways in which they complied.

- **Section 3 plan**

- If available, a detailed description as to how the proposed project will comply with Section 3 requirements. *(1 paragraph max)*

**ATTACHMENT C:
NOFA Application Attachments Checklist**

Threshold Required Documents – Due by November 6, 2020		
<input type="checkbox"/>	Executive summary	Include development narrative and timeline for acquisition, financial packaging, design development, construction start/end dates, and lease-up and/or sales
<input type="checkbox"/>	Development team information	Contact information and resume for all members (Co-Developer, Development Consultant / Owner’s Rep, Architect, Property Management Company, Borrower’s Attorney)
<input type="checkbox"/>	Board of Directors information (if applicable)	Brief bios, including current occupation
<input type="checkbox"/>	Financial statements of Sponsor/guarantor (nonprofit)	Audited, unconsolidated financial statements that present the “parent-only” (i.e., borrower) financial position for the past 3 years; Include consolidating schedule. Financials that are at least 90 days within application date including statement of financial position; statement of activities; statement of cash flows. Board approved budget for current fiscal year. Cash flow projections for 2 years.
<input type="checkbox"/>	Financial statements of Sponsor/guarantor (for profit)	Returns for the last 3 years (990s or personal tax returns for each party with 20% or greater ownership). Signed, current PFS statement for each party with 20% or greater ownership. Required for personal guarantees and allows pulling of credit report
<input type="checkbox"/>	REO schedule	Schedule of real estate including value (and how it is determined), real estate debt, borrower’s share of equity, NOI, debt service, cash flow, borrower’s share of cash flow and current occupancy levels. NOTE, we have a template.
<input type="checkbox"/>	Development financial statements (occupied only)	
<input type="checkbox"/>	Evidence of site control	Site control must be demonstrated for every parcel of land proposed within the project definition.
<input type="checkbox"/>	Survey	



<input type="checkbox"/>	Zoning documents	Evidence of proper zoning or application for rezoning
<input type="checkbox"/>	Site utility plan	
<input type="checkbox"/>	Site plan approval	New construction only. If available, evidence of the Planning & Development Department's Concept Plan Review approval.
<input type="checkbox"/>	AIA Document A305-1986 Contractor's Qualification Statement	A sample can be found here .
<input type="checkbox"/>	Detailed Scope of Work or Plans & Specs	Please review the City's Contractors Performance Standards here .
<input type="checkbox"/>	High quality photos of the building's exterior and interior (rehab & preservation) or high quality renderings (new construction)	
<input type="checkbox"/>	Trade Payment Breakdown	Draft to be completed by General Contractor
<input type="checkbox"/>	Tentative Construction Schedule	Draft to be completed by General Contractor
<input type="checkbox"/>	Project Based Vouchers award letter or evidence of application	
<input type="checkbox"/>	Evidence of application for all sources of financing	Letters of Intent and/or term sheets are preferable. Market study requests are sufficient evidence for applicants applying for MSHDA 9% LIHTC.
<input type="checkbox"/>	Rent rolls (occupied only)	Must include affordability restriction, lease terms and tenant annual income by unit. Please remove any sensitive information such as tenants' social security numbers, etc.
<input type="checkbox"/>	Section 3 Intent to Comply	Please see Exhibit F for additional information
<input type="checkbox"/>	Section 3 Plan Application	If available. Please see Exhibit F for additional information.
<input type="checkbox"/>	Proof of certificate as a Minority/Women Owned Business Enterprise	If applicable
<input type="checkbox"/>	City of Detroit approval as a Community Housing Development Organization (CHDO)	If applicable
<input type="checkbox"/>	Evidence of Historic designation	If applicable



Commitment Level Required Documents – Due February 5, 2021

<input type="checkbox"/>	Market study	The market study should be both site and project specific, and no less than one year old.
<input type="checkbox"/>	ASTM Phase 1 Environmental Site Assessment (ESA)	MSHDA Phase 1 preferred, if available. Phase 1 ESAs do not need to be printed.
<input type="checkbox"/>	Additional environmental due diligence documents including Phase II ESA, BEA, Response Activity Plan, etc.	If available
<input type="checkbox"/>	Capital needs assessment (preservation/rehab only)	
<input type="checkbox"/>	Affirmative Fair Housing Marketing Plan	Applicants will need to submit a draft HUD form available here .
<input type="checkbox"/>	Relocation Plan (occupied only)	A draft relocation plan must be submitted that meets both the requirements of the Uniform Relocation Act (URA) as well as the City standards outlined here .

ATTACHMENT D: DEVELOPMENT PROFORMA INSTRUCTIONS

As mentioned above, developers are encouraged to use the HRD Rental Development Proforma found [here](#). If a development proforma is required by MSHDA for Low Income Housing Tax Credits then the Developer may submit that proforma. Otherwise, the Developer must include all of the following elements in excel format:

- Sources and Uses
- Stabilized Operating Income & Expenses
- Rent Roll (if applicable)
- 20-year Operating Projection
- Construction and Lease-Up Period Cash Flow

Sources and Uses

- The Developer is responsible to ensure that all project development costs are accounted for in the submitted development budget, and that proposed sources of funding are adequate. Failure to provide adequate development costs and sources may result in the proposed project not receiving funding upon review.
- *Construction Costs:* At the time of application, the Developer must submit itemized cost estimates from the project architect or other qualified cost estimator to substantiate the construction costs in the development budget. The application must also state whether the Developer has solicited or received any proposals (bids) from general contractors.
- *Builder Overhead and Profit and General Requirements:* The contractor will be governed by the following maximum ratios: Contractor Fee/ Profit-6%, Overhead -2%, and General Conditions -6%. The City of Detroit may consider higher percentages for these fees if MSHDA or other funder approves higher percentages. The application narrative must state how the estimated amounts for builder fee / profit, general requirements, and general overhead in the construction budget were determined. Small unit total exception?
- *Owner's Hard Cost Construction Contingency Requirements:* The Developer must use the following contingency standards in preparing the development budget:
 - Use a five percent (5%) contingency for new construction projects
 - Use a twelve and a half percent (12.5%) contingency for rehabilitation projects
 - Use a fifteen percent (15%) contingency for historic rehabilitation projects
- *City legal fees:* The City requires Developers of HOME assisted projects to pay the City's legal fees, which are currently estimated at \$50,000 per project. Fees may be higher for projects with additional complexity. The legal fees are an eligible HOME cost that can be paid out of the HOME award.
- *Lease-up Costs:* The development budget must include lease-up costs and adequate reserves.

Operating Cash Flow

The Developer must demonstrate through the operating cash flow that remain solvent over the 20 year cash flow. The developer must provide support to the project over time, including adequate operating and replacement reserves.

Other items to consider in completing the operating projections include:

- The proforma must be based on sound, appropriate information, convincing data, and realistic inflators as well as operating cash flows that are realistic and adequate.
- Leveraging of private or HOME funded long term debt as a source of funds will be subject to the project's ability to support such financing as demonstrated by the project's operating proforma. Using standard underwriting criteria and cost reasonableness, the Developer must clearly demonstrate through the project's operating proforma that the repayment of this debt will not be a burden on the long term viability and affordability of the project. The combined debt service coverage ratio taking into account all must-pay debt on viable projects should target a minimum of 1.10 and a maximum of 1.25.
- Affordable Rent Restrictions – Developers must propose rents for the HOME assisted units that may not exceed the lesser of comparable market rents or the HOME rents minus utility allowances. See attached maximum rent standards for the City of Detroit provided in **Appendix B**. Although a project's rents may be lower than the rents listed, they cannot be more than the amounts listed. All rents listed must be adjusted for any utilities paid by the tenant (use the attached utility- **Appendix B**).
- If a project receives Federal or State project-based subsidies and the tenant pays no more than 30% of his or her income, the maximum rent may be the rent allowable under the project-based subsidy program.
- Rents must be supported by the submitted market study. The rent must be reduced if the tenant pays for utilities because the calculation of these rent standards includes all utilities excluding telephone. Utility allowances provide a mechanism for adjusting the maximum allowable HOME rents when the tenant pays some or all utilities. See attached utility charts **Appendix B** by housing type.
- **Replacement Reserves** – Developers will be expected to execute a Replacement Reserve Agreement, and to establish and maintain a Replacement Reserve Fund. The Developer will be responsible for depositing a per unit amount per annum (PUPA) into the fund for capital improvements to the property, as outlined in the Replacement Reserve Agreement. In the event that there is a conflict between this provision and the requirements of other funders, the need for reserves will be analyzed and negotiated between the various parties. The City may waive this requirement at its discretion. The amount of the Replacement Reserve shall be determined as follows:
 - **For acquisition-rehabilitation projects**, the Developer must conduct a capital needs assessment (CNA) for all rehabilitation projects, and set the annual reserve, at a minimum, at the level needed to cover 100% of capital needs identified in the CNA over the HOME affordability period.
 - **For new construction projects**, the Developer must deposit at least \$300 PUPA annually into a Replacement Reserve. The City may consider a lower amount only if the Developer submits evidence acceptable to the City establishing that a lower deposit amount will cover 100% of likely long term capital needs over the HOME affordability period

**ATTACHMENT E:
HOME PROGRAM MANDATORY ACKNOWLEDGEMENT**

“LOBBYING CERTIFICATION”

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies that to the best of his or her knowledge and belief.

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Division 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$1,000,000 for each such failure.

Witnesses:

1. _____

2. _____

Developer/Owner:

BY: _____

ITS: _____

DATE: _____

**ATTACHMENT F:
HOME PROGRAM MANDATORY ACKNOWLEDGEMENT**

“CONFLICT OF INTEREST”

The City of Detroit, Housing & Revitalization Department is now required by HUD to include a new Conflict of Interest clause to all contracts. Please be aware that these requirements will apply if you are awarded a contract with the City of Detroit.

The Contractor warrants that its participation in this contract will conform to the requirements of the all applicable HOME regulations including Sections 84.42, 85.36 and 570.611 of Title 24 of the Code of Federal Regulations, and further warrants that such participation will not result in any organizational conflict of interest. Organizational Conflict of Interest is defined as a situation in which the nature of work under this contract and the Contractor’s organizational, financial, contractual or other interests are such that:

- a. Award of the contract may result in an unfair competitive advantage; or The Contractor’s objectivity in performing the contract work may be impaired.
- b. In the event the Contractor has an organizational conflict of interest as defined herein, the Contractor shall disclose such conflict of interest fully in the submission of the proposal and/or during the life of the contract.
- c. The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the Director and Executive Manager, which shall include a description of the action which the Contractor has taken or intends to take to eliminate or neutralize the conflict. The Housing & Revitalization Department may, however, terminate the contract if it is in best interest of the City.
- d. In the event the Contractor was aware of an organizational conflict of interest before the award of this contract and intentionally did not disclose the conflict to the Housing & Revitalization Department, the Department may terminate the contract for default.
- e. The provisions of this clause shall be included in all subcontracts and consulting agreements.
- f. No Federal, state or local elected official, nor any member of the City of Detroit Planning Commission or employee of the Housing & Revitalization Department, nor any corporation owned or controlled by such person, shall be allowed to participate in any share or part of this contract or to realize any benefit from it. This provision shall be construed to extend to this contract if made with a corporation for its general benefit.
- g. No member, officer, or employee of the City of Detroit Housing & Revitalization Department, no member of the governing body of the City of Detroit or any other local government and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the project, shall, during his or her tenure, or for one year thereafter, have any interest, direct or indirect, in this contract or the proceeds thereof.
- h. The Housing & Revitalization Department reserves discretion to determine the proper treatment of any conflict of interest disclosed under this provision.

Witnesses:

- 1. _____
- 2. _____

Developer/Owner:

By: _____

Its: _____

Date: _____



APPENDIX A: COMMUNITY HOUSING DEVELOPMENT ORGANIZATION QUALIFICATIONS AND CERTIFICATION PROCESS

To pursue certification, the CHDO certification application must be completed and submitted with the project application. To qualify for Community Housing Development Organization (CHDO) certification, all of the following criteria must be met:

1. Must be a non-profit entity organized under State or local laws; has no part of its net earning inure to the benefit of any member, founder, contributor, or individual; has a tax exempt ruling under Section 501 (c)(3) or (4) of the Internal Revenue Code; and has among its purposes the provision of affordable housing to low- and moderate-income persons.
2. At least 1/3 of the entity's governing board membership is for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. No more than one-third of the governing board members may be public officials (including City employees) or appointed thereby, and government-appointed board members may not, in turn, appoint any of the remaining board members.
3. If the entity is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members.
4. The entity is not controlled, nor receives directions from individuals, or entities seeking profit from the organization.
5. If the entity is sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development or management of housing, and the entity is free to contract for goods and services from vendor(s) of its own choosing.
6. The entity (or its parent) has a history of serving the community within which housing to be assisted with HOME funds is to be located and provides a formal process for low-income program beneficiaries to advise the organization in affordable housing development decisions.
7. The entity conforms to the financial accountability standards of 24 CFR 84.21 "Standards for Financial Management Systems."
8. The entity has a demonstrated capacity for carrying out activities assisted with HOME funds.



APPENDIX B: CITY OF DETROIT INCOME LIMITS, HOME RENTS AND UTILITY ALLOWANCES

All units assisted with HOME funds must serve households with incomes at or below 60% of the Area Median Income (AMI), adjusted by household size, as defined below.

Income Limits [Source: [2020 HUD Income Limits](#)]

Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
80% AMI	44,000	50,250	56,550,	62,800	67,850	72,850	77,900	82,900
60% AMI	33,000	37,680	42,420	47,100	50,880	54,660	58,440	62,220
50% AMI	27,350	31,400	35,350	39,250	42,400	45,550	48,700	51,850

HOME Maximum Rents [Source: [2020 HUD HOME Program Rent Limits](#)]

MAXIMUM RENT STANDARDS <i>(Subtract Utility Allowance to Determine Maximum Actual Rents)</i>						
Unit Size	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Low Home Rent Limit	639	736	883	1020	1138	1256
High Home Rent	639	764	977	1266	1376	1552
For Information Only: Fair Market Rent	639	764	977	1266	1376	1582
50% Rent Limit	687	736	883	1020	1138	1256
65% Rent Limit	874	938	1127	1294	1424	1552

*Adjusted Low HOME Rent or High HOME Rent corrects for last year's incorrect hold harmless rent. For all HOME projects, the maximum allowable rent is the HUD calculated High HOME rent Limit and/or Low HOME Rent Limit.

NOTE: The rent standards above must be reduced if the tenant pays for utilities since the calculation of these rent standards includes all utilities except telephone.

Maximum Rent Example:

1 Bedroom Apartment:	\$648
Allowance for heat:	-\$ 41
Maximum Allowable HOME:	\$607



APPENDIX B: 2020 HUD HOME INCOME LIMITS

U.S. DEPARTMENT OF HUD
STATE: MICHIGAN

		----- 2020 ADJUSTED HOME INCOME LIMITS -----							
PROGRAM		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Detroit-Warren-Livonia, MI	HUD Metro FMR Ar								
	30% LIMITS	16500	18850	21200	23550	25450	27350	29250	31100
	VERY LOW INCOME	27500	31400	35350	39250	42400	45550	48700	51850
	60% LIMITS	33000	37680	42420	47100	50880	54660	58440	62220
	LOW INCOME	44000	50250	56550	62800	67850	72850	77900	82900



APPENDIX B: CITY OF DETROIT UTILITY SCHEDULE

As of Dec. 2018

Monthly Allowances for Tenant-Paid Utilities

ROW HOUSE OR TOWN HOUSE							
UTILITY	OBR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
<i>Heating: Natural Gas</i>	\$33.00	\$41.00	\$49.00	\$57.00	\$69.00	\$78.00	\$87.00
<i>Heating: Electric</i>	48.00	65.00	82.00	100.00	128.00	146.00	168.00
<i>Cooking: Natural Gas</i>	3.00	4.00	6.00	7.00	9.00	10.00	12.00
<i>Cooking: Electric</i>	9.00	12.00	15.00	19.00	24.00	27.00	31.00
<i>Hot Water: Natural Gas</i>	8.00	11.00	14.00	17.00	21.00	24.00	28.00
<i>Hot Water: Oil/Electric</i>	24.00	34.00	43.00	53.00	67.00	77.00	88.00
<i>Air Conditioning</i>	7.00	11.00	14.00	17.00	22.00	25.00	29.00
<i>Water & Sewer</i>	36.00	45.00	63.00	89.00	116.00	142.00	169.00
<i>Range</i>	7.00	7.00	7.00	7.00	7.00	7.00	7.00
<i>Trash Collection</i>	12.00	12.00	12.00	12.00	12.00	12.00	12.00
<i>Refrigerator</i>	7.00	7.00	7.00	7.00	7.00	7.00	7.00

APPENDIX B: CITY OF DETROIT UTILITY SCHEDULE

APPENDIX C: ENVIRONMENTAL REVIEW

All projects which receive funding through this NOFA are subject to the HUD environmental review requirements. The HUD environmental review requirements are found in Title 24, Part 58, of the Code of Federal Regulations. The project must satisfy the HUD environmental review requirements before the City may commit funds to the project. The City shall interpret “commit” as execution of the development and the loan agreements for the project.

Upon application for assistance through this NOFA, the Developer and all project participants (i.e. public or private non-profit or for-profit entities, or any of their contractors) agree to the following stipulations: (1) that the provision of any funds to a project is subject to the findings of the environmental review, and (2) that **neither the Developer nor any project participant shall undertake any "choice limiting actions" until the environmental review process is complete**, all parties have executed the development and loan agreements for the project, and the City has issued a notice to proceed. Neither the Developer nor any project participant may undertake any "choice limiting action" between the date of issuance of this NOFA and the date of the notice to proceed from the City.

The findings of the environmental review may identify environmental concerns that necessitate an alteration, a change, or a modification to the proposed project. The City may require alterations, changes, or modifications to the project based upon the findings of the environmental review, and the Developer and all project participants must implement any alterations, changes, or modifications required by the City as a condition of funding.

The City shall define “choice limiting actions” as any of the following: (1) acquisition of any real property associated with the project, (2) any improvements to the property or properties associated with a project, (3) any rehabilitation of an existing structure located on property associated with the project, (4) any construction of a new structure located on property associated with the project, or (4) demolition of any existing structure located on property associated with the project. **Neither the Developer nor any project participant may undertake any "choice limiting action" between the date of issuance of this NOFA and the date of the notice to proceed from the City.** If the City discovers that the Developer or any project participant committed a “choice limiting action” during this time period, then the City may deny funding to an entire project or may disqualify for reimbursement any cost associated with the particular “choice limiting action.”

The City shall NOT define “choice limiting actions” as either of the following: (1) an option agreement for the acquisition of real property, or (2) a non-binding purchase agreement. An option agreement is an exclusive right to purchase a property at a specific price within a specified time period without an obligation to purchase. A non-binding agreement establishes that there is no legal obligation on the part of the buyer to purchase the property; that acquisition will proceed only if there is compliance with the HUD environmental requirements.



APPENDIX D: EXECUTIVE ORDER NO. 2016-1

EXECUTIVE ORDER 2016-1

TO: ALL BOARDS, COMMISSIONS, DEPARTMENT DIRECTORS, CITY COUNCIL MEMBERS, CITY CLERK, DEVELOPERS, CONTRACTORS, AND DETROIT ECONOMIC GROWTH CORPORATION (DEGC).

FROM: MICHAEL E. DUGGAN, MAYOR

SUBJECT: UTILIZATION OF DETROIT RESIDENTS ON PUBLICLY-FUNDED CONSTRUCTION PROJECTS

DATE: December 16, 2016

WHEREAS, it is the policy of this Administration to encourage and maximize the utilization of Detroit residents on all City contracts and all projects benefited by City subsidies. An important component of the economic revitalization of Detroit is the employment of Detroit residents. Accordingly, this Executive Order directs any entity entering into a publicly-funded construction project to implement specific residency targets for its workforce, as follows:

1. A "publicly-funded construction project," for purposes of this Executive Order, means (a) any construction contract for more than \$3,000,000.00 (Three Million Dollars) made by the City with any person or entity; and (b) any construction project for which the City, affiliated public or quasi-public entities of the City, or any of their agents or contractors provides funds or financial assistance via any of the following methods, where total assistance from the City or its affiliated entities is over \$3,000,000.00 (Three Million Dollars):

- (1) The sale or transfer of land below its appraised value;
- (2) Direct monetary support;
- (3) Public contributions originated by the State of Michigan or its agencies, the United States government or its agencies, or any other non-City government entity, and for which City approval is required and obtained; or
- (4) Tax increment financing. For purposes of calculating the total assistance directly provided through tax increment financing, tax revenue that would have accrued to all government entities shall be counted.

Other persons or entities doing business with the City, but not covered by this section, may voluntarily agree to be bound by some or all of the substantive requirements of this Executive Order.



2. A "bona-fide Detroit resident," for purposes of this Executive order, means an individual who can demonstrate residency in the City of Detroit as of a date at least thirty (30) days prior to the date the person seeks to be employed for work on a publicly-funded construction project. Residency shall be established by the address listed on (a) any one of the following: State of Michigan identification card, State of Michigan driver's license, or Detroit municipal ID; plus (b) any one of the following: Voter Registration Card, Motor Vehicle Registration, most recent federal, state, or City of Detroit tax returns, Lease/Rental agreement, the most recent utility bill (or utility affidavit signed by a landlord with respect to a leased residence), or most recent municipal water bill. Other forms of proof-of-residence may be accepted under certain circumstances.

3. All publicly-funded construction contracts shall include a provision providing that at least 51% of the workforce on the publicly-funded construction project shall be bona-fide Detroit residents. This requirement shall be referred to as the "Workforce Target." The Workforce Target shall be measured by the hours worked by bona-fide Detroit residents on the publicly-funded construction project.

4. Developers, general contractors, prime contractors and subcontractors are all required to comply with the terms of this Executive Order. Collectively, these entities are hereinafter referred to as "contractors." It is, however, the sole responsibility of the person or entity contracting with the City of Detroit to require all of its subcontractors either to (a) meet the Workforce Target; or (b) make the required contribution to the City's Workforce Training Fund, as provided in Paragraph 6 of this Executive Order. Contractors may utilize local unions, Detroit Employment Solutions Corporation, or other entities to help meet the Workforce Target. Failure to satisfy the requirements of this Executive Order shall constitute a breach of contract and may result in the immediate termination of the contract.

5. Upon execution of a publicly-funded construction contract, the City of Detroit's Civil Rights, Inclusion and Opportunity Department ("CRIO") shall determine whether the Workforce Target in the contract shall be measured periodically either (a) monthly or (b) quarterly. This period shall be referred to as the "measurement period." Thereafter, for the duration of the construction project, the contractor shall, at the end of each measurement period, submit to CRIO a report indicating:

- (1) The total hours worked on the project during the preceding measurement period ("total work-hours");
- (2) The total hours worked on the project by bona-fide Detroit residents during the preceding measurement period; and
- (3) If applicable, the amount by which the contractor fell short of meeting the Workforce Target. A contractor falling short of the Workforce Target shall report both (a) the raw number of total work-hours by which the contractor fell short of the Workforce Target; and (b) the percentage of total work-hours by which the contractor fell short of the Workforce Target.

6. A contractor who does not meet the Workforce Target in any measurement period shall help strengthen Detroit's workforce by making a monetary contribution to the City's CRIO-administered Workforce Training Fund, thereby supporting the skill development of Detroit residents. The required contribution for any contractor who does not meet the Workforce Target shall be the sum of the following:

- (1) For each work-hour comprising the first 0-10% of total work-hours by which the contractor fell short of the Workforce Target, 5% of the average hourly wage paid by the contractor on the publicly-funded construction project during the preceding measurement period.
- (2) For each work-hour comprising the second 0-10% of total work-hours by which the contractor fell short of the Workforce Target (if applicable), 10% of the average hourly wage paid by the contractor on the publicly-funded construction project during the preceding measurement period.
- (3) For each work-hour comprising the remaining 0-31% of total work-hours by which the contractor fell short of the Workforce Target (if applicable), 15% of the average hourly wage paid by the contractor on the publicly-funded construction project during the preceding measurement period.¹

7. If a contractor contracts for labor through a union which is meeting the goals set for it under the Detroit Skilled Trades Employment Program, that contractor will be deemed to have met the Workforce Target with respect to the employees for which it contracted through such a union.

Specifically: CRIO will make a periodic determination whether a union participating in the Detroit Skilled Trades Employment Program is meeting its established goals under that Program. For purposes of calculating a contractor's compliance with the Workforce Target, a union which, as of the date a contractor executes its publicly-funded construction contract or subcontract, is meeting its goals under the Program shall be deemed to have no less than 51% of the hours worked by its members on the publicly-funded construction project worked by bona-fide Detroit residents. If bona-fide Detroit residents actually account for more than 51% of the hours worked by union members on a publicly-funded construction project, that actual percentage may be used for purposes of calculating compliance with the Workforce Target.

8. If CRIO determines a contractor is in non-compliance with the requirements of this Order, CRIO will notify the contractor, in writing, of the contractor's non-compliance.

If a contractor wishes to challenge a finding of non-compliance, the contractor may, within fifteen (15) days of the notice of non-compliance, file with CRIO a written notice challenging the finding of non-compliance, and detailing the reasons for that challenge. The challenge will then be

¹ Thus, for example, if 25% of the total work-hours performed on a publicly-funded construction project were performed by bona-fide Detroit residents, the contractor will have fallen short of the Workforce Target by 26% of the total work-hours. That contractor's minimum required contribution would be the sum of (1) 5% of the average hourly wage for 10% of the total work-hours; (2) 10% of the average hourly wage for 10% of the total work-hours; and (3) 15% of the average hourly wage for 6% of the total work-hours.

forwarded to a panel comprising of (1) the City's Corporation Counsel or his or her designee; (2) the head of the Department of Administrative Hearings or his or her designee; and (3) the Director of the Buildings, Safety, Engineering, and Environment Department, or his or her designee. The panel shall adjudicate the challenge and issue a written decision. The panel may, but need not, schedule an oral hearing on the challenge.

If following written notice of non-compliance and the adjudication of any challenge, the contractor fails or refuses to take corrective actions within thirty (30) days, the City of Detroit may do any of the following:

- (1) withhold from the contractor all future payments under the construction contract until it is determined that the contractor is in compliance;
- (2) refuse all future bids on city projects or applications for financial assistance in any form from the city or any of its departments, until such time as the contractor demonstrates that it has cured its previous non-compliance;
- (3) debar the contractor from doing business with the City of Detroit for a period of up to one year.

In addition, the City of Detroit reserves the right to re-bid the contract, in whole or in part, or hire its own workforce to complete the work.

9. All applicable construction contracts, construction contract amendments, change orders and extensions shall include the terms of this Executive Order. CRIO shall have the responsibility for preparing administrative guidelines related to this Executive Order, and for monitoring and enforcing the provisions of this Executive Order.

* * *

Pursuant to the powers vested in me by the 1963 Michigan Constitution and by the 2012 Detroit City Charter, I, Michael E. Duggan, Mayor of the City of Detroit, issue this Executive Order. This Executive Order is effective upon its execution and filing with the City Clerk and supersedes Executive Order No. 2014-4 issued by me on August 22, 2014. Provided, however, that this Executive Order shall not supersede the operation of any prior Executive Order with respect to any publicly-funded construction project on which construction activities have commenced as of the date of this Executive Order.

Michael E. Duggan
Mayor, City of Detroit

APPENDIX E: SECTION 3 INFORMATION

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968, federal regulation §24 CFR 135. The City of Detroit is committed to their Section 3 Program to foster local economic development, neighborhood economic development, and individual self-sufficiency. Section 3 Program requires recipients of certain HUD housing and community development financial assistance, to the greatest extent feasible, to provide employment and job training for low- and very low-income persons and contracting opportunities to business concerns which provides economic opportunities to low- and very low-income persons in connection with projects and activities in their neighborhoods.

Employment and Training

To demonstrate compliance with HUD Section 3 regulations, the goal is to employ Section 3 residents at least thirty percent (30%) of the aggregate number of new hires and to provide training to those new hires. Also the agreement is to provide information regarding existing employees and projected hiring needs as a part of the City of Detroit Section 3 Plan when submitting plans for HUD covered contracts.

Contracting

To demonstrate compliance with HUD Section 3 regulations, the goal is to contract at least 10% of the total dollar amount of all Section 3 covered construction work and 3% of the total dollar amount of all Section 3 covered non-construction work to Section 3 business concerns.

Therefore, the goals for each developer, contractor and subcontractor on a covered Section 3 project must acknowledge and actively seek to achieve the following Section 3 goals:

- At least thirty percent (30%) of the aggregate number of new hires needed to complete the project shall be Section 3 Residents; and
- At least ten percent (10%) of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- At least three percent (3%) of the total dollar amount of all covered non-construction (including routine maintenance, HVAC servicing, re-painting, lawn care, and professional services – architectural, engineering, legal services, accounting, marketing, etc.) contracts shall be awarded to Section 3 business concerns.

A Section 3 Plan is submitted when a company is bidding on or has been awarded a HUD funded covered project. When awarded HUD funds for a covered Section 3 project, the Section 3 Plan is used as a baseline for meeting the minimum goal requirements as stated above. Compliance documents:

- Section 3 Plan
- Workforce Form
- Verification of Income Form (for Section 3 Residents only)
- Section 3 Summary Report - as agreed upon depending of the length of the project (timing could be monthly, quarterly, semi-annual, and/or annual), **which could include certified payroll, unconditional waiver, or etc.**
- Section 3 Final Summary Report – at completion of project

Section 3 Business Certification and Program Information

Section 3 business concerns receive a preference in HUD contracting opportunities. If you would like more information on the Section 3 Program and to certify as a Section 3 business, visit Civil Rights, Inclusion & Opportunity's (CRIO) web page, <https://detroitmi.gov/departments/civil-rights-inclusion-opportunity-department/section-3-program> . The office is located in the Coleman A. Young Municipal Center (CAYMC), Suite 1240. The program manager is Patricia Ford, 313-224-9515, CRIOsection3@DetroitMi.gov.

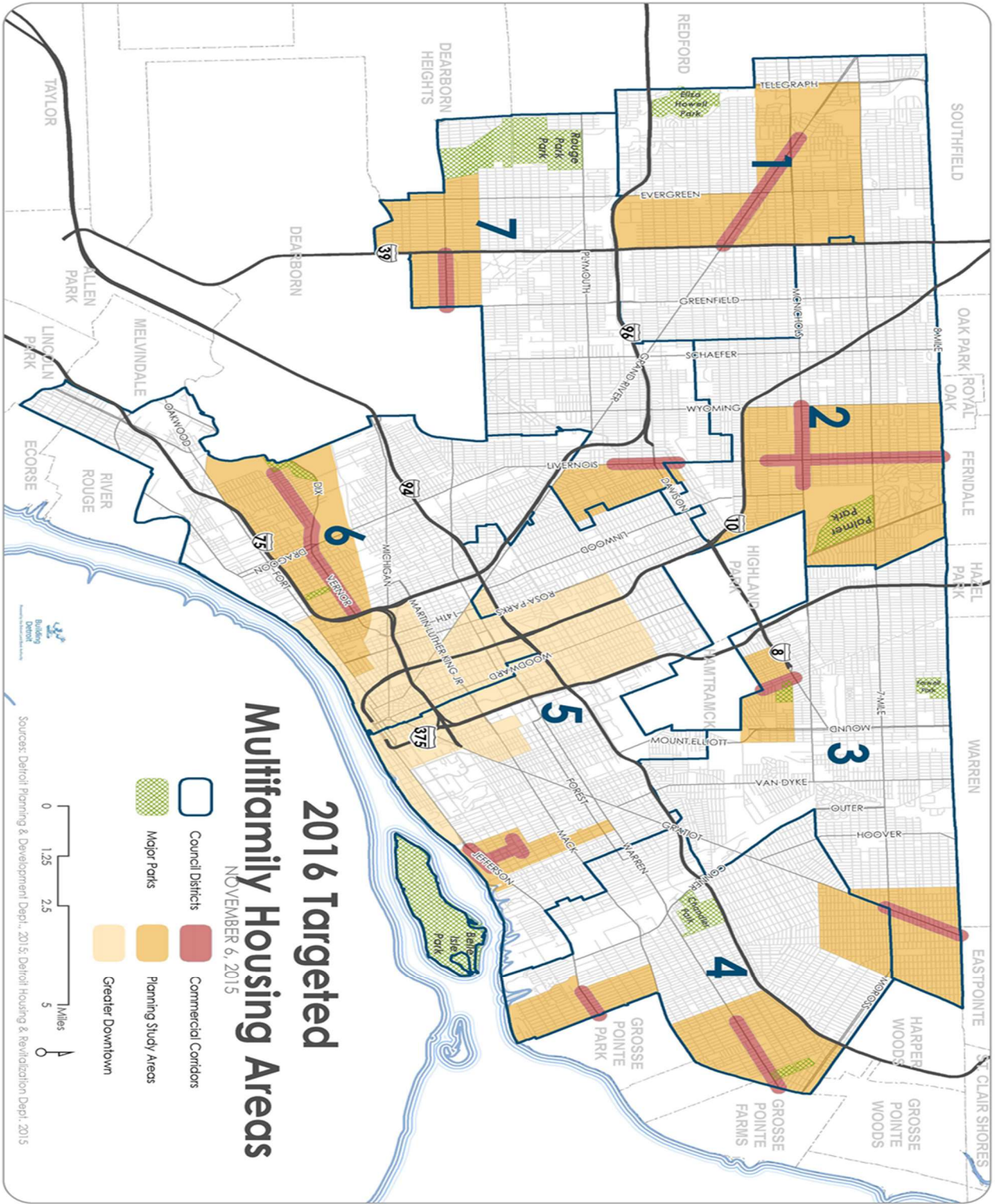
APPENDIX F: SECTION 3 CLAUSE

(This clause must be included in all contracts.)

All Section 3 covered contracts shall include the following clause (referred to as the “Section 3 Clause”):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD’s regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applications for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected by before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor’s obligations under 24 CFR part 135.
- F. Noncompliance with HUD’s regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

APPENDIX G: 2016 TARGETED MULTIFAMILY HOUSING AREA





**From the
Office of Housing Underwriting**

Fall 2020

Table of Contents

Summary	53
Program Benefits	53
How it Works	53
Eligibility Requirements	53
Application Instructions	54
Scoring Criteria	56
Post-Award Requirements	56

Summary

The City of Detroit's COVID-19 Eviction Prevention Program (CEP Program) is designed to provide up to three months of rental payment and utility payment assistance for low-income households that have been adversely affected by the COVID-19 Pandemic.

The CEP program has been funded with proceeds from the City of Detroit's Community Development Block Grant (CDBG) allocation from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These program guidelines are in-alignment with the Code of Federal Regulations, specifically 24 CFR 570.

Program Benefits

The CEP Program is intended to benefit:

- Households that have experienced income loss as the result of the COVID-19 pandemic and are unable to make all or some of their rent and utility payments over a one to three month period. Proceeds from this program will help households avoid eviction and stay in their rental house or apartment for an additional one to three months.
- Affordable housing property owners that are experiencing a reduction in rental revenue and are having difficulty making operating expense, required reserve and debt service payments. Proceeds from the program will help property owners generate enough revenue to pay their required expenses, help achieve stabilized economic occupancy, avoid foreclosure and the extinguishment of existing affordability restrictions.

CEP Program proceeds will be used for:

- Up to, but no more than three months of rental relief for low-income households that have experienced income loss as the result of COVID-19.
- Up to, but no more than three months of utility expenses for low-income households that have experienced income loss as the result of COVID-19.

How it Works

Property owners will apply. Upon receipt of a CEP Program award, funds will be used to directly benefit households that are currently renting and in need of assistance.

- Applicants will provide the specific address/unit that is in need of assistance. Specifically, the applicant will provide the amount of unpaid rent and utilities and which months they correspond to.
- For households that are behind on rent, the award given to the property owner must be applied that that specific household for the month(s) that they were unable to pay their rent.
- For households that are behind on utility payments, the tenant will provide the applicant with the unpaid utility bills and which month(s) it corresponds to.

Property owners are encouraged to work closely with their tenants and property managers to provide all of the information needed as part of the CEP Program application.

Eligibility Requirements

Property owners, like a Limited Divided Housing Association Limited Partnership, are encouraged to apply. This includes multi-family, townhouse and single-family property owners. Participants will be selected on a competitive basis (see the Scoring Criteria section).

Applicants that are considered eligible include:

- Housing projects currently restricted as affordable either through an Affordable Housing Restriction with the City of Detroit or a Regulatory Agreement with the Michigan State Housing Development Authority.
- Housing projects with homes/units at affordable rental rates at or below 60% of AMI.
- Housing projects must currently be in good standing with the City of Detroit. This includes projects that:
 - Are current on all City of Detroit property taxes or payments in lieu of taxes.
 - Have no blight tickets.
 - For projects that have been assisted with proceeds from the HOME Investments Partnership Program or Neighborhood Stabilization Program:
 - They must be in compliance with the HOME Investment Partnerships Program or NSP Program (whichever program(s) the housing project was funded with) and/or will be in compliance at the time the proceeds from the CEP program are disbursed to the Borrower.
 - The housing project must meet the CDBG and HOME or NSP (whichever is applicable) physical conditions standards (as determined by the City of Detroit's Construction/Inspection Team) and all HOME restricted units must currently meet all income eligibility requirements.
 - They must be current on all loan payments to the City of Detroit.
 - They must not be in default of their Development and Loan Agreement with the City of Detroit.
- Households/tenants that will receive rental and/or utility benefit from CEP Program assistance must be City of Detroit residents for no less than one year.
- Recipients or beneficiaries of the CEP program's proceeds cannot have a perceived conflict of interest with program administrator or staff at the City of Detroit responsible for CDBG oversight.

Applicants that are considered ineligible include:

- Housing projects that have previously received CDBG proceeds for rental and/or utility payment assistance.
- Housing projects that receive project based vouchers (PBVs) are eligible, however the CDBG proceeds from this program cannot be used for units that are receiving PBVs. CDBG proceeds can be used for units that are not receiving PBVs.
- Housing units that received any other form of assistance during a given period cannot receive any of the CDBG proceeds from this program for that same period. That would be considered a duplication of benefits.

Application Instructions

The following items must be submitted by the applicant to the City of Detroit's Housing and Revitalization Department:

Written Requirements

- A letter of request from the applicant on company/organization letterhead briefly describing:
 - The name of the housing project/ownership entity applying for CEP program proceeds
 - The requested dollar amount
 - Which homes/units and households will benefit from the CEP program proceeds
 - The number of years the borrower will commit to extended affordability.
 - Any other details on how this will benefit the residents of Detroit.

- A detailed description of each household that has experienced income loss and the inability to pay rent and/or utilities as the result of COVID-19. This will include but not be limited to: household member names, size, and proof of income before and after March 1, 2020, unpaid rent bills and unpaid utility bills.
- A written signed certification stating that upon receipt of the proceeds from CEP program, the housing unit(s)/target household(s) have and will not experience any duplication of benefits.

Required Financial Documentation

- Last 12 months of financial information of the affordable housing property (i.e. August 2019 – July 2020), with a balance sheet and income statement that features a breakout of revenue and expenses for each month and a total of all 12 months.
- Last 12 months of financial information rent rolls (i.e. August 2019 – July 2020), with a breakout of each month and a total of all 12 months.
- Last 12 months of accounts payables/receivables (i.e. August 2019 – July 2020) with a breakout of each month and a total for all 12 months.
- Last three years of audited financial statements of the housing project
- Last three years of audited financial statements of the project's General and Limited Partners.

Tenant/Household Income Documentation

- Households/tenants that will benefit from assistance will need to provide the following documentation *:
 - A brief written description of how this specific household experienced income loss from the COVID-19 pandemic.
 - Last 6 pay stubs from the employer or bank statements from the previous 90 days if self-employed
 - Unemployment statement – showing the household is not approved or no longer eligible for the Federal Pandemic Unemployment Compensation (\$600 additional weekly benefit).
 - Statements from federal assistance programs, such as social security, TANF
 - For adult household members without income, a zero wage certification must be completed.
 - A copy of the proof of income or self-declaration of no income is stored in the program participant file.
 - Form 4506 Request for Copy of Tax Return (for each household that will receive proceeds).
 - Any other documentation of income sources, including by not limited to bank statements, child support, pension, alimony, etc.

* *The applicant can provide income verification through an existing housing program, such as HOME, NSP, or LIHTC.*

Submission

Please submit all of the required documents, via electronic mail, to the following:

Corey Feldpausch
 Asset Manager (Supervisory Program Analyst III)
 Housing and Revitalization Department
 City of Detroit
feldpauschc@detroitmi.gov

Scoring Criteria

CEP Program proceeds will be awarded on a rolling basis to the applicants on a first come, first serve basis. The applicant that scores 100 or more points will receive CEP Program funds. Applications can be submitted as early as October 23, 2020. Funds will be open until all CEP Program funds are exhausted.

Scoring is based on the following criteria.

Category	Points
Housing Project is Owned by a Community Housing Development Organization	50
A 501(c)3 has a controlling interest in the housing project's ownership entity	40
Housing Project has an existing Affordable Housing Restriction with the City of Detroit	10
TOTAL	100

Available Bonus Points **	Points
A fixed or floating unit committed to an additional year affordability at or below 60% of Area Median Income	1
A fixed or floating unit committed to an additional year affordability at or below 50% of Area Median Income	2
A fixed or floating unit committed to an additional year affordability at or below 40% of Area Median Income	3
A fixed floating unit committed to an additional year affordability at or below 30% of Area Median Income	4
Number of months the owner will forgive the past due rent payments outside of the assistance provided	5

*** Bonus Points Example: if the housing project will commit to 5 units at 50% of Area Median Income for an additional 5 years, they would receive 50 bonus points.*

Post-Award Requirements

After an applicant receives an award, they must submit the following documentation to the City of Detroit's Asset Management Department prior to the disbursement of proceeds:

- Documentation of the unit/home and households experiencing the rent or utility benefit i.e. receipt of rental payment(s) and/or utility payment(s) and which month they were applied to.
- Proof that there will be no duplication of benefits (i.e. rental assistance from two different housing programs being used for the same month).
- Proof that proceeds will be used for no more than a three month period.

After the disbursement of proceeds, the owner must provide:

- Proof that all proceeds from the CEP award were spent and that the household was not evicted for the months that they received benefit from the CEP program.
- In the event the post-award requirements are not met, then the housing project will have to return all CEP Program award proceeds to the City of Detroit.